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March 19, 2021

Charles P. Rettig
Commissioner of Internal Revenue Service
1111 Constitution Avenue NW
Washington, D.C. 20224
ATTN: CC: LR: T

Janet Yellen
Secretary of the U.S. Department of Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Re: Enclosed Petition for Rulemaking to IRS and the Secretary to affirmatively further fair housing and to comply with the Fair Housing Act by regulating the site selection and location of the LIHTC projects and for other regulations to halt the perpetuation of racial segregation in the LIHTC program

Dear Commissioner Rettig and Secretary Yellen:

The Inclusive Communities Project, Inc. (ICP), a fair housing and civil rights organization in Dallas, Texas, is writing to petition the IRS and the Secretary of Treasury for rulemaking to comply with the agency's obligation to affirmatively further fair housing and to comply with the Fair Housing Act (FHA) 42 U.S.C. § 3608(d) in the siting of Low-Income Housing Tax Credit (LIHTC) projects. The Petition to IRS is pursuant to 5 U.S.C. §553(e) and 26 C.F.R. §601.601(c).

The failure by the Secretary to regulate the site selection of LIHTC projects has led to a racially segregated LIHTC program in Dallas and nationwide. This has resulted in a segregated LIHTC program where Black and Latinx LIHTC tenants in racially concentrated neighborhoods are subject to drastically unequal neighborhood living conditions compared to White LIHTC tenants in White areas. President Biden's January 26, 2021 *Memorandum on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies* is calling on the federal agencies to comply with 42 U.S.C. § 3608(d) with action to dismantle racially segregated housing programs. This proposed regulation is necessary to do that for the LIHTC program administered by Treasury and IRS.

The Secretary has the authority to regulate the LIHTC program 26 U.S.C. § 42(n). The proposed regulations seek meaningful action by Treasury and IRS to comply with FHA 42

U.S.C. § 3608(d) and to halt the existing LIHTC racial segregation and open up LIHTC opportunities in white areas. In particular, the proposed regulation addresses three items as part of the currently reserved sections of "26 C.F. R. § 1.42-17 Qualified Allocation Plan." The first item is a regulation to require state qualified allocation plans to comply with the civil rights laws and Fair Housing Act in the location of LIHTC projects. The second regulation to prohibit municipalities and elected officials from vetoing the development of LIHTC projects in their jurisdiction as this veto is not prescribed by the tax code. The third regulation is to give meaning to "concerted community revitalization plan" in the tax code 26 U.S.C. § 42(d)(5)(B)(ii) to prevent the practice of locating LIHTC projects in areas without any revitalization plan.

This Petition asks Treasury and IRS to comply with the FHA and to undo the pattern of LIHTC segregation in racially concentrated neighborhoods with unequal neighborhood conditions. The proposed regulation is necessary to undo thirty-five years of Treasury's failure to regulate the LIHTC program to comply with the FHA obligation to take meaningful action with respect to the perpetuation of segregation of the location LIHTC projects. The failure to regulate project location has caused the largest federally assisted affordable housing program, the LIHTC program, to be racially segregated by race and ethnicity with the Black and Latinx tenants of LIHTC projects located in Black and Latinx neighborhoods living in drastically unequal neighborhood conditions compared to the predominantly occupied by White LIHTC projects located in majority White, non-Hispanic neighborhoods.

ICP is submitting the enclosed Petition for Rulemaking to the Commissioner of the IRS and to the Secretary of the Treasury.[1] The Petition refers to numerous exhibits that are on the enclosed DVD. ICP also asks that IRS and Treasury consider this Petition as part of their Priority Guidance Plan. If you have questions about the Petition, please contact ICP's counsel.

Sincerely,

s/ *Laura B. Beshara*
Laura B. Beshara

s/ *Michael M. Daniel*
Michael M. Daniel

Daniel & Beshara, P.C.
Attorneys for Inclusive Communities Project, Inc.

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[1] ICP is also filing a separate and different Petition for Rulemaking with the Acting Comptroller of the Currency concerning the OCC's FHA Section 3608(d) obligation with respect to approval of national bank ownership of LIHTC projects under OCC's Public Welfare Investment authority and OCC's Community Reinvestment Act authority.

Encl.

cc w/ encl.:

Demetria McCain, President Inclusive Communities Project

Ann Lott, Vice President of Housing Initiatives, Inclusive Communities Project

Darryl Baker, Fair Share for ALL Dallas

PETITION FOR RULEMAKING

For the Treasury's and the IRS' compliance with the Fair Housing Act, 42 U.S.C. U.S.C. § 3608(d), to Affirmatively Further Fair Housing by Promulgating Regulations for Low Income Housing Tax Credit program at 26 C.F.R. § 1.42-17 Qualified Allocation Plan regarding:

1) the site selection and location of the LIHTC projects in racially impacted neighborhoods,

2) the veto by municipalities or by elected officials that prevents LIHTC project development in predominantly White neighborhoods and cities, and

3) the meaning and enforcement of "concerted community revitalization plan" for LIHTC projects in high poverty areas

SUBMITTED TO THE UNITED STATES
DEPARTMENT OF TREASURY

March 19, 2021

Janet Yellen
Secretary of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Charles P. Rettig
Commissioner of Internal Revenue Service
1111 Constitution Avenue NW
Washington, D.C. 20224

Submitted by:

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for

Inclusive Communities Project, Inc.

ICP Petition for Rulemaking to Treasury

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Petition for Rulemaking

Charles P. Rettig
Commissioner of Internal Revenue Service
1111 Constitution Avenue NW
Washington, D.C. 20224

ATTN: CC: LR: T

Janet Yellen
Secretary of the U.S. Department of Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Re: Petition for Rulemaking to IRS and the Secretary to affirmatively further fair housing and to comply with the Fair Housing Act by regulating the site selection and location of the LIHTC projects and for other regulations to halt the perpetuation of racial segregation in the LIHTC program

I. Introduction

This petition for rulemaking is submitted pursuant to 5 U.S.C. §553(e) and 26 C.F.R. §601.601(c). It is submitted by counsel on behalf of the Inclusive Communities Project, Inc. (ICP), a fair housing and civil rights organization based in Dallas, Texas. ICP hereby petitions the U.S. Department of Treasury and the Internal Revenue Service (IRS) to implement and enforce its statutory obligations to affirmatively further fair housing under 42 U.S.C. § 3608(d) and to comply with the Fair Housing Act (FHA) 42 U.S.C. §§ 3604, 3605, in the site selection of projects in the Low-Income Housing Tax Credit Program (LIHTC). The petition also seeks regulation for compliance with the FHA for preventing local municipalities from exercising a local veto to keep LIHTC projects from being developed in predominantly White neighborhoods and suburbs. The petition also seeks compliance with the FHA in defining the Tax Code requirement of "concerted community revitalization plans" to provide for LIHTC housing in equal neighborhood living conditions.

The failure of Treasury to regulate to require compliance with the FHA affirmatively furthering fair housing in these three ways – 1) the siting of the LIHTC projects in racially impacted neighborhoods, 2) the veto by municipalities or government representatives to prevent LIHTC project development in predominantly White neighborhoods and cities, and 3) the lack of revitalization plans for LIHTC projects in high poverty areas - has perpetuated racial segregation in the LIHTC program in Dallas and nationally. Currently, there is no requirement for compliance with the FHA for where the LIHTC projects can be located. There is no regulation preventing the projects from being concentrated in neighborhoods of color. There is no rule or requirement to prevent state allocating agencies from adopting local approval policies that allow municipalities, including predominantly White suburban cities, to veto development of LIHTC projects in predominantly White areas. There is also no regulation defining the Tax Code requirement of "concerted community revitalization plan" for the placement of LIHTC projects in high poverty locales. As a result of the lack of Treasury/IRS regulation, monitoring, and enforcement of the administration of the LIHTC program, the vast majority of LIHTC projects are concentrated in neighborhoods of color in the City of Dallas, while the state agency continues to give municipalities the authority to directly and indirectly veto the development of LIHTC projects in White areas. Many of the LIHTC projects are in high poverty areas and lack any community revitalization plan or any revitalization of the neighborhoods. The result is a completely segregated LIHTC program that disproportionately harms Black and Latinx LIHTC tenants compared to White LIHTC tenants.

A. Treasury/IRS does not comply with the Fair Housing Act for the LIHTC program

The Fair Housing Act requires all executive agencies who administer programs and activities related to housing to affirmatively further fair housing. 42 U.S.C. § 3608(d).[1] This provision clearly applies to the Treasury and IRS administration of the LIHTC program.

Currently, the Secretary and the IRS do not comply with the Fair Housing Act in the regulation and administration of the LIHTC program. Treasury does not have a regulation to affirmatively further fair housing or to comply with the Fair Housing Act in site selection and neighborhood conditions of LIHTC projects. Treasury's Revenue Ruling 2016-29 admits that the 42 U.S.C. § 3608(d) affirmatively further fair housing obligation applies to Treasury and to the LIHTC program:

> AFFH was firmly established Federal housing policy when § 42 was enacted, and there is no suggestion that Congress intended § 42 to diverge from that policy. Section 42(m)(1)(A)(ii), therefore, does not require or even encourage conduct inconsistent with that policy.[2]

In addition, the local municipal vetoes preventing the location of LIHTC projects in many white municipalities violate the Fair Housing Act. Treasury acknowledges that these municipal vetoes can be discriminatory and violate the Fair Housing Act:

> Agency's practice of requiring local approval has created a pattern of allocating housing credit dollar amounts that has perpetuated residential racial segregation in State X. Agency's practice, therefore, has a discriminatory effect based on race, which is a

[1] 42 U.S.C. § 3608(d) states:

"All executive departments and agencies shall administer their programs and activities relating to housing and urban development (including any Federal agency having regulatory or supervisory authority over financial institutions) in a manner affirmatively to further the purposes of this subchapter and shall cooperate with the Secretary to further such purposes."

[2] Exhibit 14, Rev. Ruling 2016-29, page 363.

protected characteristic under 42 USC 3604. Thus, the practice is inconsistent with at least the policy of the Fair Housing Act of 1968 (the Act), 42 USC 3601–3619.[3]

The petition also requests that Treasury stop the common practice of the siting of LIHTC projects in areas of high poverty (Qualified Census Tracts) without the Tax Code required concerted community revitalization plan.

President Biden's January 26, *2021 Memorandum on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies* emphasizes that federal agencies have the obligation to comply with 42 U.S.C. § 3608(d). The proposed regulation is necessary for Treasury to comply with its mandate to take meaningful action to stop the segregation of LIHTC housing in racially concentrated neighborhoods with unequal neighborhood conditions and provide LIHTC housing in white areas.

B. The lack of Treasury/IRS regulation has perpetuated racial segregation in the LIHTC program

The LIHTC program is racially segregated by location in the Dallas metropolitan area with 96% of the LIHTC units located in racially and ethnically concentrated neighborhoods in the City of Dallas.[4] Nationally, when LIHTC projects are located in White neighborhoods, the conditions for the White LIHTC tenants are much better than when the LIHTC projects are located in Black and Latinx neighborhoods.[5] In Dallas, the LIHTC projects in Black and Latinx neighborhoods have largely been concentrated in neighborhoods with unequal neighborhood conditions of high poverty, unsafe conditions, lack of basic amenities, failing schools, and high crime.[6] The attendant neighborhood disadvantages to the children's current well-being and future life chances are the same as if they and their families were being subjected to de jure racial segregation.[7] The LIHTC racial segregation subjects Black LIHTC tenants to unequal

[3] Exhibit 14, Rev. Ruling 2016-29, page 360.

[4] Exhibit 1, City of Dallas LIHTC projects by race of location, January 2020, page 2; Exhibit 29, City of Dallas 2017 total LIHTC units and projects by % White non-Hispanic, page 502.

[5] Exhibit 3, Race, Poverty, U.S. CDC Social Vulnerability Risk Index for all Census Tracts with LIHTC units in the Nation compared to all MSAs combined data, pages 6-10.

[6] Exhibit 9, Maps and Summaries of Neighborhood Conditions around LIHTC Projects in Dallas, pages 49-299; Exhibit 1, City of Dallas LIHTC projects by race of location, January 2020, page 2; Exhibit 3, Race, Poverty, U.S. CDC Social Vulnerability Risk Index for all Census Tracts with LIHTC units in the Nation compared to all MSAs combined data, page 8; Exhibit 8, TDHCA Housing Sponsor Report 2015 LIHTC Occupancy Data by Race of occupants for Dallas area, page 47.

[7] Exhibit 10, Dr. Ann Owens, Professor of Sociology, Univ. Southern California, Expert Report in ICP v. Treasury and OCC, page 329.

neighborhood living conditions which are not inflicted upon the majority of White non-Hispanic[8] LIHTC tenants.

The lack of Treasury regulation of the site location for LIHTC projects since the inception of the LIHTC program has caused an increase in the racially segregated location of the LIHTC projects. The scope and scale of the LIHTC units in racially segregated areas exceeds that of the de jure segregated public housing in Dallas.[9]

C. The Secretary of the Treasury has the authority to regulate the LIHTC program to prevent racial segregation

IRS administers the Low-Income Housing Tax Credit (LIHTC) program, which is the largest program for the creation of affordable housing. The IRS is a bureau of the Department of the Treasury. The IRS is organized to carry out the responsibilities of the Secretary of the Treasury under section 7801 of the Internal Revenue Code. The Secretary of Treasury has the authority to regulate all aspects of the LIHTC program which is part of the Internal Revenue Code. 26 U.S.C. §42(n). Under this grant of authority, the Secretary has the authority to regulate elements of the state Qualified Allocation Plans (QAPs) and has regulations concerning the QAPs.

This petition proposes a rule for the "reserved" sections of Treasury's current regulation at 26 C.F.R. § 1.42-17 Qualified Allocation Plan:

> § 1.42-17 Qualified allocation plan.
> (a) Requirements -
>
> (1) In general. [Reserved]
>
> (2) Selection criteria. [Reserved]

The proposed rule seeks to provide federal selection criteria that was envisioned by the legislative history of the LIHTC statute. The proposed rule seeks to eliminate local municipal vetoes and state representative vetoes that Treasury and HUD recognize can violate the FHA and perpetuate racial segregation. The proposed rule also seeks to define concerted community revitalization plans in accordance with the LIHTC statutory requirements for placing LIHTC in high poverty areas.

The failure of the Secretary and IRS to take action to prevent illegal discrimination in the location of the LIHTC projects by the state entities and to require action to overcome the legacy of racial residential segregation, unequal treatment and historic lack of access for Blacks to obtain housing in areas of opportunities demonstrates that the proposed regulation is long overdue. The lack of regulation on the meaning of "concerted community revitalization plan" led

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[8] "White-non-Hispanic" in this petition refers to the U.S. Census category.

[9] Exhibit 13, Declaration of Ann Lott page 350; Exhibit 29, City of Dallas 2017 total LIHTC units and projects by % White non-Hispanic, page 502.

to LIHTC projects placed in high poverty distressed areas in violation of the revitalization plan required by 26 U.S.C. § 42 (m)(1)(B)(ii)(III). [10] This duty to implement the FHA obligations arises from congressional mandate, executive order, and judicial interpretation.

Over the past 35 years, however, the Treasury Secretary and IRS have not implemented any measures to fulfill these FHA obligations. In the meantime, the state housing finance agency has awarded LIHTCs and municipalities have approved LIHTC projects in a manner that has maintained and even increased levels of residential racial and ethnic segregation. Due to ongoing inequality in the way that Black and Latinx neighborhoods have been impacted by the concentrations of LIHTC projects, many Black and Latinx LIHTC tenants are exposed to substandard neighborhood conditions, with tangible and tragic consequences for their health. The majority of White LIHTC tenants are not subjects to these unequal neighborhood living conditions. Federal funds have thus facilitated the construction of affordable housing in a way that perpetuates and further entrenches a long history of discrimination and disadvantage. IRS's administration of LIHTC presents several urgent and important opportunities for the agency to regulate in a way that affirmatively furthers fair housing – namely by incorporating site selection criteria, eliminating local municipal vetoes to LIHTC projects, and requiring revitalization plans where needed.

This petition explains that ICP is an interested party for presenting this petition for rulemaking. Next it provides the proposed regulation and the sections of the law involved. The petition then sets out the reasons for the requested action. The inequity of the neighborhood conditions disproportionately affecting the disparate treatment between Black and Latinx LIHTC tenants compared to White LIHTC tenants is also set out. The Exhibits showing the extensive unequal neighborhood conditions where the majority of the LIHTC projects in the City of Dallas have been located in racially concentrated, high poverty neighborhoods are set out as Exhibits to this petition.

II. ICP is an "interested party."

ICP works to remedy the long history of segregation and housing discrimination in the Dallas area. In particular, ICP helps Dallas-area families with Section 8 Housing Choice Vouchers secure housing opportunities in non-racially concentrated, low poverty, safe neighborhoods with adequate resources. LIHTC housing is an important source of housing for federal voucher families since LIHTC projects cannot deny voucher tenants housing because they have a voucher. 26 U.S.C. § 42(h)(6)(B)(iv). ICP also assists owners and developers of affordable housing with making units available to ICP voucher clients through programs like LIHTC. As a result of IRS's failure to monitor and prevent the segregative effects of LIHTC administration, ICP's clients experience the continuing harms of residential segregation. ICP expended significant financial resources in order to secure housing units outside of racially concentrated

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[10] Exhibit 11, Map of Treasury's CDFI Distress Indicator Index and LIHTC projects, Dallas, Collin, Denton, and Rockwall Counties, page 342; Exhibit 25, U.S. Treasury Notice of Concerted Community Revitalization Plan 2016-77, pages 464-466; Exhibit 9, Maps and Summaries of Neighborhood Conditions around LIHTC Projects, pages 49-299.

areas for its voucher clients. ICP spent millions on security deposits and application fees to secure housing for the voucher clients because of the lack of LIHTC housing outside of racially concentrated neighborhoods.

ICP previously submitted a petition for rulemaking to IRS in 2008. That petition requested that Treasury implement LIHTC regulations in compliance with its obligations to affirmatively further fair housing. The only response ICP received was a request to withdraw the petition, which ICP did not do. Additionally, a coalition of over a dozen civil rights organizations, including ICP, requested that Treasury issue a regulation on affirmatively furthering fair housing in the LIHTC program in 2010 and 2012. This petition differs from the 2008 petition and seeks three specific elements to stop the segregation of LIHTC projects in Black and Latinx neighborhoods. The need for site selection regulations by Treasury for state Qualified Allocation Plans to implement, the need for definition of concerted community revitalization plan, and the prohibition of local municipal vetoes and elected officials' vetoes provide necessary steps for Treasury to begin to meet its FHA affirmatively further fair housing obligation for the LIHTC program. Treasury's lack of regulation of the LIHTC program has caused the largest program for providing affordable housing today to be segregated by race of location. The proposed rules are necessary to halt the perpetuation of segregation of the LIHTC program.

III. Proposed Rule

ICP proposes the following regulation for 26 C.F. R. § 1.42-17 Qualified Allocation Plan:

26 C.F.R. § 1.42-17 Qualified Allocation Plan

(a) Requirements

(1) Preferences

In order to meet the definition of a "qualified allocation plan" for purposes of 26 U.S.C. § 42(m)(I)(A) and (B), the State plan must provide for a two-stage process for allocating housing credit dollars. In the first stage, the State shall apply the selection criteria to select projects that are eligible to receive housing credit dollars. In the second stage after the selection criteria have been used to select eligible projects, the State shall give a preference in the allocation of the actual amount of housing credit dollars to - -

(i) projects serving the lowest income tenants,

(ii) projects obligated to serve qualified tenants for the longest periods, and

(iii) projects which are located in qualified census tracts (as defined in 26 U.S.C. § 42(d)(5)(B)(ii)) and the development of which contributes to a concerted community revitalization plan. A "community revitalization plan" must include more than the construction of the proposed LIHTC project as the sole activity in the plan. A "community revitalization plan" must include other elements for neighborhood

improvements with goals such as increasing levels of private investment, and reducing levels of poverty and racial segregation. A community revitalization plan must include levels of investment that result in a grocery store, bank, pharmacy, retail stores, increased home loans for the neighborhood, reduced crime, and environmental remediation.
Projects may not be located in areas of high crime or with a concentration of 20% or more federally assisted housing in a census tract without a community revitalization plan that reduces levels of poverty and racial segregation.

The State plan may include selection criteria that are the same as these preference criteria, but the State plan must still provide for the use of the preferences in the second stage of allocating the housing credit dollars.

(2) Selection criteria

Required selection criteria

In order to meet the definition of a "qualified allocation plan" for purposes of 26 U.S.C. § 42(m)(1)(A) and (B), the selection criteria that must be used and included in a State plan are:

(i) project location criteria such as achieving a broad geographic distribution of project locations, or encouraging project locations in designated targeted areas such as inner cities, Community Development Block Grant neighborhoods, distressed communities, pockets of poverty, and rural areas;
(ii) housing needs criteria such as: providing housing in areas with low rental vacancy rates, providing for an income mix of tenants within the project, or meeting State, regional, or local housing needs and priorities;
(iii) project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan, whether the project increases the stock of low-income housing, whether substantial rehabilitation expenditures are needed by the project, whether the project will promote energy conservation, whether the units will equal or exceed the quality of units in comparable non housing credit financed projects, and the type of financing;
(iv) sponsor characteristics, such as promoting nonprofit sponsorship and participation by persons of color in development and management;
(v) tenant populations such as elderly, handicapped, disabled, homeless, large families, displaced people, and others facing discrimination in the rental housing market;
(vi) the preferential treatment of persons on public housing waiting lists;
(vii) tenant populations of individuals with children, and
(viii) projects intended for eventual tenant ownership.

(B) additional selection criteria

(i) The site and neighborhood criteria for the proposed project meets the following criteria:

a. The site and neighborhood is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VIII of the Civil Rights Act of 1968 and Executive Order 11063.

b. The neighborhood must not be one that is seriously detrimental to childhood opportunity or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions.

c. The housing must be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.

d. A neighborhood for the location of the proposed project does not meet the criteria for (B) (i) a. above if it is in a census tract location that is greater than 50% Black, Hispanic, or Black and Hispanic without a showing of overriding need and a showing that comparable and sufficient LIHTC housing exist in the same municipality in greater than 50% White non-Hispanic locations.

e. A neighborhood for the location of the proposed project does not meet the criteria for (B)(i) b. or c. if it is in a qualified census tract or other census tract with greater than 20% poverty without a concerted community revitalization plan in place.

(ii) State local selection criteria

The State plan may also include additional selection criteria to determine housing priorities of the housing credit agency which are appropriate to local conditions. The federal selection criteria must be given priority over any additional State criteria. The additional selection criteria cannot be used to displace the use of the federal selection criteria. The additional selection criteria cannot be used to lower the priority given to the federal selection criteria relative to the additional criteria.

(C) local criteria must not displace agency decision authority

No local selection criteria, including any criteria for eligibility or initial qualifications to receive an allocation of housing tax credits, shall diminish the authority of the state housing credit agency to make the allocation decisions. A state plan may require the agency to give notice and opportunity for comment on pending applications to third parties such as elected officials and to the chief -executive officer or the equivalent of the local jurisdiction within which the project is located.

The state plan shall not diminish the responsibility and authority of the agency to act within the requirements of the Tax Code and other federal laws. The state plan shall not diminish the responsibility and authority of the state housing credit agency by adopting any criterion that makes third party support for the application a threshold or initial eligibility requirement or that awards or deducts points or other credits based on the content of comments or the identity of those submitting comments.

(D) A municipality with less than 1,000 units of LIHTC housing shall not exercise a veto to prevent the award of LIHTC to an applicant for a LIHTC project in that municipality. Opposition by such a municipality shall not serve to prevent the award of LIHTC or prevent the development of a LIHTC project that otherwise meets the QAP criteria that comply with this regulation.

(E) Opposition from a state elected official or a local government official to a LIHTC project shall not serve to veto or to prevent the award of LIHTC for the development of a LIHTC project in a certain location.

(F) Agency evaluation of project location and site selection criteria
The applicant for any low-income housing tax credit must provide the state agency with the U.S. Census data with the race and ethnicity of the tract of the proposed project location. The state agency shall publicly publish the U.S. Census tract and the race and ethnicity of the tract for each proposed project location.

The applicant for any low-income housing tax credit must provide the state agency with socio-economic information necessary to evaluate the impact of the proposed development on the neighborhood for compliance with the Fair Housing Act and the Civil Rights Act of 1964.

(3) Agency evaluation [this section remains unchanged from the current rule]

IV. Reasons for the Proposed Rule

This proposed rule addresses three important changes that need to be made for Treasury and IRS to administer the LIHTC program in compliance with their obligations under the Tax Code and the Fair Housing Act (FHA). Treasury and IRS must:

1) Regulate and enforce the site selection criteria used in qualified allocation plans (QAPs) by state housing credit and finance agencies,

2) Eliminate the use of "local vetoes" based on local elected official and municipal support, and

3) Regulate and enforce the use of "concerted community revitalization plans" required to give preference for LIHTC developments in qualified census tracts.

A. Site selection criteria

This proposed rule includes regulations addressing site selection criteria for Qualified Allocation Plans (QAPs). The current Tax Code provides some guidance as to the selection criteria that need to be part of a QAP, but it does not regulate the criteria themselves or compliance with them. 26 U.S.C. § 42(m)(1)(C). Congress intended for Treasury to address that through its own regulations. 26 U.S.C. § 42(n)(3). Instead, the portions of Treasury's regulations that should deal with QAPs and selection criteria are "reserved" – that is, completely blank. 26 C.F.R. § 1.42-17. This lack of regulation and oversight by Treasury has led to serious non-compliance with both the Tax Code and the FHA. The result is the maintenance and further entrenchment of residential segregation on IRS's watch and in violation of its legal obligations.

1. *Ignoring Congress's clear mandate to further regulate and ensure compliance with the Tax Code's selection criteria, IRS allows states to violate the Tax Code and FHA.*

Though Congress provided some guidance on QAPs in the Tax Code, it specifically instructed the Secretary of the Treasury to "prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations…preventing the avoidance of the rules of this section." 26 U.S.C. § 42(n). In its instruction, Congress used "shall," which "makes the directive to regulate…mandatory." *NRDC v. EPA*, 755 F.3d 1010, 1019 (D.C. Cir. 2014). *See also Nat'l Ass'n of Home Builders v. Defenders of Wildlife*, 551 U.S. 644, 661 (2007) (saying that "[b]y its terms, the statutory language is mandatory" in reference to "shall"). Elsewhere, the LIHTC regulations do provide the Secretary with some discretionary authority – for example, "the Secretary *may* prescribe regulations…treating a group of units with respect to which rehabilitation expenditures are incurred as a separate new building." 26 U.S.C. 42(e) (6) (emphasis added). Congress clearly knew how to use "may" in delegating authority to the Secretary and chose to use "shall" when discussing regulations for compliance.

Congress recognized the significant incentive that the tax credit provides to increase the low-income housing stock and that the Federal Government would play a significant role in increasing that additional housing with the LIHTC program. [11] By Congress's design, the selection criteria are central to the successful functioning of the LIHTC program. The Tax Code's legislative history states that "the [House Committee on the Budget] is desirous that the low-income housing credit be allocated in a manner that ensures housing will be available to those most in need."[12] Concerned that credits were being allocated inefficiently on a first-come first-serve basis, the committee established criteria to target the credit to more effectively meet housing needs. *Id.* It then charged IRS with overseeing and ensuring compliance with those criteria.

Congress further demonstrated the mandatory and serious nature of compliance regulations with a mandatory and serious penalty for non-compliance. If LIHTCs are not allocated pursuant to an approved QAP, "the housing credit dollar amount with respect to any building *shall* be

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[11] Exhibit 15, Excerpts of House Report No. 101-247, P.L. 101-239, Omnibus Budget Reconciliation Act of 1989, Sept. 20, 1989, page 366.

[12] Exhibit 15, Excerpts of House Report No. 101-247, P.L. 101-239, pages 366-367.

zero." 26 U.S.C. 42(m)(1)(A) (emphasis added). Currently, the lack of regulations allows LIHTCs to be allocated under non-compliant QAPs that should not have been approved. Along with the unenforced revitalization plan rule and the local veto loophole, the unregulated site selection criteria used in QAPs have led to allocations that violate the Tax Code and the FHA.

For example, the Tax Code clearly states that "selection criteria set forth in a qualified allocation plan must include…public housing waiting lists." 26 U.S.C. 42(m)(1)(C)(vi). The state of Texas's QAP does not contain this criterion at all – a clear violation of the Tax Code that further violates the FHA by disproportionately impacting the predominantly Black and Latinx families on public housing waiting lists. *See Resident Advisory Bd. v. Rizzo*, 564 F.2d 126, 143 (3d Cir. 1977) (finding that clear "discriminatory impact" of city actions on predominantly Black public housing waiting list contributed to §3604(a) violation). Other states weight the public housing waiting list criterion with only one or two points out of a hundred or more available in a QAP. Poverty & Race Research Action Council, Building Opportunity: Civil Rights Best Practices in the Low Income Housing Tax Credit Program An Updated Fifty-State Review of LIHTC "Qualified Allocation Plans," pages 16-19, December 2008. Both the blatant non-compliance of states like Texas and the functional non-compliance of other states should trigger the Tax Code's all-or-nothing penalty. Instead, because the IRS has failed to regulate site selection criteria, these violations continue in direct opposition to Congress's intent that the program prioritize projects for those most in need. [13]

This is just one of the many potential violations in QAP selection criteria. In 2016, the Government Accountability Office (GAO) reviewed 58 QAPs and found that only 23 of them "contained references to all required preferences and selection criteria."[14] IRS acknowledged to GAO that they did not regularly review QAPs. *Id*. This is especially troubling because Congress intended for site selection criteria to be more robust than what is currently contained in the statute. The Tax Code's legislative history provides insight into the considerations that Congress had in mind when they wrote the current statutory language:

> The selection criteria must include project location (e.g., broad geographic distribution, designated targeted areas such as inner cities, Community Development Block Grant neighborhoods, distressed communities, pockets of poverty, and rural areas), housing needs characteristics (e.g., low vacancy rate, income mix of tenants within the project, and meeting State, regional, or local housing needs and priorities), project characteristics (e.g., whether the project increases the stock of low-income housing, whether substantial rehabilitation expenditures are needed by the project, energy conservation, quality of units, and type of financing), sponsor characteristics (e.g., nonprofit sponsorship and participation [by persons of color] in development and management), and tenant

[13] Exhibit 15, Excerpts of House Report No. 101-247, P.L. 101-239, page 366.

[14] Exhibit 16, 2016 U.S. Government Accounting Office (GAO) Report, Low-Income Housing Tax Credit, Some Agency Practices Raise Concerns and IRS Could Improve Noncompliance Reporting and Data Collections, page 370.

> populations with special housing needs (e.g., elderly, handicapped, disabled, homeless, large families, and displaced). [15]

Those criteria are incorporated into the proposed rule, along with criteria used by HUD for determining site suitability in some of its own low-income housing programs.[16] Requiring and enforcing states to consider these selection criteria could have prevented what has happened over the past thirty years: the concentration of LIHTCs, low-income housing, and Black and Latinx tenants. As the next section discusses, allowing such concentrations of LIHTC developments violates the FHA.

2. *Ignoring clear mandates from Congress, courts, and agencies, IRS has failed to regulate selection criteria in a way that affirmatively furthers fair housing.*

In addition to ensuring compliance with the Tax Code and 42 U.S.C. §§ 3604 and 3605, site selection criteria are essential for IRS to meet its duties under § 3608(d), which requires that:

> All executive departments and agencies shall administer their programs and activities relating to housing and urban development (including any Federal agency having regulatory or supervisory authority over financial institutions) in a manner affirmatively to further the purposes of this subchapter and shall cooperate with the Secretary to further such purposes. 42 U.S.C. § 3608(d).

Treasury is an executive department, and IRS is an executive agency. The Office of the Comptroller of the Currency calls LIHTC "the federal government's primary program for encouraging the investment of private equity in the development of affordable rental housing for low-income households."[17] It is clear that Treasury administers the federal LIHTC program which LIHTC program is a "program and activity relating to housing." Through a 1988 amendment, Congress confirmed that agencies with authority over financial institutions are included in its scope, leaving no room for doubt regarding its applicability to Treasury, IRS, and housing credit and finance agencies. While the first LIHTC regulations were passed in 1986 (meaning Congress was aware of it specifically when they passed the amendments), the "affirmatively furthering fair housing" mandate predated LIHTC by many years and was part of the backdrop against which all housing programs were passed. Treasury acknowledges this:

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[15] Exhibit 15, Excerpts of House Report No. 101-247, P.L. 101-239, page 367. These same criteria are repeated in the Joint Committee on Taxation, Present Law and Legislative Background Relating to the Low-Income Housing Tax Credit (JCX-13-97R), April 30, 1997. Exhibit 30, pages 508-509.

[16] HUD includes site and neighborhood standards for its housing programs. Exhibit 7, List of HUD Site and Neighborhood Standards, pages 42-45.

[17] Exhibit 17, Office of the Comptroller of the Currency (OCC) April 2014 Insights LIHTC Affordable Housing Investment Opportunities for Banks, page 377.

> [Affirmatively furthering fair housing] was firmly established Federal housing policy when § 42 was enacted, and there is no suggestion that Congress intended § 42 to diverge from that policy.[18]

Congress passed the FHA to address the harms of racial segregation and to address the federal government's explicit ongoing funding and siting of low-income housing in racially segregated areas.[19] Congress responded to the Kerner Commission Report that "concluded that our nation was moving toward two societies, one black, one white – separate and unequal" and to the Commission's recommendation for a powerful and integrative civil rights bill. The affirmatively further fair housing provision of the FHA requires the federal government to affirmatively act to end racial segregation and the ongoing siting of low-income housing in racially segregated neighborhoods. The courts, in interpreting the affirmatively furthering fair housing duty of HUD, have recognized this integrative obligation. *NAACP v. HUD*, 817 F.2d 149, 154-155 (1st Cir. 1987).

The Supreme Court has recognized that HUD project site selection regulations governing the location of federally assisted low-income housing were part of HUD's Title VIII duty to affirmatively further fair housing. *Hills v. Gautreaux*, 425 U.S. 284, 301-302 (1976). The regulations were "site-approval rules for low rent housing designed to avoid racial segregation and expand the opportunities of Black group members "to locate outside areas of (Black) concentration." *Id.* In *Gautreaux*, the Supreme Court held that a remedial order directing HUD to use its discretion under the various federal housing programs to foster projects located in white areas of the regional Chicago housing market would be consistent and supportive of well-established federal housing policy including the duty of the federal government to affirmatively further fair housing. *Gautreaux*, 425 U.S. at 301-302.

The 1988 FHA amendments were passed after congressional hearings in 1987 and 1988 acknowledging that "[d]espite the present law, discrimination persists and highly segregated housing patterns still exist across the Nation."[20] For example, in Dallas, the proportion of Black residents in suburban areas had increased by just 0.027% between 1970 and 1980.[21] A Congressional Research Service further found that persons of color were disproportionately living in "poor quality units," even "when they pay the same rent for units of the same size."[22]

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[18] Exhibit 14, U.S. Treasury Revenue Ruling 2016-29, page 363.

[19] Exhibit 28, Excerpts of Congressional Record legislative history of the Fair Housing Act, 1967 and 1968, pages 475-500.

[20] Exhibit 18, Excerpts of Fair Housing Amendments Act 1987 Hearing H.R. 1158 April 22, 29, May 6, 7, 13, 14, pages 394-395, 402-403.

[21] Exhibit 18, page 409.

[22] Exhibit 18, pages 396-401.

Congress intended for IRS to remedy this by administering its housing program, LIHTC, in a way that proactively integrated housing. IRS's primary tool for accomplishing this was and is to regulate site selection criteria in a way that prevents states from concentrating their LIHTC developments in predominantly Black and Latinx areas.

Courts in the decade leading up to the 1988 amendments had imposed just such a duty onto the Department of Housing and Urban Development and its administration of public housing, which is governed by essentially identical language. See 42 U.S.C. § 3608(e) (5). In *Shannon v. HUD*, the Third Circuit described how decades of congressional action had given HUD increasing responsibility: first to act constitutionally; then to move beyond neutrality by considering "effects of local planning action" and "prevent[ing] discrimination in housing resulting from such action"; and finally, to "affirmatively promote fair housing." *Shannon v. HUD*, 436 F.2d 809, 816 (3d Cir. 1970). The court concluded that under the FHA, HUD had to do more than just consider the location of public housing and solely color-blind considerations. It was required to utilize "institutionalized means" to collect socioeconomic information and prevent "undue concentration" in its siting decisions. *Id*. at 820-21. In 1972, HUD finalized "Project Selection Criteria" designed to combat segregation.[23] HUD has implemented Site and Neighborhood standards for its housing programs designed to assess the effect on racial segregation.[24]

Over the next two decades, courts continued to find that § 3608(e) required HUD to ensure compliance by parties within its regulatory control. *See e.g.*, *Clients' Council v. Pierce*, 711 F.2d 1406, 1425 (8th Cir. 1983) (finding HUD violated FHA when it "did nothing to effectively change the operation" of non-compliant and discriminatory housing authority). This duty was also extended specifically to desegregation and site selection decisions. The Second Circuit extended this duty to local housing authorities, finding that "the affirmative duty placed on the Secretary of HUD by § 3608(e)(5) and *through him on other agencies administering federally-assisted housing programs* also requires that consideration be given to the impact of proposed public housing programs on the racial concentration in the area in which the proposed housing is to be built." *Otero v. New York City Hous. Auth.*, 484 F.2d 1122, 1133-34 (2d Cir. 1973) (emphasis added). The First Circuit found that HUD has, "at a minimum, an obligation to assess negatively those aspects of a proposed course of action that would further limit the supply of genuinely open housing and to assess positively those aspects of a proposed course of action that would increase that supply." *NAACP v. HUD*, 817 F.2d at 156.

In the late 1980s, Congress implemented the LIHTC program and passed amendments to the FHA reinforcing the applicability of its desegregation mandates to IRS. By this point, it was well-established that HUD was required by 42 U.S.C. § 3608 to regulate selection criteria and ensure compliance with the FHA's goals. There was no reason to believe that IRS administration of LIHTC, covered by parallel language in § 3608, would be any different. Indeed, in its General

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[23] Exhibit 19, Maxwell, David, *HUDs Project Selection Criteria – A Cure for Impermissible Color Blindness*, 48 Notre Dame L. Rev. 92 (1972), pages 412-424.

[24] Exhibit 7, List of HUD Site and Neighborhood Standards, pages 42-45.

Explanations of FY 2017 Revenue Proposals, Treasury noted that "federal agencies administering housing programs" are required "to allocate housing credit dollar amounts in a manner that affirmatively furthers fair housing."[25] It further affirmed that "because Federal law has made State agencies responsible for allocating the potential to earn LIHTCs, there should be no doubt that these agencies must do so in a manner that affirmatively furthers fair housing." [26] Rather than regulate to fulfill these mandates, however, IRS did nothing for thirty years.

During that time, the siting of LIHTC developments has exacerbated residential segregation. In Dallas, segregation has increased both proportionally and in raw numbers. In 1994, 95% of the Dallas Housing Authority's housing (approximately 6,400 units) was in Black and Latinx areas.[27] In 2017, 96% of LIHTC units (almost 28,000 units) were in predominantly Black and Latinx areas. Only 4% of units were in census tracts that were majority White.[28] Levels of segregation in the Dallas area have thus been maintained at the levels that first alarmed the Congress and courts that imposed FHA obligations on HUD and other agencies. In *NAACP v. HUD*, then-judge Stephen Breyer wrote that if HUD fulfilled its FHA obligations, "one would expect to see, over time, if not in any individual case, HUD activity that tends to increase, or at least, that does not significantly diminish, the supply of open housing." *NAACP v. HUD*, 817 F.2d at 156. That has not happened under IRS's administration of the LIHTC program. In fact, the opposite has occurred.

Treasury and the IRS have been repeatedly made aware of their obligations to regulate site selection criteria. In 1993, a GAO study found that federal LIHTC units were more likely to be in predominantly low-income or Black and Latinx neighborhoods than public housing units. The study specifically noted that HUD had used restrictions on public housing siting to "encourage the scattering of low-income and [Black and Latinx] households," while the LIHTC program "contains no similar restrictions." [29] In 2008, the National Commission on Fair Housing and Equal Opportunity found that the LIHTC program "has operated with little or no civil rights oversight since its inception" and "must be reformed to include fair housing requirements for site selection…and reporting of racial/ethnic data to ensure that this program works to further fair housing goals." [30] In 2011, the Rental Policy Working Group – established by the White House –

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[25] Exhibit 20, Excerpts of Department of Treasury General Explanations of FY 2017 Revenue Proposals, page 427.

[26] Exhibit 20, Excerpts of Department of Treasury General Explanations, page 428.

[27] Exhibit13, Declaration of Ann Lott page 350.

[28] Exhibit 29, City of Dallas 2017 total LIHTC units and projects by % White non-Hispanic, page 502.

[29]Exhibit 21, Excerpts of 1993 GAO Report Public Housing LIHTC as an Alternative Development Method, pages 431-432.

[30] Exhibit 22, Excerpts of 2008 Future of Fair Housing Report of the National Commission on Fair Housing and Equal Opportunity, pages 435-437.

reported that there was a "need for closer cooperation and more effective coordination" between agencies like HUD and Treasury to address civil rights problems in housing. Specifically, the report highlighted the lack of consistent site and neighborhood standards in the low-income housing credit program which would help avoid placement of housing in highly Black and Latinx and poverty concentrated areas. [31]

Treasury's failure to meet its' obligations under the FHA has also been supported and developed in legal scholarship. *See generally*, Florence Wagman Roisman, *Mandates Unsatisfied: The Low Income Housing Tax Credit Program and the Civil Rights Laws*, 52 U. MIAMI L. REV. 1011 (1998); Myron Orfield, *Racial Integration and Community Revitalization: Applying the Fair Housing Act to the Low Income Housing Tax Credit*, 58 VANDERBILT LAW REVIEW 1747 (2005). Jonathan J. Sheffield, *Comment: At Forty-Five Years Old the Obligation to Affirmatively Further Fair Housing Gets a Facelift, but Will It Integrate America's Cities?*, 25 U. FLA. J.L. & PUB. POL'Y 51 (2014). Treasury and IRS have not acted in response to these requests from other agencies, activists, and academics.

Treasury's failure to require the state agencies to obtain basic data of the race and other socio- economic data of the location of the LIHTC project violates its own obligation to affirmatively further fair housing. *NAACP v. HUD*, 817 F.2d at 156 (at a minimum the agency must consider the racial and socio-economic impact of the federal grant on the location). Treasury must require the state agency to examine the racial and socio-economic information to assess the impact of the project on the location in order for the agency to comply with the Fair Housing Act and the 1964 Civil Rights Act. *Shannon*, 436 F.2d at 820-822. The proposed regulation requires a state agency to obtain this information from a LIHTC applicant.

B. Local vetoes

This proposed rule eliminates the use of local vetoes by municipalities or by elected officials. These vetoes work to prevent the development of LIHTC projects in White non-Hispanic neighborhoods. As part of their QAPs, many states include criteria measuring local approval. Typically, states will give points to proposed projects if they show support from: 1) neighborhood organizations, 2) the local political subdivision (in the form of funding), 3) the state legislator, or 4) the locality where the project is proposed (in the form of approval).[32] At least 16 housing agencies in the country make such support a part of the review process.[33] This

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[31] Exhibit 23, Excerpts of 2011 Rental Policy Working Group Federal Rental Alignment Administrative Proposals, pages 441-442.

[32] Exhibit 14, U.S. Treasury Revenue Ruling 2016-29, pages 359, 361.

[33] Exhibit 16, 2016 GAO Report, Low-Income Housing Tax Credit, Some Agency Practices Raise Concerns and IRS Could Improve Noncompliance Reporting and Data Collections, page 372.

grants municipalities excessive control and influence. To prevent a proposed project from being approved by the agency, local politicians only need to withhold their support. In another 12 housing agencies, the QAP goes so far as to make review or approval of proposals "contingent on letters of support from local officials."[34] These various forms of local veto can violate the FHA and perpetuate racial segregation. Despite being made aware of this and acknowledging it themselves, Treasury and IRS have not regulated to prevent the use of municipal vetoes. This is a violation of their FHA legal obligations.

1. Ignoring Congress's intentions for the FHA and clear evidence of harm resulting from local vetoes, IRS allows states to violate the Tax Code and the FHA.

Local vetoes have no basis in the Tax Code, which only requires that housing credit agencies notify the "chief executive officer (or the equivalent) of the local jurisdiction within which the building is located." 26 U.S.C. § 42(m)(1)(A)(ii). Under the statute, the chief executive officer is only given "a reasonable opportunity to comment on the project." *Id.* Expanding notice and comment opportunities to state legislators and municipal governments exceeds the authorization of the Tax Code. Empowering those parties to veto projects – regardless of those projects' scores on other criteria – further contravenes Congress's intent, according to IRS's own revenue ruling. In fact, Congress "ensured only the opportunity for local input" and did not "authorize the allocating agency to abandon the responsibility to exercise its own judgment." [35]

The harm resulting from local vetoes is not hypothetical. The Texas QAP contains all four veto provisions, collectively worth up to 34 points. 10 TAC § 11.9. Local government support alone can account for 17 points. *Id*. Together, the municipal approval criteria provide the highest number of points of any criteria in the state's QAP. [36] For this reason, Dallas-area developers who do not receive that approval at the pre-application stage will often choose to cut their losses and not submit a full application. *Id*. Notably, the proposed projects that do not receive local support are almost always located in Dallas's predominantly white areas. *Id.* In this way, Texas's use of local vetoes – and the IRS's failure to prevent it – perpetuates segregation.

Residents of LIHTC units in Dallas are predominantly Black and Latinx, and the use of local vetoes makes LIHTC housing in predominantly white areas unavailable to them. Because LIHTCs are residential real-estate transactions, Treasury and IRS's failure to regulate vetoes also violates §§ 3604 and 3605 of the FHA when housing is being made unavailable to Black and Latinx tenants. Courts have long accepted that a policy with a disparate impact on renters of color can violate the FHA, even if there is no proof that the policy was intended to be

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[34] Exhibit 16, 2016 GAO Report, page 372.

[35] Exhibit 14, U.S. Treasury Revenue Ruling 2016-26, page 361.

[36] Exhibit 13, Declaration of Ann Lott, page 350.

discriminatory. *Tex. Dept. of Hous. & Cmty. Affairs v. Inclusive Cmtys. Project, Inc.*, 576 U.S. 519 (2015) (ICP) (affirming disparate impact liability under the FHA after all circuit courts of appeal had done so). IRS itself has said that the use of local vetoes is "against the policy" of the FHA and "inconsistent with…general Federal fair-housing policy." Citing *ICP*, it acknowledged that vetoes "may also violate specific nondiscrimination provisions of the Act."[37] In fact, IRS has said requiring local support for proposals "misinterprets" the law. However, it has gone no further than issuing a revenue ruling noting that the Tax Code does not "require or encourage" such provisions. *Id.*

This inaction by Treasury and IRS is despite a long history of requests to address the discriminatory effect of local vetoes. In 2016, a GAO study of the LIHTC program noted that several states reported concerns about the detrimental influence of local support criteria on openness and fairness.[38] The report also cited HUD's Office of Fair Housing and Equal Opportunity and the Office of General Counsel as being concerned about "the discriminatory influence these factors could have on where affordable housing is built." [39] One of HUD's own studies had shown that prioritizing local approval was linked to increased exposure to poverty in LIHTC units. As a member of the White House's Rental Policy Working Group, HUD officials had communicated to Treasury in 2013 that eliminating local approval requirements or preferences should be top fair housing priorities.[40] Treasury and IRS have not responded to or acted on these recommendations.

In Texas, the Texas Dept. of Housing and Community Affairs (TDHCA), the state housing finance agency, continues to implement local veto selection criteria that disproportionately deny LIHTCs to units in predominantly White locations.[41] The gap between the allocation rates for LIHTC units to be in White areas and those in Black and-Latinx areas increased substantially. [42] In particular, suburbs implement the veto to prevent LIHTC housing for families. The tenants eligible for LIHTC family housing are predominantly Black and Latinx compared to LIHTC housing designated for elderly occupants.

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[37] Exhibit 14, U.S. Treasury Revenue Ruling 2016-26, pages 361-362.

[38] Exhibit 16, 2016 GAO Report, page 373.

[39] Exhibit 16, 2016 GAO Report, page 374.

[40] Exhibit 16, 2016 GAO Report, pages 374-375.

[41] Exhibit 13, Declaration of Ann Lott, page 350; Exhibit 26, Second Declaration of Ann Lott, Vice President of ICP, in ICP v. Treasury and OCC, pages 468-469.

[42] Exhibit 27, Comparison of percent of units in LIHTC applications receiving LIHTC allocations by race of location – 2009-2017 for Dallas and surrounding counties, page 473.

The local vetoes prevent LIHTC housing from being developed in White neighborhoods in the Dallas area, particularly LIHTC housing for families. The recent 2021 example of the Cypress Creek 9% LIHTC application in Dallas is a case in point. The Dallas City Council narrowly passed a resolution of support on February 24, 2021, for Cypress Creek 9% LIHTC application that is located in a predominantly White non-Hispanic census tract with low poverty and low crime. The location is in a tract that has no affordable housing developed in 31 years. State law provides for the state representative whose district the proposed LIHTC project is located to write a letter of opposition or support for the project. Tex. Loc. Gov't Code § 2306.6710(b)(1)(J). On March 5, 2021, the state representative wrote a letter of opposition to the Cypress Creek project based on neighborhood opposition to the project. This state representative opposition effectively kills the project for without the points for the state representative support, the project will not be competitive.[43] The only proposed LIHTC application for a project for families in a White non-Hispanic area of Dallas is now prevented from being developed, while the proposed 2021 9% projects in Black and Latinx areas will be likely get awards and be developed.

The Supreme Court held in *Inclusive Communities* that unlawful housing restrictions that function unfairly to exclude Black and Latinx from certain neighborhoods without any sufficient justification are practices that "reside at the heartland of disparate impact liability." *Inclusive Cmtys*., 526 U.S. at 539-540. A state allocation plan that allows a local municipality or elected official to exercise a ban that works to exclude LIHTC projects from White neighborhoods is an unfair and unlawful housing restriction.

The LIHTC housing is an important source of housing for voucher families and ICP's clients as LIHTC projects cannot refuse leasing to voucher tenants because of their voucher. 26 U.S.C. § 42(h)(6)(B)(iv). As ICP's survey of private apartment complexes in the suburbs and white areas shows, there are very few private multifamily landlords who accept vouchers. The local veto barrier to LIHTC housing development continues to exclude voucher tenants from entire cities and suburbs in the Dallas area.[44]

2. Ignoring clear mandates from Congress, courts, and agencies, IRS has failed to prevent local vetoes and thus failed to affirmatively further fair housing.

Like the unregulated site selection criteria and missing revitalization plans, the use of local vetoes contributes to residential segregation in violation of § 3608(d). The FHA clearly places an affirmative obligation on Treasury and IRS to ensure that the housing agencies they regulate do

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[43] Exhibit 34, WFAA ABC news story, "'It all comes down to one man': How Texas allows a single lawmaker to kill affordable housing plans to keep constituents happy," March 7, 2021, pages 546-553; Exhibit 13, Declaration of Ann Lott, page 350.

[44] Exhibit 24, 2017 ICP Survey of Multi-Family properties – voucher acceptance in Collin, Dallas, Denton and Rockwall Counties, pages 444-462.

not concentrate LIHTC units in predominantly Black and Latinx areas. *See NAACP*, 817 F.2d at 156; *Otero*, 484 F.2d at 1133-34; *Shannon*, 436 F.2d at 820-21. Instead, both agencies have allowed the use of local vetoes to continue unabated and preserved one of the primary ways that states steer affordable housing into areas of Black and Latinx concentration.

Again, it is useful here to compare the relationship between HUD and public housing authorities with the relationship between Treasury, IRS, and housing credit agencies. The statutory duties on both are governed by virtually identical language. *Compare* 42 U.S.C. § 3608(d) *with* 42 U.S.C. § 3608(e)(5). Courts have long recognized that HUD is not only responsible for its own actions – it can be held liable for overlooking or allowing discrimination by other parties within its regulated control.

Here, Treasury and IRS have been repeatedly presented with evidence that housing credit agencies are non-compliant in the site selection criteria they use, in their enforcement of the revitalization plan requirement, and in the use of local vetoes. Treasury and IRS have also been repeatedly presented with information that non-compliance contributes to and worsens residential segregation. They have, on several occasions, made those findings themselves. Repeatedly, they have done nothing.

Treasury and IRS did nothing to change the operation of the LIHTC program parties they are legally obligated to oversee. It is inconceivable that Treasury and IRS would have condoned and refused to regulate state actions with the effects of racial segregation and discrimination unless those effects were acceptable. HUD's actions doing so was a clear violation of the Fair Housing Act. *Clients' Council*, 711 F.2d at 1422. Treasury and IRS doing so is just as clear a violation.

C. Concerted community revitalization plans

This proposed rule also defines and regulates "concerted community revitalization plans." The current tax code requires QAPs to give preference to projects that serve areas of concentrated poverty if they are part of a "concerted community revitalization plan." 26 U.S.C. 42(m)(B)(ii)(III). Treasury and IRS have failed to regulate or even define those plans. They have also chosen not to ensure compliance with the statute and instead allowed states to allocate LIHTCs in high-poverty areas without Congress's intended safeguard. These violations of the Tax Code have exacerbated residential segregation and led to FHA violations.

1. *Ignoring Congress's clear mandate to ensure compliance with the revitalization plan requirement, IRS allows states to violate the Tax Code and FHA.*

As previously discussed, Congress clearly intended for IRS to ensure compliance with its statutory commands. In addition to its selection criteria requirements, the Tax Code requires that preference is given to three kinds of projects: those "serving the lowest income tenants"; those "obligated to serve qualified tenants for the longest periods"; and those that "are located in qualified census tracts…*and* the development of which contributes to concerted community revitalization plan." 26 U.S.C. § 42(m)(B)(ii)(III) (emphasis added). "Qualified census tracts" are tracts in which either 1) 50% or more of residents make below 60% of the area median gross income, or 2) 25% or more of residents are in poverty. 26 U.S.C. § 42(d)(5).

The presence of a concerted community revitalization plan is intended to be an important, meaningful, and mandatory safeguard. Treasury confirmed this in Notice 2016-77. [45]

> Placing LIHTC projects in qualified census tracts risks exacerbating concentrations of poverty. Therefore, § 42(m)(1)(B)(ii)(III) grants a preference to that placement *only when* there is an added benefit to the neighborhood in the form of the project's contribution to a concerted community revitalization plan…The preference fails to apply unless, not later than the allocation, a plan exists that contains *more components than the LIHTC project itself*. [46] (emphasis added).

Concentrations of poverty are one of the unequal conditions affecting the neighborhood living conditions in many of the City of Dallas LIHTC neighborhoods compared to predominantly White locations. [47] The LIHTC statute limits the use of the preference by requiring the preference to be for the development in QCTS only where the development of the LIHTC project contributes to a concerted community revitalization plan. 26 U.S.C. § 42(m)(1)(B)(ii)(III). Absent the inclusion of this provision in the QAP, the legitimacy of the tax credit allocations is in question. 26 U.S.C. § 42(m)(1)(A) (amount "shall be zero"). Treasury knows that state HFAs violate this QAP provision. [48] The record shows that preferences were given without community revitalization plans to LIHTC projects in racially segregated areas with unequal conditions in Dallas.

The Treasury Notice served only as a "reminder" and imposed no penalties or remedies for not having a plan. This is despite the fact that the notice also admitted that the revitalization requirement is not well-enforced.

> In some cases, state or local agencies allocating housing credit dollar amounts have given preference to projects that are located in qualified census tracts without regard to whether the projects contribute to a concerted community revitalization plan. In some other cases, because development of new multifamily

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[45] Exhibit 25, U.S. Treasury Notice Concerning Concerted Community Revitalization Plan 2016-77, pages 464-465.

[46] Exhibit 25, U.S. Treasury Notice 2016-77, page 465.

[47] Exhibit 9, Maps and Summaries of Neighborhood Conditions around LIHTC Projects in Dallas, pages 49-326.

[48] Exhibit 25, U.S. Treasury Notice 2016-77, page 465.

housing benefits a neighborhood, the development of a LIHTC project, without more, has been treated as if it were such a plan. [49]

Indeed, a report in 2013 indicated that most QAPs automatically apply a preference (usually through a point-based advantage) to all qualified census tracts, regardless of whether a revitalization plan is in place. PRRAC Report. Khadduri, Jill, *Creating Balance in the Locations of LIHTC Developments: The Role of Qualified Allocation Plans*, PRRAC and ABT Associates, February 2013. This misinterpretation of the Tax Code inevitably leads to a concentration of LIHTC units in qualified census tracts, often without the necessary revitalization plans. Treasury and IRS have a responsibility to monitor whether this is happening and enforce the requirement if necessary.

Even if state QAPs do enforce the revitalization plan requirement, most do not provide guidance to developers on what a "concerted community revitalization plan" entails. PRRAC Report (Building Opportunity). Poverty & Race Research Action Council, *Building Opportunity II: Civil Rights Best Practices in the Low Income Housing Tax Credit Program (2015 update),* July 2015. Only a few states have standards in place to ensure that plans meaningfully increase opportunity. PRRAC Report. Khadduri, *Creating Balance*. Unsurprisingly, a 2013 review of LIHTC units in qualified census tracts suggested that there was no revitalization effect from the developments and called for more federal guidance on the use of plans. Carolina Planning article. Julian, Elizabeth K., *Community Revitalization, Civil Rights, and the Low Income Housing Tax Credit Program,* Carolina Planning, Planning for Equity, Vol. 38, 25-30 (2013). The IRS itself has not provided further guidance, aside from soliciting comments for a definition of such plans in its 2016 notice. [50] No further action has been taken since then.

In Dallas, the majority of the LIHTC projects in racially concentrated areas of poverty have no revitalization plans associated with them.[51] The failure of Treasury to regulate the tax code requirement for "concerted community revitalization plan" or to enforce the requirement for the allocation by the states has furthered the disinvestment of these neighborhoods and perpetuated segregation.

The repeated siting of LIHTC developments in qualified census tracts means that effective revitalization plans are essential to address the "risks of exacerbating concentrations of poverty" that IRS described. [52] By not enforcing their use (despite knowing of non-compliance among

[49] Exhibit 25, U.S. Treasury Notice 2016-77, page 465.

[50] Exhibit 25, U.S. Treasury Notice 2016-77, pages 464-466.

[51] Exhibit 33, WFAA news story, "'You're only crippling us': Banks own many of Dallas' low-income, high-crime apartments - and they're rewarded for it" Banking Below 30, February 28, 2021, page 541.

[52] Exhibit 25, U.S. Treasury Notice 2016-77, page 465.

states) the IRS violated the Tax Code. By not regulating them and providing guidance to states on the plans, the IRS concentrates LIHTC developments in neighborhood of color and violates the FHA.

2. *Ignoring clear mandates from Congress and courts, IRS has failed to regulate revitalization plans in a way that affirmatively furthers fair housing.*

As previously described, "[a]ll executive departments and agencies shall administer their programs and activities relating to housing and urban development…in a manner affirmatively to further the purposes" of the FHA. 42 U.S.C. § 3608(d). Congress amended the FHA in 1988 to affirm that this includes "any Federal agency having regulatory or supervisory authority over financial institutions." *Id.* Before those amendments, courts had already found that nearly identical statutory language imposed a significant, affirmative duty on HUD. This duty went beyond refraining from discrimination. Under the FHA, HUD and its regulated parties are responsible for actively monitoring and preventing the concentration of their units in low-income or Black or Latinx areas. Violations of that responsibility are violations of 42 U.S.C. § 3608(d). *See NAACP*, 817 F.2d at 156; *Otero*, 484 F.2d at 1133-34; *Shannon*, 436 F.2d at 820-21. As the agency administering LIHTC, IRS has a similar obligation to regulate states, their housing agencies, and their use of revitalization plans. Instead, IRS has ignored the non-compliance of states, the effects of their revitalization plans, and the resulting racial segregation.

V. The racial segregation in the siting of the LIHTC program with unequal neighborhood living conditions for neighborhoods of color is a national problem.

The requested regulations are necessary to stop the unequal treatment of the location of LIHTC projects in racially concentrated neighborhoods. The requested regulations will prevent the disproportionate burden faced by Black and LIHTC tenants who are forced to accept housing in high poverty neighborhoods without adequate resources in order to be able to obtain housing. The severity of the unequal neighborhood conditions of LITHC projects in neighborhoods puts families at risk of harm while the LIHTC projects in White neighborhoods that generally serve a White population do not have these unequal neighborhood harms. Congress enacted the 1968 Fair Housing Act in response to the record demonstrating the existing racial residential segregation in the country, the legacy of segregation, the conditions of unequal housing and neighborhood conditions, and the historic lack of access to opportunity in housing for Blacks. The same record documented the federal government's role in creating and perpetuating the racial residential segregation and the accompanying unequal neighborhood conditions between Black and White neighborhoods.[53]The record upon which Congress based the 1988 amendments to the FHA showed that the disparities between Black and White neighborhoods continued.

[53] Exhibit 28, Excerpts of Congressional Record legislative history of the Fair Housing Act, 1967 and 1968, pages 475-488.

Since the 1986 passage of the LIHTC statute, the Secretary's and the IRS's administration and lack of regulation of the federal LIHTC program have been a contributing cause of the placement of LIHTC projects into Black and Latinx neighborhoods with conditions that are grossly unequal to White neighborhoods and recreate the pre-FHA unequal neighborhood conditions.[54] For over thirty years, Treasury has failed to comply with the 42 U.S.C. § 3608(d) obligation with respect to the location of LIHTC projects. The result has been another federally subsidized low-income housing program that is racially segregated. Treasury's lack of regulation for the site selection of LIHTC developments in Dallas has perpetuated racial segregation and re-created on a larger scale the pre-FHA racial segregation of federally assisted low-income housing.

A. Nationally, the location of the LIHTC projects presents drastically different neighborhood conditions depending on the race of the neighborhood of the LIHTC project.

The racial segregation in the LIHTC program has increased in the Dallas area and in other major metropolitan areas since the inception of the LIHTC program in 1986. When the LIHTC housing is sited in predominantly White neighborhoods, the housing is accompanied by better neighborhood conditions and resources. When the housing is sited almost exclusively in neighborhoods of color, the neighborhood conditions are extremely unequal and incomparable to the living conditions of the majority of low income White LIHTC tenants.

The LIHTC program provides substantially inferior neighborhoods for the LIHTC units located in tracts with less than 50% White population. Using the Center for Disease Control Social Vulnerability Index for exposure to the risks of disease epidemics and other disasters shows the inequality. The CDC's Social Vulnerability Index (SVI) measures numerous facts to determine these risks. The highest SVI risk index is 1 and the lowest is 0.

The 56% of the national LIHTC units in less than 50% White census tracts are in tracts with an average SVI epidemic/disaster rate of .84. The 44% of the national LIHTC units in 50% White or greater census tracts are in tracts with an average SVI epidemic/disaster rate of .56. [55]

The inequality applies even to LIHTC units in tracts with over 30% of the population below poverty income. The 24% of the national LIHTC units that are in these high poverty tracts where the population is less than 50% White are in tracts with an average epidemic/disaster rate of .92. The corresponding rate for the 4% of the national LIHTC units that are in these high poverty tracts where the population is 50% White or greater is .79. [56] There are numerous Metropolitan Statistical Areas (MSAs) where none of the LIHTC units in White census tracts are in tracts with higher than 30% poverty rates while substantial percentages of the units in non-White tracts are

[54] Exhibit 28, Excerpts of legislative history of the Fair Housing Act, pages 475-500.

[55] Exhibit 3, Race, Poverty, U.S. CDC Social Vulnerability Risk Index for all Census Tracts with LIHTC units in the Nation compared to all MSAs combined data, page 6.

[56] Exhibit 3, page 6.

in these high poverty tracts: Washington, D.C., Chicago, Houston, Dallas, Miami, Denver, Baltimore. [57]

These inequalities are approximately the same at the national basis for LIHTC units located in a Metropolitan Statistical Area. The only difference is the average SVI epidemic/disaster rate for LIHTC units in 50% or greater White census tracts. For all LIHTC units, the average SVI rate is .56. For the MSA units, the average rate is lower and is .51. [58]

The inequality exists throughout the country.

MSA Name	SVI for < 50% White	SVI for > = 50% White	High poverty SVI non-White/White
National	.84	.56	.92 (723,822 units)/.79 (125,068 units)
National MSA	.84	.51	.92 (662,571 units)/.79 (86,674 units)
New York	.85	.43	.97 (73,120 units)/.78 (659 units)
Washington, DC	.66	.40	.91 (10,342 units)/ 0 (0 units)
. . .			
Dallas	.83	.50	.94(17,431 units)/ .81 (232 units)
Minneapolis	.92	.40	.97 (7,041 units)/ .68 (1,818 units).[59]

The higher risks are disproportionately inflicted upon Black and Latinx LIHTC residents. The race and ethnicity of the LIHTC occupants have consistently matched the majority race and ethnicity of the neighborhoods in which the LIHTC units are located. HUD reports show that while about 60% or more of the LIHTC projects reporting race of occupants and location are Black and Latinx occupied and in majority Black and Latinx neighborhoods, there are no majority White occupied LIHTC projects in majority Black and Latinx neighborhoods. GAO/RCED-00-51R, Tax Credits: Characteristics of Tax Credit Properties and their Residents B-248332, January 10, 2000, pages 3-4; HUD, Assessment of the Economic and Social Characteristics of LIHTC Residents and their Neighborhoods, 2000, exhibit 4-6, page 4-18;

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[57] Exhibit 3, Race, Poverty, U.S. CDC Social Vulnerability Risk Index for all Census Tracts with LIHTC units in the Nation, pages 6-10.

[58] Exhibit 3, page 6.

[59] Exhibit 3, pages 6-10.

exhibit 4-7, pages 4-19, 4-20. White non-Hispanic households are 28.8% of those reporting race and ethnicity, Black households are 30.8%, and Hispanic households are 16.7%. HUD, Understanding Whom the LIHTC Serves Data on Tenants in LIHTC Units as of December 31, 2017, page 13.

These higher risks to Black and Latinx neighborhoods and their residents are not hypothetical but were realized in the Covid-19 pandemic. Infection and death rates have not been available at national zip code or census tract level as of the date of this petition. The zip code infection and death rate data for Dallas County is available and shows the results of the unequal conditions between the non-White and the White locations.

Almost all of the LIHTC units in Dallas County are in census tracts in which the population is less than 50% White non-Hispanic. The 37,263 units in these tracts are 96% of all LIHTC units in Dallas County as of 2020. These units are located in Zip Codes in which the Covid-19 infection rate is 26.2 per 1,000 persons. This is in severe contrast to the few LIHTC units in White neighborhoods. The 1,426 LIHTC units in census tracts in which the population is equal to or greater than 50% White non-Hispanic are 4% of the LIHTC units in Dallas County. These units are located in Zip Codes in which the Covid-19 infection rate is 10.4 per 1,000 persons, less than one half the infection rate in the non-White Zip Codes. The infection rate for Zip Codes in which the 148 LIHTC units in census tracts that are more than 75% White non-Hispanic are located is 0.1 per 1,000 persons. [60]

The higher risks and infection rates are exacerbated by the lack of adequate medical care for all of the residents including the LIHTC residents in the high risk SVI tracts. There are 125 LIHTC projects in Dallas County in less than 50% White non-Hispanic tracts that are also federally designated Medically Underserved Census tracts. These tracts are areas designated by the federal Health Resources and Services Administration as having too few primary care providers, high infant mortality, high poverty or a high elderly population. [61] The average SVI for these tracts is .9. [62]

Similar Medically Underserved areas exist throughout the nation's neighborhoods of color with LIHTC projects.

B. The unequal neighborhood conditions for the majority of Black LIHTC residents in the Dallas area is severe and extensive.

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[60] Exhibit 4, Summary of facts correlating LIHTC unit locations with both high risks of exposure to epidemics and the higher actual infection Covid-19 rates in LIHTC locations, pages 12-13.

[61] *See* https://data.hrsa.gov/tools/shortage-area/mua-find

[62] Exhibit 5, LIHTC Projects – Dallas County Medically Underserved Areas (MUA), page 15.

The pattern of unequal conditions to which Black LIHTC residents in the Dallas area are disproportionately subjected by the racial segregation is undisputable. [63] The Exhibit documents attached to this Petition set out some of the unequal neighborhood conditions in the racially concentrated City of Dallas neighborhoods in which at least one LIHTC project is located. Several of the indicators such as race and poverty are compared to City wide and Dallas Metropolitan Division wide data. Several of the indicators such as illegal dumping violations and loose and roaming dog cases are compared to the rates of such conditions in predominantly White non-Hispanic areas. These conditions frequently increased in severity even as additional LIHTC units were added to the census tracts. [64] The Treasury's own Distress Index using economic indicators confirms the unequal conditions. [65] In addition, the attached Exhibits contain similar data to show the superior conditions in a few City of Dallas White areas and in four predominantly White, neighborhoods in the suburbs with a LIHTC project. [66] The evidence clearly shows the unequal conditions endured by the Black LIHTC tenants in the Black and Latinx neighborhoods. White LIHTC tenants are substantially less likely to be subjected to these conditions. [67]

The LIHTC tenants in Black and Latinx neighborhoods are predominantly tenants of color who live in separate and unequal conditions compared to White LIHTC tenants in White neighborhoods. This can be seen from a comparison of the LIHTC locations in the Dallas area. For example, at least **seventy-four** LIHTC developments in Black and Latinx neighborhoods are within or directly adjacent to a City of Dallas Police Department Crime Hot Spot. All are in tracts that rank above the 80th percentile on neighborhoodscout.com's Violent Crime Index. Meanwhile, only one of the White tracts with **one** LIHTC project is above the 50th percentile on the crime index – and at the 65th percentile, it still ranks lower than all of the Black and Latinx tracts. [68]

Similarly, most of the zip codes associated with the Black and Latinx neighborhoods report substantially higher rates of illegal dumping citations than predominantly White zip codes. In West Dallas, there are 17.24 citations per 1,000 persons – almost 11 times the rate for majority

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[63] Exhibit 1, Map of City of Dallas LIHTC projects by race of location, page 2; Exhibit 29, City of Dallas 2017 total LIHTC units and projects by % White non-Hispanic, page 502.

[64] Exhibit 9, Maps and Summaries of Neighborhood Conditions around LIHTC Projects, pages 49-326.

[65] Exhibit 11, Map of Treasury's CDFI Distress Indicator Index and LIHTC projects, page 342.

[66] Exhibit 9, Maps and Summaries of Neighborhood Conditions around LIHTC, pages 192-201, 254-258, 300-305 (City); 306-310, 317-326 (Suburban).

[67] Exhibit 8, TDHCA Housing Sponsor Report 2015 LIHTC Occupancy Data by Race of occupants for Dallas area, page 47.

[68] Exhibit 9, Maps and Summaries of Neighborhood Conditions, pages 49-326.

white zip codes (1.57). [69] Illegal dumping creates health and safety hazards for residents. Southern Dallas also experiences loose and roaming dog cases that present an urgent public safety issue.[70] The average rate of cases in Dallas's white neighborhoods generally is 4.6 cases per 1,000 persons. The Black and Latinx tracts experienced substantially higher rates, with tracts coming in at over 50 or more cases per 1,000 residents – 10 to 17 times the rate found in White neighborhoods. Ninety (90) of the 168 LIHTC projects in the City of Dallas are located in census tracts that also contain areas zoned for industrial use.[71] In addition, the concentration of LIHTC developments in Black and Latinx tracts exposes a disproportionate number of LIHTC residents to hazardous neighborhood conditions like illegal dumpsites and dangerous dogs. These exposures happen purely because of location and are largely unaffected by the quality or maintenance of any individual development or unit.

The exposure to harmful conditions in neighborhoods of color with LIHTC concentrations is paired with isolation from resources. This can also be seen in the tracts from this sample of LIHTC developments. On the Treasury's economic distress index, all of the Black and Latinx tracts were rated a level 4, the highest possible level of distress. All of the White tracts were rated a level 0, except for three tracts in the suburbs which were rated level 1.[72] Grocery stores and doctor's offices are missing in the Black and Latinx LIHTC concentrated areas and these LIHTC developments are in under-performing school locations.

The racial segregation, unequal housing and economic conditions in the Black and Latinx LIHTC census tracts in the City of Dallas match those the Fair Housing Act was enacted to eliminate. [73] Like the families portrayed in the Fair Housing Act congressional record, the families currently in these LIHTC units in the segregated neighborhoods are prevented from obtaining LIHTC housing in better neighborhoods in integrated communities.

The effects of the LIHTC locations on children show increasing childhood poverty rates in these areas in Dallas.[74] The effect of the racial segregation on the lives and futures of children

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[69] Exhibit 9, page 140.

[70] Exhibit 9, page 206 (tract 49 with 64.4 cases per 1,000 persons), page 218 (tract 118 with 56 cases per 1,000 persons), page 291 (tract 57 with 75.7 cases per 1,000 persons), page 297 (tract 34 with 79.4 cases per 1,000 persons).

[71] Exhibit 12, page 344 (map), page 345 (table).

[72] Exhibit 32, LIHTCs and Treasury CDFI Distress Indicator Map and list, pages 513-527 - measuring Treasury's Community Development Financial Institution Fund Distress Index (CDFI) rating for the census tract by LIHTC location.

[73] Exhibit 28, Excerpts of Congressional Record legislative history of the Fair Housing Act, 1967 and 1968, pages 475-500.

[74] Exhibit 9, Maps and Summaries of Neighborhood Conditions, pages 49-299.

living in these areas of high poverty has been well documented by social science researchers. One of the most influential researchers in current times is Harvard University economist, Dr. Raj Chetty. Dr. Chetty conducted a major research project by contract with the U.S. Treasury on the effects of neighborhood conditions on children. Based on this research he stated:

> Individuals who live in high-poverty areas fare worse than those who live in lower-poverty neighborhoods on a wide range of economic, health, and educational outcomes. [75]

The Chetty research using Treasury data of more than five million families that moved across areas found that neighborhoods have causal exposure effects on children's outcomes. In particular, every year spent in a better area during childhood increases college attendance rates and earnings in adulthood, so the gains from moving to a better area are larger for children who are younger at the time of the move.[76]

Dr. Chetty's research confirmed what has long been the general agreement of social science and government findings on the subject. Dr. Ann Owens, Associate Professor of Sociology, Univ. of Southern California, chronicles the consensus from the Report of The National Advisory Commission on Civil Disorders (Kerner Commission Report) to the current social science consensus. [77] The conclusion of Dr. Owns' expert report is:

> A large research literature indicates that growing up in socioeconomically disadvantaged, racially segregated neighborhoods is disadvantageous for children's well-being and future life chances.[78]

The evidence is uncontroverted of the harm to childhood opportunity of growing up in segregated areas of poverty. The evidence confirms the need for site selection regulation for LIHTC projects to be located in areas that will provide for childhood opportunity. One measure for demonstrating such opportunity is the Childhood Opportunity Index by DiversityDataKids.Org which provides an index by census tract for childhood opportunity for all of the metropolitan areas and is a data source for the opportunity provided by a neighborhood for

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[75] Chetty, Raj, Hendren, N. & Katz, L., *The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment*, American Economic Review, 106(4): 855–902 (2016).

[76] Chetty, et al., *supra* n. 75. LIHTC housing cannot refuse vouchers unlike private landlords. At a U.S. Treasury forum, Dr. Chetty explained that the segregation of the vouchers and LIHTC projects must be remedied for childhood opportunities to be realized. Exhibit 31, Transcript of Dr. Raj Chetty, U.S. Treasury Department Freedman's Bank Forum, September 13, 2016, page 511.

[77] Exhibit 10, Dr. Ann Owens, Professor of Sociology, Univ. Southern California, Expert Report in ICP v. Treasury and OCC, pages 328-340.

[78] Exhibit 10, Dr. Ann Owens, Expert Report, pages 336.

a child. https://www.diversitydatakids.org/research-library/research-report/geography-child-opportunity-why-neighborhoods-matter-equity.

Because Treasury failed to comply with its FHA obligations with respect to the location of the LIHTC projects, the LIHTC program in Dallas subjects Black and Latinx children and their families that live in those projects to severe unequal neighborhood conditions compared to the few white area LIHTC projects. The Neighborhood Conditions Exhibit attached to this Petition includes a map locating the census tract and LIHTC project in the City and a summary of the conditions. These exhibits explain in detail the harms inflicted by the segregated LIHTC program. The exhibit includes: race, poverty, and childhood poverty for 1990, 2000, 2010, and 2015; crime data from the City of Dallas and the crime data the Texas Department of Housing and Community Affairs (TDHCA) requires as part of the LIHTC application process; illegal dumping violations as shown by the number and rate of citations; loose and roaming dog cases as shown by the number and rate by population; the Treasury Distress Index rating for the tract, the Home Mortgage Disclosure Act (HMDA) home loan data for several points in time; school proficiency ratings; poverty and race of students; the number of LIHTC units and projects; the race and ethnicity of the occupants of the LIHTC units; the presence of other federally assisted housing; and the change in the number of housing vouchers in the tract and in the LIHTC projects over time.[79] Not every neighborhood living condition in every Black and Latinx LIHTC tract is worse than every condition in the few majority White non-Hispanic LIHTC tracts. However, there are consistently more neighborhood conditions in the Black and Latinx tracts that are worse than the same conditions in the White tracts. There are Black and Latinx LIHTC census tracts in which every neighborhood metric is substantially unequal to the conditions in the White LIHTC census tracts.[80]

The census tract to census tract comparison of the neighborhood conditions in the attached Exhibit 9 show the same degree of inequality found by the Kerner Commission in 1968. This inequality can begin to be rectified with the proposed Treasury regulation. Without it, these neighborhood conditions will get worse.

Some examples from the record of neighborhood living conditions in LIHTC locations are set out below for context on the importance of the siting of LIHTC projects into high concentrations of poverty.

1. South Dallas - unequal LIHTC neighborhood conditions

The South Dallas area was a de jure racially segregated community. The population has long been less than 5% White non-Hispanic. There are seven LIHTC projects with 1,054 units in the area. Two South Dallas census tracts had 2015 poverty rates over 50%.[81] The childhood poverty

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[79] Exhibit 9, Maps and Summaries of Neighborhood Conditions, pages 49-326.

[80] Exhibit 9, pages 49-326.

[81] Exhibit 9, page 59.

rates are far above the City and the metropolitan area childhood poverty rates. Some tracts have childhood poverty rates in excess of 80%. 100% of children under five were below poverty in South Dallas tract 39.01 in 2015.[82] All seven LIHTC projects in these tracts are located in City of Dallas Police Department Crime Hot Spot high crime areas. The crime data source required by TDHCA as part of the LIHTC application process is neighborhoodscout.com. This source shows that these South Dallas tracts are exposed to extremely high violent crime.[83]

All seven projects are in economically distressed areas according to the U.S. Treasury's Community Development Financial Institution Fund Distress Index (CDFI) or Investment area designations. The 2010 Treasury Distress Index rated all the tracts at level 4 distress, the highest level of distress.[84] The illegal dumping incidents as measured by City citations for such conduct range from 2.5 to 22 times the rate in the White Zip Codes.[85] The rate of loose and roaming dog cases per 1,000 persons in these tracts exceed the rate in majority White census tracts (4.6) by multiples of 9 to 13. Industrial zoned areas are located in the census tract of all seven LIHTC projects.[86] The number and amount of home loans in these census tracts per owner occupied units are consistently few and small and have been insubstantial since 2000. The public elementary schools serving each census tract have an 87% or greater economically disadvantaged Black or Latinx student population. There are 1,336 total LIHTC, public housing, and HUD assisted units in the South Dallas census tracts. The units at the LIHTC projects are and have been 90% or more occupied by Black tenants. The number of housing vouchers in the four tracts has increased to many hundreds and many of the vouchers are in the LIHTC projects.[87]

The location of the LIHTC units in South Dallas had the clear effect perpetuating the racial segregation and poverty created by the previous de jure racial segregation. The further siting of LIHTC projects into this area should be regulated by a Treasury site selection regulation and by enforcement of a concerted community revitalization plan.

2. Far southern Dallas

The census tract 166.05 in far Southern Dallas is a racially concentrated and high poverty tract where the City and State approved the placement of 8 LIHTC projects. This is a total of 1,648 LIHTC units. Four of the eight LIHTC projects are national bank investment LIHTC

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[82] Exhibit 9, Maps and Summaries of Neighborhood Conditions, page 60.

[83] Exhibit 9, page 60.

[84] Exhibit 9, page 61.

[85] Exhibit 9, pages 60-61.

[86] Exhibit 9, pages 49-326, page 61.

[87] Exhibit 9, page 62.

properties. The LIHTC projects are majority Black occupied. The poverty in this area increased dramatically with the addition of the LIHTC projects. The childhood poverty rate for children under 5 increased from 13% in 1990 to 74% in 2015. This tract has the largest concentration of Housing Choice Vouchers in the City of Dallas with over 700 vouchers. The tract is in an economically distressed area according to the U.S. Treasury's CDFI Distress Index. This neighborhood is ranked as being one of the most unsafe locations for residents in the City.[88]

Census tract 166.05 is not an isolated instance of the concentration of LIHTC projects. Within a short radius of this census tract there are numerous other LIHTC projects and more concentrations of federally assisted housing. This area is racially concentrated with high levels of poverty and unequal neighborhood conditions.[89]

The homeowners in this Black neighborhood have long recognized the need for affordable housing. However, the homeowners would like other resources for their neighborhood that the continuing addition of poverty and subsidized LIHTC housing has prevented. Instead, the numerous LIHTC projects have increased the poverty in their neighborhood and prevented the addition of public and private investment. The regulations requested are necessary to allow for the disbursement of LIHTC housing throughout the metropolitan area and not only in racially concentrated neighborhoods.

C. LIHTC projects in White non-Hispanic areas have better neighborhood conditions and resources

For comparison, the few LIHTC projects in majority White areas have significantly better neighborhood living conditions. The LIHTC Summit Place project was developed in the City of Dallas in a tract that is White non-Hispanic and with low poverty.[90] The conditions in the tract are substantially better than the same conditions in the Black and Latinx neighborhood LIHTC tracts. The poverty rate for this area is low. There were no illegal dumping violations as measured by city citations in 2014 and in 2015. The loose and roaming dog case rate, 2.4, was less than the average rate in majority White census tracts, 4.6.[91] There are no industrial zoned areas in the tract.[92] The tract is not an economically distressed area according to the U.S. Treasury's CDFI Investment area eligibility designations.[93]

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[88] Exhibit 9, pages 64-69.

[89] Exhibit 2, LIHTC map of Census Tract 166.05 and Red Bird area, City of Dallas, page 4.

[90] Exhibit 9, Maps and Summaries of Neighborhood Conditions, pages 49-326, page 302.

[91] Exhibit 9, page 303.

[92] Exhibit 9, page 304.

[93] Exhibit 9, page 304.

ICP's advocacy efforts have resulted in a few, four, LIHTC non-elderly projects in predominantly White non-Hispanic suburban census tracts: 181.04, 304.06, 305.13, 306.01.[94] *Dews v. Town of Sunnyvale*, 3:88-CV-1604-O, Doc. 220 Order finding Town in Contempt, March 22, 2010 (Inclusive Communities as successor plaintiff's motion for contempt granted); *Dews v. Town of Sunnyvale, Tex*., 109 F. Supp. 2d 526, 529 (N.D. Tex. 2000). The poverty, crime, sex offender, schools, Distress Index, and home mortgage lending (HMDA) for these tracts show that the children in these LIHTC units are not exposed to the injuries of high poverty and racial concentration.[95]

The inequities between the racial location of the LIHTC project neighborhoods fully justifies the implementation of this proposed regulation. It is time for Treasury to act and regulate in order to prevent the further segregation of the LIHTC program.

D. With White non-Hispanic LIHTC tenants in better off White areas and Black/Latinx LIHTC tenants in worse off Black/Latinx areas, Treasury has built the equivalent of a de jure racially segregated system.

The racial segregation of the LIHTC system is, like de jure public housing segregation, a system in which the units occupied by White non-Hispanic LIHTC tenants are those located in White non-Hispanic locations. The units occupied by Black/Latinx tenants are those located in Black/Latinx locations. Treasury refuses to collect this occupancy and location data but independent, scholarly research shows the segregation. The race and ethnicity of the LIHTC occupants have consistently matched the majority race and ethnicity of the neighborhoods in which the LIHTC units are located.[96] A 2018 academic study confirmed that Black and Latinx LIHTC tenants live in more disadvantaged neighborhoods than White LIHTC tenants do, even after controlling for poverty status. Ingrid Gould Ellen, Keren Mertens Horn, and Yiwen Kuai, "Gateway to Opportunity? Disparities in Neighborhood Conditions Among Low-Income Housing Tax Credit Residents," Housing Policy Debate, 2018, pages 3, 12, 16.

VI. ***ICP v. Treasury and OCC* does not bar the rulemaking or prevent compliance with 42 U.S.C. § 3608(d).**

The dismissal of the federal lawsuit *ICP v. U.S. Dept. of Treasury and OCC*, 946 F.3d 649 (5th Cir. 2019), was for lack of jurisdiction and without prejudice. The case was not brought for

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[94] Exhibit 13, Declaration of Ann Lott, pages 347, 349, 353, 354, 356.

[95] Exhibit 9, Maps and Summaries of Neighborhood Conditions, pages 307-310 (Sunnyvale), pages 318-321 (Frisco), pages 323-326 (McKinney).

[96] GAO/RCED-00-51R, Tax Credits: Characteristics of Tax Credit Properties and their Residents, B-248332, January 10, 2000, pages 3-4; HUD, Assessment of the Economic and Social Characteristics of LIHTC Residents and their Neighborhoods, 2000, Exhibit 4-6, page 4-18; exhibit 4-7, page 4-19, 4-20; HUD, Understanding Whom the LIHTC Serves Data on Tenants in LIHTC Units as of /December 31, 2017, page 13.

the failure of Treasury to regulate concerning the 2008 ICP petition to IRS. The case has no effect on future lawsuits addressing Treasury's or OCC's failure to comply with 42 U.S.C. § 3608(d) or on the merits of this current petition.

VII. Conclusion

An independent WFAA ABC news investigation corroborates the racial segregation of the LIHTC projects in Dallas and the location of the LIHTC projects in areas of high crime, high poverty, and slum and blight. The investigation highlights the national bank ownership of the LIHTC projects in racially concentrated areas of blight and the lack of bank home loans in these same neighborhoods.[97]

ICP requests that the Treasury adopt the proposed rule in this Petition for Rulemaking. If you have questions about this Petition or the attached record of exhibits, please contact ICP's counsel, Laura Beshara or Michael Daniel.

Respectfully Submitted,

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[97] The WFAA news story, 'You're only crippling us': Banks own many of Dallas' low-income, high-crime apartments — and they're rewarded for it" Banking Below 30, February 28, 2021, is at https://www.youtube.com/watch?v=SARhcjaN5m0 and the printed WFAA news article is at Exhibit 32, pages 513-528.

Inclusive Communities Project, Inc.'s Exhibit List
Treasury Petition for Rulemaking

Exhibit 1

City of Dallas LIHTCs

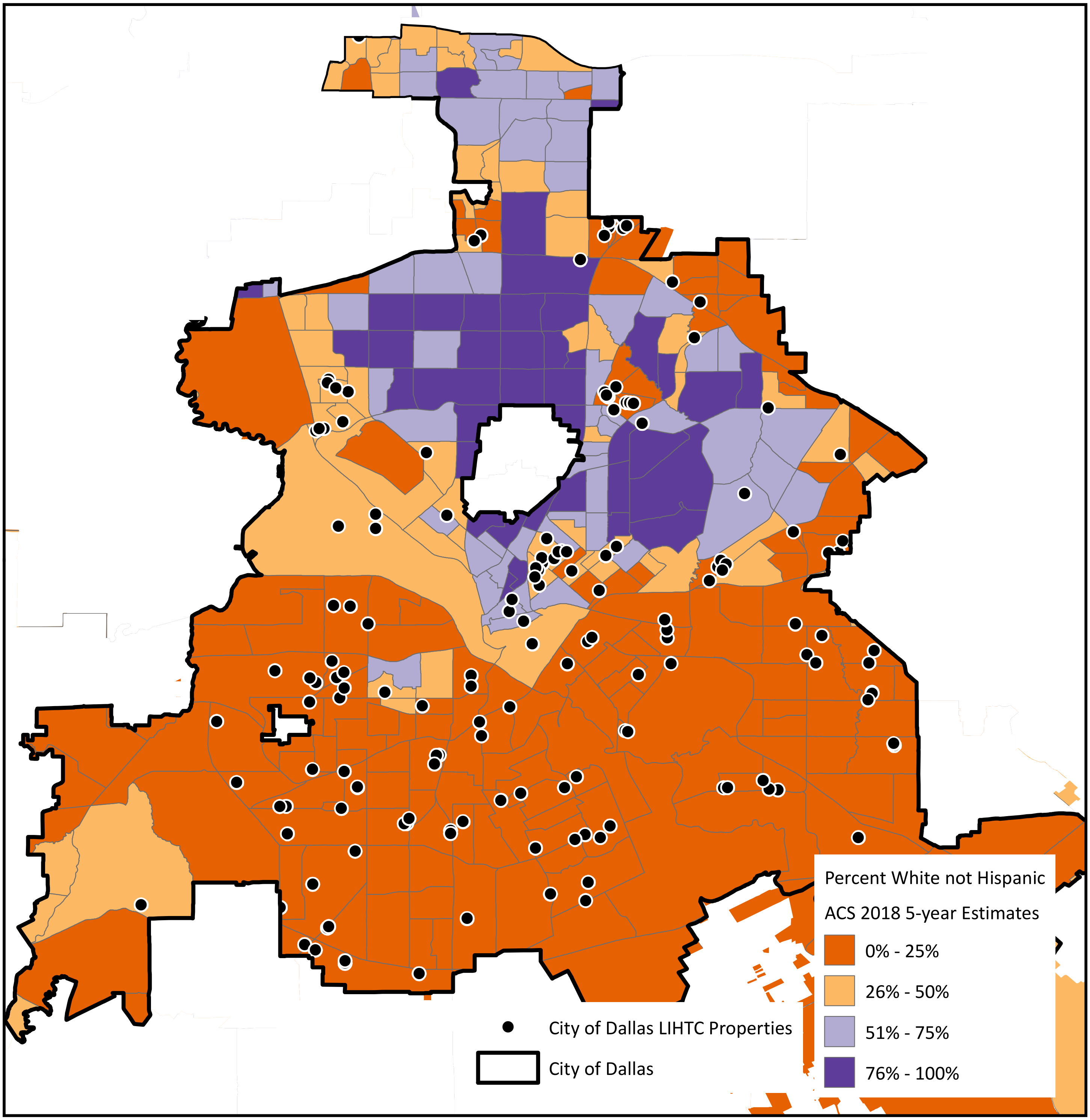
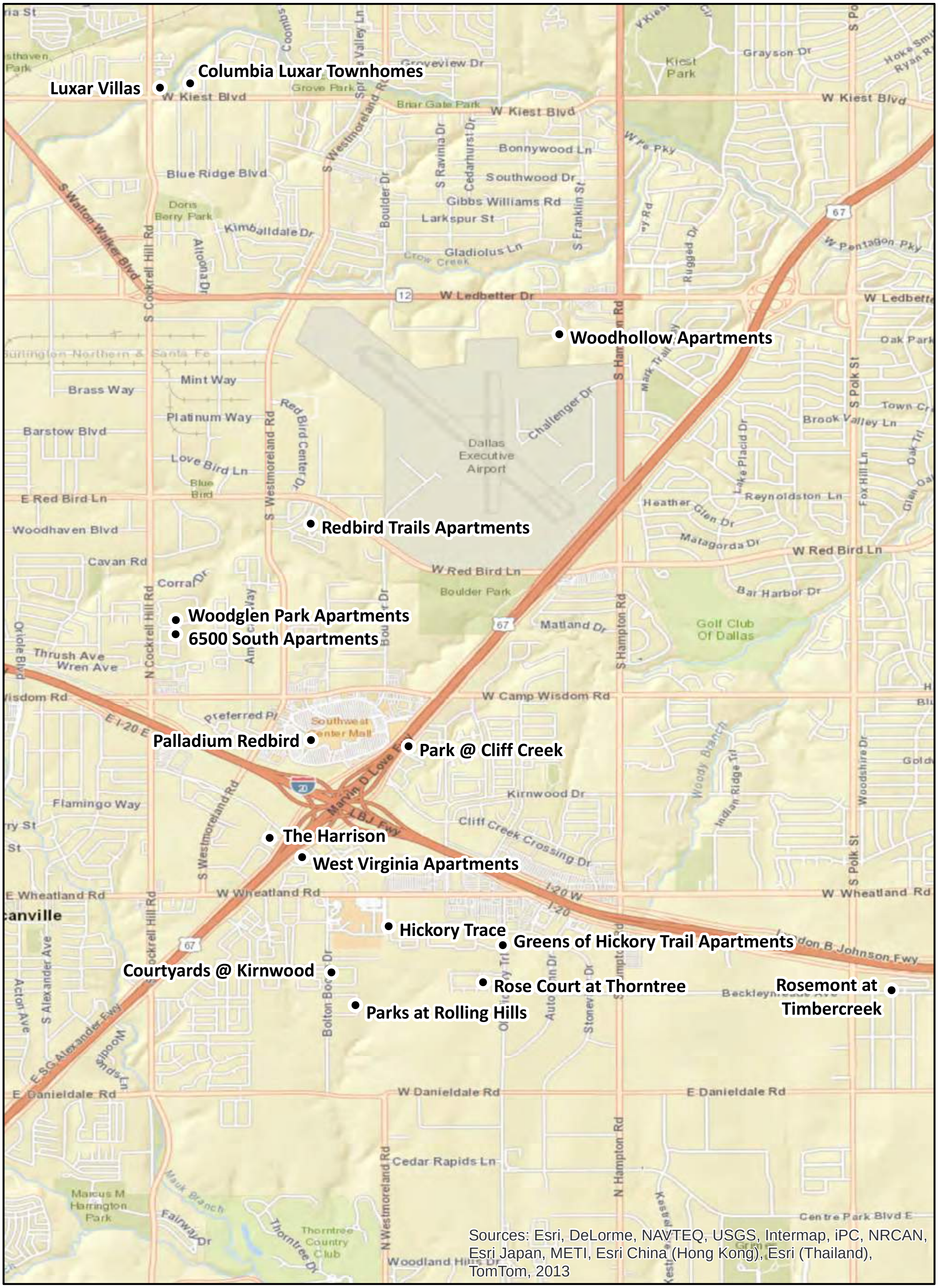


Exhibit
2

Redbird area and far southern Dallas LIHTC projects



Source: TDHCA LIHTC Inventory as of December 2020 Board Meeting

Exhibit
3

Race, Poverty, CDC Social Vulnerability Risk Index for all census tracts with LIHTC units in the Nation compared to all MSAs combined data

	All census tracts in Nation	All census tracts in Nation	All census tracts in Nation		All census tracts in any MSA	All census tracts in any MSA	All census tracts in any MSA
Census Tract Characteristics of units with LIHTC units	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**Census Tract Characteristics of units with LIHTC units**	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**
Over 30% of people below poverty	848,890	29%	0.90	**Over 30% of people below poverty**	749,245	30%	0.90
less than 50% of population is White non-Hispanic	1,654,974	56%	0.84	**less than 50% of population is White non-Hispanic**	1,521,294	62%	0.84
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	723,822	24%	0.92	**less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty**	662,571	27%	0.92
50% or more of population is White non-Hispanic	1,305,811	44%	0.56	**50% or more of population is White non-Hispanic**	941,093	38%	0.51
50% or more of population is White non-Hispanic and over 30% of population is below poverty	125,068	4%	0.79	**50% or more of population is White non-Hispanic and over 30% of population is below poverty**	86,674	4%	0.79
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	2,960,785		0.70	**TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data**	2,462,387		0.70
Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,968,241			Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,466,328		

Census Tract Characteristics of units with LIHTC units	New York MSA 5600	New York MSA 5600	New York MSA 5600	Washington, DC MSA 8840	Washington, DC MSA 8840	Washington, DC MSA 8840	Atlanta MSA 520	Atlanta MSA 520	Atlanta MSA 520
	LIHTC Units with census tract race and ethnicity data	**LIHTC units as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk)**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**
Over 30% of people below poverty	73,779	42%	0.96	10342	13%	0.91	24831	33%	0.85
less than 50% of population is White non-Hispanic	142,478	81%	0.85	60347	75%	0.66	63999	84%	0.80
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	73,120	41%	0.97	10342	13%	0.91	24686	32%	0.85
50% or more of population is White non-Hispanic	34,402	19%	0.43	20364	25%	0.40	12113	16%	0.44
50% or more of population is White non-Hispanic and over 30% of population is below poverty	659	0%	0.78	0	0%	0%	145	0%	0.96
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	176,880		0.81	80711		0.57	76112		0.72
Total Number of LIHTC units (for which there is a 2010 FIPS code)	176,880			80711			76112		

Race, Poverty, CDC Social Vulnerability Risk Index for all census tracts with LIHTC units in the Nation compared to all MSAs combined data

	All census tracts in Nation	All census tracts in Nation	All census tracts in Nation	Los Angeles MSA 4480	Los Angeles MSA 4480	Los Angeles MSA 4480	Chicago MSA 1600	Chicago MSA 1600	Chicago MSA 1600	Houston MSA 3360	Houston MSA 3360	Houston MSA 3360	Seattle MSA 7600	Seattle MSA 7600	Seattle MSA 7600	Dallas MSA 1920	Dallas MSA 1920
Census Tract Characteristics of units with LIHTC units	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**
Over 30% of people below poverty	848,890	29%	0.90	25590	35%	0.94	22462	34%	0.89	20153	34%	0.94	5462	10%	0.85	17,663	36%
less than 50% of population is White non-Hispanic	1,654,974	56%	0.84	66427	90%	0.86	52213	79%	0.79	53350	91%	0.83	25789	48%	0.77	41,898	86%
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	723,822	24%	0.92	25240	34%	0.94	22462	34%	0.89	20153	34%	0.94	4423	8%	0.88	17,431	36%
50% or more of population is White non-Hispanic	1,305,811	44%	0.56	7065	10%	0.46	14086	21%	0.37	5513	9%	0.58	27891	52%	0.51	6,774	14%
50% or more of population is White non-Hispanic and over 30% of population is below poverty	125,068	4%	0.79	350	0%	0.87	0	0%	0.00	0	0%	0.00	1039	2%	0.77	less than 200	0%
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	2,960,785		0.70	73492		0.82	66299		0.69	58863		0.80	53680		0.61	48,672	
Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,968,241			73492			66299			58863			53680			48,672	

Race, Poverty, CDC Social Vulnerability Risk Index for all census tracts with LIHTC units in the Nation compared to all MSAs combined data

	All census tracts in Nation	All census tracts in Nation	All census tracts in Nation	Dallas MSA 1920	City of Dallas, TX	City of Dallas, TX	City of Dallas, TX	Minneapolis MSA 5120	Minneapolis MSA 5120	Minneapolis MSA 5120	Boston MSA 1120	Boston MSA 1120	Boston MSA 1120	Detroit MSA 2160	Detroit MSA 2160	Detroit MSA 2160
Census Tract Characteristics of units with LIHTC units	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**
Over 30% of people below poverty	848,890	29%	0.90	0.93	15,869	62%	0.94	8859	22%	0.90	13702	35%	0.90	17676	48%	0.87
less than 50% of population is White non-Hispanic	1,654,974	56%	0.84	0.83	24,687	97%	0.87	12333	31%	0.92	20128	51%	0.87	23228	63%	0.83
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	723,822	24%	0.92	0.94	15,869	62%	0.94	7041	18%	0.97	12226	31%	0.93	15440	42%	0.86
50% or more of population is White non-Hispanic	1,305,811	44%	0.56	0.50	843	3%	0.31	27878	69%	0.40	19253	49%	0.40	13674	37%	0.59
50% or more of population is White non-Hispanic and over 30% of population is below poverty	125,068	4%	0.79	NA	0	0%	0	1818	5%	0.68	1476	4%	0.69	2236	6%	0.90
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	2,960,785		0.70	0.76	25,530			40211		0.53	39381		0.64	36902		0.77
Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,968,241				25,530			40211			39381			36947		

Race, Poverty, CDC Social Vulnerability Risk Index for all census tracts with LIHTC units in the Nation compared to all MSAs combined data

	All census tracts in Nation	All census tracts in Nation	All census tracts in Nation	Philadelphia MSA "6160"	Philadelphia MSA "6160"	Philadelphia MSA "6160"	Miami MSA 5000	Miami MSA 5000	Miami MSA 5000	San Franciso MSA 7360	San Franciso MSA 7360	San Franciso MSA 7360	Phoenix MSA 6200	Phoenix MSA 6200	Phoenix MSA 6200	Riverside MSA 6780	Riverside MSA 6780	Riverside MSA 6780	Oakland MSA 5775
Census Tract Characteristics of units with LIHTC units	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**
Over 30% of people below poverty	848,890	29%	0.90	15795	44%	0.90	14862	45%	0.97	2866	13%	0.92	9162	42%	0.93	8783	34%	0.93	2091
less than 50% of population is White non-Hispanic	1,654,974	56%	0.84	22073	62%	0.86	32909	100%	0.89	16747	78%	0.69	14177	64%	0.93	23432	90%	0.89	26881
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	723,822	24%	0.92	15735	44%	0.90	14862	45%	0.97	2866	13%	0.92	8052	36%	0.95	8748	34%	0.93	1967
50% or more of population is White non-Hispanic	1,305,811	44%	0.56	13756	38%	0.39	89	0%	0.57	4604	22%	0.37	7887	36%	0.62	2596	10%	0.65	4214
50% or more of population is White non-Hispanic and over 30% of population is below poverty	125,068	4%	0.79	60	0%	0.79	0	0%	#DIV/0!	0	0%	#DIV/0!	1110	5%	0.76	35	0%	0.84	124
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	2,960,785		0.70	35829		0.74	32998		0.89	21351		0.60	22064		0.83	26028		0.86	31095
Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,968,241			35829			32998			21351			22064			26028			31095

Race, Poverty, CDC Social Vulnerability Risk Index for all census tracts with LIHTC units in the Nation compared to all MSAs combined data

	All census tracts in Nation	All census tracts in Nation	All census tracts in Nation	Oakland MSA 5775	Oakland MSA 5775	Kansas City MSA 3760	Kansas City MSA 3760	Kansas City MSA 3760	Portland MSA 6440	Portland MSA 6440	Portland MSA 6440	Denver MSA 2080	Denver MSA 2080	Denver MSA 2080	Sacramento MSA 6920	Sacramento MSA 6920	Sacramento MSA 6920	Baltimore MSA 720	Baltimore MSA 720	Baltimore MSA 720
Census Tract Characteristics of units with LIHTC units	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**
Over 30% of people below poverty	848,890	29%	0.90	7%	0.92	6930	23%	0.91	3710	12%	0.85	2186	8%	0.94	5768	21%	0.94	7268	27%	0.88
less than 50% of population is White non-Hispanic	1,654,974	56%	0.84	86%	0.74	11665	38%	0.83	2640	9%	0.87	10032	35%	0.83	16004	59%	0.82	18632	69%	0.76
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	723,822	24%	0.92	6%	0.92	6112	20%	0.92	909	3%	0.94	2186	8%	0.94	5251	19%	0.96	7268	27%	0.88
50% or more of population is White non-Hispanic	1,305,811	44%	0.56	14%	0.40	19040	62%	0.42	27643	91%	0.58	18679	65%	0.38	11028	41%	0.53	8189	31%	0.38
50% or more of population is White non-Hispanic and over 30% of population is below poverty	125,068	4%	0.79	0%	0.90	818	3%	0.69	2801	9%	0.80	0	0%	#DIV/0!	517	2%	0.83	0	0%	#DIV/0!
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	2,960,785		0.70		0.69	30705		0.62	30283		0.61	28711		0.55	27032		0.69	26821		0.66
Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,968,241					30705			30283			28711			27032			26821		

Exhibit 4

Summary of facts correlating LIHTC unit locations with both high risks of exposure to epidemics and the higher actual infection Covid-19 rates in LIHTC unit locations.

There were 226 LIHTC projects with a total of 37,263 units in Dallas County, Texas as of the most current report for the period closest to August 28, 2020. There are 35,737 of these units, 96%, in Zip Codes that are less than 50% White.

The Centers for Disease Control's Social Vulnerability Index (SVI) ranks census tracts from 0 as least vulnerable to disasters including epidemics to 1 as most vulnerable to disasters including epidemics .

The Covid-19 infection data in this summary is the Dallas County official estimate Covid-19 infections from inception to August 28, 2020.

The Dallas County Covid-19 rate per 1,000 as of 8/28/20 was 20.6. This rate is based on total infections of 65,472 and total population of 3,174,805.

The Covid-19 infection rate for the Zip Codes less than 50% White and in which 35,737 LIHTC units, 96& of the total,was 26.2 per 1,000 persons.

The Covid-19 infection rate for the Zip Codes 50% or greater White and in which 1,426 LIHTC units, 4% of the total, are located was 10.4.

There are 150 LIHTC projects with 24,089 units in Zip Codes with a Covid-19 infection rate higher than the Dallas County rate per 1,000 persons.

These LIHTC units are in census tracts with an average SVI rating of .84.
The average % poverty in these tracts is 27%.
The average % White non-Hispanic population in these tracts is 18%.
There are 90 LIHTC units per 1,000 housing units in these tracts.

The average Covid-19 infection rate Zip Codes with more than one LIHTC project is 25.7.

The average Covid-19 infection rate Zip Codes with more than one LIHTC project is 24.2.

The average Covid-19 infection rate Zip Codes with only one LIHTC project is 20.9.

The average Covid-19 infection rate Zip Codes with more than No LIHTC project is 15.9.

The Covid-19 infection rate per 1,000 is 0.1 for the 75% or greater White Zip Codes in which only 148 LIHTC units are located,

The Covid-19 infection rate per 1,000 is 30.3 for the 25% or less White Zip Codes in which 27,238 LIHTC units are located,

The average CDC Social Vulnerability Index census tract rating for census tracts with LIHTC units was .72.

Notes

The Covid-19 infection data is the Dallas County official estimate Covid-19 infections from inception to August 28, 2020.

The data in this chart does not include the data for the 75207 Zip Code in which the Dallas County Jail is located.

The data in this chart does not include the data for the 75159 Zip Code in which a Federal prison facilityl is located.

These two Zip Codes are excluded because the rates per 1,000 persons are almost four times the Dallas County rate.

The demographic data for the Zip Codes are taken from the equivalent Zip Code Tabulation Area census data.

The Social Vulnerability Index for each census tract is from the Centers for Disease Control.

The term “White” refers to the U.S. Census Bureau category for persons who are White by race and not Hispanic by ethnicity.

Exhibit
5

LIHTC projects in Dallas County, TX in census tracts less than 50% White non-Hispanic that are also federally designated Medically Underserved Areas

Number of LIHTC projects in <50% White census tracts which are also medically underserved area (MUAs)	125
Average SVI Risk Index for these census tracts	90.0%

Exhibit 6

CDC SVI 2018 Documentation - 1/31/2020

Please see data dictionary below.

Introduction

What is Social Vulnerability?

Every community must prepare for and respond to hazardous events, whether a natural disaster like a tornado or a disease outbreak, or an anthropogenic event such as a harmful chemical spill. The degree to which a community exhibits certain social conditions, including high poverty, low percentage of vehicle access, or crowded households, may affect that community's ability to prevent human suffering and financial loss in the event of disaster. These factors describe a community's social vulnerability.

What is CDC Social Vulnerability Index?

ATSDR's Geospatial Research, Analysis & Services Program (GRASP) created Centers for Disease Control and Prevention Social Vulnerability Index (CDC SVI or simply SVI, hereafter) to help public health officials and emergency response planners identify and map the communities that will most likely need support before, during, and after a hazardous event.

SVI indicates the relative vulnerability of every U.S. Census tract. Census tracts are subdivisions of counties for which the Census collects statistical data. SVI ranks the tracts on 15 social factors, including unemployment, minority status, and disability, and further groups them into four related themes. Thus, each tract receives a ranking for each Census variable and for each of the four themes, as well as an overall ranking.

In addition to tract-level rankings, SVI 2010, 2014, 2016, and 2018 also have corresponding rankings at the county level. Notes below that describe "tract" methods also refer to county methods.

How can CDC SVI help communities be better prepared for hazardous events?

SVI provides specific socially and spatially relevant information to help public health officials and local planners better prepare communities to respond to emergency events such as severe weather, floods, disease outbreaks, or chemical exposure.

CDC SVI can be used to:

- Allocate emergency preparedness funding by community need.
- Estimate the type and amount of needed supplies such as food, water, medicine, and bedding.
- Decide how many emergency personnel are required to assist people.
- Identify areas in need of emergency shelters.
- Create a plan to evacuate people, accounting for those who have special needs, such as those without vehicles, the elderly, or people who do not speak English well.
- Identify communities that will need continued support to recover following an emergency or natural disaster.

Important Notes on CDC SVI Databases

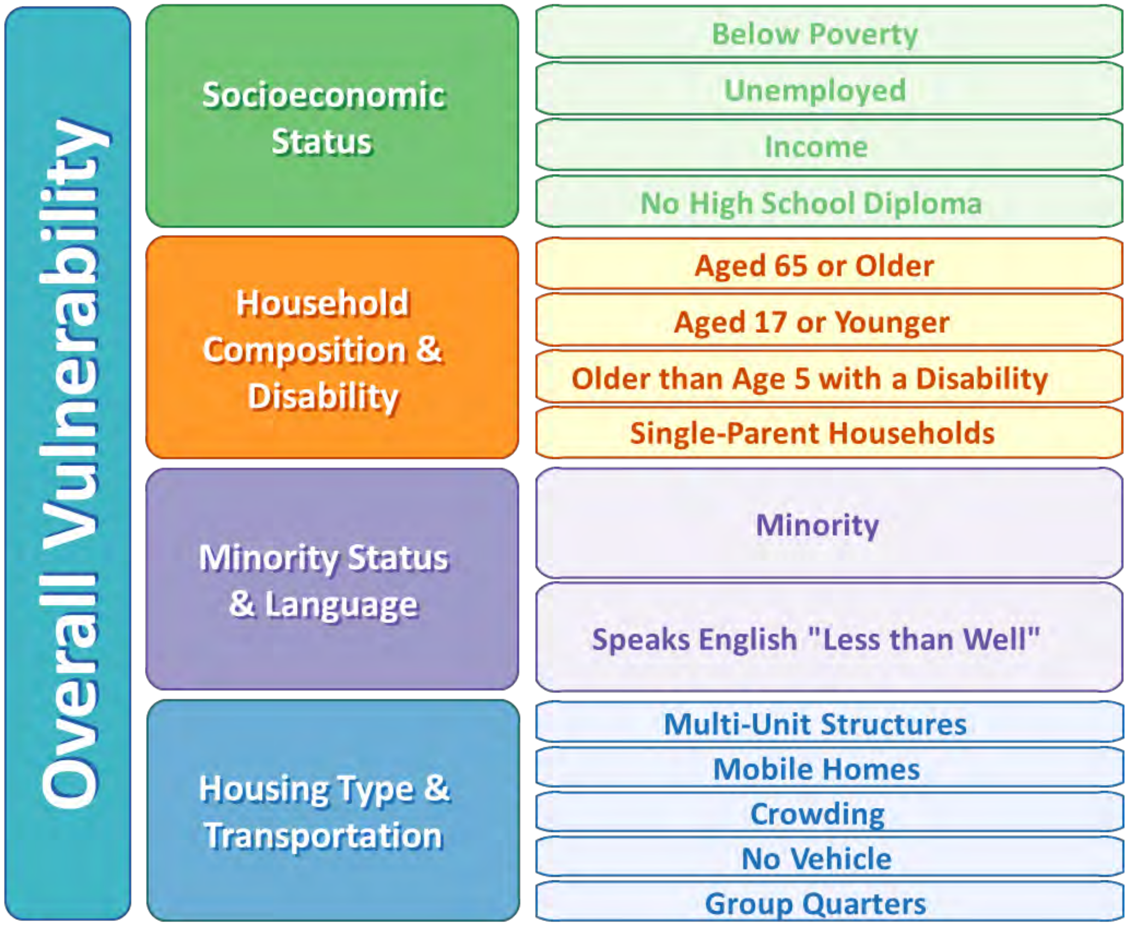
- SVI 2014, 2016, and 2018 are available for download in shapefile format from https://svi.cdc.gov/SVIDataToolsDownload.html. SVI 2014 and 2016 are also available via ArcGIS Online. Search on "CDC's Social Vulnerability Index."
- For SVI 2000 and 2010, keep the data in geodatabase format when downloading from https://svi.cdc.gov/SVIDataToolsDownload.html. Converting to shapefile changes the field names.
- ACS field names have changed between SVI 2016 and 2018. Name changes are noted in the Data Dictionary below.

- For US-wide or multi-state mapping and analysis, use the US database, in which all tracts are ranked against one another. For individual state mapping and analysis, use the state-specific database, in which tracts are ranked only against other tracts in the specified state.
- Starting with SVI 2014, we've added a stand-alone, state-specific Commonwealth of Puerto Rico database. Puerto Rico is not included in the US-wide ranking.
- Starting with SVI 2014, we've added a database of Tribal Census Tracts (http://factfinder.census.gov/help/en/tribal_census_tract.htm). Tribal tracts are defined independently of, and in addition to, standard county-based tracts. The tribal tract database contains only estimates, percentages, and their respective margins of error (MOEs), along with the adjunct variables described in the data dictionary below. Because of geographic separation and cultural diversity, tribal tracts are not ranked against each other nor against standard census tracts.
- Tracts with zero estimates for total population (N = 645 for the U.S.) were removed during the ranking process. These tracts were added back to the SVI databases after ranking. The TOTPOP field value is 0, but the percentile ranking fields (RPL_THEME1, RPL_THEME2, RPL_THEME3, RPL_THEME4, and RPL_THEMES) were set to -999.
- For tracts with > 0 TOTPOP, a value of -999 in any field either means the value was unavailable from the original census data or we could not calculate a derived value because of unavailable census data.
- Any cells with a -999 were not used for further calculations. For example, total flags do not include fields with a -999 value.
- Whenever available, we use Census-calculated MOEs. If Census MOEs are unavailable, for instance when aggregating variables within a table, we use approximation formulas provided by the Census in Appendix A (pages A-14 through A-17) of *A Compass for Understanding and Using American Community Survey Data* here:
  https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf
  If more precise MOEs are required, see Census methods and data regarding Variance Replicate Tables here: https://www.census.gov/programs-surveys/acs/technical-documentation/variance-tables.html. For selected ACS 5-year Detailed Tables, "Users can calculate margins of error for aggregated data by using the variance replicates. Unlike available approximation formulas, this method results in an exact margin of error by using the covariance term."
- The U.S. Census Bureau reports that data collection errors prohibited the inclusion of income and poverty data from Rio Arriba County, New Mexico. Please see a more detailed explanation provided by the Census Bureau here: https://www.census.gov/programs-surveys/acs/technical-documentation/errata/125.html.
- FIPS codes are generally defined as text to preserve leading zeros (0s). If you're working with csv files, leading 0s are required to properly join or merge tables. ArcGIS maintains leading 0s in the FIPS code fields of csv files. To preserve leading 0s and create an Excel file in Excel for Office 365, follow these steps:
  - Open a blank worksheet in Excel.
  - Click Data in the menu bar and choose the icon From Text/CSV
  - Navigate to the csv file and choose to Import
  - In the dialog box that opens, choose to Transform Data
  - In the Power Query Editor dialog box, for each of the FIPS columns (ST, STCNTY, FIPS for tracts and ST, FIPS for counties), right click the column name and choose to Change Type to Text.
  - As prompted in the Change Column Type dialog box, choose to Replace current. Click Close and Load.
  - Save As an Excel xlsx file.
- See the ***Methods*** section below for further details.
- Questions? Please visit the SVI website at http://svi.cdc.gov for additional information or email the SVI Coordinator at svi_coordinator@cdc.gov.

Methods

Variables Used

American Community Survey (ACS), 2014-2018 (5-year) data for the following estimates:



For SVI 2018, we included two adjunct variables, 1) 2014-2018 ACS estimates for persons without health insurance, and 2) an estimate of daytime population derived from LandScan 2018 estimates. These adjunct variables are excluded from SVI rankings.

Raw data estimates and percentages for each variable, for each tract, are included in the database. In addition, the margins of error (MOEs) for each estimate, at the Census Bureau standard of 90%, are also included. Confidence intervals can be calculated by subtracting the MOE from the estimate (lower limit) and adding the MOE to the estimate (upper limit). Because of relatively small sample sizes, some of the MOEs are high. It's important to identify the amount of error acceptable in any analysis.

Rankings

We ranked Census tracts within each state and the District of Columbia, to enable mapping and analysis of relative vulnerability in individual states. We also ranked tracts for the entire United States against one another, for mapping and analysis of relative vulnerability in multiple states, or across the U.S. as a whole. Tract rankings are based on percentiles. Percentile ranking values range from 0 to 1, with higher values indicating greater vulnerability.

For each tract, we generated its percentile rank among all tracts for 1) the fifteen individual variables, 2) the four themes, and 3) its overall position.

Theme rankings: For each of the four themes, we summed the percentiles for the variables comprising each theme. We ordered the summed percentiles for each theme to determine theme-specific percentile rankings.

The four summary theme ranking variables, detailed in the Data Dictionary below, are:

- **Socioeconomic - RPL_THEME1**
- **Household Composition & Disability - RPL_THEME2**
- **Minority Status & Language - RPL_THEME3**
- **Housing Type & Transportation - RPL_THEME4**

Overall tract rankings: We summed the sums for each theme, ordered the tracts, and then calculated overall percentile rankings. Please note; taking the sum of the sums for each theme is the same as summing individual variable rankings. **The overall tract summary ranking variable is RPL_THEMES**.

Flags

Tracts in the top 10%, i.e., at the 90th percentile of values, are given a value of 1 to indicate high vulnerability. Tracts below the 90th percentile are given a value of 0.

For a theme, the flag value is the number of flags for variables comprising the theme. We calculated the overall flag value for each tract as the number of all variable flags.

For a detailed description of SVI variable selection rationale and methods, see A Social Vulnerability Index for Disaster Management (https://svi.cdc.gov/A%20Social%20Vulnerability%20Index%20for%20Disaster%20Management.pdf).

Reproducibility Caveat

When replicating SVI using Microsoft Excel or similar software, results may differ slightly from databases on the SVI website or ArcGIS Online. This is due to variation in the number of decimal places used by the different software programs. For purposes of automation, we developed SVI using SQL programming language. Because the SQL programming language uses a different level of precision compared to Excel and similar software, reproducing SVI in Excel may marginally differ from the SVI databases downloaded from the SVI website. For future iterations of SVI, beginning with SVI 2018, we plan to modify the SQL automation process for constructing SVI to align with that of Microsoft Excel. If there are any questions, please email the SVI Coordinator at svi_coordinator@cdc.gov.

CDC SVI 2018 Data Dictionary – American Community Survey field names that changed between 2016 and 2018 are noted in RED

Theme Colors
Socioeconomic
Household Composition/Disability
Minority Status/Language
Housing Type/Transportation

Variables beginning with "E_" are estimates. Variables beginning with "M_" are margins of error for those estimates. Values of -999 represent "null" or "no data."

The four summary theme ranking variables, detailed in the Data Dictionary below, are:

- **Socioeconomic - RPL_THEME1**
- **Household Composition & Disability - RPL_THEME2**
- **Minority Status & Language - RPL_THEME3**
- **Housing Type & Transportation - RPL_THEME4**

The overall tract summary ranking variable is RPL_THEMES.

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
ST	State-level FIPS code	SVI	FIPS	In Excel, from Tract-level FIPS code, LEFT (FIPS, 2)		
STATE	State name	S0601	NAME	In Excel, use DATA|Text to Columns to extract state name		GEO.display-label
ST_ABBR	State abbreviation	N/A	N/A	Joined from Esri state boundary shapefile		
STCNTY	County-level FIPS code	SVI	FIPS	In Excel, from Tract-level FIPS code, LEFT (FIPS, 5)	In the county-level SVI database, the 5-digit STCNTY field is the FIPS field, used for joins.	GEO.id
COUNTY	County name	S0601	NAME	In Excel, use DATA| Text to Columns to extract county name		GEO.display-label
FIPS	Tract-level FIPS code	S0601	GEO_ID	In Excel, RIGHT (GEO.id, 11)		
LOCATION	Text description of tract, county, state	S0601	NAME			GEO.display-label
AREA_SQMI	Tract area in square miles	Census Cartographic Boundary File - U.S. Tracts 2018 500K	ALAND * 3.86102e-7	Conversion from square meters to square miles		
E_TOTPOP	Population estimate, 2014-2018 ACS	S0601	S0601_C01_001E			HC01_EST_VC01
M_TOTPOP	Population estimate MOE, 2014-2018 ACS	S0601	S0601_C01_001M			HC01_MOE_VC01

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
E_HU	Housing units estimate, 2014-2018 ACS	DP04	DP04_0001E			HC01_VC03
M_HU	Housing units estimate MOE, 2014-2018 ACS	DP04	DP04_0001M			HC02_VC03
E_HH	Households estimate, 2014-2018 ACS	DP02	DP02_0001E			HC01_VC03
M_HH	Households estimate MOE, 2014-2018 ACS	DP02	DP02_0001M			HC02_VC03
E_POV	Persons below poverty estimate, 2014-2018 ACS	B17001	B17001_002E			HD01_VD02
M_POV	Persons below poverty estimate MOE, 2014-2018 ACS	B17001	B17001_002M			HD02_VD02
E_UNEMP	Civilian (age 16+) unemployed estimate, 2014-2018 ACS	DP03	DP03_0005E			HC01_VC07
M_UNEMP	Civilian (age 16+) unemployed estimate MOE, 2014-2018 ACS	DP03	DP03_0005M			HC02_VC07
E_PCI	Per capita income estimate, 2014-2018 ACS	B19301	B19301_001E		Fewer rows than other variables - joined to Census 2016 tracts. Contains null cells (i.e. -999).	HD01_VD01
M_PCI	Per capita income estimate MOE, 2014-2018 ACS	B19301	B19301_001M		Fewer rows than other variables - joined to Census 2016 tracts	HD02_VD01
E_NOHSDP	Persons (age 25+) with no high school diploma estimate, 2014-2018 ACS	B06009	B06009_002E			HD01_VD03
M_NOHSDP	Persons (age 25+) with no high school diploma estimate MOE, 2014-2018 ACS	B06009	B06009_002M			HD02_VD03

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
E_AGE65	Persons aged 65 and older estimate, 2014-2018 ACS	S0101	S0101_C01_030E			HC01_EST_VC32
M_AGE65	Persons aged 65 and older estimate MOE, 2014-2018 ACS	S0101	S0101_C01_030M			HC01_MOE_VC32
E_AGE17	Persons aged 17 and younger estimate, 2014-2018 ACS	B09001	B09001_001E			HD01_VD01
M_AGE17	Persons aged 17 and younger estimate MOE, 2014-2018 ACS	B09001	B09001_001E			HD02_VD01
E_DISABL	Civilian noninstitutionalized population with a disability estimate, 2014-2018 ACS	DP02	DP02_0071E			HC01_VC106
M_DISABL	Civilian noninstitutionalized population with a disability estimate MOE, 2014-2018 ACS	DP02	DP02_0071M			HC02_VC106
E_SNGPNT	Single parent household with children under 18 estimate, 2014-2018 ACS	DP02	DP02_0007E+ DP02_0009E	Estimate male householder, no wife present, family - With own children under 18 years + Estimate female householder, no husband present, family - With own children under 18 years		HC01_VC09 + HC01_VC11
M_SNGPNT	Single parent household with children under 18 estimate MOE, 2014-2018 ACS	DP02	SQRT (DP02_0007M^2 + DP02_0009M^2)	SQRT (MOE male householder, no wife present, family - With own children under 18 years^2 + MOE female householder, no husband present, family - With own children under 18 years^2)		SQRT(HC02_VC09^2 + HC02_VC11^2)

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
E_MINRTY	Minority (all persons except white, non-Hispanic) estimate, 2014-2018 ACS	B01001H	E_TOTPOP - B01001H_001E	Estimate total population – white, Non-Hispanic population		E_TOTPOP - HD01_VD01
M_MINRTY	Minority (all persons except white, non-Hispanic) estimate MOE, 2014-2018 ACS	B01001H	SQRT(M_TOTPOP^2 + B01001H_001M ^2)	SQRT (MOE total population^2 + MOE white, non-Hispanic^2)		SQRT(M_TOTPOP^2 + HD02_VD01^2)
E_LIMENG	Persons (age 5+) who speak English "less than well" estimate, 2014-2018 ACS	B16005	B16005_007E + B16005_008E + B16005_012E + B16005_013E + B16005_017E + B16005_018E + B16005_022E + B16005_023E + B16005_029E + B16005_030E + B16005_034E + B16005_035E + B16005_039E + B16005_040E + B16005_044E + B16005_045E +	Estimate; Native: - Speak Spanish: - Speak English "not well" + Estimate; Native: - Speak Spanish: - Speak English "not at all" + Estimate; Native: - Speak other Indo-European languages: - Speak English "not well" + Estimate; Native: - Speak other Indo-European languages: - Speak English "not at all" + Estimate; Native: - Speak Asian and Pacific Island languages: - Speak English "not well" + Estimate; Native: - Speak Asian and Pacific Island languages: - Speak English "not at all" + Estimate; Native: - Speak other languages: - Speak English "not well" + Estimate; Native: - Speak other languages: - Speak English "not at all" + Estimate; Foreign born: - Speak Spanish: - Speak English "not well" + Estimate; Foreign born: - Speak Spanish: - Speak English "not at all" + Estimate; Foreign born: - Speak other Indo-European languages: - Speak English "not well" + Estimate; Foreign born: - Speak other Indo-European languages: - Speak English "not at all" + Estimate; Foreign born: - Speak Asian and Pacific Island languages: - Speak English "not well" + Estimate; Foreign born: - Speak Asian and Pacific Island languages: - Speak English "not at all" + Estimate; Foreign born: - Speak other languages: - Speak English "not well" + Estimate; Foreign born: - Speak other languages: - Speak English "not at all"		HD01_VD07 + HD01_VD08 + HD01_VD12 + HD01_VD13 + HD01_VD17 + HD01_VD18 + HD01_VD22 + HD01_VD23 + HD01_VD29 + HD01_VD30 + HD01_VD34 + HD01_VD35 + HD01_VD39 + HD01_VD40 + HD01_VD44 + HD01_VD45

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
M_LIMENG	Persons (age 5+) who speak English "less than well" estimate MOE, 2014-2018 ACS	B16005	SQRT(B16005_007M ^2 + B16005_008M ^2 + B16005_012M ^2 + B16005_013M ^2 + B16005_017M ^2 + B16005_018M ^2 + B16005_022M ^2 + B16005_023M ^2 + B16005_029M ^2 + B16005_030M ^2 + B16005_034M ^2 + B16005_035M ^2 + B16005_039M ^2 + B16005_040M ^2 + B16005_044M ^2 + B16005_045M ^2)	SQRT (MOE Native: - Speak Spanish: - Speak English "not well"^2 + MOE Native: - Speak Spanish: - Speak English "not at all"^2 + MOE Native: - Speak other Indo-European languages: - Speak English "not well"^2 + MOE Native: - Speak other Indo-European languages: - Speak English "not at all"^2 + MOE Native: - Speak Asian and Pacific Island languages: - Speak English "not well"^2 + MOE Native: - Speak Asian and Pacific Island languages: - Speak English "not at all"^2 + MOE Native: - Speak other languages: - Speak English "not well"^2 + MOE Native: - Speak other languages: - Speak English "not at all"^2 + MOE Foreign born: - Speak Spanish: - Speak English "not well"^2 + MOE Foreign born: - Speak Spanish: - Speak English "not at all"^2 + MOE Foreign born: - Speak other Indo-European languages: - Speak English "not well"^2 + MOE Foreign born: - Speak other Indo-European languages: - Speak English "not at all"^2 + MOE Foreign born: - Speak Asian and Pacific Island languages: - Speak English "not well"^2 + MOE Foreign born: - Speak Asian and Pacific Island languages: - Speak English "not at all"^2 + MOE Foreign born: - Speak other languages: - Speak English "not well"^2 + MOE Foreign born: - Speak other languages: - Speak English "not at all"^2)		SQRT(HD02_VD07^2 + HD02_VD08^2 + HD02_VD12^2 + HD02_VD13^2 + HD02_VD17^2 + HD02_VD18^2 + HD02_VD22^2 + HD02_VD23^2 + HD02_VD29^2 + HD02_VD30^2 + HD02_VD34^2 + HD02_VD35^2 + HD02_VD39^2 + HD02_VD40^2 + HD02_VD44^2 + HD02_VD45^2)
E_MUNIT	Housing in structures with 10 or more units estimate, 2014-2018 ACS	DP04	DP04_0012E + DP04_0013E	Estimate; UNITS IN STRUCTURE - Total housing units - 10 to 19 units + Estimate; UNITS IN STRUCTURE - Total housing units - 20 or more units		HC01_VC19 + HC01_VC20
M_MUNIT	Housing in structures with 10 or more units estimate MOE, 2014-2018 ACS	DP04	SQRT(DP04_0012M ^2 + DP04_0013M ^2)	SQRT (MOE UNITS IN STRUCTURE - Total housing units - 10 to 19 units^2 + MOE; UNITS IN STRUCTURE - Total housing units - 20 or more units^2)		SQRT(HC02_VC19^2 + HC02_VC20^2)
E_MOBILE	Mobile homes estimate, 2014-2018 ACS	DP04	DP04_0014E			HC01_VC21
M_MOBILE	Mobile homes estimate MOE, 2014-2018 ACS	DP04	DP04_0014M			HC02_VC21

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
E_CROWD	At household level (occupied housing units), more people than rooms estimate, 2014-2018 ACS	DP04	DP04_0078E + DP04_0079E	Estimate; OCCUPANTS PER ROOM - Occupied housing units - 1.01 to 1.50 + Estimate; OCCUPANTS PER ROOM - Occupied housing units - 1.51 or more		HC01_VC114 + HC01_VC115
M_CROWD	At household level (occupied housing units), more people than rooms estimate MOE, 2014-2018 ACS	DP04	SQRT(DP04_0078M ^2 + DP04_0079M^2)	SQRT (MOE OCCUPANTS PER ROOM - Occupied housing units - 1.01 to 1.50^2+ MOE OCCUPANTS PER ROOM - Occupied housing units - 1.51 or more^2)		SQRT(HC02_VC114^2 + HC02_VC115^2)
E_NOVEH	Households with no vehicle available estimate, 2014-2018 ACS	DP04	DP04_0058E			HC01_VC85
M_NOVEH	Households with no vehicle available estimate MOE, 2014-2018 ACS	DP04	DP04_0058M			HC02_VC85
E_GROUPQ	Persons in institutionalized group quarters estimate, 2014-2018 ACS	B26001	B26001_001E			HD01_VD01
M_GROUPQ	Persons in institutionalized group quarters estimate MOE, 2014-2018 ACS	B26001	B26001_001M			HD02_VD01
EP_POV	Percentage of persons below poverty estimate	S0601	S0601_C01_049E			HC01_EST_VC67
MP_POV	Percentage of persons below poverty estimate MOE	S0601	S0601_C01_049M			HC01_MOE_VC67
EP_UNEMP	Unemployment Rate estimate	DP03	DP03_0009PE		The ACS calculated Unemployment Rate = E_UNEMP/civilian population age 16+ in the labor force	HC03_VC12

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_UNEMP	Unemployment Rate estimate MOE	DP03	DP03_0009PM			HC04_VC12
EP_PCI	Per capita income estimate, 2014-2018 ACS	B19301	B19301_001E		Value is the same as E_PCI	HD01_VD01
MP_PCI	Per capita income estimate MOE, 2014-2018 ACS	B19301	B19301_001M		Value is the same as M_PCI	HD02_VD01
EP_NOHSDP	Percentage of persons with no high school diploma (age 25+) estimate	S0601	S0601_C01_033E			HC01_EST_VC46
MP_NOHSDP	Percentage of persons with no high school diploma (25+) estimate MOE	S0601	S0601_C01_033M			HC01_MOE_VC46
EP_AGE65	Percentage of persons aged 65 and older estimate, 2014-2018 ACS	S0101	S0101_C02_030E			HC01_EST_VC31
MP_AGE65	Percentage of persons aged 65 and older estimate MOE, 2014-2018 ACS	S0101	S0101_C02_030M			HC01_MOE_VC31
EP_AGE17	Percentage of persons aged 17 and younger estimate, 2014-2018 ACS	SVI	(E_AGE17 / E_TOTPOP)*100	(Persons aged 17 and younger estimate / Total population estimate) * 100	This calculation resulted in some division by 0 errors in cases where E_TOTPOP equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_AGE17	Percentage of persons aged 17 and younger estimate MOE, 2014-2018 ACS	SVI	((SQRT(M_AGE17^2-((EP_AGE17/100)^2*M_TOTPOP^2)))/E_TOTPOP)*100	((SQRT(MOE Population under 18 years^2 - (Estimated proportion of persons aged 17 and younger^2 * MOE Total Population^2))) / Total population estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	
EP_DISABL	Percentage of civilian noninstitutionalized population with a disability estimate, 2014-2018 ACS	DP02	DP02_0071PE			HC03_VC106
MP_DISABL	Percentage of civilian noninstitutionalized population with a disability estimate MOE, 2014-2018 ACS	DP02	DP02_0071PM			HC04_VC106
EP_SNGPNT	Percentage of single parent households with children under 18 estimate, 2014-2018 ACS	SVI	(E_SNGPNT / E_HH) * 100	(Single parent household with children under 18 estimate / Households estimate) * 100	This calculation resulted in some division by 0 errors in cases where E_HH equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_SNGPNT	Percentage of single parent households with children under 18 estimate MOE, 2014-2018 ACS	SVI	((SQRT(M_SNGPNT^2-((EP_SNGPNT/100)^2*M_HH^2)))/E_HH)*100	((SQRT(MOE Single parent households^2 - (Estimated proportion single parent households^2 * MOE Households^2))) / Households estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	
EP_MINRTY	Percentage minority (all persons except white, non-Hispanic) estimate, 2014-2018 ACS	SVI	(E_MINRTY/E_TOTPOP)*100	(Minority estimate / Total population estimate) * 100	This calculation resulted in some division by 0 errors in cases where E_HH equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	
MP_MINRTY	Percentage minority (all persons except white, non-Hispanic) estimate MOE, 2014-2018 ACS	SVI	((SQRT(M_MINRTY^2-((EP_MINRTY/100)^2*M_TOTPOP^2)))/E_TOTPOP)*100	((SQRT(MOE Minority^2 - (Estimated proportion minority^2 * MOE Total population^2))) / Total population estimate) * 100		

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
EP_LIMENG	Percentage of persons (age 5+) who speak English "less than well" estimate, 2014-2018 ACS	SVI and B16005	(E_LIMENG/B16005_001E)*100	(Persons who speak English "less than well" estimate / Population age 5 and over estimate) * 100	This calculation resulted in some division by 0 errors in cases where total population age 5 and over equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	(E_LIMENG/HD01_VD01)*100
MP_LIMENG	Percentage of persons (age 5+) who speak English "less than well" estimate MOE, 2014-2018 ACS	SVI and B16005	((SQRT(M_LIMENG^2 - ((EP_LIMENG/100)^2 * B16005_001M^2)))/B16005_001E)*100	((SQRT(MOE Persons who speak English less than well^2 - (Estimated proportion persons who speak English less than well^2 * MOE population age 5 and over^2))) / Population age 5 and over estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	((SQRT(M_LIMENG^2 - ((EP_LIMENG/100)^2 *HD02_VD01^2)))/HD01_VD01)*100
EP_MUNIT	Percentage of housing in structures with 10 or more units estimate	SVI	(E_MUNIT/E_HU)*100	(Housing in structures with 10 or more units estimate / Housing units estimate)*100	This calculation resulted in some division by 0 errors in cases where E_HU equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_MUNIT	Percentage of housing in structures with 10 or more units estimate MOE	SVI	((SQRT(M_MUNIT^2-((EP_MUNIT/100)^2*M_HU^2)))/E_HU)*100	((SQRT(MOE Housing in structures with 10 or more units^2 - (Estimated proportion housing in structures with 10 or more units^2 * MOE Housing units^2))) / Housing units estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	
EP_MOBILE	Percentage of mobile homes estimate	DP04	DP04_0014PE			HC03_VC21
MP_MOBILE	Percentage of mobile homes estimate MOE	DP04	DP04_0014PM			HC04_VC21
EP_CROWD	Percentage of occupied housing units with more people than rooms estimate	SVI and DP04	(E_CROWD/DP04_0002E)*100	(Occupied housing units with more people than rooms estimate / Occupied housing units estimate)*100	This calculation resulted in some division by 0 errors in cases where HC01_VC04 equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	E_CROWD/HC01_VC04)*100

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_CROWD	Percentage of occupied housing units with more people than rooms estimate MOE	SVI and DP04	((SQRT(M_CROWD^2 - ((EP_CROWD/100)^2 * DP04_0002M^2)))/ DP04_0002E)*100	((SQRT(MOE Occupied housing units with more people than rooms^2 - (Estimated proportion of occupied housing units with more people than rooms^2 * MOE Occupied housing units^2))) /Occupied housing units estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	((SQRT(M_CROWD^2 - ((EP_CROWD/100)^2 *HC02_VC04^2)))/ HC01_VC04)*100
EP_NOVEH	Percentage of households with no vehicle available estimate	DP04	DP04_0058PE			HC03_VC85
MP_NOVEH	Percentage of households with no vehicle available estimate MOE	DP04	DP04_0058PM			HC04_VC85
EP_GROUPQ	Percentage of persons in institutionalized group quarters estimate, 2014-2018 ACS	SVI	(E_GROUPQ/E_TOTPOP)*100	(Persons in group quarters estimate / Total population estimate) * 100	This calculation resulted in some division by 0 errors in cases where E_TOTPOP equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_GROUPQ	Percentage of persons in institutionalized group quarters estimate MOE, 2014-2018 ACS	SVI	((SQRT(M_GROUPQ^2-((EP_GROUPQ/100)^2*M_TOTPOP^2)))/E_TOTPOP)*100	((SQRT(MOE Persons in group quarters^2 - (Estimated proportion persons in group quarters^2 * MOE Total population^2))) / Total population estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	
EPL_POV	Percentile Percentage of persons below poverty estimate	SVI	In Excel: PERCENTRANK.INC on EP_POV array with 4 significant digits			
EPL_UNEMP	Percentile Percentage of civilian (age 16+) unemployed estimate	SVI	In Excel: PERCENTRANK.INC on EP_UNEMP array with 4 significant digits			
EPL_PCI	Percentile per capita income estimate	SVI	In Excel: 1-(PERCENTRANK.INC on EP_PCI array with 4 significant digits)		Per capita income necessarily reversed as high income equates with low vulnerability and vice versa.	
EPL_NOHSDP	Percentile Percentage of persons with no high school diploma (age 25+) estimate	SVI	In Excel: PERCENTRANK.INC on EP_NOHSDP array with 4 significant digits			

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
SPL_THEME1	Sum of series for Socioeconomic theme	SVI	EPL_POV + EPL_UNEMP + EPL_PCI + EPL_NOHSDP		Null values (-999) removed before calculating output sum. Output for sums with null values in the same row set to -999.	
RPL_THEME1	Percentile ranking for Socioeconomic theme summary	SVI	In Excel: PERCENTRANK.INC on SPL_THEME1 array with 4 significant digits		Null values (-999) removed from the array before calculating output percentile ranks. Output for -999 input cells set to -999.	
EPL_AGE65	Percentile percentage of persons aged 65 and older estimate	SVI	In Excel: PERCENTRANK.INC on EP_AGE65 array with 4 significant digits			
EPL_AGE17	Percentile percentage of persons aged 17 and younger estimate	SVI	In Excel: PERCENTRANK.INC on EP_AGE17 array with 4 significant digits			
EPL_DISABL	Percentile percentage of civilian noninstitutionalized population with a disability estimate	SVI	In Excel: PERCENTRANK.INC on EP_DISABL array with 4 significant digits			
EPL_SNGPNT	Percentile percentage of single parent households with children under 18 estimate	SVI	In Excel: PERCENTRANK.INC on EP_SNGPNT array with 4 significant digits			
SPL_THEME2	Sum of series for Household Composition theme	SVI	EPL_AGE65 + EPL_AGE17 + EPL_DISABL + EPL_SNGPNT			
RPL_THEME2	Percentile ranking for Household Composition theme summary	SVI	In Excel: PERCENTRANK.INC on SPL_THEME2 array with 4 significant digits			

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
EPL_MINRTY	Percentile percentage minority (all persons except white, non-Hispanic) estimate	SVI	In Excel: PERCENTRANK.INC on EP_MINRTY array with 4 significant digits			
EPL_LIMENG	Percentile percentage of persons (age 5+) who speak English "less than well" estimate	SVI	In Excel: PERCENTRANK.INC on EP_LIMENG array with 4 significant digits			
SPL_THEME3	Sum of series for Minority Status/Language theme	SVI	EPL_MINRTY + EPL_LIMENG			
RPL_THEME3	Percentile ranking for Minority Status/Language theme	SVI	In Excel: PERCENTRANK.INC on SPL_THEME3 array with 4 significant digits			
EPL_MUNIT	Percentile percentage housing in structures with 10 or more units estimate	SVI	In Excel: PERCENTRANK.INC on EP_MUNIT array with 4 significant digits			
EPL_MOBILE	Percentile percentage mobile homes estimate	SVI	In Excel: PERCENTRANK.INC on EP_MOBILE array with 4 significant digits			
EPL_CROWD	Percentile percentage households with more people than rooms estimate	SVI	In Excel: PERCENTRANK.INC on EP_CROWD array with 4 significant digits			
EPL_NOVEH	Percentile percentage households with no vehicle available estimate	SVI	In Excel: PERCENTRANK.INC on EP_NOVEH array with 4 significant digits			

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
EPL_GROUPQ	Percentile percentage of persons in institutionalized group quarters estimate	SVI	In Excel: PERCENTRANK.INC on EP_GROUPQ array with 4 significant digits			
SPL_THEME4	Sum of series for Housing Type/ Transportation theme	SVI	EPL_MUNIT + EPL_MOBIL + EPL_CROWD + EPL_NOVEH + EPL_GROUPQ			
RPL_THEME4	Percentile ranking for Housing Type/ Transportation theme	SVI	In Excel: PERCENTRANK.INC on SPL_THEME4 array with 4 significant digits			
SPL_THEMES	Sum of series themes	SVI	SPL_THEME1 + SPL_THEME2 + SPL_THEME3 + SPL_THEME4		Null values (-999) removed before calculating output sum. Output for sums with null values in the same row set to -999.	
RPL_THEMES	Overall percentile ranking	SVI	In Excel: PERCENTRANK.INC on SPL_THEMES array with 4 significant digits		Null values (-999) removed from the array before calculating output percentile ranks. Output for -999 input cells set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
F_POV	Flag - the percentage of persons in poverty is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_POV >= 0.90			
F_UNEMP	Flag - the percentage of civilian unemployed is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_UNEMP >= 0.90			
F_PCI	Flag - per capita income is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_PCI >= 0.90		Output for -999 input cells set to -999.	
F_NOHSDP	Flag - the percentage of persons with no high school diploma is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_NOHSDIP >= 0.90			
F_THEME1	Sum of flags for Socioeconomic Status theme	SVI	F_POV + F_UNEMP + F_PCI + F_NOHSDP		Null values (-999) removed before calculating output sum. Output for sums with null values in the same row set to -999.	
F_AGE65	Flag - the percentage of persons aged 65 and older is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_AGE65 >= 0.90			
F_AGE17	Flag - the percentage of persons aged 17 and younger is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_AGE17 >= 0.90			

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
F_DISABL	Flag - the percentage of persons with a disability is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_DISABL >= 0.90			
F_SNGPNT	Flag - the percentage of single parent households is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_SNGPNT >= 0.90			
F_THEME2	Sum of flags for Household Composition theme	SVI	F_AGE65 + F_AGE17 + F_DISABL + F_SNGPNT			
F_MINRTY	Flag - the percentage of minority is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_MINRTY >= 0.90			
F_LIMENG	Flag - the percentage those with limited English is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_LIMENG >= 0.90			
F_THEME3	Sum of flags for Minority Status/Language theme	SVI	F_MINRTY + F_LIMENG			
F_MUNIT	Flag - the percentage of households in multi-unit housing is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_MUNIT >= 0.90			
F_MOBILE	Flag - the percentage of mobile homes is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_MOBILE >= 0.90			

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
F_CROWD	Flag - the percentage of crowded households is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_CROWD >= 0.90			
F_NOVEH	Flag - the percentage of households with no vehicles is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_NOVEH >= 0.90			
F_GROUPQ	Flag - the percentage of persons in institutionalized group quarters is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_GROUPQ >= 0.90			
F_THEME4	Sum of flags for Housing Type/ Transportation theme	SVI	F_MUNIT + F_MOBILE + F_CROWD + F_NOVEH + F_GROUPQ			
F_TOTAL	Sum of flags for the four themes	SVI	F_THEME1 + F_THEME2 + F_THEME3 + F_THEME4		Null values (-999) removed before calculating output sum. Output for sums with null values in the same row set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
E_UNINSUR	Adjunct variable - Uninsured in the total civilian noninstitutionalized population estimate, 2014-2018 ACS	S2701	S2701_C04_001E			HC04_EST_VC01
M_UNINSUR	Adjunct variable - Uninsured in the total civilian noninstitutionalized population estimate MOE, 2014-2018 ACS	S2701	S2701_C04_001M			HC04_MOE_VC01
EP_UNINSUR	Adjunct variable - Percentage uninsured in the total civilian noninstitutionalized population estimate, 2014-2018 ACS	S2701	S2701_C05_001E			HC05_EST_VC01
MP_UNINSUR	Adjunct variable - Percentage uninsured in the total civilian noninstitutionalized population estimate MOE, 2014-2018 ACS	S2701	S2701_C05_001M			HC05_MOE_VC01
E_DAYPOP	Adjunct variable - Estimated daytime population, LandScan 2018	N/A		Derived from LandScan 2018 - http://web.ornl.gov/sci/landscan/index.shtml. We followed ORNL's instructions for processing in ArcGIS, loading the LandScan grid first and maintaining WGS84 projection parameters. Using Spatial Analyst, we ran the Zonal Statistics as Table function to sum estimated daytime population for each LandScan raster cell to obtain an estimated daytime population for each SVI 2018 census tract.	Tracts having no LandScan cells that overlay have been assigned null values (i.e. -999). LandScan daytime populations are unavailable for Puerto Rico, therefore all Puerto Rico tracts and municipios are assigned -999.	

Exhibit 7

1. §905.608Site acquisition proposal.

24 C.F.R. §905.608 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter IX. Office of Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development
Part 905. The Public Housing Capital Fund Program
Subpart F. Development Requirements

...site and/or project) to be acquired. (d) Project description; **site and neighborhood standards**. An identification and description of the proposed project, site plan...

...enable HUD to determine that the proposed site meets the **site and neighborhood standards** at §905.602(d) of this part. (e) Zoning...

2. §983.57Site selection standards.

24 C.F.R. §983.57 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter IX. Office of Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development
Part 983. Project–Based Voucher (Pbv) Program
Subpart B. Selection of Pbv Owner Proposals

...in the PHA administrative plan. (d) Existing and rehabilitated housing **site and neighborhood standards**. A site for existing or rehabilitated housing must meet the following **site and neighborhood standards**. The site must: (1) Be adequate in size, exposure, and...

...be adhered to rigidly for such projects. (e) New construction **site and neighborhood standards**. A site for newly constructed housing must meet the following **site and neighborhood standards**: (1) The site must be adequate in size, exposure, and...

3. §891.840Site and neighborhood standards.

24 C.F.R. §891.840 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter VIII. Office of the Assistant Secretary for Housing–Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program)
Part 891. Supportive Housing for the Elderly and Persons with Disabilities
Subpart F. For–Profit Limited Partnerships and Mixed–Finance Development for Supportive Housing for the Elderly or Persons with Disabilities

...Elderly or Persons with Disabilities (Refs & Annos) §891.840 **Site and neighborhood standards**. For section 202 or 811 mixed-finance developments, the **site and neighborhood standards** described at §891.125 and §891.320 apply...

4. §891.680Site and neighborhood standards.

24 C.F.R. §891.680 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations

Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter VIII. Office of the Assistant Secretary for Housing–Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program)
Part 891. Supportive Housing for the Elderly and Persons with Disabilities
Subpart E. Loans for Housing for the Elderly and Persons with Disabilities
Section 202 Projects for the Nonelderly Handicapped Families and Individuals—Section 162 Assistance

...Handicapped Families and Individuals—Section 162 Assistance §891.680 **Site and neighborhood standards**. The general requirements for **site and neighborhood standards** for 202/162 projects are provided in §§891.125...

5. §93.150Site and neighborhood standards.

24 C.F.R. §93.150 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle A. Office of the Secretary, Department of Housing and Urban Development
Part 93. Housing Trust Fund
Subpart D. Program Requirements

...Fund (Refs & Annos) Subpart D . Program Requirements §93.150 **Site and neighborhood standards**. (a) General. A grantee must administer its HTF program in...

6. §3565.254Property standards.

7 C.F.R. §3565.254 | Code of Federal Regulations | Title 7. Agriculture

Code of Federal Regulations
Title 7. Agriculture
Subtitle B. Regulations of the Department of Agriculture
Chapter XXXV. Rural Housing Service, Department of Agriculture
Part 3565. Guaranteed Rural Rental Housing Program
Subpart F. Property Requirements

...Requirements §3565.254Property standards. (a) Housing quality and **site and neighborhood standards**. The property must meet the site and neighborhood requirements established...

7. §92.202Site and neighborhood standards.

24 C.F.R. §92.202 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle A. Office of the Secretary, Department of Housing and Urban Development
Part 92. Home Investment Partnerships Program
Subpart E. Program Requirements

...Program (Refs & Annos) Subpart E . Program Requirements §92.202 **Site and neighborhood standards**. (a) General. A participating jurisdiction must administer its HOME program...

8. §891.320Site and neighborhood standards.

24 C.F.R. §891.320 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development

Chapter VIII. Office of the Assistant Secretary for Housing–Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program)
Part 891. Supportive Housing for the Elderly and Persons with Disabilities
Subpart C. Section 811 Supportive Housing for Persons with Disabilities

...811 Supportive Housing for Persons with Disabilities §891.320 **Site and neighborhood standards**. In addition to the requirements in §891.125 and...

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9. §290.25Determination not to preserve a project or a part of a project.

24 C.F.R. §290.25 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter II. Office of Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development
Subchapter I. HUD Owned Properties
Part 290. Disposition of Multifamily Projects and Sale of Hud–Held Multifamily Mortgages
Subpart A. Disposition of Multifamily Projects

...that cannot be made to comply with the Section 8 **Site and Neighborhood standards** in 24 CFR 886.307(k) because of factors that...

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10. §891.820Civil rights requirements.

24 C.F.R. §891.820 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter VIII. Office of the Assistant Secretary for Housing–Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program)
Part 891. Supportive Housing for the Elderly and Persons with Disabilities
Subpart F. For–Profit Limited Partnerships and Mixed–Finance Development for Supportive Housing for the Elderly or Persons with Disabilities

...the Rehabilitation Act of 1973; accessibility requirements, project standards, and **site and neighborhood standards** under 24 CFR 891.120 891.125 891.210 891...

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11. §570.405The insular areas.

24 C.F.R. §570.405 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter V. Office of Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development
Subchapter C. Community Facilities
Part 570. Community Development Block Grants
Subpart E. Special Purpose Grants

...operate or maintain the project; or (6) Pending approval of **site and neighborhood standards** for proposed housing projects. (h) Citizen participation. (1) The applicant...

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12. **§905.602Program requirements.**
24 C.F.R. §905.602 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter IX. Office of Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development
Part 905. The Public Housing Capital Fund Program
Subpart F. Development Requirements

...and the development requirements of this part are met. (d) **Site and neighborhood standards**. Each proposed site to be newly acquired for a public...

13. **§93.407Recordkeeping.**
24 C.F.R. §93.407 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle A. Office of the Secretary, Department of Housing and Urban Development
Part 93. Housing Trust Fund
Subpart I. Program Administration

...304 for the required period. (x) Records demonstrating that a **site and neighborhood standards** review was conducted for each project that included new construction...

14. **§891.125Site and neighborhood standards.**
24 C.F.R. §891.125 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter VIII. Office of the Assistant Secretary for Housing–Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program)
Part 891. Supportive Housing for the Elderly and Persons with Disabilities
Subpart A. General Program Requirements

...Refs & Annos) Subpart A . General Program Requirements §891.125 **Site and neighborhood standards**. All sites must meet the following site and neighborhood requirements...

15. **§92.508Recordkeeping.**
24 C.F.R. §92.508 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle A. Office of the Secretary, Department of Housing and Urban Development
Part 92. Home Investment Partnerships Program
Subpart K. Program Administration

...requirements of §92.212 (xiii) Records demonstrating that a **site and neighborhood standards** review was conducted for each project which includes new construction...

Exhibit 8

All LIHTC Properties						
Poverty						
Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties	Black Households		Hispanic Households		White not Hispanic Households	
<30% Poverty	10676	52%	6782	72%	7643	80%
>=30% Poverty	9914	48%	2675	28%	1943	20%
Total	20590		9457		9586	
Collin, Dallas, and Denton Counties	Black Households		Hispanic Households		White not Hispanic Households	
<30% Poverty	10078	51%	6407	71%	6142	81%
>=30% Poverty	9694	49%	2595	29%	1442	19%
Total	19773		9003		7585	
CDFI Distress Index						
Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties	Black Households		Hispanic Households		White not Hispanic Households	
CDFI 4 (highest distress)	14738	72%	5644	60%	4309	45%
Total	20590		9457		9586	
Collin, Dallas, and Denton Counties	Black Households		Hispanic Households		White not Hispanic Households	
CDFI 4 (highest distress)	14175	72%	5404	60%	3183	42%
Total	19773		9003		7585	

Sources: LIHTC Inventory Analysis FINAL 12-18-17 CDDEHKR; 2015 TDHCA Housing Sponsor Report; ACS 2012 5-year Estimates, Table B17001; CDFI Distress Index (based on ACS 2009 5-year Estimates data).

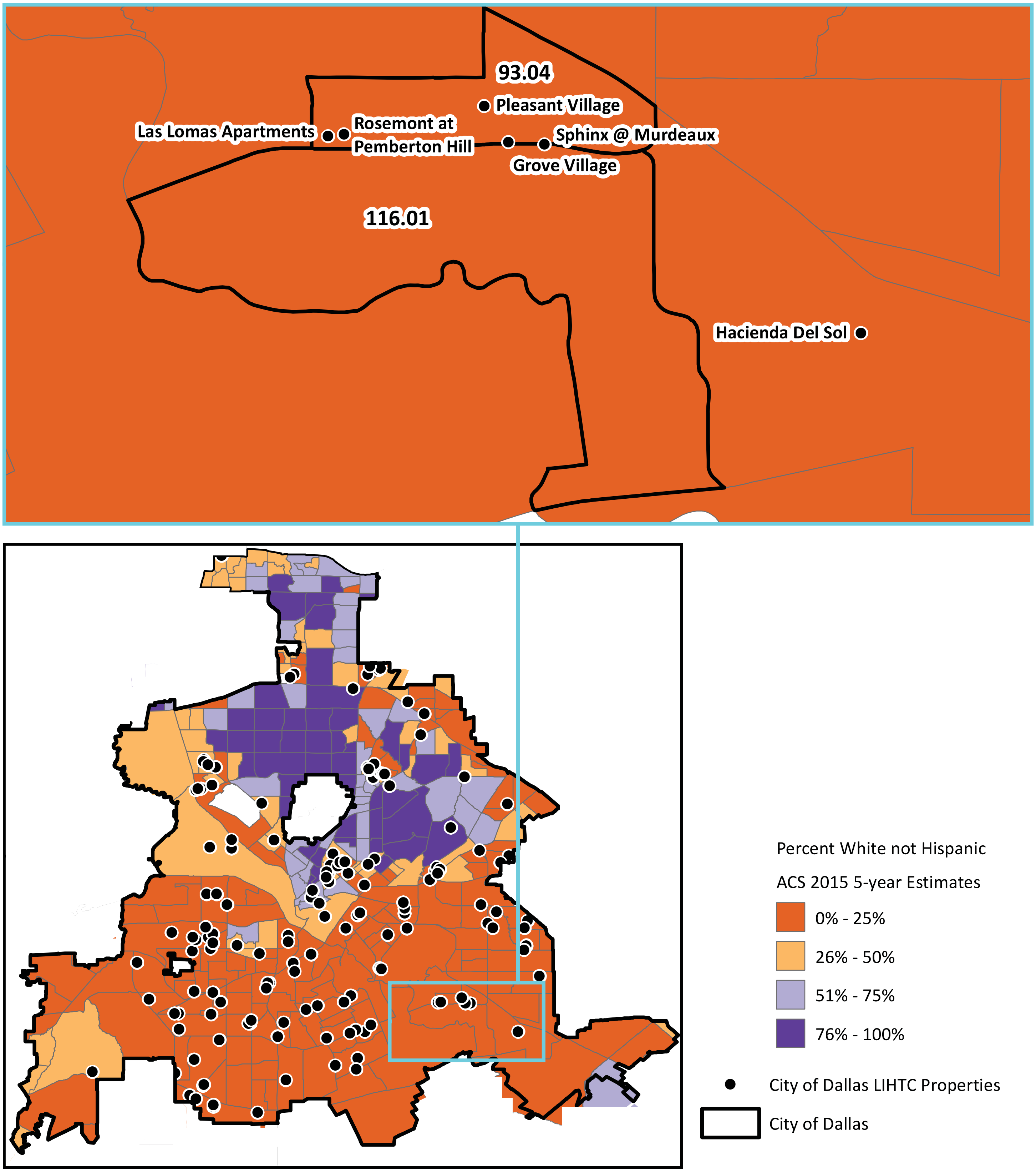
Note: White not Hispanic Households is not available on the HSR. White not Hispanic Households is the total households that are not Black or Hispanic.

Exhibit
9

Maps and Summaries of Neighborhood Conditions around LIHTC Projects in Dallas

Census tracts 93.04 and 116.01

City of Dallas Neighborhoods and LIHTCs
Census tracts 93.04 and 116.01



Census tracts 93.04, 116.01 in the City of Dallas.

There are five LIHTC projects in these two adjoining census tracts. Three of the five are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Las Lomas Apartments	Yes	93.04	1996	230
Rosemont at Pemberton Hill	Yes	93.04	2001	236
Grove Village (Trinity Trails Apartments)		93.04	2004	232
Pleasant Village (Creekside Villas Apartments)		93.04	2004	200
Sphinx @ Murdeaux (Murdeaux Villas)	Yes	116.01	2002	240

Race

Tract 93.04 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 116.01 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 93.04 has ranged from 42% in 1990 to 64% in 2015. The poverty rates for this tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 116.01 has ranged from 22% to 33% from 1990 to 2015.

Childhood poverty

The childhood poverty rates have been increasing over time. 88% (770) of children under

5 were below poverty in tract 93.04 in 2015. 83% (1,507) of children 5 to 17 were below poverty in tract 93.04 in 2015. The childhood poverty rates have ranged from 53% in 1990 to 88% in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

48% (128) of children under 5 were below poverty in tract 116.01 in 2015. 45% (473) of children 5 to 17 were below poverty in tract 116.01 in 2015.The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All four LIHTC projects in tract 93.04 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area. The Sphinx at Murdeaux (Murdeaux Villas) in census tract 116.01 is adjacent to the Police Department Hot Spot.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 93.04 and 116.01 are consistently unsafe as measured by the Violent Crime Index. Both tracts rank 90 or higher on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75217 which has a significantly higher incidence of 2015 citations for illegal dumping (5.05 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races move to Zip Code 75217 at yearly rates that are 7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 93.04 (32.2) and in tract 116.01 (43.2) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All five LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 93.04 and tract 116.01 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently few and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Both census tracts have Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index.

Other low income assisted rental housing

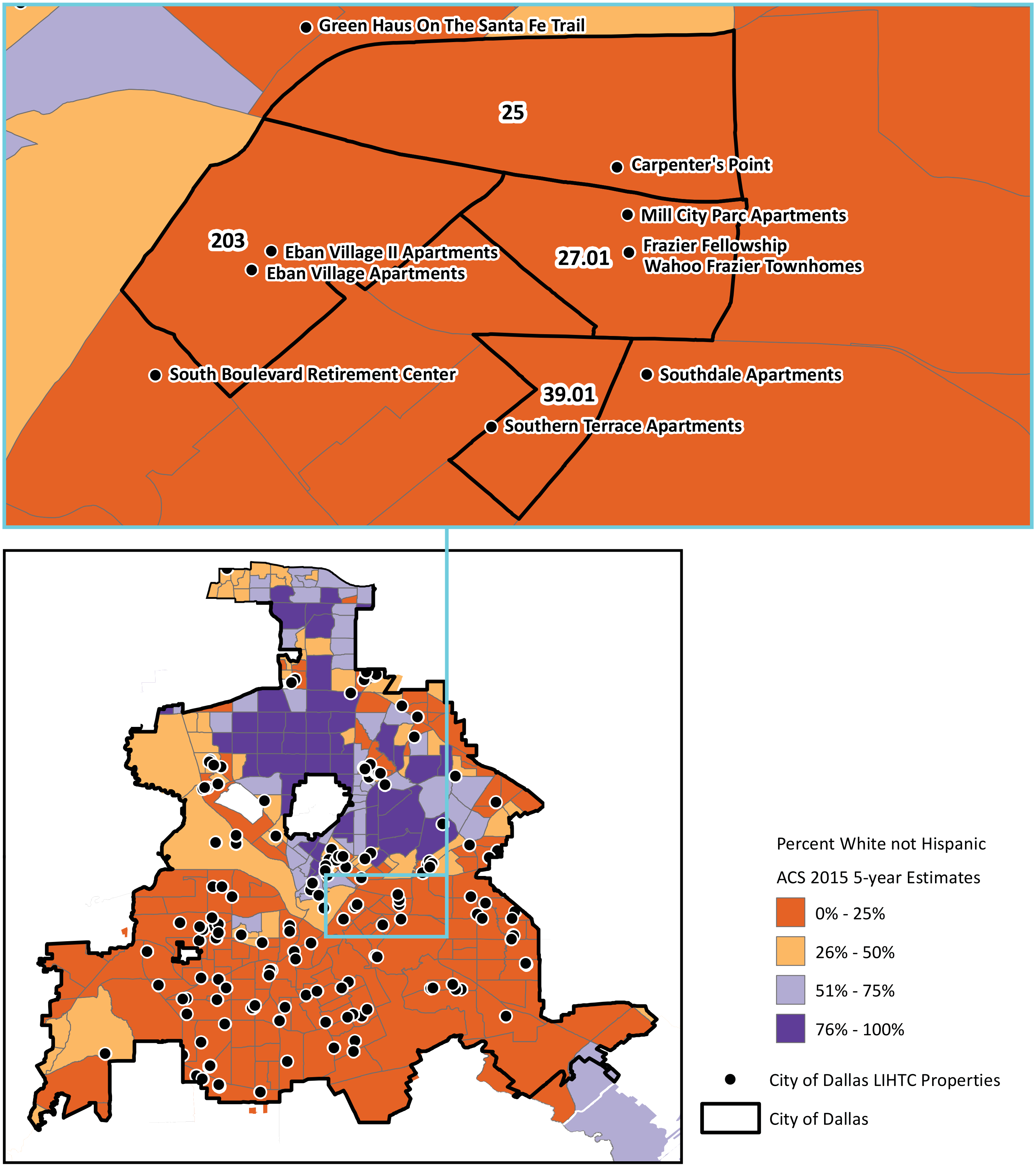
There are four non-LIHTC HUD assisted rental projects in the two census tracts. There are 1,980 total LIHTC and HUD assisted units in the census tracts.

The number of housing vouchers in tract 93.04 has increased from 271 in 2000 to 390 in 2016. There were an additional 250 project based vouchers in tract 93.04. The number of housing vouchers in tract 116.01 has increased from 96 in 2000 to 224 in 2016. Many of the vouchers in both tracts are in the LIHTC projects.

The units at four of the five LIHTC projects are and have been 90% or more occupied by Black tenants. The units at the fifth LIHTC project are and have 90% or more occupied by a combined Black tenant and Hispanic tenant population.

South Dallas

City of Dallas Neighborhoods and LIHTCs
South Dallas



South Dallas area, census tracts 25, 27.01, 39.01, and 203 in the City of Dallas.

There are seven LIHTC projects in these four census tracts. Four of the seven are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Carpenter's Point		25	2008	150
Wahoo Frazier Townhomes	Yes	27.01	2005	118
Frazier Fellowship		27.01	2004	76
Mill City Parc Apartments		27.01	2006	116
Southern Terrace Apartments (Rosemont at Meadow Lane)	Yes	39.01	2003	264
Eban Village I	Yes	203	1995	110
Eban Village II	Yes	203	1999	220

Race

Tract 25 was majority Black in the 1990 U.S. Census report. Tract 25was predominantly Black and Hispanic and less than 5% White non-Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 27.01 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports ranging from 96% to 75% Black. The tract has a higher percentage of Black than in the City of Dallas or the Dallas PMSA/Metro Division. The White non-Hispanic population ranged from 1% to 2% to 0% during this period.

Tract 39.01 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports ranging from 93% to 100% Black. The tract has a higher percentage of Black than in the City of Dallas or the Dallas PMSA/Metro Division. The White non-Hispanic population ranged from 1% to 0% to 2% during this period.

Tract 203 and its predecessor tracts were majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports ranging from 98% to 85% Black. The tract has a higher percentage of Black than in the City of Dallas or the Dallas PMSA/Metro Division. The White non-Hispanic population ranged from 1% to 9% during this period.

Poverty

The poverty rate for tract 25 has ranged from 36% in 1990 to 38% in 2015.

The poverty rate for tract 27.01 has ranged from 63% in 1990 to 58% in 2015.

The poverty rate for tract 39.01 has ranged from 45% in 1990 to 51% in 2015.

The poverty rate for tract 203 has ranged from 39% in 1990 to 31% in 2015.

These poverty rate exceed the poverty rates for the City of Dallas and the Dallas PMSA/Dallas Metropolitan Division.

Childhood poverty

The childhood poverty rates in these tracts are high and have been increasing in some tracts. 40% (159) of children under 5 were below poverty in tract 25 in 2015. 51% (497) of children 5 to 17 were below poverty in tract 25 in 2015. The childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

50% (155) of children under 5 were below poverty in tract 27.01 in 2015. 75% (531) of children 5 to 17 were below poverty in tract 27.01 in 2015. .The childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

100% (151) of children under 5 were below poverty in tract 39.01 in 2015. 82% (304) of children 5 to 17 were below poverty in tract 39.01 in 2015. The childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

34% (19) of children under 5 were below poverty in tract 203 in 2015. 23% (48) of children 5 to 17 were below poverty in tract 203 in 2015. The poverty rates for children have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All seven LIHTC projects in these tracts are located in City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime areas.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 27.01, 39.01, and 203 with ranks of 90 or higher as measured by the Violent Crime Index. The scale ranks 0 as the most safe and 100 being the least safe. Tract 25 ranks from 72 or higher from year to year.

Illegal Dumping citations

These projects are in Zip Codes which have a significantly higher incidence of citations in 2015 for illegal dumping than the majority White non-Hispanic Zip Codes in the City of Dallas

(1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). The illegal dumping citation rates for these Zip Codes range from 2.5 to 22 times the rate in the White non-Hispanic Zip Codes. Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to the Zip Codes in which these projects are located at 2017 yearly rates that were from 33 times the rate of such movers to Dallas County Majority White Zip Codes to 6 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in these tracts exceed the rate in majority White non-Hispanic census tracts (4.6) from 9 times to 13 times that rate.

Industrial zoning

All seven LIHTC projects are in census tracts that include areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

All seven projects are in economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated all the tracts at level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in these census tracts per owner occupied units are consistently few and small and have been insubstantial since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Two census tracts have Low Access to a supermarket or large grocery store. One tract went from Adequate Access in 2013 to Low Access in 2015. Tract 203 has Adequate Access.

Public school data

The public elementary schools serving each census tract have a 87% or greater economically disadvantaged Black or Hispanic student population.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving all of the census tracts at low levels on its School Proficiency Index except for one, tract 203.

Other low income assisted rental housing

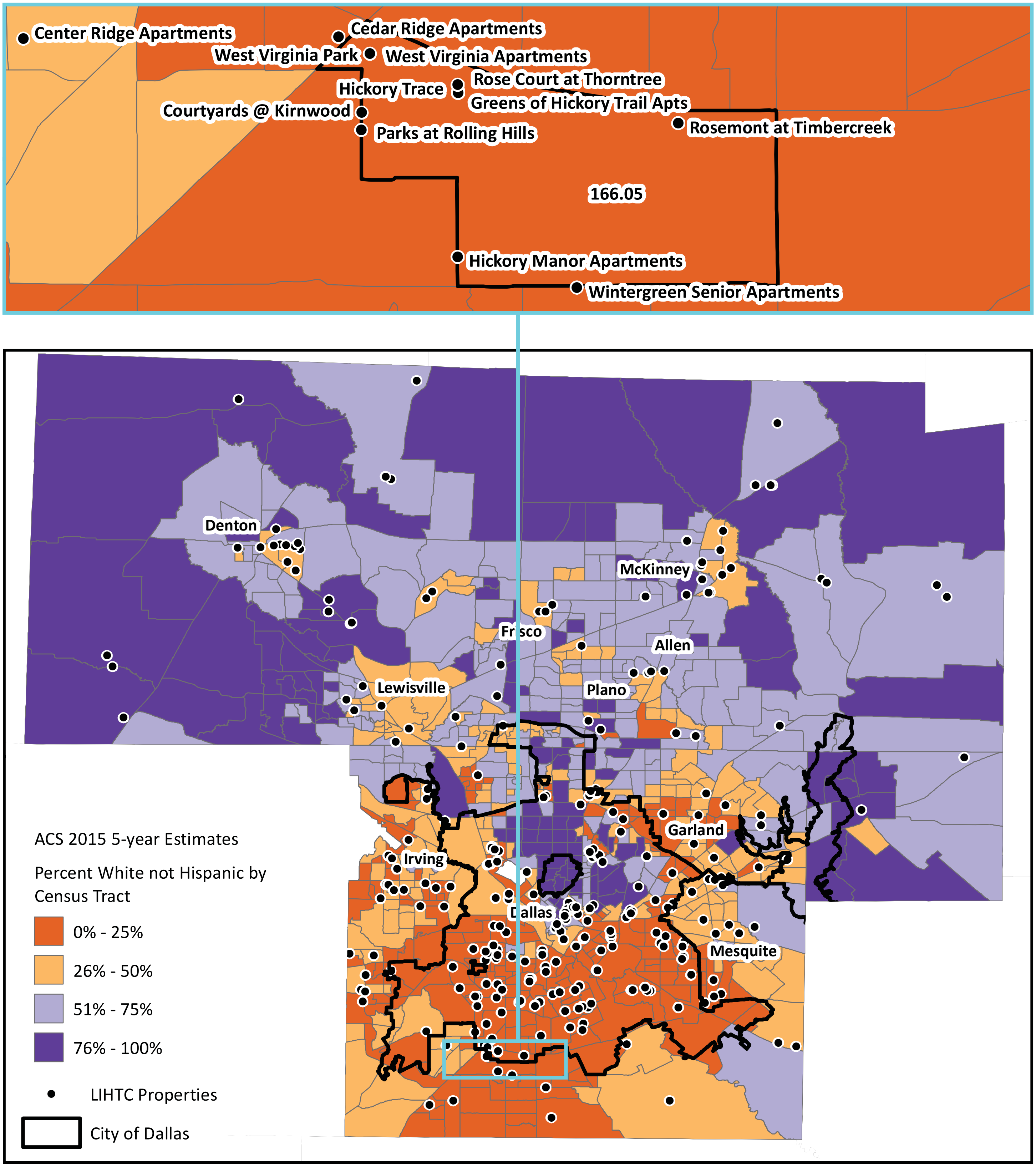
There is one public housing project and one non-LIHTC HUD assisted rental project in the four census tracts. There are 1,336 total LIHTC, public housing, and HUD assisted units in the census tracts.

The number of housing vouchers in the four tracts has increased from 174 in 2000 to 476 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the LIHTC projects are and have been 90% or more occupied by Black tenants with the exception of Eban Village 1 in 2015 at 77% Black. The units at the LIHTC projects are and have been 90% or more occupied by a combined Black tenant and Hispanic tenant population.

166.05

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 166.05



Census tract 166.05 in the City of Dallas.

There are eight LIHTC projects in this census tract. Four of the projects are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Courtyards @ Kirnwood		166.05	1996	198
Greens of Hickory Trial Apartments	Yes	166.05	1998	250
Parks at Rolling Hills (Primrose Park at Rolling Hills		166.05	2000	250
Rosemont at Timbercreek	Yes	166.05	2001	100
Hickory Trace (Rosemont at Hickory Trace)	Yes	166.05	2002	180
Rose Court at Thorntree (Providence on the Park)		166.05	2002	280
West Virginia Apartments (West Virginia Park)	Yes	166.05	2003	202
Hickory Manor Apartments		166.05	2004	188

Race

Tract 166.05 was 49% White non Hispanic in 1990 and 10% White non-Hispanic in 2015. The tract has been predominantly Black and Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 166.05 has increased from 19% in 1990 to 46% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates have increased over time. 74% (535) of children under 5 were below poverty in tract 166.05 in 2015. 57% (930) of children 5 to 17 were below poverty in tract 166.05 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

Four of the LIHTC projects in tract 166.05 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 166.05 is consistently unsafe as measured by the Violent Crime Index. The tract ranks 87 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

One of the projects is in Zip Code 75232 which has a significantly higher incidence of 2015 citations for illegal dumping (4.53 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Four of the projects are in Zip Code 75237 which has a lower incidence of 2015 citations for illegal dumping (1.4 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16).

There is one violation reported in Zip Code 75115 which is in both the City of Dallas and the City of DeSoto.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75232 at a 2017 yearly rate that was nine times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75237 at a 2017 yearly rate that was 6 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75115 at a 2017 yearly rate that was 2.8 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 166.05 (18) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All eight LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 166.05 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's

Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 166.05 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 166.05 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 166.05 is 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at low levels on its School Proficiency Index.

Other low income assisted rental housing

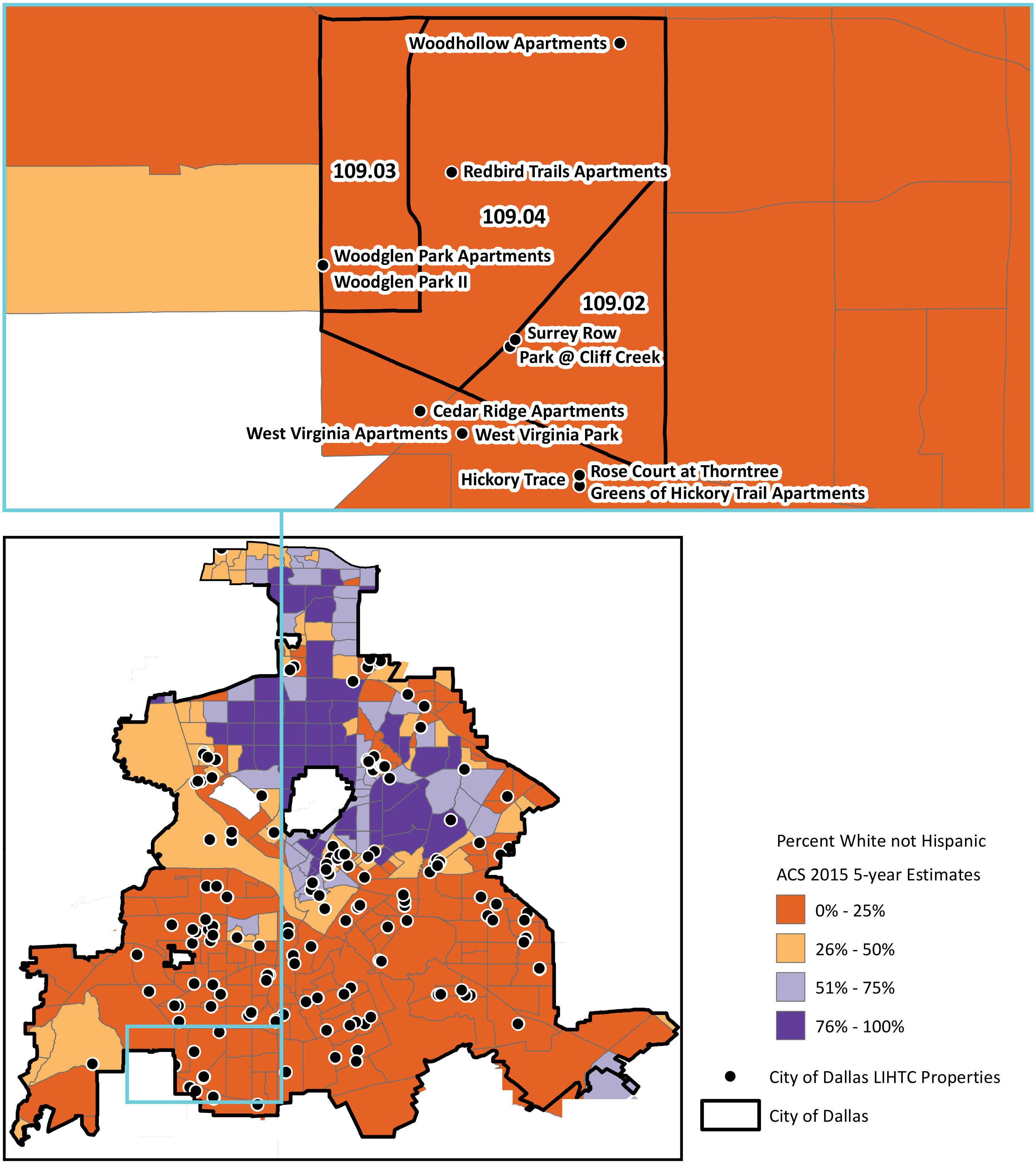
There are no non-LIHTC HUD assisted rental projects in the census tract. There are 1,648 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 166.05 has increased from 121 in 2000 to 639 in 2016. Many of the vouchers are in the LIHTC projects.

The units at LIHTC projects are 87% to 98% occupied by Black tenants.

109.02, 109.03, 109.04

City of Dallas Neighborhoods and LIHTCs
Census Tracts 109.02, 109.03, 109.04



Census tracts 109.02, 109.03, and 109.04 in the City of Dallas.

There are five LIHTC projects in these three census tracts. One of the LIHTC projects is a National Bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Park @ Cliff Creek	Yes	109.02	1995 & 2014	208
Woodglen Park Apartments		109.03	1993 & 2012	112
Woodglen Park II (fka Red Bird Ridge)		109.03	1994	120
Redbird Trails Apartments		109.04	1992	252
Woodhollow Apartments		109.04	1992	236

Race

Tract 109.02 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 109.03 was predominantly Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 109.04 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 109.02 has ranged from 18% in 1990 to 35% in 2010 and 23% in 2015. The poverty rates for the tract have generally equaled or exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 109.03 has ranged from 18% in 1990 to 28% in 2010 and 22% in 2015. The poverty rates for the tract have been generally equivalent the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division

The poverty rate for tract 109.04 has ranged from 18% in 1990 to 25% in 2010 and 35% in 2015.until 2015 when the PMSA poverty rate was on 15% and the City of Dallas rate was 24%.

Childhood poverty

The childhood poverty rates in tract 109.02 have increased since 1990. 37% (264) of children under 5 were below poverty in tract 109.02 in 2015. 34% (437) of children 5 to 17 were below poverty in tract 109.02 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 109.03 increased from 1990 through 2010. The rate declined to 23% (61) of children under 5 below poverty in tract 109.03 in 2015. 30% (230) of children 5 to 17 were below poverty in tract 109.03 in 2015. The childhood poverty rates over time have generally equaled or been below the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 109.04 have stayed about the since 1990 from 32%

(268) to 34% (95).

34% (95) of children under 5 were below poverty in tract 109.04 in 2015. 63% (398) of children 5 to 17 were below poverty in tract 109.04 in 2015. The childhood poverty rates over time have been generally similar to the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The Park at Cliff Creek and the Woodhollow Apartments are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime areas. The other three LIHTC projects are immediately adjacent to a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 109.02, 109.03 and 109.04 have been unsafe as measured by the Violent Crime Index since 2006. Tract 109.02 has a current rank of 86, tract 109.03 has a current rank of 85, and tract 109.04 has a current rank of 91 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75237 which has a lower incidence of 2015 citations for illegal dumping (1.40 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75237 at a 2017 yearly rate that was 6 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 109.02 (20.8) exceeds the rate in majority White non-Hispanic census tracts (4.6). The rate of loose and roaming dog cases per 1,000 persons in tract 109.03 (12.1) exceeds the rate in majority White non-Hispanic census tracts (4.6). The rate of loose and roaming dog cases per 1,000 persons in tract 109.04 (12.5) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three census tract have areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

All three tracts are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated all three tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in all three census tracts per owner occupied units are consistently low and have declined since 2000 with the exception of tract 109.04 in 2010. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 109.02 has Adequate Access to a supermarket or large grocery store. Census tracts 109.03 and 109.04 have Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 80% or greater economically disadvantaged students and 90% or greater Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the projects at low levels on its School Proficiency Index with the exception of the schools serving the Park at Cliff Creek project.

Other low income assisted rental housing

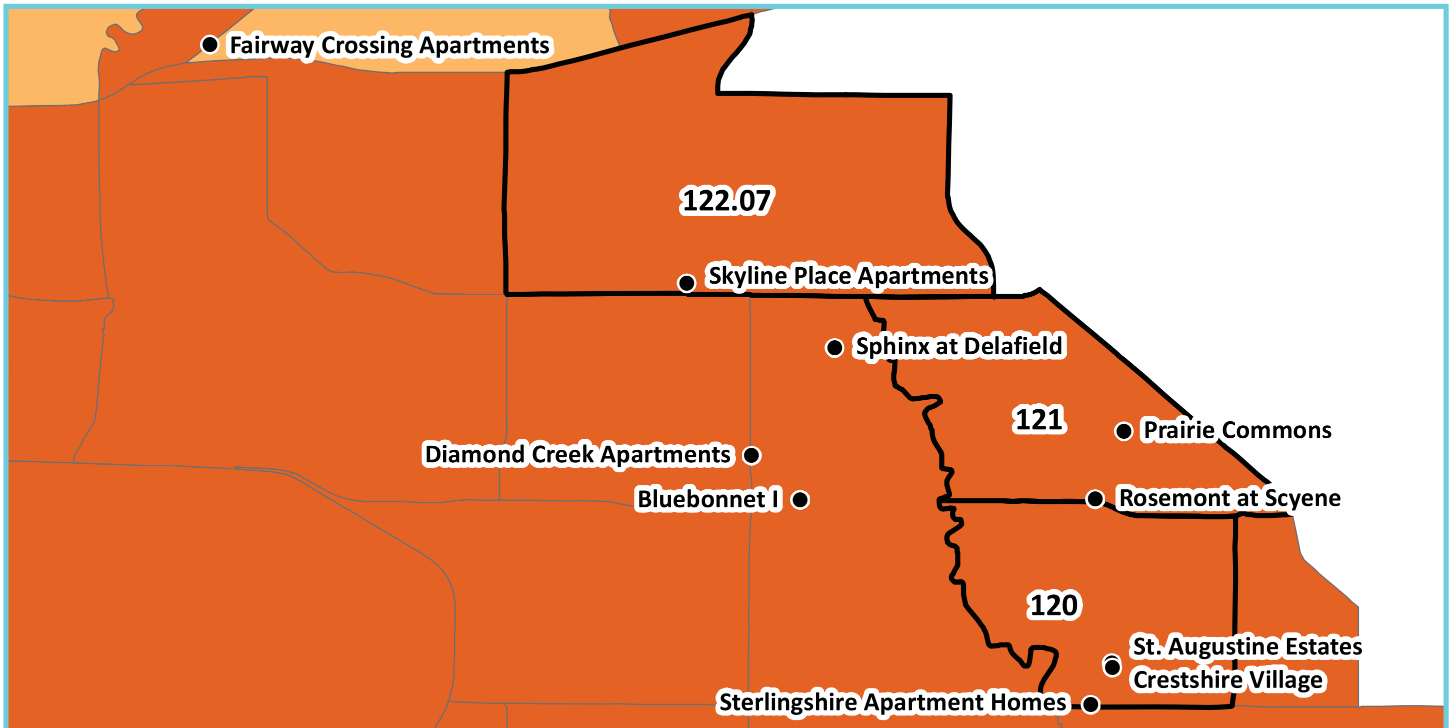
There is one non-LIHTC HUD assisted rental projects in census tract 109.04. There were 1,214 total LIHTC and HUD assisted units in the census tracts.

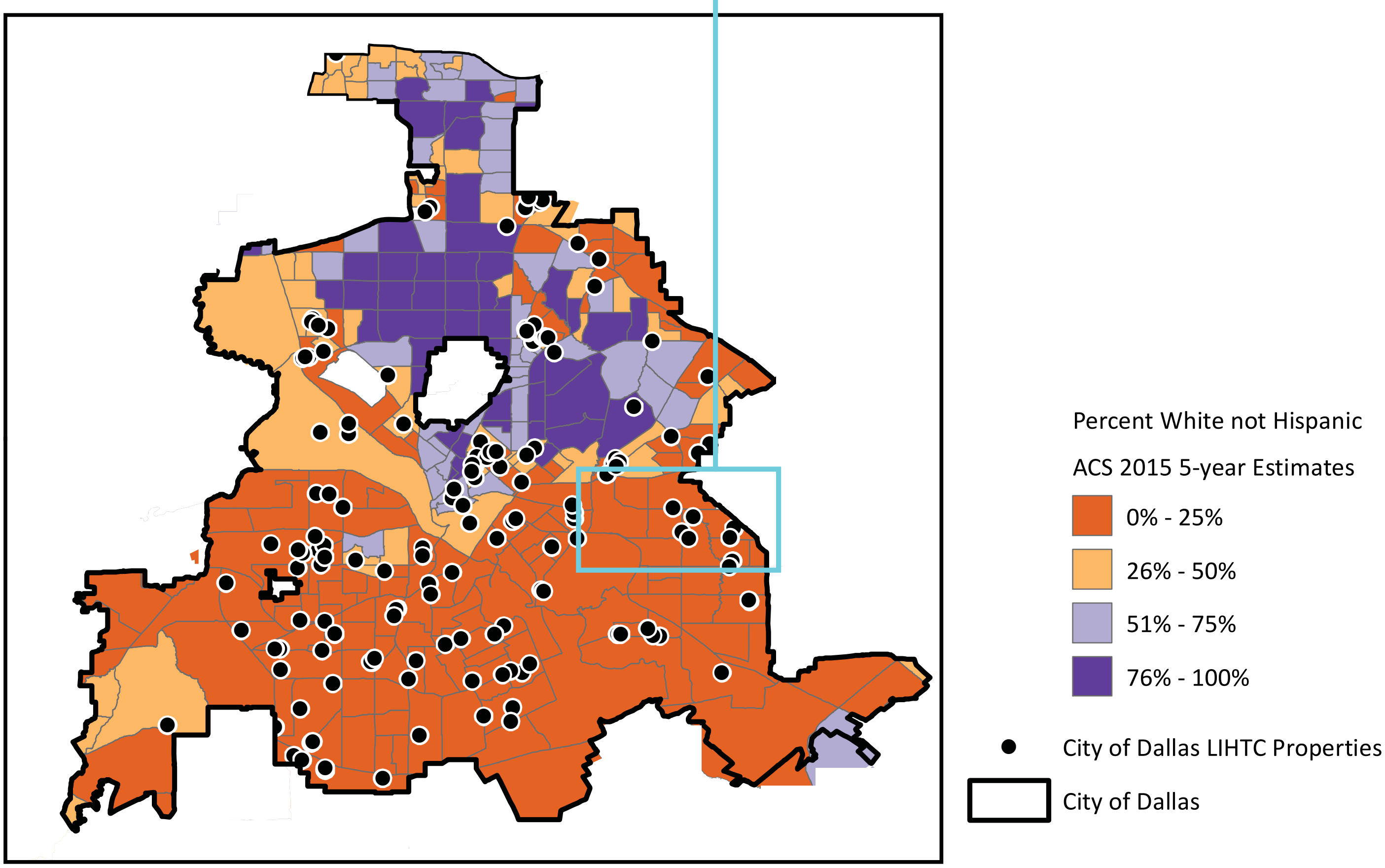
The number of housing vouchers in the tracts have increased from 663 in 2000 to 1,021 in 2016.

The units at the LIHTC projects are and have been 90% or more occupied by Black or Black and Hispanic tenants.

120, 121, 122.07

City of Dallas Neighborhoods and LIHTCs
Census Tracts 120, 121, and 122.07





Census tracts 120, 121, 122.07 in the City of Dallas.

There are six LIHTC projects in these adjoining census tracts. Three of the six are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Crestshire Village	Yes	120	2009	74
Sterlingshire Apartment Homes (Bruton Apartments)	Yes	120	2014	264
St. Augustine Estates		120	2005	150
Prairie Commons	Yes	121	2002	72
Rosemont at Scyene (Rosemont at Sierra Vista)		121	2004	250
Skyline Place Apartments		122.07	2016	318

Race

Tracts 120, 121, 122.07 have been predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. This is a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 120 has ranged from 16% in 1990 to 31% in 2015.

The poverty rate for tract 121 has ranged from 8% in 1990 to 25% in 2015.

The poverty rate for tract 122.07 has ranged from 15% in 1990 to 28% in 2015.

Childhood poverty

The childhood poverty rates in these tracts have increased over time.

35% (290) of children under 5 were below poverty in tract 120 in 2015. 45% (923) of children 5 to 17 were below poverty in tract 120 in 2015. The 2015 childhood poverty rates from 1990 to 2015 generally exceed the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

38% (232) of children under 5 were below poverty in tract 121 in 2015. 34% (560) of children 5 to 17 were below poverty in tract 121 in 2015. The poverty rates for children have ranged from 7% to 38% from 1990 to 2015.

48% (466) of children under 5 were below poverty in tract 122.07 in 2015. 46% (758) of children 5 to 17 were below poverty in tract 122.07 in 2015. The 1990 to 2015 childhood poverty rates generally exceed the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All 6 LIHTC projects in tracts 120, 121, and 122.07 are located in City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime areas.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 120, 121, and 122.07 are consistently unsafe as measured by the Violent Crime Index. All three tracts rank 82 or higher in 2015 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

Five of these projects are in Zip Code 75227 which has a significantly higher incidence of 2015 citations for illegal dumping (6.19 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

One of these projects is in Zip Code 75217 which has a significantly higher incidence of 2015 citations for illegal dumping (5.05 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75227 at a 2017 yearly rate that was 6.6 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75217 at a 2017 yearly rate that was 7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rates of loose and roaming dog cases per 1,000 persons in tract 120 (33.4) and in tract 121 (21.29) and in tract 122.07 (14.99) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Three of the LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

All three of these census tracts are economically distressed areas according to the U.S. Treasury's CDFI Investment area designations The U.S. Treasury's CDFI 2010 Distress Index rated tracts 120 and 122.07 at a level 4 distress, the highest level of distress. Tract 212 is designated at a level 3, the second highest distress level.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in these census tracts per owner occupied units are lower than in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tracts 120 and 121 have Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 89% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index.

Other low income assisted rental housing

There is one non-LIHTC HUD assisted rental projects in the three census tracts. There are 1,502 total LIHTC and HUD assisted units in the census tracts.

The number of housing vouchers in tract 120 has increased from 303 in 2000 to 373 in 2016. The number of housing vouchers in tract 121 has increased from 113 in 2000 to 267 in 2016. The number of housing vouchers in tract 122.07 has decreased from 161 in 2000 to 103 in

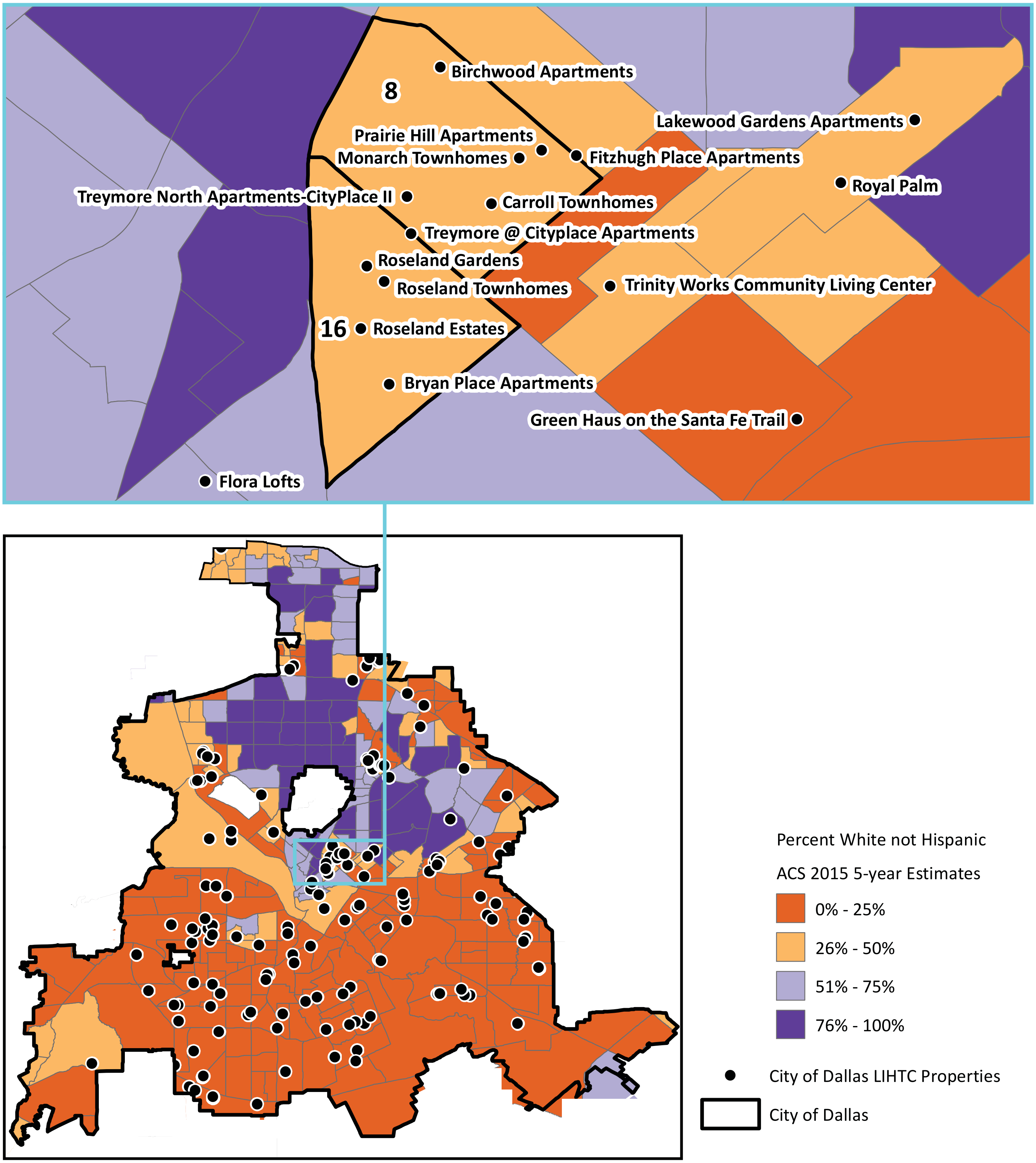
2016.

Many of the vouchers are in the LIHTC projects.

The units at four of the LIHTC projects (that have occupancy data available) are and have been predominantly occupied by Black tenants.

8, 16

City of Dallas Neighborhoods and LIHTCs
Census Tracts 8 and 16



Census tracts 8 and 16 in the City of Dallas.

There are nine LIHTC projects in these two census tracts. Seven of the nine are National Bank investments.

Project Name (on LIHTC Inventory)	National Bank Investments	census tract	LIHTC Allocation Year (from HTC Prop Inventory	Units
Birchwood Apartment Homes	Yes	8	1996	276
Carroll Townhomes (Lafayette Apartments	Yes	8	2000	71
Monarch Townhomes	Yes	8	2000	65
Treymore North Apartments-CityPlace II	Yes	8	1996	70
Roseland Gardens	Yes	16	2001	101
Roseland Townhomes	Yes	16	1999	192
Treymore @ Cityplace Apartments	Yes	16	1995	180
Roseland Estates		16	2002	138
Bryan Place Apartments		16	1993	22

Race

Tract 8 was majority Hispanic in the 1990, 2000, and 2010 and was majority Hispanic and Black in the 2015 U.S. Census reports The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 16 was predominantly Black in the 1990 and was predominantly Black and Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 8 has ranged from 31% in 1990 to 22% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas

PMSA/Metro Division.

The poverty rate for tract 16 has ranged from 58% in 1990 to 31% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

26% (89) of children under 5 were below poverty in tract 8 in 2015. 35% (365) of children 5 to 17 were below poverty in tract 8 in 2015. The childhood poverty rates over time have generally equaled or exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

63% (152) of children under 5 were below poverty in tract 16 in 2015. 78% (386) of children 5 to 17 were below poverty in tract 16 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All nine LIHTC projects in tracts 8 and 16 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 8 and 16 are consistently unsafe as measured by the Violent Crime Index. Tract 8 ranked 92 in 2015 and tract 16 ranked 98 in 2015 on the Violent Crime Index scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75204 which has a significantly higher incidence of 2015 citations for illegal dumping (4.32 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and about the same as the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75204 at a 2017 yearly rate that was five times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. However, the rate of loose and roaming dog cases per 1,000 persons in tract 8 and tract 16 were about the same as the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

None of the LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 8 and tract 16 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine

whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans for 2015 for both census tracts per owner occupied units were consistent with the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Both census tracts have Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index. Five LIHTC projects are in areas with a school proficiency rating of 3, three are in areas with a school proficiency rating of 5, and one is in an area with a school proficiency rating of 23. "0" is the lowest score and "99" is the highest score.

Other low income assisted rental housing

Five of the LIHTC projects are also public housing projects. There are 1,332 total LIHTC units in the two census tracts.

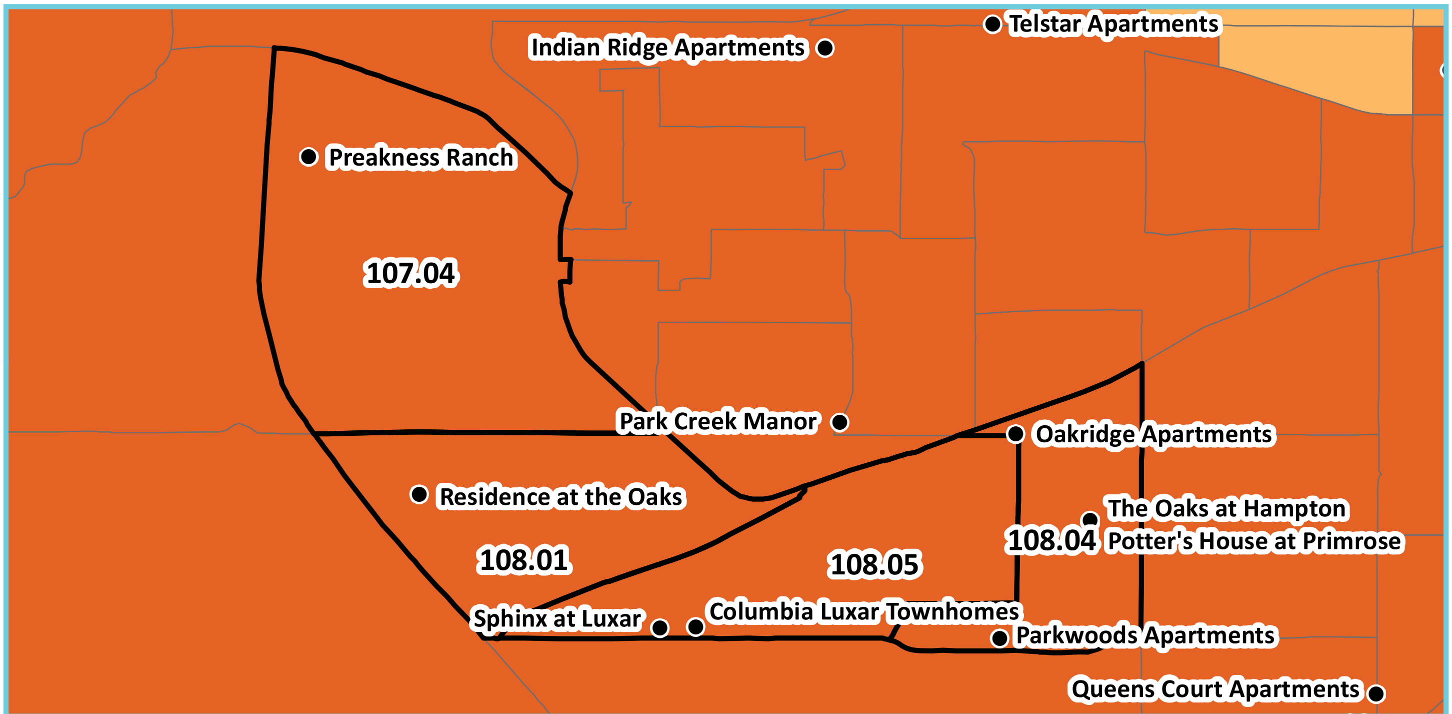
The number of housing vouchers in tract 8 has increased from 48 in 2000 to 153 in 2016. Many of the vouchers are in the LIHTC projects.

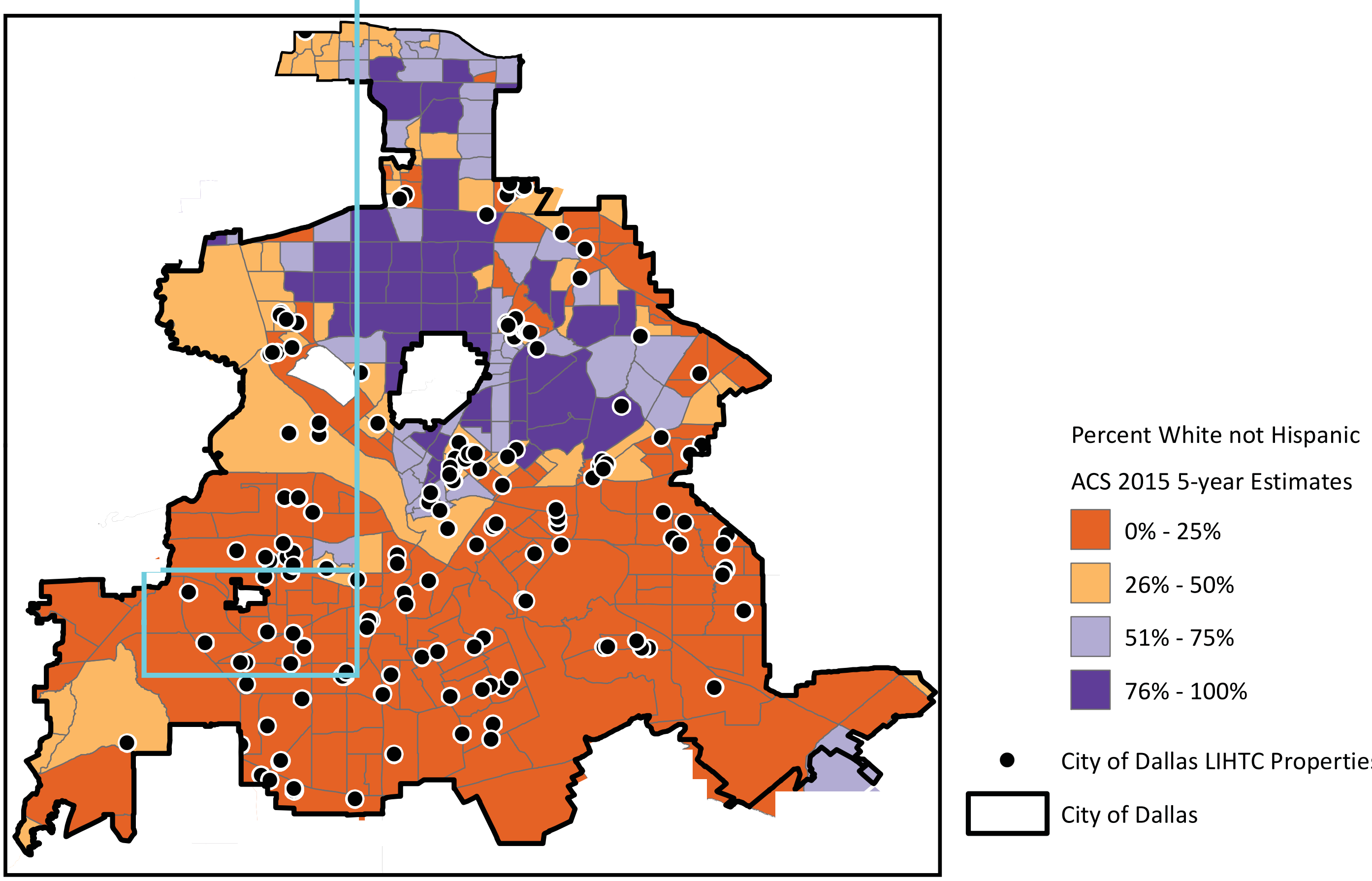
The number of housing vouchers in tract 16 has increased from 21 in 2000 to 224 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the LIHTC projects are and have either been 90% or more occupied by Black tenants, or 90% or more occupied by Hispanic tenants or occupied by a 90% or more combination of Black tenants and Hispanic tenants.

107.04, 108.01, 108.04, 108.05

City of Dallas Neighborhoods and LIHTCs
Census Tracts 107.04, 108.01, 108.04, and 108.05





Census tracts 107.04, 108.01, 108.04, 108.05 in the City of Dallas.

There are seven LIHTC projects in these four census tracts. Two of the seven are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Preakness Ranch (Artisan Ridge on Multifamily database)	Yes	107.04	2003	264
Residence at the Oaks		108.01	1998	212
Oakridge Apartments		108.04	1993	46
The Oaks at Hampton (Primrose Oaks)		108.04	2000	250
Potter's House at Primrose		108.04	2002	280
Columbia Luxar Townhomes		108.05	1997	120
Sphinx at Luxar (Luxar Villas)	Yes	108.05	2005 & 2008	100

Race

Tracts 107.04 and 108.01were majority Black and Hispanic in the 1990 U.S. Census Report and majority Hispanic in the 2000, 2010, and 2015 U.S. Census reports. Tracts 108.04 and 108.05 were majority Black in the 1990 U.S. Census Report and majority Hispanic in the 2000, 2010, and 2015 U.S. Census reports.

The tracts have a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 107.04 has ranged from 19% in 1990 to 25% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 108.01 has ranged from 12% in 1990 to 30% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 108.04 has ranged from 28% in 1990 to 43% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 108.05 has ranged from 28% in 1990 to 28% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 107.04 have increased since 1990. 40% (217) of children under 5 were below poverty in tract 107.04 in 2015. 39% (435) of children 5 to 17 were below poverty in tract 107.04 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 108.01 have increased since 1990. 34% (392) of children under 5 were below poverty in tract 108.01 in 2015. 40% (894) of children 5 to 17 were below poverty in tract 108.01 in 2015. The childhood poverty rates over time have often exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 108.04 have increased since 1990. 61% (358) of children under 5 were below poverty in tract 108.04 in 2015. 45% (483) of children 5 to 17 were below poverty in tract 108.04 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 108.05 have remained high since 1990. 36% (291) of children under 5 were below poverty in tract 108.05 in 2015. 34% (487) of children 5 to 17 were below poverty in tract 108.05 in 2015. The childhood poverty rates over time have, at times, exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The Oakridge Apartments LIHTC project in tract 108.04 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 107.04, 108.01,108.04 and 108.05 as consistently unsafe as measured by the Violent Crime Index. Tract 107.04 ranks 90.58 on the scale of 0 being the most safe and 100 being the least safe. Tract 108.01 ranks 81.14 on the scale of 0 being the most safe and 100 being the least safe. Tract 108.04 ranks 82.43 and tract 108.05 ranks 77.6

Illegal Dumping citations

Two of these projects are in Zip Code 75233 which has a higher incidence of 2015 citations for illegal dumping (3.25 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) but not higher than the majority Minority Zip Codes in the City of Dallas (4.16). In 2014 the citations for illegal dumping (3.77 per 1,000 persons) exceeded the majority White non-Hispanic Zip Codes in the City of Dallas (1.3) and were higher than the majority Minority Zip Codes (3.31).

Two other of these LIHTC projects are in Zip Code 75211 which has a higher incidence of 2015 citations for illegal dumping (3.3 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) but not higher than the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist in 2014.

Another two LIHTC projects are in Zip Code 75224 which has a higher incidence of 2015 citations for illegal dumping (4.96 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and higher than the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist in 2014.

One LIHTC project is in Zip Code 75236 which has a higher incidence of 2015 citations for illegal dumping (3.96 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) but not higher than the majority Minority Zip Codes in the City of Dallas (4.16). In 2014 the citations for illegal dumping (4.94 per 1,000 persons) exceeded the majority White non-Hispanic Zip Codes in the City of Dallas (1.3) and were higher than the majority Minority Zip Codes (3.31).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75233 at a 2017 yearly rate that was 5.5 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75211 at a 2017 yearly rate that was 4 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75224 at a 2017 yearly rate that was 6 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75236 at a 2017 yearly rate that was 3 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 107.04 (24.92), in tract 108.01 (19.12), in tract 108.04 (19.8), and in tract 108.05 (18.8) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Six of the seven LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tracts 107.04, 108.01, 108.04, and 108.05 are all economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated all of these tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in these four census tracts per owner occupied units are low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tracts 107.04, 108.01, and 108.04 have Low Access to a supermarket or large grocery store. Census tract 108.05 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving census tract are 84% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving four of the LIHTC projects at low levels on its School Proficiency Index. It ranks the schools for the other three projects at level 47.

Other low income assisted rental housing

There are 3 non-LIHTC HUD assisted rental projects in the four census tracts. There are 1,700 total LIHTC and HUD assisted units in the census tracts.

The number of housing vouchers in tract 107.04 has increased from 17 in 2000 to 125 in 2016. There were an additional 227 project based vouchers in tract 107.04. Many of the vouchers have been in the LIHTC project in this census tract.

The number of housing vouchers in tract 108.01 has ranged from 191 in 2000 to 160 in 2016. There was an additional 1 project based voucher in tract 108.01. Many of the vouchers are in the LIHTC project in this tract.

The number of housing vouchers in tract 108.04 has ranged from 114 in 2000 (tract

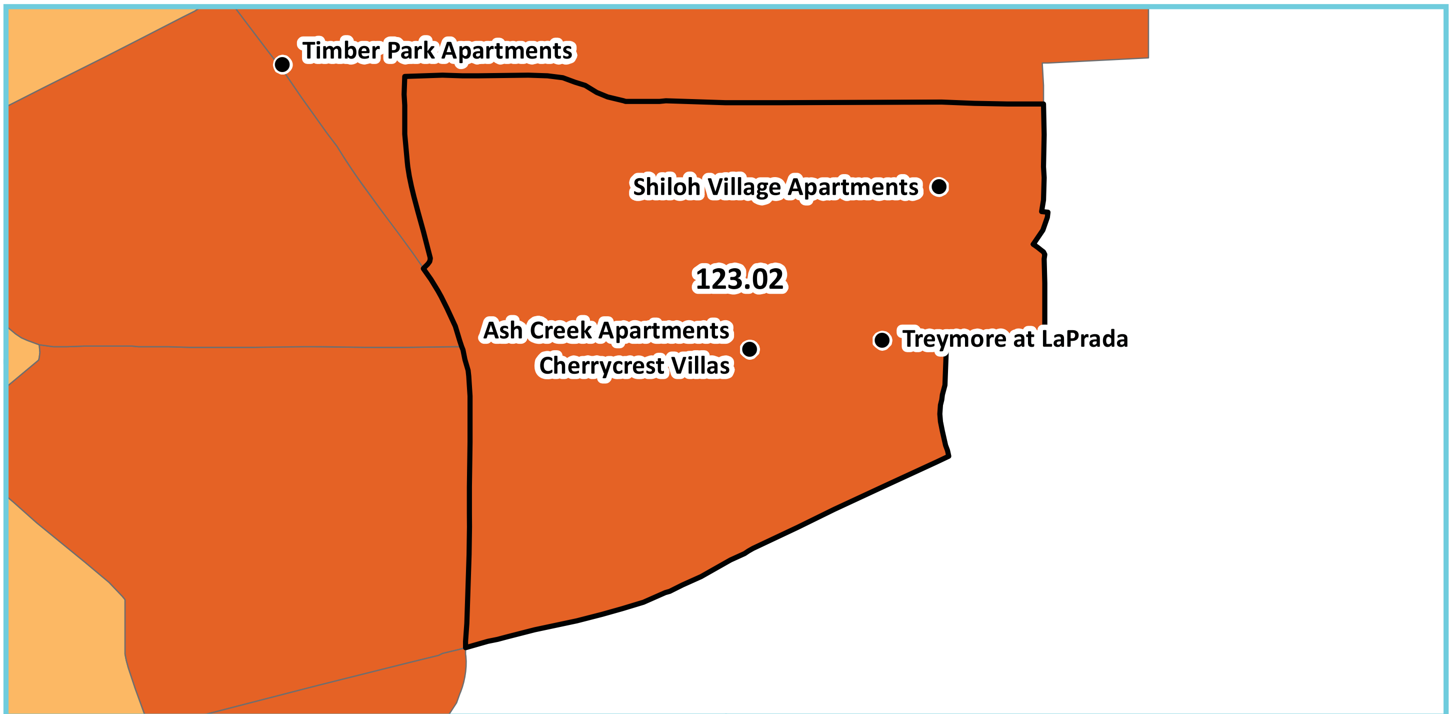
108.02 before it split for form this tract) to 329 in 2016. There was an additional 1 project based voucher in tract 108.04. Many of the vouchers are in the LIHTC projects in this tract.

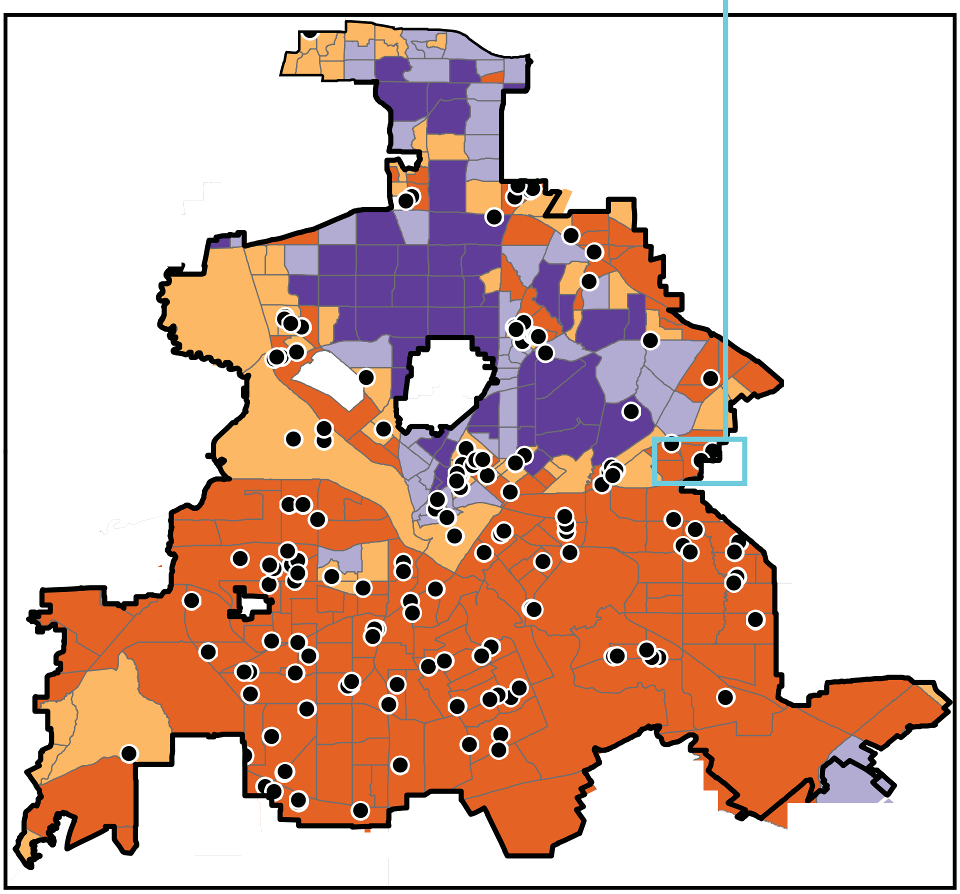
The number of housing vouchers in tract 108.05 had 148 vouchers in 2016. There was an additional 148 project based vouchers in tract 108.05. Many of the vouchers are in the LIHTC projects in this tract.

The units at four of the LIHTC projects are and have been 80% or more occupied by Black tenants. The units at the other LIHTC projects have been occupied by a 90% or more combined Black tenant and Hispanic tenant population.

123.02

City of Dallas Neighborhoods and LIHTCs
Census Tract 123.02





Percent White not Hispanic
ACS 2015 5-year Estimates
0% - 25%
26% - 50%
51% - 75%
76% - 100%
City of Dallas LIHTC Properties
City of Dallas

Census tract 123.02 in the City of Dallas.

There are four LIHTC projects in this census tract. One of the LIHTC projects is a National Bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Treymore at LaPrada, The (Treymore Eastfield Apartments)		123.02	1999	196
Ash Creek Apartments (Rosemont at Ash Creek Apartments)	Yes	123.02	2003	280
Shiloh Village Apartments		123.02	2004	168
Cherrycrest Villas (Park Villas Apartments)		123.02	2004	232

Race

Tract 123.02 was majority White non-Hispanic in the 1990 U.S. Census report, and it was majority combined Black and Hispanic in the 2000 and 2010 U.S. Census reports. Tract 123.02 was majority Hispanic in the 2015 U.S. Census report. The tract has a higher percentage of combined Hispanic and Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 123.02 has increased from 16% in 1990 to 42% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 123.02 have increased since 1990. 67% (516) of children under 5 were below poverty in tract 123.02 in 2015. 51% (923) of children 5 to 17 were below poverty in tract 123.02 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All four LIHTC projects in tract 123.02 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 123.02 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 92.49 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75228 which has a higher incidence of 2015 citations for illegal dumping (2.31 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75228 at a 2017 yearly rate that was 5.5 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 123.02 (12) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All four LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 123.02 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC projects in this census tract is 93% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the the census tract at a low level, 3, on its School Proficiency Index.

Other low income assisted rental housing

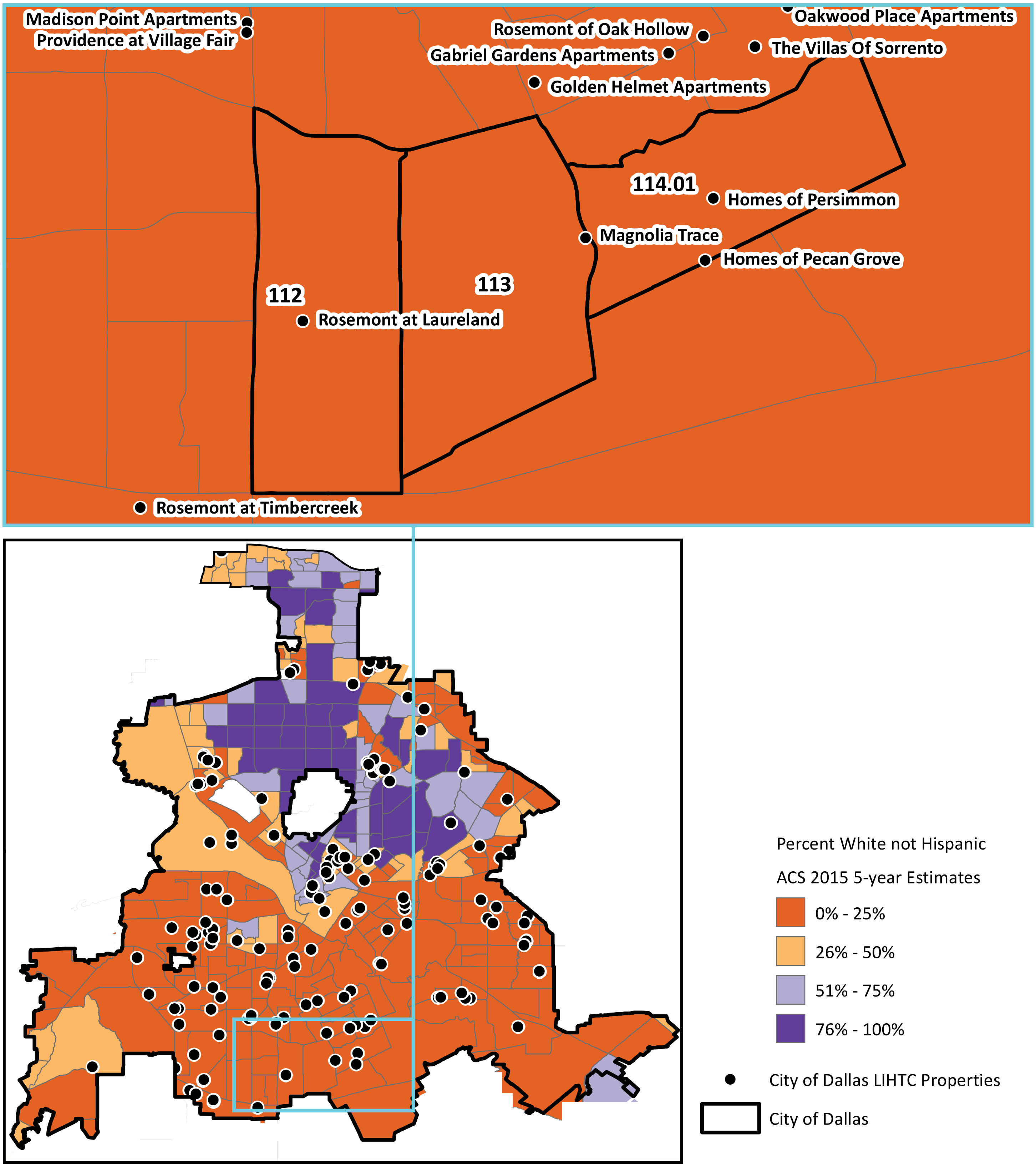
There are 876 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 123.02 has increased from 132 in 2000 to 424 in 2016. There were an additional 167 project based vouchers in tract 123.02. Many of the vouchers are in the LIHTC projects.

The units at the four LIHTC projects are and have been occupied by a majority of Black tenants.

112, 113, 114.01

City of Dallas Neighborhoods and LIHTCs
Census Tracts 112, 113, and 114.01



Census tracts 112, 113, 114.01 in the City of Dallas.

There are four LIHTC projects in these three census tracts. One LIHTC project is a National Bank Investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Rosemont at Laureland (Rosemont at Mission Trails)		112	2004	250
Magnolia Trace		113	2009	112
Homes of Persimmon		114.01	1998	180
Homes of Pecan Grove (Champion Townhomes)	yes	114.01	2004	250
Pecan Grove Townhomes (refunding for Homes of Pecan Grove above)		114.01	2013	

Race

Tracts 112, 113, and 114.01 were majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tracts have a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 112 has ranged from 12% in 1990 to 22% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the Dallas PMSA/Metro Division but was about the same as the City of Dallas.

The poverty rate for tract 113 has ranged from 9% in 1990 to 25% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the Dallas PMSA/Metro Division but was about the same as the City of Dallas.

The poverty rate for tract 114.01 has ranged from 39% in 1990 to 39% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 112 have increased since 1990. 16% (31) of children under 5 were below poverty in tract 112 in 2015. 38% (621) of children 5 to 17 were below poverty in tract 112 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates the Dallas PMSA/Metro Division and remained about the same as the City of Dallas.

The childhood poverty rates in tract 113 have increased since 1990. 25% (62) of children under 5 were below poverty in tract 113 in 2015. 45% (350) of children 5 to 17 were below poverty in tract 113 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the Dallas PMSA/Metro Division and remained comparable to the City of Dallas.

The childhood poverty rates in tract 114.01 have remained high since 1990. 57% (325) of children under 5 were below poverty in tract 114.01 in 2015. 51% (518) of children 5 to 17 were below poverty in tract 114.01 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

Two of the LIHTC projects in tract 114.01 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC §

11.9(e)(3)(G)(i), reports tracts 112, 113 and 114.01 as consistently unsafe as measured by the Violent Crime Index. Tract 112 ranks 85.93 on the scale of 0 being the most safe and 100 being the least safe. Tract 113 ranks 90.32 and tract 114.01 ranks 94.50.

Illegal Dumping citations

These projects are in Zip Code 75241 which has a significantly higher incidence of 2015 citations for illegal dumping (13.42 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75241 at a 2017 yearly rate that was 24.7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 112 (37.6), in tract 113 (46.3) and in tract 114.01 (53.8) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

None of the LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 112, tract 113, and tract 114.01 are economically distressed areas according to the

U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts 112 and 114.01 a level 4 distress, the highest level of distress and ranks tract 113 a level 3 distress, the second highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 114.01 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period. The number and amount of home loans in census tracts 112 and 113 per owner occupied units are lower than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

All three census tracts have Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving these census tract are 83% or greater economically disadvantaged Black students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index.

Other low income assisted rental housing

There are two non-LIHTC HUD assisted rental projects in the two census tracts. There are 1,386 total LIHTC and HUD assisted units in the census tracts.

The number of housing vouchers in tract 112 has increased from 13 in 2000 to 286 in 2016. Many of the vouchers are in the LIHTC project in this tract.

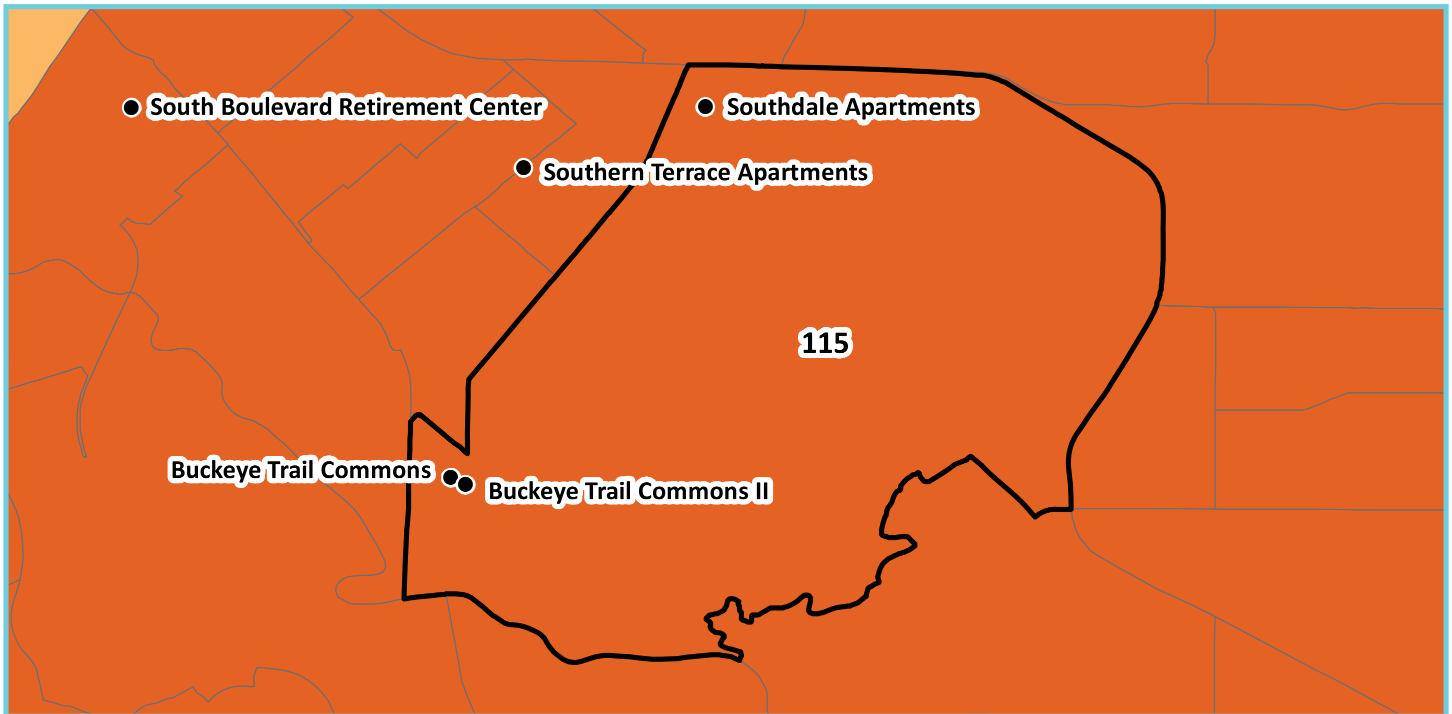
The number of housing vouchers in tract 113 has increased from 32 in 2000 to 126 in 2016. Many of the vouchers are in the LIHTC project in this tract.

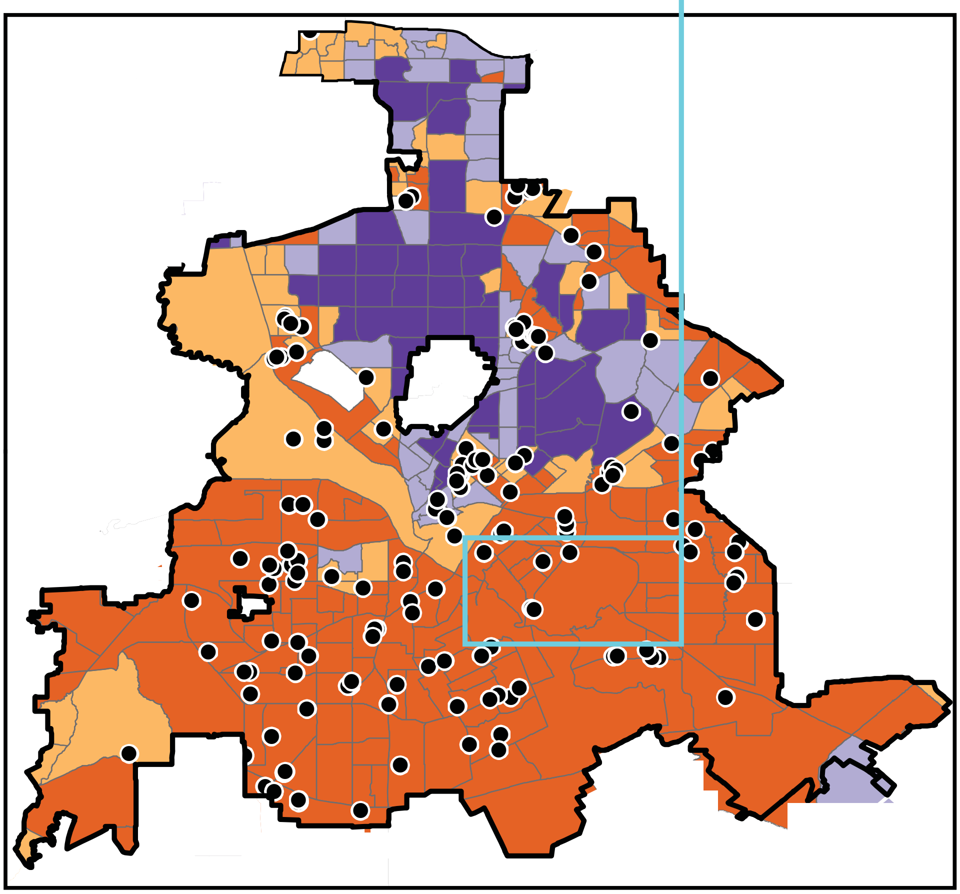
The number of housing vouchers in tract 114.01 has increased from 225 in 2000 to 471 in 2016. There were an additional 284 project based vouchers in tract 114.01. Many of the vouchers are in the LIHTC projects in this tract.

The units at these LIHTC projects are and have been 97% or more occupied by Black tenants.

115

City of Dallas Neighborhoods and LIHTCs
Census Tracts 115





Percent White not Hispanic

ACS 2015 5-year Estimates

0% - 25%

26% - 50%

51% - 75%

76% - 100%

City of Dallas LIHTC Properties

City of Dallas

Census tract 115 in the City of Dallas.

There are three LIHTC projects in this census tract. Two are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Southdale Apartments		115	1992	188
Buckeye Trail Commons	Yes	115	2011	207
Buckeye Trail Commons II	Yes	115	2011	116

Race

Tract 115 was majority Black in the 1990, 2000, and 2010 U.S. Census reports and majority Black and Hispanic in the 2015 U.S. Census report. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 115 has ranged from 75% in 1990 to 44% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates for tract 115 have remained high since 1990. 62% (186) of children under 5 were below poverty in tract 115 in 2015. 58% (448) of children 5 to 17 were below poverty in tract 115 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

One of the LIHTC projects, Southdale Apartments in tract 115 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 115 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 97.83 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

Two of these LIHTC projects are in Zip Code 75215 which has a significantly higher incidence of 2015 citations for illegal dumping (35.03 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

One of these LIHTC projects is in Zip Code 75210 which has a significantly higher incidence of 2015 citations for illegal dumping (30.41 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75215 at a 2017 yearly rate that was 33 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75210 at a 2017 yearly rate that was 24 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue.

Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 115 (32.3) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 115 is an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving this census tract is 97% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at low levels on its School Proficiency Index.

Other low income assisted rental housing

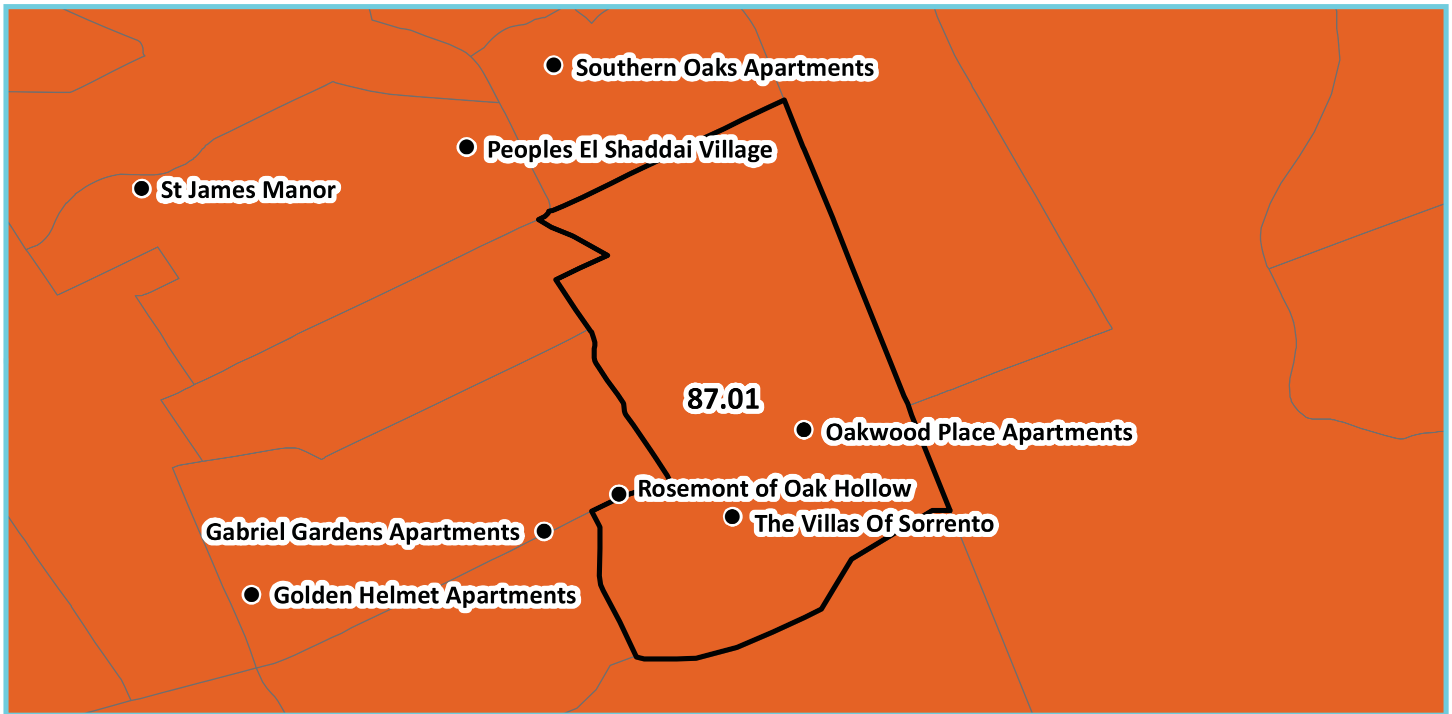
There are 511 total LIHTC assisted units in the census tract. Two of the LIHTC projects, Buckeye Commons and Buckeye Commons II, have public housing units and project based vouchers in their total unit count.

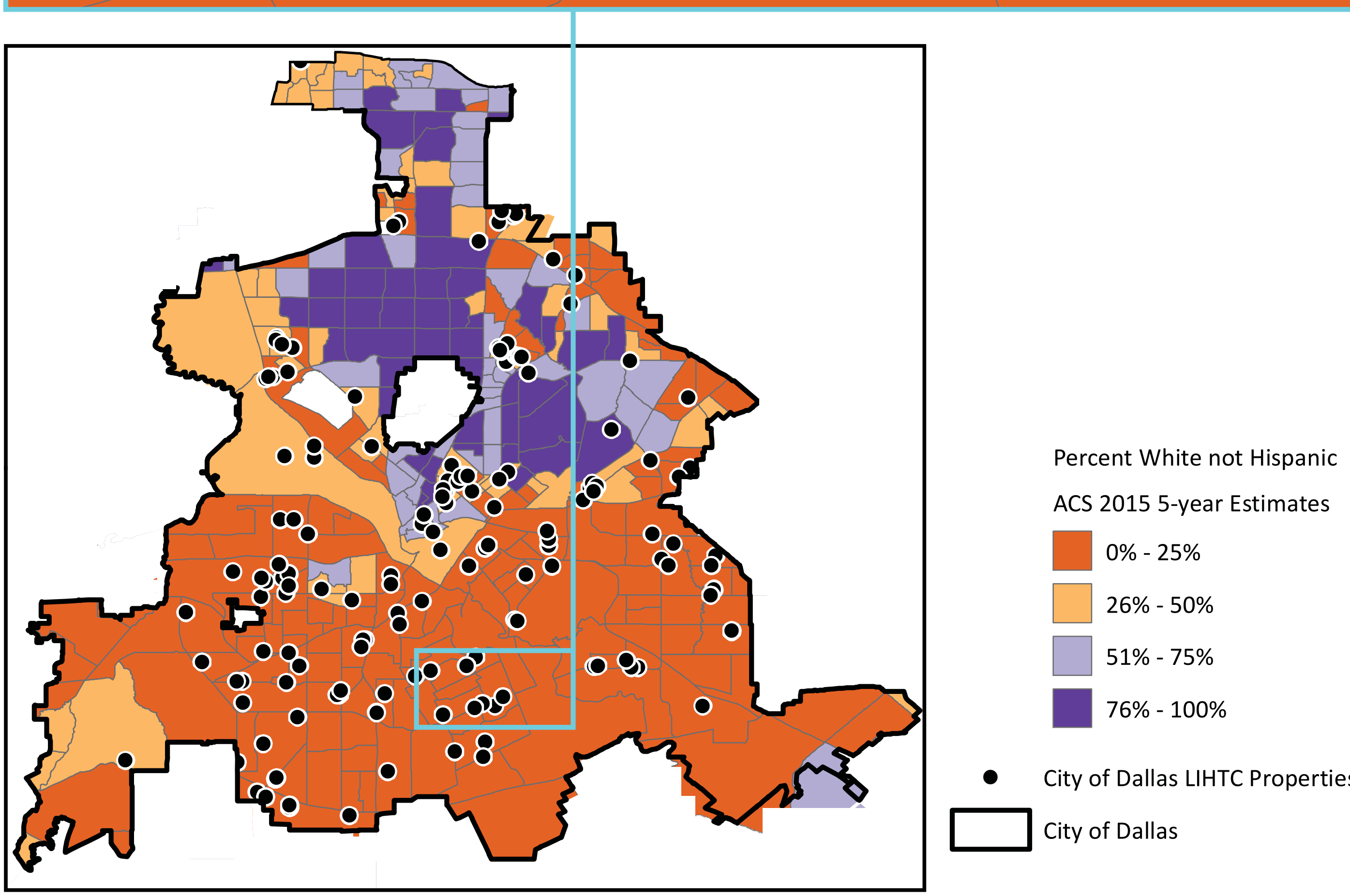
The number of housing vouchers in tract 115 has increased from 48 in 2000 to 211 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the two Buckeye Commons LIHTC projects are and have been 90% or more occupied by Black tenants. The units at the Southdale LIHTC project are and have been 98% or more occupied by Black and Hispanic tenants.

87.01

City of Dallas Neighborhoods and LIHTCs
Census Tract 87.01





Census tract 87.01 in the City of Dallas.

There are two LIHTC projects in this census tracts. Both LIHTC projects are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
The Villas of Sorrento	Yes	87.01	1996	245
Oakwood Place Apartments	Yes	87.01	1999	206

Race

Tract 87.01 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 87.01 has ranged from 39% in 1990 to 50% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 87.01 have increased since 1990.

70% (335) of children under 5 were below poverty in tract 87.01 in 2015. 56% (554) of children 5 to 17 were below poverty in tract 87.01 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

Both LIHTC projects in tract 87.01 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 87.01 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 96.86 or higher on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

One LIHTC project is in Zip Code 75216 which has a significantly higher incidence of 2015 citations for illegal dumping (11.95 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

The other LIHTC project is in Zip Code 75241 which has a significantly higher incidence of 2015 citations for illegal dumping (13.42 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75216 at a 2017 yearly rate that was 19 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75241 at a 2017 yearly rate that was 24.7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 87.01 (41.4) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Both LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 87.01 is an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC projects in this census tract are 86% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 4, on its School Proficiency Index.

Other low income assisted rental housing

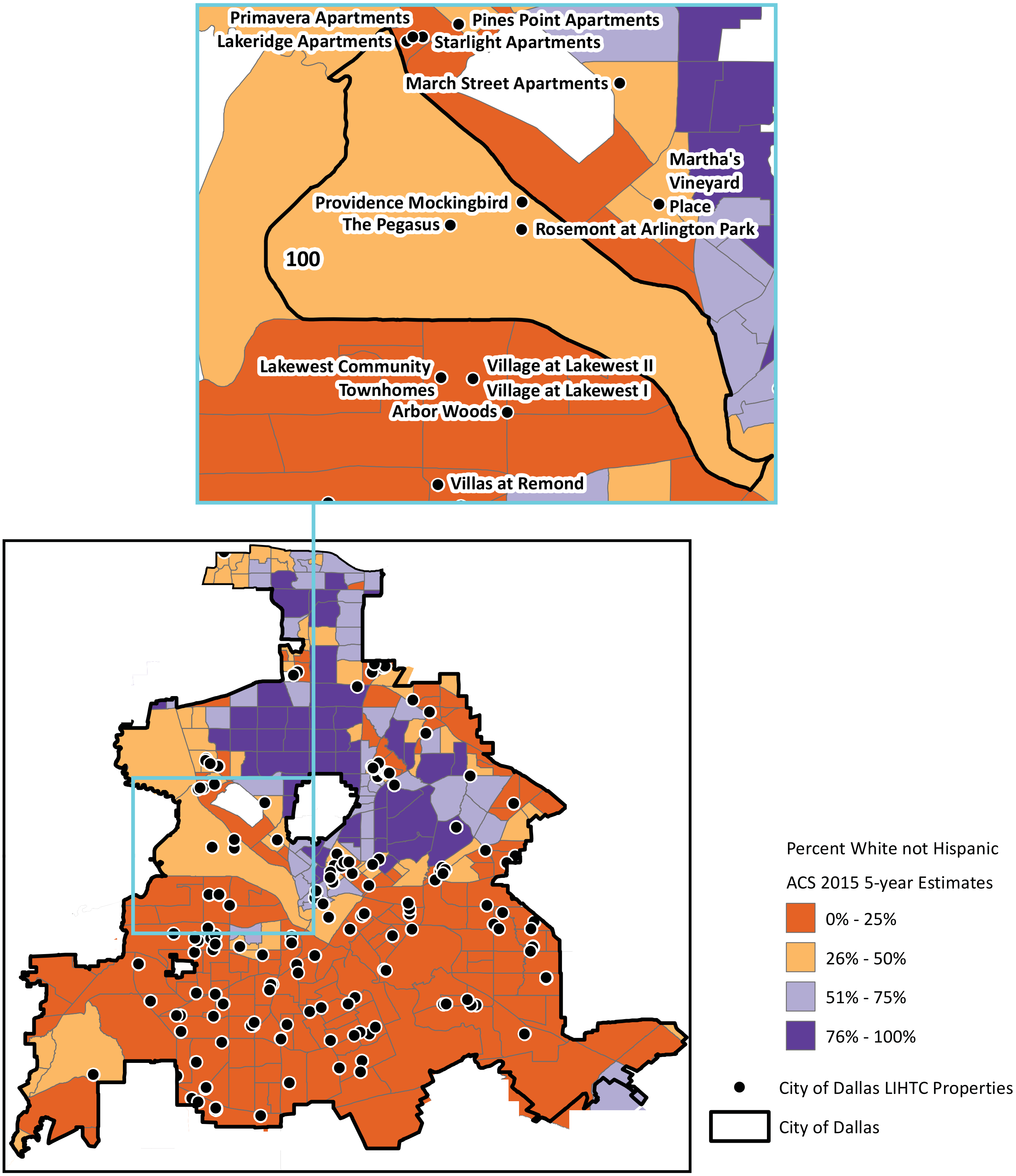
There are two non-LIHTC HUD assisted rental projects in the two census tract. There are 837 total LIHTC and HUD assisted units in the census tracts.

The number of housing vouchers in tract 87.01 has increased from 213 in 2000 to 256 in 2016. There were an additional 161 project based vouchers in tract 87.01. Many of the vouchers are in the LIHTC projects.

The units at the Villas of Sorrento LIHTC project are and have been 90% or more occupied by Black tenants. The units at the Oakwood Place LIHTC project are and have 99% or more occupied by a combined Black tenant and Hispanic tenant population.

100

City of Dallas Neighborhoods and LIHTCs
Census Tract 100



Census tract 100 in the City of Dallas.

There are three LIHTC projects in this census tract. Two of the LIHTC projects are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Rosemont at Arlington Park	Yes	100	2000	100
The Pegasus (Pegasus Villas Senior Living on Multifamily database)		100	2003	156
Providence Mockingbird	Yes	100	2005	251

Race

Tract 100 was majority Black in the 1990 and 2010 2015 U.S. Census reports. The tract was predominantly Black and Hispanic in the 200 and 2015 U.S. Census reports. The tract has a higher percentage of Black population or of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 100 has ranged from 24% in 1990 to 28% in 2015 and it was 43% in 2000. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

32% (29) of children under 5 were below poverty in tract 100 in 2015. 45% (207) of children 5 to 17 were below poverty in tract 100 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas

PMSA/Metro Division at times from 1990 to 2015.

Crime

One of the LIHTC projects, The Pegasus in tract 100 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 100 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 81.63 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

One of the LIHTC projects is in Zip Code 75247 which has a significantly higher incidence of 2015 citations for illegal dumping (17.49 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Two of these projects are in Zip Code 75235 which has a higher incidence of 2015 citations for illegal dumping (2.70 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75247 at a 2017 yearly rate that was nearly 200 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75235 at a 2017 yearly rate that was 3.7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 100 (13.9) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 100 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC projects in this census tract is 94% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 10, on its School Proficiency Index.

Other low income assisted rental housing

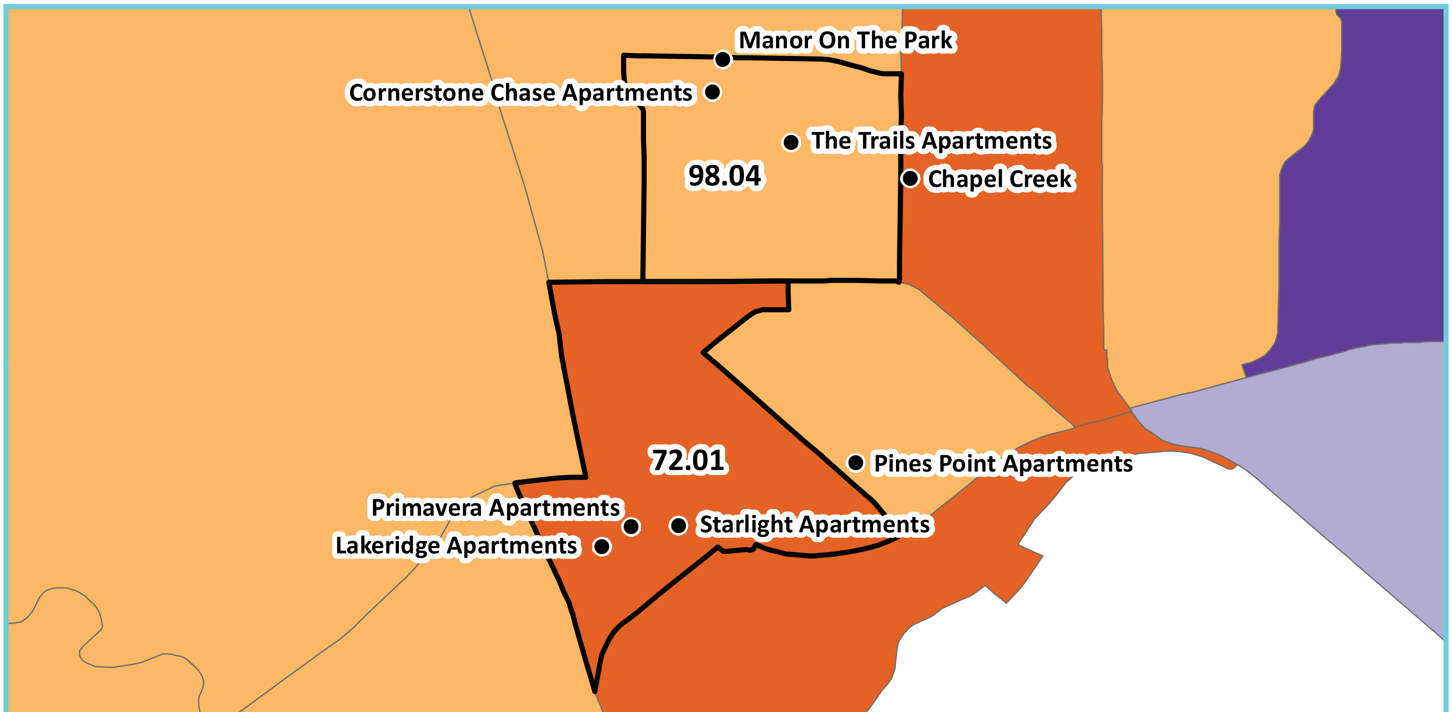
There are 507 total LIHTC assisted units in the census tract.

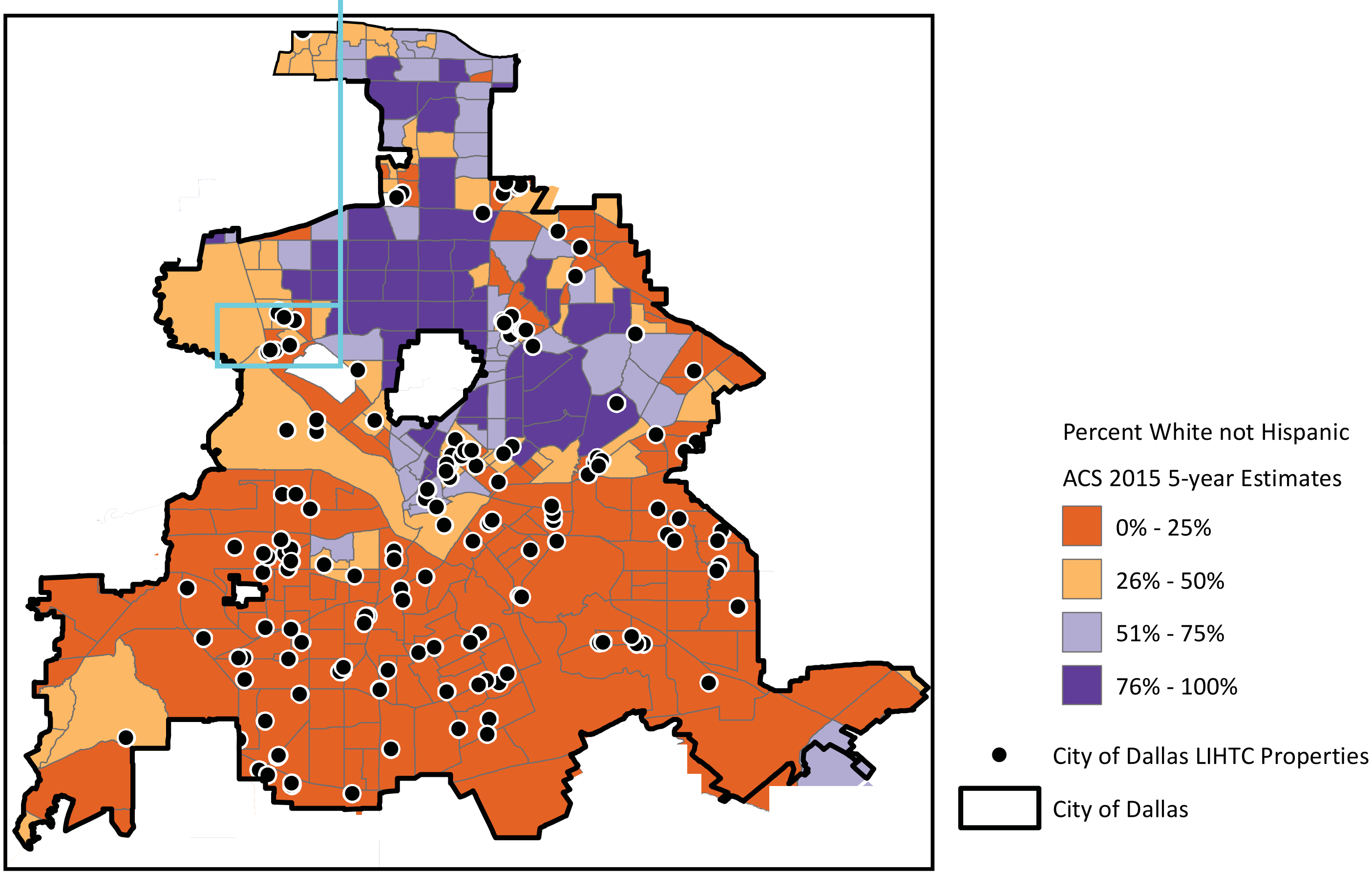
The number of housing vouchers in tract 100 has increased from 6 in 2000 to 174 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the one general LIHTC project and the other general/elderly LIHTC project are and have been 90% or more occupied by Black and Hispanic tenants. The units at the elderly LIHTC project, the Pegasus, are and have been occupied by a majority non-Black and non-Hispanic tenant population.

98.04, 72.01

City of Dallas Neighborhoods and LIHTCs
Census Tracts 98.04 and 72.01





Census tracts 98.04 and 72.01 in the City of Dallas.

There are six LIHTC projects in these two census tracts.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Manor On The Park (Stone Manor Apartments)		98.04	1990	108
Cornerstone Chase Apartments		98.04	1992	165
The Trails Apartments (Spanish Creek Apartments)		98.04	1993	302
Lakeridge Apartments		72.01	1991	66
Starlight Apartments (Cornerstone Apartments Phase II)		72.01	1992	71
Primavera Apartments (Cornerstone Apartments Phase I)		72.01	1993	137

Race

Tract 98.04 was predominantly Black and Hispanic in the 1990 U.S. Census Report and predominantly Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 72.01 was majority Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 98.04 has ranged from 17% in 1990 to 39% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 72.01 has ranged from 26% in 1990 to 30% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 98.04 have increased since 1990.

57% (467) of children under 5 were below poverty in tract 98.04 in 2015. 54% (1,130) of children 5 to 17 were below poverty in tract 98.04 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 72.01 have increased since 1990.

45% (382) of children under 5 were below poverty in tract 72.01 in 2015. 39% (747) of children 5 to 17 were below poverty in tract 72.01 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All six LIHTC projects in tracts 98.04 and 72.01 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 98.04 and 72.01 are consistently unsafe as measured by the Violent Crime Index. Tract 98.04 ranks 89.5 on the scale of 0 being the most safe and 100 being the least safe. Tract 72.01 ranks 84.24.

Illegal Dumping citations

These projects are in Zip Code 75220 which does not have a higher incidence of 2015 citations for illegal dumping (1.55 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75220 at a 2017 yearly rate that was 2.8 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9.

These LIHTC projects are not located in Southern Dallas. The rate of loose and roaming dog cases per 1,000 persons in tract 98.04 (1.2) does not exceed the rate in majority White non-Hispanic census tracts (4.6). The rate of loose and roaming dog cases per 1,000 persons in tract 72.01 (6.2) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Three of the LIHTC projects are in a census tract (72.01) with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 98.04 and tract 72.01 are economically distressed areas according to the U.S.

Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Both census tracts have Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 72.01 is 90% or greater economically disadvantaged Hispanic students.

Other low income assisted rental housing

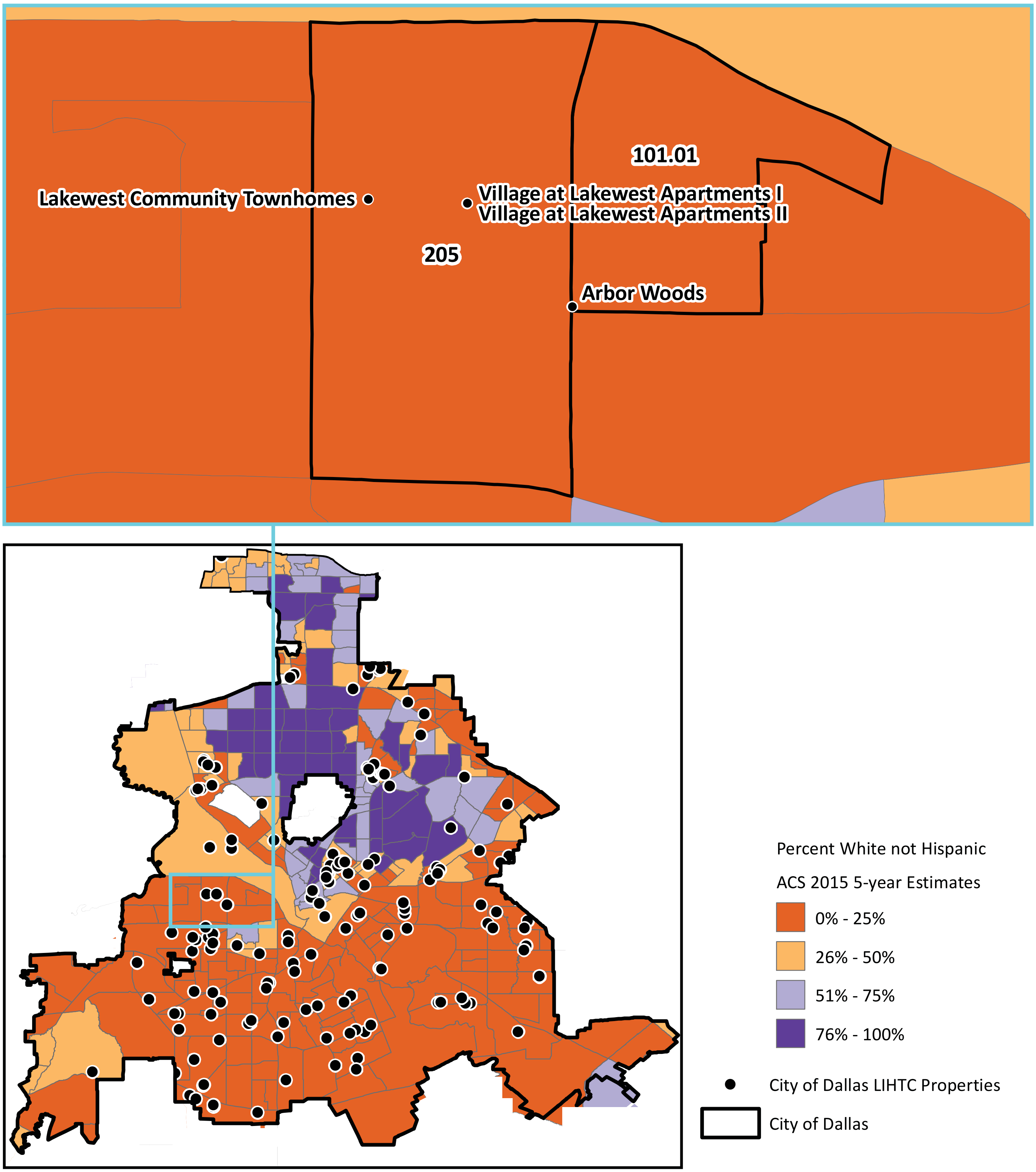
There are 849 total LIHTC assisted units in the census tracts.

The number of housing vouchers in tract 98.04 has ranged from 45 in 2000 to 13 in 2016. The number of housing vouchers in tract 72.01 has ranged from 57 in 2000 to 17 in 2016. Some of the vouchers are in the LIHTC projects.

The units at the six LIHTC projects are and have been occupied by 90% or more by Hispanic tenants.

West Dallas

City of Dallas Neighborhoods and LIHTCs
West Dallas



West Dallas area, census tracts 101.01 and 205 in the City of Dallas.

There are four LIHTC projects in these two adjoining census tracts. Two, non-elderly projects, are National Bank investments. Lakewest Community Townhomes is also a public housing project.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Arbor Woods (Rosemont at Lakewest	Yes	101.01	2003	151
Lakewest Community Townhomes (Lakeview Townhomes)	Yes	205	2000	152
Village at Lakewest Apartments I		205	2008	180
Village at Lakewest Apartments II		205	2008	180

Race

Tract 101.01 was majority Black in the 1990 and 2000 U.S. Census. Tract 101.01 was a majority Minority (Black and Hispanic) in the 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 205 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 101.01 has ranged from 44% in 1990 to 32% in 2015.

The poverty rate for tract 205 has ranged from 68% in 1990 to 57% in 2015.

The poverty rates for both tracts generally exceed the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

53% (267) of children under 5 were below poverty in tract 101.01 in 2015. 30% (269) of children 5 to 17 were below poverty in tract 101.01 in 2015. The childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

76% (322) of children under 5 were below poverty in tract 205 in 2015. 67% (994) of children 5 to 17 were below poverty in tract 205 in 2015. The childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 101.01 and 205 are consistently unsafe as measured by the Violent Crime Index. Both tracts rank 88 or higher on the scale of 0 being the most safe and 100 being the least safe. Tract 205 has a rank of 97.

Illegal Dumping citations

These projects are in Zip Code 75212 which has a significantly higher incidence of 2015 citations for illegal dumping (17.24 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races move to Zip Code 75212 at yearly rates that are 9 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 101.01 (43.3) and in tract 205 (25.1) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All four LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 101.01and tract 205 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 101.01 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans in census tract 205 per owner occupied units are consistently few. There were 5 loans in 2000, 0 loans in 2010 and 10 loans in 2015.

The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 205 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index, except for Arbor Woods.

Other low income assisted rental housing

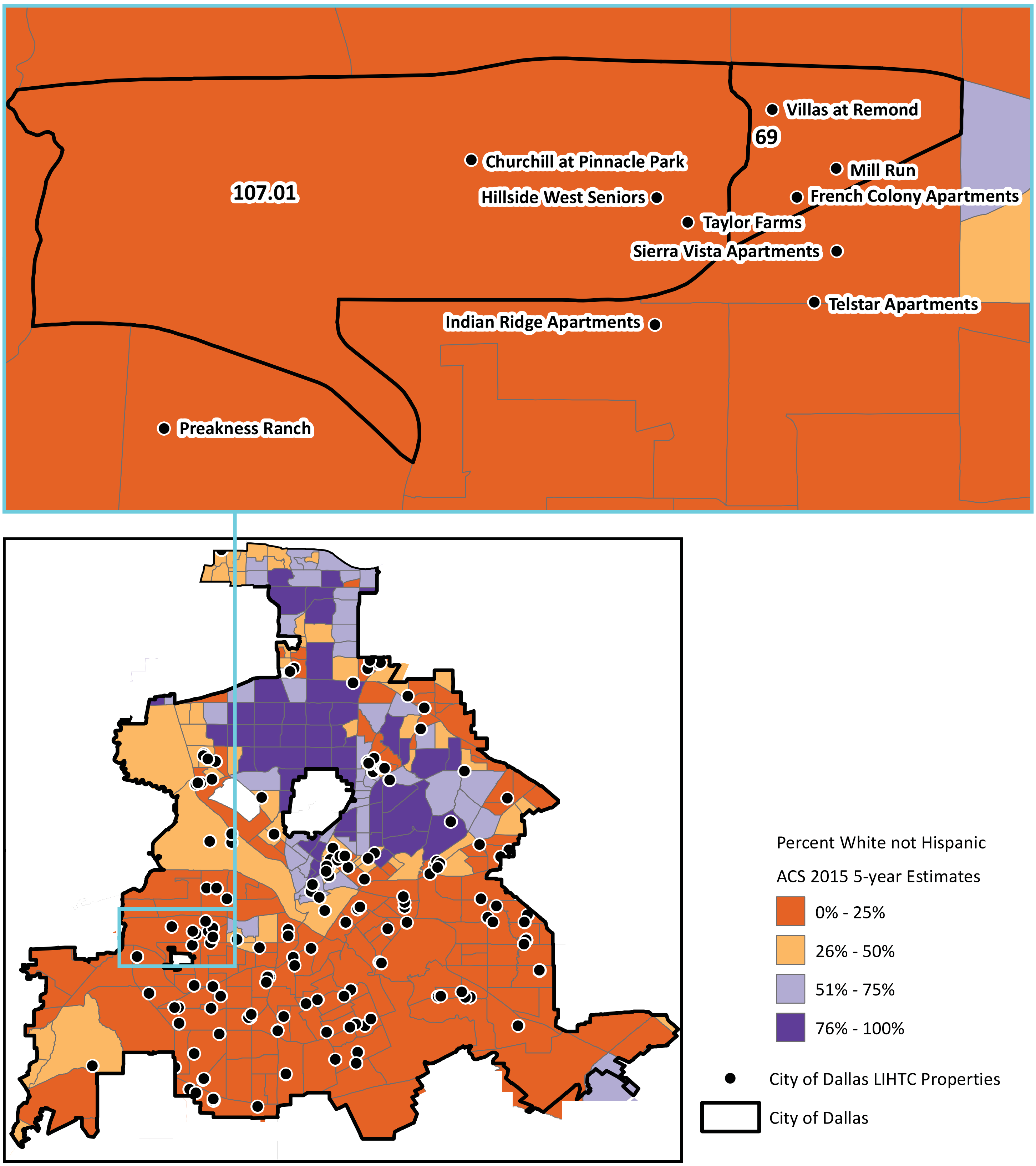
There are four other public housing projects in census tract 205. There is a HUD assisted rental project in census tract 205. There are 1,351 total LIHTC, public housing, and HUD assisted units in the census tracts.

The number of housing vouchers in both tracts combined has increased from 10 in 2000 to 406 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the LIHTC projects are and have been predominantly occupied by Black tenants.

107.01, 69

City of Dallas Neighborhoods and LIHTCs
Census Tracts 107.01 and 69



Census tracts 107.01 and 69 in the City of Dallas.

There are five LIHTC projects in these two census tracts. Two of the five are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Churchill at Pinnacle Park		107.01	2004	200
Taylor Farms	Yes	107.01	2009	160
Mill Run		69	1991	112
Villas at Remond		69	1998	131
Hillside West Apartments	Yes	107.01	2010	130

Race

Tract 107.01 was majority Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 69 was predominantly Black and Hispanic in the 1990 U.S. Census report and predominantly Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 107.01 has ranged from 22% in 1990 to 29% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 69 has ranged from 32% in 1990 to 53% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 107.01 have increased since 1990.

68% (349) of children under 5 were below poverty in tract 107.01 in 2015. 40% (445) of children 5 to 17 were below poverty in tract 107.01 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 69 have increased since 1990.

73% (310) of children under 5 were below poverty in tract 69 in 2015. 72% (534) of children 5 to 17 were below poverty in tract 69 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

One LIHTC project, Churchill at Pinnacle Park, in tract 107.01 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area another one is located immediately adjacent to a Crime Hot Spot.

All of the LIHTC projects in tract 69 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 107.01 and 69 are consistently unsafe as measured by the Violent

Crime Index. Tract 107.01 ranks 85.61 and tract 69 ranks 97.30 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75211 which has a higher incidence of 2015 citations for illegal dumping (3.3 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75211 at a 2017 yearly rate that was 4 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 107.01 (36.4) and in tract 69 (15.9) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All five LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 107.01 and tract 69 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Both census tracts have Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 87% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving census tract 69 at a low level, 3, on its School Proficiency Index and ranks the elementary school serving 107.01 at a low level, 18.

Other low income assisted rental housing

There are two non-LIHTC HUD assisted rental projects and one public housing project in the two census tracts. There are 1,045 total LIHTC, HUD assisted, and public housing units in the census tracts.

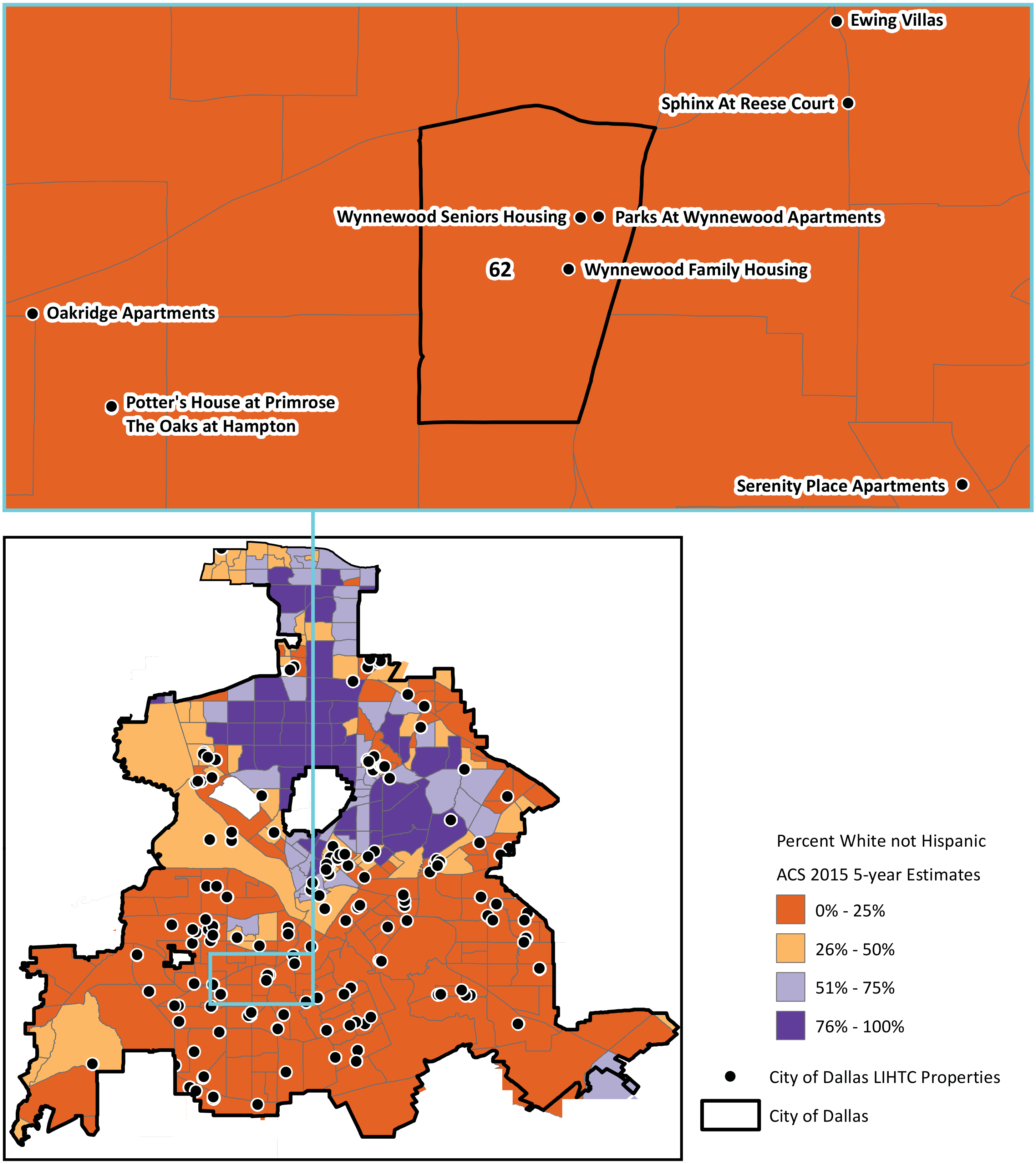
The number of housing vouchers in tract 107.01 has increased from 0 in 2000 to 95 in 2016. The number of housing vouchers in tract 69 has increased from 37 in 2000 to 76 in 2016.

Many of the vouchers are in the LIHTC projects.

The units at Villas at Remond LIHTC project are and have been predominantly occupied by Black tenants. The units at the Taylor Farms, Churchill at Pinnacle Place, and Mill Run LIHTC projects are and have been occupied by a majority Hispanic tenant population. The units at Hillside West Seniors LIHTC project are predominantly occupied by a combined Black and Hispanic tenant population.

62

City of Dallas Neighborhoods and LIHTCs
Census Tract 62



Percent White not Hispanic

ACS 2015 5-year Estimates

0% - 25%

26% - 50%

51% - 75%

76% - 100%

City of Dallas LIHTC Properties

City of Dallas

Census tract 62 in the City of Dallas.

There are three LIHTC projects in this census tract. All three are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Parks At Wynnewood Apartments, The	Yes	62	1995	172
Wynnewood Seniors Housing	Yes	62	2010	140
HighPoint Family Living (Wynnewood Family Housing)	Yes	62	2013	160

Race

Tract 62 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 62 has ranged from 20% in 1990 to 34% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 62 have increased since 1990. 49% (266) of children under 5 were below poverty in tract 62 in 2015. 43% (753) of children 5 to 17 were below poverty in tract 62 in 2015. The childhood poverty rates over time have generally exceed the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 62 as consistently unsafe as measured by the Violent Crime Index. Tract 62 ranks 87.53 or higher on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75224 which has a higher incidence of 2015 citations for illegal dumping (4.96 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75224 at a 2017 yearly rate that was 6 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 62 (29.3) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress

Index

Tract 62 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 62 per owner occupied units is lower than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the census tract is 90% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at low levels on its School Proficiency Index.

Other low income assisted rental housing

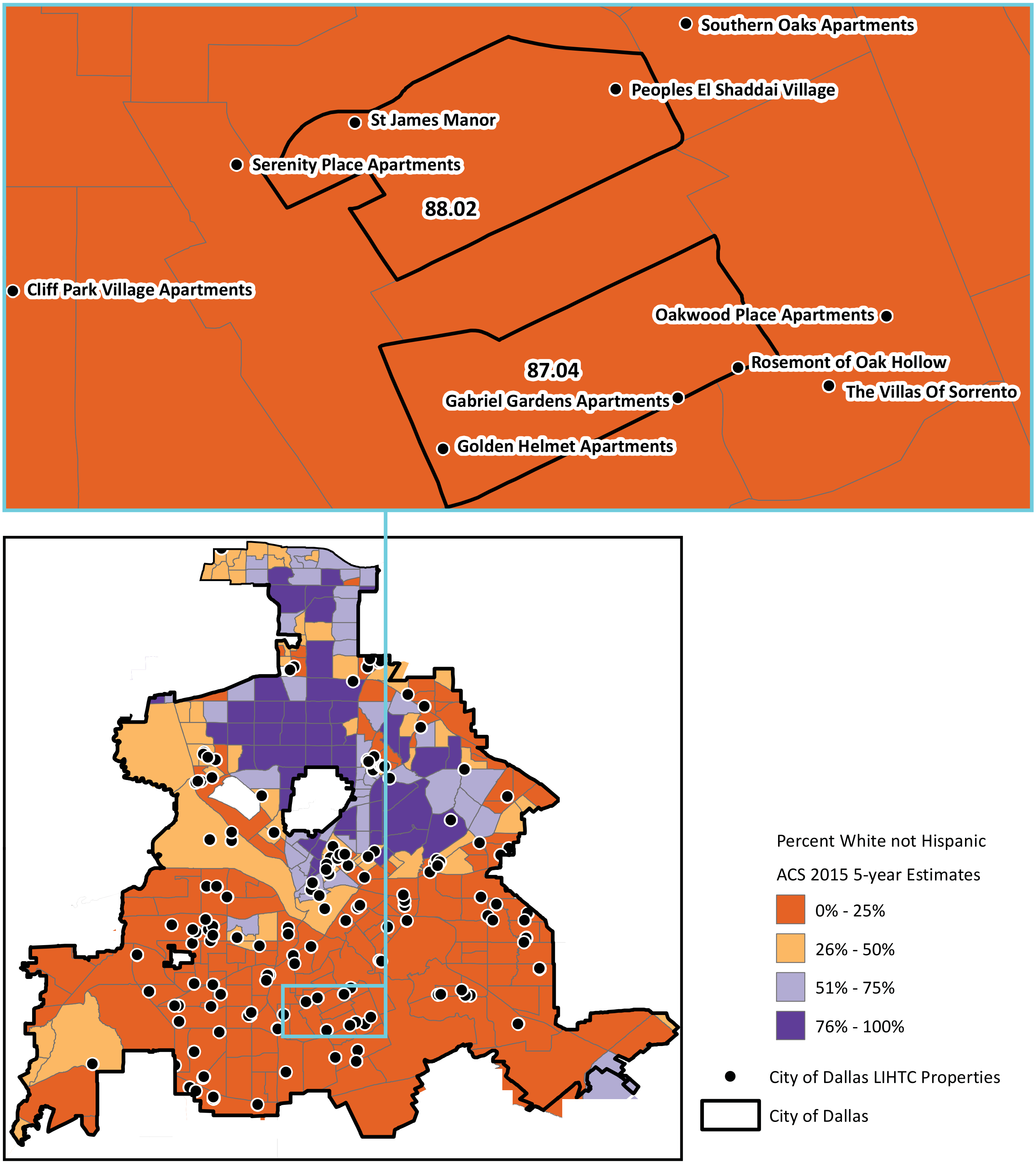
There is a discrepancy in the total number of LIHTC projects in the census tract. There is a total of 596 LIHTC assisted units in the census tract according to the TDHCA 2015 Housing Sponsor Report. The TDHCA inventory states that there are 472 LIHTC units in these three projects. One of the LIHTC projects is also a HUD assisted project.

The number of housing vouchers in tract 62 has ranged from 145 in 2000 to 109 in 2016. There were an additional 88 project based vouchers in tract 62. Many of the vouchers are in the LIHTC projects. For example, TDHCA's 2015 Housing Sponsor Report Parks at Wynnewood shows 213 units with government assistance including Section 8 vouchers.

The units at the LIHTC projects for which TDHCA has reported data are and have been 87% or more occupied by Black tenants.

87.04, 88.02

City of Dallas Neighborhoods and LIHTCs
Census Tracts 87.04 and 88.02



Census tracts 87.04 and 88.02 in the City of Dallas.

There are three LIHTC projects in these two census tracts. All three of the LIHTC projects are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory and HUD lihtc 8 11 2017)	Units
Rosemont of Oak Hollow	Yes	87.04	2001	153
Peoples El Shaddai Village	Yes	88.02	1987, 2016	100
Saint James Manor	Yes	88.02	1987, 2016	100

Race

Tract 87.04 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 88.02 was predominantly Black in the 1990, 2000, 2010 U.S. Census reports, and predominantly Black and Hispanic in the 2015 U.S. Census report. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 87.04 has ranged from 39% in 1990 to 40% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 88.02 has ranged from 35% in 1990 to 52% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 87.04 have remained high since 1990. 48% (121) of children under 5 were below poverty in tract 87.04 in 2015. 45% (273) of children 5 to 17 were below poverty in tract 87.04 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 88.02 have increased since 1990. 58% (294) of children under 5 were below poverty in tract 88.02 in 2015. 65% (981) of children 5 to 17 were below poverty in tract 88.02 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All three LIHTC projects in tract 87.04 and tract 88.02 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 87.04 and 88.02 are consistently unsafe as measured by the Violent Crime Index. Tract 87.04 ranks 99.28 on the scale of 0 being the most safe and 100 being the least safe. Tract 88.02 ranks 96.75.

Illegal Dumping citations

These projects are in Zip Code 75216 which has a significantly higher incidence of 2015 citations for illegal dumping (11.95 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75216 at a 2017 yearly rate that was 19 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 87.04 (46.4) and in tract 88.02 (44.2) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

None of the LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 87.04 and tract 88.02 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's

Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 87.04 has Adequate Access to a supermarket or large grocery store.

Census tract 88.02 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 87% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index.

Other low income assisted rental housing

There is one non-LIHTC HUD assisted rental projects in the two census tracts. There are 501 total LIHTC and HUD assisted units in the census tracts.

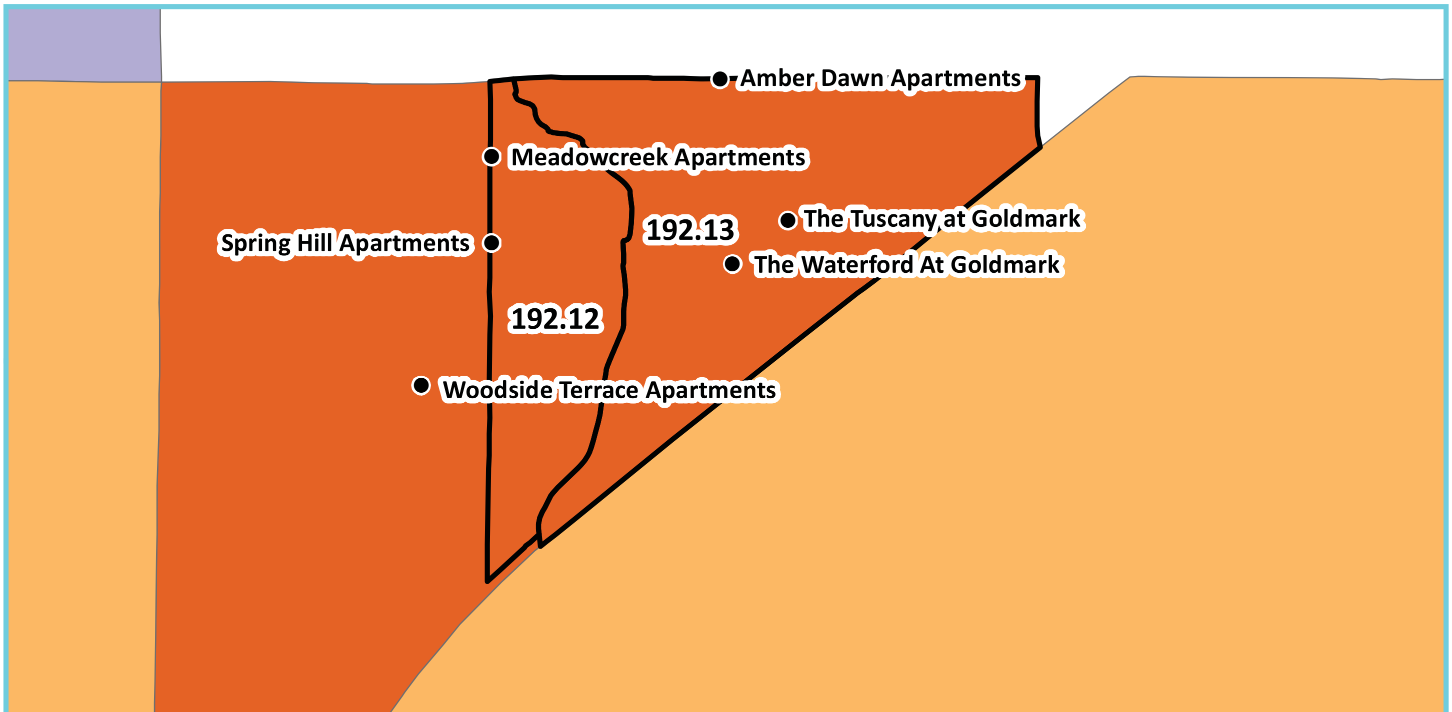
The number of housing vouchers in tract 87.04 has increased from 87 in 2000 to 174 in 2016. Many of the vouchers are in the LIHTC project in this tract.

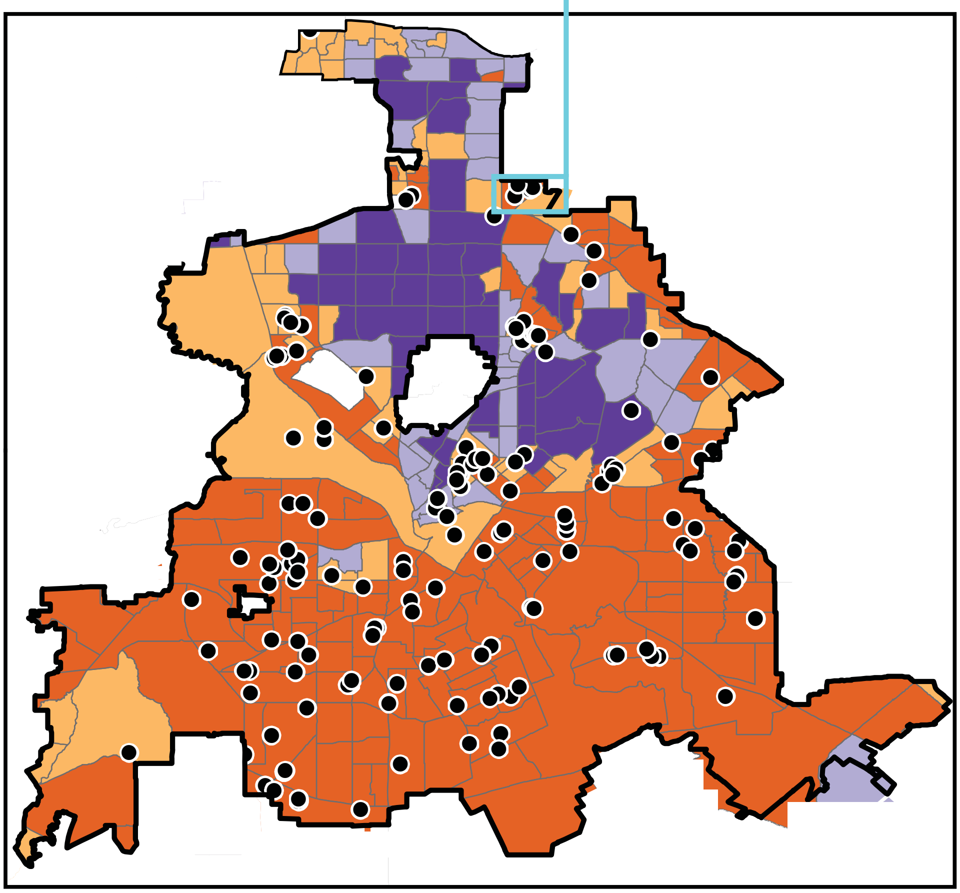
The number of housing vouchers in tract 88.02 has ranged from 105 in 2000 to 50 in 2016. There were an additional 193 project based vouchers in tract 88.02. Many of the project based vouchers are in the two LIHTC projects in this tract.

The units at the LIHTC project in census tract 87.04 are and have been 90% or more occupied by Black tenants. There is no occupancy data reported for Peoples EL Shaddai or Saint James Manor LIHTC projects.

192.12, 192.13

City of Dallas Neighborhoods and LIHTCs
Census Tracts 192.12 and 192.13





Percent White not Hispanic

ACS 2015 5-year Estimates

0% - 25%

26% - 50%

51% - 75%

76% - 100%

City of Dallas LIHTC Properties

City of Dallas

Census tracts 192.12 and 192.13 in the City of Dallas.

There are four LIHTC projects in these two census tracts. None of the four are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Spring Hill Apartments (The Thread Apartments)		192.12	1990	248
Amber Dawn Apartments (fka Amber Tree)		192.13	1993	157
The Waterford At Goldmark		192.13	1995	220
The Tuscany at Goldmark		192.13	1997	184

Race

Tract 192.12 was majority Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 192.13 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 192.12 has ranged from 20% in 1990 to 52% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 78.18 has ranged from 21% in 1990 to 51% in 2010 to 48% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

46% (220) of children under 5 were below poverty in tract 192.12 in 2015. 78% (1162) of children 5 to 17 were below poverty in tract 192.12 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

57% (154) of children under 5 were below poverty in tract 192.13 in 2015. 81% (472) of children 5 to 17 were below poverty in tract 192.13 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

Both tracts are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 192.12 and 192.13 are increasingly unsafe as measured by the Violent Crime Index. Tract 192.12 has a current rank of 89 and tract 192.13 has a current rank of 90 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75240 which has a lower incidence of 2015 citations for illegal dumping (0.90 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75231 at a 2017 yearly rate that was three times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. Neither tract is in Southern Dallas.

Industrial zoning

Neither census tract has areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 192.12 and tract 192.13 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated both tracts as level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 192.13 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period. Tract 192.12 is not included in the HMDA data.

Food Deserts

Both census tracts have Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving each census tract is 97% or greater economically disadvantaged Hispanic students. .

Other low income assisted rental housing

There are no non-LIHTC HUD assisted rental projects in the two census tracts for which ICP could find data. There were 809 total LIHTC assisted units in the census tracts.

There were 7 housing vouchers in tract 192.12.

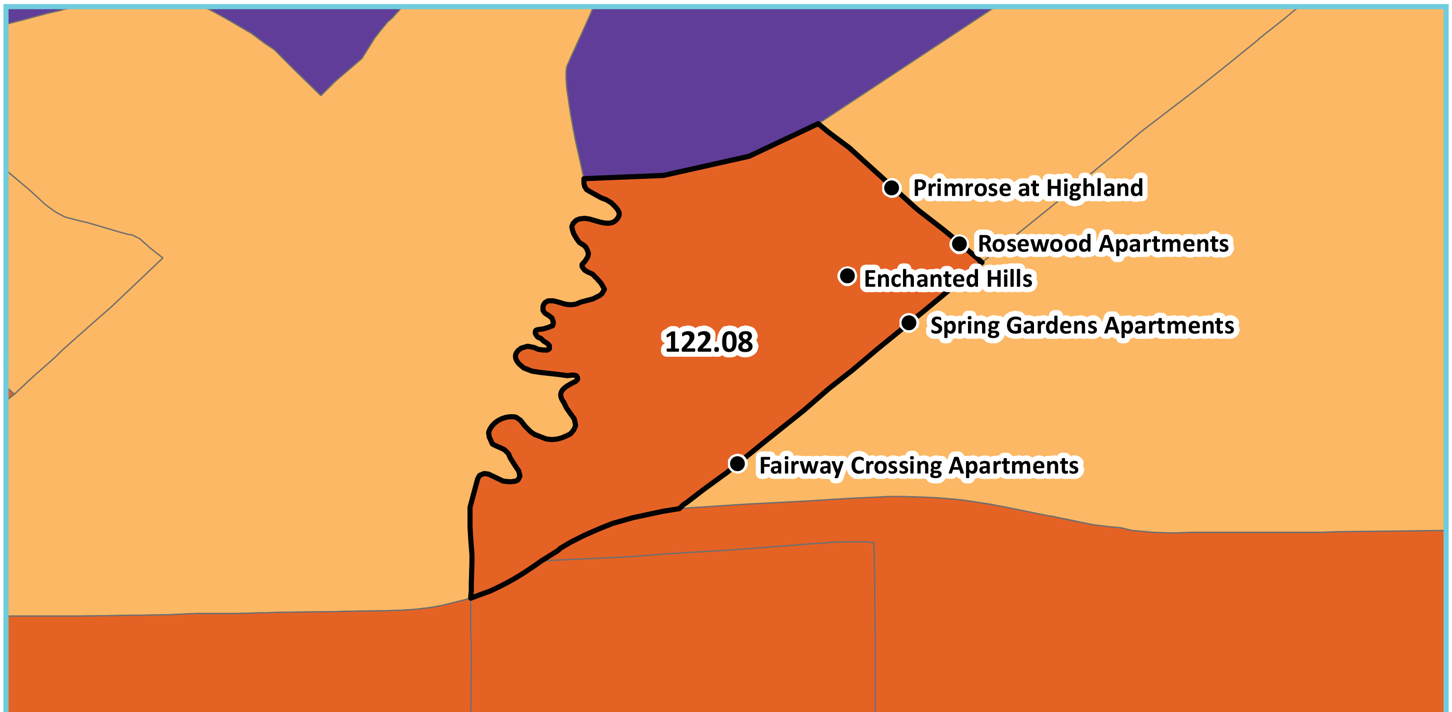
The number of housing vouchers in tract 192.13 has increased from 206 in the 2000 predecessor tract 192.09 to 242 in tract 192.13 in 2016.

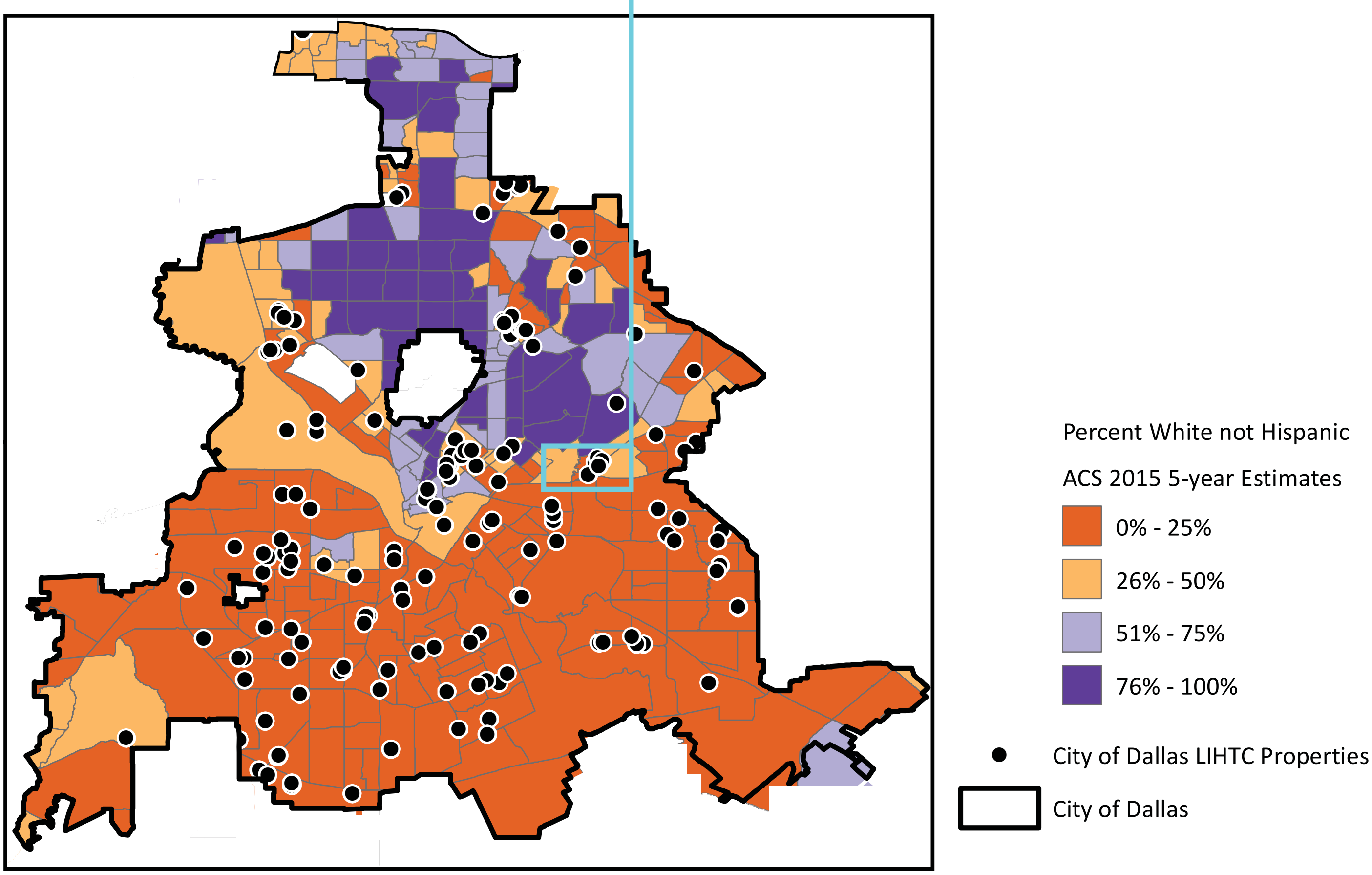
Many of the vouchers are located in the LIHTC projects.

The units at two of the LIHTC projects are and have been 90% or more occupied by Black or Hispanic tenants.

122.08

City of Dallas Neighborhoods and LIHTCs
Census Tract 122.08





Census tract 122.08 in the City of Dallas.

There are three LIHTC projects in this census tract. Two of the LIHTC projects are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Enchanted Hills	Yes	122.08	1995	229
Primrose at Highland (Primrose at Highland Meadows)		122.08	2004	150
Fairway Crossing Apartments (White Rock Hills Townhomes)	Yes	122.08	2007	310

Race

Tract 122.08 was majority Black in the 1990 U.S. Census report and predominantly Hispanic and Black in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Hispanic and Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 122.08 has ranged from 26% in 1990 to 43% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 122.08 have increased since 1990. 71% (252) of children under 5 were below poverty in tract 122.08 in 2015. 63% (439) of children 5 to 17 were below poverty in tract 122.08 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All three LIHTC projects in tract 122.08 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 122.08 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 97.15 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75228 which has a higher incidence of 2015 citations for illegal dumping (2.31 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75228 at a 2017 yearly rate that was 5.5 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9.

This tract is not in Southern Dallas. The rate of loose and roaming dog cases per 1,000 persons in tract 122.08 (6.1) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 122.08 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in the census tract per owner occupied units are consistently low and have declined to zero since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the census tract is 89% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 2, on its School Proficiency Index.

Other low income assisted rental housing

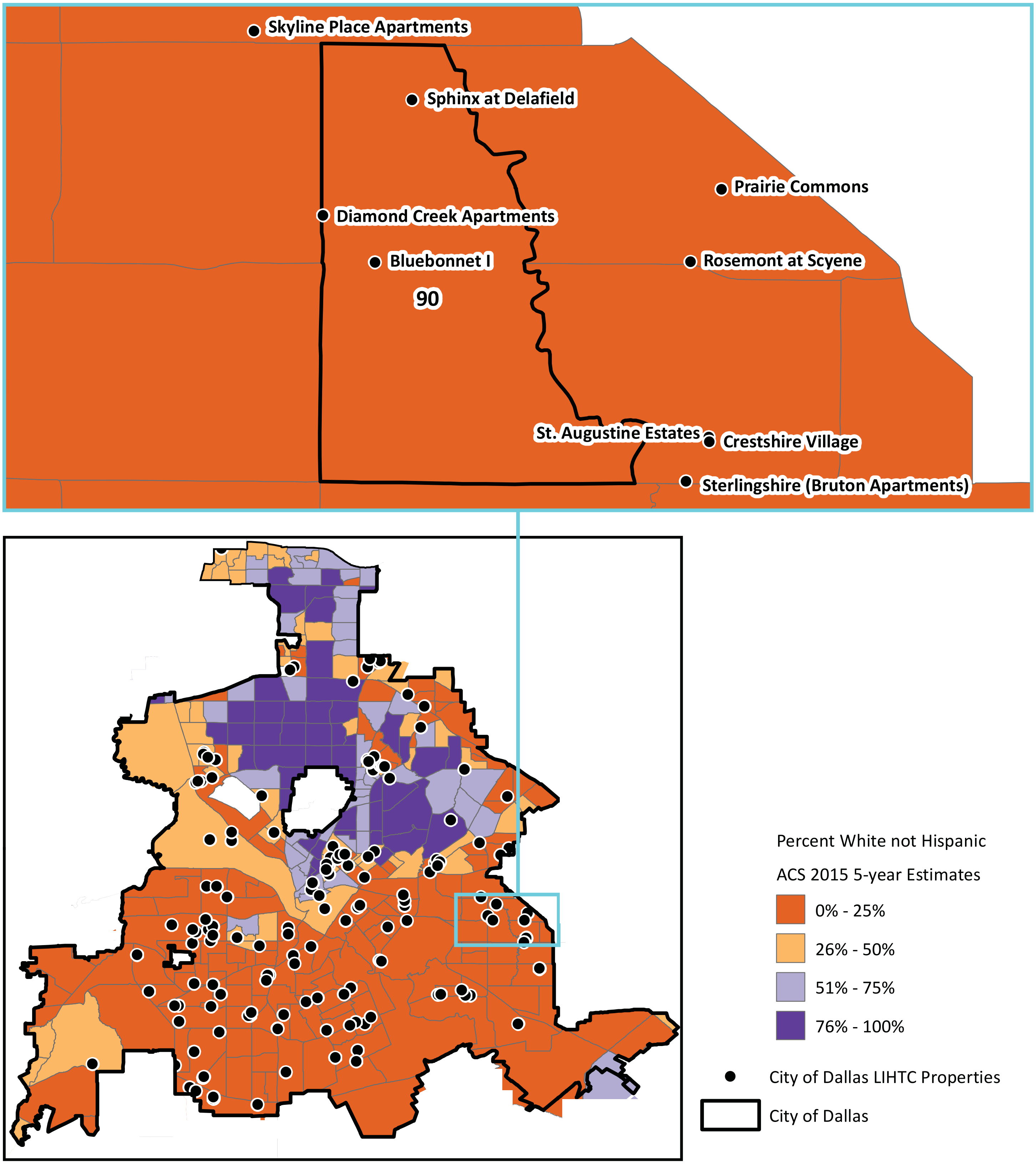
There are 689 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 122.08 has increased from 31 in 2000 to 234 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the Enchanted Hills LIHTC project are and have been 90% or more occupied by Hispanic tenants. The units at the Fairway Crossings Apartments and Primrose at Highland LIHTC projects are and have occupied by a majority of Black tenants.

90

City of Dallas Neighborhoods and LIHTCs
Census Tract 90



Census tract 90 in the City of Dallas.

There are two LIHTC projects in this census tract. One of the two is a National Bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Diamond Creek Apartments (fka Skyline Apartments) (Bella Vista Creek Apartments)		90	1992	272
Sphinx at Delafield (Delafield Villas)	Yes	90	2004	204

Race

Tract 90 was predominantly white non-Hispanic in the 1990 U.S. Census report. Tract 90 was predominantly Black and Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 90 has ranged from 19% in 1990 to 34% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 90 have increased since 1990. 45% (536) of children under 5 were below poverty in tract 90 in 2015. 46% (950) of children 5 to 17 were below poverty in tract 90 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

One of the LIHTC projects, Diamond Creek Apartments (Bella Vista Creek Apartments), in tract 90 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 90 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 86.47 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75227 which has a higher incidence of 2015 citations for illegal dumping (6.19 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75227 at a 2017 yearly rate that was 6.6 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 90 (34.6) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Both LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 90 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated this tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC projects in this census tract is 93% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 14, on its School Proficiency Index.

Other low income assisted rental housing

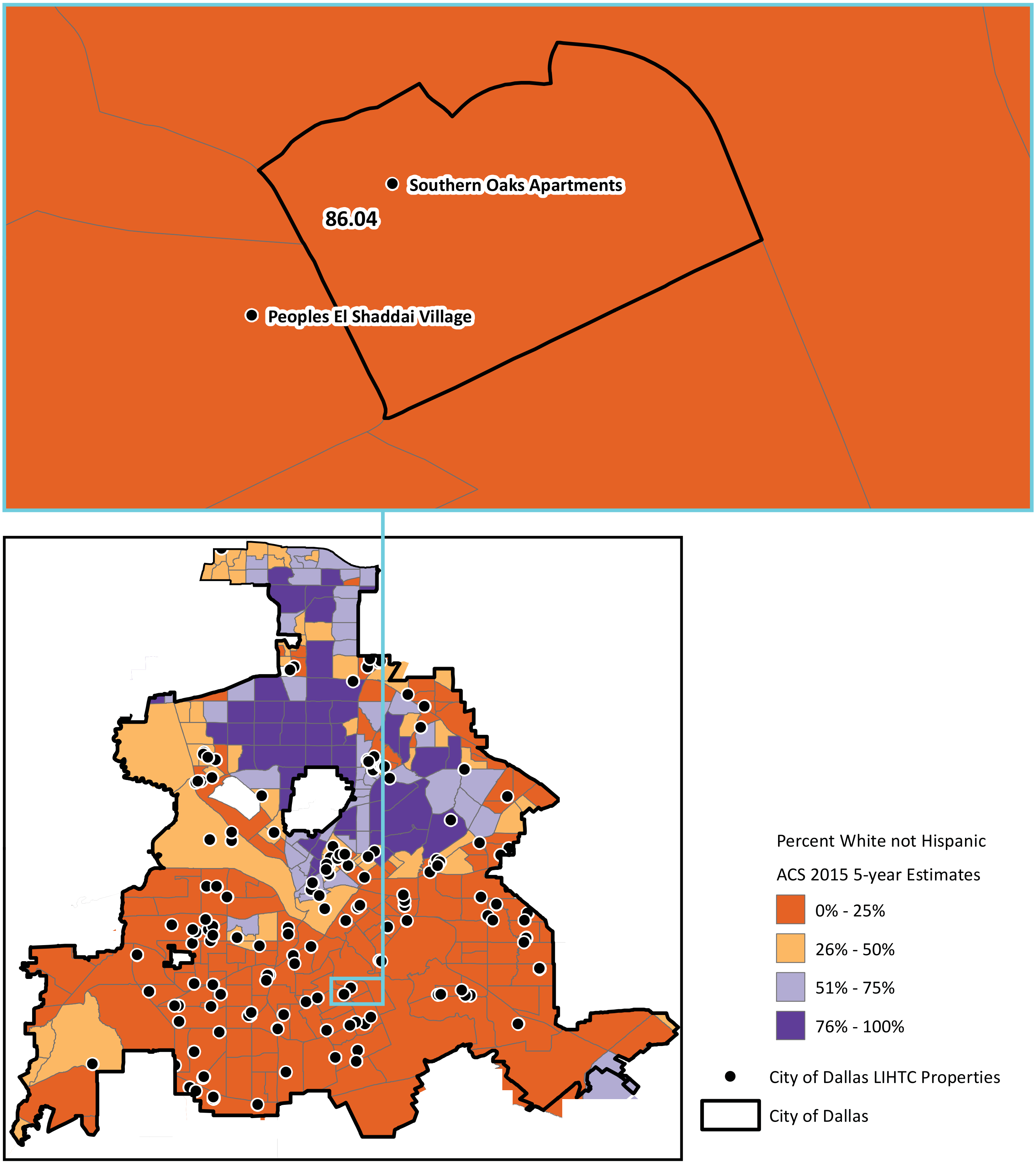
There are 476 total LIHTC assisted units in the census tracts.

The number of housing vouchers in tract 90 has increased from 88 in 2000 to 146 in 2016. There were an additional 105 project based vouchers in tract 90. Many of the vouchers are in the LIHTC projects.

The units at the Sphinx at Delafield LIHTC project are and have been 89% or more occupied by Black tenants. The units at the Diamond Creek Apartments (Bella Vista Creek Apartments) LIHTC project are and have been 90% or more occupied by a combined Black tenant and Hispanic tenant population.

86.04

City of Dallas Neighborhoods and LIHTCs
Census Tracts 86.04



Census tract 86.04 in the City of Dallas.

There is one LIHTC project in this census tract. The LIHTC project is a National Bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Southern Oaks Apartments (Rosemont at Cedar Crest)	yes	86.04	2002	256

Race

Tract 86.04 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 86.04 has ranged from 54% in 1990 to 53% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 86.04 have remained high since 1990.

68% (142) of children under 5 were below poverty in tract 86.04 in 2015. 63% (374) of children 5 to 17 were below poverty in tract 86.04 in 2015. The childhood poverty rates over time exceed the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 86.04 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 86.04 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 98.31 or higher on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These project is in Zip Code 75216 which has a significantly higher incidence of 2015 citations for illegal dumping (11.95 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75216 at a 2017 yearly rate that was 19 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 86.04 (45.2) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 86.04 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC project in this census tract is 89% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 32, on its School Proficiency Index.

Other low income assisted rental housing

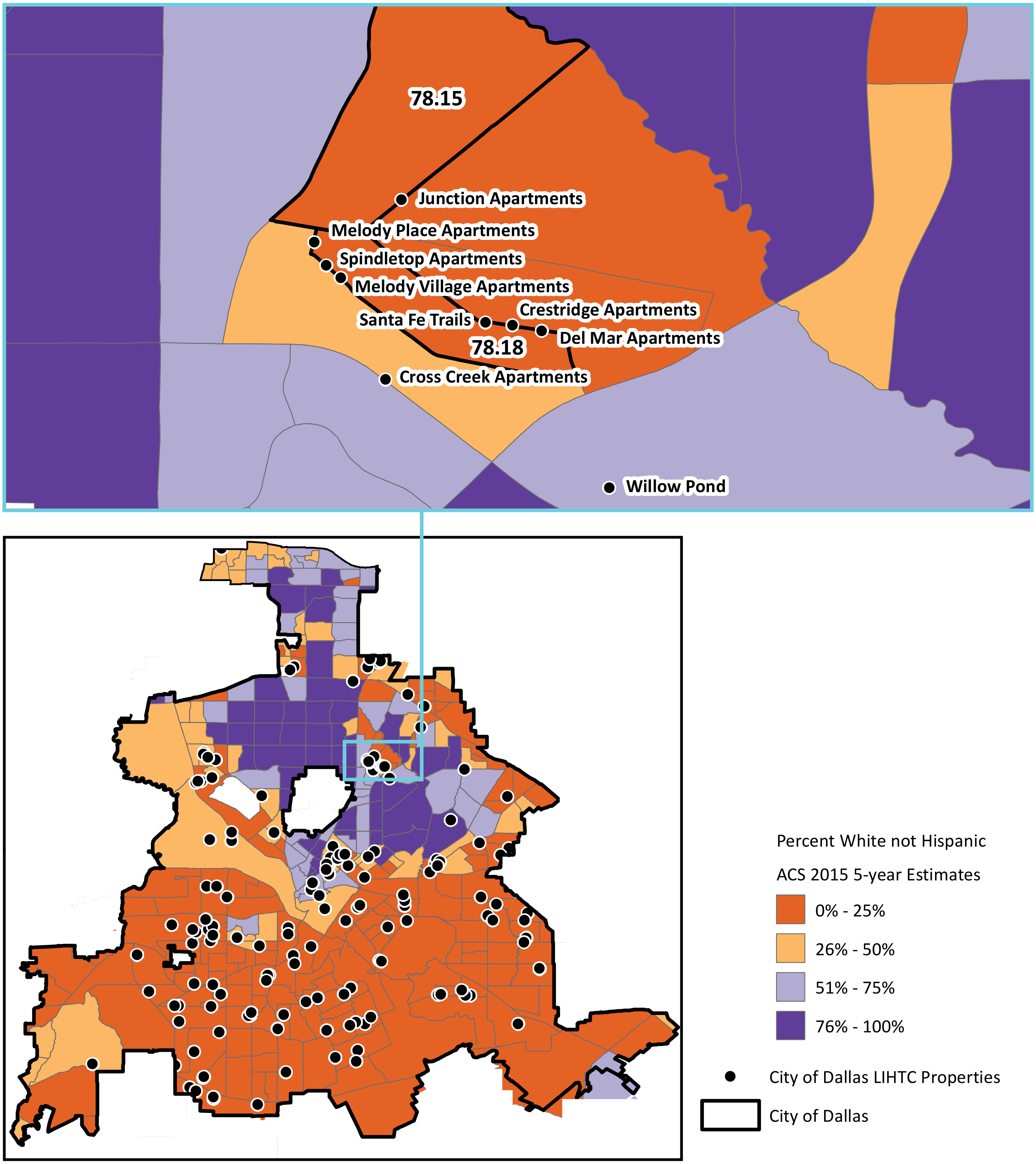
There are 256 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 86.04 has increased from 112 in 2000 to 197 in 2016. Many of the vouchers have been in the LIHTC project.

The units at the LIHTC project are and have been 90% or more occupied by Black tenants.

78.15, 78.18

City of Dallas Neighborhoods and LIHTCs
Census Tract 78.15 and 78.18



Census tracts 78.15 and 78.18 in the City of Dallas.

There were three LIHTC projects in these two census tracts. Two of the projects have been demolished, Junction Apartments and Market Apartments. Both were in census tract 78.15 which declined from 52% White in 1990 to 14% White non-Hispanic in 2015.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Junction Apartments		78.15	1990	208
Market Apartments		78.15	1990	131
Santa Fe Trails		78.18	1990	88

Race

Tract 78.15 was majority Black and Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 78.18 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 78.15 has ranged from 23% in 1990 to 58% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 78.18 has ranged from 20% in 1990 to 38% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates have been increasing over time. 56% (412) of children under 5 were below poverty in tract 78.15 in 2015. 87% (1013) of children 5 to 17 were below poverty in tract 78.15 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

52% (322) of children under 5 were below poverty in tract 78.18 in 2015. 66% (702) of children 5 to 17 were below poverty in tract 78.18 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 78.15 and 78.18 are increasingly unsafe as measured by the Violent Crime Index. Tract 78.15 has a current rank of 88 and tract 78.18 has a current rank of 86 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75231 which has a lower incidence of 2015 citations for illegal dumping (0.97 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75231 at a 2017 yearly rate that was 3 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 78.15 (6.5) exceeds the rate in majority White non-Hispanic census tracts (4.6). The rate of loose and roaming dog cases per 1,000 persons in tract 78.18 (3) does not exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Neither census tract has areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 78.15 and tract 78.18 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated both tracts a level 3 distress, the second highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Both census tracts have Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index.

Other low income assisted rental housing

There are no non-LIHTC HUD assisted rental projects in the two census tracts. There were 427 total LIHTC assisted units in the census tracts.

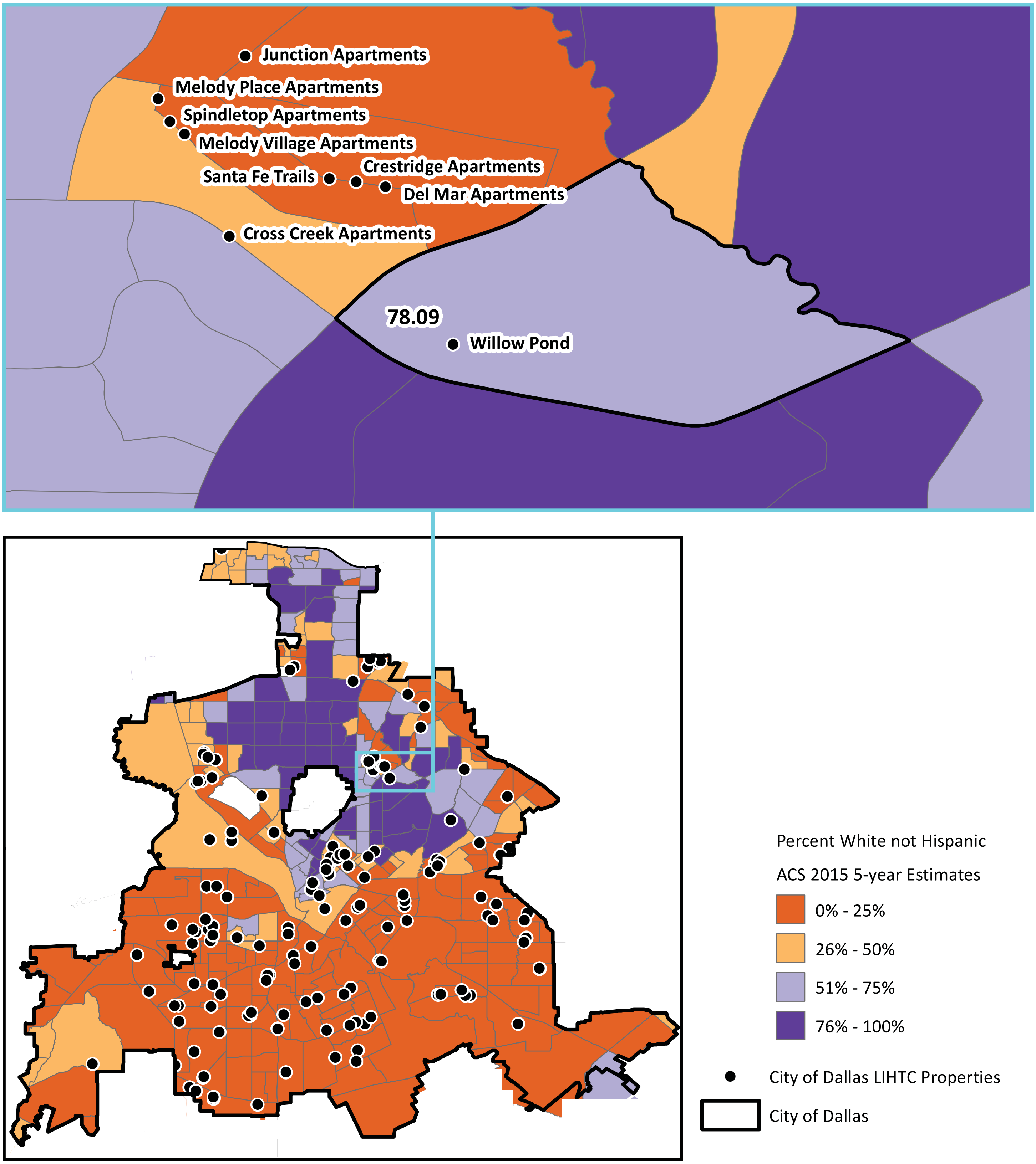
The number of housing vouchers in tract 78.15 has decreased from 51 in 2000 to 29 in 2016.

The number of housing vouchers in tract 78.18 has increased from 13 in 2000 to 52 in 2016.

The units at the LIHTC project are and have 90% or more occupied by a combined Black tenant and Hispanic tenant population.

78.09

City of Dallas Neighborhoods and LIHTCs
Census Tract 78.09



Census tract 78.09 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Willow Pond (fka Glen Hills) (The Hive)		78.09	1994	386

Race

Tract 78.09 was majority White in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of White population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 78.09 has ranged from 17% in 1990 to 15% in 2015. The poverty rates for the tract have generally not exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

11% (9) of children under 5 were below poverty in tract 78.09 in 2015. 17% (60) of children 5 to 17 were below poverty in tract 78.09 in 2015. Some of these childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division and some have not.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 78.09 has increased from 56.67 to 81.9 as measured by the Violent Crime Index. The scale has 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This project is in Zip Code 75231 which has a lower incidence of 2015 citations for illegal dumping (.97 per 1,000 persons) as the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and with less citations than the majority Minority Zip Codes in the City of Dallas (4.16).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75231 at a 2017 yearly rate that was 3 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9.

This LIHTC project is not in Southern Dallas. The rate of loose and roaming dog cases per 1,000 persons in tract 78.09 (4) is less than the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is not in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 78.09 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 3 distress, the second highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in the census tract per owner occupied units since 2000 is consistent with the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division during the same period.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC project in the census tract is 86% predominantly economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 6, on its School Proficiency Index.

Other low income assisted rental housing

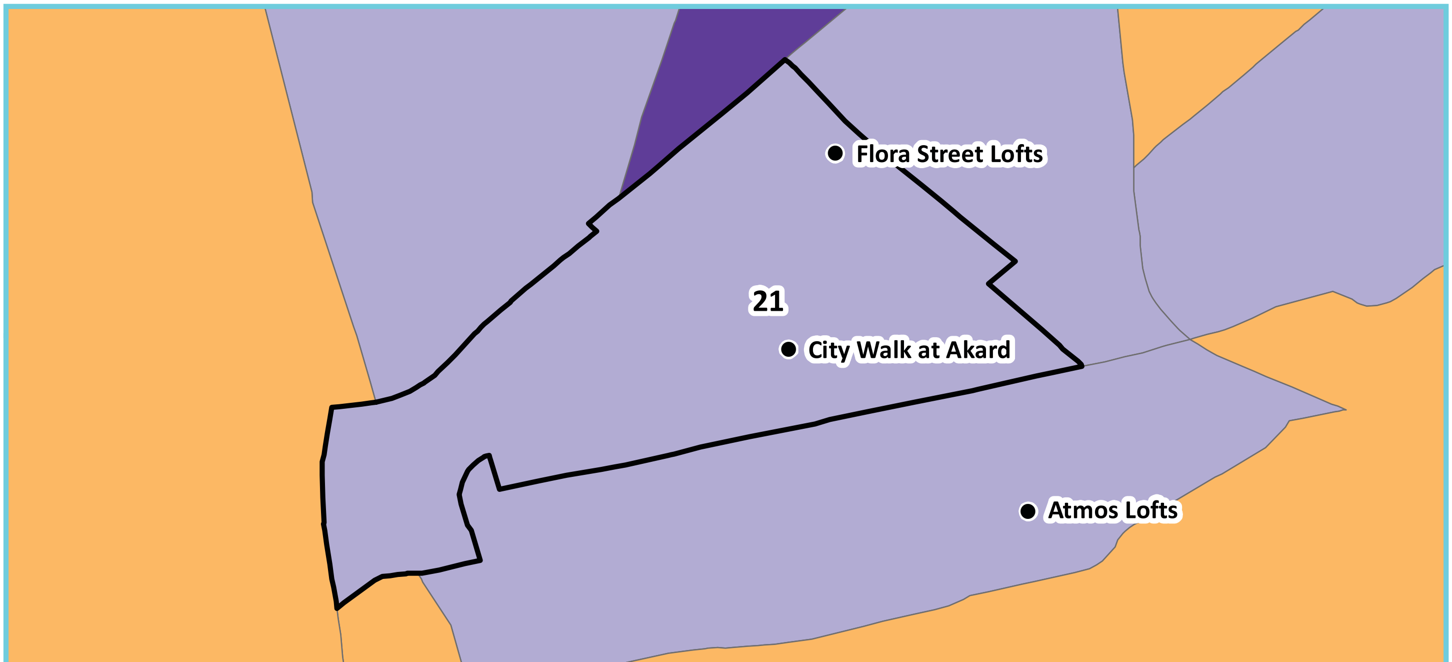
There are 386 total LIHTC assisted units in the census tract.

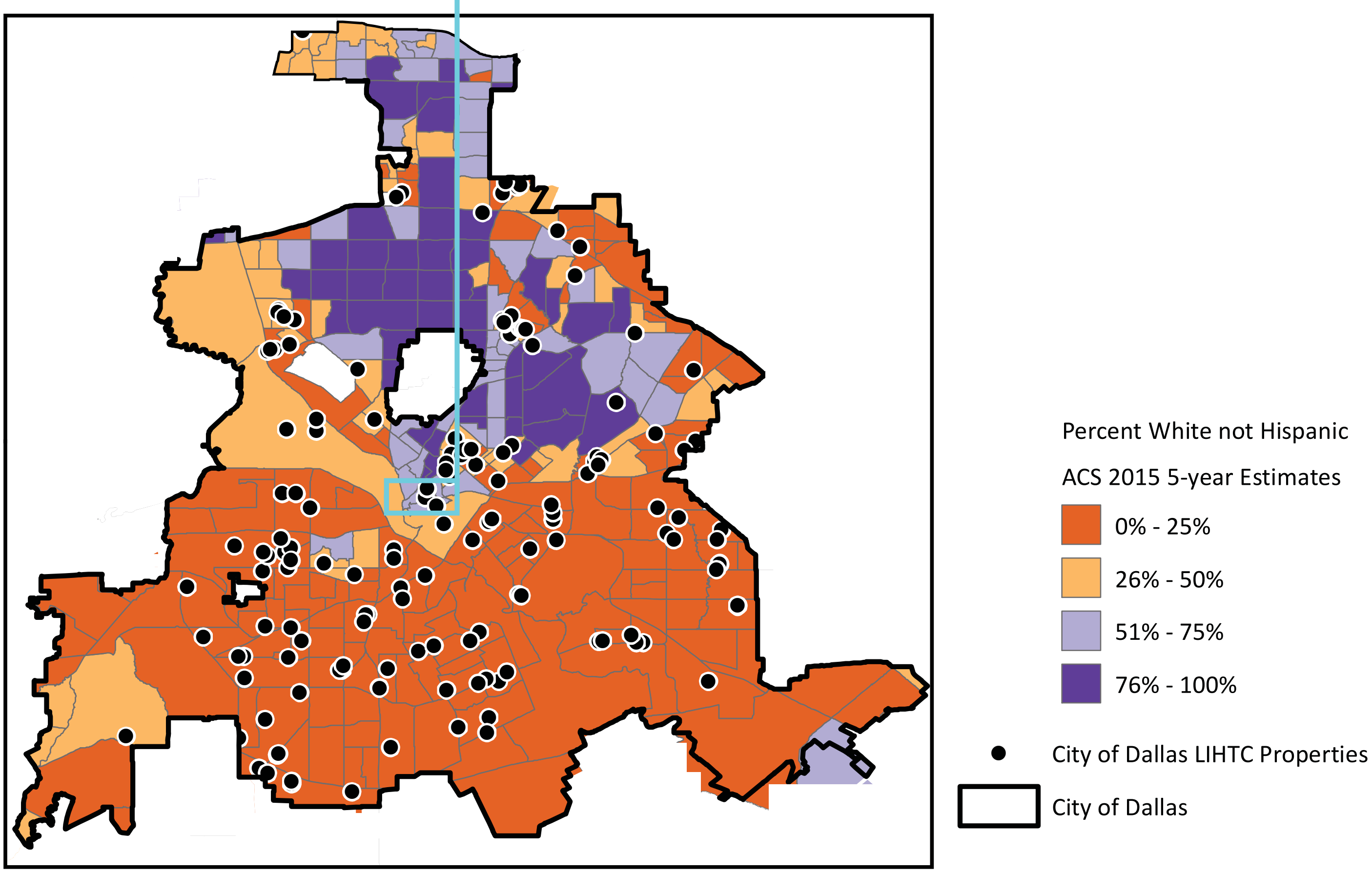
The number of housing vouchers in tract 78.09 have ranged from 111 in 2000 to 85 in 2016. Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been occupied by majority of Black tenants.

21

City of Dallas Neighborhoods and LIHTCs
Census Tract 21





Census tract 21 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Citywalk at Akard		21	2007	209

Race

Tract 21 is a City of Dallas downtown census tract that had no population in 2000. Tract 21 was majority White non-Hispanic in the 2010, and 2015 U.S. Census reports.

Poverty

The poverty rate for tract 21 has ranged from no population in 1990, 100% in 2000 to 16% in 2015.

Childhood poverty

The tract has no children under the age of 18 in 1990 through 2015 census reports

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 21 was unsafe as measured by the Violent Crime Index in 2015. The tracts rank was 98.12 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These project is in Zip Code 75201 which has about the same incidence of 2015 citations for illegal dumping (1.83 per 1,000 persons) as the other majority White non-Hispanic Zip Codes in the City of Dallas (1.57)

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75201 at a 2017 yearly rate that was less than the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The project has a rate of 11.7 per thousand persons.

Industrial zoning

The LIHTC project census tract has no areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 21 is not an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

There are no owner occupied units reported in the U.S. Census for tract 21 for the years from 2000 through 2015

Food Deserts

The tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the census tract is 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 9, on its School Proficiency Index.

Other low income assisted rental housing

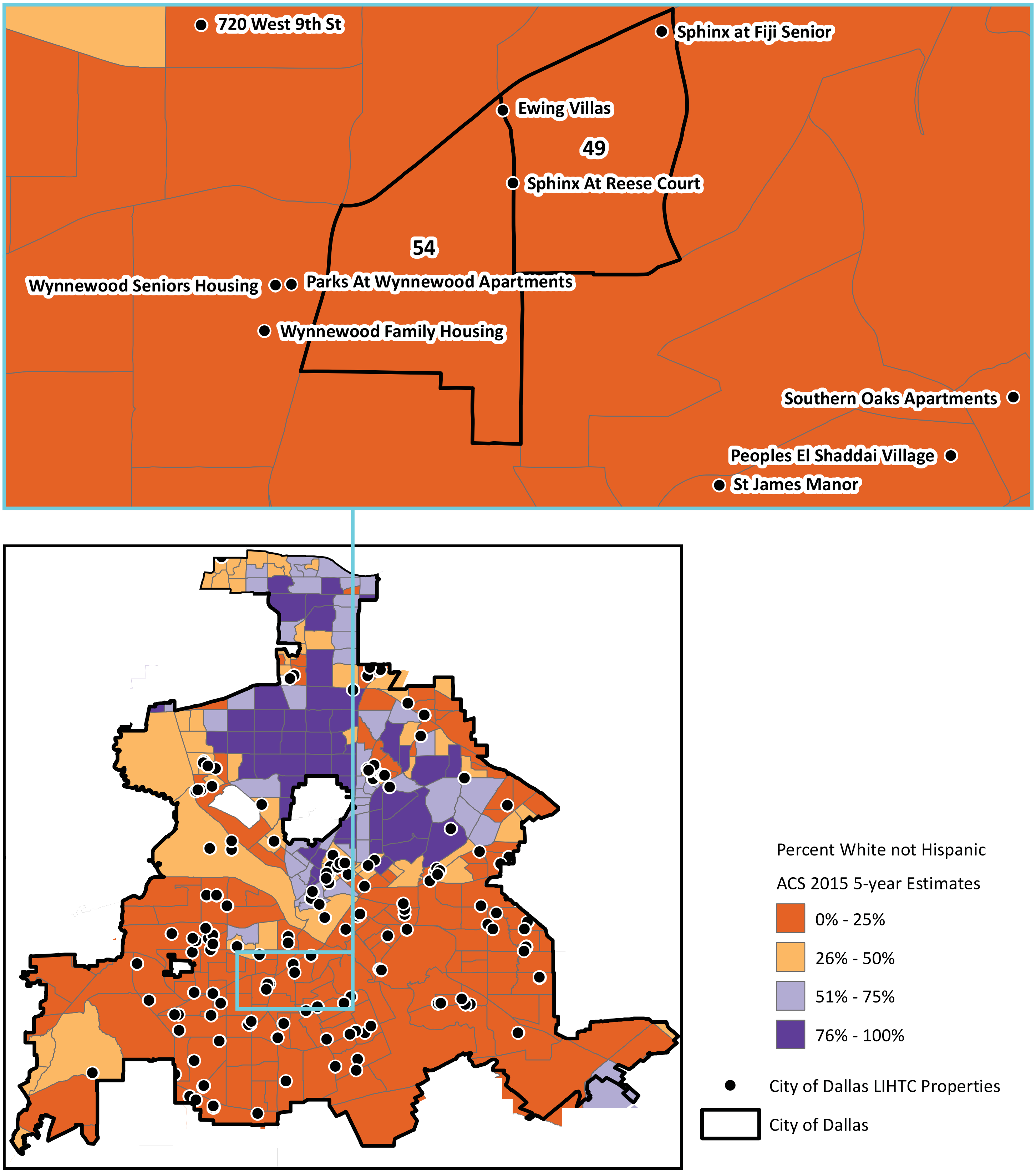
There are 209 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 21 has increased from 0 in 2000 to 164 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the LIHTC project are and have been occupied by a majority of Black tenants.

49, 54

City of Dallas Neighborhoods and LIHTCs
Census Tracts 49 and 54



Census tracts 49 and 54 in the City of Dallas.

There are three LIHTC projects in these two adjoining census tracts. All three are national bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Ewing Villas	Yes	49	2001	80
Sphinx at Fiji Senior	Yes	49	2008	130
Sphinx at Reese Court (Reese Court Villas)	Yes	54	2005	80

Race

Tract 49 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 54 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 49 has ranged from 37% in 1990 to 50% in 2015.

The poverty rate for tract 54 has ranged from 25% in 1990 to 35% in 2015.

The poverty rates for both tracts have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 49 have remained high and increased since 1990. 58% (226) of children under 5 were below poverty in tract 49 in 2015. 77% (847) of children 5 to 17 were below poverty in tract 49 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 54 have remained high and increased since 1990. 45% (191) of children under 5 were below poverty in tract 54 in 2015. 36% (372) of children 5 to 17 were below poverty in tract 54 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 49 and 54 are consistently unsafe as measured by the Violent Crime Index. In 2015, tract 49 ranked 96.29 on the scale of 0 being the most safe and 100 being the least safe. Tract 54 ranked 85.11.

Illegal Dumping citations

Two of these LIHTC projects are in Zip Code 75203 which has a significantly higher incidence of 2015 citations for illegal dumping (17.43 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

One of these LIHTC projects is in Zip Code 75216 which has a significantly higher incidence of 2015 citations for illegal dumping (11.95 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races move to Zip Code 75203 at a 2017 yearly rate that is 10.8 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races move to Zip Code 75216 at a 2017 yearly rate that is 19 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 49 (64.4) and in tract 54 (42.9) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 49 and tract 54 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently few and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 49 has Low Access to a supermarket or large grocery store.

Census tract 54 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving census tract 54 at a low level, 11, on its School Proficiency Index.

Other low income assisted rental housing

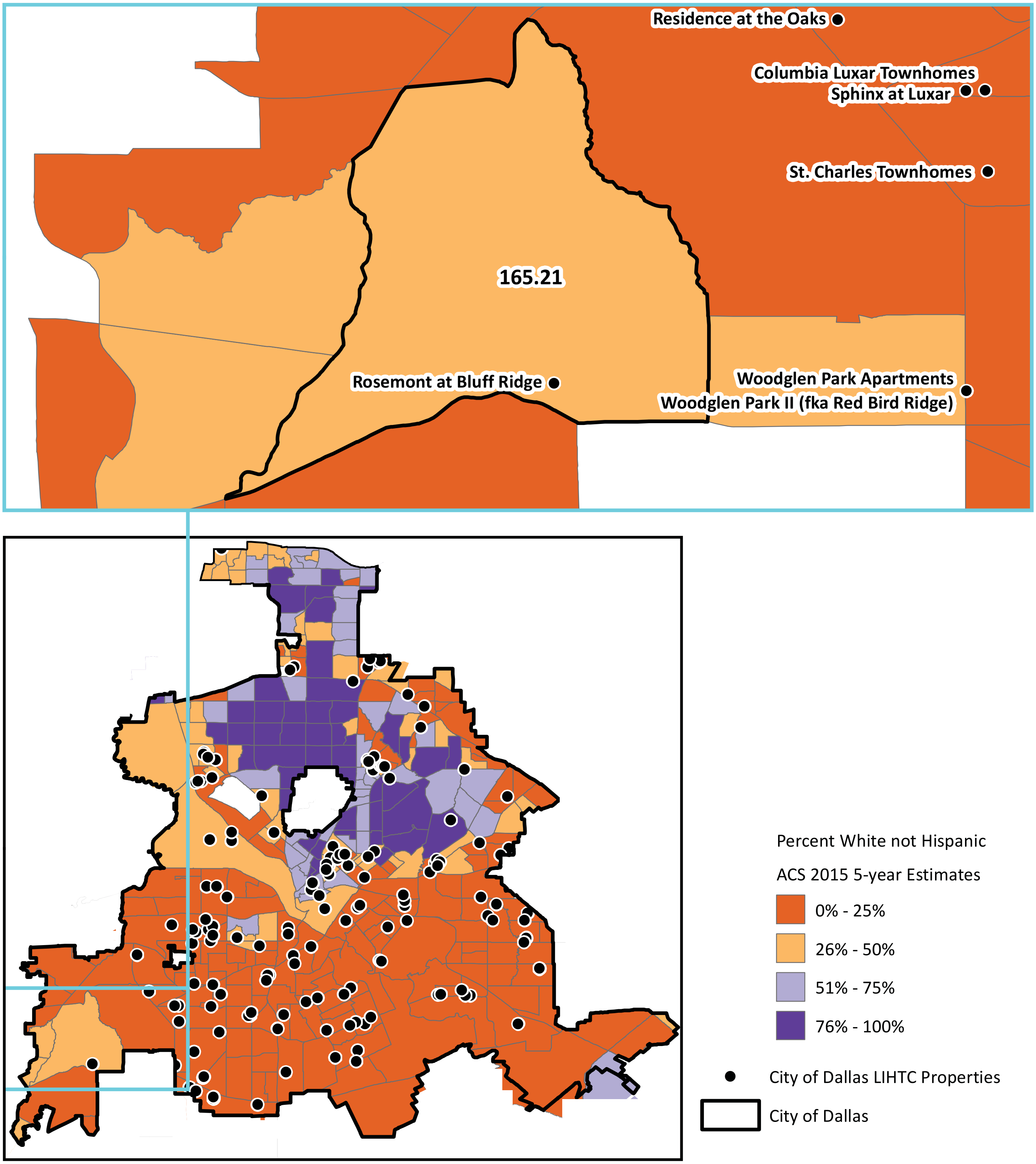
There are 290 total LIHTC assisted units in the census tracts.

The number of housing vouchers in tract 49 has increased slightly from 36 in 2000 to 43 2016. The number of housing vouchers in tract 54 has stayed approximately the same. Many of the vouchers are in the LIHTC projects.

The units at two of the LIHTC projects are 90% or more occupied by Black tenants. The units at the third LIHTC project are 90% or more occupied by a combined Black tenant and Hispanic tenant population.

165.21

City of Dallas Neighborhoods and LIHTCs
Census Tract 165.21



Census tract 165.21 in the City of Dallas.

There is one LIHTC project in census tract 165.21. It is a National Bank Investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Rosemont at Bluff Ridge (fka Clarkridge Village)	Yes	165.21	2002	256

Race

Tract 165.21 was majority White non-Hispanic in 1990 and has been a majority combined Black and Hispanic since 2000. The tract has a similar percentage of combined Black and Hispanic population to the City of Dallas and a higher percentage of combined Black and Hispanic population than the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have been similar to the poverty rates for the City of Dallas and higher than the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

24% (100) of children under 5 were below poverty in tract 165.21 in 2015.

34% (361) of children 5 to 17 were below poverty in tract 165.21 in 2015. The childhood poverty rates over time for children under 5 and for children 5 to 17 have generally been less than the childhood poverty rates for the City of Dallas but similar to the childhood poverty rates for the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 165.21 has the current rank of 55 on the scale of 0 being the most safe and 100 being the least safe. The rank was 79 in 2006 and 85 in 2010.

Illegal Dumping citations

The project is in Zip Code 75236 which has a rate of illegal dumping citations, 3.96, that is over 2 times the rate in majority White non-Hispanic Zip Codes in the City of Dallas.

Registered sex offenders

The registered sex offenders data for Zip Code 75236 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 1.52. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The project is located in census tract 165.21 which has a loose and roaming dog case rate that is 2 times the rate in majority White non-Hispanic census tracts in the City of Dallas.

Industrial zoning

There is no industrial zoning in census tract 165.21.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress

Index

Tract 165.21 is an economically distressed areas according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 3 distress, the second highest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 165.21 per owner occupied units for 2010 and 2015 are similar to the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 165.21 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 165.21 is majority Hispanic and 86% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 32, on its School Proficiency Index.

Other low income assisted rental housing

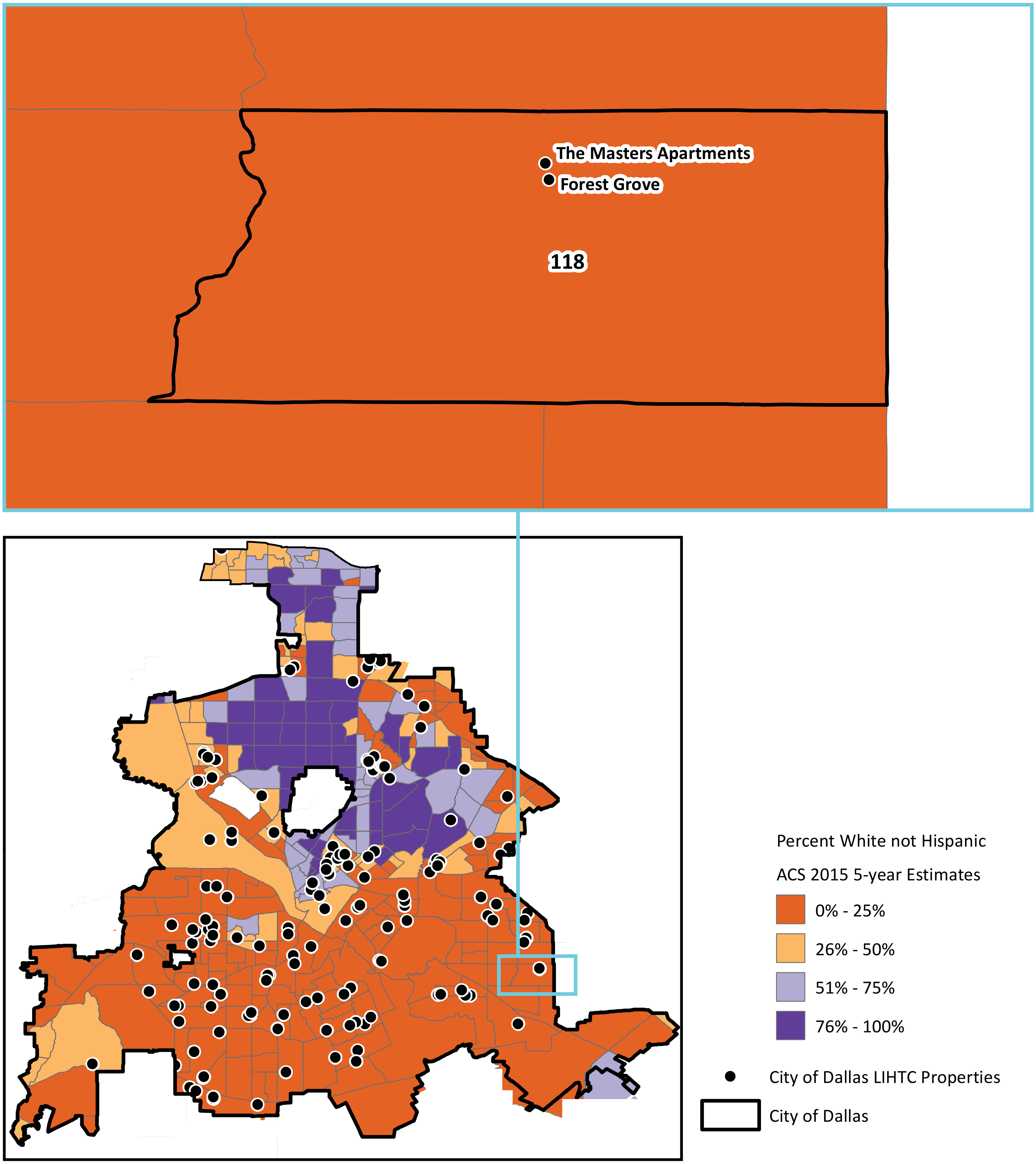
There are four non-LIHTC HUD assisted rental projects listed for a location in the census tract. Unit data was available for only two. Patriot Ridge Apartments has 192 units. Ridge Parc Apartments has 248 units. There were 696 total assisted units in the census tract.

There were 89 housing vouchers in 2016. 87 of these vouchers were for units in the LIHTC project.

The racial occupancy data for the LIHTC project is 83% Black in 2015.

118

City of Dallas Neighborhoods and LIHTCs
Census Tract 118



Census tract 118 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
The Masters Apartments (Crawford Park)		118	2004	144

Race

Tract 118 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 118 has ranged from 16% in 1990 to 36% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 118 have increased since 1990. 49% (596) of children under 5 were below poverty in tract 118 in 2015. 55% (1,273) of children 5 to 17 were below poverty in tract 118 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 118 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports the Violent Crime Index for tract 118. The tract ranks 78.14 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This project is in Zip Code 75217 which has a higher incidence of 2015 citations for illegal dumping (5.05 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75217 at a 2017 yearly rate that was 7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 118 (56) exceeds the rate in majority White non-Hispanic census tracts (4.6) and in majority Minority census tracts.

Industrial zoning

The LIHTC project is not in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 118 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in the census tract 118 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC project in this census tract is 93% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the LIHTC project in this census tract at a low level, 11, on its School Proficiency Index.

Other low income assisted rental housing

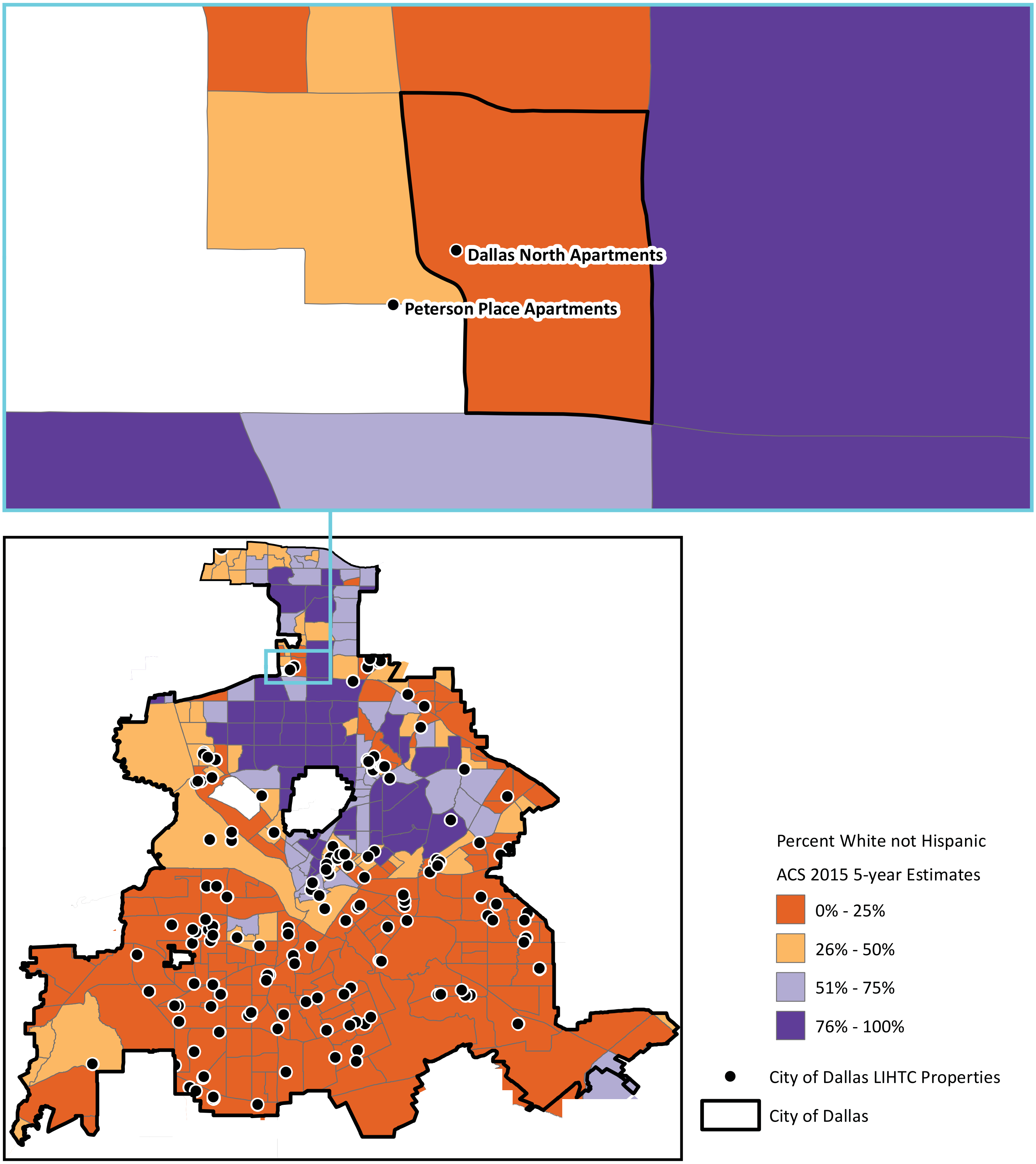
There is a non-LIHTC HUD assisted rental projects in the census tract. There are 244 total LIHTC and HUD assisted units in the census tract.

The number of housing vouchers in tract 118 has ranged from 310 in 2000 to 207 in 2016. There were an additional 92 project based vouchers in tract 118. Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been 85% or more occupied by Black tenants.

136.15

City of Dallas Neighborhoods and LIHTCs
Census Tract 136.15



Census tract 136.15 in the City of Dallas.

There is one LIHTC project in census tract 136.15.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Dallas North Apartments		136.15	1994	206

Race

Tract 136.15 has been a majority combined Black and Hispanic since 1990. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas and a higher percentage of combined Black and Hispanic population than in the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have ranged from 20% in 1990 to 31% in 2015. The poverty rates have generally been similar to the poverty rates for the City of Dallas and higher than the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates have been increasing over time. 52% (384) of children under 5 were below poverty in tract 136.15 in 2015. This rate is higher than the rate for the City of Dallas, 38%, and higher than the rate for the Dallas PMSA/Metro Division, 23%.

45% (498) of children 5 to 17 were below poverty in tract 136.15 in 2015. This rate is higher than the 5 to 17 childhood poverty rates for the City of Dallas and the Dallas

PMSA/Metro Division.

Crime

The tract is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 136.15 has the current rank of 92.5 on the scale of 0 being the most safe and 100 being the least safe. The rank was 73 in 2006 and 84 in 2010.

Illegal Dumping citations

The project is in Zip Code 75240 which has a rate of illegal dumping citations, 0.90, that is lower than the rate in majority White non-Hispanic Zip Codes in the City of Dallas. .

Registered sex offenders

The registered sex offenders data for Zip Code 75240 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 1.54. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The project is located in census tract 136.15 which has a loose and roaming dog case rate that is less than the rate in majority White non-Hispanic census tracts in the City of Dallas.

Industrial zoning

There is no industrial zoning in census tract 136.15.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 136.15 is an economically distressed areas according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 4 distress, the highest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans census tract 136.15 per owner occupied units for 2015 are lower than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 136.15 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 136.15 is majority Hispanic and 87% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at level 83 on its School Proficiency Index.

Other low income assisted rental housing

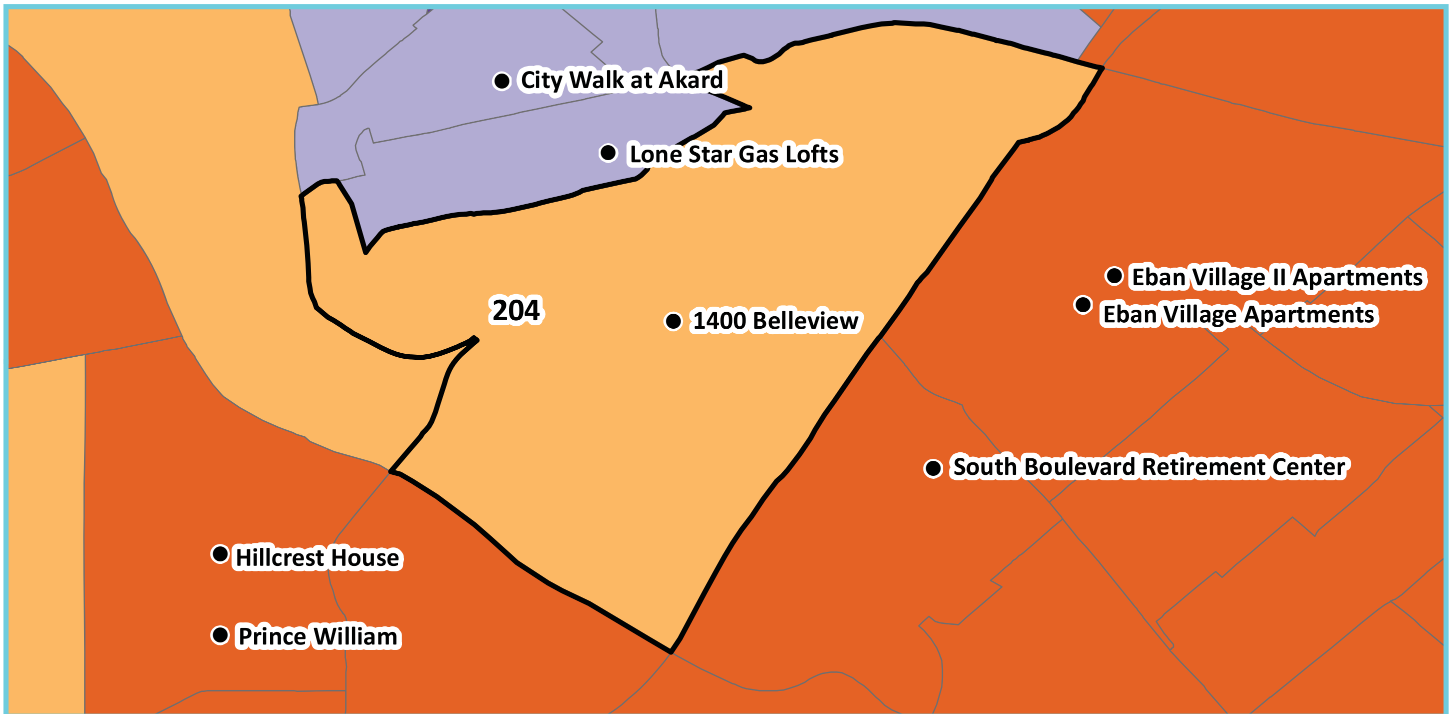
There are no non-LIHTC HUD assisted rental projects listed for a location in the census tract. There are 206 total LIHTC assisted units in the census tract.

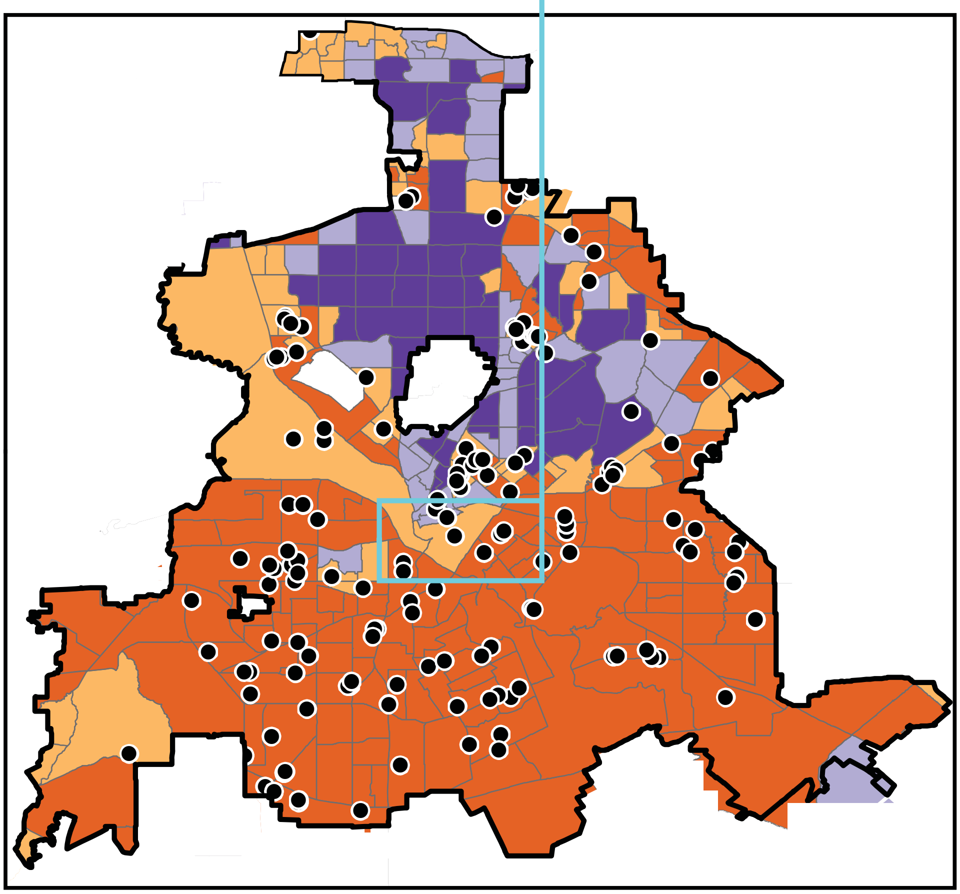
There were 2 housing voucher in the tract in 2000 and 16 in 2016. One of these vouchers was in the LIHTC project.

The racial occupancy data for the LIHTC project is 98% Hispanic in 2015.

204

City of Dallas Neighborhoods and LIHTCs
Census Tract 204





Percent White not Hispanic

ACS 2015 5-year Estimates

0% - 25%

26% - 50%

51% - 75%

76% - 100%

City of Dallas LIHTC Properties

City of Dallas

Census tract 204 in the City of Dallas.

There is one LIHTC project in census tract 204. The project is a National Bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
1400 Belleview	Yes	204	2012	164

Race

Tract 204 was majority Hispanic in the U.S. Census reports for 1990 and 2000. The area became a majority Black and Hispanic tract in 2010 and 2015. The tract has a lower percentage of combined Black and Hispanic population than in the City of Dallas and a higher percentage of combined Black and Hispanic population than the Dallas PMSA/Metro Division.

Poverty

The poverty rate for the tract was 48% in 1990, 44% in 2000, 30% in 2010 and 31% in 2015. The poverty rates for the tract have been higher than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 204 have decreased since 1990 for children under 5. 0% (0) of children under 5 were below poverty in tract 204 in 2015.

The childhood poverty rate for children 5 to 17 have increased since 1990. 53% (48) of children 5 to 17 were below poverty in tract 204 in 2015. The childhood poverty rates over time for children under 5 have generally been substantially less than the childhood poverty rates for the City of Dallas but similar to the childhood poverty rates for the Dallas PMSA/Metro Division. The childhood poverty rates over time for children 5 to 17 have been higher than the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 204 has the current rank of 89 on the scale of 0 being the most safe and 100 being the least safe. The rank has increased from 60 in 2006 to 89 in 2015.

Illegal Dumping citations

The project is Zip Code 75215. The 2014 and the 2015 rate of illegal dumping citations were 23.9 in 2014 and 35.03 in 2015. The average rate for the Majority White non-Hispanic Zip Codes all or in part in the City of Dallas was 1.3 in 2014 and 1.57 in 2015.

Registered sex offenders

The registered sex offenders data for Zip Code 75215 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 16.93. This was 33 times higher than the rate for Dallas County Majority White Zip Codes (0.51) and 7 times higher than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive

Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases for tract 204 was 14.5. This was higher than the rate for Dallas County Majority White Zip Codes (4.58) and less than the Dallas County Majority Minority Zip Codes (24.73).

Industrial zoning

The LIHTC project is in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 204 is an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated the tract as level 4 distress, the highest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans census tract 204 per owner occupied units for 2010 and 2015 are higher per the number and amount of home loans per owner occupied unit than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 204 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 204 is majority Hispanic and 94%

economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at a low level, 16, on its School Proficiency Index.

Other low income assisted rental housing

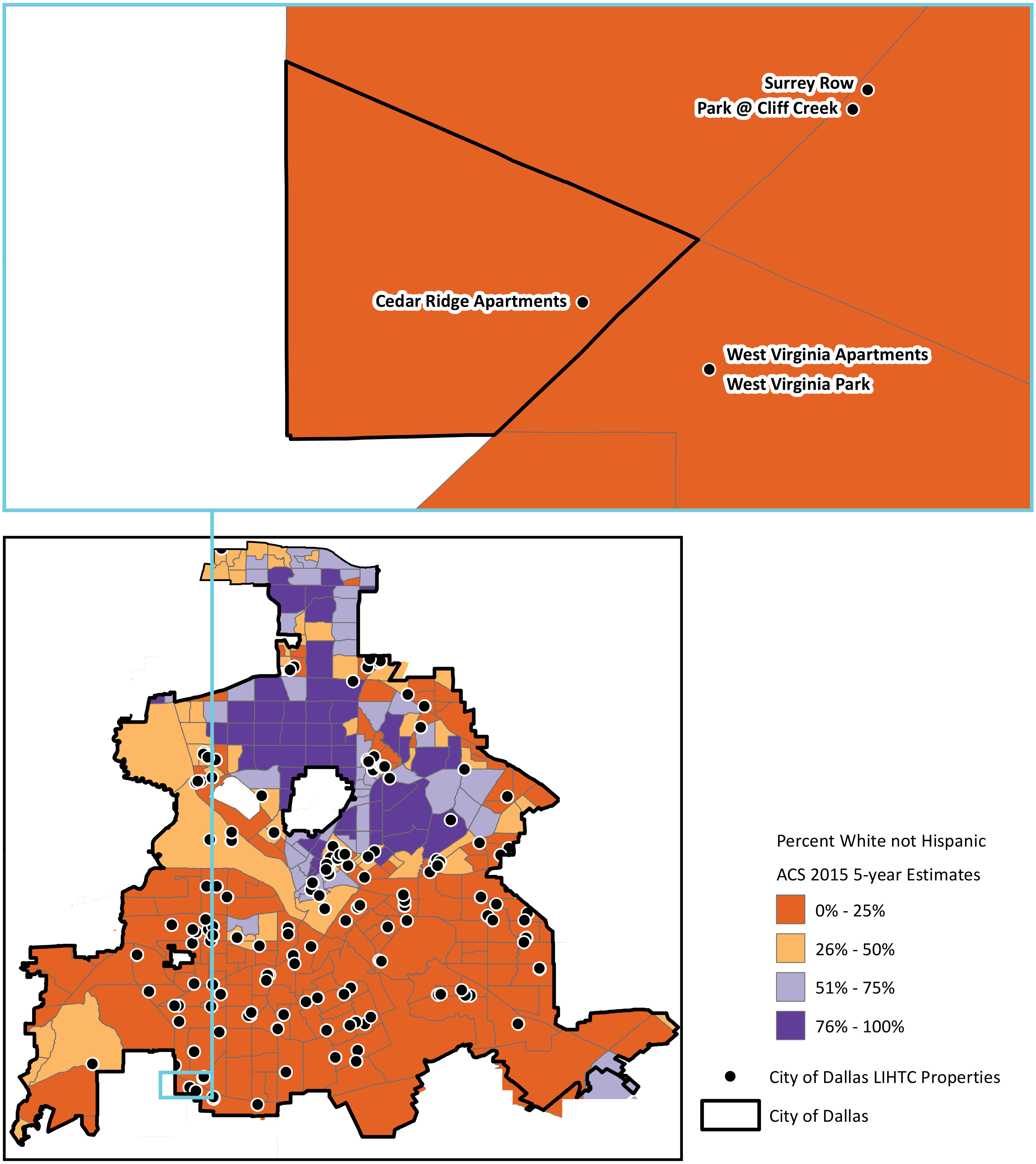
There are no non-LIHTC HUD assisted rental projects for non-elderly in the census tract. There are two non-low income, HUD insured mortgage projects in the tract. There were 164 total LIHTC non-elderly assisted units in the census tract.

There are six housing vouchers in tract 204. Two of these vouchers were for units in the LIHTC project.

The racial occupancy data for the LIHTC project is 83% Black and 10% Hispanic in 2015.

166.07

City of Dallas Neighborhoods and LIHTCs
Census Tract 166.07



Census tract 166.07 in the City of Dallas.

There is one LIHTC project in census tract 166.07.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Cedar Ridge Apartments (Hickory Ranch Apartments)		166.07	1991	191

Race

Tract 166.07 is and has been majority Black since 1990. The tract has a higher percentage of Black population than in the City of Dallas and than the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have been higher than the poverty rates for the City of Dallas since 2010 and higher than the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 166.07 have increased for children under 5. 36% (165) of children under 5 were below poverty in tract 166.07 in 2015.

The childhood poverty rate for children 5 to 17 have increased since 1990. 31% (143) of children 5 to 17 were below poverty in tract 166.07 in 2015. The childhood poverty rates over time for children under 5 have generally been less than or similar to the childhood poverty rates for the City of Dallas but higher than the childhood poverty rates for the Dallas PMSA/Metro Division. The childhood poverty rates over time for children 5 to 17 have been higher than the childhood poverty rates in the Dallas PMSA/Metro Division and lower than for the City of Dallas.

Crime

The tract is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 166.07 has the current rank of 94 on the scale of 0 being the most safe and 100 being the least safe. The rank was 91 in 2006, 93 in 2010, and 94 in 2015.

Illegal Dumping citations

The project is in Zip Code 75237 which has a very low rate of illegal dumping citations.

Registered sex offenders

The registered sex offenders data for Zip Code 75237 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 3.06. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The project is located in census tract 166.07 which has a loose and roaming dog case rate that is double the rate in majority White non-Hispanic census tracts in the City of Dallas.

Industrial zoning

There is no industrial zoning in census tract 166.07.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 166.07 is an economically distressed areas according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 4 distress, the highest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 166.07 per owner occupied units for 2010 and 2015 are substantially lower than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 166.07 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 166.07 is majority Black and 83% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at a low level, 26, on its School Proficiency Index.

Other low income assisted rental housing

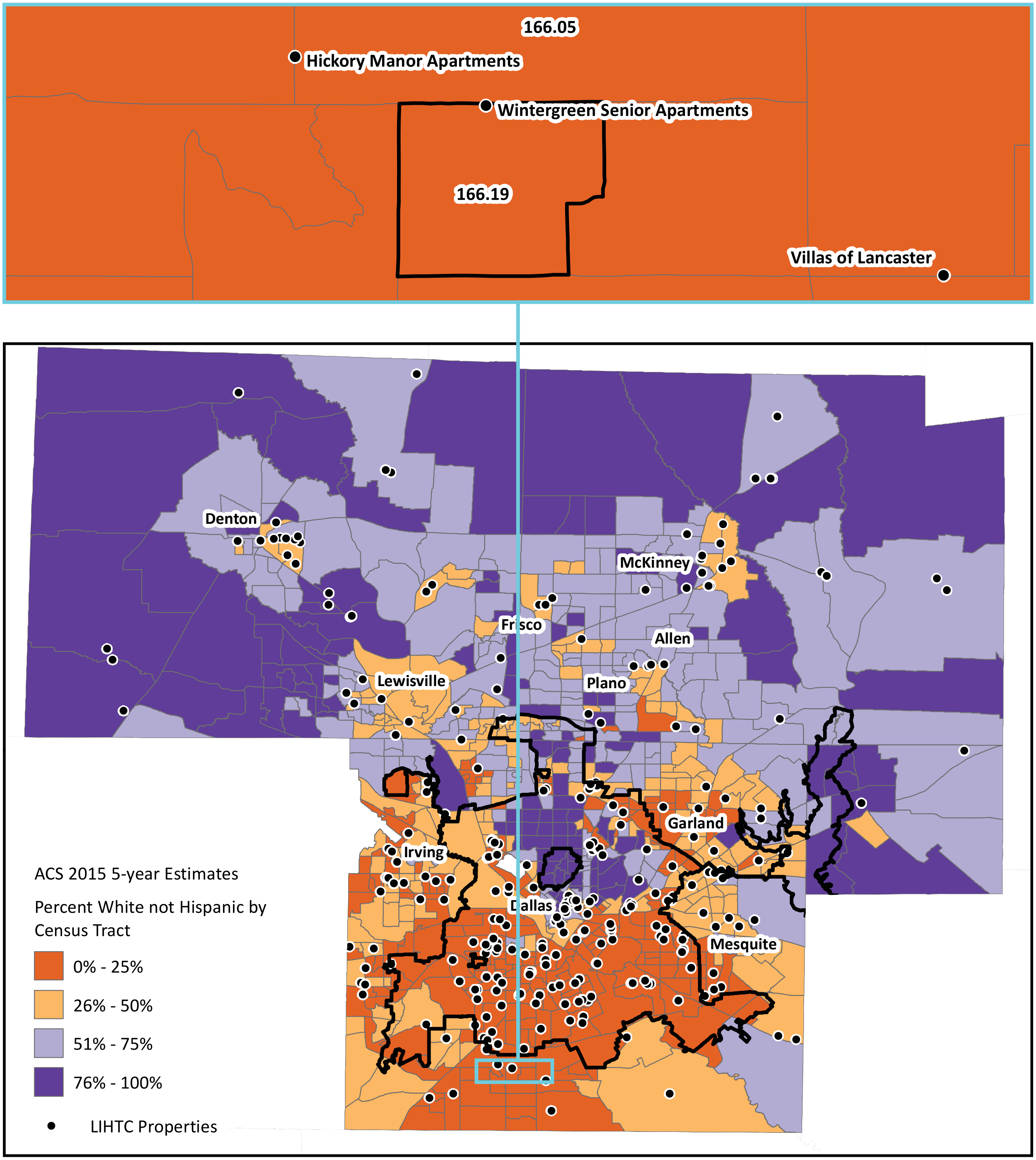
There are no non-LIHTC HUD assisted rental projects in the census tract. There were 192 total LIHTC non-elderly assisted units in the census tract.

There were 57 housing vouchers in tract 166.07 in 2000. There were 180 housing vouchers in 2016. 17 of these vouchers were for units in the LIHTC project.

The racial occupancy data for the LIHTC project is 83% Black in 2015.

166.19

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 166.19



Census tract 166.19 in the City of Dallas.

There is one LIHTC elderly project in census tract 166.19.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Wintergreen Senior Apartments (The Arbors on Wintergreen on HUD Multifamily Database)		166.19	2001	180

Race

Tract 166.19 was majority White non- Hispanic in the U.S. Census reports for 1990. The area became a majority Black tract in 2000 and 2015. The tract has a higher percentage of Black population than in the City of Dallas and the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have been lower than the poverty rates for the City of Dallas and similar to the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 166.19 have decreased since 2010 for children under 5. 13% (30) of children under 5 were below poverty in tract 166.19 in 2015.

The childhood poverty rate for children 5 to 17 have increased since 1990. 25% (141) of children 5 to 17 were below poverty in tract 166.19 in 2015. The childhood poverty rates over time for children under 5 have generally been substantially less than the childhood poverty rates for the City of Dallas but similar to the childhood poverty rates for the Dallas PMSA/Metro

Division. The childhood poverty rates over time for children 5 to 17 have been higher than the childhood poverty rates the Dallas PMSA/Metro Division and lower than for the City of Dallas.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 166.19 has the current rank of 70 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

The project is in Zip Code 75115 which has a very low rate of illegal dumping citations.

Registered sex offenders

The registered sex offenders data for Zip Code 75115 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 1.43. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

.The project is located in the City of Desoto. There is no City of Dallas data on the rate of loose and running dog cases for the tract.

Industrial zoning

The project is located in the City of Desoto There is no City of Dallas data on industrial zoning in this census tract,

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 166.19 is an economically distressed area according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 2 distress, the middle level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 166.19 per owner occupied units for 2010 and 2015 are substantially lower than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 166.19 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 166.19 is majority Hispanic and 94% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 38, on its School Proficiency Index.

Other low income assisted rental housing

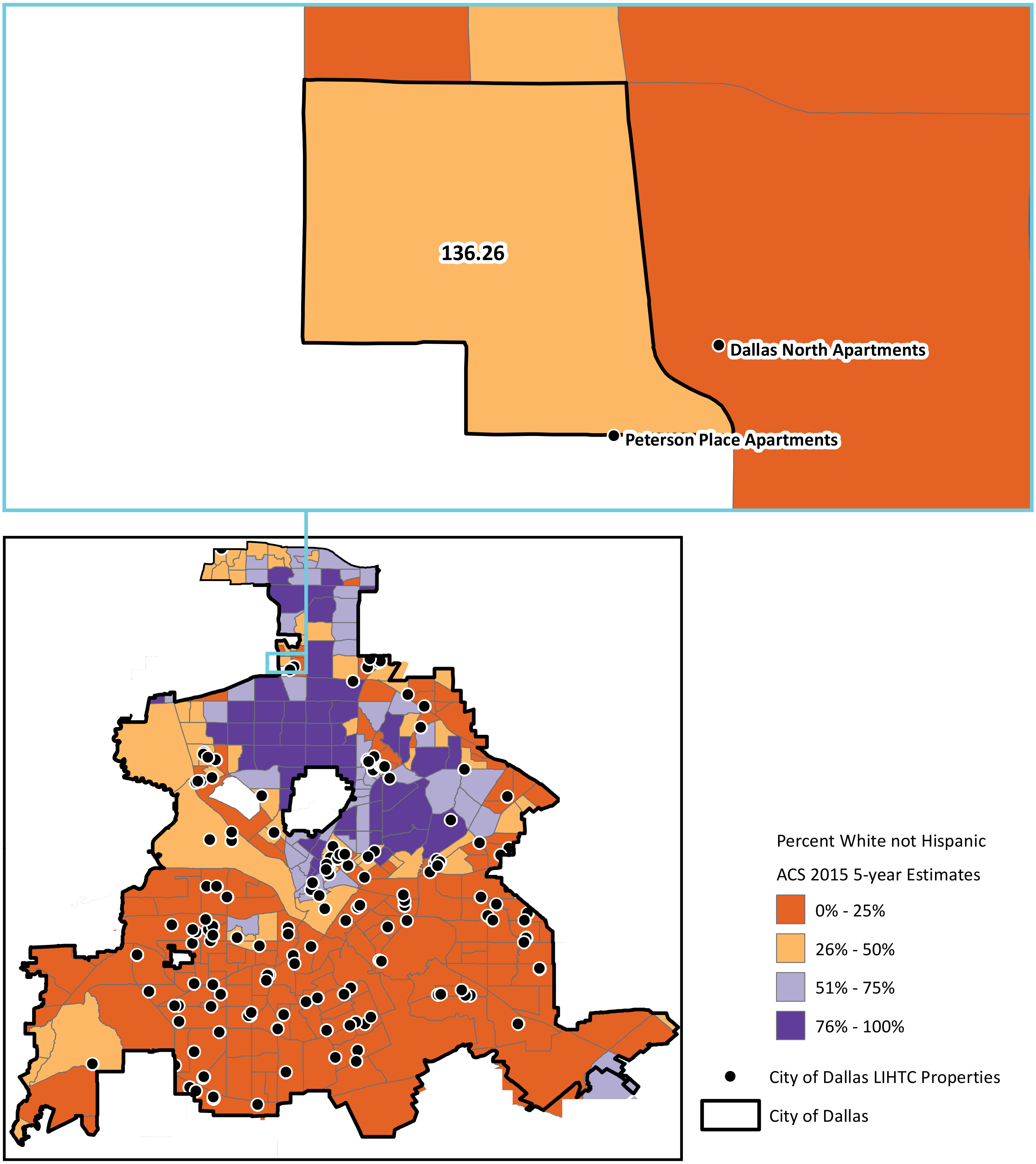
There are no non-LIHTC HUD assisted rental projects in the census tract. There were 180 total LIHTC non-elderly assisted units in the census tract.

There were 37 housing vouchers in tract 166.19 in 2000. There were 148 housing vouchers in 2016. 105 of these vouchers were for units in the LIHTC project.

The racial occupancy data for the LIHTC project is 85% Black and 0% Hispanic in 2015.

136.26

City of Dallas Neighborhoods and LIHTCs
Census Tract 136.26



Census tract 136.26 in the City of Dallas.

There is one LIHTC project in census tract 136.26.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Peterson Place Apartments		136.26	1994	168

Race

Tract 136.26 was majority White non-Hispanic in 1990 and 2000 The tract has been a majority combined Black and Hispanic since 2010. The tract has a similar percentage of combined Black and Hispanic population to the City of Dallas and a higher percentage of combined Black and Hispanic population than the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have ranged from 10% in 2000 to 19% in 2015. The poverty rates have been lower than the poverty rates for the City of Dallas and similar to the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

29% (46) of children under 5 were below poverty in tract 136.26 in 2015. This rate is less than the rate for the City of Dallas, 38%, and higher than the rate for the Dallas PMSA/Metro Division, 23%.

63% (131) of children 5 to 17 were below poverty in tract 136.26 in 2015. This rate is higher than the 5 to 17 childhood poverty rates for the City of Dallas and the Dallas

PMSA/Metro Division. This rate has been increasing over time.

Crime

The tract is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 136.26 has the current rank of 83 on the scale of 0 being the most safe and 100 being the least safe. The rank was 73 in 2006 and 63 in 2010.

Illegal Dumping citations

The project is in Zip Code 75240 which has rate of illegal dumping citations, 0.90, that is lower than the rate in majority White non-Hispanic Zip Codes in the City of Dallas. .

Registered sex offenders

The registered sex offenders data for Zip Code 75240 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 1.54. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The project is located in census tract 136.26 which has a loose and roaming dog case rate that is less than the rate in majority White non-Hispanic census tracts in the City of Dallas.

Industrial zoning

There is no industrial zoning in census tract 136.26.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 136.26 is not an economically distressed areas according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 1 distress, the second lowest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 136.26 per owner occupied units for 2015 are higher than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 136.26 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 136.26 is majority Hispanic and 78% or higher economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at a low level, 36, on its School Proficiency Index.

Other low income assisted rental housing

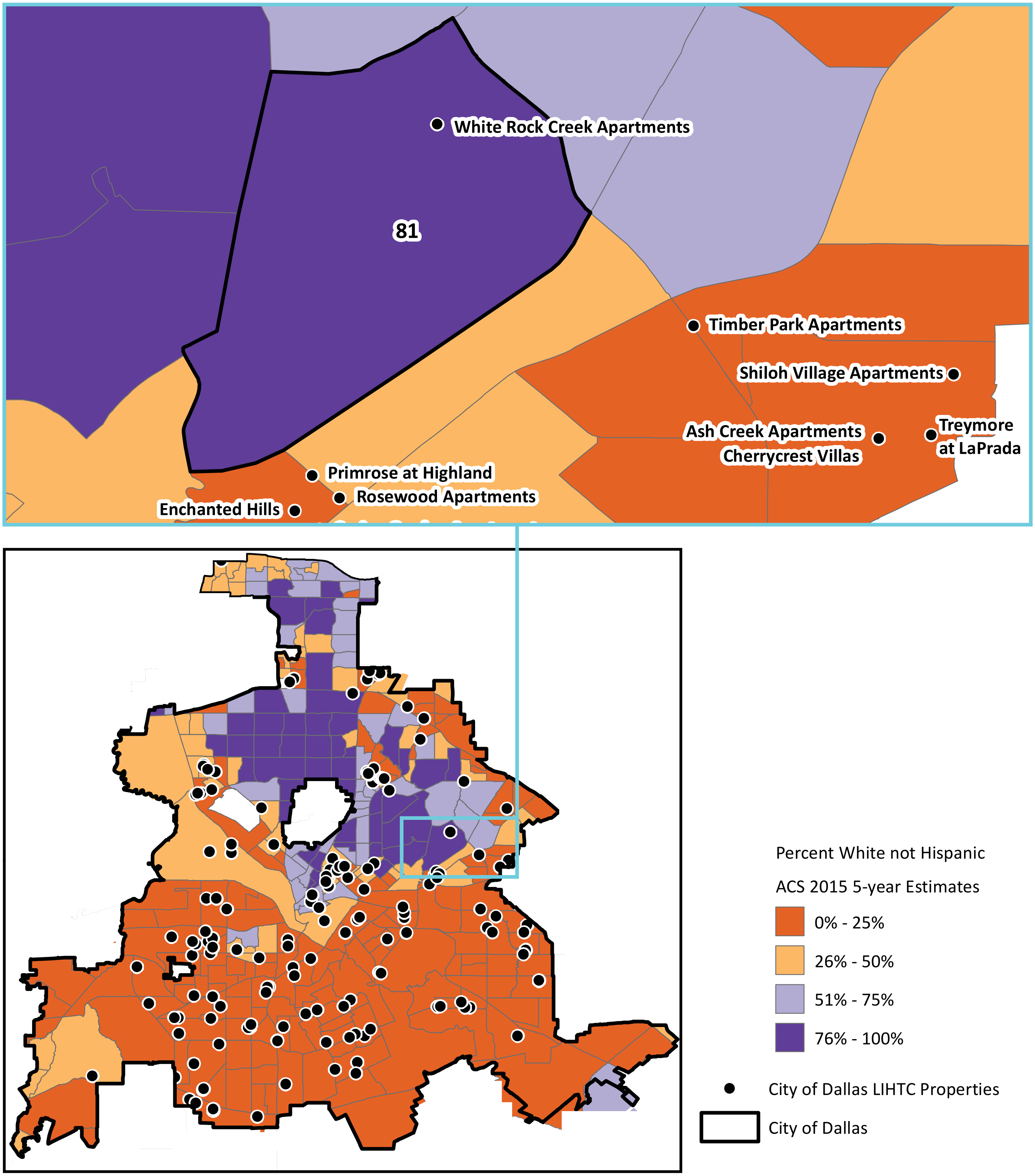
There are no non-LIHTC HUD assisted rental projects listed for a location in the census tract. There are 168 total LIHTC assisted units in the census tract.

There was 1 housing voucher in the tract in 2016.

The racial occupancy data for the LIHTC project is 100% Hispanic in 2015.

81

City of Dallas Neighborhoods and LIHTCs
Census Tract 81

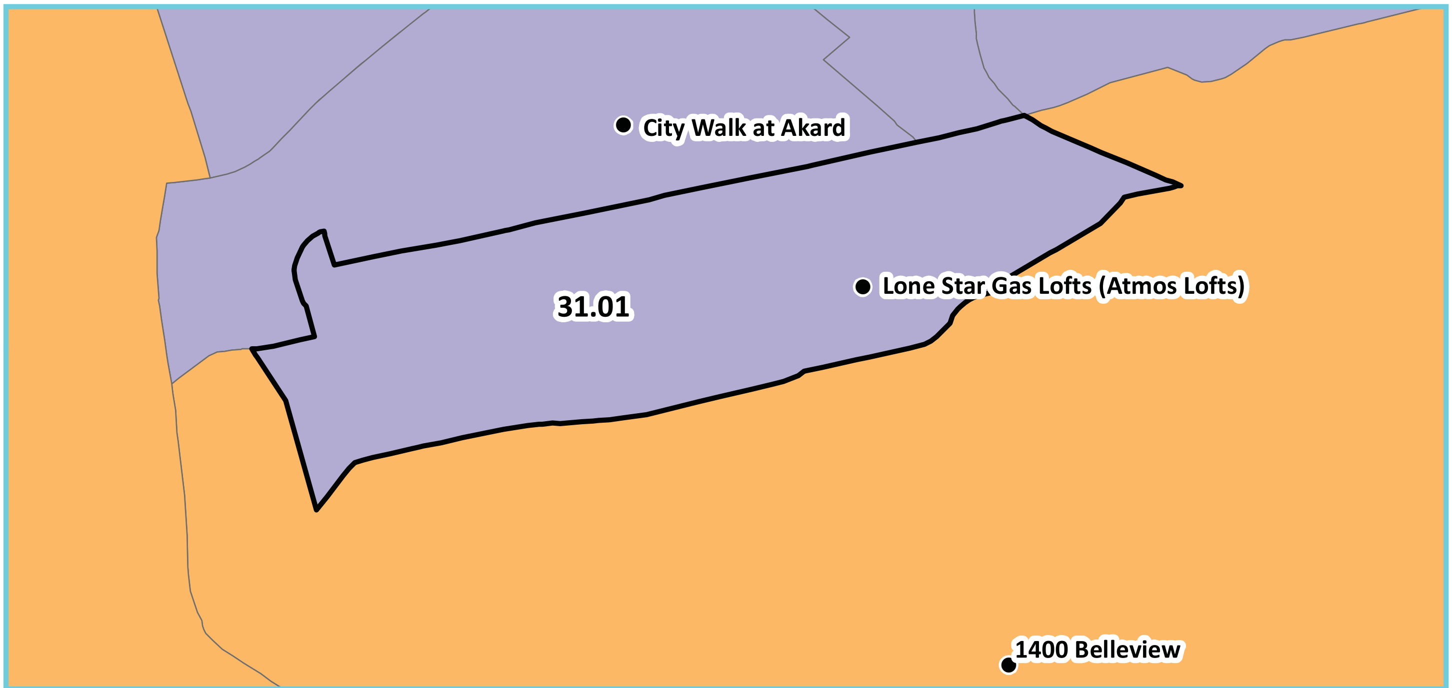


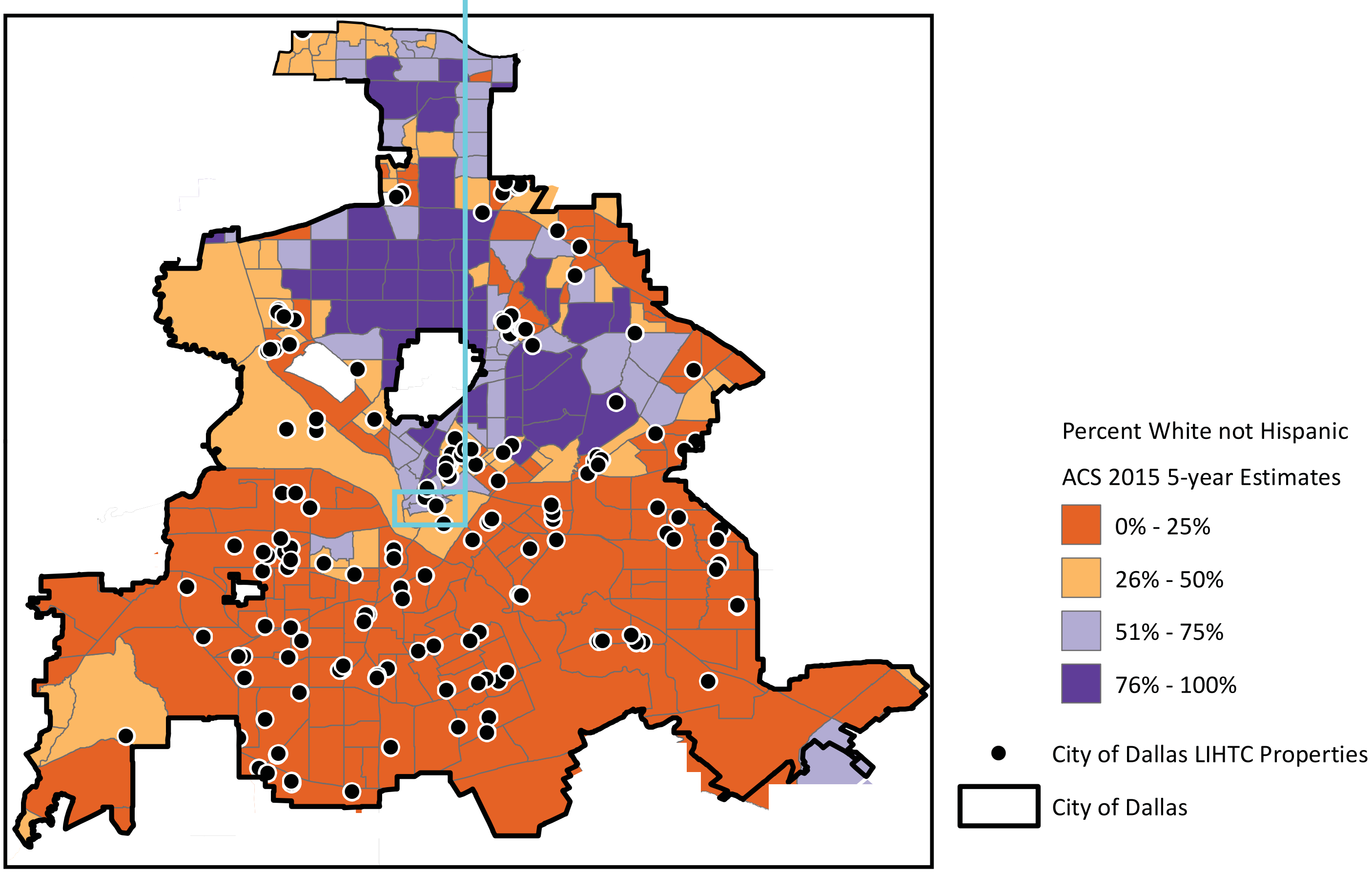
Census tract 81 in the City of Dallas.

There was one census tract 81 LIHTC project developed in 1990. The tract was 80% White non-Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census. The tract has low poverty rates and is not distressed. The project, The White Rock Creek Apartments, has been demolished.

31.01

City of Dallas Neighborhoods and LIHTCs
Census Tract 31.01





Census tracts 31.01 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Atmos Lofts		31.01	2010	107

Race

Tract 31.01 has been reported as majority White, non-Hispanic since the 2000 U.S. Census reports.

Poverty

The poverty rate for tract 31.01 has ranged from 4% in 1990 to 10% in 2015. The poverty rates for the tract have generally been less than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

34% (28) of children under 5 were below poverty in tract 31.01 in 2015. 0% (0) of children 5 to 17 were below poverty in tract 21 in 2015. This rate was lower than the rate for the City of Dallas but higher than the rate for the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 31.01 is unsafe as measured by the Violent Crime Index. The tract rank in 2015 was 92.38 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This project in Zip Code 75201 which has about the same incidence of 2015 citations for illegal dumping (1.83 per 1,000 persons) as the majority White non-Hispanic Zip Codes in the City of Dallas (1.57).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75201 at a 2017 yearly rate that was .5 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 31.01 (13.3) exceeds the average rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The census tract has no areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 31.01 is not an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine

whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in the census tract per owner occupied units above the rate for the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving this census tract is 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 16, on its School Proficiency Index.

Other low income assisted rental housing

There are three non-LIHTC HUD assisted rental projects in the census tract. There are 433 total LIHTC and HUD assisted units in the census tracts.

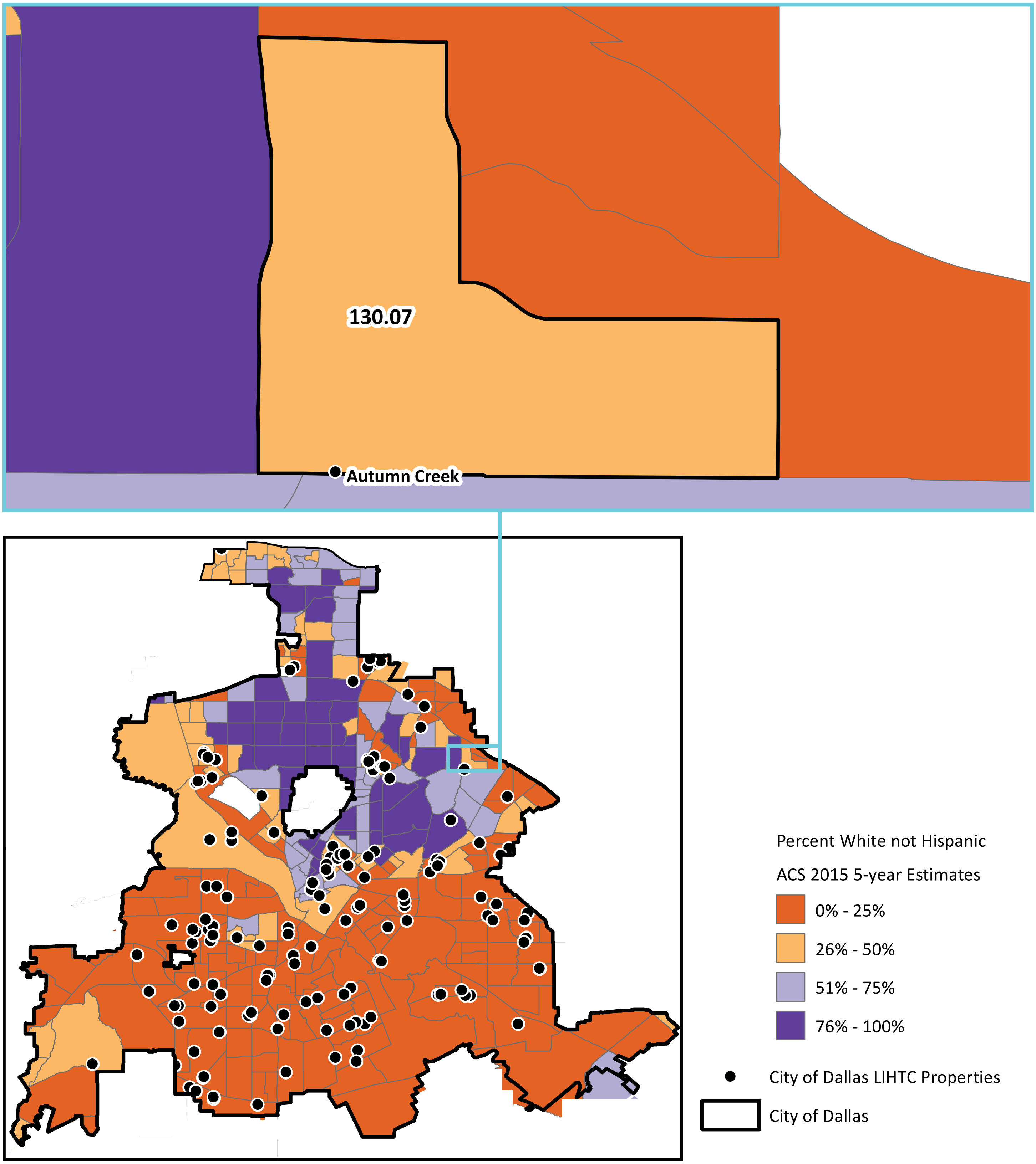
The number of housing vouchers in tract 31.01 has increased from 0 in 2000 to 30 in 2016. Seven of the vouchers are in the LIHTC projects.

The units at LIHTC projects are 75% or more occupied by Black tenants.

Census tract 31.01.wpd

130.07

City of Dallas Neighborhoods and LIHTCs
Census Tract 130.07



Census tract 130.07 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Autumn Creek		130.07	1990	82

Race

Tract 130.07 was majority White Non-Hispanic in the 1990, 2000, and 2010 U.S. Census reports, and majority White and Hispanic in the 2015 U.S. Census reports. The tract has a higher percentage of White Non-Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 130.07 has ranged from 2% in 1990 to 15% in 2015. The poverty rates for the tract have not exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 130.07 have increased since 1990. 21% (52) of children under 5 were below poverty in tract 130.07 in 2015. 21% (140) of children 5 to 17 were below poverty in tract 130.07 in 2015. These childhood poverty rates have not generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 130.07 as measured by the Violent Crime Index. The tract ranks 46.71 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75238 which has a lesser incidence of 2015 citations for illegal dumping (1.56 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75238 at a 2017 yearly rate that was the same as the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. This census tract is not in Southern Dallas.

The rate of loose and roaming dog cases per 1,000 persons in tract 130.07 (3.8) is less than the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is not in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress

Index

Tract 130.07 is not an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 1 distress, the lowest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in the census tract per owner occupied units have remained about the same since 2000. The number and amount of home loans per owner occupied units in this census tract is approximately the same as in the Dallas PMSA/Dallas Metro Division.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC project in the census tract is 90% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a high level, 70, on its School Proficiency Index.

Other low income assisted rental housing

There are 82 total LIHTC assisted units in the census tract.

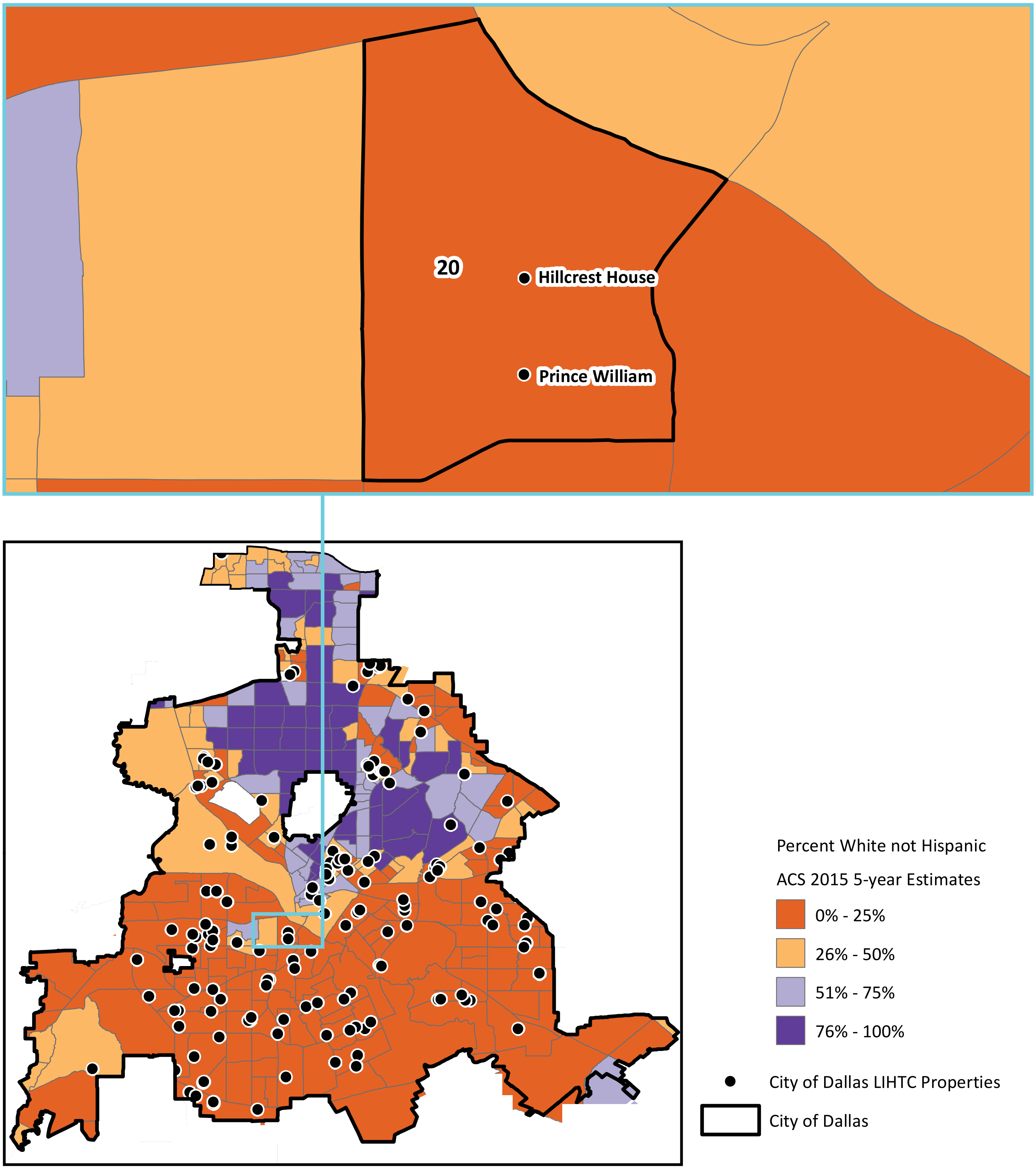
The number of housing vouchers in tract 130.07 has ranged from 35 in 2000 to 24 in

2016. Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been more occupied by a majority of combined Black tenant and Hispanic tenant population.

20

City of Dallas Neighborhoods and LIHTCs
Census Tract 20



Census tract 20 in the City of Dallas.

There is 1 LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Hillcrest House		20	1994	64

Race

Tract 20 was majority Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 20 has ranged from 46% in 1990 to 21% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division until 2015.

Childhood poverty

38% (64) of children under 5 were below poverty in tract 20 in 2015. 40% (254) of children 5 to 17 were below poverty in tract 20 in 2015. The childhood poverty rates over time have generally exceed the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 20 is located in a City of Dallas Police Department Crime Hot

Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 20 is consistently unsafe as measured by the Violent Crime Index. The tract ranks 87 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

The project is in Zip Code 75203 which has a significantly higher incidence of 2015 citations for illegal dumping (17.43 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75203 at a 2017 yearly rate that was 10 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 20 (15.2) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project in census tract 20 is a tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress

Index

Tract 20 is an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated this tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 20 per owner occupied units are consistently low and below the rates per owner occupied units in the Dallas PMSA/Dallas Metro Division during the same period.

Food Deserts

Census tract 20 had Low Access to a supermarket or large grocery store on 2013 and Adequate Access in 2015.

Public school data

The public elementary school serving this census tract is 90% or greater economically disadvantaged Black or Hispanic students.

Other low income assisted rental housing

There are no non-LIHTC HUD assisted rental projects in the tract. The other HUD HUD assisted projects receive only 221(d)(4) HUD mortgage insurance. There are 64 total LIHTC and HUD assisted units in the census tracts.

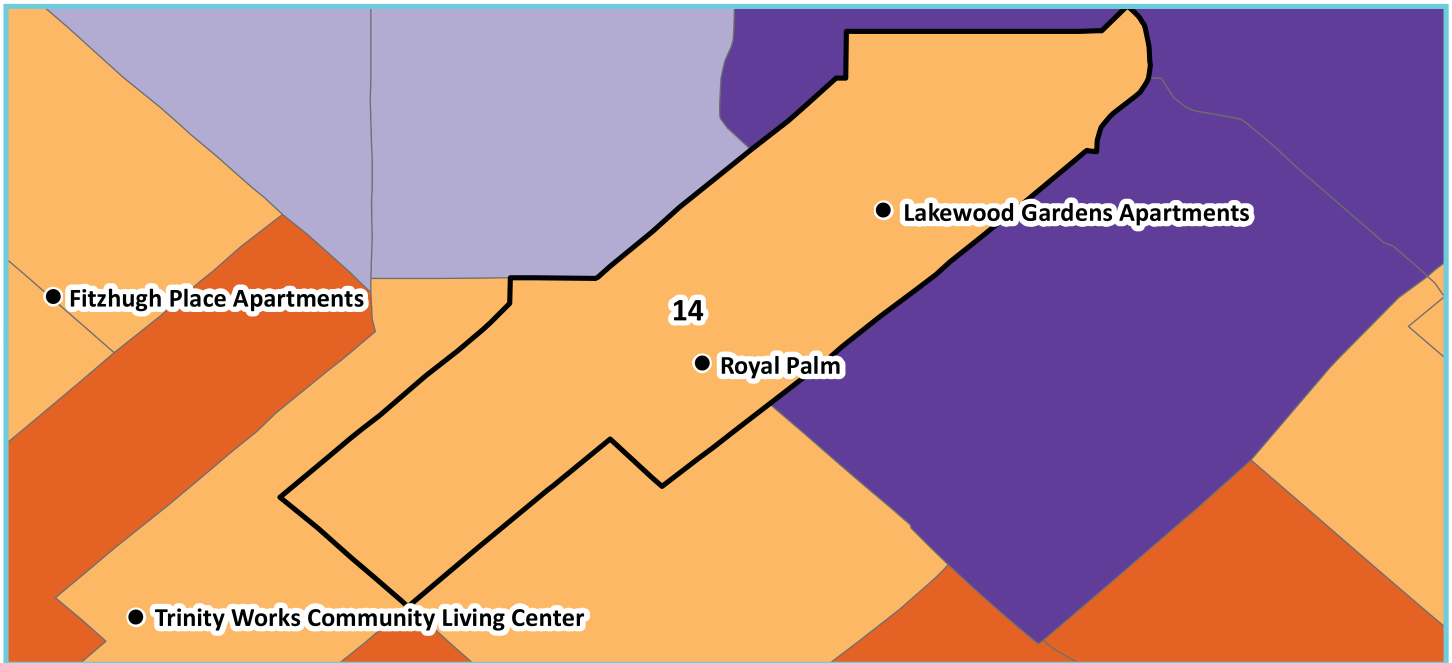
The number of housing vouchers in tract 20 has increased from 31 in 2000 to 45 in 2016.

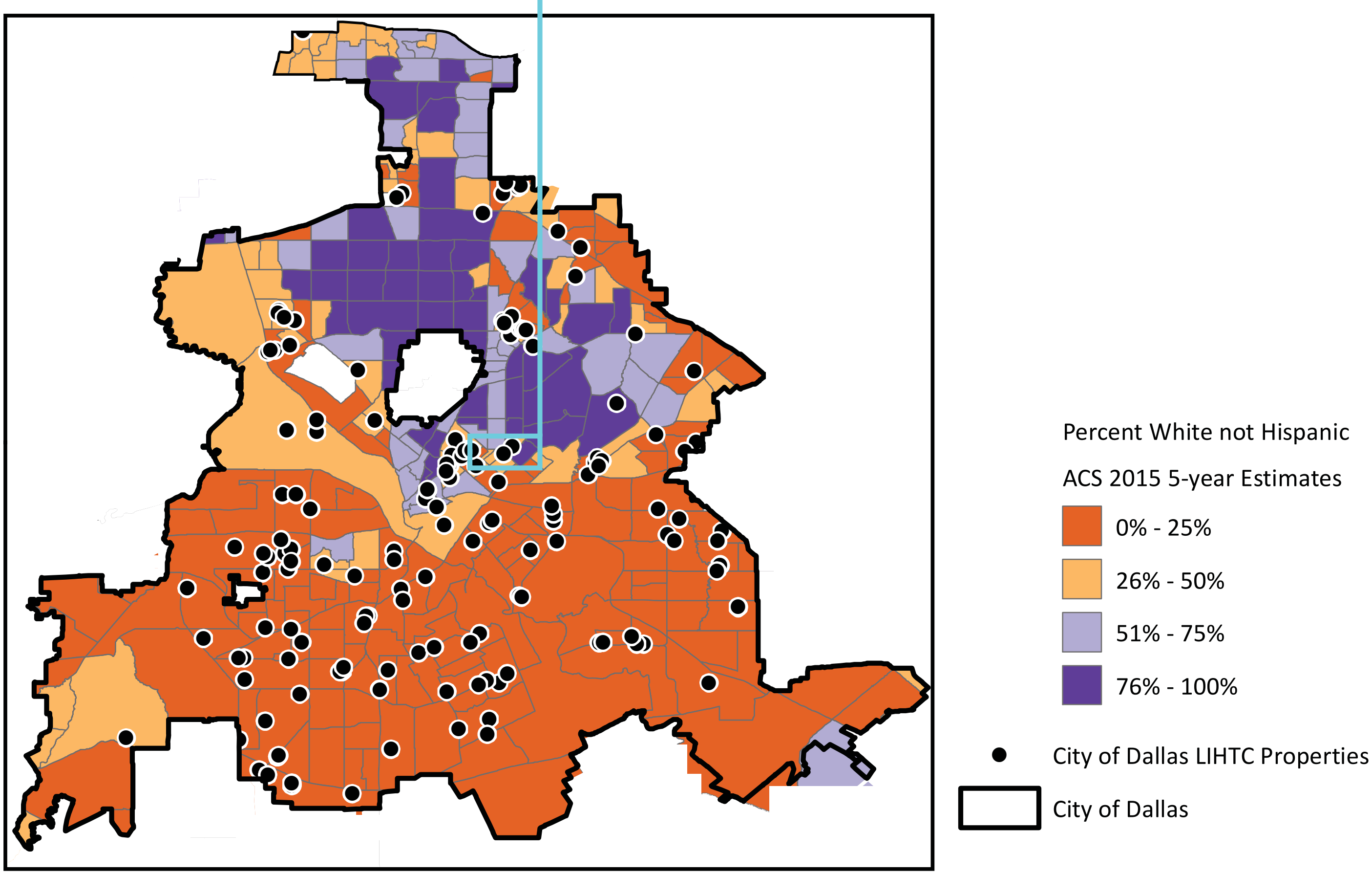
Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been 60% or more occupied by a combined Black tenant and Hispanic tenant population.

14

City of Dallas Neighborhoods and LIHTCs
Census Tract 14





Census tract 14 in the City of Dallas.

There are two LIHTC projects in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Lakewood Gardens Apartments		14	1991	40
Royal Palm		14	1991	23

Race

Tract 14 was majority Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. This is a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 14 has ranged from 43% in 1990 to 29% in 2015.

Childhood poverty

The childhood poverty rates in tract 14 have remained high since 1990. 49% (179) of children under 5 were below poverty in tract 14 in 2015. 42% (160) of children 5 to 17 were below poverty in tract 114 in 2015. The childhood poverty rates over time generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

One LIHTC project in tract 14 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC §

11.9(e)(3)(G)(i), reports tract 14 as consistently unsafe as measured by the Violent Crime Index. Tract 14 ranks 86.17 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75214 which has a significantly higher incidence of 2015 citations for illegal dumping (3.79 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) but not higher than the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75214 at a 2017 yearly rate that was 3 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. Census tract 14 is not in Southern Dallas. The rate of loose and roaming dog cases per 1,000 persons in tract 14 does not exceed the rate in majority White non-Hispanic census tracts.

Industrial zoning

None of the LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 14 is an economically distressed area according to the U.S. Treasury's CDFI Investment area designations. The 2010 U.S. Treasury's Distress Index rated the tract a level 2, the middle level on the distress index.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 14 per owner occupied units since 2000 is consistent with the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 14 is 86% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks one of the elementary school, Royal Palm, serving the census tract at a low level, 32, on its School Proficiency Index.

Other low income assisted rental housing

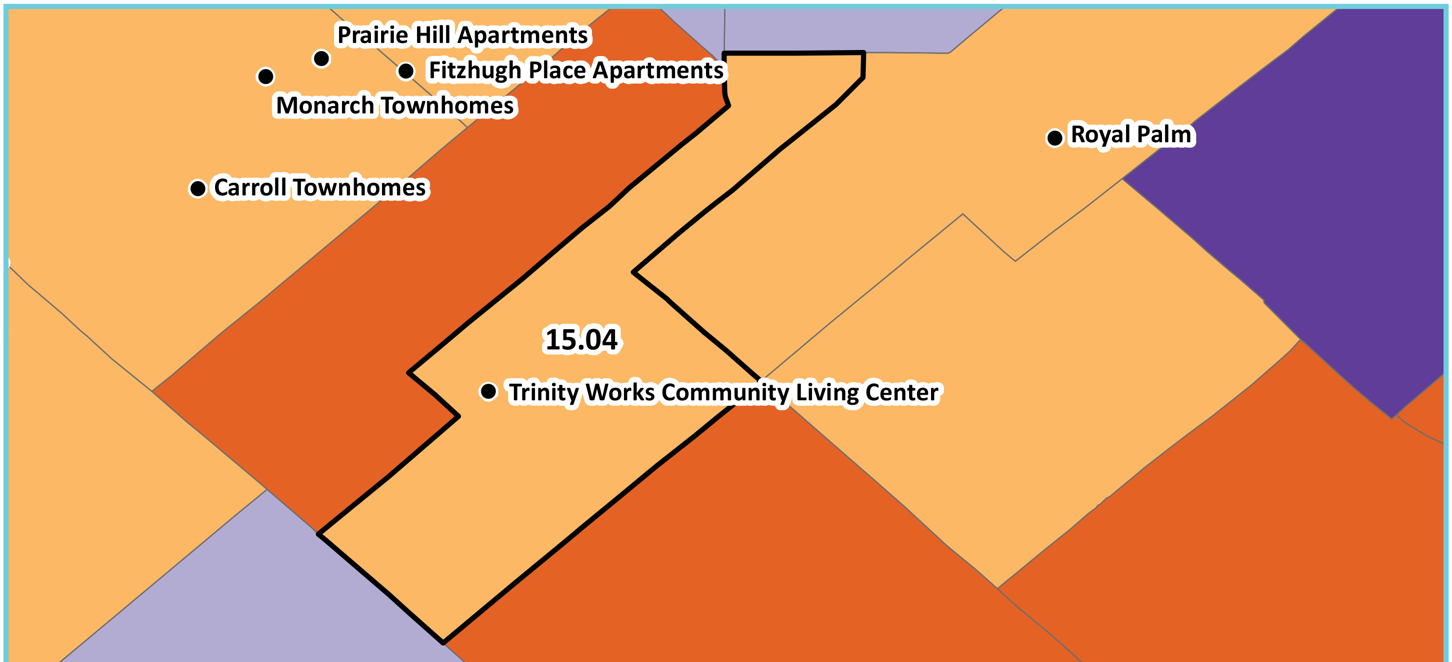
There are 63 total LIHTC assisted rental units in the census tract.

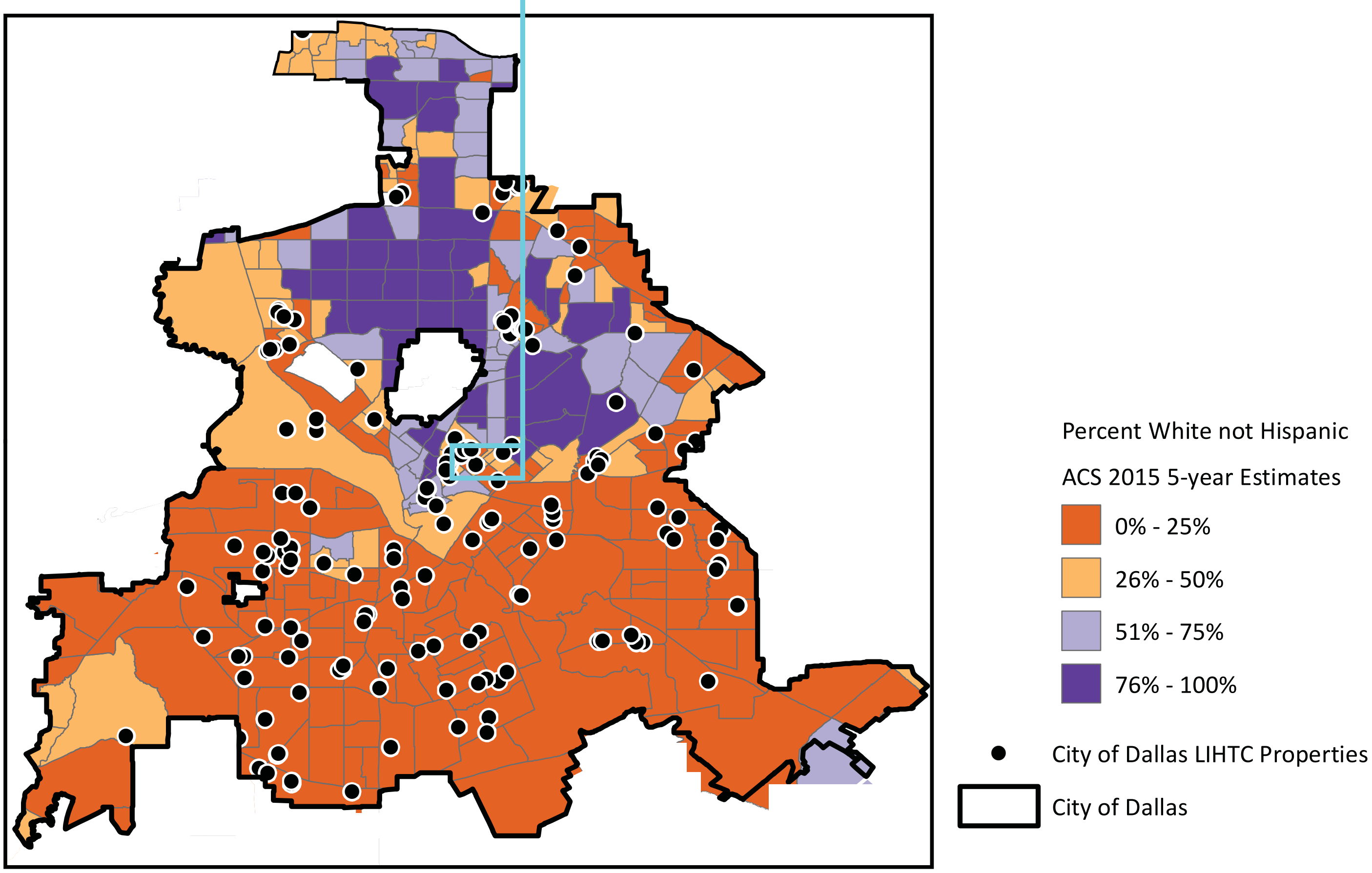
The number of housing vouchers in tract 14 has increased from 26 in 2000 to 94 in 2016. Some of the vouchers are in one of the LIHTC projects.

The units at the Lakewood Gardens Apartments LIHTC project have been 70% to 95% or more occupied by Hispanic tenants. There is no occupancy data for the other LIHTC project.

15.04

City of Dallas Neighborhoods and LIHTCs
Census Tract 15.04





Census tract 15.04 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Trinity Works Community Living Center (fka Prince of Wales) (on 2015 HSR as Wales SRO)		15.04	1993	61

Race

Tract 15.04 was 58% to 61% combined Black and Hispanic population in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 15.04 has ranged from 37% in 1990 to 34% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

77% (124) of children under 5 were below poverty in tract 15.04 in 2015. 38% (105) of children 5 to 17 were below poverty in tract 15.04 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 15.04 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 15.04 is consistently unsafe as measured by the Violent Crime Index. The tract had a rank of 95.66 in the 2015 Violent Crime Index.

Illegal Dumping citations

This project is in Zip Code 75204 which has a significantly higher incidence of 2017 citations for illegal dumping (4.32 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75204 at a 2017 yearly rate that was five times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 15.04 (10.2) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The census tract has no areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 15.04 is an economically distressed area according to the U.S. Treasury's CDFI Distress Investment area. The 2010 Distress Index rated the tract a level 3 distress, the second highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans census tract 15.04 per owner occupied units are higher than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the census tract is 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 32, on its School Proficiency Index.

Other low income assisted rental housing

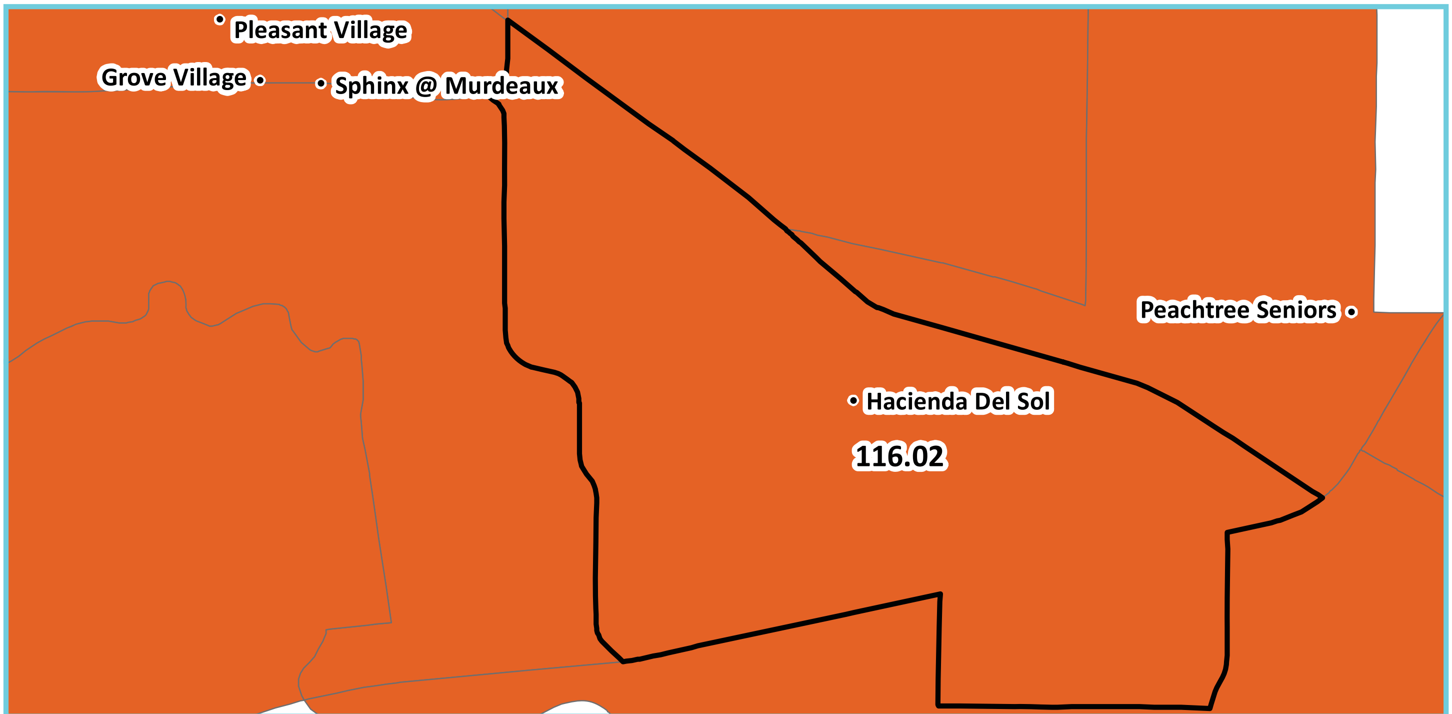
There is one non-LIHTC HUD assisted rental projects in the census tract. There are 286 total LIHTC and HUD assisted units in the census tracts.

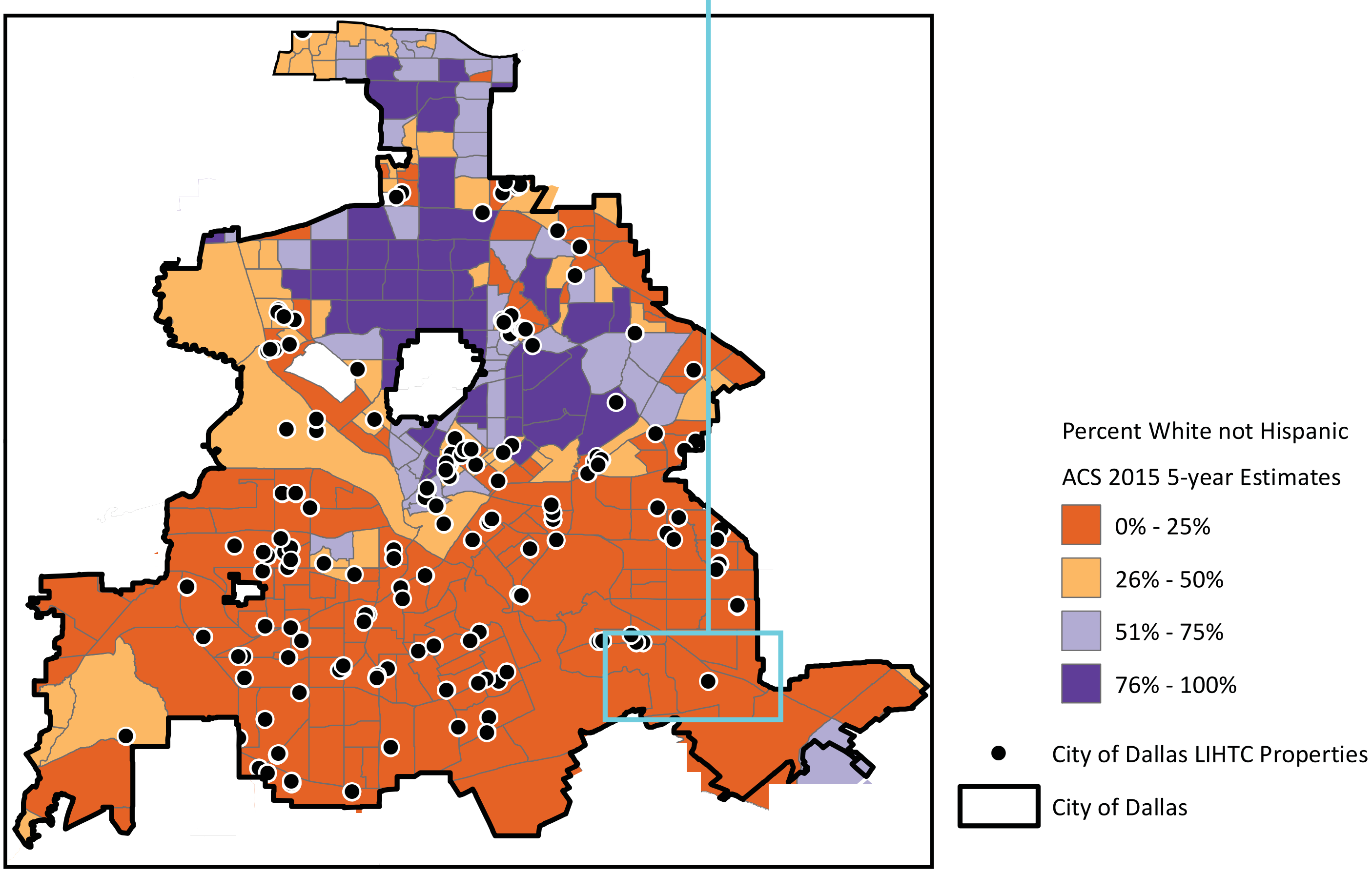
The number of housing vouchers in tract 15.04 has varied from 2000 to 2016. Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been from 41% to 56% occupied by a combined Black and Hispanic tenant population.

116.02

City of Dallas Neighborhoods and LIHTCs
Census Tract 116.02





Census tract 116.02 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Hacienda Del Sol		116.02	2009	55

Race

Tract 116.02 was majority White in the 1990 U.S. Census report and majority Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 116.02 has ranged from 22% in 1990 to 25% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 116.02 have remained above 20% since 1990. 27% (219) of children under 5 were below poverty in tract 116.02 in 2015. 31% (575) of children 5 to 17 were below poverty in tract 116.02 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the Dallas PMSA/Metro Division and remained approximately the same for the childhood poverty rates for the City of Dallas.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports the Violent Crime Index for tract 115. The tract ranks 61.12 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This project is in Zip Code 75217 which has a higher incidence of 2015 citations for illegal dumping (5.05 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75217 at a 2017 yearly rate that was 7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 116.02 (49) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

The tract is an economically distressed area according to the U.S. Treasury's CDFI

Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC project in this census tract is 85% or greater economically disadvantaged Hispanic or Black students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 9, on its School Proficiency Index.

Other low income assisted rental housing

There are 55 total LIHTC assisted units in the census tract.

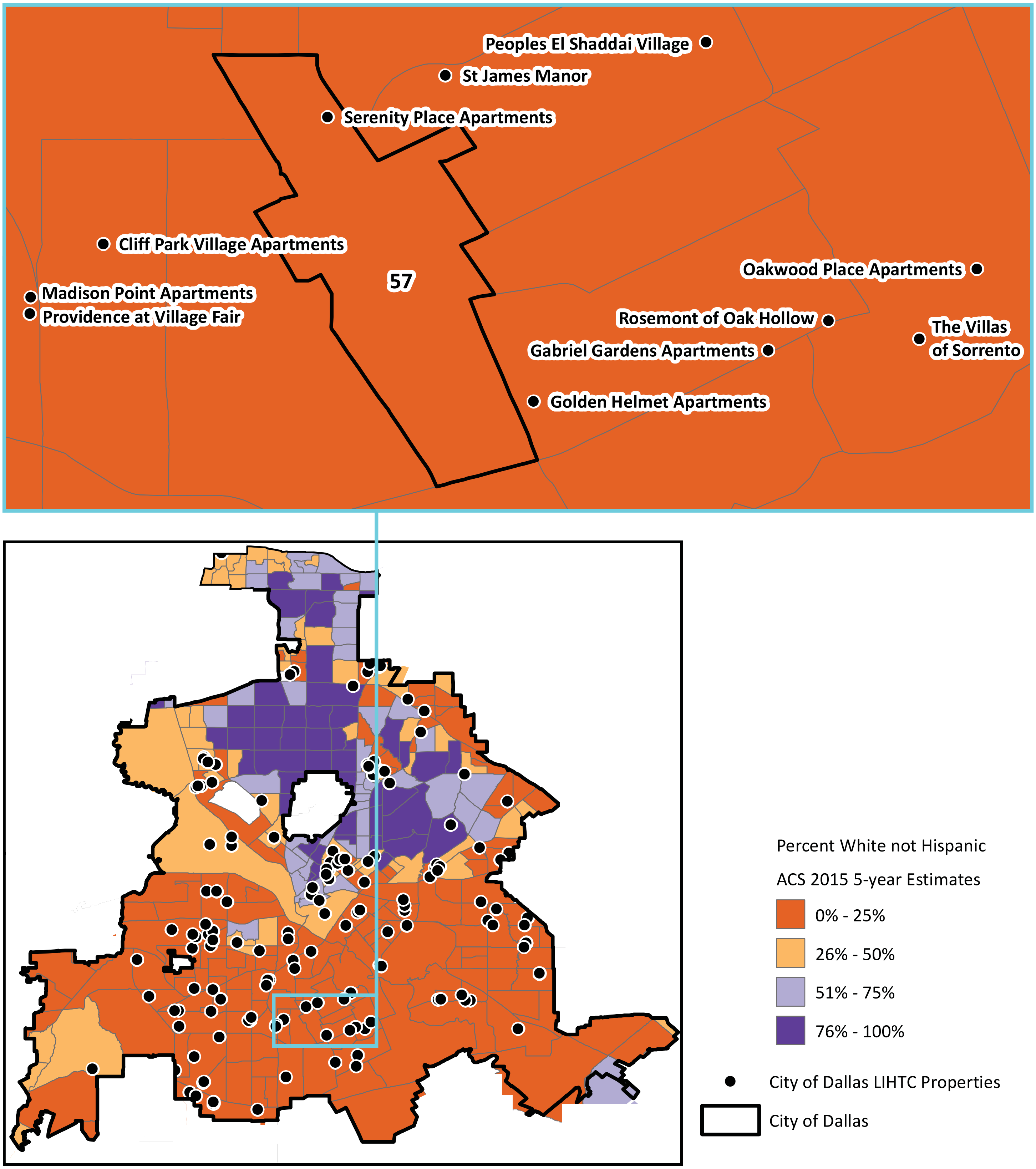
The number of housing vouchers in tract 116.02 has ranged from 62 in 2000 to 23 in 2016. Some of the vouchers are in the LIHTC project.

The units at the LIHTC project are occupied by a combined majority of Black and

Hispanic tenants.

57

City of Dallas Neighborhoods and LIHTCs
Census Tract 57



Census tract 57 in the City of Dallas.

There is one LIHTC projects in this census tract and one HUD assisted project. The LIHTC project is a national bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Unit
Serenity Place	Yes	57	2014	45

Race

Tract 57 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 57 has ranged from 27% in 1990 to 40% in 2015. The poverty rate for tract 57 has generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 57 have remained high and increased since 1990. 39% (150) of children under 5 were below poverty in tract 57 in 2015. 45% (484) of children 5 to 17 were below poverty in tract 57 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 57 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 57 as consistently unsafe as measured by the Violent Crime Index. In 2015, tract 57 ranked 90.75 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This LIHTC project is in Zip Code 75216 which has a significantly higher incidence of 2015 citations for illegal dumping (11.95 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races move to Zip Code 75216 at a 2017 yearly rate that is 19 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 57 (75.7) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is not in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Census tract 57 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 57 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 57 has adequate access to a supermarket or large grocery store.

Public school data

The public elementary school serving this LIHTC project in this census tract is 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving census tract 57 at a low level, 37, on its School Proficiency Index.

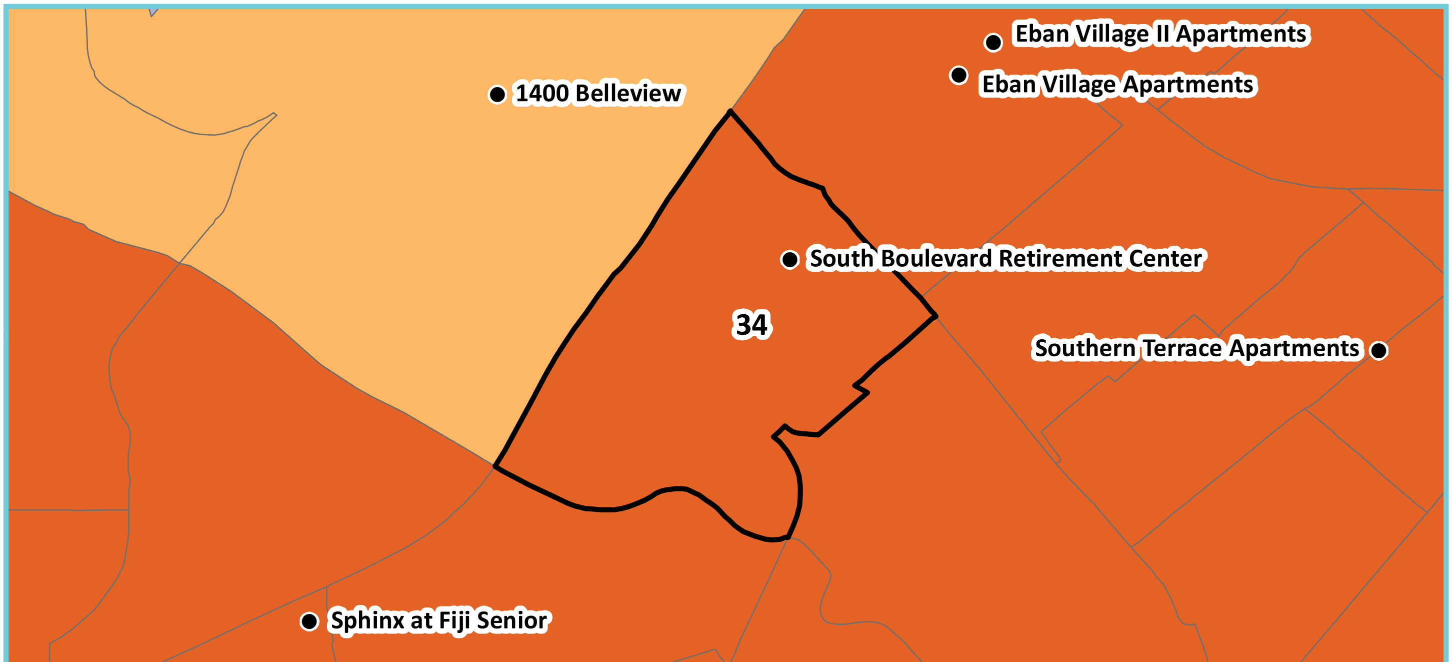
Other low income assisted rental housing

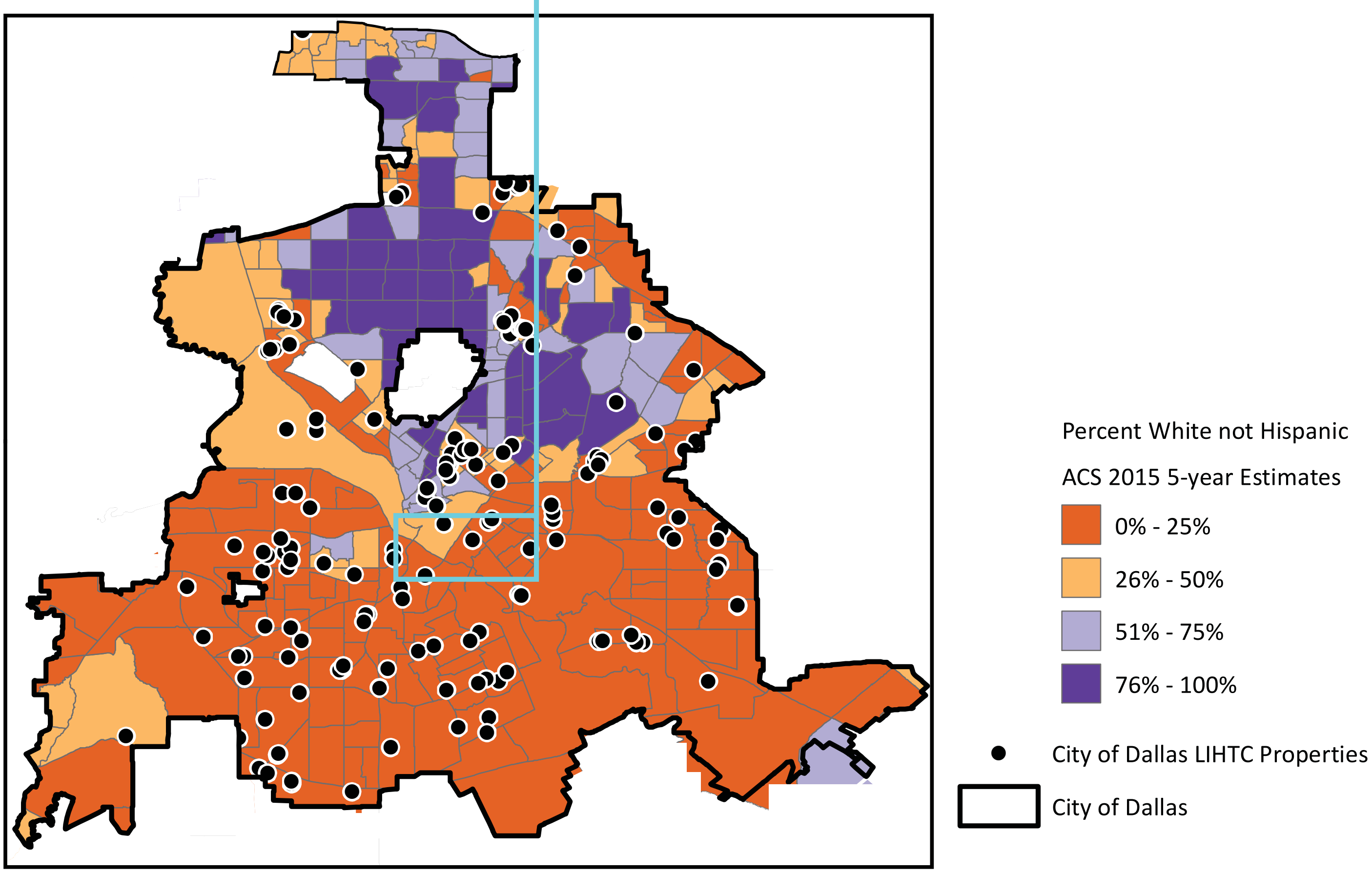
There is a HUD assisted rental project in this census tract. There are 238 total LIHTC and HUD assisted units in the census tract.

The number of housing vouchers in tract 57 has stayed approximately the same. As of 2016 there were 69 vouchers in the tract.

34

City of Dallas Neighborhoods and LIHTCs
Census Tract 34





Census tract 34 in the City of Dallas.

There is one LIHTC projects in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
South Boulevard Retirement Center (Edgewood Manor Senior Apartments)		34	1999	30

Race

Tract 34 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 34 has ranged from 59% in 1990 to 34% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

14% (9) of children under 5 were below poverty in tract 34 in 2015. 46% (91) of children 5 to 17 were below poverty in tract 34 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 34 is located in a City of Dallas Police Department Crime Hot

Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 34 as consistently unsafe as measured by the Violent Crime Index. Tract 34 ranks 97.88 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This project is in Zip Code 75215 which has a significantly higher incidence of 2015 citations for illegal dumping (35.03 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75215 at a 2017 yearly rate that was 33 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 34 (79.4) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress

Index

Tract 34 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

This is an elderly LIHTC project.

The public elementary school serving this census tract is 87% or greater economically disadvantaged Black or Hispanic students.

Other low income assisted rental housing

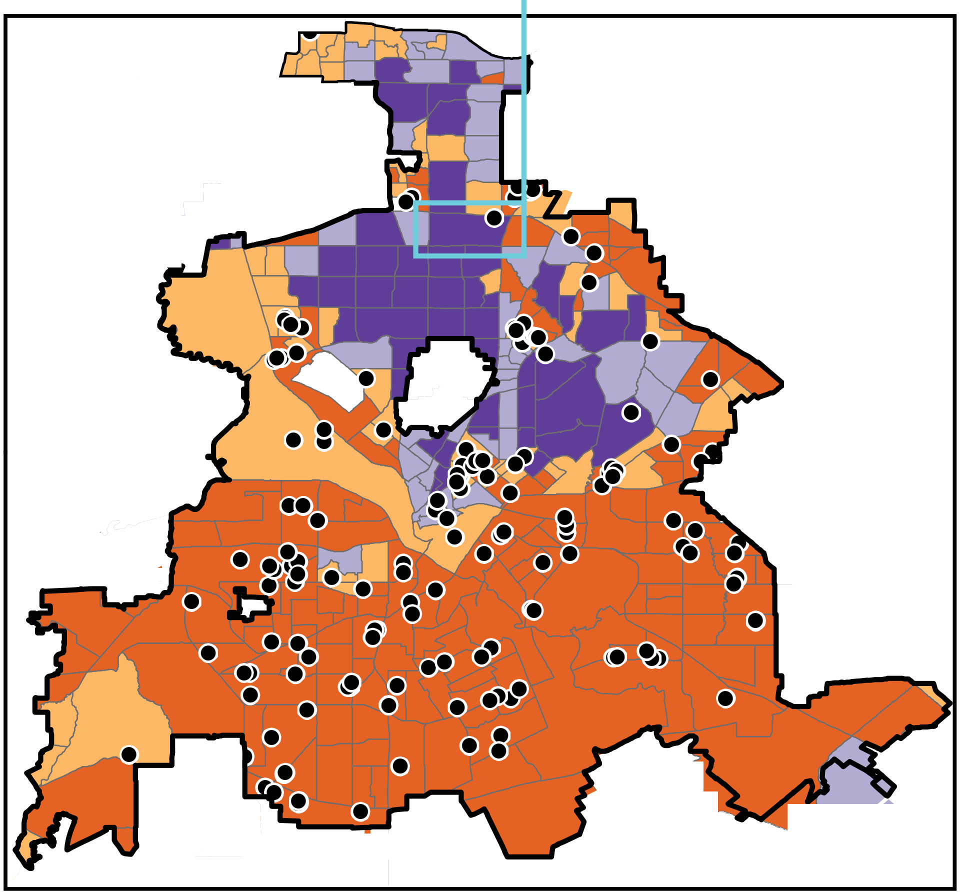
There are 30 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 34 has increased from 23 in 2000 to 26 in 2016. Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been occupied by a predominantly Black or Hispanic or a combined Black tenant and Hispanic tenant population.

132

City of Dallas Neighborhoods and LIHTCs
Census Tract 132



Percent White not Hispanic
ACS 2015 5-year Estimates
0% - 25%
26% - 50%
51% - 75%
76% - 100%
City of Dallas LIHTC Properties
City of Dallas

Census tract 132 in the City of Dallas.

There is one LIHTC project in census tract 132.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Summit Place (Summit Parque)	yes	132	2013	98

Race

Tract 132 has been majority White non-Hispanic since 1990. The tract has a higher percentage of White non-Hispanic population than in the City of Dallas and a higher percentage of combined White non-Hispanic population than in the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have ranged from 1% in 2000 to 10% in 2015. The poverty rates have been lower than the poverty rates for the City of Dallas and lower than the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

9% (44) of children under 5 were below poverty in tract 132 in 2015. This rate is lower than the rate for the City of Dallas, 38%, and lower than the rate for the Dallas PMSA/Metro Division, 23%.

26% (129) of children 5 to 17 were below poverty in tract 132 in 2015. This rate is lower than the 5 to 17 childhood poverty rates for the City of Dallas and higher than the 5 to 17 childhood poverty rates for the the Dallas PMSA/Metro Division.

Crime

The tract is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 132 has the current rank of 65 on the scale of 0 being the most safe and 100 being the least safe. The rank was 33 in 2006 and 52 in 2010.

Illegal Dumping citations

The project is in Zip Code 75251 which has a lower incidence of 2015 citations for illegal dumping , 0, that is lower than the rate in majority White non-Hispanic Zip Codes in the City of Dallas.

Registered sex offenders

The registered sex offenders data for Zip Code 75251 in which this project is located shows that as of 2017, the rate of registered sex offenders of any that had moved to the Zip Code was 0.7. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 132 (2.4) is less than the average rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is not in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 132 is not an economically distressed areas according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 0 distress, the lowest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 132 per owner occupied units for 2015 are higher than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 132 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 132 is majority Hispanic and 77% economically disadvantaged.

Other low income assisted rental housing

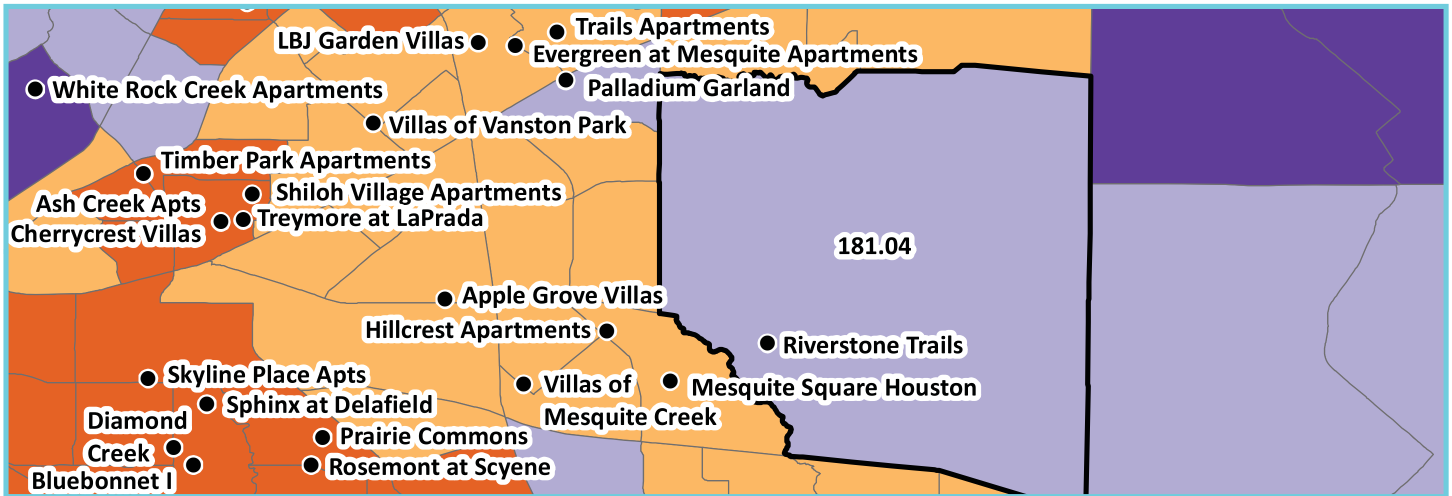
There is one non-LIHTC HUD assisted rental project listed for a location in the census tract with 260 units. There are 358 total LIHTC assisted units in the census tract.

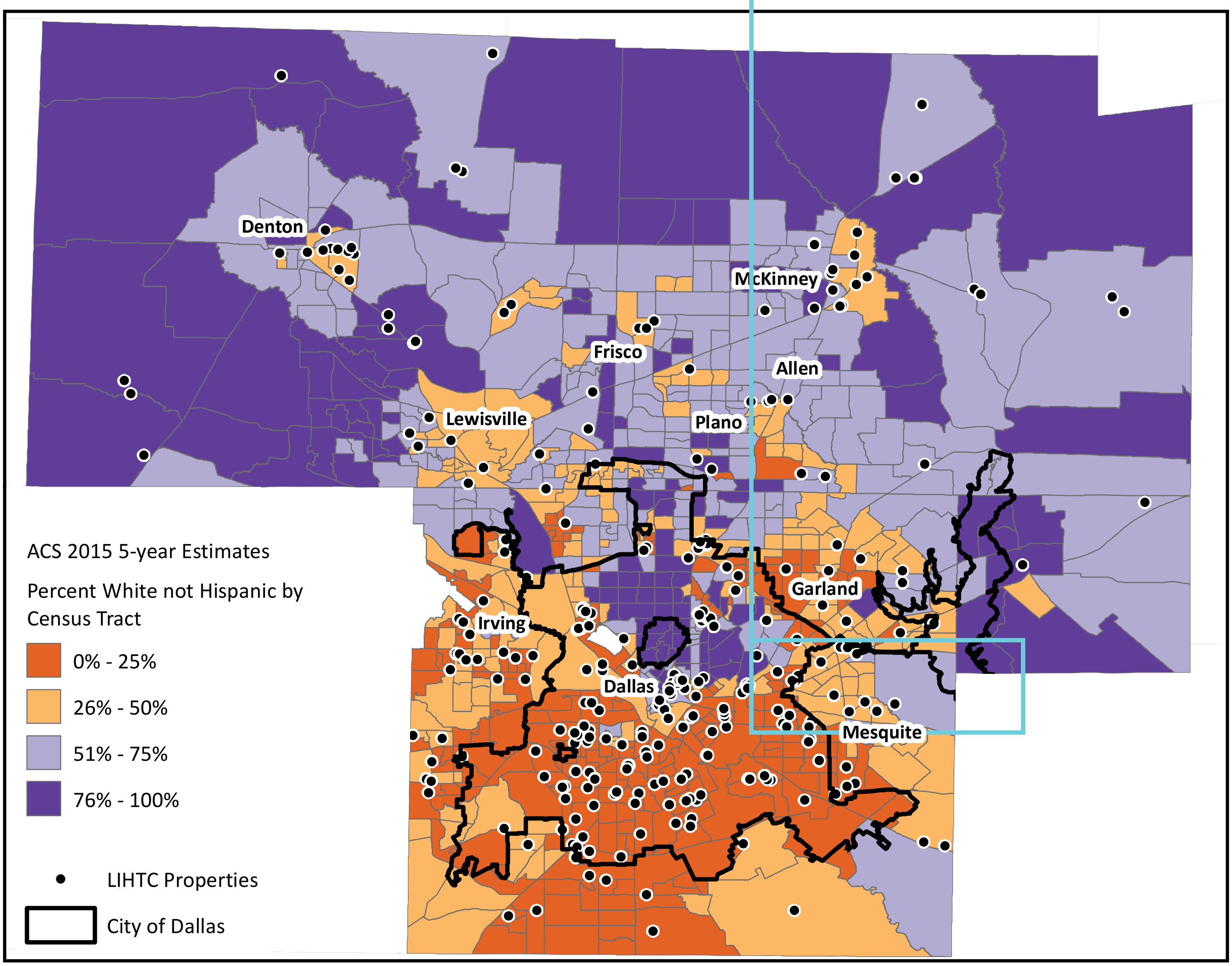
There were 0 housing voucher in the tract in 2000 and 50 in 2016. There was no report showing the number, if any, of vouchers in the LIHTC project in the tract.

There was no report for racial occupancy data for the LIHTC project.

181.04

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 181.04





Census tract 181.04 in the City of Sunnyvale.

There is one LIHTC project in census tract 181.04.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Riverstone Trails	yes	181.04	2012	96

Race

Tract 181.04 was majority White non-Hispanic in the U.S. Census reports for 1990, 2000, 2010, and 2015. The tract has a higher percentage of White non-Hispanic population than in the City of Dallas (29%) and a higher percentage of White non-Hispanic population than the Dallas PMSA/Metro Division (46%).

Poverty

The poverty rate for the tract was 2% in 1990, 4% in 2000, 6% in 2010 and 3% in 2015. The poverty rates for the tract have been substantially lower than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 181.04 have decreased since 1990 for children under 5. 4% (20) of children under 5 were below poverty in tract 181.04 in 2015. 3% (39) of children 5 to 17 were below poverty in tract 181.04 in 2015. The childhood poverty rates over time for children under 5 and 5 to 17 have generally been substantially less than the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 181.04 has the current rank of 21 on the scale of 0 being the most safe and 100 being the least safe. The rank has decreased from 85 in 2006 to 21 in 2015.

Illegal Dumping citations

The project is not in the City of Dallas. No data is available on illegal dumping citations.

Registered sex offenders

The registered sex offenders data for Zip Code 75182 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 0.70. This is close to the rate for Dallas County Majority White Zip Codes (0.51) and less than one third of the Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

The project is not located in the City of Dallas. There is no data on the number of loose and running dog cases.

Industrial zoning

There is no data on whether there is industrial zoning in this census tract.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 181.04 is not an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated the tract as level 0 distress, the lowest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 181.04 per owner occupied units are consistent with the number and amount of home loans per owner occupied unit than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 181.04 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 181.04 is majority White non-Hispanic and less than 14% economically disadvantaged.

Other low income assisted rental housing

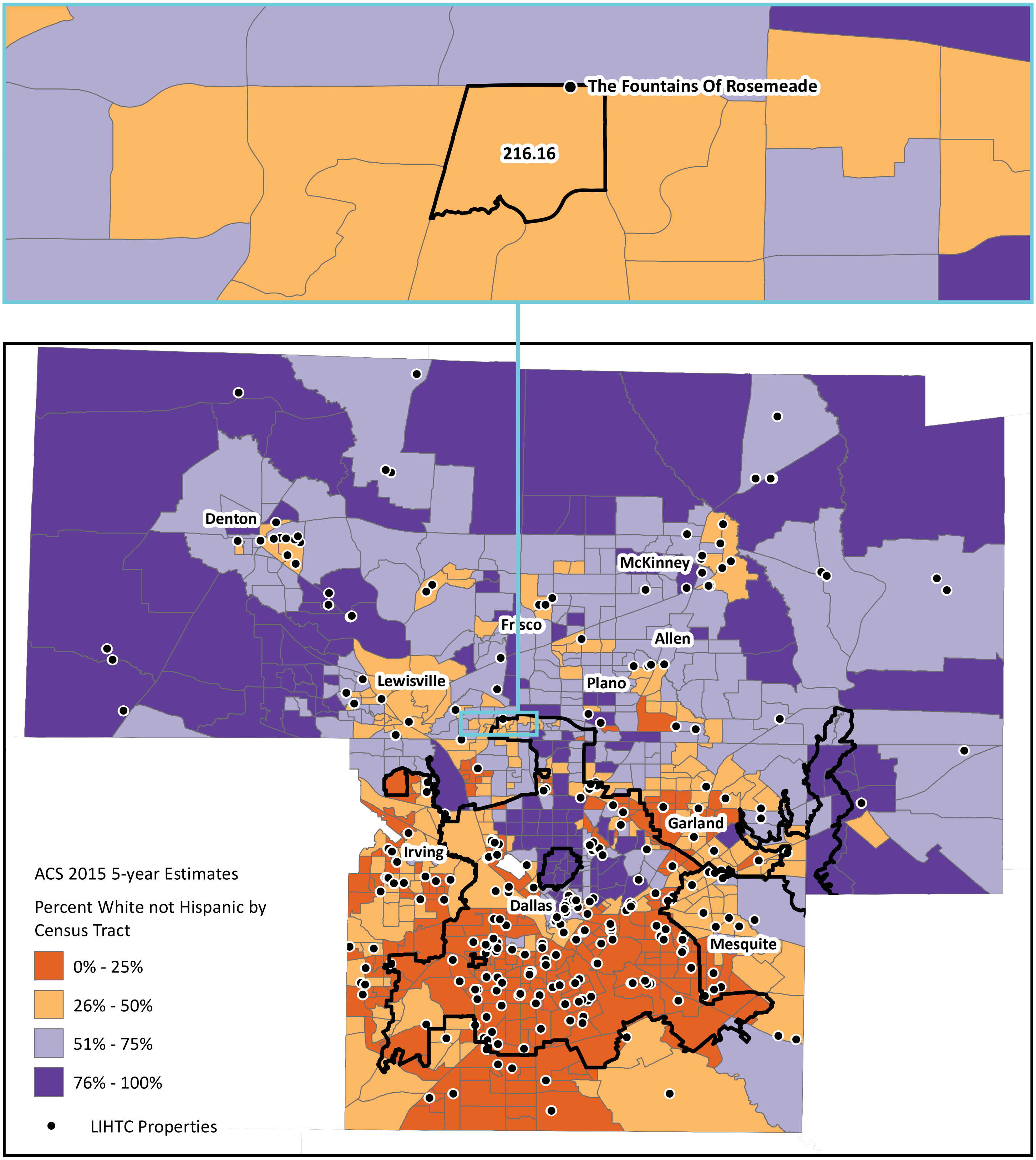
There are no non-LIHTC HUD assisted rental projects for non-elderly in the census tract. There were 96 total LIHTC non-elderly assisted units in the census tract.

The number of housing vouchers in tract 181.04 has increased from 4 in 2000 to 91 in 2016. 41 of these vouchers were for units the LIHTC project.

The racial occupancy data for the LIHTC project is 83% Black and 11% Hispanic in 2015.

216.16

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 216.16



Census tract 216.16 in the City of Dallas.

There is one LIHTC projects in census tract 216.16.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
The Fountains of Rosemeade		216.16	2012	96

Race

Tract 216.16 was majority White non-Hispanic in the U.S. Census reports for 1990, 2000, and 2010. The tract was 40% White non-Hispanic, 27% Black, and 24% Hispanic in the 2015 Census.The tract has a higher percentage of White non-Hispanic population than in the City of Dallas (29%) and a lower percentage of White non-Hispanic population than the Dallas PMSA/Metro Division (46%).

Poverty

The poverty rate for the tract was 4% in 1990, 7% in 2000, 12% in 2010 and 15% in 2015. The poverty rates for the tract have been equal to or lower than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 216.16 have increased since 1990 for children under 5. 22% (80) of children under 5 were below poverty in tract 216.16 in 2015. 19% (111) of children 5 to 17 were below poverty in tract 216.16 in 2015. The childhood poverty rates over time for children under 5 and 5 to 17 have generally been substantially less than the childhood poverty rates for the City of Dallas but similar to the childhood poverty rates for the Dallas PMSA/Metro Division.

Crime

The tract is located in the City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 216.16 has the current rank of 67 on the scale of 0 being the most safe and 100 being the least safe. The rank has decreased from 76 in 2010 to 67 in 2015.

Illegal Dumping citations

The project is Zip Code 75007. The 2014 and the 2015 rate of illegal dumping citations is 0. The average rate for the Majority White non-Hispanic Zip Codes all or in part in the City of Dallas was 1.3 in 2014 and 1.57 in 2015.

Registered sex offenders

The registered sex offenders data for Zip Code 75007 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 0.09. This was less than the rate for Dallas County Majority White Zip Codes (0.51) and less than the Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases for tract 216.16 was 3.0 This was less than the rate for Dallas County Majority White Zip Codes (4.58) and less than the Dallas County Majority Minority Zip Codes (24.73).

Industrial zoning

There is no industrial zoning in this census tract.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 216.16 is not an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated the tract as level 1 distress, the second level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 216.16 per owner occupied units are lower per the number and amount of home loans per owner occupied unit than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 216.16 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 216.16 is majority Black and Hispanic and 81% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 37, on its School Proficiency Index.

Other low income assisted rental housing

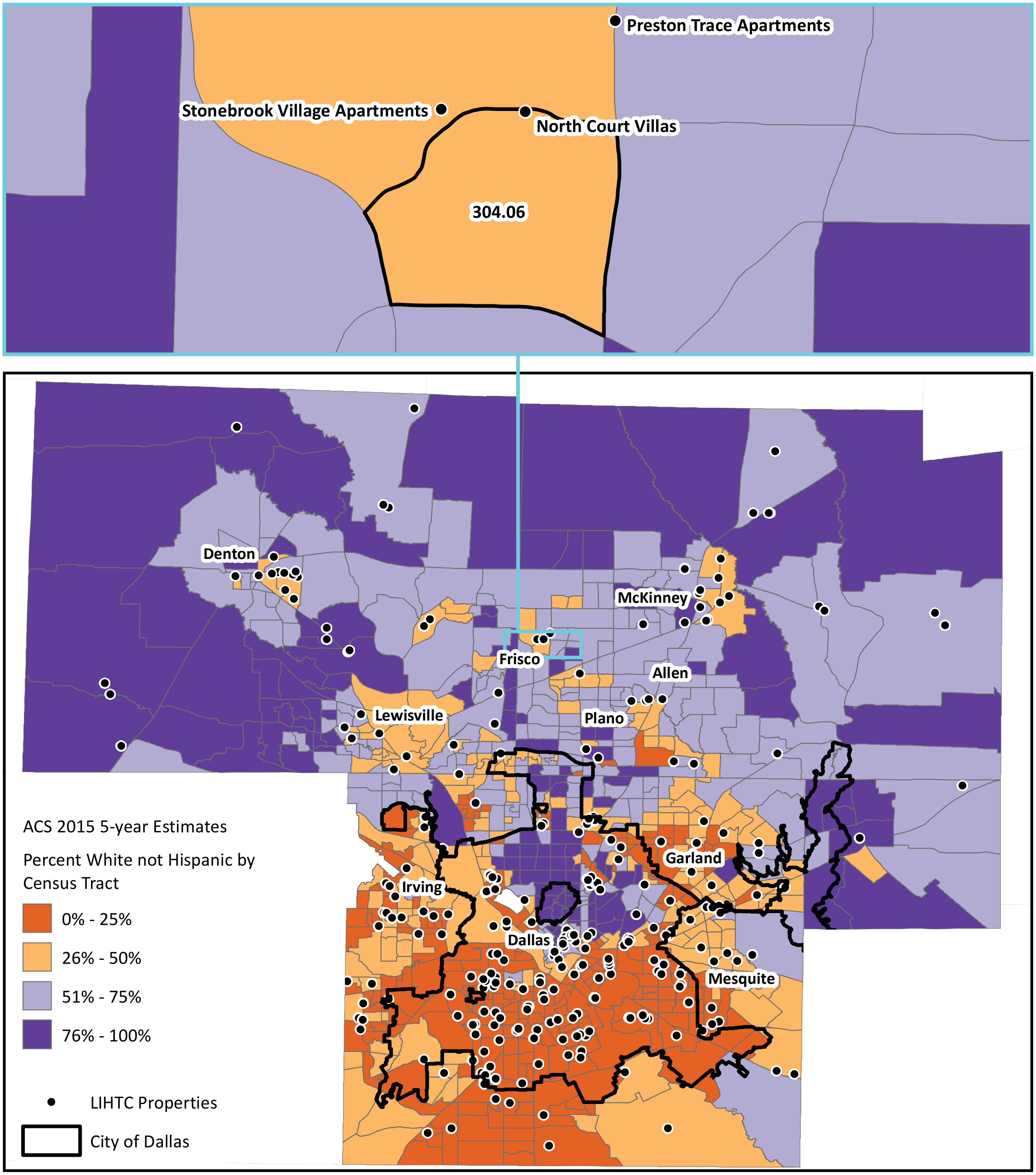
There are no non-LIHTC HUD assisted rental projects for non-elderly in the census tract. There were 382 total LIHTC non-elderly assisted units in the census tract.

The number of housing vouchers in tract 216.16 has increased from one in 2000 to 141 in 2016. 109 of these vouchers were for units the LIHTC project.

The racial occupancy data for the LIHTC project is 41% Black and 41% Hispanic in 2015.

304.06

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 304.06



Census tract 304.06 in the City of Frisco.

There is one LIHTC projects in census tract 304.06.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
North Court Villas		304.06	2010	150

Race

Tract 304.06 was majority White non-Hispanic in the U.S. Census reports for 1990 and 2000. The tract was 43% White non-Hispanic in, 2010 and 45% White non-Hispanic in 2015. The tract has a higher percentage of White non-Hispanic population than in the City of Dallas (29%) and a lower percentage of White non-Hispanic population than the Dallas PMSA/Metro Division (46%).

Poverty

The poverty rate for the tract was 10%1990, 7% in 2000, 19% in 2010 and 9% in 2015. The poverty rates for the tract have been substantially lower than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 304.06 have increased since 1990 for children under 5. 48% (67) of children under 5 were below poverty in tract 304.06 in 2015. 11% (72) of children 5 to 17 were below poverty in tract 304.06 in 2015. The childhood poverty rates over time for children 5 to 17 have generally been substantially less than the childhood poverty rates for the

City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 304.06 has the current rank of 35 on the scale of 0 being the most safe and 100 being the least safe. The rank has decreased from 75 in 2010 to 35 in 2015.

Illegal Dumping citations

The project is not in the City of Dallas. No data is available on illegal dumping citations.

Registered sex offenders

There is no registered sex offenders data for Zip Code 75035 in which this project is located.

Loose and Roaming Dog Cases

The project is not located in the City of Dallas. There is no data on the number of loose and roaming dog cases.

Industrial zoning

There is no data on whether there is industrial zoning in this census tract.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 304.06 is not an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated the tract as level 1 distress, the second lowest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 304.06 per owner occupied units are consistently higher than the number and amount of home loans per owner occupied unit than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 304.06 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 304.06 is majority White non-Hispanic and less than 12% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at high level, 85, on its School Proficiency Index.

Other low income assisted rental housing

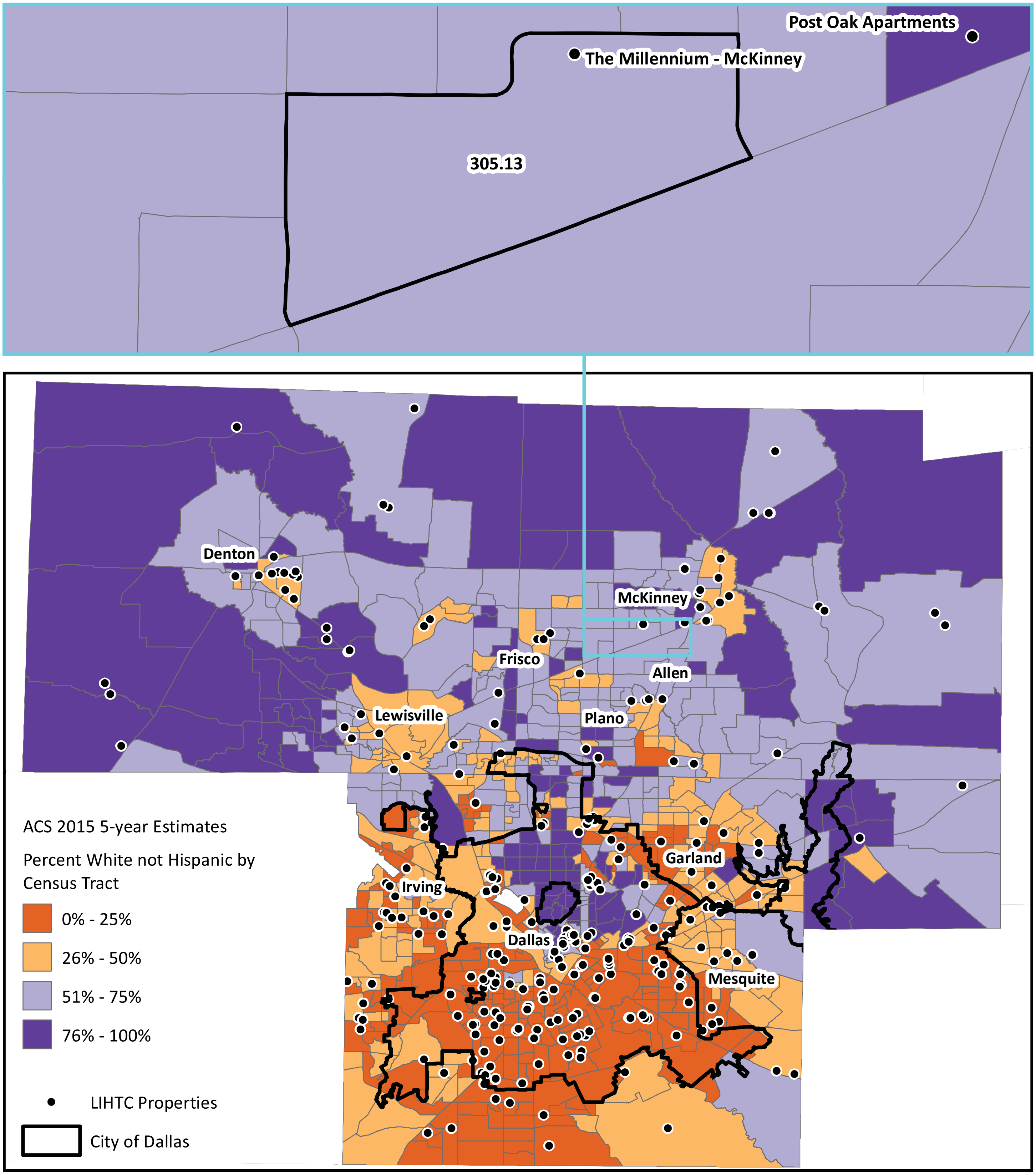
There are no non-LIHTC HUD assisted rental projects for non-elderly in the census tract. There were 150 total LIHTC non-elderly assisted units in the census tract.

The number of housing vouchers in tract 304.06 has increased from 9 in the 2000 tract of which it was a part, 304.02, to 27 in 2016.

The racial occupancy data for the LIHTC project is 47% Black and 29% Hispanic in 2015.

305.13

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 305.13



Census tract 305.13 in the City of McKinney.

There is one LIHTC projects in census tract 305.13.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
The Millennium - McKinney (Millennium Apartments)		305.13	2013	164

Race

Tract 305.13 was majority White non-Hispanic in the U.S. Census reports for 1990, 2000, 2010, and 2015. The tract has a higher percentage of White non-Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for the tract was 3%1990, 0% in 2000, 12% in 2010 and 3% in 2015. The poverty rates for the tract have been substantially lower than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 305.13 have not increased since 1990 except for an increase in 2010. The childhood poverty rates continued to decline in 2015.

0% (0) of children under 5 were below poverty in tract 305.13 in 2015. 2% (28) of children 5 to 17 were below poverty in tract 305.13 in 2015. The childhood poverty rates over time have generally been substantially less than the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 305.13 has the current rank of 44 on the scale of 0 being the most safe and 100 being the least safe. The rank has increased from 31 in 2010 to 44 in 2015.

Illegal Dumping citations

The project is not in the City of Dallas. No data is available on illegal dumping citations.

Registered sex offenders

There is no registered sex offenders data for Zip Code 75070 in which this project is located.

Loose and Roaming Dog Cases

The project is not located in the City of Dallas. There is no data on the number of loose and roaming dog cases.

Industrial zoning

There is no data on whether there is industrial zoning in this census tract.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 305.13 is not an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated the tract as level 0 distress, the lowest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine

whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 305.13 per owner occupied units are consistently higher than the number and amount of home loans per owner occupied unit than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 305.13 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 305.13 is majority White non-Hispanic and less than 10% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a high level, 91, on its School Proficiency Index.

Other low income assisted rental housing

There are no non-LIHTC HUD assisted rental projects for non-elderly in the census tract. There were 164 total LIHTC non-elderly assisted units in the census tract.

The number of housing vouchers in tract 305.13 has increased from no more than one in the 2000 tract of which it was a part, 305.02, to 63 in 2016.

The racial occupancy data for the LIHTC project is not yet available from TDHCA.

Exhibit 10

August 8, 2017

Daniel & Beshara, P.C.
3301 Elm Street
Dallas, TX 75226

Dear Mr. Daniel and Ms. Beshara,

I have prepared my expert report for *ICP v. Department of Treasury and Office of the Comptroller of the Currency, 3:14-3013-D.* Enclosed, please find the written report as well as selected peer-reviewed articles included in Appendix 1.

My curriculum vitae is included in Appendix 2, which summarizes my qualifications and publications. In the past 4 years, I have not testified as an expert at trial or by deposition in any trials. I acknowledge that I was compensated by Daniel & Beshara, P.C., at a rate of $200 per hour for preparing this expert report.

Sincerely,

Ann Owens
Assistant Professor
Department of Sociology
University of Southern California

There is a body of peer-reviewed scholarly research and government reports demonstrating that growing up in a racially segregated, impoverished neighborhood reduces children's well-being on a variety of indicators. Over the past three decades, multiple review articles have summarized the scholarly research across disciplines on neighborhood effects on children and adolescents in the U.S. (e.g., Duncan and Raudenbush 1999; Durlauf 2004; Ellen and Turner 1997; Jencks and Mayer 1990; Leventhal and Brooks-Gunn 2000; Mayer and Jencks 1989; Pebley and Sastry 2004; Sampson, Morenoff, and Gannon-Rowley 2002; Sharkey and Faber 2014). The bulk of the evidence indicates that growing up in a socioeconomically disadvantaged neighborhood with many non-white neighbors reduces children's well-being.

Early Studies of Neighborhoods

The contemporary neighborhood effects literature is characterized by quantitative reports identifying statistical relationships between residents' outcomes and the socioeconomic and demographic characteristics of their neighborhoods. This research base flourished following the publication of William Julius Wilson's widely read and cited book *The Truly Disadvantaged* (1987), which detailed conditions in black inner-city neighborhoods. While this body of research grew considerably after Wilson's book, evidence on the detriments of racial/ethnic segregation and growing up in disadvantaged neighborhoods existed before 1987. In the social science literature, the idea of neighborhood effects dates to at least the 19th century (Briggs, Popkin, and Goering 2010; Sampson 2012), gaining prominence in the U.S. in the late 19th and early 20th centuries via the work of Jacob Riis ([1890] 2010), W.E.B. DuBois ([1899] 1996), and the Chicago School of Sociology (Park and Burgess [1925] 1984). These early scholars documented impoverished conditions in inner-city neighborhoods in New York, Philadelphia, and Chicago, arguing that neighborhood conditions constrained individuals' behavior. In the 1960s and 1970s, a number of studies, many using in-depth ethnographic techniques, documented the conditions of racially and socially isolated, impoverished neighborhoods, arguing that residents' social and economic relationships and outcomes were shaped by their neighborhoods (Clark [1965] 1989; Drake and Cayton [1945] 1993; Liebow 1967; Rainwater 1970; Stack 1974; Suttles 1968).

A prominent government study on the topic of racially segregated neighborhoods—the report of the National Advisory Commission on Civil Disorders ("The Kerner Commission")—was published in 1968. The Commission was convened to investigate the "racial disorder" occurring in the summer of 1967, when nearly 150 cities reported incidents in black neighborhoods ranging from minor disturbances to large-scale uprisings in places like Newark and Detroit. This report was one of a series of White House conferences, commissions, and national policy reports from the early 1960s to the early 1980s on conditions in inner-city neighborhoods.

In their investigation of the causes of the disorder, the Kerner Commission examined the broad conditions of life in racially segregated, poor "ghetto" inner-city neighborhoods, hearing testimony from 130 witnesses ranging from Dr. Martin Luther King, Jr to J. Edgar Hoover, undertaking 1200 interviews and surveys in 23 cities, visiting 8 cities, and reviewing social science evidence. The commission concluded "Our nation is moving toward two societies, one black, one white—separate and unequal… Segregation and poverty have created in the racial ghetto a destructive environment totally unknown to most white Americans" (The National Advisory Commission on Civil Disorders [1968] 1988:1-2). The report details how "segregation and poverty converge on the young to destroy opportunity and enforce failure," describing the lack of economic opportunities, poor sanitation, high crime rates, commercial exploitation, failing schools, and substandard housing in black urban communities (10). The in-depth report argues that disadvantaged neighborhoods have consequences for residents', particularly children's, educational, economic, and health outcomes and strongly advocates the need for policies aimed at integration. The report states:

> "Federal housing policies must be given a new thrust aimed at overcoming the prevailing patterns of racial segregation. If this is not done, those programs will continue to concentrate the most impoverished and dependent segments of the population into the central-city ghettos where there is already a critical gap between the needs of the population and the public resources to deal with them… [Policymakers should] reorient federal housing programs to place more low- and moderate-income housing outside of ghetto areas." (28)

The report was controversial due to its strong language and calls for sweeping change, and it was largely dismissed by President Lyndon B. Johnson and questioned by white Americans. However, it received considerable media and public attention and was published as a paperback by Bantam Books in 1968, quickly becoming a bestseller (Zelizer 2016).

Quantitative Evidence on Neighborhood Effects

The contemporary quantitative neighborhood effects literature flourished following the publications of *The Truly Disadvantaged* (Wilson 1987) and *American Apartheid* (Massey and Denton 1993), both of which detailed increasing poverty in racially segregated black neighborhoods. Building on these seminal works, newly available data and statistical methods for isolating causal effects spurred the growth of the modern neighborhood effects literature.

Researchers have long noted the challenge of identifying causal effects of neighborhoods because households select where to live. People are not randomly assigned a "treatment" of living in a certain neighborhood, as in an experiment. People who move into different neighborhoods have different characteristics, so isolating the effect of neighborhood rather than individual and family characteristics is challenging. For example, high-income households can afford to live in expensive neighborhoods where other households are also high income. When estimating the causal effect of living among high-income neighbors on a person's well-being, his own household's income must be taken into account. Comparisons should be made between individuals with similar characteristics who live in different types of neighborhoods. When they are not, this leads to a problem known as selection bias, where different outcomes may be observed across individuals living in different neighborhoods even when neighborhoods do not in fact have a causal effect.

Past scholarship generally takes three approaches to addressing this problem of selection bias. First, researchers analyze observational survey data with advanced statistical techniques to carefully account for differences in individuals' characteristics across neighborhoods. Recent developments in causal methodology provide approaches that plausibly account for neighborhood selection to generate robust estimates of neighborhood effects. Second, researchers take a macro geographic perspective and examine the association between segregation between neighborhoods at the city or metropolitan area level with individuals' outcomes. Selection bias at the city or metropolitan area level is of lesser concern than at the neighborhood level, as discussed below. Third, researchers analyze data from social programs that randomly induce residential moves, like the Moving to Opportunity (MTO) housing demonstration. Below, I summarize peer-reviewed research that aims to identify causal neighborhood effects on children's and adolescents' outcomes via each of these approaches.

Findings from Observational Data

A substantial body of social science literature, dating from the early 1980s, draws on observational (non-experimental) survey data to document neighborhood effects on residents' outcomes. These studies, which use statistical controls to account for individual and family characteristics, show that growing up in a socioeconomically disadvantaged neighborhood reduces educational success and increases the odds of teenage childbearing (e.g., Aaronson 1998; Ainsworth 2002; Brooks-Gunn et al. 1993; Brooks-Gunn and Duncan 1997; Chase-Lansdale and Gordon 1996; Crane 1991; Crowder and South 2011; Datcher 1982; Duncan 1994; Duncan, Brooks-Gunn, and Klebanov 1994; Ensminger, Lamkin, and Jacobson 1996; Foster and McLanahan 1996; Harding 2003; Hogan and Kitagawa 1985; Klebanov et al. 1998; Owens 2010; South and Crowder 1999; Sucoff and Upchurch 1998). (An earlier body of literature documents the effects of schools' socioeconomic mix, which is closely related to neighborhoods' socioeconomic mix (Jencks and Mayer 1990)). A few studies relying on regression models to statistically control for individual and family characteristics document mixed or null effects of neighborhood characteristics on individual outcomes (e.g., Ginther, Haveman, and Wolfe 2000; Plotnick and Hoffman 1999), perhaps due to the challenge of properly specifying the statistical model to account for selection. However, later studies applying more advanced techniques to these same datasets do find significant causal relationships between neighborhood characteristics and residents' outcomes. The weight of the evidence in these studies indicates an association between neighborhood composition and children's well-being, controlling for characteristics of the children and their families.

Developments in causal methodology provide new approaches to identifying neighborhood effects beyond statistical control in regression analyses, which may be biased by unobserved variables' contribution to neighborhood selection. An approach using inverse probability of treatment weighting directly models selection into and out of neighborhoods over time based on families' characteristics. These models account for changing neighborhood contexts and the timing of exposure to neighborhoods, contending that neighborhood effects may be lagged, not contemporaneous, and cumulative, with a longer length of exposure to a neighborhood having larger effects. This counterfactual approach statistically weights children depending on how similar they are on observable individual and family traits that may contribute to residential choice, mimicking an experiment by creating "treatment" and "control" groups that appear identical on measured background characteristics that affect residential choices. Provided that the most important determinants of residential choices are observed, these studies provide strong causal evidence for neighborhood effects.

In terms of educational outcomes, a nationally representative study using this statistical approach shows that if black children live in the most disadvantaged neighborhoods throughout childhood, about 76% graduate from high school (Wodtke, Harding, and Elwert 2011). If comparable black children live in the least disadvantaged neighborhoods, the graduation rate rises to about 96%. The impact among nonblack children is smaller, a graduation rate of about 87% in the most disadvantaged neighborhoods compared to 95% in the least disadvantaged.[1] Neighborhood effects on the odds of high school graduation are also larger among low-income children than among high-income children. Living in the most compared to the least disadvantaged neighborhood reduces the graduation rate among poor black children by over 20 percentage points; among non-poor black children, the effect size is 9 percentage points (Wodtke, Elwert, and Harding 2016).

[1] This study measures neighborhood disadvantage by combining neighborhood poverty rate, unemployment rate, welfare receipt rate, proportion of families headed by single females, proportion of residents without a high school diploma, proportion of residents with a college degree, and proportion of residents employed in managerial or professional jobs. Most and least disadvantaged neighborhoods are defined as the highest and lowest quartile in the United States.

Other studies employing causal statistical analyses demonstrate effects on cognitive skills. Among black children growing up in Chicago in the 1990s, living in a neighborhood of concentrated disadvantage reduced later verbal ability (measured ~3 years later) by the equivalent of missing a year of schooling (Sampson, Sharkey, and Raudenbush 2008).[2] There is also evidence that neighborhood environments can have effects on cognitive skills over multiple generations. A child's cognitive ability may be affected not only by his neighborhood, but also by the neighborhood his parent grew up in. His parent's childhood neighborhood may have affected their own educational, economic, or health outcomes, which in turn contribute to the child's well-being directly and via the neighborhood his parent can afford as an adult. Children whose families were exposed to high-poverty neighborhoods in two successive generations had reading and math scores more than half a standard deviation lower than children whose families lived in non-poor neighborhoods over generations (Sharkey and Elwert 2011).[3]

Neighborhood disadvantage also affects the odds of adolescent parenthood: the odds of adolescent parenthood are 80% higher among black children who grew up in high- compared to low-poverty neighborhoods (Wodtke 2013). Among non-black children, growing up in a high-poverty neighborhood more than doubles the odds of adolescent parenthood.[4]

Another approach to estimating causal effects compares siblings who were different ages when their families moved—who were exposed to more or less disadvantaged neighborhoods for different lengths of time. Comparing siblings provides strong causal evidence because it accounts for dimensions of the family environment, including those that may be hard to observe or measure via a survey or interview, e.g., parent-child interaction style. This study design assumes that parents do not purposely time their moves to provide an advantage for one child over another. By treating the timing of moves as random, researchers can estimate effects of exposure to more or less disadvantaged neighborhoods.

Using this approach, analyses of tax record data from over 5 million families across the U.S. with children born between 1980 and 1991 show that spending one's entire childhood in a county whose outcomes are one standard deviation better increases a child's income in young adulthood by 10% (Chetty and Hendren 2016).[5] Each additional year spent in a better county improves outcomes, with similar effects of moving during early and later childhood. Moving to a better neighborhood also increases the likelihood of children attending college and getting married and reduces the likelihood of teen pregnancy.

[2] This study measures neighborhood disadvantage by combining neighborhood poverty rate, unemployment rate, welfare receipt rate, proportion of households headed by a single female, proportion African-American, and proportion of children under 18. Concentrated disadvantage neighborhoods are defined as the most disadvantaged quartile of neighborhoods in Chicago.

[3] High poverty neighborhoods have poverty rates of at least 20% and non-poor neighborhoods have poverty rates below 20%.

[4] High-poverty neighborhoods have poverty rates above 20%, moderate-poverty neighborhoods have poverty rates of 10 to 20%, and low-poverty neighborhoods have poverty rates below 10%. Moderate-poverty neighborhoods increase the odds of parenthood by about 75% among blacks and 60% among non-blacks, compared to low-poverty neighborhoods.

[5] Counties are categorized by the outcomes of children already living there, specifically by children's expected earnings conditional on their parents' income. Correlates of "better" neighborhoods include fewer black residents, lower racial segregation, lower income inequality, higher K-12 school quality, more social capital, and more two-parent homes. This paper has not undergone final peer review yet; it is a working paper at the National Bureau of Economic Research.

Over the past several decades, researchers have used statistical techniques to estimate neighborhood effects from survey data, and the substantial bulk of the evidence indicates that growing up in socioeconomically disadvantaged neighborhoods is detrimental for children's future outcomes.

Findings from Macro-Level Segregation Studies

Several studies measure the effects of segregation between neighborhoods within metropolitan areas, rather than characteristics of neighborhoods themselves, on the outcomes of black and white residents. Racial segregation produces neighborhoods that are more homogenously black or homogenously white. The logic of these studies is that greater black-white segregation between neighborhoods is disadvantageous for black residents (and potentially beneficially for white residents). Studies of racial (black-white) segregation between neighborhoods indicate that in more highly segregated metropolitan areas, black young adults have lower educational attainment and worse labor market outcomes than they would in less segregated places (Ananat 2011; Cutler and Glaeser 1997; Quillian 2014). Cutler and Glaeser (1997) conclude that "a one standard deviation reduction in segregation … would eliminate one-third of the gap between whites and blacks in most of our outcomes" (865). Similar studies examining economic segregation demonstrate that economic segregation is disadvantageous for poor youths' educational outcomes (Mayer 2002; Quillian 2014).

This approach provides the methodological advantage of reducing concern about selection bias because the independent variable, variation in segregation, is measured for metropolitan areas rather than neighborhoods. Metropolitan areas are much larger and more diverse than neighborhoods, and while families may choose their neighborhoods with their children's well-being in mind, families choose to live in metropolitan areas for reasons like family history or job opportunities.[6] Measuring neighborhood segregation is also an appealing conceptual approach because it directly captures inequality between neighborhoods in a larger geographic space, rather than just estimating the composition of one's immediate surrounding neighborhood. Higher levels of segregation may induce greater prejudice in a city or inequalities in public goods like school funding (Quillian 2014).

Findings from Experimental and Quasi-Experimental Data

Researchers have also identified neighborhood effects from situations in which a random "shock" to a household induced a move to a different neighborhood. These situations reduce concerns about selection bias—a household's neighborhood changed due to something beyond their control, so the population who experiences a residential change is theoretically no different from the population that did not. Several of these situations have arisen from housing subsidy programs. The MTO experiment was a U.S. Department of Housing and Urban Development (HUD) demonstration in five cities (Baltimore, Boston, Chicago, Los Angeles, and New York) beginning in 1994. MTO randomly assigned families living in public housing to one of three groups: the experimental group, which received a housing voucher to be used in a neighborhood with a poverty rate below 10%; the Section 8 group, which received a standard Section 8

[6] Nonetheless, these studies include statistical methods to test for the possibility of selection bias or reverse causality (that inequality in outcomes between black and white residents could lead to later segregation). Specifically, they use an instrumental variables approach, wherein the analyst identifies a variable theoretically related to the treatment (here, segregation) but not to the outcome. In these studies, researchers use characteristics of the metropolitan area (e.g., railroad tracks, municipal government boundaries) that induce segregation but should not affect residents' outcomes through pathways other than segregation as instrumental variables. Instrumental variables analyses confirm that black young adults who grew up in more highly segregated places have reduced educational and economic outcomes compared to those who grew up in more integrated places.

voucher (now known as a Housing Choice Voucher); and the control group, which received no additional housing assistance aside from their public housing unit.

Participants were surveyed and interviewed periodically over a ten-year period (interim and final impacts are summarized in (Briggs et al. 2010; Goering and Feins 2003)). Examining all children, researchers found no evidence of clear impacts on educational outcomes. However, children in the experimental group who were younger than 13 at the time of random assignment have greater educational attainment, higher income in young adulthood and lower odds of single motherhood compared to the control group (Chetty, Hendren, and Katz 2016). Specifically, compared to the control group, young children whose families used the experimental voucher to move to low-poverty neighborhoods had earnings in young adulthood about 30% higher, were about 30% more likely to go to college, went to higher-quality colleges, and were about 25% less likely to become single mothers (for females) compared to young children in the control group. The larger effects found among children who moved early in childhood demonstrate the importance of neighborhoods as a developmental context for young children and also underscore that the amount of time one spends in a disadvantaged neighborhood has cumulative effects, as some observational studies described above also note. Evidence from the MTO study also indicates long-lasting, intergenerational effects: children whose families received MTO vouchers live in lower-poverty neighborhoods as young adults compared to children from the control group (Chetty et al. 2016; Owens and Clampet-Lundquist 2017).

The Gautreaux Housing Demonstration is another program that induced families' residential mobility. The ACLU initiated a lawsuit against the Chicago Housing Authority (CHA) in 1966 alleging the CHA engaged in racial discrimination by building public housing in neighborhoods with high concentrations of minority residents. The consent decree of the Supreme Court case *Hills v. Gautreaux* (1976) required the CHA to provide vouchers for public housing residents to move to private-sector apartments located in areas with fewer than 30% black residents, with moves occurring from the mid-1970s through the 1990s.[7] While the distribution of vouchers was not random—families had to apply and meet tenancy standards—the CHA placed families in city or suburban locations based on the first available housing. Because families did not select their neighborhood, researchers have analyzed Gautreaux as a "quasi-experimental" program, comparing city and suburban movers. The Gautreaux program produced substantial gains in educational outcomes for children who moved to suburban communities with fewer black residents. Children of suburban movers went to higher-quality schools, received higher grades, and were more likely to attend college than city movers (54% of suburban movers compared to 21% of city movers attended college) (Rubinowitz and Rosenbaum 2000). Like MTO, Gautreaux produced intergenerational effects: children who moved to the suburbs via Gautreaux live as young adults in neighborhoods with lower poverty rates and greater racial integration than their origin neighborhood (Keels 2008). Similar causal evidence comes from Denver, where children's families are quasi-randomly assigned to public housing developments in different neighborhoods. While effect sizes vary by children's race/ethnicity, living in disadvantaged neighborhoods generally reduces adolescents' school performance and educational attainment (Galster et al. 2016).

The weight of the evidence from housing programs that induced neighborhood mobility indicate that children benefit from growing up in more advantaged neighborhoods, especially when they move to these neighborhoods when they are young and experience more time in these contexts. Some research on such social experiments has shown null or mixed effects on children's education (Burdick-Will et al. 2011;

[7] The decree allowed up to 1/3 of vouchers to be used in neighborhoods with higher minority populations, so some families that moved did not live in racially integrated areas.

Fauth, Leventhal, and Brooks-Gunn 2007; Jacob 2004). This may indicate heterogeneous effects: that neighborhood contexts matter for certain groups more than others (e.g., younger children compared to older children, or low-income children compared to high-income children) or that, while a child moved, the move did not induce a change in a meaningful neighborhood characteristic that matters for children's well-being, like local school quality or neighborhood violence.

Measuring Neighborhood Characteristics

Studies of neighborhood effects on children and adolescents measure neighborhood conditions in various ways. Conceptually, these studies typically try to capture the degree of opportunity a neighborhood provides for youths' present and future health, educational, and economic well-being. Researchers, including those cited above, often use measures of socioeconomic well-being, like poverty rate, median household income, unemployment rate, welfare receipt rate, residents' occupational status, residents' educational attainment, or rate of households headed by a single mother, to measure social and institutional resources that can shape children's life chances. Neighborhood violence is another characteristic shown to negatively affect children's educational outcomes (Burdick-Will et al. 2011; Sharkey 2010; Sharkey et al. 2014). A study of New York public school students found that if a violent crime occurred on an African American student's street in the week prior to a standardized test, his probability of passing an English language arts assessment decline by about 3 percentage points, equivalent to about one-fifth of the black-white gap in passing rates (Sharkey et al. 2014)

Neighborhood racial composition correlates strongly with measures of neighborhood socioeconomic status. In their study of all metropolitan Census tracts in the U.S. in 2013, Schwartz, McClure, and Taghavi (2016) show that around 90% of majority-black and majority-Hispanic neighborhoods had high or very high levels of distress, compared to 13% of white neighborhoods. Neighborhood distress is an index based on neighborhoods' poverty rate, rate of female-headed households, unemployment rate, rate of households receiving public assistance, and proportion of adults not in school and without a high school diploma. High or very high levels of distress indicate a neighborhood is in the 4th or 5th quintile of the distress index nationally. Over 70% of majority-black neighborhoods were in the very top quintile of neighborhood distress, compared to just 3 percent of majority-white neighborhoods (62% of majority-Hispanic neighborhoods and 17% of racially integrated neighborhoods were in the top quintile of neighborhood distress).[8] Forty percent of majority-white neighborhoods, compared to 1% or less of majority-black or Hispanic-neighborhoods, were in the lowest neighborhood distress quintile. Therefore, even if researchers do not explicitly include neighborhood racial composition in their measure of neighborhood disadvantage, the two are highly related, with most white neighborhoods having low levels of neighborhood distress and high levels of opportunity and most black and Hispanic neighborhoods having high levels of neighborhood distress and low levels of opportunity (Sharkey 2014). Minority neighborhoods are largely detrimental for children's well-being because of the association between residential racial composition and neighborhood resources, rather than because of racial composition per se (Galster and Santiago 2017).

Even comparing neighborhoods with similar poverty rates, however, black and white neighborhoods differ on other opportunity dimensions. In their analyses of neighborhoods where MTO residents moved, Aliprantis and Kolliner (2015) find that low-poverty black neighborhoods (those with poverty rates below

[8] Majority-black and majority-Hispanic neighborhoods have over 50% black or Hispanic residents, respectively. Majority-white neighborhoods have over 75% white residents. This measurement difference adjusts for the greater share of white residents in the overall population.

10%, the MTO voucher cutoff) are more similar to high-poverty white neighborhoods than low-poverty white neighborhoods in terms of residents' educational attainment, unemployment rates, and single female-headed households.[9] Neighborhood racial composition is a key dimension of contextual inequality, and it may explain why MTO did not produce as large of effects as many expected, particularly for adults' outcomes. While families in the experimental group moved to neighborhoods with poverty rates below 10%, the neighborhoods were still majority-minority (and many were experiencing rising poverty rates) (Orr et al. 2003). In contrast, the Gautreaux program may have produced larger effects because families moved to neighborhoods that were not racially isolated (Rubinowitz and Rosenbaum 2000).

In addition to differences in their own socioeconomic profiles, black and white neighborhoods differ in their spatial proximity to disadvantaged neighborhoods. In 2000, over 64% of majority-black neighborhoods bordered at least one severely disadvantaged neighborhood, compared to only 8% of majority-white neighborhoods (Sharkey 2014).[10] Even black middle- and upper-class neighborhoods are more likely than white middle- or upper-class neighborhoods to be geographically proximate to lower-income neighborhoods with high levels of violence, social problems, and low-quality institutions (Pattillo-McCoy 2000). In 2000, advantaged black tracts were three times more likely than advantaged white tracts to border at least one severely disadvantaged neighborhood (Sharkey 2014).[11]

Researchers measure socioeconomic and demographic characteristics of neighborhood that capture opportunities that may bear on residents' future outcomes. Neighborhood racial composition is a key correlate of opportunity, given the history of racial segregation and inequality in the United States. Black neighborhoods are not only much more likely to be disadvantaged than white neighborhoods, they are also much more likely to be surrounded by disadvantaged neighborhoods, regardless of their own socioeconomic status.

Conclusion

A large research literature indicates that growing up in socioeconomically disadvantaged, racially segregated neighborhoods is disadvantageous for children's well-being and future life chances. While there is variation in effect sizes depending on the outcome of interest and measurement of neighborhood characteristics, the weight of the evidence strongly indicates negative effects of growing up in impoverished neighborhoods. Some research indicates that neighborhoods may have particularly strong effects for young children who spend more time in these contexts and for lower-income and minority children. Over a century of social science research across methods—qualitative ethnographies, quantitative analyses of observational data, and experimental data—leads to the same overall conclusion that neighborhood disadvantage has deleterious effects on children.

[9] This report is part of a series of commentaries published by the Federal Reserve Bank of Cleveland and may not undergo external peer review.

[10] Neighborhood disadvantage is an index including the neighborhood's rates of welfare receipt, poverty, unemployment, female-headed households, and density of children. Severe disadvantage indicates neighborhoods with disadvantage levels two standard deviations above the mean.

[11] Advantaged tracts are those with neighborhood disadvantage scores (see previous footnote) below the national mean.

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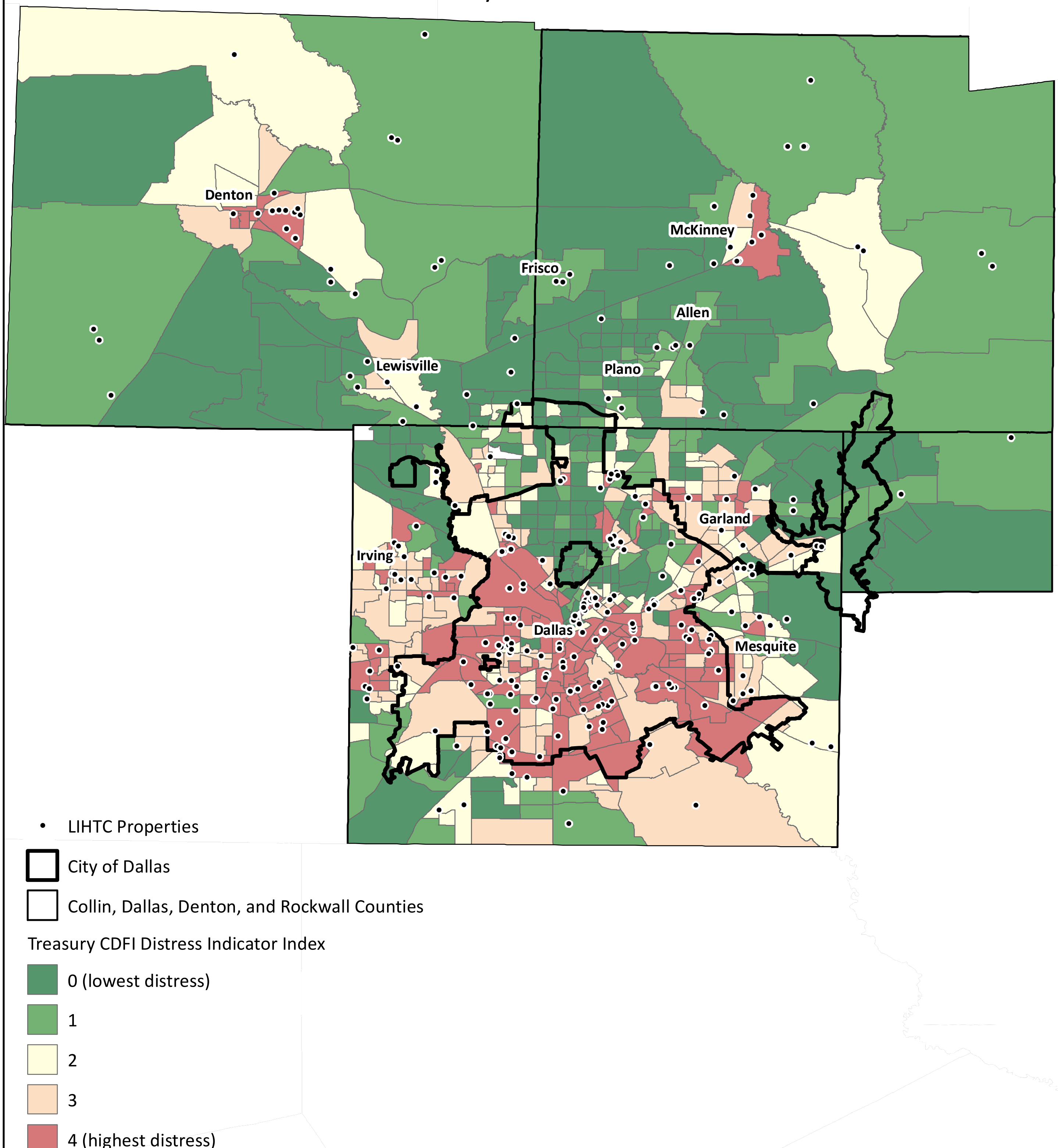
Exhibit 11

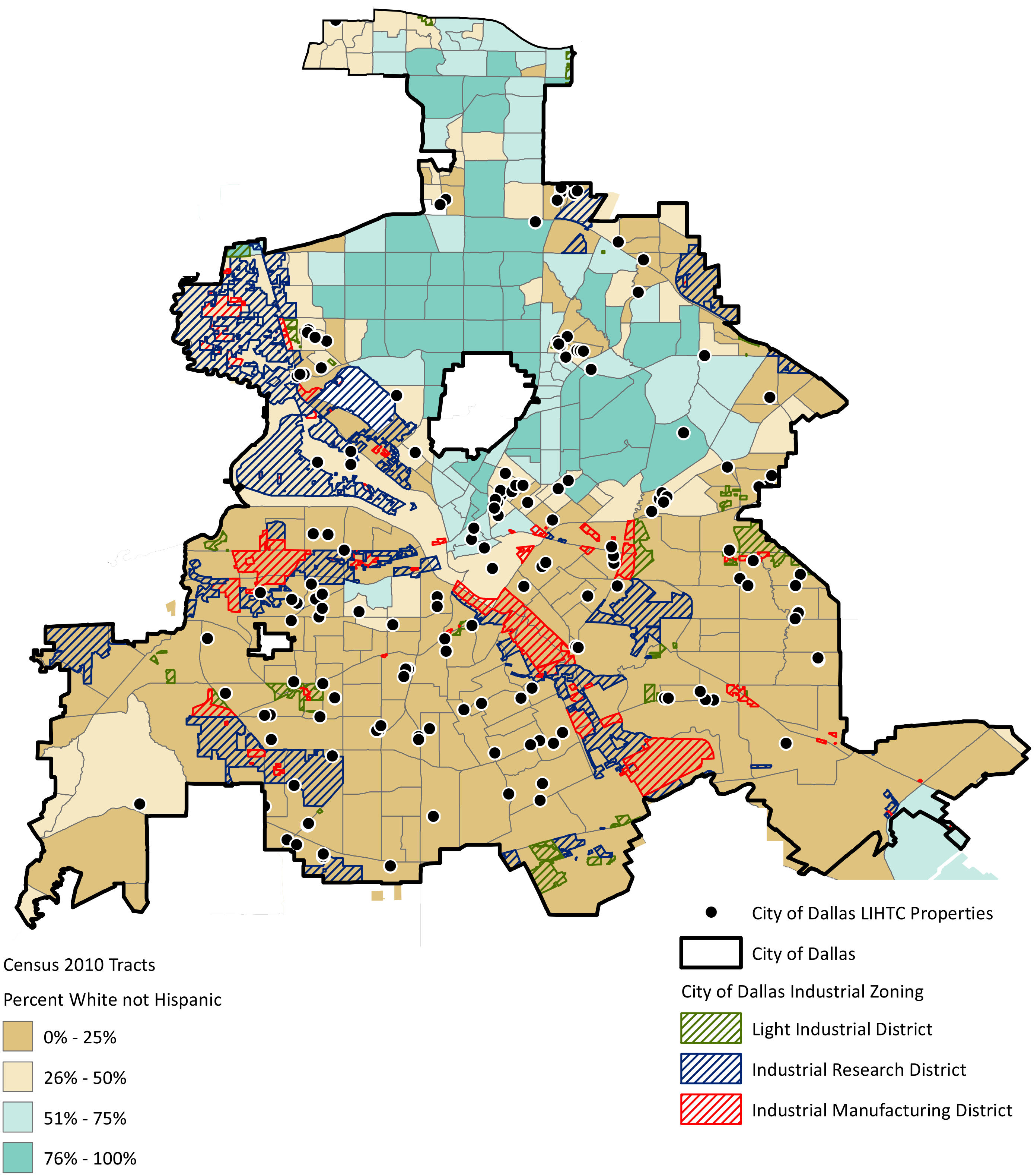
LIHTCs and Treasury CDFI Distress Indicator Index



Source: LIHTC Inventory Analysis FINAL 12-18-17 CDDEHKR

Exhibit
12

City of Dallas Industrial Zoning and LIHTCs



Source: LIHTC Inventory Analysis FINAL 12-18-17 CDDEHKR

Summary City of Dallas LIHTC projects in census tracts with Industrial zoning

LIHTC Properties in City of Dallas Census Tracts with Industrial Zoning		
Total Properties in City of Dallas	168	
City of Dallas Properties in Tracts with Industrial Zoning	90	54%
City of Dallas Properties in Caucasian Tracts with Industrial Zoning	0	0%
City of Dallas Properties in Minority Tracts with Industrial Zoning	90	100%

Exhibit 13

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

The Inclusive Communities Project, Inc., Plaintiff,	* * *	Civil Action No. 3:14-3013-D
v.	* *	
The United States Department of Treasury and Office of Comptroller of the Currency, Defendants.	* * * *	

DECLARATION OF ANN LOTT

My name is Ann Lott. I am the Executive Director of the Inclusive Communities Housing Development Corporation (ICHDC), a wholly owned subsidiary of the Inclusive Communities Project, Inc. (ICP). ICHDC is a non-profit organization established in 2008 by the Inclusive Communities Project ("ICP"). Our organizations work for the creation and maintenance of racially and economically inclusive communities, expansion of fair and affordable housing opportunities for low-income families, and redress for policies and practices that perpetuate the harmful effects of discrimination and segregation in North Texas. ICHDC accomplishes its mission by working with private developers to expand the supply of affordable rental housing in areas that offer low incomefamilies access to well-resourced communities.

I have experience providing affordable housing to low income families.

From 02/01 to 07/08 I was the President/CEO of the Housing Authority of the City of Dallas. Under the general direction of the Board of Commissioners, I was responsible for the oversight, administration, and professional work involved in the planning, directing and coordinating of housing assistance programs for approximately 23,000 public housing and

Section 8 families. I directed and managed the efforts of approximately 430 employees and an annual operating budget of $200 million. I presented operating budgets, housing plans and professional proposals, concerning public and assisted housing to the Board of Commissioners, Mayor, City Council, and State and Federal Agencies. I was DHA's designated representative for testimony in District Court and in appearances before various boards, groups, committees, public officials, and private citizens. I addressed community action groups, professional organizations and others concerning the activities of the Dallas Housing Authority.

From 06/98 to 02/01 I was Senior Vice President/ COO for the Dallas Housing Authority. Under the direction of the president and CEO, I was responsible for the day-to-day management of approximately 11,000 Section 8 vouchers. I planned, organized and directed the activities of 130 employees in the Leased Housing, Client Services, Information Services, Housing Opportunity Programs and Compliance Departments.

From 03/98 to 06/98 I was the Vice President of Housing Opportunity Programs for the Dallas Housing Authority. Under the general direction of the president and CEO, I provided direction for 30 employees. I developed departmental goals and budgets. Part of my work involved restructuring the department to ensure all inspections, rent surveys, and special claims were completed in a timely manner and to ensured that clients were afforded the opportunity to participate in all housing programs mandated by a desegregation court order. I prepared reports for presentation to Board of Commissioners, Federal Court, and HUD.

From 07/94 to 03/98 I was the Director of Housing Opportunity Programs for Dallas Housing Authority. Under the general supervision of the president & CEO, planned, directed and assisted the activity of eleven employees. I developed procedures to enable Section 8 families to locate housing in the non-racially impacted areas of Dallas County and an outreach program designed to help low-income families integrate into suburban communities. I prepared reports for the Board of Commissioners, Federal Court and HUD. I provided court testimony affirming the compliance of the department in meeting the remedial order of the District Court. I developed and implemented social service programs to serve Section 8 clients.

As part of ICP's mission, ICP also uses its funds and other resources to encourage the development of LIHTC units for its clients' use in non-minority concentrated areas free from the adverse effects of slum, blight, and distress. ICHDC is responsible for the implementation of this program.

In order to encourage development of LIHTC units in non-minority concentrated census tracts, ICP has made $1,110,000 in loans to LIHTC developers since August 22, 2008. All but $50,000 has been repaid.

I do not keep time and activity logs. However, a significant amount of my time is spent working with private developers, housing authorities, and municipalities to expand the availability of LIHTC housing in non-minority concentrated, low poverty areas with high performing schools and access to employment and services. The assessment of time incurred is based on my day to day experience. The description of the various activities by me and the period of time over which the activity was conducted is set out in the exhibit " Activity to Encourage LIHTC Development. " The supporting documents were produced to Defendants in discovery.

ICP employees Elizabeth K. Julian and Demetria L. McCain also worked to encourage developers, housing authorities, and municipalities to support the development of LIHTC units for its clients' use in non-minority concentrated areas free from the adverse effects of slum, blight, and distress.

The LIHTC applications in non-minority concentrated areas for which ICHDC provided support and which were rejected by TDHCA includes applications rejected because of the requirements for municipal and state representative support. The 9% LIHTC applications could not accumulate enough selection criteria points to win an allocation of LIHTCs. Municipal approval provides the highest number of selection criteria points of all the selection criteria in the Texas Qualified Allocation Plans. Developers who could not obtain the municipal or legislative support at the pre-application stage will frequently not file a full application because of the inability to get the municipal and state representative support. This saves the them the costs associated with a full application.

The 9% LIHTC applications that are approved for an allocation have received the selection criteria points for municipal support and usually for state legislator support. The 9% applications that do not obtain the municipal or state legislator support are located in White non-Hispanic areas with few exceptions. The 4% LIHTC applications are usually for units in predominantly minority areas and these applications do obtain the required municipal approval to file an application with TDHCA.

Each application rejected in non-minority concentrated areas perpetuates racial segregation and eliminates housing opportunities for ICP's clients. The time spent working on the rejected applications is an expenditure of ICP resources that cannot be recovered.

During my tenure at DHA I knew the location and number of units in DHA's public housing projects. In 1994, of DHA's approximately 6,400 public housing units, 6,100 were in minority areas and 300 were in predominantly white areas. An additional 75 units were under construction and completed in a predominantly white area (Frankford & Marsh project).

I declare under penalty of perjury that the statements in this declaration are true and correct.

Ann Lott
Executive Director
Inclusive Communities Housing Development Corporation.

Dated: April 10, 2018

Activity to Encourage Development of LIHTC Units

Year	City	County	Developer/Entity	Description of Activities	Development Name	Census Tract	HOA Y/N	Final Result	Time
2014	Addison	Dallas	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites for LIHTC deals	–	–	–	Unable to locate acceptable site for new construction	1 month
2014	Allen	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites for LIHTC deals	–	315.05 315.08 314.05	Y	Identified seven potential sites zoned for multi-family use. No city support. No application filed	1 month
2015-2016	Allen	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites and secure local government support for LIHTC deals	Marigold Flats #16296	314.05	Y	No city support for family deal. Pinnacle moved forward wtih application for senior deal in hopes of receiving city approval. City and state rep declined to support. Application not competitive w/o local government support	6 months
2015	Allen	Collin	Lora Myrick, Housing Lab By Betco	Conferenced with developer regarding city's refusal to support LIHTC for "work force housing"	–	314.05	Y	No application filed	–
2016	Arlington	Tarrant	David Zapposodi, Authority Housing Authority	Conferences with City of Arlington and Arlington Housing Authority officials regarding siting of LIHTC and Section 8 units and City's refusal to support LIHTC in HOA for families	–	–	–	Zapposodi agreed to be the point of contact for LIHTC developers. (City supported two LIHTC for Elderly site in 2017. Neither in HOA)	2 months
2014	Bedford	Tarrant	Megan Lasch, Pinnacle Housing	Worked with developer to secure city support for 2015 LIHTC Round	The Arteca #15176	1136.24	Y	Preapplication submitted. City declined to support. No full application submitted	1 month
2015	Benbrook	Tarrant	Megan Lasch, Pinnacle Housing	Worked with developer to secure city support for 2016 LIHTC Round	–	1109.01	Y	Site located near Canyon Road and Plata Lane. No application submitted	> 1 month
2012	Crowley	Tarrant	Manish Verma, Versa Development	Reviewed proposal submitted under 2012 Housing Initiative to develop LIHTC in High Opportunity Areas	Silverado Ranch #12700	1110.08	Y	Application not selected by ICHDC. Pre-application submitted. No full application.	> 1 month
2013	Dallas	Dallas	Megan Lasch, Pinnacle Housing	Provided letter of support. Worked with developer to secure local government support, financing with BOK, and project-based vouchers from DHA	Summit Place #12340	132.00	Y	Secured local government support from DHA. 8 Project-base units	7 months

Activity to Encourage Development of LIHTC Units

Year	City	County	Developer/Entity	Description of Activities	Development Name	Census Tract	HOA Y/N	Final Result	Time
2014-2015	Dallas	Dallas	Megan Lasch, Pinnacle Housing	Worked with developer to respond to City NOFA. secure local government support and project-based vouchers	Preston Vue #15158	136.17	Y	Submitted pre-application in 2015 Round. Unable to secure city or congressional support. Developer w/d project	6 months
2015-2016	Dallas	Dallas	Megan Lasch, Pinnacle Housing	Work with developer to affirmatively market units and lease project-based units to DHA families	Summit Place #12340	132.00	Y	Construction completed December 2015. Project-based units leased by June 2016	5 months
2017	Dallas	Dallas	Claire Palmer	Currently working with developer to secure local government support and project-based vouchers	–	17.01	Y	Proposed site - 2400 Bryan Street, 75201	Ongoing
2014	Denton	Denton	Megan Lasch, Pinnacle Housing	Worked with developer to secure local government support	Art of Elysium #14228	213.03	Y	Preapplication and full application submitted. City declined to support. Project not awarded HTC.	6 months
2017	Denton	Denton	MV Residential Development	Provided letter of support	Reserve at Sherman #17367	205.06	Y	Preapplication and full application submitted. Not reached for LIHTC	> 1 month
2015	Fairview	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to secure local government support	The Warrington #15166	314.06	Y	Support from local government, but letter of opposition from state representative, Jodie Laubenberg. Project not reached on waiting list	2 months
2015	Flower Mound	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to secure local government support	–		Y	No application filed	> 1 month
2013	Forney	Kaufman	Stacy Kaplowitz, Herman & Kittle Properties, Inc.	Provided letter of support	The Village at Forney #13184	502.01	Y	Application not reached	1 month
2009	Frisco	Collin	City of Frisco	Worked with Frisco staff to prepare and distribute funding announcement to LIHTC developers for 2010 Round	–	–	Y	Funding Announcement sent to 60 LIHTC professionals in July 2009	7 months
2010	Frisco	Collin	City of Frisco; Manish Verma, Versa Development	Reviewed developer proposal	Residences at Frisco #10168	304.03	HOA	Developer submitted a proposal	2 months
2010-2013	Frisco	Collin	Cherno Njie	Worked with developer in various activities to address barriers and ensure development of multi-family housing in Frisco	North Court Villas #10045/11004	304.06	WTA	Forward Commitment of HTC for North Court Villas - 150 units for General Population	3 years
2015-2017	Frisco	Collin	Terri Anderson	Conferences with developer regarding city's refusal to provide water to the site	Westridge Villas #15195	305.23	Y	Water provided June 2017	2 years

Year	City	County	Developer/Entity	Description of Activities	Development Name	Census Tract	HOA Y/N	Final Result	Time
2015	Ft. Worth	Tarrant	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites for LIHTC deals	No application filed	1233.00 1028.00	WTA	No application filed	1 month
2017	Ft. Worth	Tarrant	Chris Applequist	Provided letter of support, and sought out non-profit support for the project	Silver Creek #17293	1142.07	Y	Pre-application and full application submitted. Not reached for LIHTC	> 1 month
2012	Glenn Heights	Ellis	NRP	Reviewed application for funding under 2012 Housing Initiative	Glenn Heights Apartments #12351	602.04	Y	Application not funded under ICHDC 2012 Housing Initiative	> 1 month
2015	Grapevine	Tarrant	Megan Lasch, Pinnacle Housing	Discussions with broker for potential site for LIHTC housing	3650 Grapevine Mills Parkway	1137.03	WTA	City was not supportive; No application filed	1 month
2015	Hickory Creek	Denton	Megan Lasch, Pinnacle Housing	Worked with developer to locate and secure sites for LIHTC	970-974 Main; Sycamore Bend Rd; 34	214.03	Y	Located four parcels of land, no application filed	> 1 month
2009-2010	Irving	Dallas	Rob Sherman, SBG Development Services, LP	Worked with developer interested in rehabing an exising property	Cooper's Crossing	143.11	WTA	ICP approved loan request of $370,000. Developer encountered problems and elected not to move forward with rehab	6 months
2014	Justin	Denton	Stacy Kaplowitz, Herman & Kittle Properties, Inc.	Provided letter of support	Bishop Gardens #14158	203.09	Y	Received 9% HTC to build 72 units for General Population	> 1 month
2015	Keller	Tarrant	Megan Lasch, Pinnacle Housing	Worked with developer to locate and secure sites for LIHTC	–	–	–	No sites zoned for multi-family development	> 1 month
2017	Kennedale	Tarrant	Deepak Sulakhe	Developer unable to receive city support for 2017 Round. Worked with developer to secure local government support for	Village at Hammack Creek	1114.04	Y	Ongoing	Ongoing
2012	Mansfield	Tarrant	Manish Verma, Versa Development	Reviewed application for funding under 2012 Housing Initiative	Riverstone Ranch #12389	1113.13	Y	Full application funded under ICHDC 2012 Housing Initiative. No legislator support. Not reached for LIHTC	6 months
2014-2015	Mansfield	Tarrant	Megan Lasch, Pinnacle Housing	Worked with developer to locate sites and secure local government support for LIHTC	Palladio Plaza #15171	1113.12	Y	Pre-application and full application filed but no city or state rep support and application failed.	4 months
2010-2014	McKinney	Collin	McKinney Housing Authority	Worked with MHA to create request for proposals from developers as outlined in Consent Decree between ICP and MHA	–	303.00 305.02 305.03 306.01	Y	Two LIHTC projects built: The Millennium and Post Oak	4 years
2011	McKinney	Collin	Brandon Bolin, GroundFloor Dev	Responded to ICHDC/MHA funding proposal	The Millennium #11262	305.02	Y	No pre-application filed. Full application not competitive in LIHTC Round	2 months
2013	McKinney	Collin	Brandon Bolin, GroundFloor Dev	Responded to ICHDC/MHA funding proposal. Worked with developer to secure additional financing needed	The Millennium #13259	305.02	Y	Awarded LIHTC	4 years

Activity to Encourage Development of LIHTC Units

Year	City	County	Developer/Entity	Description of Activities	Development Name	Census Tract	HOA Y/N	Final Result	Time
2014	McKinney	Collin	Brandon Bolin, GroundFloor Dev	Responded to ICHDC/MHA funding proposal	M2 Apartments (Post Oaks) #14295	306.01	Y	Awarded LIHTC	4 years
2014	Melissa	Collin	John Palmer, Gardner Capital	Worked with developer to secure local politcal support	Fitzhugh Creek Villas #14160	302.01	Y	Proposed project not supported by city council	2 months
2012	Northlake	Denton	Tony Sisk, Churchill Residential	Worked with developer to secure local politcal support	Churchill at Northlake #12113	203.06	Y	Proposed project not supported by city council	6 months
2014	Plano	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to locate potential sites for LIHTC	–	316.32	Y	Several sites considered. Land contract for 6 acres - The Plaza at Chase Oaks. No application filed	6 months
2015	Plano	Denton	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites, secure community support, local political support and PBV from Plano Housing Authority	The Astonia #15149	216.26	Y	Preapplication and full application submitted. Proposed project supported by city council but not supported by state representative	6 months
2016	Plano	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites, secure community support, local political support and PBV from Plano Housing Authority	Orchard Landing #16136	316.32	Y	Preapplication and full application submitted. Proposed project not supported by city council or state representative	6 months
2016	Plano	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites, secure community support, local political support and PBV	Maddox Square #16156	316.22	Y	Preapplication filed.Developer did not file full application	6 months
2014	Princeton	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to locate potential sites for LIHTC	–	–	–	Unable to locate acceptable site	> 1 month
2014	Prosper	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to locate potential sites for LIHTC	–	–	–	Unable to locate acceptable site	> 1 month
2013	Rockwall	Rockwall	Saadia Sheikh, The Heloise Munson Foundation	Worked with consultant to secure local politcal support for potential LIHTC deal	–	–	–	Political officials ignored request for meetings	2 months
2013	Rockwall	Rockwall	Nurock; Rockwall Housing Authority	Worked to secure local politcal support for proposed LIHTC deal	Residences at Williams/Residences at Caruth Lake #13090	402.00	Y	Political officials refused to meet; Rockwall HA pulled out of deal. State Rep killed the project with letter of opposition	1 month

ICHDC SUMMARY **Activity to Encourage Development of LIHTC Units**

Year	City	County	Developer/Entity	Description of Activities	Development Name	Census Tract	HOA Y/N	Final Result	Time
2016	Rowlett	Dallas	Brandon Bolin, GroundFloor	Worked to secure local political support and DHA support for LIHTC deal	Blue Line Lofts #16317	181.33	Y	City and State Rep supported 9% LIHTC application, but not competitive; City did not support bond application because of S8 PBV	2 months
2017	Rowlett	Dallas	Jean Latasha, Pedcor	Worked to secure local politcal support for proposed zoning change	Residences at Long Branch #17363	181.33	Y	City and State Rep supported HTC application, but city failed to consider zoning request before HTC commitment expired. TDHCA refused to grant extension of HTC commitment	3 months
2010	Sunnyvale	Dallas	Anderson Capital, LLC	Worked with consultant to build performance models for development of affordable housing property owned by Dews Dell, an entity of ICP/ICHDC	–	178.14	Y	Consultant produced performance models	2 months
2010-2013	Sunnyvale	Dallas	Manish Verma, Versa Development	Worked with developer to build LIHTC on property owned by Dews Dell, an entity of ICP/ICHDC	–	178.14	Y	City rejected development proposal. Supported LIHTC application Riverstone Trails #12221	3 years
2014	Sunnyvale	Dallas	VCZ	ICP assists with the marketing and leasing of Riverstone Trails #12221	Riverstone Trails #12221	181.04	Y	Project leased	4 months
2014	Wylie	Collin	Jay Oji, Sphinx Development Co	Worked with developer to secure local support for proposed LIHTC housing	Sphinx at Country Club Villas #14125	313.15	Y	No city or state rep support. City claimed support withheld because the site was not zoned for mult-family	2 years
2016	Wylie	Collin	Deepak Sulakhe. OM Housing, LLC	Worked with developer to secure local support for proposed LIHTC housing	Villas at Alanis Crossing #16308	313.11	Y	No city or state rep support. Site was properly zoned.	2 years
2014	DFW	DFW	Mike Eastland, North Texas Council of Governments	Worked to secure COG support of developments in High Opportunity Areas	–	–	–	COG offered no support	7 months

Exhibit 14

Part I

Section 42.—Low-income housing credit

26 CFR 1.42–14: Allocation rules for post-2000 State housing credit ceiling amount.

Rev. Rul. 2016–29

ISSUE

When state housing credit agencies allocate housing credit dollar amounts, does § 42(m)(1)(A)(ii) of the Internal Revenue Code (Code) require or encourage these agencies to reject any proposal that does not obtain the approval of the locality where the project developer proposes to place the project?[1]

[1] Section 147(f) requires public approval for all issuances of proposed qualified private activity bonds, including bonds used to finance qualified residential rental projects. These bond issuances must be approved both (a) by the governmental unit which is to issue the bonds or on behalf of which they are to be issued (issuer approval) and (b) by a governmental unit the geographic jurisdiction of which includes the site of the facility to be financed (host approval). Although the host-approval component of public approval means approval by a governmental unit whose jurisdiction includes the site of the financed facility, "public approval" (including "host approval") does not include "local approval." To illustrate, bonds issued by (or on behalf of) a State may be approved by the State alone in its capacities as issuer and as a host governmental unit whose jurisdiction includes the site of the financed facility. So there is no requirement for local approval by the county or municipality in which the financed facility is to be located. *See* § 5f.103–2(c) of the Temporary Income Tax Regulations Under the Tax Equity and Fiscal Responsibility Act of 1982. Thus, § 42(m)(1)(A)(ii) neither requires nor encourages *local* approval for these bond-financed projects, although § 147 does require *public* approval for issuing the bonds.

FACTS

Agency, a housing credit agency in State *X,* is responsible for allocating housing credit dollar amounts to applicants that seek to develop affordable housing projects that will be eligible to earn low-income housing tax credits (LIHTCs). To guide *Agency* in making these allocations, *Agency* adopted, and the relevant governmental unit approved, a qualified allocation plan (QAP).

This QAP contains provisions that strongly favor applications from affordable housing projects that demonstrate affirmative local support. For example, under the point system that *Agency* uses in judging among applicant projects, points are granted to projects that—

- Manifest quantifiable community participation with respect to the project, especially as evidenced by written statements from neighborhood organizations in the area of the proposed project.
- Receive a commitment of development funding by the local political subdivision.
- Receive community support for the application, as evidenced by a written statement from the state legislator elected from the district in which the project is proposed to be developed.

Agency believes that § 42(m)(1)(A)(ii) requires that allocations be made only to proposals that receive the approval of the locality where the proposed project is to be located. Accordingly, *Agency* will reject an application if evidence of affirmative local support is lacking, and *Agency* uses factors such as the ones in its QAP to determine whether or not that support exists. Requiring local approval empowers jurisdictions to exercise what some call a "local veto."

In State *X*, local approval is much more likely to be secured for proposed LIHTC developments in areas with greater proportions of minority residents and fewer economic opportunities than in higher-opportunity, non-minority communities. *Agency's* practice of requiring local approval has created a pattern of allocating housing credit dollar amounts to projects in the predominantly lower-income or minority areas, with the result of perpetuating residential racial and economic segregation in State *X*.

LAW

If a building is constructed and operated consistent with the requirements of § 42, the building's owners generally receive a 10-year stream of LIHTCs.

Under § 42(h), however, the LIHTCs determined in any year with respect to a building may not exceed the housing credit dollar amount that a State housing credit agency has allocated to the building.

Section 42(m) requires these allocations to be made pursuant to a QAP. Each QAP must contain certain preferences, and selection criteria, specified in the Code, but other factors may be added.

Section 42(m)(1)(A)(ii) prevents a housing credit dollar amount from being allocated to a building unless the allocating "agency notifies the chief executive officer (or the equivalent) of the local jurisdiction within which the building is located of such project and provides such individual a reasonable opportunity to comment on the project."

ANALYSIS

Although *Agency* believes that the local veto provisions in its QAP respond to the requirement in § 42(m)(1)(A)(ii), *Agency* misinterprets this provision. *Agency's* interpretation is inconsistent with (1) the language of § 42(m)(1)(A)(ii) and (2) general Federal fair-housing policy.

1. <u>The Language of Section 42(m)(1)(A)(ii)</u>

The Code requires that each local jurisdiction have a "reasonable opportunity" to comment on any proposal to allocate a housing credit dollar amount to a project within that jurisdiction. This requirement is not the same as requiring the jurisdiction's approval. The clear meaning of "reasonable opportunity to comment" is that the jurisdiction has a chance to weigh in, or even object, but not that every objection will be honored.

Thus, § 42(m)(1)(A)(ii) ensures only the opportunity for local input to the allocation decision. It does not authorize an allocating agency to abandon the responsibility to exercise its own judgment. In particular, it does not require or encourage allocating agencies to bestow veto power over LIHTC projects either on local communities or on local public officials.

2. <u>General Federal Fair-Housing Policy</u>

Agency's practice of requiring local approval has created a pattern of allocating housing credit dollar amounts that has perpetuated residential racial segregation in State *X*. *Agency's* practice, therefore, has a discriminatory effect based on race, which is a protected characteristic under 42 USC 3604. Thus, the practice is inconsistent with at least the policy[2] of the Fair Housing Act of 1968 (the Act), 42 USC 3601–3619.

Nevertheless, *Agency* interprets § 42(m)(1)(A)(ii) as forcing *Agency* to require local approval, despite the discriminatory effect of that practice in State *X*. This interpretation assumes that, in creating LIHTCs, Congress silently reversed well-established, fundamental Federal fair-housing policy. Eighteen years before the 1986 enactment of § 42, the Act had firmly established this policy. *See* 42 USC 3601 ("**Declaration of policy.** It is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States."). Without legislative commentary or other persuasive evidence, one cannot conclude that Congress intended to reverse this well-established policy.

In the summer of 2015, the United States Department of Housing and Urban Development (HUD) issued new final regulations regarding obligations under the Act to Affirmatively Further Fair Housing (AFFH). *See* 80 Fed. Reg. 42272 (2015) (issuing HUD's AFFH final rule, which is codified at various locations in 24 CFR Parts 5, 91, 92, 570, 574, 576, and 903). Discussing the many decades during which AFFH had been firmly established Federal policy, HUD states in the preamble, "*From its inception [in 1968]*, the [Act] … has not only prohibited discrimination in housing related activities and transactions but has also provided, through the duty to affirmatively further fair housing … , for meaningful actions to be taken to overcome the legacy of segregation,

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[2] The practice may also violate specific nondiscrimination provisions of the Act. *See Tex. Dep't of Hous. & Cmty. Affairs v. Inclusive Cmtys. Project, Inc.,* 135 S. Ct. 2507 (2015).

unequal treatment, and historic lack of access to opportunity in housing." *Id.* at 42272 (emphasis added).

AFFH was firmly established Federal housing policy when § 42 was enacted, and there is no suggestion that Congress intended § 42 to diverge from that policy. Section 42(m)(1)(A)(ii), therefore, does not require or even encourage conduct inconsistent with that policy.

HOLDING

When state housing credit agencies allocate housing credit dollar amounts, § 42(m)(1)(A)(ii) does not require or encourage these agencies to reject all proposals that do not obtain the approval of the locality where the project developer proposes to place the project. That is, it neither requires nor encourages housing credit agencies to honor local vetoes.

DRAFTING INFORMATION

The principal author of this revenue ruling is James W. Rider of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling, please contact Mr. Rider at (202) 317-4137 (not a toll-free call).

Exhibit 15

1989 WL 168143, H.R. Rep. No. 247, 101ST Cong., 1ST Sess.
1989, 1989 U.S.C.C.A.N. 1906, H.R. REP. 101-247 (Leg.Hist.)

**1906 P.L. 101-239, OMNIBUS BUDGET RECONCILIATION ACT OF 1989

DATES OF CONSIDERATION AND PASSAGE

House: October 5, November 21, 1989
Senate: October 13, November 21, 1989
House Report (Budget Committee) No. 101–247
Sept. 20, 1989 (To accompany H.R. 3299)
House Conference Report No. 101–386
Nov. 21, 1989 (To accompany H.R. 3299)
Cong. Record Vol. 135 (1989)
No Senate Report was submitted with this legislation. The House Report is set out below and the House Conference Report follows.

HOUSE REPORT NO. 101–247

Sept. 20, 1989

CONTENTS

In general

The committee is concerned about the lack of affordable housing for people of low-income and considers it appropriate that the Federal Government play a significant role in the development of additional housing. The committee believes the low-income housing credit is a useful incentive for the increase in the housing stock available to low-income tenants.

Given the limited amount of aggregate credit available, however, the committee considers it necessary to take steps to improve its efficiency to ensure that as much housing as possible is created with the credit and that credit projects effectively serve State and local housing needs. Many of the provisions adopted by the committee are designed to further that goal.

The committee recognizes that it may be necessary to reexamine the use of Federal tax subsidies for the provision of low-income housing such as the low-income housing credit as other laws affecting the provision of low-income housing, and as the nation's housing needs, change.

Increase in affordable housing

The committee considers it desirable for the credit to be used to increase the housing stock available to low-income tenants. It is concerned that the credit not be used simply to churn the existing housing stock. Limiting the credit to new construction and to existing buildings which are substantially rehabilitated serves as an incentive to the creation of new housing. Further, the committee is concerned that the definition of ‘substantial rehabilitation’ under present law is inadequate to further the purpose of taking otherwise uninhabitable units and returning them to the available housing stock. At the same time, the committee realizes that a very serious problem exists with respect to low-income housing the owners of which will soon be eligible of prepay certain low-cost Federal loans and convert their housing to market rent use.

The committee recognizes that many factors influence the cost of providing a unit of rent-restricted housing for low-income individuals and that the costs attributable to these factors may vary by area. For example, some areas have high costs for land, while other areas have high utility costs or high construction costs. When an area experiences high costs for such factors and at the same time has a relatively low area median income, rental income generated (subject to the rent restriction requirements) may be insufficient to make provision of low-income units economically feasible without ****2658** ***1188** further subsidy. The committee believes it is important to facilitate utilization of the credit in such difficult to develop areas.

Increased efficiency of the credit

The committee is desirous that the low-income housing credit be allocated in a manner that ensures that housing will be available to those most in need. The committee is also concerned that certain States have been allocating credits simply on a first-come first-served basis. It considers the establishment of allocation criteria and priorities essential to target the credit to those projects which will most effectively serve State and local housing needs.

Improvement of marketability and administration

The committee recognizes the importance of certainty in making investment decisions. The committee believes it is appropriate to make changes to the calculation of the gross rent limitation to provide more certainty to investors. The committee also believes that it is appropriate to permit a modest increase in the allowable rent that can be charged when a qualifying tenant's income exceeds the qualifying income limitation. The committee also concludes that adjustments to the deep-rent skewing provisions are necessary.

The bill provides that any determination as to whether Federal income tax benefits are allowable to a taxpayer with respect to a qualified low-income building shall be made without regard to whether the tenants are given the right of first refusal (with one year's notice) to purchase the building, for a minimum purchase price, should the owner decide to sell (at the end of the compliance period). The minimum purchase price to be paid by the tenants is the sum of: (1) the principal amount of all indebtedness secured by the building, with the exception of indebtedness incurred within the five years immediately prior to sale, and (2) all Federal, State, and local income taxes attributable to such sale. The committee did not agree to this. In determining the Federal income (but not other) taxes attributable to the sale, the tax liability resulting from the agreement to pay taxes attributable to the sale will be taken into account.

State low-income housing credit authority limitation

The bill provides for a one-year carryover by the housing credit agency of unallocated low-income housing credits. If the amount carried over is not allocated by the end of the second year, it expires.

The bill provides that the credit be allocated on a project basis, rather than on a building-by-building basis as under present law. The credit allocation is to be divided among the buildings in the project as they are placed in service. For purposes of the credit allocation, a taxpayer wishing to treat a building as part of a project must designate all the buildings which are to be part of the project by the end of the first year of the project period (*i.e.*, by the end of the first calendar year in which an allocation could be made for the first building placed in service as part of such project). In the absence of such a designation by the taxpayer, the Secretary shall treat the project as consisting solely of one building. To receive a credit allocation for the entire project, rather than only those buildings placed in service during the year of the allocation, the taxpayer must still satisfy the present law rules for a carryover al ****2666 *1196** location, except that such carryover allocation need not be divided among the buildings at the time of the allocation.

The bill amends the special rule of section 42(h)(4)(B) to permit building in which at least 50 percent of the aggregate basis of a building and underlying land were financed with tax-exempt debt, which has received a State bond volume cap allocation, to claim the 30-percent present value credit on qualified basis without receiving a credit allocation under the annual State credit allocation limitation.

The bill requires that the housing credit agency adopt an allocation plan containing selection criteria for ranking the various projects applying for credit allocations. The selection criteria must include project location (*e.g.*, broad geographic distribution, designated targeted areas such as inner cites, Community Development Block Grant neighborhoods, distressed communities, pockets of poverty, and rural areas), housing needs characteristics (*e.g.*, low vacancy rate, income mix of tenants within the project, and meeting State, regional, or local housing needs and priorities), project characteristics (*e.g.*, whether the project increases the stock of low-income housing, whether substantial rehabilitation expenditures are needed by the project, energy conservation, quality of units, and type of financing), sponsor characteristics (*e.g.*, nonprofit sponsorship and minority participation in development and management), and tenant populations with special housing needs (*e.g.*, elderly, handicapped, disabled, homeless, large families, and displaced).

Once the agency has selected its projects, it must allocate the housing credit dollar amounts by giving first preference to projects expending the highest percentage of the credit dollar amount on project costs [50] (rather than costs of intermediaries). In addition, the agency must give preference to projects serving the lowest income tenants and projects obligated to serve tenants for the longest periods.

Additionally, the agency may not allocate more credit to a project than it determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. In making this determination, the agency shall consider the sources and uses of the funds, the available Federal, State, and local subsidies committed to the project, and the total financing planned for the project as well as the proceeds or receipts expected to be generated by reason of tax benefits.

Exhibit 16

United States Government Accountability Office

Report to the Chairman, Committee on the Judiciary, U.S. Senate

May 2016

LOW-INCOME HOUSING TAX CREDIT

Some Agency Practices Raise Concerns and IRS Could Improve Noncompliance Reporting and Data Collection

IRS Offices Involved in LIHTC Program Oversight

IRS administers the LIHTC program primarily within one division, with assistance from other offices and units.

- The Small Business/Self-Employed Division primarily administers the LIHTC program. One full-time program analyst develops internal protocols, provides technical assistance to allocating agencies, and provides community outreach to industry groups and taxpayers (developers/owners and investors).
- The Low-Income Housing Credit Compliance Unit in Philadelphia, Pennsylvania, assists in determining if tax returns may warrant an audit and populates IRS's Low-Income Housing Credit database. The database has been used to record information from certain IRS forms that allocating agencies or taxpayers submit (such as Form 8823, which we discuss later in this report).
- The Office of Chief Counsel provides technical assistance for the LIHTC program and determines the amount of credit available for the national pool. The pool consists of additional credits that qualified states can use in a calendar year—these are credits that were unused in the prior year and thus "carried over" into a new year.

Agencies Implemented Requirements for Allocation Plans and Award Credits in Varied Ways; IRS Has Not Reviewed the Plans or Agency Criteria

Most Agencies Did Not Explicitly Cite All Required Preferences and Selection Criteria in Qualified Allocation Plans

Based on our review of 58 QAPs and our site visits, we found the QAPs did not consistently contain, address, or mention preferences and selection criteria required in Section 42, but we found that some allocating agencies incorporated the information into other LIHTC program documents, or implemented the requirements in practice. Specifically, 23 of 58 QAPs we analyzed contained references to all required preferences and selection criteria. Of the 35 QAPs that did not contain references to all required preferences and selection criteria, 5 were from the selected agencies that we visited. All five of these agencies provided us with documentation that demonstrated that these requirements were being implemented. For example, Michigan's scoring criteria attachment to their LIHTC application included several requirements that were not found in their QAP. As another example, although Nevada's QAP did not include selection criteria related to public housing waiting lists, officials from the agency illustrated how they met this requirement by including an attachment to their application package that requires the developer to certify that it will notify public housing agencies of the project's availability for tenants on public housing waiting lists. The remaining 30 agencies (which we did not visit) also may have documented the information elsewhere. For example, for several plans with missing Section 42 requirements, we were able to find evidence that these required items were listed or referenced in other publicly available sources.

Consistent with our previous report, IRS officials stated that they did not regard a regular review of QAPs as part of their responsibilities as outlined in Section 42 and therefore, did not regularly review the plans.[15] IRS officials said that allocating agencies have primary responsibility to ensure that the plans meet Section 42 preferences and selection criteria. According to Section 42, allocating agencies must use a QAP that has been approved by the governmental unit of which the agency is a part but the Code does not specify that the unit must check for all required preferences and selection criteria. IRS officials noted that review of a QAP to determine if the plan incorporated the elements specified in Section 42 could occur if an allocating agency were to be audited. IRS has conducted seven audits of allocating agencies since the inception of the program and found issues related to QAPs, including missing preferences and selection criteria, lack of an updated plan, and incorrect paraphrasing of Section 42 requirements. For these audits, IRS recommended that the agencies update their QAPs to address the identified deficiencies. As a result of IRS's lack of regular oversight of the allocating agencies, we concluded in July 2015 that IRS is not well positioned to provide this type of oversight because of its tax compliance mission and recommended that Congress consider designating HUD as a joint administrator of the program to better align program responsibilities with each agency's mission and more efficiently address existing

[15] GAO-15-330.

be eligible for the national pool of tax credits.[17] Other agencies noted that they reserved credits for planning purposes. For example, Chicago's allocating agency has decided to reserve 5 years' worth of credits to build a pipeline of projects with which to work. Chicago officials stated that a multiple-year queue allows them to better plan their allocations based on affordable housing needs in their jurisdiction. Because of this practice, Chicago does not hold competitive funding rounds every year.

In Addition to Notifying Affected Officials of Planned Projects, Some Agencies Required Local Letters of Support Raising Fair Housing Concerns That Are Being Litigated

According to Section 42, allocating agencies must notify the chief executive officer (or the equivalent) of the local jurisdiction in which the project is to be located, and provide the official with a reasonable opportunity to comment on the proposed project. Some agencies also imposed an additional requirement of local letters of support that have raised fair housing and other concerns. For example, some allocating agencies give points to developers that have letters of local government support as part of their application. These agencies require a signed letter of support (from a chief elected or administrative official of the community in which the project would be sited) that specifically endorses the proposed project.

Based on our review of 58 QAPs, we found that 12 agencies noted that their review or approval of applications was contingent on letters of support from local officials.[18] Another 10 agencies awarded points for letters of local support.[19] Six of the nine agencies we visited had selection criteria in their 2013 QAPs that stated that letters of local support would affect the agency's review of the application or result in point awards or deductions.[20] According to officials from these six agencies, there are various advantages to using this criterion. For example, officials from

[17]Agencies that fail to allocate their entire annual tax credit allocation within 2 years have to return the unused portion to the national pool. Agencies are eligible to receive a portion of the national pool proceeds only if they did not return credits during the previous year.

[18]The 12 agencies are Alaska; Arkansas; Chicago; Georgia; Illinois; Kansas; Montana; Nevada; New Mexico; North Dakota; Oklahoma; and South Dakota. Chicago's allocating agency does not use a points or threshold system for selecting projects, but requires that a letter of support from an alderman be submitted with an application.

[19]The 10 agencies are Guam; Indiana; Kentucky; Massachusetts; Ohio; Texas; Virginia; Washington, D.C.; West Virginia; and Wisconsin.

[20]The six agencies are Chicago; Illinois; Massachusetts; Nevada; Virginia; and Washington, D.C.

Massachusetts told us the letters indicate a project will move more quickly through the development process, which includes local zoning and permitting, than a project without local support. However, the officials also said that an applicant could be awarded credits without a letter if all other threshold and scoring requirements were met. Furthermore, officials from Chicago's allocating agency noted that the letters were evidence of support for the proposed development from the surrounding community and they continued to use the letters as a threshold item upon which tax credit awards were based.

Four of the allocating agencies we visited that used letters of support as scoring criteria in 2013 (Nevada, Rhode Island, Virginia, and Washington, D.C.) had concerns with this additional requirement and took steps or were planning to change how the letters were used for LIHTC projects. For example, officials from Virginia's allocating agency noted that they stopped awarding points for the letters after being notified that local officials were choosing developments they wanted to support based on personal preferences. As of 2014, Virginia stopped awarding points for local letters of support but began deducting up to 25 points for negative letters if, after further analysis, the state determined the claims of negative effect were valid. Additionally, officials from Nevada said that they changed their requirements because they became aware of the difficulties developers in rural areas faced in receiving letters of support (due to local officials' fear of losing elections if affordable housing were built in their districts). As of 2015, Nevada no longer required letters of local support; instead the agency notifies local jurisdictions and provides them with an opportunity for comment.

In Texas, concerns also have been raised about the requirement, but its allocating agency continues to require letters of support. Specifically, in 2013, the state's Sunset Advisory Commission recommended eliminating letters of support from state senators and representatives because the commission believed the letters gave too much power to officials far removed from the process.[21] In 2010, a Texas developer was convicted on corruption charges, which included supplying a below market-rate

[21]The Sunset Advisory Commission is charged with monitoring state agency performance. During its review of state agencies, the commission typically makes recommendations to improve agency operations. The commission reviewed the Texas Department of Housing and Community Affairs (which administers LIHTC) in 2010 and 2013.

apartment to a state representative in exchange for the representative's support for the developer's projects.

There is also ongoing litigation about the requirement for letters of local support that alleges that Treasury did not issue any regulations to prevent state actions that contribute to perpetuating racial segregation of LIHTC units and that this is a violation of its obligation to affirmatively further fair housing under the Fair Housing Act.[22] The litigation specifically alleges that in 2013 the Texas legislature enacted two statutes that give substantial control over the location of LIHTC projects to local municipal and county government, one of which requires the allocating agency to provide a high number of points to developers that receive the explicit approval of the relevant municipal or local government. According to the lawsuit, Section 42 gives Treasury the authority to regulate such local government restrictions, but the agency has not issued regulations or otherwise prevented states from enacting such policies.[23] Officials from Treasury's Office of Tax Policy said they could not comment on ongoing litigation.[24]

Moreover, research conducted by HUD and others has analyzed how scoring criteria (like letters of local support) can influence project location and HUD officials have expressed fair housing concerns about these letters. Specifically, officials from HUD's Office of Fair Housing and Equal Opportunity and Office of General Counsel have cited fair housing concerns in relation to any preferences or requirements for local approval or support because of the discriminatory influence these factors could have on where affordable housing is built.[25] In 2013, HUD and other participants in the Rental Policy Working Group—which was established by the White House to better align the operation of federal rental policies

[22]*The Inclusive Communities Project, Inc. v. The U.S. Department of Treasury and Office of Comptroller of the Currency,* No. 3:14 –cv-03013-D (N.D. Texas Aug. 22, 2014).

[23]26 U.S.C. § 42(m)(1) (subjects in the required allocation plan); 26 U.S.C. § 42(n)(3) (authority to regulate to prevent avoidance of rules).

[24]Consistent with GAO's policy, GAO does not comment on or evaluate specific issues that are pending before administrative or judicial forums, such as this ongoing litigation.

[25]The mission of the Office of Fair Housing and Equal Opportunity includes eliminating housing discrimination. Its activities include the enforcement, administration, development, and public understanding of federal fair housing policies and laws (the Fair Housing Act and other civil rights laws). The office also works with other government agencies on fair housing issues.

across the administration—shared these concerns with Treasury.[26] These HUD officials suggested that eliminating local approval or support requirements or preferences from QAPs should be top priorities for Treasury and IRS, based on fair housing concerns. As of January 2016, neither Treasury nor IRS had issued any guidance about letters of local support, and Treasury's Priority Guidance Plan does not include any plans to address HUD's recommendation.[27] Treasury officials said they could not comment or take action on matters related to the ongoing litigation. In addition, research from HUD's Office of Policy Development and Research has explored the relationship between tax credit allocation priorities as outlined in QAPs (such as local letters of support or approval) and the location of LIHTC units.[28] For example, one HUD report found that certain state QAP prioritization of local approval exhibited increases in the overall exposure to poverty of LIHTC units.[29] Furthermore, a report by the Poverty and Race Research Action Council found that local approval requirements beyond the required Section 42 notification provide municipalities with an opportunity to "opt out" of developing LIHTC projects.[30]

[26]The Rental Policy Working Group comprises representatives from the White House Domestic Policy Council, National Economic Council, Office of Management and Budget, HUD, Treasury, the Department of Agriculture, and the Department of Justice.

[27]Treasury's Office of Tax Policy and IRS use the Priority Guidance Plan each year to identify and prioritize the tax issues that should be addressed through regulations, revenue rulings, revenue procedures, notices, and other published administrative guidance. The plan can be found at: https://www.irs.gov/uac/Priority-Guidance-Plan.

[28]For instance, see Casey J. Dawkins*, Exploring the Spatial Distribution of Low Income Housing Tax Credit Properties*, report prepared for the Department of Housing and Urban Development, Office of Policy Development and Research (Washington, D.C.: February 2011). The report examined the locations and characteristics of the geographic pattern of LIHTC projects in the 10 largest U.S. metropolitan areas.

[29]Ingrid Gould Ellen, Keren Horn, et al., *Effect of QAP Incentives on the Location of LIHTC Properties*, report prepared for the Department of Housing and Urban Development, Office of Policy Development and Research (Washington, D.C.: Apr. 7, 2015). The report studied location criteria in QAPs for 21 states, including if and how the criteria influenced project location.

[30]Poverty and Race Research Action Council, *Building Opportunity: Civil Rights Best Practices in the Low Income Housing Tax Credit Program* (Washington, D.C.: December 2008). The report examined QAPs from the 50 states to determine, among other things, what approaches states had taken in relation to priorities or scoring for project location and local support.

Exhibit 17

Office of the
Comptroller of the Currency
Washington, DC 20219

Community Developments

MARCH 2014 [Revised APRIL 2014] COMMUNITY AFFAIRS DEPARTMENT

Insights

Low-Income Housing Tax Credits: Affordable Housing Investment Opportunities for Banks

Abstract

The Low-Income Housing Tax Credit (LIHTC) is the federal government's primary program for encouraging the investment of private equity in the development of affordable rental housing for low-income households. Since its creation in 1986, the LIHTC has helped to finance more than 2.4 million affordable rental-housing units for low-income households.[1] This Insights report describes how LIHTCs are used to finance the development of affordable housing and how national banks and federal savings associations (collectively, banks) can participate as investors and lenders in LIHTC-financed projects. The report outlines the risks and regulatory considerations of LIHTC investments, including the considerations these investments receive in Community Reinvestment Act (CRA) examinations.

The Office of the Comptroller of the Currency (OCC) obtained the information for this report from a variety of sources, including banks, nonsupervised financial intermediaries, investment fund advisers, and other parties actively using LIHTCs to finance affordable housing. The information and examples offered are typical of LIHTC-financed projects. The report includes an overview of U.S. federal income tax laws and regulations applicable to the LIHTC program; however, the information in this report does not constitute tax advice, and investors should consult tax advisers about tax treatments for LIHTC investments.

Case studies of LIHTC-related financing are discussed in appendix A, B, C, and D. Appendix E lists abbreviations used in this report. Appendix F provides LIHTC resources.

I. What Is the LIHTC?

The LIHTC program was established as part of the Tax Reform Act of 1986 and is commonly referred to as section 42, the applicable section of the Internal Revenue Code (IRC). The LIHTC program provides tax incentives to encourage individual

[1] *What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond?,* U.S. Department of Housing and Urban Development (HUD), August 2012. The authors note that 2.2 million LIHTC-financed properties were placed in service from 1987 through 2009, the last year for which they had data. The authors estimate the total in 2011 was 2.4 million.

and corporate investors to invest in the development, acquisition, and rehabilitation of affordable rental housing.[2] The LIHTC is an indirect federal subsidy that finances low-income housing. This allows investors to claim tax credits on their federal income tax returns. The tax credit is calculated as a percentage of costs incurred in developing the affordable housing property, and is claimed annually over a 10-year period. Some investors[3] may garner additional tax benefits[4] by making LIHTC investments.[5]

The equity raised with LIHTCs can be used for newly constructed and substantially rehabilitated and affordable rental-housing properties for low-income households, and for the acquisition of such properties in acquisition/rehabilitation deals. LIHTCs provide equity equal to the present value of either 30 percent (referred to in this report as the 4 percent credit) or 70 percent (referred to as the 9 percent credit) of the eligible costs of a low-income housing project, depending in part on whether tax-exempt bonds are used to finance the project.

To qualify for the credit, a project must meet the requirements of a qualified low-income project. Project sponsors/developers (project sponsors) are required to set aside at least 40 percent of the units for renters earning no more than 60 percent of the area's median income (the 40/60 test) *or* 20 percent of the units for renters earning 50 percent or less of the area's median income (the 20/50 test).[6] These units are subject to rent restrictions such that the maximum permissible gross rent, including an allowance for utilities, must be less than 30 percent of *imputed* income based on an area's median income.[7]

State selection procedures for tax credit allocations often encourage project sponsors to provide more than the minimum number of affordable units and greater than the minimum level of affordability. Because these credits are available only for affordable rental units, many applications designate 100 percent of units in properties as affordable and reserve some units for renters earning well below 50 percent of the area median income.[8]

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[2] Tax Reform Act of 1986, Public Law 99-514, 100 Stat 2085, HR 3838, 99th Congress, 2nd Session, October 22, 1986. For the LIHTC provisions, see UL26 IRC 42. Because LIHTCs are commonly known as housing tax credits or tax credits, these terms are used interchangeably in this report. The LIHTC program became permanent under the Omnibus Budget Reconciliation Act of 1993.

[3] *Low-Income Housing Tax Credit Handbook*, Novogradac & Co., sections 2.1 and 2.17, 2011.The number of taxpayers who can benefit from LIHTCs is limited by passive activity and alternative minimum tax rules. Widely held corporations are not subject to the passive loss rules and, as such, are, according to the author, ideal investors in low-income housing tax credit projects.

[4] The return on the LIHTC investment can include (1) the stream of LIHTCs, (2) periodic distributions of funds from operations, (3) distribution upon sale of the project, and (4) periodic allocations of gains and losses from the project, including depreciation deductions, operating gains or losses, and gains or losses attributed to a capital event. See Hykan, Wayne H., "Pricing the Equity of a Tax Credit Project," Journal of Affordable Housing and Community Development Law, vol. 5, no. 4, 1996.

[5] For buildings placed in service after 2007, LIHTCs may be used to offset both ordinary taxes and the alternative minimum tax. See 26 IRC 38(c)(4).

[6] In New York City, a special 25/60 test is used in lieu of the 40/60 test. See 26 IRC 42(g)(4) and 142(d)(6).

[7] The calculation of rents for tax credit units is complicated because the imputed number of people per bedroom (i.e., 1.5 people) and the number of bedrooms in a unit are included. For more information on income limits, see www.huduser.org/portal/datasets/il.html. For LIHTC calculators, see www.novoco.com/products/rentincome.php and www.danter.com/TAXCREDIT/getrents.HTML.

[8] For information on HUD's LIHTC eligibility, see www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc/basics/eligibility.cfm.

The LIHTC program works as follows. The Internal Revenue Service (IRS) allocates federal tax credits to state housing credit agencies (HCA) based on each state's population. In the case of 9 percent credits, project sponsors (who hold general partner interests in the final ownership entities of developments) of proposed low-income housing projects apply through a competitive process for allocations of tax credits from state HCAs. The state agencies award LIHTCs for qualified affordable housing projects based on point systems reflecting each state's priorities for the desired type, location, and ownership of affordable housing. Project sponsors use the tax credits to raise equity from private investors. The equity investment reduces the debt burden on the tax credit property, making it financially feasible to offer lower, more affordable rents. Often institutional investors such as banks use the tax credits and real estate losses to lower their federal tax liabilities.

Once a property is placed into service, the tax credits are claimed annually over a 10-year period; however, the project must satisfy specific low-income housing compliance rules for the full 15-year compliance period. If the project fails to comply with LIHTC program rules during the 15-year compliance period, the IRS may recapture previously claimed credits. The property must remain affordable for at least 30 years; however, after the initial 15-year compliance period ends, the IRS may not recapture the tax credits.[9] Investors may exit the partnership at any time and not face recapture of tax credits as long as the property continues to operate as affordable housing through the end of year 15. Most often, investors exit between year 11 and 16, having collected tax credits for 10 years or more.

Project sponsors structure LIHTC projects as limited partnerships or limited liability companies[10] to limit financial risk exposure for investors. This structure allows tax credit benefits and real estate losses to pass through to investors.[11] The investment in an LIHTC-financed project occurs in one of two ways: by a direct investment in a single project through a partnership, as shown in figure 1, or by an investment in a syndicated LIHTC-equity fund, as shown in figure 2.

Figure 1 illustrates the typical legal structure for a direct investment in an LIHTC-financed project. The project sponsor/developer applies to a state HCA for an LIHTC allocation for a specific affordable housing project. If approved, the tax credits are allocated to the affordable housing project. The tax credits provide an incentive for equity investors. The project sponsor offers investors an ownership interest in the affordable housing project. When making a direct investment, an investor acquires all or a portion of the 99.99 percent ownership in the partnership. While having an ownership interest, the investor has no management authority. The direct investor receives tax credits and real estate losses through the partnership in proportion to the investor's ownership interest in the project.

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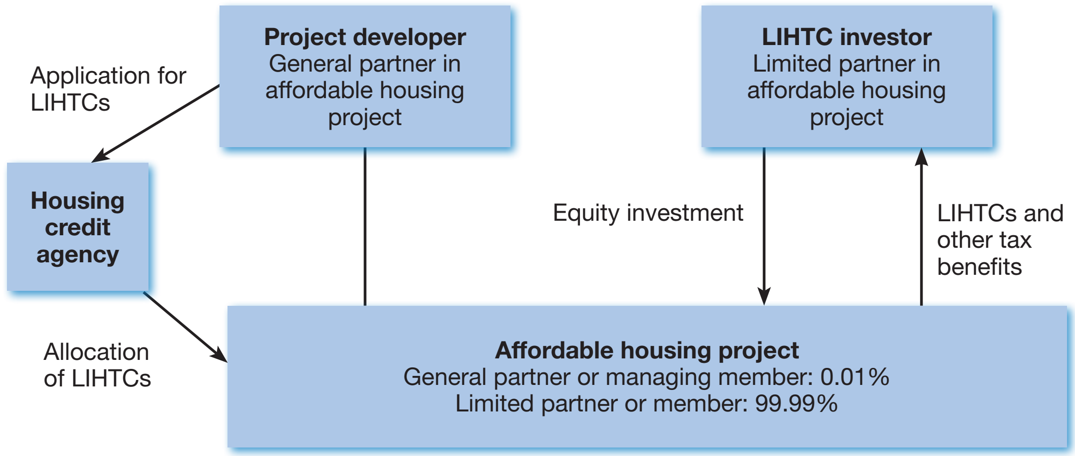
[9] For more information on noncompliance and the possible recapture of tax credits, see 26 IRC 42(j). There are no consequences for an original investor after the 15-year compliance period; however, the owner of the property is subject to legal action by the HCA in the event of noncompliance issues.

[10] The term "partnership" refers to limited partnerships (LP) and limited liability companies (LLC).

[11] Under federal income tax law, LIHTCs may be claimed only by property owners who have the benefits and burdens of ownership. This includes all partnerships (LPs, LLCs, and other equity investors) in the properties. For example, if a bank holds a 99.99 percent interest in a partnership, it receives 99.99 percent of the tax credits and real estate losses, which include, but are not limited to, depreciation and interest expenses.

Figure 1: Typical Legal Structure for Direct Investment in LIHTC-Financed Project

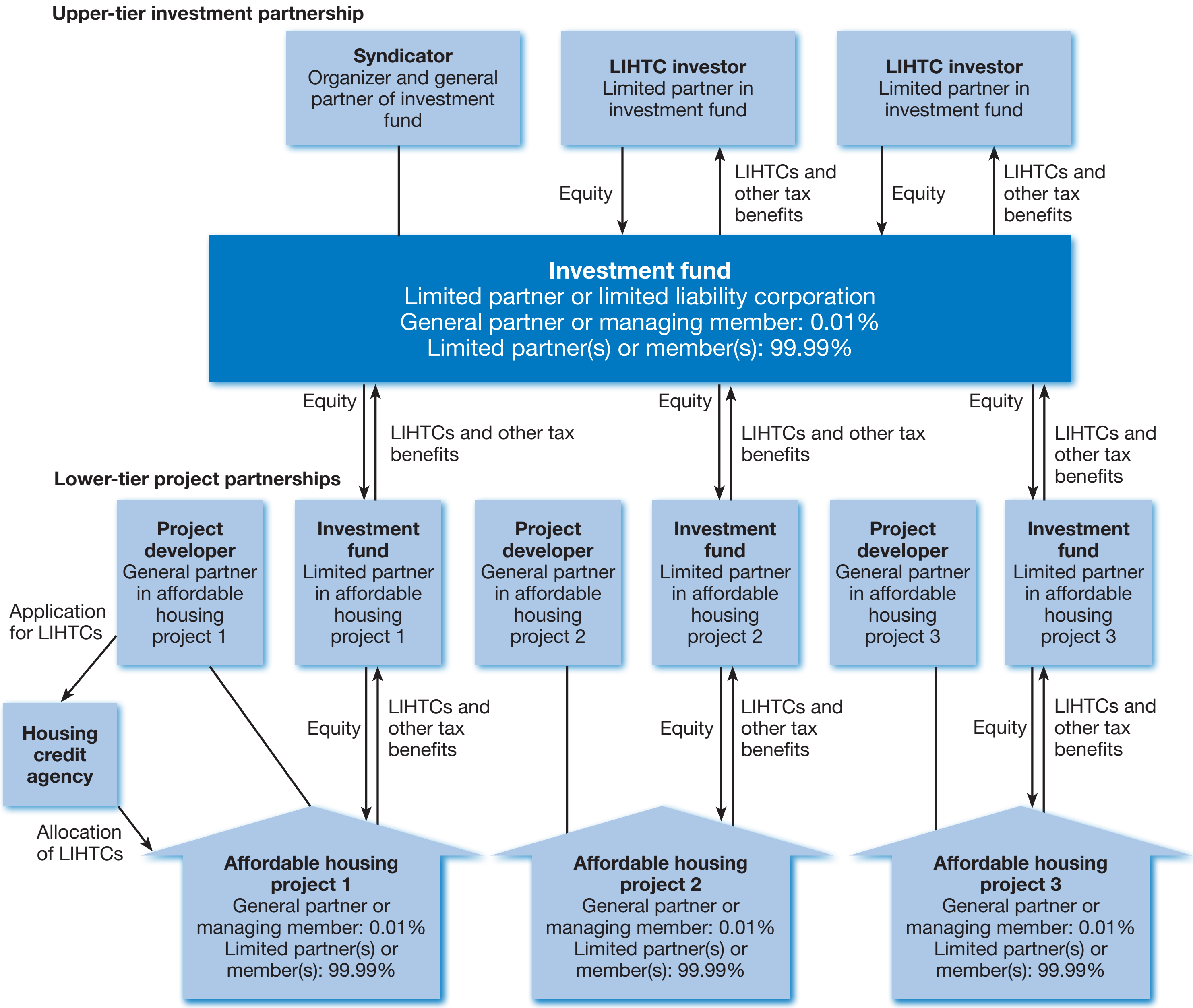


Source: OCC

Figure 2 illustrates the typical legal structure for an investment in a syndicated LIHTC-equity fund. The syndicator organizes one or more investors and forms an investment fund, and the fund invests in one or more affordable housing projects. Thus, a two-tier partnership structure is created with funds from investors combining in the upper-tier investment partnership and funds from pooled equity financing multiple, lower-tier property partnerships. Investors hold 99.99 percent ownership of the investment fund; the syndicator, as general partner or managing member, holds 0.01 percent ownership.

Figure 2 illustrates the investment fund's investment in three lower-tier property partnerships (projects AHP 1, AHP 2, and AHP 3). Each property partnership receives an LIHTC allocation from a state HCA and then uses those credits to attract investors. As a result of its investment, the fund holds 99.99 percent ownership in each project; the developer/general partner of each property holds 0.01 percent ownership. The tax credits flow from the lower-tier partnerships to the upper-tier partnership, where investors share the credits based on their ownership proportion in the fund.

Figure 2: Typical Legal Structure for Investment in a Syndicated LIHTC-Equity Fund



Source: OCC

Equity funds offer LIHTC investors lower barriers of entry because syndicators often set minimum investment amounts lower than the minimums required for direct investments. In multi-investor funds, minimum investments start at about $1 million, while regional funds focused on community banks and smaller corporations may have lower investment minimums. Across the nation, national, state, and regional LIHTC funds are available to investors.[12] Equity funds offer investors different risk/reward profiles in terms of pooled investments, portfolio diversity, the syndicator's expertise in finding and financing quality projects, and lower administrative overhead. Section IV discusses the risks of LIHTC investments.

II. Why Are LIHTCs of Interest to Banks?

Banks choose to invest in and lend to LIHTC-financed projects because this helps them in

- meeting the credit needs of their communities.
- receiving CRA consideration.
- earning competitive rates of return on investments.
- gaining opportunities to diversify into other credit products and services.
- providing a platform to leverage other tax credit investments.

Meeting Community Credit Needs

The National Association of Home Builders published a report that found that more than 19.4 million households, or 49 percent of total households renting homes in 2010, were "rent-burdened," or paying more than 30 percent of household income for rent.[13] They found the LIHTC to be an important program for financing housing that addresses this community need.

According to two other industry-sponsored reports, the private capital and market discipline provided by LIHTC investors, lenders, and developers have made LIHTC-financed housing among the most successful affordable rental housing production programs offered by the federal government.[14] Decisions to develop and finance affordable housing using LIHTCs are based on local needs for housing and community development. The projects are often initiated by a community-based sponsor. All projects must have sufficient local demand to meet cash flow projections. Tax credit allocations must be consistent with state housing priorities.

Banks can participate in affordable housing developments as investors using LIHTCs, providing equity in exchange for the tax credits—or as lenders, providing short- or long-term financing. Because they are experienced in housing development and commercial real estate finance and are responsible for meeting the credit needs of their communities, banks are the primary investors in LIHTCs for affordable housing development.

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[12] One such example is the National Equity Fund, a syndicator of LIHTC and other tax credits. For more information, see www.nefinc.org. Across the nation, there are at least 30 local and state equity funds LIHTC-qualified to provide equity capital for rental housing developments. For information on these funds, visit the National Association of State and Local Equity Funds at www.naslef.org.

[13] Data are from the American Community Survey, *Census Data Reveal Geography of Rent Burdened Families,* National Association of Home Builders, October 25, 2011. See http://eyeonhousing.wordpress.com/2011/10/25/census-data-reveal-geography-of-rent-burdened-families.

[14] *The Low Income Housing Tax Credit: The Most Successful Affordable Rental Housing Production Program in Our Nation's History,* National Association of Home Builders, October 26, 2011, www.nahb.org/fileUpload_details.aspx?contentID=151606. See also *Low-Income Housing Tax Credit: Assessment of Program Performance & Comparison to Other Federal Affordable Rental Housing Subsidies*, Novogradac, May 2011, www.novoco.com/products/special_report_lihtc.php.

Receiving CRA Consideration

An important incentive for banks investing in LIHTCs is the CRA consideration they may receive for making these investments. A bank may receive CRA consideration for community development activities related to LIHTC projects and funds, provided the activities benefit a bank's assessment area or a broader statewide or regional area that includes the bank's assessment area(s) (AA). The bank's AA(s) need not receive an immediate or direct benefit from the bank's participation in the activity, provided the purpose, mandate, or function of the activity includes serving geographies or individuals located within the institution's AA(s). Examiners consider these activities even if they do not benefit the bank's AA(s), as long as the bank has been responsive to community development needs and opportunities in its AA(s).[15]

Examples of activities that may be eligible for CRA consideration include direct investments in LIHTC projects, predevelopment financing or construction/permanent financing to LIHTC projects, investments in funds that specialize in funding and managing LIHTC projects, and technical assistance to nonprofit organizations that help identify and counsel potential low- or moderate-income residents. Investments in state and municipal obligations, such as revenue bonds that specifically support affordable housing (including 4 percent LIHTC projects), also meet the CRA definition of qualified investments.

In addition, a bank may receive CRA consideration for activities that revitalize or stabilize designated disaster areas and designated distressed or underserved nonmetropolitan middle-income geographies. Activities in these specially designated areas must benefit the bank's AA(s), or a broader statewide or regional area that includes the bank's AA(s), in order to receive CRA consideration. In limited and specific instances, as determined by the federal financial regulatory agencies, a bank can make qualified investments in disaster areas that are outside these areas, provided the bank has adequately been responsive to needs in its AA(s).[16]

Earning Financial Returns

A bank's return on an LIHTC investment depends on a number of factors, including the bank's underwriting and management of the investment. As an asset class, historic returns on investments and loans in LIHTC projects have been competitive with similar alternative investment opportunities. Figure 3 illustrates the after-tax yield on LIHTC investments as compared with the after-tax 10-year U.S. Treasury yields from 1991 through 2013.[17]

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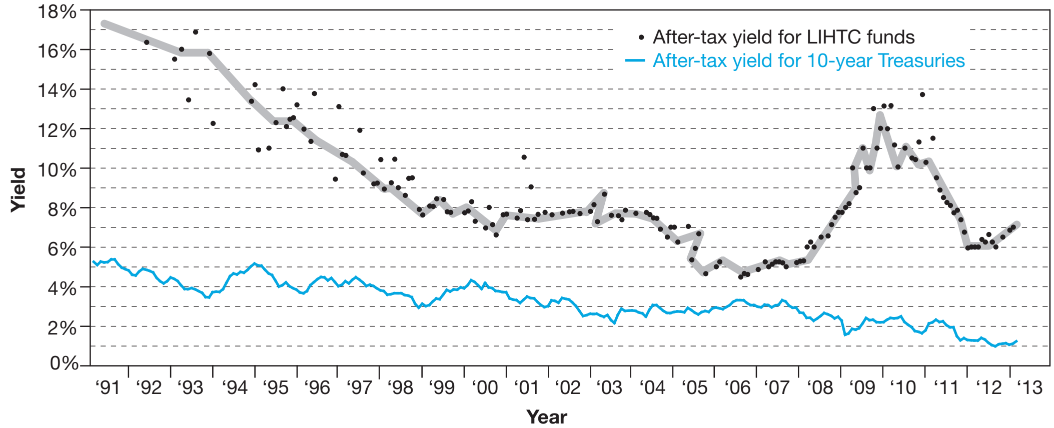
[15] "Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment; Notice," Fed. Reg., no. 2013-27738, pages 69671–69680, November 20, 2013. There may be several ways to demonstrate that the financial institution's investment in a nationwide investment fund meets the geographic requirements, and the agencies will employ appropriate flexibility in this regard in reviewing information the institution provides that reasonably supports this determination. In making this determination, the agencies will consider any information provided by a financial institution that reasonably demonstrates that the purpose, mandate, or function of the fund includes serving geographies or individuals located within the institution's assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Typically, information about where a fund's investments are expected to be made or targeted will be found in the fund's prospectus, or other documents provided by the fund prior to or at the time of the institution's investment, and the institution, at its option, may provide such documentation with its CRA evaluation.

[16] See "Interagency Questions and Answers Regarding Community Reinvestment," 75 Fed. Reg. 11642, __.12(g)(4)(ii)-1, March 11, 2010. See also OCC Bulletin 2012-8, "Community Reinvestment Act Consideration for Gulf Coast Disaster Area Activities: Extension of Deadline," February 27, 2012; and the OCC's *Community Developments Fact Sheet: Designated Disaster Areas and Consideration Under the Community Reinvestment Act*, October 2012, www.occ.gov/topics/community-affairs/publications/fact-sheets/fact-sheet-designated-disaster-areas-cra.pdf.

[17] From Treasury Department and industry survey data compiled by Richard Floreani, Carlisle Tax Credit Partners, June 2011.

Figure 3: After-Tax Yield Trends for LIHTCs and 10-Year Treasuries, 1991-2013

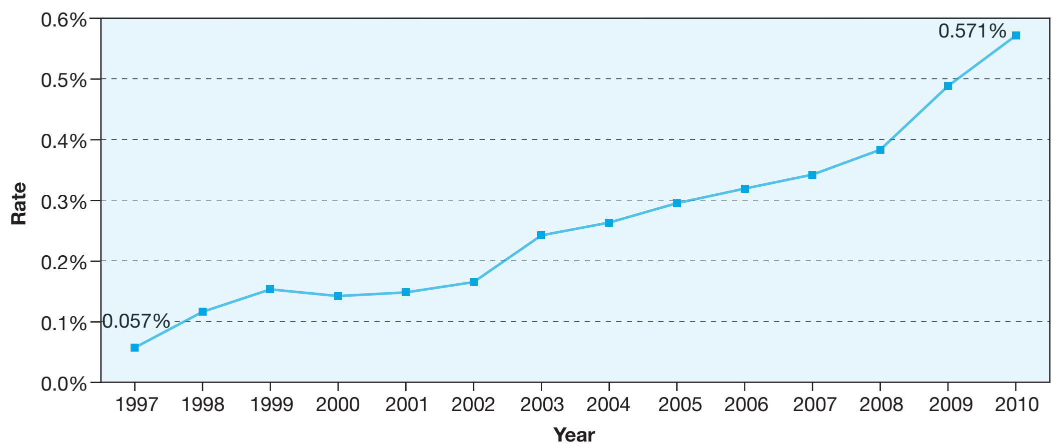


Source: Carlisle Tax Credit Advisors, 2013

Note: Tax credits are shown by month where one or more multi-investor funds were available. Treasury bond data are plotted monthly.

Foreclosures of LIHTC projects have been relatively rare, according to a CohnReznick study of participating syndicators who reported a 0.57 percent cumulative foreclosure rate of LIHTC properties placed into service from 1997 through 2010.[18] This compares favorably to the foreclosure rate of market-rate multifamily properties and other real estate asset groups.[19]

Figure 4: Cumulative Foreclosure Rate Less Than One Percent for LIHTC-Financed Properties, 1997-2010



Source: CohnReznick

[18] See *The Low-Income Tax Credit Program at Year 25: An Expanded Look at its Performance*, CohnReznick, December 2012, www.cohnreznick.com/insights/low-income-housing-study. The report suggests the number of foreclosures has been underreported as a result of incomplete data, for example, nonresponders to survey, missing data from inactive firms, cases of cured defaults, debt restructure strategies, or where additional capital calls may have been undertaken in lieu of foreclosure.

[19] See the *Low Income Housing Tax Credit Program at Year 25: A Current Look at Its Performance*, CohnReznick, August 2011, www.cohnreznick.com/sites/default/files/reznickgroup_lihtc_survey_2011.pdf. The authors note that "while the number and rate of foreclosures increased incrementally from 2008 through 2010, the incidence of foreclosures in housing tax credit properties continues to compare very favorably with the foreclosure rate of market-rate multifamily properties and other real estate asset groups."

Gaining Additional Commercial Lending Opportunities

Participating in LIHTC projects provides banks with opportunities to expand existing customer relationships and to develop new customer relationships. LIHTC-financed projects often require additional loan products and bank services, including

- pre-development and acquisition loans.
- bridge loans.[20]
- construction loans.
- permanent mortgage financing.
- letters of credit.[21]
- warehouse lines of credit.[22]

Leveraging Other Tax Credit Investments

Depending on the age and location of the properties, LIHTCs may be combined with historic tax credits (HTC)[23] or renewable energy tax credits (RETC).[24] Projects using multiple types of credit, referred to as "twinned" transactions, are popular with some project sponsors/developers and bank investors. Additionally, some states have established housing tax credit programs, and these state credits may be twinned with LIHTCs. Blending federal LIHTCs with HTCs, RETCs, or state housing tax credits can improve the internal rates of return on these transactions for investors.

III. How Does the LIHTC Program Work?

Financing the Project

Affordable housing properties are financed with two kinds of LIHTCs: the 9 percent credit and the 4 percent credit. Projects using conventional debt without federal subsidies[25] are eligible for the 9 percent credit. An allocation of 9 percent credits yields tax credits over a 10-year period with a present value of 70 percent of eligible costs to construct the low-income units (qualified basis).[26] The 4 percent credit is used in projects financed with tax-exempt bonds. An allocation of 4 percent credits yields tax credits over a 10-year period with a present value of 30 percent of eligible costs to construct the low-

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[20] Bridge loans are short-term credit facilities provided by banks to tax credit investors to cover their capital calls during construction periods. Also known as subscription obligation financing, these credit facilities are typically secured by the unconditional commitment of investors. These credit facilities are used by syndicators to generate higher internal rates of return required to attract investors as well as to better manage the capital call process.

[21] Banks can enhance the credit ratings of state HCA-issued tax-exempt bonds by providing letters of credit. on bonds. Tax-exempt bonds are often used to finance 4 percent LIHTC transactions.

[22] Banks provide warehouse lines of credit to syndicators to finance the acquisition of LIHTC properties. The repayment source is equity from fund investors.

[23] The Federal Historic Preservation Tax Incentives program is jointly administered by the IRS and the National Park Service. For more information, see www.nps.gov/tps/.

[24] *Investing in Solar Energy Using the Public Welfare Investment Authority*, OCC *Community Developments Investments*, July 2011, www.occ.gov/static/community-affairs/community-developments-investments/solar11/2011-solar-cdezine-final.pdf. See also "Rural Housing Initiatives at Work," OCC *Community Developments*, 2003, www.occ.gov/static/community-affairs/2003spring03.pdf.

[25] As defined in 26 IRC 42(i)(2).

[26] The amount of credits that a project owner may claim with respect to a building is based on the percentage of the building that is occupied by low-income tenants. The qualified basis is generally equal to the product of the low-income occupancy percentage and the eligible basis (e.g., construction costs less land cost, disproportionate standard costs, commercial property, permanent loan costs, syndication costs, and the cost of tenant facilities if additional charges for use).

income units (qualified basis).[27] In addition, properties located in federally designated areas of high development costs or poverty levels may be eligible for a larger allocation, or "boost," of LIHTCs than would normally be available.

9 Percent Tax Credit

A newly constructed building or the substantial rehabilitation of an existing building is eligible for the 9 percent credit, unless the building is financed with tax-exempt bonds. If other federal subsidies are used in the financing, the partnership may elect to exclude the federal subsidies from the eligible basis and still claim the 9 percent credits. The definition of "federally subsidized" has made it easier for buildings placed in service after July 30, 2008, to receive 9 percent credits.[28]

The pool of 9 percent credits in any given year is limited. For each state, the annual volume cap for 9 percent tax credits is measured as the product of a fixed per capita rate multiplied by the state's population. The credits are allocated by state HCAs through a competitive process.

Federal law requires each state HCA to have a qualified allocation plan (QAP), which sets out the state's priorities and eligibility criteria for awarding 9 percent tax credits as well as state tax-exempt private activity bonds.[29] The QAP gives preference to projects that

- serve the lowest-income residents.
- serve income-eligible residents for the longest time frame.
- are located in qualified census tracts, tracts with a poverty rate of 25 percent, or tracts in which 50 percent of the households have incomes below 60 percent of the area median income and contribute to a community's revitalization plan.

A state's QAP may give bonus points to projects with specific goals and set aside a percentage of credits (targeted tax credit allocations) for projects that serve specific populations or locations.[30]

HCAs consider project readiness a primary consideration in evaluating tax credit applications. If an LIHTC project receiving an allocation of 9 percent credits is not placed in service by the end of the calendar year in which it received its allocation, the project must meet a minimum level of completion referred to as the 10 percent test. The 10 percent test requires the owner to demonstrate that it has incurred at least 10 percent of

[27] For existing properties acquired and rehabilitated without tax-exempt bonds, the 4 percent credit applies to the acquisition cost of the property and the 9 percent credit applies to the rehabilitation of the property.

[28] A federal subsidy is any debt obligation the interest of which is exempt from tax under 26 IRC 103, or a direct or indirect federal loan, if the interest rate on such loan is below the applicable federal rate (AFR) in effect as of the date the loan was made. Pursuant to the Housing and Economic Recovery Act of 2008 (HERA), "any below market federal loan(s)" were removed as one of the ways a building could become classified as federally subsidized. This effectively changes the definition of federally subsidized to only mean tax-exempt bonds. These new laws are effective for buildings that are placed in service after July 30, 2008. See *Low-Income Housing Tax Credit Handbook*, Novogradac, 2011.

[29] See 26 IRC 42(m), which sets forth the QAP requirements for HCAs. For a detailed discussion of QAPs by the National Low Income Housing Coalition, see http://nlihc.org/issues/other/lihtc.

[30] The HCA's selection criteria must address the following: location, housing needs, public housing waiting lists, individuals with children, special needs populations, whether a project includes the use of existing housing as part of the community revitalization plan, project sponsor characteristics, and projects intended for eventual tenant ownership. Because these criteria are minimums, states can adopt more rigorous criteria aimed at meeting specific housing needs in the state. See 26 IRC 42(m)(1)(C).

the project's reasonably expected basis[31] within 12 months of the date of allocation. Once the project has met the 10 percent test, the project must be placed in service by the end of the second calendar year following the year of allocation.[32] Failure to adequately satisfy the 10 percent test can cause a project to lose its tax credit allocation and the ability to market the tax credits for sale to investors.[33]

4 Percent Tax Credit

If 50 percent or more of the project's eligible costs are financed with tax-exempt private activity bonds,[34] the project sponsor/developer may claim a 4 percent LIHTC without having to obtain a credit allocation from the HCA.[35] Although the process to obtain bonds is competitive and requires the project sponsor/developer to submit an application, once the HCA decides to issue the bonds, the project sponsor/developer is not required to compete separately for a tax credit allocation.

The 4 percent credits are roughly equal to 30 percent of the qualified basis of a newly constructed building or the cost of the acquisition and substantial rehabilitation of an existing building.[36] Because the 4 percent credit is much shallower than the 9 percent credit, project sponsors/developers of 4 percent tax credit projects often seek additional funding through numerous sources, including but not limited to such federal programs as the HOME Investment Partnership Program (HOME),[37] the Federal Home Loan Bank Affordable Housing Program, and the Community Development Block Grant Program. Other sources may include state agency loans and private foundation grants. Appendix B illustrates an example of a 4 percent LIHTC project.

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[31] Terence Kimm, *10 Percent Test Not Graded On A Curve*, Affordable Housing Finance, April 1, 2008, www.housingfinance.com/accounting/10-percent-test-not-graded-on-curve.aspx. The 10 percent test is a fraction calculated as follows. The numerator is the taxpayer's adjusted basis in land and depreciable property that is reasonably expected to be part of the project as of the measurement date determined by the HCA. The denominator is the taxpayer's adjusted basis in land and depreciable property that is reasonably expected to be part of the project as of the close of the second year following the year of allocation. Note that the description of neither the numerator nor the denominator mentions eligible basis. Therefore, costs related to any commercial component of the project are includable in both. Additionally, any basis boost as a result of the project being located in a qualified census tract or difficult development area is ignored. Stated more simply, the numerator is the taxpayer's basis in land and depreciable property incurred as of the measurement date, and the denominator is the taxpayer's expected basis in land and depreciable property at completion of construction.

[32] See 26 IRC 42(h)(1)(E), as amended by H.R. 3221, HERA, 3004(b).

[33] *Low-Income Housing Tax Credit Handbook,* Novogradac, section 3:172, 2011.

[34] For buildings placed in service on or before July 30, 2008, a new or substantially rehabilitated building that receives a federal subsidy is not eligible for the 9 percent credit. Instead, it is eligible for the 4 percent credit. HERA removed the phrase "any below-market federal loan" as one of the ways a building can become classified as federally subsidized. For buildings placed in service after July 30, 2008, the definition of federally subsidized means only those projects financed with tax-exempt bonds.

[35] The actual tax rate is not exactly 4 percent. This rate, commonly referred to as the applicable federal rate (AFR), is indexed to 10-year U.S. Treasury bond yields. Monthly AFRs are available in table 4 at www.irs.gov/app/picklist/list/federalRates.html.

[36] State HCAs may delegate authority to local HCAs to issue state tax-exempt private activity bonds or local HCAs may issue local tax-exempt private activity bonds for financing eligible projects following the state HCA's underwriting criteria. The project sponsor/developer receiving the tax-exempt bond allocation would apply to the state HCA to receive 4 percent tax credits.

[37] The HOME program, authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, regulated under 24 CFR 92, provides federal block grants to state and local governments to create affordable housing for low-income households.

The benefit of combining tax-exempt bond financing with 4 percent LIHTCs is that these tax credits are not in competition with projects seeking the 9 percent tax credit allocations.

Difficult Development Areas and Qualified Census Tracts

If a project is located in a difficult development area (DDA) or a qualified census tract (QCT), the eligible basis[38] of the project can be increased by 30 percent. This allowable increase is commonly referred to as a basis boost.[39] DDAs are locations that have high construction, land, and utility costs relative to the area median gross income. QCTs are tracts with a poverty rate of at least 25 percent, or tracts where 50 percent of the households have incomes below 60 percent of the area median income.[40] For properties placed into service after July 30, 2008, HCAs have the authority to select specific buildings not already in DDAs or QCTs to receive the 30 percent basis boost.[41] This building-specific designation is not available for projects financed with tax-exempt bonds. Appendix A illustrates how a 30 percent basis boost is applied.

Claiming the Credit and Project Compliance

LIHTC investors can begin claiming tax credits only after the buildings are placed in service and are occupied by qualified tenants and proper filings have been made with the state HCA and the IRS.[42] The rental units must be leased to income-eligible households, and the rents must be within allowable limits. Although tax credits are claimed annually over 10 years, the investment compliance period continues until the end of the 15th year, and the project must remain affordable for at least 30 years. Corporate and eligible individual investors can benefit from the partnership's pass-through of real estate losses, such as depreciation and interest expense, associated with income-producing real estate.

Table 1 illustrates the combined benefits of a sample 9 percent transaction. If the qualified basis for an LIHTC project is $10 million, then 9 percent credits produce an annual tax credit of $900,000, totaling $9 million for the investor over 10 years.[43] The table shows an additional estimated $2,205,294 generated through various real estate losses—such as depreciation and interest expense—that are passed through to investors. The combined tax benefit is $11,205,294 over the life of the investment.

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[38] The eligible basis refers to the construction costs that can be included in the LIHTC calculations. The eligible basis includes most hard costs, such as construction costs, and most depreciable soft costs. Excluded are land, commercial space, and any portion of professional fees (such as consulting or developer fees) that are above state-determined limits. For an expanded discussion on eligible basis, see *Low-Income Housing Tax Credit Handbook*, Novogradac, section 3:59, 2011.

[39] A basis boost increases the eligible basis (eligible project development costs) used to calculate the annual tax credit by up to 30 percent. 26 IRC 42(d)(5).

[40] In 2004, HUD designated DDAs and QCTs for purposes of the LIHTC program under 26 IRC 42. See "Statutorily Mandated Designation of Difficult Development Areas" for section 42, IRC, 1986, 69 Fed. Reg. 69,731, November 30, 2004. For current listings, see www.huduser.org/portal/datasets/qct.html.

[41] See 26 IRC 42(d)(5)(B) as amended by H.R. 3221, HERA, 3003(g)(s).

[42] The taxpayer may elect to have the credit period begin in the succeeding taxable year. For more information, see 26 IRC 42(f)(1) and 42(h)(1)(B).

[43] The annual 9 percent housing tax credit calculation is based on the flat 9 percent rate.

Table 1: Hypothetical LIHTC Project Benefit Schedule, 9 Percent Tax Credits

	Tax credits using an AFR[a] =9% ($)	Total real estate losses (Depreciation, interest expense, etc.) ($)	Income derived from real estate tax losses[b] ($)	Combined benefit ($)
Qualified basis[c]	10,000,000			
Annual housing tax credits (Qualified basis multiplied by applicable AFR)	900,000			
Year 1	900,000	(568,948)	199,132	1,099,132
Year 2	900,000	(685,198)	239,819	1,139,819
Year 3	900,000	(595,005)	208,252	1,108,252
Year 4	900,000	(531,175)	185,911	1,085,911
Year 5	900,000	(506,163)	177,157	1,077,157
Year 6	900,000	(452,570)	158,400	1,058,400
Year 7	900,000	(403,646)	141,276	1,041,276
Year 8	900,000	(387,536)	135,638	1,035,638
Year 9	900,000	(370,583)	129,704	1,029,704
Year 10	900,000	(352,275)	123,296	1,023,296
Year 11	0	(333,146)	116,601	116,601
Year 12	0	(312,529)	109,385	109,385
Year 13	0	(290,949)	101,832	101,832
Year 14	0	(267,729)	93,705	93,705
Year 15	0	(243,387)	85,185	85,185
Year 16 (disposition)	0			
Total	**$9,000,000**		**$2,205,294**	**$11,205,294**

Source: OCC

[a] The applicable federal rate (AFR) represents the IRS method of calculating the present value of the credits to investors. In accordance with section 42 (b)(2), the IRS publishes monthly AFRs for the LIHTC program. The AFRs are indexed to 10-year U.S. Treasury bond yields. ERA established a floor of 9 percent on the credit for non-federally subsidized rehabilitation and new construction buildings placed in service after July 30, 2008, with respect to housing credit dollar amount allocations made before January 1, 2014.

[b] The tax losses an investor may receive on a property are based on the amount of equity contributed to the project. In this example, $7.2 million ($0.80 per credit) was contributed as equity. Real estate losses in each year are calculated assuming an annual corporate tax rate of 35 percent. At disposition, any remaining tax capital is lowered by distributions of remaining cash or losses from sale, so that the amount of cash and losses equals the original investment. For the $7.2 million equity investment, total net tax benefits from real estate losses are $2,205,294. This example assumes no cash distributions.

The amount of real estate losses varies by year. In this table, the year 1 tax benefit of $199,132 is equal to $568,948 (year 1 losses) multiplied by the corporate tax rate or 35 percent. The project becomes operational, creating a somewhat higher tax deduction in year 2. Accelerated depreciation of the underlying assets (principally site improvements and personal property) results in a declining balance of tax deductions through year 15. The residual property value in this table is zero.

[c] The qualified basis is defined as the product of the eligible basis multiplied by the proportion of the project's affordable housing units (applicable fraction). The eligible basis refers to the construction costs that can be included in the LIHTC calculations. The eligible basis includes most hard costs, such as construction costs, and most depreciable soft costs. Excluded are land, commercial space, and any portion of professional fees (such as consultant or developer fees) that are above state-determined limits.

The LIHTC program was designed to encourage and direct private resources to develop affordable rental housing and to do so sustainably and at scale.

While the LIHTC program was created by federal legislation, a decentralized group of public and private organizations plans, administers, develops, and manages the housing.[69] While the roles of the participants have been discussed in this report, this section offers additional information.

HCAs

HCAs are state-chartered authorities established to help meet the affordable housing needs of the state's residents. HCAs administer a wide range of affordable housing and community development programs, including tax-exempt housing bonds (mortgage revenue bonds and multifamily housing bonds) and the LIHTC, both of which use federal incentives to leverage private capital for affordable housing. In each state, an HCA administers the LIHTC program and creates a QAP to evaluate project plans and tax credit applications submitted by project sponsors/developers seeking tax credit allocations.[70] State HCAs may delegate LIHTC allocation authority to local HCAs.

HCAs have responsibilities beyond allocating LIHTCs. Once an LIHTC project is completed and placed in service, the HCA reviews an audited cost certification of project development costs and determines the final eligible basis amount on which LIHTCs may be calculated. The partnership executes a regulatory agreement with the HCA, binding the partnership to the rental restrictions associated with the LIHTC program. The HCA monitors the LIHTC projects over the compliance period, with a particular focus on tenant income eligibility, rents charged, and the condition of the units.

Project Sponsors

Project sponsors identify potential affordable housing projects, put together development teams, gain site control and financing commitments, and apply to local HCAs for allocation of LIHTCs or tax-exempt bond volume caps. Project sponsors serve as general partners or managing members that develop, own, and manage LIHTC projects.

Project sponsors include national, regional, and local real estate development organizations. They can be for-profit or nonprofit organizations. Under all state QAPs, a minimum of 10 percent of tax credit allocations is set aside for nonprofit developers.[71]

Investors

As discussed in detail in previous sections of the report, LIHTC investors can be either individuals or corporations, although because of the tax treatment for passive losses,

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[69] The federal government has adjusted its regulations and guidance implementing the LIHTC program in response to concerns with issues affecting the operation of the program. The IRS has been heavily involved in efforts to improve the program's efficiency and the strength of the market for LIHTCs. During the financial crisis of 2008, HUD initiated a number of measures to stabilize the market for credits. HUD also provides rental subsidies that help make LIHTC housing in reach of households with very low incomes.

[70] State HCAs may delegate authority to local HCAs to issue tax credits, subject to the state's annual per capita cap.

[71] 26 IRC 42(h)(5).

most tax credit investors are widely held C-corporations.[72] Industry experts estimate that 85 percent of the $9.5 billion in equity from corporate investors used to finance LIHTC projects in 2012 came from the banking sector.[73]

Syndicators

Syndicators perform a critical role in bringing together investors and project sponsors. They often act as intermediaries and provide additional financing tools and technical assistance to project sponsors. Syndicators use pooled funds to invest in numerous LIHTC projects. They perform the necessary due diligence to identify affordable housing investment opportunities, and they monitor the construction and oversee ongoing compliance of the properties on behalf of the investors. Before investing, banks should carefully underwrite syndicators to ensure that the syndicators' activities are conducted in a safe and sound manner and in accordance with all applicable laws. A bank's relationship with a syndicator should be guided by the same risk management, security, privacy, and other consumer protection policies the bank uses when conducting activities directly.

There is a robust market of LIHTC syndicators. Some are nonprofit organizations, including national nonprofits, such as the National Equity Fund or Enterprise Community Investment, or regional funds, such as those that are members of the National Association of State and Local Equity Funds. Other syndicators are for-profit organizations. See appendix F for more information on LIHTC investors.

Lenders

In addition to the tax credit equity, LIHTC projects often require debt financing. Loans can be conventional or government-insured (Federal Housing Administration) products,[74] or "gap financing" provided by state and local governments or other third parties. This gap financing goes into a project as "soft loans," for which payment is due only when there is sufficient cash flow. Appendixes A and B contain hypothetical transactions that illustrate how debt and tax credit equity are used to finance affordable housing projects.

LIHTC projects often require specialized financial products. Because much of the equity is invested after the properties are placed in service, bridge and construction loans are required through the construction period. Banks may provide letters of credit to enhance the creditworthiness of the tax-exempt private activity bonds used in 4 percent LIHTC transactions. They may also underwrite and market the tax-exempt private bond activity issues.

In some markets, lenders have formed consortia to provide debt financing for LIHTC projects. Funds from multiple banks are pooled and then lent to various LIHTC projects. This structure allows smaller lenders to participate in the transactions and reduces the risk for any individual investor. Some of these lending consortia have developed through state banking associations.[75]

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[72] Generally, S corporations are not subject to tax at the corporate level. Instead, the tax credits and other tax benefits are passed through to the shareholders and are taxed at the individual shareholder level. When marketing LIHTC projects to S corporations, project owners must look through to the shareholders and assess whether they can use the LIHTC. *Low-Income Housing Tax Credit Handbook*, Novogradac, section 2:14, 2011.

[73] *The Community Reinvestment Act and Its Effect on Housing Tax Credit Pricing*, CohnReznick, May 2013.

[74] For information on the FHA Housing Tax Credit Pilot Program, see http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/map/maphome/taxcredit. It is intended to streamline FHA processing of mortgage insurance applications for projects with equity from the LIHTC program.

[75] For more information, please see the Center for Community Lending, www.centercommunitylending.org, or the Association for Reinvestment Consortia for Housing.

Exhibit 18

FAIR HOUSING AMENDMENTS ACT OF 1987

HEARINGS

BEFORE THE

SUBCOMMITTEE ON CIVIL AND CONSTITUTIONAL RIGHTS

OF THE

COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

H.R. 1158

FAIR HOUSING AMENDMENTS ACT OF 1987

APRIL 22, 29, MAY 6, 7, 13, AND 14, 1987

Serial No. 9

 P.L. 100-430

Printed for the use of the Committee on the Judiciary

STATEMENT OF PETER W. RODINO, JR.
CHAIRMAN
COMMITTEE ON THE JUDICIARY
U.S. HOUSE OF REPRESENTATIVES
ON
THE FAIR HOUSING AMENDMENTS ACT OF 1987
APRIL 22, 1987

The adoption of the Fair Housing Amendments Act of 1987, one of the most important civil rights proposal presented this year, woulld mark a turning point in our Nation's commitment to non-discrimination in housing. It would signify a historic change in two important aspects. First, it would go beyond a mere statement of principles on fair housing, to create an effective and meaningful enforcement system. Second, it would extend the protections of the Federal Housing Act to disabled individuals and families with children.

In 1968, when the Fair Housing Act was adopted, it was viewed as a great victory for civil rights. Indeed, the passage of that measure was the final and probably the most difficult in the series of comprehensive civil rights statutes enacted in the 1960s. The path was long and hard.

Following the passage of the 1964 Civil Rights Act, efforts were first begun to secure legislation that would prevent racial discrimination in housing. In 1966, I managed that precedent-setting bill successfully on the House floor, but in the Senate, the climate for civil rights efforts had shifted, and the bill could not get off the ground. Accordingly, when the next Congress considered civil rights measures only a very narrow bill was proposed--H.R. 2516, which would protect blacks and civil rights workers by outlawing racially motivated acts of violence against persons exercising their 14th amendment rights. At this stage, the bill was anything but a landmark measure.

After the House passed H.R. 2516, however, historic events were to occur which would change the course of history. President Johnson sent a special message on civil rights to Congress, calling for a much broader measure, including provisions on fair housing. However, a filibuster that lasted 33 days was ended only when the minority leader, Senator Everett Dirksen, lent his support to a compromise substitute. Cloture was obtained and the bill passed the Senate. It was the Dirksen substitute that ultimately became the 1968 Civil Rights Act.

The modest House bill had thus been transformed on the floor of the Senate, but there was now the danger that the House, which was now more conservative than in 1966, would not pass the Senate bill.

The assassination of Dr. Martin Luther King completely altered the situation. His death and the disorder that followed led to irresistible pressure for speedy passage of the Sénate bill. The Rules Committee allowed only 1 hour of debate, and permitted Members to only vote the Senate bill up or down. The vote on April 10 was 229 to 195 to accept the Dirksen substitute.

The history of the 1968 Fair Housing Act is not only fascinating, it also illuminates the cause of our present dilemma. We now have a fair housing law that stands for the most important of principles, but reflects the compromise required to secure passage. Now 19 years later, the time has come for us to review the efficacy of that statute, and based on our experience, to update it so as to insure that it will be a more effective tool in the struggle for equal housing opportunity.

Despite the present law, discrimination persists and highly segregated housing patterns still exist across the Nation. It is incumbent upon us, therefore, to strengthen this important weapon in the battle against discriminatory housing. The Fair Housing Amendments Act will provide that strength.

I support H.R. 1158 because it will do the job and do it well. Minor tinkering with the present enforcement system will not. Private enforcement in the courts, with occasional help from the Department of Justice, has not begun to rectify this enormous social problem and there is no reason to believe that it ever can. Proof of this fact is apparent all around us as we observe the redlining and other unfair practices taking place daily.

The proposal in H.R. 1158 is neither unique nor untried. Not only is its administrative enforcement system similar to that found in many other Federal agencies, it is also almost identical to that utilized by states that have a proven record of effectively enforcing their state fair housing laws. In many states, including my home state of New Jersey, the state fair housing agencies have been empowered not only to investigate and conciliate, but also to issue administrative orders that include the full range of remedies, including damages, and orders to make the disputed unit (or its equivalent) available to the victim of discrimination. The highly successful experience of those agencies bears out a prediction made about H.R. 1158--administrative enforcement is effective primarily because it must be used often. Cases before those state agencies are almost always settled prior to hearing. Unlike the situation under current Title VIII, respondents must take conciliation efforts seriously. Greater efforts at accommodation and greater respect for the law are the result.

We must resist any measures that weaken the enforcement provisions of this bill. It would be a travesty once again to enact a fair housing law that promises more than it can deliver.

87-626 E

CRS REPORT FOR CONGRESS

COMPARATIVE QUALITY OF RENTAL HOUSING OBTAINED BY WHITES, BLACKS, AND HISPANICS

Using data from the 1983 Annual (now American) Housing Survey, this study reexamines the question of whether there is a difference in the quality of housing obtained by blacks, non-Hispanic whites, and Hispanics, when paying the same rent for units of the same size. Like the results obtained from a similar study published in 1966 based on the 1960 Census of Housing, this study finds that the proportion of poor quality units in housing obtained by blacks, and now also Hispanics, is considerably higher than that in housing obtained by white households, when they pay the same rent for units of the same size. There is some indication, however, that the sharp pattern of greater inequality between white and black households at higher rent levels than at lower no longer prevails.

by
Grace Milgram
Specialist in Housing
Economics Division

July 9, 1987

1966 4/. He reported two major findings: First, that black households were not trading quality for space. When blacks in metropolitan areas paid the same rent for the same amount of space, they obtained lower quality housing. And second, that while the incidence of substandard housing was lower for both whites and blacks the higher the rent paid, the incidence among whites decreased much more, so that differences between the races were greater at higher rent levels than at lower. In effect, the study found that in the housing market, the gap between what was bought per dollar of rent by blacks and whites increased the higher the rent payments.

This study is modeled after that which was made by Rapkin, to see if there have been changes in this situation in the last twenty years. Because of the great increase in the number of Hispanics in the country in recent years, it looks at their housing as well as that of blacks. The analysis uses the data collected for the 1983 Annual (now American) Housing Survey (AHS) to examine the quality of housing obtained by black, Hispanic, and white renter households who pay the same amount of rent for the same amount of space, and differences in the relation among the ethnic groups at different rent levels. It was hoped that a direct comparison could be made with the results obtained by Rapkin from 1960 Census of Housing data, to see whether there has been any lessening of the differentials in the housing market, even if some discrimination persists. This has proved impossible both because of definitional changes and because of the small size of the sample used in the AHS.

As in many other aspects of race relations in our society, this study finds that while some progress seems to have been made, discrimination continues with respect to the quality of housing obtained by black and Hispanic households, compared to white. Table 1 shows the proportion of poor quality rental housing occupied by these ethnic groups in metropolitan areas when paying the same rent for the same number of rooms. 5/ For analytic purposes, these renters have been divided into nine groups, three rent classes for units of three different sizes, with size based on number of rooms. As can be seen, there are substantial differences in the incidence of low quality units among whites and both blacks and Hispanics. In only one of the cells, one-and two-room units renting for $350 per month or more, are the proportions about the same. There are few differences in the quality obtained by blacks and Hispanics.

4/ Rapkin, Chester. Price Discrimination against Negroes in the Rental Housing Market. In: Essays in Urban Land Economics, University of California Real Estate Research Program, Los Angeles, University of California Press, 1966.

5/ "Poor quality" refers to housing units which are classified as either "inadequate" or "severely inadequate" according to lists of deficiencies established by HUD. If the discussion in this paper refers only to those meeting the HUD definition for severely inadequate, that term will be used. These lists are shown in Appendix A.

TABLE 1. Percentage of Rental Units of Poor Quality of All Units Occupied by White, Black and Hispanic Households by Rent and Size Classes United States Metropolitan Areas, 1983

Monthly Gross Rent	Number of Rooms and Ethnicity of Household Head: 1-2 White	1-2 Black	1-2 Hisp.	3-5 White	3-5 Black	3-5 Hisp.	6 or more White	6 or more Black	6 or more Hisp.	Total N** (000's)	Percentage Poor Quality
Less than $200	28	42	64*	11	24*	24*	10	23	28	3,957.6	20
$200-349	15	26	22	8	21*	24*	15	26	23	8,240.6	14
$350 or more	12	11	12	5	13*	10*	5	17*	36	9,488.0	7
Total N** (000's)	1,612.7	361.5	253.2	11,437.1	3,201.1	1,825.3	2,147.1	588.8	258.7	21,686.1	12
Percentage of Poor Quality	19	30	34	7	19	19	8	20	19		

* Difference from percentage of poor quality units of those occupied by white households is statistically significant at the 0.05 level or less.

**N = Total households in category expanded from sample cases. Items may not add to totals because of rounding.

NOTE: Percentages rounded to nearest digit.

Sources: Calculated from data on tapes of the 1983 Annual Housing Survey.

There does seem to be improvement in the past two decades in the situation of minority members paying higher rents compared to those paying lower, possibly as a result of their observed movement to suburban areas where housing units are generally newer and of higher quality. Table 2 shows the ratio of the proportion of poor quality housing occupied by blacks to that occupied by whites and by Hispanics to whites in each of the rent-size cells. For neither blacks nor Hispanics is there a consistent pattern in the ratios. Although those paying higher rents still obtain poorer quality units than whites renting the same amount of space, the sharp and consistently increased divergence found by Rapkin in the quality per dollar obtained by those paying higher rents compared to those paying lower is not apparent in the data used in this study.

TABLE 2. Ratio of Percentage of Poor Quality Units Occupied by Black/White, Hispanic/White, and Hispanic and Black/White Households

	Rooms								
	1-2			3-5			6 or more		
Rent	B/W	H/W	H&B/W	B/W	H/W	H&B/W	B/W	H/W	H&B/W
Less than $200	1.48	2.26	1.76	2.18	2.19	2.18	2.41	2.94	2.53
$200-349	1.66	1.51	1.60	2.44	2.76	2.55	1.56	1.50	1.54
$350 or more	0.96	1.05	1.01	2.47	1.94	2.25	3.35	3.02	3.23

Source: Calculated from data of tables 1 and 3.

This conclusion is worded so tentatively because caution must be used in interpreting these figures, particularly when making numerical rather than qualitative judgments. The sample size of the Annual Housing Survey is small, and when divided into cells, the numbers in many cases become too few to meet tests for statistical significance. A chi-square test to determine, at a 0.05 probability level, whether the differences in percentages of poor quality housing found in the sample indicate a real difference in the populations shows that in many cells the differences are not statistically significant. The small sample size combined with a low proportion of poor quality units (compared to earlier periods in American history) to produce some cells with fewer than the five cases necessary to permit a valid chi-square test, and one in which the 0.05 probability level was not met. Those cells in which the differences between whites and blacks or whites and Hispanics are statistically significant are indicated by an asterisk on table 1. These cells represent seven-eighths of the total universe of rental units in metropolitan areas housing white, black and Hispanic households.

A test of the differences between the quality of housing obtained by blacks and Hispanics showed it highly unlikely that there is a real difference in the proportion of poor quality units obtained by each of these groups when paying the same rent for the same size units. In an effort to see whether the number of cases in the sample would be sufficiently increased to improve the statistical reliability of the results, the Hispanics and blacks were combined into one group, and compared with whites. These results are shown in table 3 and columns 3, 6, and 9 of table 2. The basic results are the same, with a slight increase in the proportion of cells in which the difference in the proportion of poor quality housing is statistically significant.

The numerical results cannot be directly compared with those found by Rapkin to determine whether the differences have narrowed because his were reported for central cities in two different size groups and for the South and the other three major geographic regions combined. In addition, and possibly more important, the definition of substandard housing drawn from the 1960 Census is quite different from that currently used. The rent classes also required adjustment. The divisions were made in this study at approximately the same percentile of the rent distribution as the division points in the Rapkin study. In an effort to be more nearly comparable to the Rapkin study, the same tables as those cited above were run for each of the four major geographic regions, for central cities in metropolitan areas as well as the metropolitan areas as a whole, and for the proportion of severely inadequate housing as well as that for all inadequate housing. Because of the even smaller sample size in the cells resulting from these subdivisions of the data, the differences in a considerable number of these cells lacked statistical reliability. The substantive results were, however, the same in showing a meaningfully greater proportion of poor quality or severely inadequate housing in units rented by blacks and Hispanics than by white households.

TABLE 3. Percentage of Rental Units of Poor Quality of All Units Occupied by White and Black and Hispanic Households Together, by Rent and Size Classes United States Metropolitan Areas, 1983

	Number of Rooms and Ethnicity of Household Head					
	1-2		3-5		6 or more	
Monthly Gross Rent	White	Black and Hispanic	White	Black and Hispanic	White	Black and Hispanic
Less than $200	28	50*	11	24*	10	24*
$200-349	15	23	8	22*	15	23
$350 or more	12	12	5	12*	5	17*

* Difference from percentage of poor quality units of those occupied by white households is statistically significant at the 0.05 level or less.

NOTE: Percentages rounded to nearest digit.

Sources: Calculated from data on tapes of the 1983 Annual Housing Survey.

Despite the caveat with regard to the statistical reliability of the figures in some of the cells, the consistency of results across the cells, in all the geographical areas, and for both severely inadequate and poor quality housing units, indicates that the problem is the small size of the sample rather than a question as to the validity of the results. This conclusion is confirmed by a multiple regression analysis undertaken to test the null hypothesis that race or ethnicity does not have an independent effect upon the quality of rental housing. It showed that when the effects of gross rent and number of rooms have been accounted for, being black or Hispanic is an explanatory factor in the incidence of poorer quality housing, at a probability level (t test) of 0.00001.

Error can occur in accepting a null hypothesis that is false as well as in rejecting one that is true, and the statistical test of a 0.05 probability level only guards against the latter. Because of the considerations discussed above, on the basis of the figures shown in this study, it can reasonably be said that if the sample were larger the proportions of poor quality housing in any particular cell might vary to a degree, but that essentially the results of this exercise are valid. That is, it is reasonable to conclude that the discrimination shown in the earlier study to be prevalent in the housing market in 1960 continues currently. As groups, blacks and Hispanics obtain worse housing than whites when spending the same rent for the same amount of space. With somewhat less confidence, since variation in the exact proportions of low quality housing which might appear if other samples were drawn might exhibit a pattern not shown here, it can be said that according to this study the greater inequality of housing obtained by blacks at higher rent levels than at lower levels no longer prevails. Upwardly mobile blacks and Hispanics, that is, those able and willing to spend more money to acquire better housing, face the same, but at least no greater, discrimination as those with lower incomes or lesser aspirations in the housing market. Whether such decrease in unequal results as has occurred results from enforcement of the Fair Housing Act, from the social and economic changes of the past two decades, or from both, of course cannot be determined from this study.

In an article recently published in the American Sociological Review, Nancy Denton and I measure trends in minority segregation using two indicators. The easiest to report is one that gives the percentage of minority members that would have to change their place of residence in order to achieve an even distribution among neighborhoods. It equals zero when every neighborhood has the same minority percentage as the urban area as a whole, and 100 when all minority and majority members live in separate neighborhoods. In general, values above 60 are considered high; those between 30 and 60 are moderate; and those under 30 are low. This index is not influenced by the relative numbers of minority and majority members, so it is possible to compare different cities and minority groups.

Our results indicate that blacks remain the most residentially segregated minority group in America. In the 60 metropolitan areas we examined, black segregation in 1980 averaged about 1.6 times that of Hispanics and twice that of Asians. Black segregation was greatest in large metropolitan areas containing many black residents, especially in the Northeast and Midwest.

A good example is Chicago, which contains the second largest black population in the United States, and the third largest Hispanic and Asian populations. In this metropolitan area, the black segregation score was 88, meaning that almost 90 percent of blacks would have to move to achieve an even settlement pattern. The Hispanic score was 64, and the Asian score was 44. Across metropolitan areas, Hispanic and Asian segregation generally ranged from low to moderate levels, while black indices were largely in the high range.

Although the level of black-white segregation declined in many urban areas between 1970 and 1980, significant declines occurred primarily in smaller metropolitan areas in the South and West that contain few black residents, not in large black settlements in the Northwest and Midwest. The largest decline were observed in places such as Albuquerque, Anaheim, Austin, and Seattle, not in Chicago, Detroit, Cleveland or Newark. Relatively small declines also occurred in those southern metropolitan areas with large black populations, such as Atlanta, Baltimore, Memphis, New Orleans and Miami.

In the Nation's largest urban black concentrations, segregation remained very high through 1980. Among the 15 largest black settlements, the average segregation index was 84 in 1970 and 78 in 1980. In Chicago, Cleveland, Los Angeles, New York, Detroit, Newark, St. Louis, Milwaukee, Gary, and Paterson, the black segregation score remained at 80 or higher throughout the decade, indicating a very high level of segregation; and in five metropolitan areas—Newark, New York, Jersey City, Paterson and Philadelphia the level of black-white segregation actually increased from 1970 to 1980. Segregation indices for Hispanics and Asians never reach these high levels, even in metropolitan areas where they concentrate. In the 15 largest Hispanic settlements, for example, the average Hispanic segregation score was only 50, and in the 15 largest Asian settlements the average Asian score was only 37.

Thus, in a significant set of the nationals largest metropolitan areas, blacks experience very high levels of residential segregation from non-Hispanic whites. This high degree of segregation persisted from 170 to 1980, especially in the Northeast and Midwest, and set blacks distinctly apart from other minority groups.

In fact, black segregation in some metropolitan areas is even more extreme than indicated by the trends just described. In another paper that is now under journal review, Nancy Denton and I compare the residential circumstances of blacks and Hispanics in terms of five separate facets, or dimensions, of segregation.

Blacks are the only minority group to display high levels of segregation on all five dimensions simultaneously. In our paper, we identified a core of ten large metropolitan areas within which blacks are very highly segregated on at least four of the five dimensions. These areas contain nearly ⅓ metropolitan blacks, and include the metropolitan areas of Baltimore, Chicago, Cleveland, Detroit, Milwaukee, and Philadelphia, which are highly segregated on all five dimensions, and Gary, Los Angeles, New York, and St. Louis, which are segregated on four dimensions.

In no metropolitan area were Hispanics or Asians highly segregated on more than three dimensions simultaneously, and in the vast majority of areas they were not highly segregated on any dimension at all.

In other words, black segregation is unique and exceptional not only because of its extreme unevenness, but also because of its multifaceted nature. Segregation on multiple dimensions is characteristic of no other minority group in the metropolitan areas we examined. Extensive residential segregation across several dimensions is important because of the social isolation it implies, and for blacks in large ghettos of the Northeast and Midwest, this isolation must be extreme. Not only are blacks disproportionately likely to share a neighborhood with other blacks, they are very unlikely to share a neighborhood with any whites at all. And if they go to the adjacent neighborhood, or to the neighborhood adjacent to that, they still will be unlikely to encounter a white resident.

Black settlements in these metropolitan areas are large agglomerations of densely settled neighborhoods closely packed into a small area around the city center. Unless residents of these ghettos work in the mainstream economy—remember that nearly a quarter of central city black men are unemployed—they will be very unlikely to come into contact with anyone other than another black ghetto dweller.

In two papers, one of which has already been cited, and the other of which is forthcoming in the American Journal of Sociology, Denton and I consider the process of suburbanization and the role that it plays in minority segregation. Our results indicate that black suburbanization lags far behind that of other minority groups and is generally quite limited, particularly in the Northeast and Midwest.

In the metropolitan areas we studied, the average percentage of blacks living in suburbs was 28 percent, compared to figures of 48 percent of Hispanics and 58 percent of Asians. Black suburbanization was below that of Hispanics in 50 of 60 cases, and below that of Asians in 57. To a large degree, then, suburbs appear to be substantially closed to black settlement.

Not only are blacks much less likely than other groups to achieve suburban residence, but once within suburbs, they are subject to much higher levels of segregation. The average segregation index for blacks in suburbs in 1980 was 57, compared to figures of 38 for Hispanics and 41 for Asians.

In 40 percent of the suburbs we examined, black segregation scores remained in high range. Moderate levels of suburban segregation were again found primarily in the South and West, most often in areas with very small black populations, such as Fresno, Portland, and Seattle.

For blacks in large metropolitan areas of the Northeast and Midwest, suburbanization held little promise for segregation. In Chicago, New York, Cleveland, Detroit, Newark, St. Louis, Gary and Los Angeles, black segregation indices remained well above 70 in the suburbs, and in Cincinnati, Columbus, Buffalo, Philadelphia and Pittsburgh, they were above 60. In some places, such as Detroit, Paterson and Gary, black segregation was actually greater in suburbs than in central cities. In contrast, Hispanics and Asians display segregation scores that are low or moderate, except for a few isolated cases.

Our results, therefore, indicate that black segregation in American urban areas is blocked at three successive junctures: blacks are unable to achieve integration within central cities; they are less able than other groups to attain suburban residence; and once in suburbs, they are still highly segregated.

An obvious question to ask is whether the persistently high levels of segregation observed for blacks in American cities, and the stark contrast between blacks and other minorities, reflect social and economic differences between the groups. Perhaps black segregation simply reflects economic segregation in the housing market.

In all of the papers mentioned so far, Denton and I examined this question using statistical models to control indirectly for level of education, income and occupational status. Our models all show a relatively weak and ineffective process of residential integration for blacks. Changes in the level of black education, income, or occupational status is not, in general, strongly related to the level of black segregation, even after controlling for socioeconomic status, black segregation remains high.

Moreover, blacks lack a detectable process of suburbanization in response to socioeconomic advancement. The percentage of blacks in suburbs is unrelated to any of the social or economic variables we considered. As black socioeonomic status rose, the level of black suburbanization remained essentially unchanged.

Increasing socioeconomic status among Hispanics and Asians, however, is strongly associated with lower segregation and higher suburbanization, and when these groups are compared with blacks in a statistical model that controls for social and economic differences between them, the contrast between blacks and the other two minority groups persists.

In another paper now under journal review, we also measured the influence of socioeconomic status directly by computing segregation indices within categories of income, education and occupation. We computed segregation scores for blacks making under

$2,500 per year and those earning over $50,000 per year for black laborers as well as black professionals, and for high school dropouts as well as college graduates. We found that the level of black segregation remained high across all levels of socioeconomic status, whether measured in terms of education, income, or occupation.

In contrast, the Hispanics and Asians, black segregation showed a very limited tendency to fall with rising socioeconomic status. In the 60 metropolitan areas we examined, the segregation score of black laborers was 73, while that for black professionals was 63, both in the higher range. But the Hispanic segregation score fell from 63 among laborers to 44 among professionals, and the Asian score dropped from 77 to 53.

In short, two independent lines of evidence suggest that high levels of black segregation and the contrasting experience of blacks compared to other minority groups, cannot be attributed in any meaningful way to objective social and economic factors. Blacks are highly segregated in American urban areas for reasons apart from their disadvantaged socioeconomic status compared to whites and other minority groups.

A variety of studies have tested different hypotheses to explain the persisting reality of black segregation in American urban areas. As we have seen, black segregation cannot easily be viewed as reflecting economic segregation in the housing market. Studies also cast doubt on the suggestion that blacks are not aware of housing opportunities and costs in white or suburban neighborhoods. Blacks are generally quite knowledgeable about local housing markets.

The high degree of black segregation segregation also does not appear to reflect the voluntary desire of blacks to live near each other. In national opinion polls, a majority of black respondents consistently supports the principle of segregation and in one local survey, 82 percent of black respondents selected an integrated 40 percent black neighborhood as their first or second choice. Another indirect statistical analysis suggested that roughly 80 percent of black segregation was involuntary.

The explanation that one returns to again and again in trying to account for the continuing reality of black segregation is the persistence of white prejudice. Although opinion polls indicate that a majority of whites reject segregation in principle, most whites are still unwilling to accept integration in practice. Whereas, about 60 percent of blacks say they favor desegregation, 60 percent of whites indicate they prefer something "in between" complete segregation and total desegregation.

In concrete terms this means that most whites are still unwilling to accept anything beyond a token black presence in their neighborhood. According to one survey, one quarter of white respondents stated they would feel uncomfortable in a hypothetical neighborhood containing one black family out of 15 households. Forty two percent said they would be uncomfortable with three black families, and 57 percent said they would be uncomfortable with five black families out of 15.

These lingering fears and prejudices are translated into residential segregation through two kinds of mechanisms, which may be called active and passive discrimination. Active discrimination involved direct actions taken against blacks to prevent them from entering neighborhoods. There is ample evidence that active discrimination is a persisting problem in U.S. cities. Harassment and intimidation of black renters, or home buyers by white citizens occurs frequently, and it is still more difficult for blacks to obtain mortgage loans in integrated areas.

The steering of blacks to integrated or all black areas, and their systematically different treatment by real estate agents, has both been documented, most recently by a Department of Housing and Urban Development audit study conducted in 40 metropolitan areas.

Passive discrimination occurs when white home buyers or renters avoid neighborhoods that contain a few black residents. In this case, no black home buyer suffers direct discrimination and black residents experience no mistreatment at the hands of white real estate agents or residents. White home buyers and renters simply exercise their freedom to select their place of residence.

In the local opinion study cited earlier, 27 percent of white respondents stated that they would be unwilling to move into a neighborhood where one of fifteen families was black; 50 percent said they would not move into a neighborhood where three of fifteen were black; and 73 percent said they would not enter a neighborhood where five of fifteen families was black. In contrast, 95 percent of black respondents stated they would be willing to live in a neighborhood where two of fifteen families were black.

Thus, our best evidence suggests that black segregation results from two processes of discrimination—one active, the other passive. First, whites attempt to prevent black entry into white neighborhoods through a variety of tactics. And second, once black entry into a neighborhood is achieve, whites avoid that area as undesirable. As long as black demand for integrated neighborhoods remains strong, while white demand for such areas is weak and hesitant, rapid neighborhood transition from white to black is almost inevitable.

If black segregation is largely involuntary, and blacks remain spatially isolated within a relatively small set of monoracial neighborhoods, for reasons outside their control, then we can by no means consider the United States to be a race blind society, since neighborhoods vary on a wide range of characteristics that affect life changes of residents.

A recent study I published in collaboration with Nancy Denton and Gretchen Condran explicitly examined the effect of residential segregation on black social and economic well being using data compiled for Philadelphia. We are currently expanding the study to cover other cities. It examined the extent to which blacks are able to take advantage of rising education, income and occupational statutes to live in neighborhoods that provide greater access to higher quality housing, better schools, safer streets, healthier surroundings and regular contact with higher status, well educated people.

Our analysis indicates that blacks, like whites, seek to convert socioeconomic achievements into improved residential circumstances. As income rises, they seek residence in integrated neighborhoods richer in amenities and resources. Because of residential segregation, however, middle class blacks are not free to live where people of their means and resources usually locate. Compared to middle income whites, blacks of similar status face a distinctly disadvantaged residential environment, similar in quality to areas that only the poorest of whites inhabit.

Given the constraints imposed by persistent segregation and widespread segregation, middle class blacks are subject to higher rates of crime, a less health environment, and more dilapidated surroundings than their white counterparts. They must also live with people of markedly lower social class, and send their children to inferior schools, attended by children from much more disadvantaged families.

Other studies indicate that, because of segregation, blacks pay higher costs than whites for housing of comparable quality; face poorer public services and higher taxes; and are isolated from expanding employment opportunities, which are increasingly concentrated in suburban and non-metropolitan areas.

In other words, because residential segregation continued to limit the freedom of black families to live wherever they might want, race remains a fundamental cleavage in American society, denying aspiring black families access to the full range of opportunities in our society. As long as black race remains a salient factor in allocating people to neighborhoods, blacks cannot be said to have achieved equal rights in American society.

I would like to close this testimony by expressing my concern about recent OMB proposals to trim the 1990 Census. OMB proposes to cut the sample size and shift certain questions from the 100 percent form to the sample form. I believe these actions will undermine the ability of social scientists to conduct future research on residential segregation. Our own investigations were based on detailed small area tabulations of whites, blacks, Hispanics, and Asians from the 1980 Census. A cut in sample size of the magnitude proposed by OMB will substantially increase the error rates for small area data on minority populations, particularly for detailed social and economic tabulations. Moreover, in areas where minorities are few in number, some tabulations may have to be suppressed entirely.

The proposal to move nine questions to the sample form will also increase problems of data suppression and increased error rates. Four of the nine items slated to be shifted to the sample form are variables that we explicitly considered in our own study of the consequences of segregation. Making them sample items will at a minimum increase the unreliability of replicating this study for 1990, and may preclude its replication for minority groups in certain metropolitan areas where they are few in number.

In short, the net effect of the changes proposed by OMB will be to increase the inaccuracy and unreliability of studies such as the ones I have reported to you, and other social and demographic investigations, and to increase substantially the costs in time and money required for their preparation. If the changes proposed by OMB are implemented, I suspect that fewer such studies will be done, and that those that do get performed will be delayed.

I believe it is important that studies of blacks and other minorities be accomplished in a timely fashion in order to inform important policy decisions faced by Congress and the administration. Our research suggests that blacks still face strong barriers to full acceptance in American Society.

In urban areas containing large black populations, high levels of residential segregation persist, and suburban residence remains out of reach of most black citizens. Even when suburban residence is achieved, the level of black residential segregation remains high.

These patterns cannot easily be attributed to socioeconomic factors, to black desires for segregation, or to a lack of knowledge of residential opportunities among blacks, the most likely explanation appears to be the persistence of white prejudice against blacks as potential neighbors, which leads to active and passive discrimination in housing markets.

The high levels of residential segregation imposed on blacks because of their race has a variety of deleterious consequences, forcing aspiring middle class families to live in poor neighborhoods with few resources and limited opportunities, compared to middle class white families. As long as such high levels of segregation are imposed on blacks because of their race, the United States is not a race blind society.

Thank you, Mr. Chairman, and Members of the subcommittee, for your attention. If you have any questions about our research or the 1990 Census, I will do my best to answer them.

[The prepared statement of Mr. Massey can be found in the appendix.]

Chairman GONZALEZ. Thank you very much indeed for a tremendous job and an excellent presentation to us here this morning.

Dr. Denton, do you have any statement you wish to make?

Ms. DENTON. No, Mr. Chairman, thank you very much.

Chairman GONZALEZ. Would you mind, for purposes of the reporter, to identify yourself and your status?

Ms. DENTON. I am Dr. Nancy Denton. I am a Research Associate on this project. I have worked on the project since it began. This is my fourth year of work on it. I do all the day to day work in preparing the studies and write up the report.

Chairman GONZALEZ. Thank you very much. We are grateful to you and, of course, we had been aware of the news reports reflecting some of the findings of the study. Coincidentally, in my district in San Antonio, where we have a different variation on the phenomenon, a story appeared at the same time about one of the older orthodox conventional public housing projects on the west side. The west side is predominantly Mexican-American, or Hispanic, as the word is used—which is very misleading—I think you are well aware of this long struggle for identification. Originally the favorite descriptive word was Latin-American. The idea being that anything associated with the word Mexican was pejorative.

However, as you well know, the intricacies and the complex composition of our social layers of population, even within a defined ethnic or racial minority, which in some cases is a majority, affects public housing, which was built predominantly—I am talking about the conventional popularly recognized public housing project—at a time when you had very strict segregation, particularly in our part of the country, where we had legal segregation, Jim Crow statutes, directed against the blacks.

Table 1. Proportion of blacks, Hispanics, and Asians living in suburbs of 59 U.S. metropolitan areas, 1970-1980.

	Proportion of Group Living in Suburbs:								
	Blacks			Hispanics			Asians		
Metropolitan Area	1970	1980	Change	1970	1980	Change	1970	1980	Change
Key SMSAs									
Chicago	.100	.158	.058	.240	.267	.027	.250	.491	.241
Los Angeles	.314	.421	.107	.571	.576	.005	.424	.503	.079
Miami	.579	.684	.105	.490	.661	.171	.665	.825	.160
New York	.071	.082	.011	.042	.058	.016	.077	.141	.064
San Francisco	.321	.368	.047	.622	.669	.047	.342	.485	.143
Other SMSAs									
Albany-Schenectady	.129	.185	.056	.605	.538	-.067	.484	.592	.108
Albuquerque	.072	.066	-.006	.279	.263	-.016	.097	.102	.005
Anaheim-Santa Ana	.250	.520	.270	.559	.474	-.085	.639	.656	.017
Atlanta	.272	.447	.175	.673	.747	.074	.621	.827	.206
Austin	.003	.010	.007	.021	.051	.030	.019	.093	.074
Bakersfield	.474	.416	-.058	.818	.801	-.017	.738	.686	-.052
Baltimore	.126	.213	.087	.528	.592	.064	.432	.718	.286
Birmingham	.735	.720	-.015	.827	.755	-.072	.593	.782	.189
Boston	.167	.208	.041	.512	.453	-.059	.523	.568	.045
Buffalo	.127	.166	.039	.491	.432	-.059	.497	.674	.177
Cincinnati	.167	.245	.078	.580	.581	.001	.433	.620	.187
Cleveland	.130	.272	.142	.342	.322	-.020	.550	.703	.153
Columbus	.078	.189	.111	.485	.489	.004	.331	.458	.127
Corpus Christi	.103	.077	-.026	.331	.301	-.030	.142	.140	-.001
Dallas-Fort Worth	.126	.153	.027	.310	.353	.043	.362	.550	.188
Dayton	.315	.469	.154	.761	.761	.000	.669	.853	.184
Denver-Boulder	.036	.215	.179	.354	.454	.100	.412	.555	.143
Detroit	.131	.151	.020	.541	.591	.050	.509	.753	.244
El Paso	.065	.182	.117	.121	.118	-.003	.104	.202	.098
Fort Lauderdale	.677	.671	-.006	.792	.839	.047	.802	.841	.039
Fresno	.141	.222	.081	.684	.694	.010	.650	.701	.051
Gary-Hammond	.118	.099	-.019	.487	.597	.110	.524	.649	.125
Greensboro-Winston	.142	.159	.017	.221	.328	.107	.160	.321	.161
Houston	.133	.169	.036	.287	.351	.064	.241	.370	.129
Indianapolis	.022	.018	-.004	.253	.244	-.009	.238	.247	.009
Jersey City	.082	.081	-.001	.735	.712	-.023	.503	.363	-.140
Kansas City	.021	.048	.027	.238	.291	.053	.320	.454	.134
Louisville	.154	.297	.143	.637	.582	-.055	.511	.635	.124
Memphis	.191	.274	.083	.266	.211	-.055	.280	.188	-.092
Milwaukee	.008	.024	.016	.288	.243	-.045	.262	.360	.118

Continued

Exhibit 19

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HUD's Project Selection Criteria - A Cure for Impermissible Color Blindness

David O. Maxwell

HUD'S PROJECT SELECTION CRITERIA—A CURE FOR "IMPERMISSIBLE COLOR BLINDNESS"?

*David O. Maxwell**

The Department of Housing and Urban Development (HUD) does not plan, select sites for or build any housing. Public and private sponsors submit proposals for federal housing assistance to HUD based on their own plans for building on sites they select. HUD's function is to react to their initiatives in accordance with constitutional and statutory limitations. Decisions to approve or reject proposals for federally subsidized housing[1] frequently involve HUD's administrators in civil rights issues.

Federally subsidized housing is intended for occupancy by persons of low and moderate income. Much of it, especially public housing, has been built in central cities where there are high concentrations of low-income residents. The correlation in residential patterns between race and socioeconomic class is too well established to argue. A large portion of the center city populace are members of minority groups while the suburbs remain predominantly white. Every additional low-income project HUD approves for financial assistance in central cities inevitably reinforces segregated housing patterns. Conversely, projects outside central cities potentially break down segregation. Projects in both sectors are needed to provide decent housing for the poor. There are those who maintain that decent housing is more needed in our deteriorating central cities, since that is where low-income minorities live—and want to live. And, of course, there are those outside central cities who do not want federally subsidized projects in their neighborhoods irrespective of need.

On February 7, 1972, HUD initiated by far its most ambitious effort to deal with the social conflicts inherent in its responsibilities by establishing for the guidance of its local offices a set of standards for judging the desirability of subsidized housing proposals. These rules are known as "Project Selection Criteria."[2] They govern the evaluation of applications for funding of housing projects under sections 235(i) and 236 of the National Housing Act[3] and rent supplement projects[4] and low-rent housing assistance applications under the

* General Counsel, Department of Housing and Urban Development; B.A., 1952, Yale; J.D., 1955, Harvard. Opinions expressed in this article are those of the author and do not necessarily reflect the views of the Department.

1 In the field of housing, terms like "subsidized" and "assisted" are weighty with special meanings accumulated over the years and often understood only by the initiated. For the purposes of this article, I will use "federally subsidized housing" consistently to describe as a group those programs covered by the Project Selection Criteria.

2 37 Fed. Reg. 203-09 (1972).

3 12 U.S.C. §§ 1715z-1715z-1. Section 235 covers single-family housing and Section 236 multifamily housing. Under both sections, HUD makes interest reduction payments in the amount of the difference between the monthly payment for principal, if any, interest, fees and charges that the mortgagor is obligated to pay under the actual mortgage and the monthly payment for principal, if any, and interest that the mortgagor would be obligated to pay if the mortgage were to bear interest at 1%. This interest subsidy results in lower mortgage payments by the homeowner and lower rental payments by the renter. Basic eligibility for the programs is defined in terms of family income no greater than 135% of public housing initial occupancy income limits in the area.

4 12 U.S.C. § 1701s *et seq.* The Secretary may pay rent supplements up to an amount by which the fair market rental of a unit exceeds 25% of the income of a qualifying low-income family.

U.S. Housing Act of 1937.[5] There are seven criteria for both single and multifamily applications covering the following considerations: "Need for Low Income Housing," "Minority Housing Opportunities," "Improved Location for Low Income Families," "Relationship to Orderly Growth and Development," "Relationship of Proposed Project to Physical Environment," "Ability to Perform," and "Project Potential for Creating Minority Employment and Business Opportunities." The eighth criterion, "Provision for Sound Housing Management," applies solely to multifamily proposals. Each proposal is rated "superior," "adequate" or "poor" by the standards set forth in each criterion. HUD gives priority to funding of projects with the highest ratings. A "poor" rating on any criterion disqualifies a project.

One would have expected HUD's implementation of these criteria in February, 1972, to come as no shock to housing experts and civil rights activists. The Department had put the first version of them out for comment on June 17, 1971.[6] The volume and detail of comments received led to changes significant enough to persuade the Department to publish them once again for comment on October 2, 1971.[7] They were published in their final form on January 7, 1972, a month before they became effective.

Despite this extraordinary solicitude for public opinion—really an unprecedented provision for citizen participation in the rule-making process by a federal agency—some people who should (and probably do) know better reacted as if HUD's management had produced the criteria like a rabbit from a hat. They appeared to view this as an act of nefarious prestidigitation, the outward manifestation of a clandestine plot to cripple HUD's housing programs with complications or to end them altogether in the inner city. Other critics spoke of the criteria as if they were as evanescent as a cloud, a bureaucrat's dream without legal justification, much less imperatives:[8]

> On the assumption that the goal of housing policy should be racial integration, and given the theory of permanent income difference between the races, the conclusion drawn by the federal government was irresistible—government policy must seek to obliterate the significance of income to housing location. On this syllogistic base, mandating an attack on the class structure of American cities, the federal government founded the scattersite housing policy embodied in the new HUD guidelines.

That Criterion (2), "Minority Housing Opportunities," has been the lightning rod for most attacks on the criteria is hardly surprising.[9] In this Criterion, HUD has tried to resolve the conflict of residential segregation with housing need in consonance with applicable law and sound public policy. To

5 42 U.S.C. § 1401 *et seq.* Low-rent housing is often called public housing.
6 36 Fed. Reg. 12032-038 (1971).
7 36 Fed. Reg. 19316-320 (1971).
8 Roger Starr, *The Lesson of Forest Hills,* COMMENTARY, June, 1972, at 13.
9 Initial criticism of Criterion (3), "Improved Location for Low(er) Income Families," has largely abated since HUD made clear that proposals in Urban Renewal or Model Cities areas which are required to fulfill the official plan for those areas will receive at least an "adequate" rating on this Criterion. Such proposals will, of course, be separately rated on the other criteria, including Criterion (2).

review the essential elements of this law and policy is the purpose of this article. Criterion (2) reads:

2. *Minority Housing Opportunities*

( ) Superior ( ) Adequate ( ) Poor

Objectives:

To provide minority families with opportunities for housing in a wide range of locations.

To open up nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination.

(A) A *superior* rating shall be given if the proposed project will be located:

(1) So that, within the housing market area, it will provide opportunities for minorities for housing outside existing areas of minority concentration and outside areas which are already substantially racially mixed; *or*, ...

(2) In an area of minority concentration, but the area is part of an official State or local agency development plan, and sufficient, comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration. . . .

(B) An *adequate* rating shall be given if the proposed project will be located:

(1) Outside an area of minority concentration, but the area is racially mixed, and the proposed project will not cause a significant increase in the proportion of minority to nonminority residents in the area; *or*, ...

(2) In an area of minority concentration and sufficient, comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration; *or*, ...

(3) In an area of minority concentration, but is necessary to meet overriding housing needs which cannot otherwise feasibly be met in that housing market area. (An "overriding need" may not serve as the basis for an "adequate" rating if the only reason the need cannot otherwise feasibly be met is that discrimination on the basis of race, color or national origin renders sites outside areas of minority concentration unavailable); *or*, ...

(4) In a housing market area with few or no minority group residents. . . .

All "superior" and "adequate" ratings shall be accompanied by documented findings based upon relevant racial, socioeconomic, and other data and information.

(C) A *poor* rating shall be given if the proposed project does not satisfy any of the above conditions, *e.g.*, will cause a significant increase in

> the proportion of minority residents in an area which is not one of minority concentration, but which is racially mixed. . . .[10]

Like any private loan officer, HUD has to assess the economic feasibility of every project. For many years after the federal government first got into the housing business in the 1930's, that was all the Department and its predecessors did. In fact, prior to 1967, instructions regarding approval of low-rent housing sites did little more than pay vague lip service to racial considerations. In February, 1967, HUD issued site approval rules which did clearly cover the question of racial segregation in the low-rent housing programs.[11] Based on Title VI of the 1964 Civil Rights Act and the Department's regulations under that Act, these rules defined as *prima facie* unacceptable any application which would contribute to additional racial concentration—and thus perpetuate housing segregation—within the jurisdiction of the local housing authority. The authority could overcome the presumption against acceptability only by showing that there were an equivalent number of units of low-rent housing outside areas of minority concentration within its jurisdiction.

After George Romney became Secretary of HUD in 1969, he directed its lawyers and housing administrators to begin work on regulations which would require departmental officials to consider, as part of the processing of an application for subsidy under the sections 235 and 236 private housing programs, a proposal's impact on patterns of residential segregation in the community. Several drafts of such regulations circulated within the Department—and elsewhere in the federal establishment—during 1970, but the fine tuners were still at work on December 30 of that year when the Third Circuit Court of Appeals announced its landmark decision in *Shannon v. United States Dept. of Housing & Urban Dev.*[12] Here is a case which commands detailed attention because of the impact of its legal reasoning and conclusions on not only other federal courts subsequently confronted with similar issues but also upon the drafters of the Project Selection Criteria.

Maurice Shannon was one of several individual and institutional plaintiffs that sued in their own right and as class representatives of others similarly situated to enjoin the Department and its officials from insuring and paying rent supplements on Fairmount Manor, a multifamily project sponsored in their neighborhood in the East Poplar Urban Renewal Area of Philadelphia by a nonprofit corporation. The court in its opinion succinctly stated their complaints:[13]

> The essential substantive complaint is that the location of this type of project on the site chosen will have the effect of increasing the already high concentration of low income black residents in the East Poplar Urban Renewal Area. The essential procedural complaint preserved on appeal is that in reviewing and approving this type of project for the site chosen, HUD had no procedures for consideration of and in fact did not consider

10 37 Fed. Reg. 206 (1972).
11 *HUD Low-Rent Housing Manual,* ¶ 4(g) (1967).
12 436 F.2d 809 (3d Cir. 1970).
13 *Id.* at 811-12.

its effect on racial concentration in that neighborhood or in the City of Philadelphia as a whole.

The urban renewal plan for the East Poplar Urban Renewal Area, as amended five times between 1958 and 1964, provided for redevelopment of the Fairmount Manor area primarily with single-family owner-occupied homes. For a variety of reasons not uncommon in the urban renewal program, progress in carrying out the plan had been minimal when in 1967 and 1968 HUD approved a change from single-family homes to the 221(d)(3)[14] rent supplement[15] project known as Fairmount Manor. Regarding the change as minor, HUD's Philadelphia office required no public hearing or other procedures to determine its social impact prior to approving it. The court held that HUD's action failed to meet the requirements of the 1949 Housing Act[16] and the 1964[17] and 1968[18] Civil Rights Acts.

The court reasoned from two propositions in reaching the result in *Shannon*. The first is that the change in the urban renewal plan was major, not minor. While single-family homeownership "would tend to create a more stable and racially balanced environment," a 221(d)(3) rent supplement project like Fairmount Manor is the "functional equivalent of a low rent public housing project." As such, it would serve the "same socioeconomic group" resident in the many proximate low-rent housing projects and thus inevitably contribute to racial concentration in Philadelphia.

The second proposition supporting the result was the court's reading of congressional intent. In authorizing federal financial assistance for urban renewal in the Housing Act of 1949, Congress expressed its intention to eliminate slums and urban blight by requiring localities receiving funds to develop a "workable program" for this purpose.[19] In the 1964 Civil Rights Act, Congress outlawed discrimination on grounds of race, color or national origin in programs or activities—including urban renewal—receiving federal assistance.[20] In the 1968 Civil Rights Act, Congress mandated the Secretary of Housing and Urban Development to administer the programs under his jurisdiction "affirmatively" to further the declared policy of the United States in favor of fair housing.[21]

The key to the court's reasoning on this point is that these Acts must be "read together" as national housing policy. Together, they "show a progression in the thinking of Congress as to what factors significantly contributed to urban blight and what steps must be taken to reverse the trend or to prevent the recurrence of such blight."[22] Racial concentration is one such factor. Therefore, the court concludes:

14 12 U.S.C. § 1715l.
15 12 U.S.C. § 1701s.
16 42 U.S.C. § 1450 *et seq.*
17 42 U.S.C. § 2000a *et seq.*
18 42 U.S.C. § 3601 *et seq.*
19 42 U.S.C. § 1450 *et seq.*
20 42 U.S.C. § 2000a *et seq.*
21 42 U.S.C. § 3601 *et seq.*
22 436 F.2d at 816.

> Possibly before 1964 the administrators of the federal housing programs could . . . remain blind to the very real effect that racial concentration has had in the development of urban blight. Today such color blindness is impermissible. Increase or maintenance of racial concentration is prima facie likely to lead to urban blight and is thus prima facie at variance with the national policy. Approval of Fairmount Manor under [HUD's abbreviated] procedure produced a decision which failed to consider that policy.[23]

The court then directly hits the target of its reasoning—not Fairmount Manor *per se,* but, rather, HUD's failure to exercise its expertise to determine the socioeconomic desirability of this type of housing proposal before approving it:

> We hold . . . that the Agency must utilize some institutionalized method whereby, in considering site selection or type selection, it has before it the relevant racial and socio-economic information necessary for compliance with its duties under the 1964 and 1968 Civil Rights Acts.[24]

Observing that desegregation is not the only goal of the national housing policy, the court leaves room for HUD to approve proposals which iterate or add to racial concentration in "instances where a pressing case may be made for the rebuilding of a racial ghetto."[25] But HUD may not do so without weighing the socioeconomic implications:

> We hold only that the agency's judgment must be an informed one; one which weighs the alternatives and finds that the need for physical rehabilitation or additional minority housing at the site in question clearly outweighs the disadvantage of increasing or perpetuating racial concentration.[26]

The court of appeals remanded *Shannon* to the district court for the entry of an injunction against further federal financial assistance to the project, except payment of rent supplements to tenants, until HUD could determine whether the location would "enhance or impede a workable program for community improvement in conformity with the Civil Rights Acts of 1964 and 1968."[27] Several months later, in the summer of 1971, HUD informed the district court that Fairmount Manor failed this test.[28]

Criterion (2) is based not only on the law of *Shannon*[29] but also on the

23 *Id.* at 820-21. *See* Hicks v. Weaver, 302 F. Supp. 619 (E.D. La. 1969).
24 436 F.2d at 821.
25 *Id.* at 822.
26 *Id.* at 822.
27 *Id.* at 822-23.
28 After the district court had dismissed the plaintiffs' complaint on October 7, 1969, the project was built; it was fully occupied, although HUD had not insured a permanent mortgage, by the time the court of appeals decided the case. At this writing, the question of appropriate relief remains unsettled.
29 It should be noticed that *Shannon* speaks in terms of *racial* concentration, while Criterion (2) regulates *minority* concentration. HUD considered minorities other than racial groups to be subject to housing discrimination. Support for this view can be found in the opinion of the Fifth Circuit Court of Appeals in Cisneros v. Corpus Christi Independent School Dist., 324 F. Supp. 599 and 330 F. Supp. 1377, *aff'd in part, modified in part and remanded,* — F.2d —, *appeal docketed* No. 71-2397 5th Cir., August 2, 1972, holding *inter alia* that segregation of Mexican-Americans is constitutionally impermissible.

policy of the President's statement on equal opportunity in housing, issued June 11, 1971.[30] Many months in preparation and the subject of widespread speculation before its issuance, this statement is a forthright articulation of the Administration's views on the proper federal role in the effort to achieve equal housing opportunity. It is regrettable that its strictures against so-called forced integration ("we will not seek to impose economic integration upon an existing local jurisdiction")[31] have been so widely publicized as to overshadow its passages on the costs of racial separation.

On the question of approval of sites for federally subsidized housing, the statement provides the following policy guidance:

> Based on a careful review of the legislative history of the 1964 and 1968 Civil Rights Acts, and also of the program context within which the law has developed, I interpret the "affirmative action" mandate of the 1968 act to mean that the administrator of a housing program should include, among the various criteria by which applications for assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination. This does not mean that no federally assisted low- and moderate-income housing may be built within areas of minority concentration. It does not mean that housing officials in Federal agencies should dictate local land use policies. It does mean that in choosing among the various applications for Federal aid, consideration should be given to their impact on patterns of racial concentration.
>
> In furtherance of this policy, not only the Department of Housing and Urban Development but also the other departments and agencies administering housing programs—the Veterans Administration, the Farmers Home Administration and the Department of Defense—will administer their programs in a way which will advance equal housing opportunity for people of all income levels on a metropolitan areawide basis.[32]

The publication of the first version of the Project Selection Criteria followed by three days the President's policy statement. While that version was still pending, another significant event occurred. On September 10, 1971, the U.S. Court of Appeals for the Seventh Circuit announced its decision in *Gautreaux v. Romney*.[33]

This is one of a long—indeed lengthening—series of *Gautreaux* decisions. Dorothy Gautreaux and her co-plaintiffs, all black tenants of or applicants for public housing in the City of Chicago, brought companion cases in the U.S. District Court for the Northern District of Illinois against the Chicago Housing Authority (CHA) and the Secretary of HUD seeking relief from alleged racially discriminatory housing policies of the Authority assisted by HUD. The lower court deferred the case against the Secretary pending a determination of the action against the Authority.

30 7 *Weekly Compilation of Presidential Documents* 892 (1971).
31 *Id.* at 900.
32 *Id.* at 901.
33 448 F.2d 731 (7th Cir. 1971).

The district court did find the Authority's role in the construction of public housing to have been racially discriminatory[34] and enjoined further construction on a segregated basis.[35] These decisions were upheld on appeal.[36] Thereafter, the lower court decided that the Secretary was not liable for assisting the Authority's discriminatory conduct. The Seventh Circuit disagreed.

The court in its opinion acknowledged that HUD's heart was in the right place. The agency had funded Chicago's segregated public housing program only after having made numerous and consistent efforts to persuade the Authority to locate low-rent housing projects in white neighborhoods. "Moreover, given the acknowledged desperate need for public housing in Chicago, HUD's decision was that it was better to fund a segregated housing system than to deny housing altogether to the thousands of needy Negro families of that city."[37]

Thus, HUD had funded urgently needed housing only after failing to persuade the Authority to change its segregationist policies. Not enough, said the court. The fact that HUD continued to fund CHA's housing program knowing it was discriminatory constituted a violation of "either the Due Process Clause of the Fifth Amendment or Section 601 of the Civil Rights Act of 1964."[38] Neither the harshness of HUD's alternative course of action (no housing at all) nor the source of CHA's discriminatory conduct (community resistance to public housing in white areas) excused the violation:

> [I]t is apparent that the "dilemma" with which the Secretary no doubt was faced and with which we are fully sympathetic, nevertheless cannot bear upon the question before us. For example, we have been advised that any further HUD pressure on CHA would have meant cutting off funds and thus stopping the flow of new housing altogether. Taking this assertion as true, still the basis of the "dilemma" boils down to community and local governmental resistance to the only constitutionally permissible state policy . . . a factor which, as discussed above, has not yet been accepted as a viable excuse for a segregated result. So, even though we fully understand the Secretary's position and do not, in any way, wish to limit the exercise of his discretion in housing related matters, still we do not feel free to carve out a wholly new exception to a firmly established general rule which, for at least the last sixteen years, has governed the standards of assessing liability for discrimination on the basis of race.[39]

The court of appeals carefully and clearly repeated that its holding was limited to liability and remanded the case to the district court where the determination of appropriate relief remains a lively issue.[40]

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34 Gautreaux v. Chicago Housing Authority, 296 F. Supp. 907 (N.D. Ill., 1969).

35 Gautreaux v. Chicago Housing Authority, 304 F. Supp. 736 (1969).

36 Gautreaux v. Chicago Housing Authority, 436 F.2d 306 (7th Cir. 1970), *cert. denied*, 402 U.S. 922, 91 S. Ct. 1378, 28 L. Ed. 2d 661 (1971).

37 448 F.2d at 737.

38 *Id.* at 737. Note that the *Shannon* court did not find it necessary to reach constitutional issues raised by plaintiffs in that case.

39 *Id.* at 738-39.

40 The district court entered an order prohibiting HUD from paying Model Cities funds to the City of Chicago until the CHA complied with that court's orders regarding low-rent housing. 332 F. Supp. 366 (1971). The court of appeals held this order to be inappropriate relief for the Secretary's discriminatory conduct. 457 F.2d 124 (1972). Until a final order is entered and upheld on appeal (or accepted), the Government has reserved decision on whether

From *Shannon, Gautreaux,* and the Presidential policy statement, one can distill certain fundamental principles governing HUD's site approval decisions:

1. HUD must have an institutionalized method to weigh socioeconomic factors in considering housing proposals.

2. HUD should include, among the various criteria by which applications for housing assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination. This means that HUD should consider the impact of proposals on patterns of racial concentration.

3. Involuntary racial concentration leads to urban blight; it is therefore contrary to national housing policy for HUD to reinforce racial concentration in making its housing site decisions.

4. HUD may approve housing proposals in areas of racial concentration when its informed judgment is that the need for physical rehabilitation or additional minority housing at the site in question clearly outweighs the disadvantage of increasing or perpetuating racial concentration.

5. HUD may not knowingly acquiesce in a racially discriminatory housing program or proposal.

6. Community opposition to sites outside areas of minority concentration does not justify HUD's funding of a racially discriminatory housing program or proposal.

HUD believes that the Project Selection Criteria meet the *Shannon* requirement of an institutionalized[41] method for weighing socioeconomic factors in considering subsidized housing proposals. In Criterion (2), the Department has tried to formulate a rule which will as simply as possible conform to the principles relating to racial concentration set forth above.

Under Criterion (2), proposals which will provide housing opportunities for minorities outside areas of minority concentration are entitled to a "superior" rating.[42] In connection with this provision, one must take into account HUD's far-reaching Affirmative Marketing Regulations which became effective on February 25, 1972, and which apply to both unsubsidized and subsidized single

to appeal the seventh circuit's decision holding the Secretary liable. 448 F.2d 731 (1971). Even if the Government does eventually appeal on the question of liability, the election to do so will undoubtedly relate strongly to the form of relief. The decision will remain in any event a good one for showing the *expectations* courts have of HUD's administration of federal housing programs.

41 For discussion of the meaning of "institutionalized" in this context, see Coffey v. Romney, C-44-G-71 (U.S.D.C., M.D. N.C., filed May 11, 1972).

42 Project Selection Criteria 2(A)(1). Text accompanying note 10 *supra*.

and multifamily housing proposals.[43] Clearly, the availability of low- and moderate-income housing outside an area of minority concentration means nothing to residents of that area who never learn of it. These Regulations mandate various techniques to insure adequate communication to the center city residents.

Proposals within areas of minority concentration rate "superior" if the area is subject to an official state or local development plan and "adequate" if it is not, provided that sufficient comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration.[44] The basis for this formulation is apparent, although execution requires care and sound judgment. If in fact minorities do have a choice of housing they can afford outside segregated areas, there is no reason for declining to approve additional housing within such areas. While this will not be of much practical effect as to low-rent or rent supplement housing for some time to come, it does permit construction of 235 and 236 housing in those central cities where, as is frequently the case, a significant amount of such housing is being built in the suburbs.

Proposals within areas of minority concentration can also receive an "adequate" rating if they are necessary to meet housing needs which cannot otherwise feasibly be met in that housing market area.[45] This tracks the *Shannon* dictum. The exception, emphasized in *Gautreaux*, arises when discrimination is the only reason why the need cannot be met outside areas of minority concentration.

The President in his policy statement made the point that to "impact or tip the balance of an established community with a flood of low-income families [does a] disservice to all concerned."[46] This language provided guidance to the drafters of the Project Selection Criteria in dealing with the difficult question of how to handle proposals for subsidized housing in areas which are already substantially racially mixed. It made no sense to ignore the fact that a large subsidized project could well destroy one of those all too rare integrated communities that are functioning well in this country today. The solution was cautious. A proposal can receive an "adequate" rating in a racially mixed area if it will not cause a significant increase in the proportion of minority to nonminority residents in the area.[47] It will not be easy to determine in all cases what constitutes a "significant increase." Indeed, all the provisions of Criterion (2), and the other criteria as well, require a high order of judgment and discretion on the part of program administrators in HUD's local offices, who are charged with the responsibility of making final decisions on housing proposals.

From the moment the criteria became effective, a chorus of Cassandras has repeatedly charged that the new rules would bar approval of subsidized housing in central cities. Secretary Romney addressed himself to this question in his testimony before the House Banking and Currency Committee on February 22, 1972:

43 37 Fed. Reg. 75 (1972).
44 Project Selection Criteria 2(A)(2), 2(B)(2). Text accompanying note 10, *supra*.
45 Project Selection Criteria 2(B)(3). Text accompanying note 10, *supra*.
46 7 *Weekly Compilation of Presidential Documents* 892, at 901.
47 Project Selection Criteria 2(B)(1). Text accompanying note 10, *supra*.

Let me put to rest right here and now an unfortunate misunderstanding of the criteria. There are those who say that this project selection system will halt construction of HUD-assisted housing in the inner city.

There are two reasons for this misunderstanding. First, people say that Criterion No. 2 does not permit approval of projects in areas of minority concentration. That this is not correct ought to be clear from the text of Criterion No. 2, which specifically permits approval of projects in areas of minority concentration under certain circumstances; for example, an overriding need which cannot otherwise feasibly be met in that housing market area.

Second, many people who have criticized the criteria have focused their attention solely on Criterion No. 2 and overlooked the fact that inner-city projects will likely rate "superior" on several of the remaining six or seven criteria.

Projects proposed for the inner city will usually rate "superior" on Criterion No. 1, because the need for housing there is generally great. Inner-city areas often are part of land-use or Urban Renewal plans, with housing elements, so that proposals there can receive a "superior" on Criterion No. 4. Projects proposed for inner-city areas will often rate "superior" on Criterion No. 7, because minority businesses and employees may more easily participate in building inner-city projects.

Preliminary reports from our Area Offices confirm that applications for projects to be located in the central city are receiving a sufficient number of "superior" ratings to be funded. At the same time, we will continue to comply with court decisions which do not permit confinement of our assisted housing to areas of minority concentration.[48]

Nevertheless, despite the Secretary's specific assurances and in the face of actual approvals of central-city projects under the criteria, some critics have persisted in this line of attack. Among them have been some of the very Community Legal Services lawyers who worked on or at least abetted the *Shannon* litigation.[49]

Some seem to believe the Department should approve all central-city, low-income proposals, regardless of racial concentration, because the people there need housing which the suburbs will not accept. This HUD clearly may not do, as we have seen. Conversely, Congress has given HUD no authority to force any community to accept low-income housing. This has led to an unfortunate stalemate in housing development in some metropolitan areas. *Item*: the Chicago Housing Authority has built no new public housing since the first *Gautreaux* decision in 1969. *Item*: the white community's and the city government's resistance to federally subsidized low- and even moderate-income housing outside areas

48 *Hearings on H. R. 13337 Before the Subcommittee on Housing of the House Banking and Currency Committee,* 92d Cong., 2nd Sess., pt. 1, at 39 (1972).

49 Indeed, there are rumors, as this is written, that there may soon be a suit against HUD for refusal to approve a central-city project under the Project Selection Criteria. This prospect tends to induce a weary, "you-can't-win" frame of mind in HUD's management, but actually it might not be a bad idea to test HUD's policy in court from the opposite viewpoint of the *Shannon* plaintiffs.

of minority concentration in Philadelphia is fast closing down federally subsidized housing programs in that city.

There is no question in the minds of many knowledgeable students of this sad dilemma that one solution lies in housing plans which would provide a "fair share" distribution of low- and moderate-income housing among the communities making up a metropolitan area. Secretary Romney has frequently spoken favorably of this approach. Congressman Patman and some of his colleagues proposed legislation in the 1971-72 session which would have required allocation of federal housing funds on this basis.[50] The Housing Subcommittee of the House Banking and Currency Committee rejected this proposal by a narrow margin. It is bound to appear again in the next Congress.

Meanwhile, HUD must work with the tools at hand, including the Project Selection Criteria. Three recent court decisions have buttressed confidence in the criteria, and specifically Criterion (2). In *Banks v. Perk*,[51] a case which bears a strong resemblance to *Gautreaux*, the U.S. District Court for the Northern District of Ohio held *inter alia* that "the failure of the housing authority to include any racial criteria in determining site selection constitutes a violation of the Fourteenth Amendment"[52] and ordered the authority not to approve any additional sites in areas of racial concentration in the City of Cleveland.

In *Croskey Street Concerned Citizens v. Romney*,[53] the Third Circuit Court of Appeals upheld the refusal of the district court to enjoin construction of a low-income housing project for the elderly in an area of racial concentration in Philadelphia. The court's language shows that *Croskey* is not intended to give HUD *carte blanche* to approve central-city sites:

> Admittedly low rent housing for the elderly is badly needed in the areas involved and in Philadelphia generally. The theory advanced in the contention offered against this new construction is that it will increase the already heavy black population of the Croskey Street neighborhood. Actually in the H.U.D. plan the first four buildings comprise a total of 313 units which will be occupied largely by low income elderly persons and located in an area predominated by blacks. The fifth structure "Washington Square West" will have 360 units in what is predominately a white or racially mixed area. The approval by H.U.D. of all this related housing is based upon what H.U.D. contends is a carefully balanced program fair to all of the Philadelphia citizens concerned, with H.U.D. recognizing the importance of the whole project to those people. H.U.D. argues and represents that it has been and is a fundamental H.U.D. policy to make sure that this practice is fully performed by the Philadelphia Housing Authority and that through meticulous checking and rechecking, H.U.D. is satisfied that Philadelphia will live up to its commitment in this instance. Were it otherwise H.U.D.'s policy would be to cut off all further funds until an acceptable balancing project is built.
>
> It should be noted here that H.U.D. says plainly that it accepts and is in

50 H.R. 9688, 92d Cong. (*Housing and Urban Development Act of 1971, Title V*).
51 Civil No. C-72-115 (U.S.D.C., N.D. Ohio, May 2, 1972).
52 *Id.* at 14.
53 459 F.2d 109 (3d Cir. 1972).

> full accord as far as it is relevant with the decision of this court in Shannon v. H.U.D., 436 F. 2d 809 (1970). H.U.D. submits that its judgment in this litigation shows itself to be an informed one and that it thoroughly understands the area needs of low cost housing for the elderly. It realizes that the prime necessity for that might ordinarily outweigh the disadvantage of increasing racial concentration. But even so, it has lived up to its own regulations in insisting that the housing before us provides a balanced racial distribution.[54]

Clearly, the court felt that HUD's insistence on a "carefully balanced program fair to all of the Philadelphia citizens concerned" provided the basis for approval of the project at issue in *Croskey*. This is the very kind of program the criteria are designed to achieve.

Coffey v. Romney[55] involved a 236 project in Greensboro, North Carolina. Plaintiffs, residents in the neighborhood of the proposed project, sought to enjoin its approval by HUD primarily on the ground that HUD "did not use 'adequate institutionalized means' for finding the facts necessary to a determination of whether the [project site] could be selected for federally financed housing in compliance with the Department's duties under the Constitution and Civil Rights Acts of 1964 and 1968."[56] The court decided that HUD had properly weighed socio-economic factors, particularly race, in approving the site. The aspect of this case most worth noting is the unquestioning acceptance by all concerned of the *Shannon* doctrine.

HUD's Project Selection Criteria provide a rational method for allocating federally subsidized housing on a sound legal basis. As we gain experience with these criteria,[57] we should also continue to seek an even fairer way to accommodate the housing needs and civil rights of our citizens.

54 *Id.* at 110.
55 Civil No. C-44-G-71 (U.S.D.C., M.D. N.C., May 11, 1972).
56 *Id.* at 2.
57 HUD is in fact conducting an extensive study, the results of which the Department will make public, of the effect of the criteria from February 7 to June 30, 1972. In one early report, the Director of HUD's Hartford Area Office announced on June 6, 1972, that the criteria are working well in Connecticut. Individuals and groups outside HUD, *e.g.*, The Center for National Policy Review at the School of Law of the Catholic University of America, are also planning to monitor the operation of the criteria.

Exhibit 20

General Explanations of the Administration's Fiscal Year 2017 Revenue Proposals

Department of the Treasury
February 2016

Additional prerequisites for earning LIHTCs

Credits are not available unless occupancy is available to the general public. Section 42(g)(9), however, clarifies that a project does not fail to meet this general public use requirement solely because of occupancy restrictions or preferences that favor tenants with special needs, tenants who are members of a specified group under certain Federal or State programs, or tenants who are involved in artistic or literary activities.

To ensure that low-income buildings remain low-income buildings for decades, no LIHTCs are allowed with respect to any building for any taxable year unless an extended low-income housing commitment (Long-Term-Use Agreement, or Agreement) is in effect as of the end of the year. A Long-Term-Use Agreement is a contract between the owner of the property and the applicable State housing credit agency (Agency). The Agreement must run with the land to bind future owners of the property for three decades or more, and certain provisions of the Agreement must be enforceable in State court not only by the Agency but also by any past, present, or future income-qualified tenant. In addition to requiring that certain minimum portions of a building be low-income units, the Long-Term-Use Agreement must mandate certain conduct in the management of the building, including prohibiting the refusal to lease because the prospective tenant is a holder of a voucher or certificate of eligibility under section 8 of the United States Housing Act of 1937 and prohibiting eviction (other than for good cause) of any existing tenant in a low-income unit.

The allocation process

Every year, the Code provides each State with a limited number of LIHTCs that the State may allocate among proposed projects that are designed to earn LIHTCs. In general, regardless of how large a building's qualified basis may be, the LIHTCs that the owner may earn from the building are limited by the amount that the State has allocated. Each State (including any Agencies) must adopt a qualified allocation plan (QAP) to guide the allocation.

A QAP must give preference to projects serving the lowest income tenants, to projects obligated to serve qualified tenants for the longest periods, and to projects which are located in QCTs and the development of which contributes to a concerted community revitalization plan. In addition, the Code prescribes ten selection criteria that every QAP must include—project location, housing needs characteristics, project characteristics (including whether the project includes the use of existing housing as part of a community revitalization plan), sponsor characteristics, tenant populations with special housing needs, public housing waiting lists, tenant populations of individuals with children, projects intended for eventual tenant ownership, the energy efficiency of the project, and the historic nature of the project. A QAP must also provide a procedure that the Agency (or its agent) will follow in monitoring for noncompliance with the rules for LIHTC eligibility and in notifying the IRS of any noncompliance of which the Agency has become aware.

None of these criteria or factors, however, unambiguously requires States to allocate housing credit dollar amounts in a manner that affirmatively furthers fair housing, even though Federal agencies administering housing programs or activities are subject to such a requirement.

financing options. The resulting transaction costs consume resources that might otherwise provide affordable housing.

In practice, the income criteria often produce buildings that serve a narrow income band of tenants—those just below the eligible income threshold. Without incentives to create mixed-income housing, LIHTC-supported buildings may not serve those most in need. In addition, the inflexibility of the income criteria makes it difficult for LIHTC to support acquisition of partially or fully occupied properties for preservation or repurposing.

LIHTCs are the Federal Government's largest vehicle supporting the construction and rehabilitation of affordable housing. Because Federal law has made State agencies responsible for allocating the potential to earn LIHTCs, there should be no doubt that these agencies must do so in a manner that affirmatively furthers fair housing.

Preservation and rehabilitation of existing affordable housing is often a more efficient way of supplying affordable housing than is new construction. In addition, public resources may have already been expended in the development of existing affordable housing. Thus, preservation of publicly assisted affordable housing should be encouraged.

Because of the population cap on census tracts in an MSA that may be designated as QCTs, some tracts with qualifying levels of poverty or low income residents may be kept from QCT status by the presence of similarly distressed areas in the same MSA. Nearby poverty should not bar an otherwise-eligible poor census tract from qualifying for increased subsidies.

Although the Violence Against Women Reauthorization Act of 2013 provides that no building that has produced LIHTCs for its owner should fail to provide reasonable protections for victims of domestic abuse, it does not amend the Code, nor does it contain any provision for enforcing those protections in LIHTC buildings.

Proposal

Allow conversion of private activity bond volume cap into LIHTCs

The proposal would provide two ways in which PAB volume cap could be converted into LIHTCs.

First, States would be authorized to convert PAB volume cap to be received for a calendar year into LIHTC allocation authorization applicable to the same year. The conversion ratio would be reset each calendar year to respond to changing interest rates. In addition, each State would be subject to an annual maximum amount of PAB volume cap that can be converted.

For each $1,000 of PAB volume cap surrendered, the State would receive additional allocable LIHTCs for the calendar year equal to: $1000 × twice the applicable percentage that applies for PAB-financed buildings and that is determined under section 42(b)(1)(B)(ii) for December of the preceding calendar year.

Exhibit 21

United States General Accounting Office

GAO

Report to Congressional Committees

July 1993

PUBLIC HOUSING

Low-Income Housing Tax Credit as an Alternative Development Method

149549

GAO/RCED-93-31

characteristics of the tenants served, including household size, the kind of household (whether it includes elderly tenants or children), and income level; (2) provide information on the characteristics of the projects developed, including whether projects were on single or multiple sites, what types of neighborhoods the projects were located in, and what types of units were developed; (3) analyze the costs of each program to the federal government; and (4) describe the administrative experiences of PHAS when developing housing through each program.

Nationally, only nine PHAS completed projects under both programs between 1989 and 1991. To address our first and second objectives, we collected data on one project financed with tax credits and one project financed through a public housing grant at each of these nine PHAS. To address our third objective, we conducted a detailed cost analysis comparing the tax credit project and the public housing project at one of these PHAS. To address our fourth objective, we visited four of the PHAS to collect detailed information on their administrative experiences when developing housing through each program. We limited our review to PHAS that had developed housing through both programs to compare projects developed under similar local conditions. Although we included all of the PHAS we could identify—nine—that had used both programs in 1989, 1990, or 1991, our findings about these projects cannot be generalized to all tax credit or all public housing projects. For more detailed information on our scope and methodology, see appendix I.

Results in Brief

Most of the nine PHAS we reviewed used their tax credit projects to serve smaller households, which were more often elderly, than those served in the public housing projects. Furthermore, the Low-Income Housing Tax Credit Program by itself could not serve households with incomes as low as those served by the Public Housing Development Program. Because the tax credit program provides funds for development, not operating costs, households with lower incomes could not pay enough rent to cover a project's operating costs. However, the combination of tax credits and other federal subsidies, such as Section 8 rental assistance, enabled tax credit projects to serve households with incomes as low as those in public housing.

Regarding the physical characteristics of the projects, we found differences in the location of projects and the type of housing developed through the tax credit and public housing programs. In the early 1970s, HUD placed restrictions on the location and type of additional public housing units that could be developed to encourage the scattering of low-income and minority households. The tax credit program, however, contains no similar restrictions. Accordingly, seven of the nine tax credit projects we reviewed were developed on one site, while seven of the nine public housing projects were developed on multiple sites. In addition, more tax credit projects than public housing projects were developed in predominantly low-income neighborhoods, and more were located in predominantly minority neighborhoods. Finally, under the tax credit program, PHAS developed a greater variety of unit types, ranging from town homes to manufactured homes.

According to our detailed cost analysis at one PHA, for about the same level of federal expenditure, the public housing project served households with much lower incomes than those served by the tax credit project. Moreover, federal expenditures for the tax credit project would have to increase substantially to serve households with incomes as low as those in the public housing project. (App. IV presents our analysis in detail.) A number of factors contributed to the relative costliness of this tax credit project, such as the administrative fees paid to lawyers and other consultants, that were not required for public housing development. The other three PHAS we visited also told us that they experienced higher administrative costs when using the tax credit program than when using the public housing program.

Developing housing through each of the programs required PHAS to overcome administrative obstacles. For the four PHAS we visited, the greatest obstacle with the public housing program was the multitude of HUD regulations and procedures that govern the development of public housing. With the tax credit program, the greatest obstacle was finding other funding sources, such as commercial loans and state subsidies, to cover development costs. However, with relatively few funds available through the Public Housing Development Program, PHAS said the Low-Income Tax Credit Program is a valuable tool for developing additional publicly controlled housing for low-income people.

Background

As the principal federal agency for housing programs, HUD assists about 4.4 million low-income households. As of 1991, about 1.4 million of these households lived in public housing units—units owned, developed, operated, and maintained by PHAS with financial support from HUD. Managing the public housing stock is the primary mission of the 3,400 PHAS located across the country.

Exhibit 22

December 2008

The Future of Fair Housing:

Report of the National Commission on Fair Housing and Equal Opportunity

NFHA National Fair Housing Alliance

LCCR Education Fund

Lawyers' Committee for Civil Rights Under Law

LDF

and yet do very little to further fair housing and, in some cases, work to create and/or maintain segregated housing patterns. These programs must be reoriented to focus, in part, on helping families move to less racially and economically segregated communities.

For example, the Section 8 Housing Choice Voucher Program, which creates a portable housing benefit that can be used by an eligible family to rent private apartments in multiple locations, could be reformed to increase access of eligible families to high opportunity communities[1i], by including higher rents where necessary, improving administrative portability of vouchers across jurisdictional lines, re-establishing housing mobility programs to assist voucher-holders seeking to move to higher opportunity areas, creating strong incentives and performance goals for administering agencies, and providing incentives to recruit new landlords into the program. We should mandate that families be provided information and counseling about their range of housing choices, including choices in more integrated areas.

The Low Income Housing Tax Credit (LIHTC) program, administered by the Internal Revenue Service and state housing finance agencies, is the nation's largest low-income housing production program and yet has operated with little or no civil rights oversight since its inception in 1986. This program must be reformed to include fair housing requirements for site selection, affirmative marketing, and reporting of racial/ethnic data to ensure that this program works to further fair housing goals.

Other federal housing initiatives, including HOPE VI, the Community Development Block Grant, the HOME program, USDA housing programs, and emerging programs such as the National Housing Trust Fund, must also be held to high fair housing standards. And HUD must do more to stop segregation of people with disabilities within its own housing programs.

With federal leadership that includes a more powerful structure for this affirmatively furthering fair housing concept, communities will be empowered to develop and implement their own coordinated strategies for moving fair housing forward in a way that advances diversity and inclusion in neighborhoods and throughout metropolitan areas.

STRENGTHEN COMPLIANCE WITH THE AFFIRMATIVELY FURTHERING FAIR HOUSING OBLIGATION BY FEDERAL GRANTEES

The current federal system for ensuring fair housing compliance by state and local recipients of housing assistance has failed. HUD must reform its current structure by strengthening its leadership in enforcement of the affirmatively furthering obligation.

Currently, HUD only requires that communities that receive federal funds "certify" to their funding agency that a jurisdiction is affirmatively furthering fair housing. HUD requires no evidence that anything is actually being done as a condition of funding, and it does not take adverse action if jurisdictions are directly involved in discriminatory actions or fail to affirmatively further fair housing.

Instead, a regulatory structure must provide guidance and direction to ensure that programs receiving federal funds advance fair housing. A reformed structure should be based on existing guidance in HUD's Fair Housing Planning Guide but expanded to contain specific activities that are required to be undertaken consistent with this report.

HUD must also provide training and technical assistance to support the reformed affirmatively furthering initiative, including training and technical

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1i See testimony of john powell (Los Angeles); Kirwan Institute for the Study of Race and Ethnicity, *The Geography of Opportunity: Review of Opportunity Mapping Initiatives* (July 2008) (Los Angeles Exhibit) and the rights of other residents (and families on the waiting list) to move to new, less segregated areas of higher opportunity.[225] This balance must promote racially and economically integrated housing, but it is not a one-size-fits-all approach. As Demetria McCain observed in Dallas, the fair housing analysis depends on local context:

> The decision to rebuild some or any units onsite varied depending upon which of the 3 public housing structures were being demolished. Roseland Homes, in a gentrifying area, called for one solution, while a West Dallas project, isolated across the Trinity River in a heavy industrial area and near a lead smelter, called for another.[226]

Other HUD Programs

The project-based Section 8 program, the Community Development Block Grant (CDBG) Program, and the HOME program share some of the tendencies to concentrate poor people only in certain communities or in specific neighborhoods within communities. This is partly the result of HUD program features but also has to do with HUD's traditional deference to local decision-making and the voluntary nature of local participation in federal grant programs. Thus, since not all communities are "required" to participate in HUD programs, most federal assisted housing is funneled to jurisdictions that request it. These segregative tendencies in federal housing programs need to be addressed by both strong new incentives to promote a wider choice of locations as well as stricter program requirements on site selection and affirmative marketing.

Low Income Housing Tax Credit Program

The Low Income Housing Tax Credit (LIHTC) program, administered by the Internal Revenue Service and state housing finance agencies, is the nation's largest low-income housing production program. Like the public housing program, the LIHTC program has failed to promote racial and economic integration. Indeed the program has operated with little or no civil rights oversight since its inception in 1986. As Professor Florence Roisman testified, "Neither Treasury nor the housing finance agencies have taken effective steps to require even that racial segregation be taken into account when decisions are made about where to site LIHTC developments."[227] There are also no affirmative marketing, racial data reporting,[228] or other fair housing requirements in the Department of Treasury's LIHTC regulations, and decisions about which projects to fund are entirely delegated to the states.

The lack of civil rights controls in the LIHTC program is well-illustrated in the state of Texas, where most tax credit units – particularly housing for families – have been placed in predominantly minority neighborhoods, prompting a lawsuit against the state Department of Housing and Community Affairs challenging its lack of fair housing review for LIHTC siting.[229] This pattern of siting tax credit properties in minority concentrated areas is widespread.[230]

Housing for Individuals with Disabilities

When Congress passed the Fair Housing Amendments Act of 1988, it said the new law was:

> A clear pronouncement of a national commitment to end the unnecessary exclusion of persons with handicaps from the American mainstream. It repudiates the use of stereotypes and ignorance, and mandates that persons with handicaps be considered as individuals. Generalized perceptions about disabilities and unfounded speculations about threats to safety are specifically rejected as grounds to justify exclusion.

Because the Housing Trust Fund is targeted to very low-income families, it has the potential to further lock in geographically concentrated poverty in racially isolated neighborhoods, if careful steps are not taken to distribute funds in an equitable manner. Strong site selection standards – along with affirmative marketing – should be built into the program, so that the Fund gives poor families living in high poverty neighborhoods real housing choices not just in their current neighborhoods, but also in communities with low poverty rates and high performing schools.

Recommendations

ENSURE COMPLIANCE WITH THE "AFFIRMATIVELY FURTHERING FAIR HOUSING" OBLIGATION IN FEDERAL HOUSING PROGRAMS

Administrative changes to the Section 8 Housing Choice Voucher program that would increase access of eligible families to high opportunity communities should be adopted,[239] including expanding authorization of higher rents where necessary, improving portability of vouchers across jurisdictional lines, re-establishing housing mobility programs to assist voucher-holders seeking to move to higher opportunity areas, creating strong incentives and performance goals for administering agencies, and providing incentives to recruit landlords in high opportunity areas into the program.

A new national housing mobility voucher program should be established for the express purpose of providing desegregated housing options to families in the most segregated metropolitan areas. This purely voluntary program would be targeted to families living in the most poverty concentrated and racially isolated communities, and voucher use would be limited to low poverty and high opportunity communities throughout the metropolitan area.[240-]

HUD and the Department of Treasury should actively support audit testing of discrimination against voucher holders in federally assisted housing (where such discrimination is prohibited), and take appropriate enforcement action against violators.

Strong fair housing regulations and guidelines for state administration of the Low Income Housing Tax Credit Program should be promulgated, including new requirements for site selection, affirmative marketing, and reporting of racial/ethnic data and strong incentives to site LIHTC housing in higher-opportunity areas.

Public housing redevelopment (including a reauthorized HOPE VI program) must include measures to replace all housing units that have been lost, and offer quality fair housing-conscious relocation of displaced residents. Redevelopment plans must support the right of those former residents who wish to return to the redeveloped housing site, while at the same time locating the remainder of replacement housing units in non-segregated neighborhoods and communities throughout the metropolitan region.

Other federal initiatives (including the CDBG Program, the HOME program, and the new National Housing Trust Fund) should also be strengthened to avoid re-concentration of low income families and to promote racially and economically diverse communities. HUD and the USDA should better coordinate their efforts in rural areas to ensure that the fair housing needs of rural areas are not overlooked. USDA should conduct, under contract, additional testing of its rural housing projects and enforcement action should be taken by that testing. Program sanctions should be invoked by USDA pursuant to the Memorandum of Understanding between USDA and

Exhibit 23

Federal Rental Alignment

Administrative Proposals

12/31/2011
Rental Policy Working Group

November 14, 2011 signing event launching the Minnesota Physical Inspections pilot

This document is part of an ongoing effort to better align the operation of Federal rental policy across the Administration and is sponsored by the Rental Policy Working Group. The Rental Policy Working Group is composed of the White House Domestic Policy Council (DPC), National Economic Council (NEC), Office of Management and Budget (OMB), and the U.S. Departments of Housing and Urban Development (HUD), Agriculture (USDA), and the Treasury.

The specific areas of concern identified herein emerged from July 2010 and July 2011 stakeholder gatherings at the White House on inconsistent implementation of Federal rental policy.

During the preparation of this document, the Rental Policy Working Group Agency Alignment Leads were: Larry Anderson, Director of Multi-Family Housing Preservation and Direct Loans at USDA-Rural Development; Ben Metcalf, Senior Advisor at HUD's Office of Multifamily Housing Programs; and Michael Novey, Associate Tax Legislative Counsel in Treasury's Office of Tax Policy. With any questions, please contact Mike Steininger, Director of Multi-Family Housing Preservation and Direct Loans at USDA-Rural Development; Ben Metcalf, Senior Advisor at HUD's Office of Multifamily Housing Programs; or Michael Novey, Associate Tax Legislative Counsel in Treasury's Office of Tax Policy.

Fair Housing Compliance Enforcement

Lead Office: HUD-FHEO

Participating Offices: USDA-RD, HUD-FHEO, HUD-OGC, DOJ & Treasury-IRS

Prepared by: Jack Malgeri, HUD-FHEO

Issue Statement:

In 1997, the Secretaries of HUD and Agriculture signed a memorandum of understanding (MOU) between the two agencies concerning cooperation in the processing of USDA civil rights cases, joint investigations of civil rights issues, sharing of documents, and cooperation in the conciliation, informal resolution of cases, and the development of sanctions. While initially operational, the HUD-Agriculture MOU has largely not been followed and its dormancy has produced a lack of meaningful dialogue between the two agencies concerning the resolution of significant civil rights issues and proactively cooperating to address common civil rights problems in housing programs, frequently financed with both HUD and USDA financing. Little effort has been made on coordinating a common approach to the statutory requirement to affirmatively further fair housing, and how a coordinated effort by USDA, HUD, and Department of Justice (DOJ) program staff could enhance USDA efforts in the realm of affirmatively furthering fair housing in its housing assistance programs.

In 2000, the Secretary of the Treasury, the Secretary of HUD, and the Attorney General of the United States signed a Fair Housing Act MOU among the three agencies seeking to improve Fair Housing Act enforcement, educational outreach, and IRS agency guidance addressing significant civil rights concerns in the low-income housing credit program. Since 2000, the Fair Housing Act MOU has been successful in leading to the resolution of dozens of civil rights cases involving low-income housing credit projects referred to the IRS by HUD and DOJ. Specifically, through a coordinated process, the IRS has sent advisory letters to project owners based on the underlying HUD or DOJ civil rights action, noting the potential loss of low-income housing credits if the project owners fail to address the underlying civil rights issue. The three agencies continue to engage in educational outreach to project owners, syndicators, and housing credit agencies on civil rights matters, including disabled accessibility requirements. In addition, the IRS improved its guidance on civil rights issues for project owners, housing credit agencies, and the general public based on technical assistance from HUD and DOJ.

Nevertheless, a limitation of the existing Fair Housing Act MOU is that its practical focus has been limited to improving inter-agency technical operations issues, rather than focusing on addressing substantive civil rights policy concerns. There is also a need for more regular discussions among the three agencies and greater harmonization among Federal agencies concerning fair housing and civil rights issues.

For example, issues of harmonization include, but are not limited to: 1) the need for closer cooperation and more effective coordination among the U.S. Treasury Department, USDA, HUD, and DOJ in addressing civil rights problems involving commonly funded housing projects, including disabled accessibility, local opposition to the development of affordable housing, and systemic patterns of discrimination; 2) the need for improved and coordinated data collection about tenant demographics and housing placement; 3) the lack of uniform guidance among the Federal housing programs about discrimination against voucher holders; 4) the need for greater unified educational outreach by the Federal housing agencies and the DOJ to developers, project investors, property managers, lenders, syndicators, housing credit agencies, and tenants; 5) the lack of consistent application of affirmative fair housing marketing in the low-income housing credit program that are utilized in other Federal housing programs; and 6) the lack of consistent site and neighborhood standards in the low-income housing credit program which would help avoid placement of housing in highly minority and poverty concentrated areas.

Proposed Alignment:

The outline for greater fair housing and civil rights alignment includes reconstituting and restarting the coordination process established in the original 2000 Fair Housing Act MOU among Treasury, HUD, and DOJ, and the 1997 HUD-Department of Agriculture MOU. Specific actions are listed in the approximate order in which they could be achieved, with the understanding that many of these proposals may be pursued simultaneously.

Specific Actions to Effect Alignment:

1. **Reinvigorate the Interagency Coordination Process Set Forth in the MOUs**
    - Designated Staff. Designate career staff from each agency to serve as the point person for implementing the 1997 and 2000 MOUs and to confer on key guidance and enforcement issues set out below. Establish semi-annual meetings of IRS, HUD, USDA, and DOJ personnel to discuss fair housing issues applicable to the low-income housing credit program and improvements to processes, agency guidance, and cooperation among the agencies.

2. **Enhance Educational Outreach and Training for State Housing Credit Agencies, Syndicators, Project Managers, and Developers**

    Within the existing structure of the 2000 MOU, the Federal agencies should reinvigorate:
    - Cooperation among HUD, USDA, IRS, and DOJ officials in conducting annual training seminars, and meetings with:
        - State and local housing credit agencies about their obligation to comply with the Fair Housing Act when allocating low-income housing credits and performing compliance monitoring; and
        - Associations of developers, syndicators, property managers, and investors that participate in the LIHTC and USDA loan assistance programs about how they can comply with the Fair Housing Act, including training on exclusionary zoning law and practices, and accessibility requirements.

3. **Enhance Quality Control of Non-Compliance Reporting to IRS**

Exhibit 24

Survey of Multi-Family properties – voucher acceptance in

Collin, Dallas, Denton, and Rockwall Counties

Multi-family Survey Findings

Daniel and Beshara, P.C. (DBPC) conducted the survey on behalf of The Inclusive Communities Project. The survey was conducted to measure the participation of private multi-family landlords in the Housing Choice Voucher Program in the Dallas area and to determine where in the area voucher holders are likely to secure housing using their subsidy.

The surveyor made contact with the rental offices of 1,901 private multi-family properties[1]. Of the 1,901 properties surveyed a mere 226 (12% of those surveyed) responded “YES” to accepting Section 8 vouchers. 1,675 (88% of those surveyed) responded “NO” to accepting Section 8 vouchers.

Landlords’ refusal to accept vouchers in areas of opportunity drastically reduces the effectiveness of the program and perpetuates racial segregation.

All of the private multi-family properties surveyed in the following cities answered “NO” to accepting S8 vouchers. The results show that Housing Choice Voucher participants are prevented and obstructed from living in the following cities:

100% "NO" S8	Addison	11% Black Population
100% "NO" S8	Allen	9% Black Population
100% "NO" S8	Balch Springs	23% Black Population
100% "NO" S8	Corinth	5% Black Population
100% "NO" S8	Decatur	2% Black Population
100% "NO" S8	Fairview	1% Black Population
100% "NO" S8	Flower Mound	4% Black Population
100% "NO" S8	Frisco	7% Black Population
100% "NO" S8	Highland Park	0% Black Population
100% "NO" S8	Highland Village	3% Black Population
100% "NO" S8	Keller	2% Black Population
100% "NO" S8	Krum	1% Black Population
100% "NO" S8	Lake Dallas	5% Black Population
100% "NO" S8	Mansfield	15% Black Population
100% "NO" S8	Northlake	4% Black Population
100% "NO" S8	Prosper	6% Black Population
100% "NO" S8	Red Oak	19% Black Population
100% "NO" S8	Rowlett	14% Black Population
100% "NO" S8	Sachse	12% Black Population
100% "NO" S8	Sanger	7% Black Population
100% "NO" S8	Seagoville	15% Black Population

100% "NO" S8	Southlake	3% Black Population
100% "NO" S8	The Colony	8% Black Population
100% "NO" S8	Trophy Club	1% Black Population
100% "NO" S8	Wilmer	27% Black Population
100% "NO" S8	Wylie	13% Black Population

90% or more of the private multi-family properties that were surveyed in the following cities answered “NO” to accepting S8 vouchers:

90% "NO" S8	Carrollton	8% Black Population
91% "NO" S8	Coppell	4% Black Population
91% "NO" S8	Denton	10% Black Population
95% "NO" S8	Farmers Branch	3% Black Population
93% "NO" S8	Grapevine	3% Black Population
90% "NO" S8	Irving	12% Black Population
92% "NO" S8	Lewisville	10% Black Population
90% "NO" S8	McKinney	11% Black Population
96% "NO" S8	Plano	8% Black Population
94% "NO" S8	Richardson	9% Black Population

Methodology

DBPC’s Section 8 housing choice voucher acceptance survey was conducted by telephone over a 21 month period. Phone calls with follow-up letters confirming the response of the property began May of 2015 and calls continued through February of 2017. DBPC used the properties that are listed on the industry accepted O’Connor and Associates - Enriched Data site in the ZIP codes within Collin, Dallas, Denton and Rockwall and the Multi-family database from North Central Texas Council Of Governments (NCTCOG) to generate a list of all multi-family properties listed on NCTCOG. The NCTCOG list was reduced to those multi-family properties within the ZIP codes in Collin, Dallas, Denton and Rockwall (CDDR) counties, excluding Low-Income Housing Tax Credits (LIHTCs) and bonds. Properties with Dallas Housing Authority issued vouchers present were marked as “YES” to accepting vouchers if the surveyor was unable to reach the properties leasing office.

DBPC made contact with the rental offices of 1,901 multi-family properties in the CDDR counties. The survey was conducted by phone after looking up the phone number online for each of the multi-family properties on the combined survey list. There are a remaining 778 properties on the multi-family list for Collin, Dallas, Denton and Rockwall that were either unreachable by phone, hung up on the surveyor, are properties that are for sale not rent, are no longer in service, or were under construction at the time of the survey and had no information regarding leasing requirements. 23 properties were removed from the analysis in the cities of Fort Worth, Terrell and Commerce as they are not in Collin, Dallas, Denton or Rockwall counties yet a very small portion of the ZIP code that these properties reside in are in these counties.

DBPC called the rental office of each multi-family property and spoke to the first person that answered the phone in the leasing office. The survey questions were straight to the point: 1) Do you accept Section 8 vouchers? 2) If no, why no? 3) The surveyor asked who they were speaking with and the responses to all of the questions were recorded. If stated, any extra information regarding requirements for accepting vouchers was logged in the notes section of the survey results.

The survey was solely conducted to determine voucher acceptance or refusal within the multi-family rental industry, regardless of rent amount.

The Housing Choice Voucher Program

The Housing Choice Voucher Program (HCVP) was enacted in 1974 as Section 8 of the United States Housing Act. The HCVP is the federal government's largest program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market and on the federal level is administered by the Department of Housing and Urban Development (HUD). The program is administered locally by public housing agencies (PHAs). When an HCVP participant receives a voucher from the local PHA, the voucher participant must then find a unit in the private market.

The HCV program is designed to allow voucher holders to choose their housing provided that the rent does not exceed established payment standards based on HUDs Fair Market Rents (FMRs). The housing voucher participant pays 30% of the family's adjusted gross household income directly to the landlord for rent and utilities, and the housing authority that issued the HCV pays the difference between the HUD FMR and the tenant's portion of the rent.

Each HCV holder is responsible for locating a housing unit for which the voucher qualifies and the owner or landlord agrees to rent the unit. The Dallas Metropolitan area operates under the Small Area Fair Market Rent (SAFMR) rule that sets rent payment standards at the ZIP code level within each metro area as opposed to the Metropolitan-wide Fair Market Rents. SAFMRs are set to make 40% of standard-quality rental housing units available for each ZIP code in the Metro area and have been in effect since 2010 in the Dallas Metropolitan area. SAFMRs have been set in place to provide voucher holders with more choices in accessing opportunity neighborhoods.

While a voucher holder can meet the rent threshold for units in opportunity areas with Small Area Fair Market Rents there is a significant challenge in finding properties willing to participate in the voucher program. Title VIII of the Civil Rights Act of 1968, The Fair Housing Act (FHA) prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status, and disability.[2] At the local level Dallas also extends the prohibition on housing discrimination to persons based upon their sexual orientation. Dallas prohibits all source of income discrimination except for vouchers.

Landlords refusing to negotiate with or rent to voucher holders causes the perpetuation of racial segregation by excluding a predominantly Black voucher population from renting available multifamily units in White non-Hispanic census tracts in Collin, Dallas, Denton, and Rockwall counties (Dallas metro area). The population of voucher households is predominantly Black.

The HUD 2015 Picture of Subsidized Housing for the Dallas-Plano-Irving, TX Metropolitan Division reports that 81% of the 30,745 voucher households in that area are Black and 10% are non-minority. The Dallas Housing Authority administers the largest number of vouchers of any single agency in the Dallas area. DHA's 17,000 plus voucher households are 86% Black and 6% non-minority.

The voucher program in the Dallas metro area is currently racially segregated into predominately minority census tracts. On average, the voucher households in the Dallas metro area are located in 74% minority census tracts. 14,193 of the voucher households in the Dallas metro area are located in the City of Dallas. On average, the vouchers in the City of Dallas are located in 88% minority and 33% poverty census tracts. 94% of the voucher holders in the City of Dallas are minority. 87% of the voucher holders in the City of Dallas are Black or African American.[3]

The housing choice voucher program's success relies largely on landlords not discriminating against voucher holders. Although the Dallas Metropolitan area operates under Small Area Fair Market Rents and voucher holders have the purchasing power to secure safe and decent housing in opportunity areas, as this survey shows, there are few multi-family properties that are willing to participate in the voucher program.

END NOTES:

[1] Non-low income housing tax credits or tax exempt bond projects

[2] 42 U.S.C. § 3604, available at http://www.justice.gov/crt/housing/title8.php

[3] HUD Picture of Subsidized Housing report, 2015.

ZIP codes surveyed:

75001
75002
75006
75007
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75022
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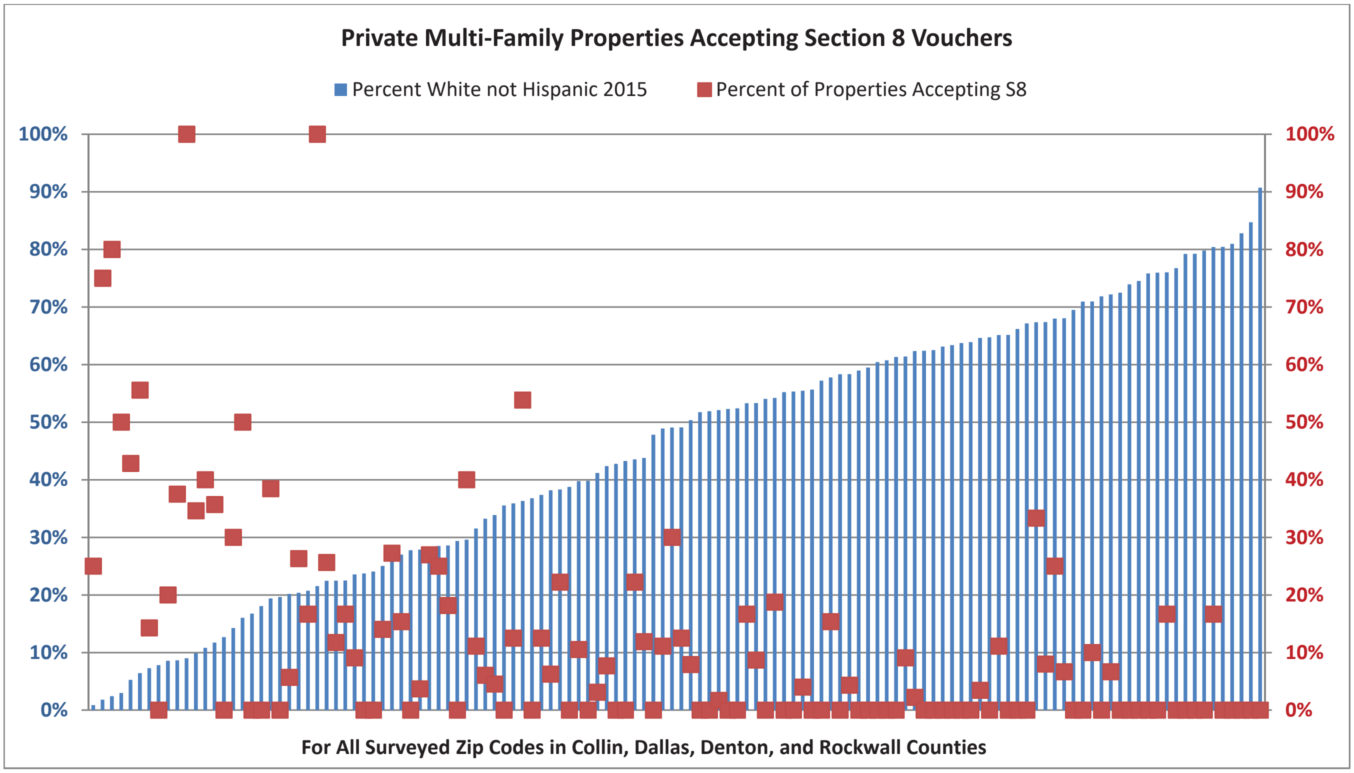
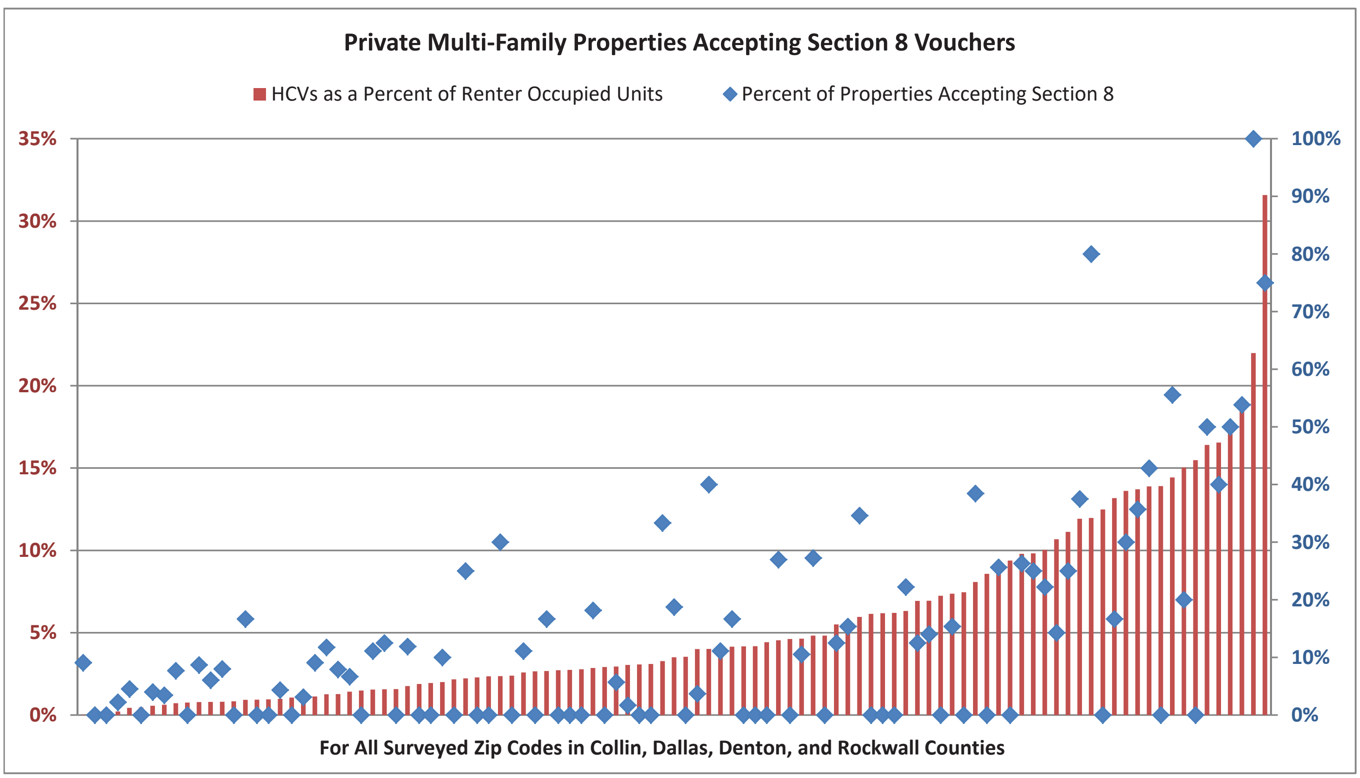
Survey of private Multi-Family properties – voucher acceptance in
Collin, Dallas, Denton, and Rockwall Counties

City	TOTAL Multi-family properties surveyed in City	Number of Multi-family properties in City that Accept S8 "Y"	**% of Multi-family properties surveyed in City that Accept S8 "Y"**	Number of Multi-family properties in City that DO NOT Accept S8 "N"	**% of Multi-family properties surveyed in City that DO NOT Accept S8 "N"**	% Black in City
ADDISON	25	0	**0%**	25	**100%**	11%
ALLEN	20	0	**0%**	20	**100%**	9%
BALCH SPRINGS	4	0	**0%**	4	**100%**	23%
CORINTH	2	0	**0%**	2	**100%**	5%
Decatur	2	0	**0%**	2	**100%**	2%
FAIRVIEW	4	0	**0%**	4	**100%**	1%
FLOWER MOUND	8	0	**0%**	8	**100%**	4%
FRISCO	35	0	**0%**	35	**100%**	7%
Highland Park	1	0	**0%**	1	**100%**	0%
HIGHLAND VILLAGE	3	0	**0%**	3	**100%**	3%
KRUM	1	0	**0%**	1	**100%**	1%
LAKE DALLAS	1	0	**0%**	1	**100%**	5%
NORTHLAKE	2	0	**0%**	2	**100%**	4%
PROSPER	1	0	**0%**	1	**100%**	6%
RED OAK	2	0	**0%**	2	**100%**	19%
ROWLETT	4	0	**0%**	4	**100%**	14%
Sachse	3	0	**0%**	3	**100%**	12%
SANGER	1	0	**0%**	1	**100%**	7%
SEAGOVILLE	1	0	**0%**	1	**100%**	15%
Southlake	2	0	**0%**	2	**100%**	3%
THE COLONY	7	0	**0%**	7	**100%**	8%
TROPHY CLUB	3	0	**0%**	3	**100%**	1%
WILMER	1	0	**0%**	1	**100%**	27%
WYLIE	7	0	**0%**	7	**100%**	13%
KELLER	1	0	**0%**	1	**100%**	2%
Mansfield	1	0	**0%**	1	**100%**	15%
PLANO	112	4	**4%**	108	**96%**	8%
FARMERS BRANCH	19	1	**5%**	18	**95%**	3%
RICHARDSON	51	3	**6%**	48	**94%**	9%
GRAPEVINE	30	2	**7%**	28	**93%**	3%
LEWISVILLE	64	5	**8%**	59	**92%**	10%
COPPELL	11	1	**9%**	10	**91%**	4%
DENTON	66	6	**9%**	60	**91%**	10%
MCKINNEY	41	4	**10%**	37	**90%**	11%
IRVING	174	17	**10%**	157	**90%**	12%
CARROLLTON	61	6	**10%**	55	**90%**	8%
ROCKWALL	8	1	**13%**	7	**88%**	6%
DALLAS	897	121	**13%**	776	**87%**	24%
Cedar Hill	6	1	**17%**	5	**83%**	53%
LITTLE ELM	6	1	**17%**	5	**83%**	15%
DUNCANVILLE	11	2	**18%**	9	**82%**	34%
GRAND PRAIRIE	55	11	**20%**	44	**80%**	22%
GARLAND	67	16	**24%**	51	**76%**	13%
MESQUITE	45	11	**24%**	34	**76%**	23%
ROANOKE	7	2	**29%**	5	**71%**	3%
DESOTO	20	6	**30%**	14	**70%**	69%
LANCASTER	8	5	**63%**	3	**38%**	67%

Survey of private Multi-Family properties – voucher acceptance in
Collin, Dallas, Denton, and Rockwall Counties

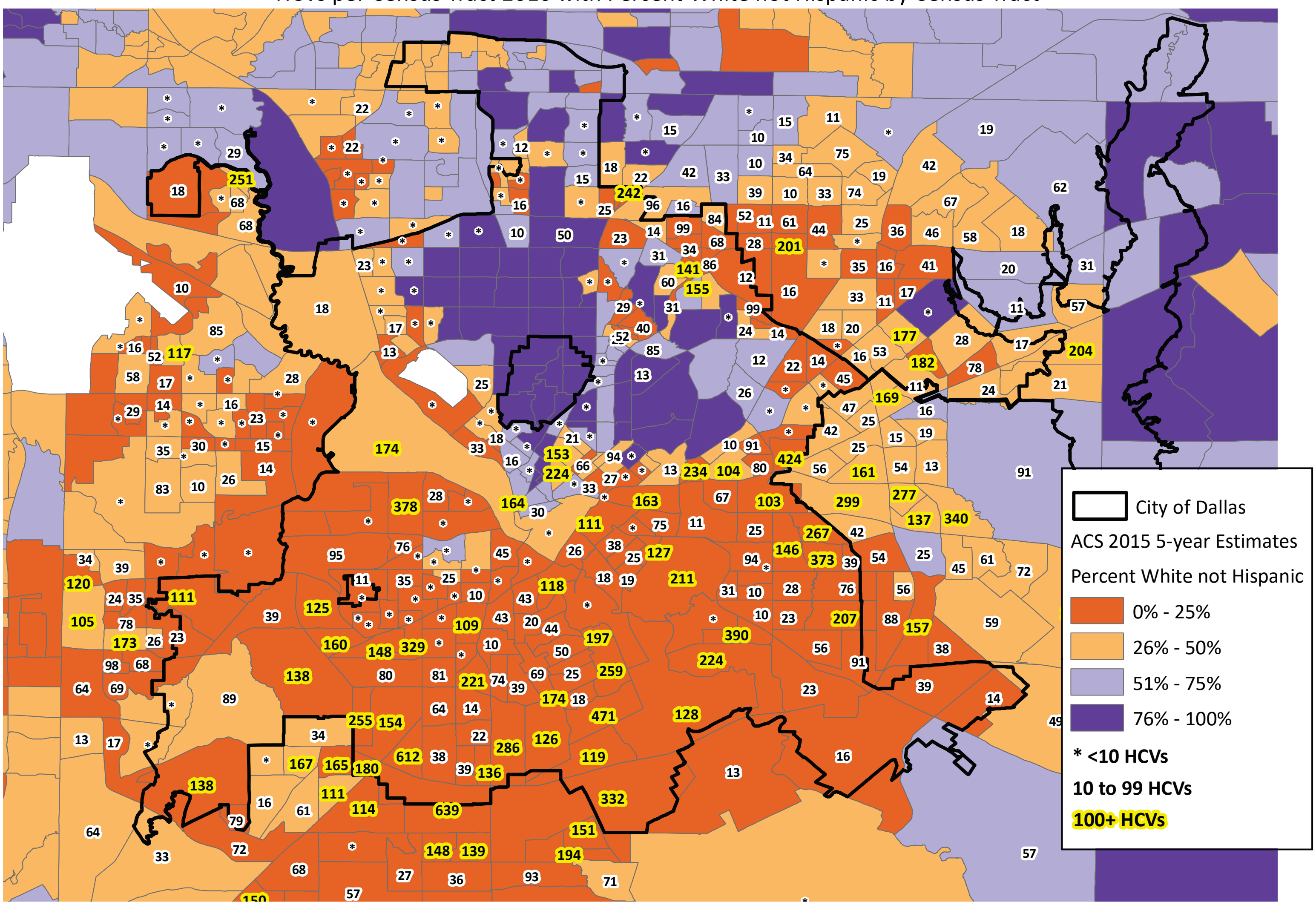
			Percent
TOTAL COMPLEXES SURVEYED and REPLIED WITH ANSWER	1901		100%
Complexes that Accept S8		226	12%
Complexes that DO NOT Accept S8		1675	88%
Number of complexes and % of all complexes in ZIPs with >=50% WnH in ZIP	809		
Accept S8		33	4%
Do NOT accept S8		776	96%
Number of complexes and % of all complexes in ZIPs with <50% WnH in ZIP	1092		
Accept S8		193	18%
Do NOT accept S8		899	82%
Number of complexes and % of all complexes in ZIPs with >=50% Black in ZIP	87		
Accept S8		40	46%
Do NOT accept S8		47	54%
Number of complexes and % of all complexes in ZIPs with <50% Black in ZIP	1814		
Accept S8		186	10%
Do NOT accept S8		1628	90%
Number of complexes and % of all complexes in ZIPs with >=50% Hispanic in ZIP	301		
Accept S8		63	21%
Do NOT accept S8		238	79%
Number of complexes and % of all complexes in ZIPs with <50% Hispanic in ZIP	1600		
Accept S8		163	10%
Do NOT accept S8		1437	90%


Private Multi-Family Properties Accepting Section 8 Vouchers
Percent White not Hispanic 2015
Percent of Properties Accepting S8
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
For All Surveyed Zip Codes in Collin, Dallas, Denton, and Rockwall Counties


Private Multi-Family Properties Accepting Section 8 Vouchers
HCVs as a Percent of Renter Occupied Units
Percent of Properties Accepting Section 8
35%
30%
25%
20%
15%
10%
5%
0%
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
For All Surveyed Zip Codes in Collin, Dallas, Denton, and Rockwall Counties

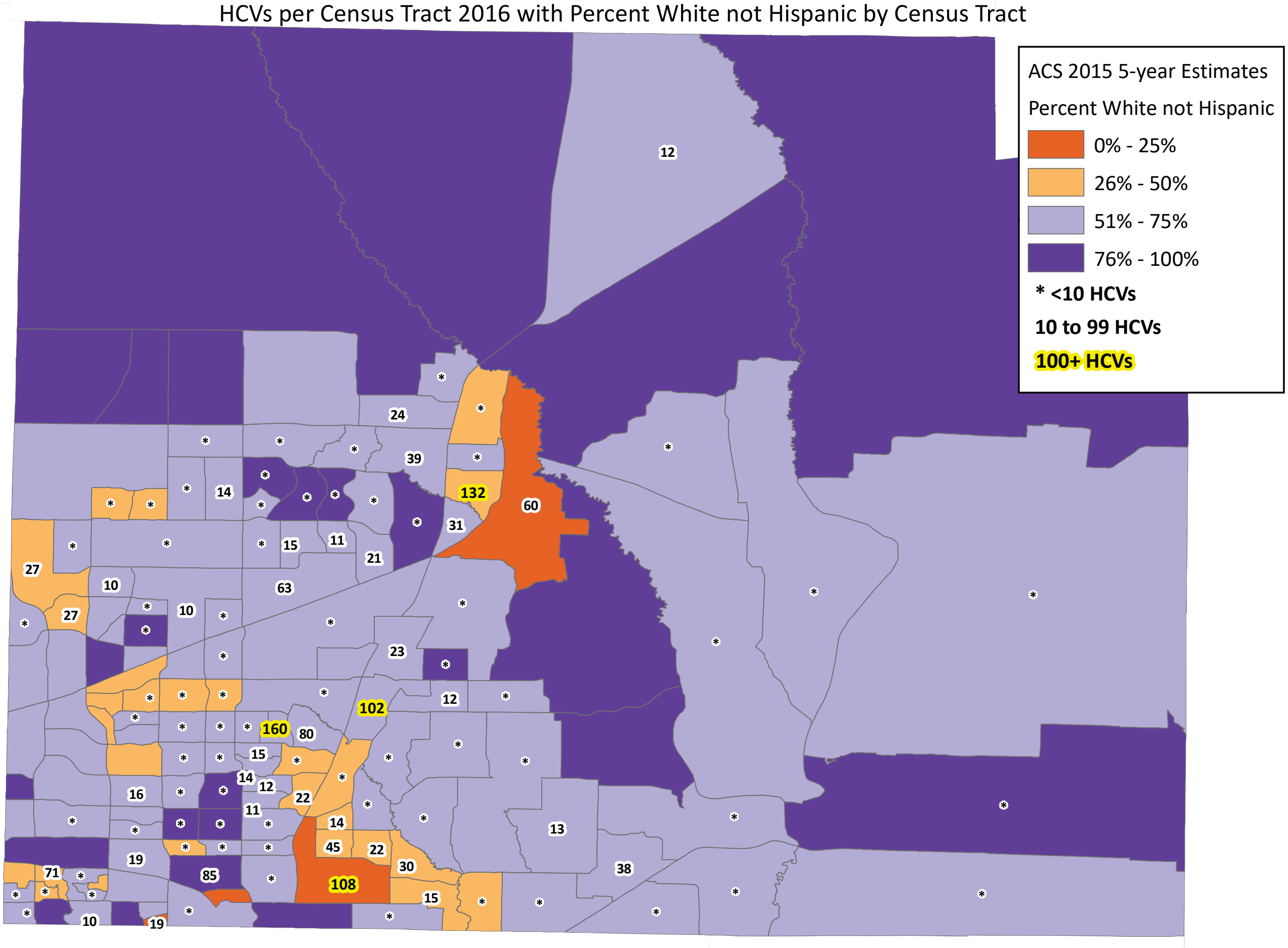
City of Dallas

HCVs per Census Tract 2016 with Percent White not Hispanic by Census Tract



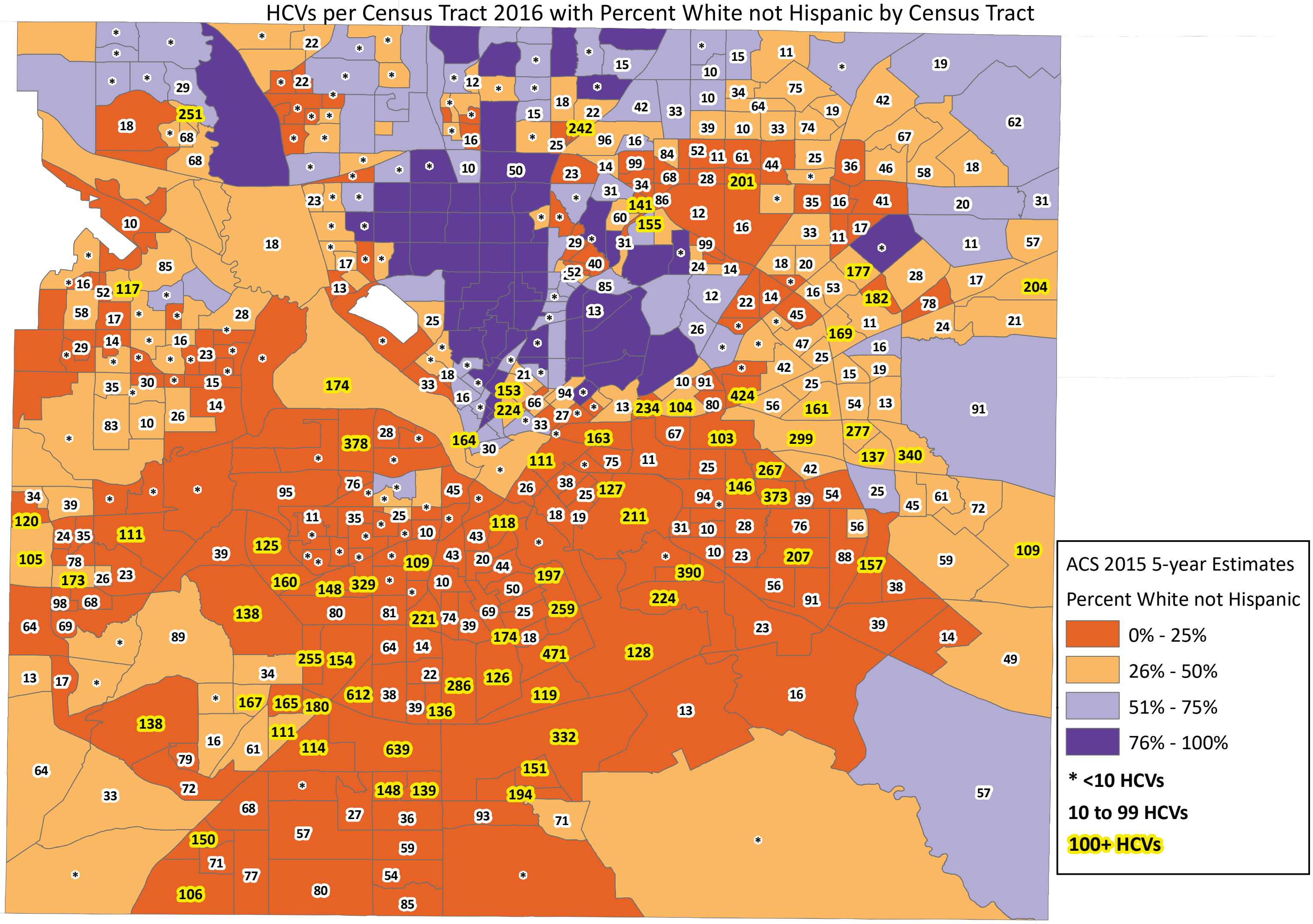
Sources: American Community Survey 2015 5-year Estimates, Table B03002; HUD Picture of Subsidized Households 2016, Number Reported by Census Tract.

Collin County
HCVs per Census Tract 2016 with Percent White not Hispanic by Census Tract



Sources: American Community Survey 2015 5-year Estimates, Table B03002; HUD Picture of Subsidized Households 2016, Number Reported by Census Tract.

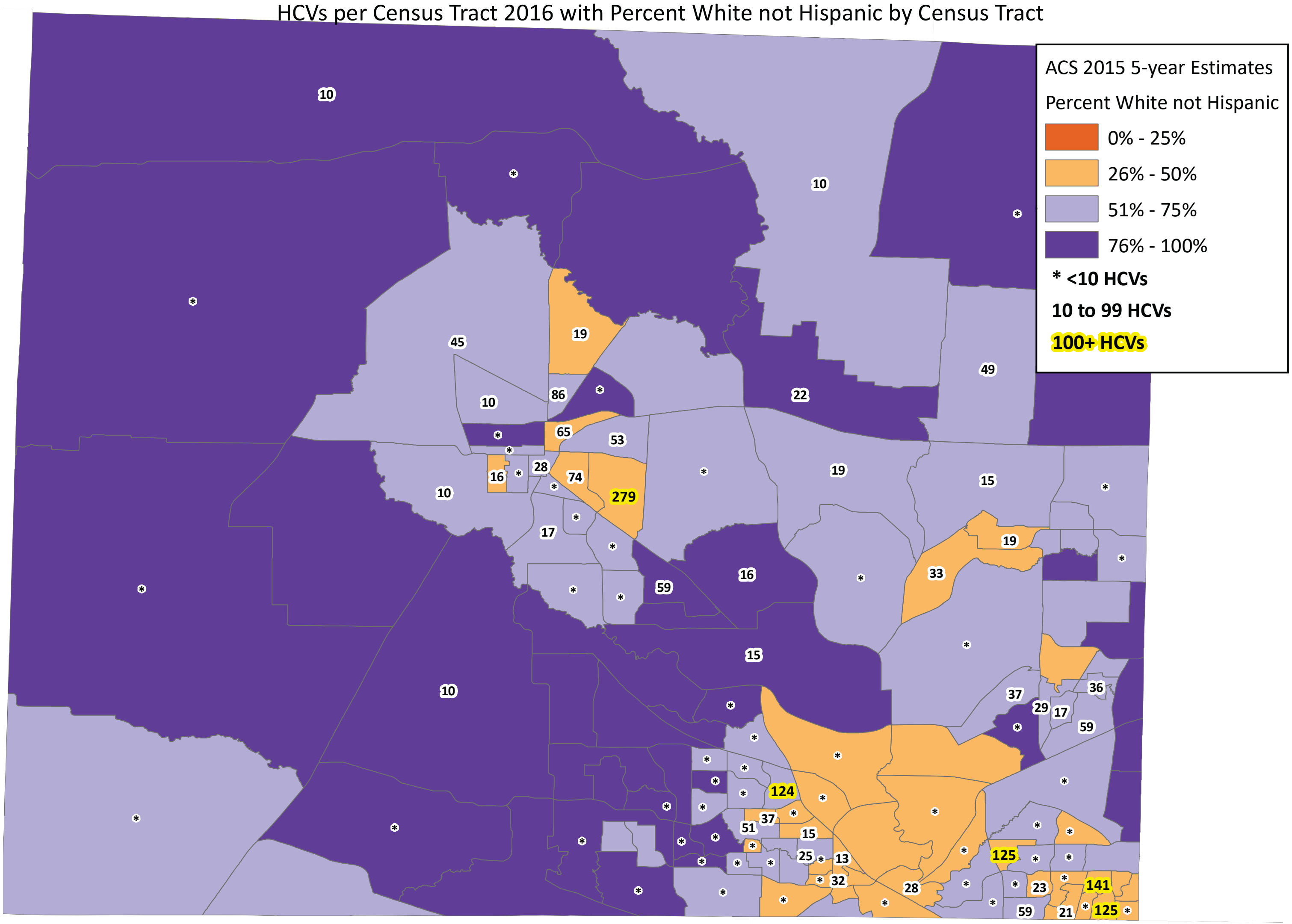
Dallas County
HCVs per Census Tract 2016 with Percent White not Hispanic by Census Tract



Sources: American Community Survey 2015 5-year Estimates, Table B03002; HUD Picture of Subsidized Households 2016, Number Reported by Census Tract.

Denton County

HCVs per Census Tract 2016 with Percent White not Hispanic by Census Tract

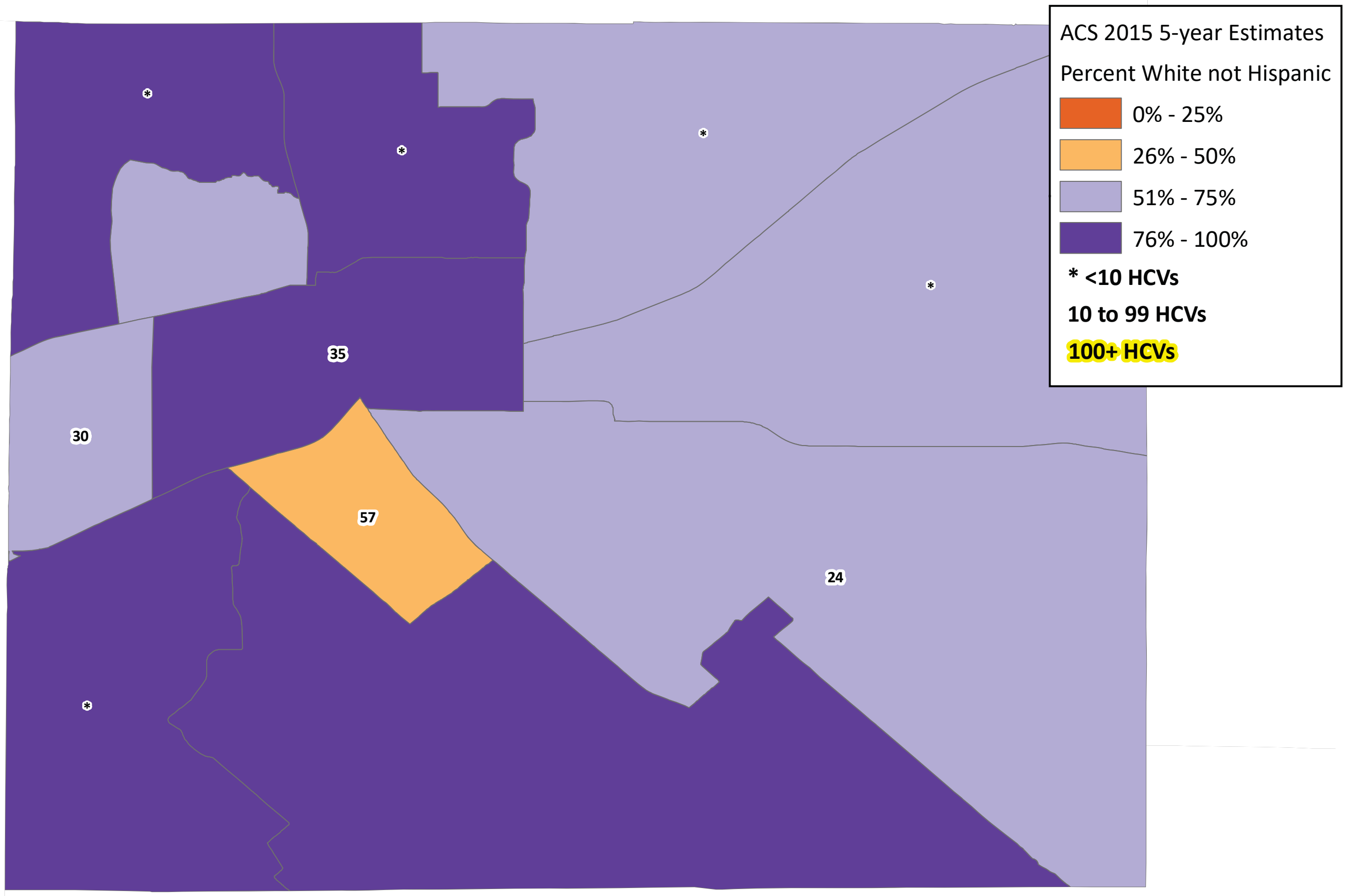


Sources: American Community Survey 2015 5-year Estimates, Table B03002; HUD Picture of Subsidized Households 2016, Number Reported by Census Tract.

12

Rockwall County

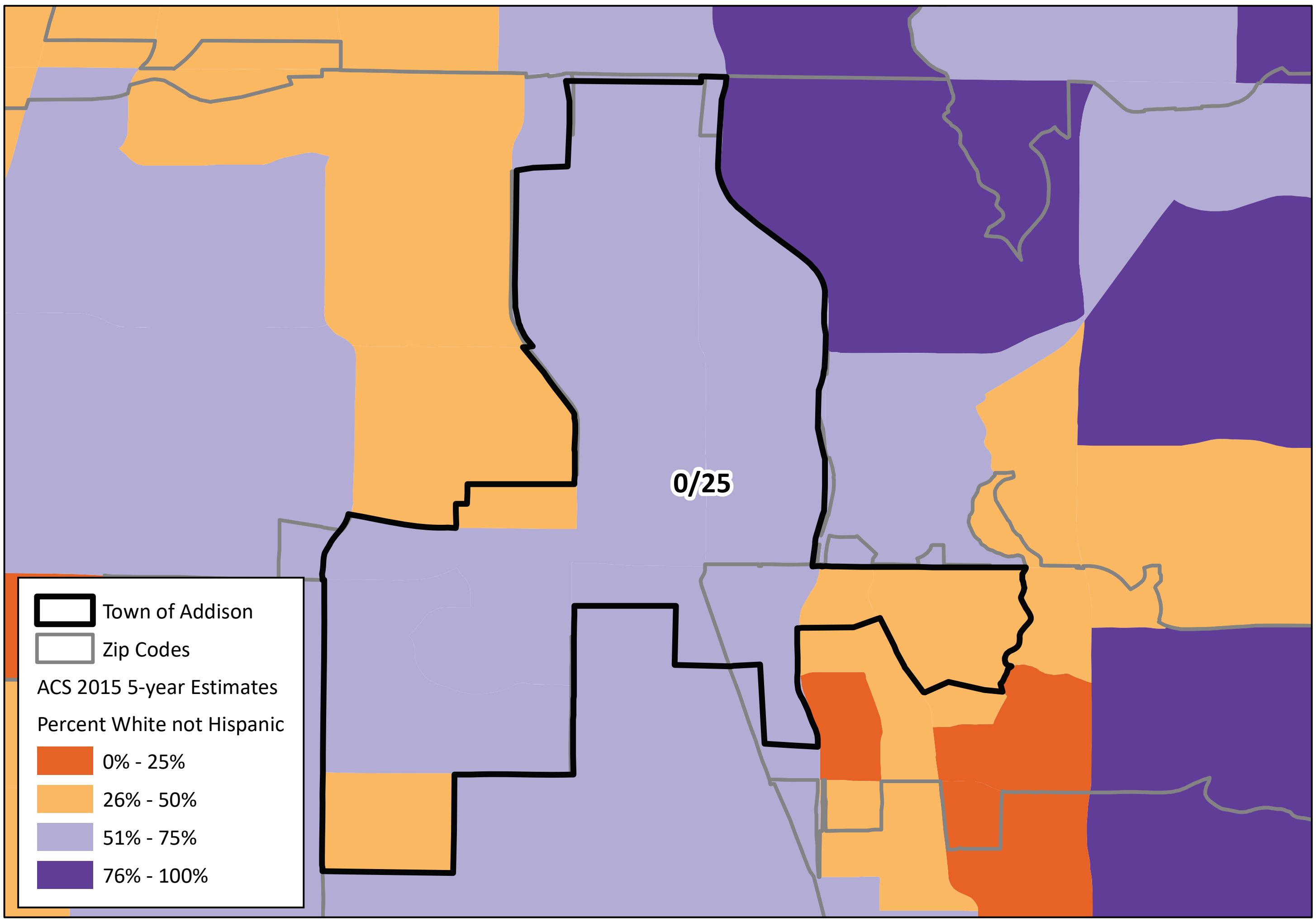
HCVs per Census Tract 2016 with Percent White not Hispanic by Census Tract



Sources: American Community Survey 2015 5-year Estimates, Table B03002; HUD Picture of Subsidized Households 2016, Number Reported by Census Tract.

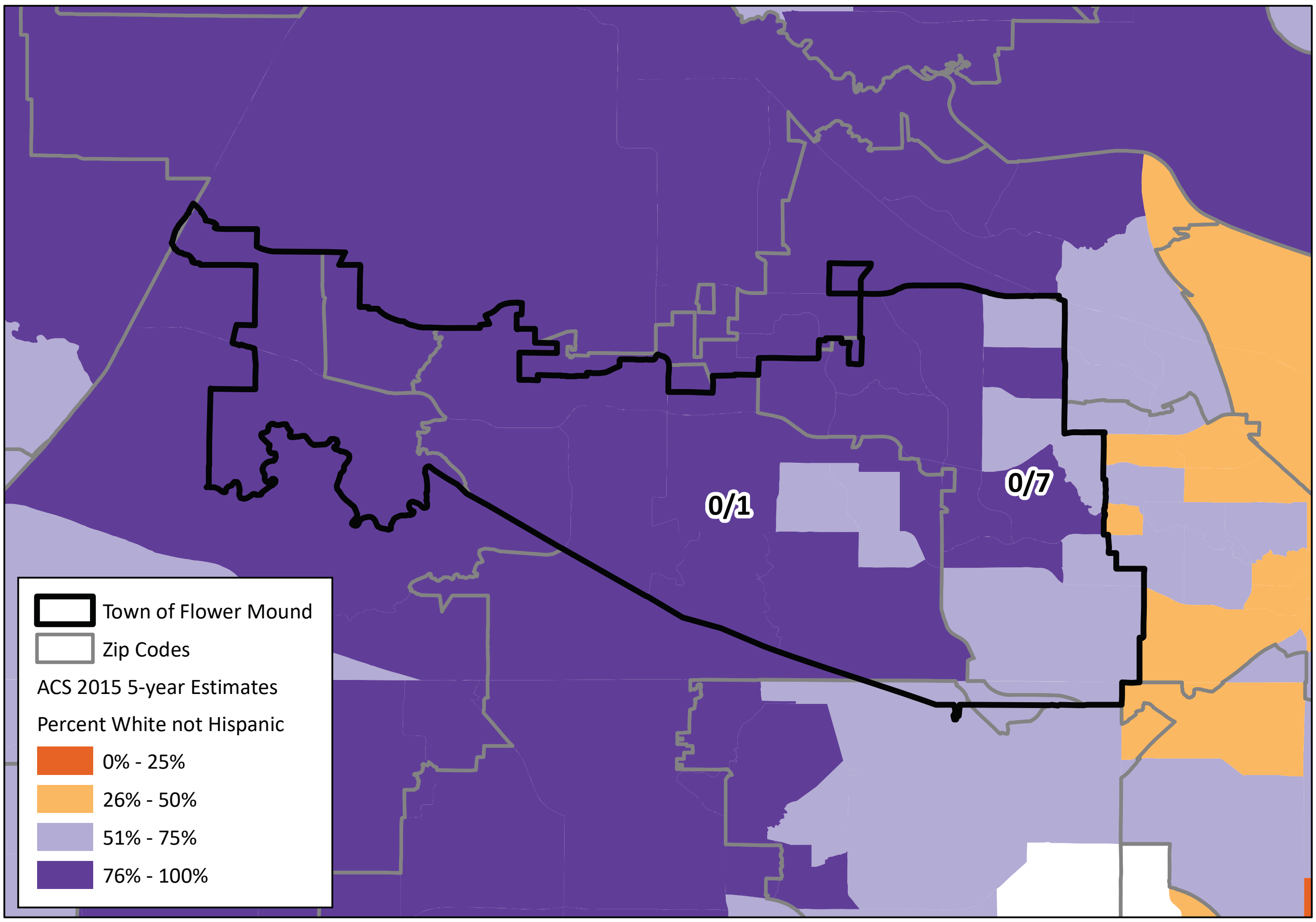
Town of Addison

Private Multi-Family Properties Accepting Section 8 Compared to All Properties Surveyed



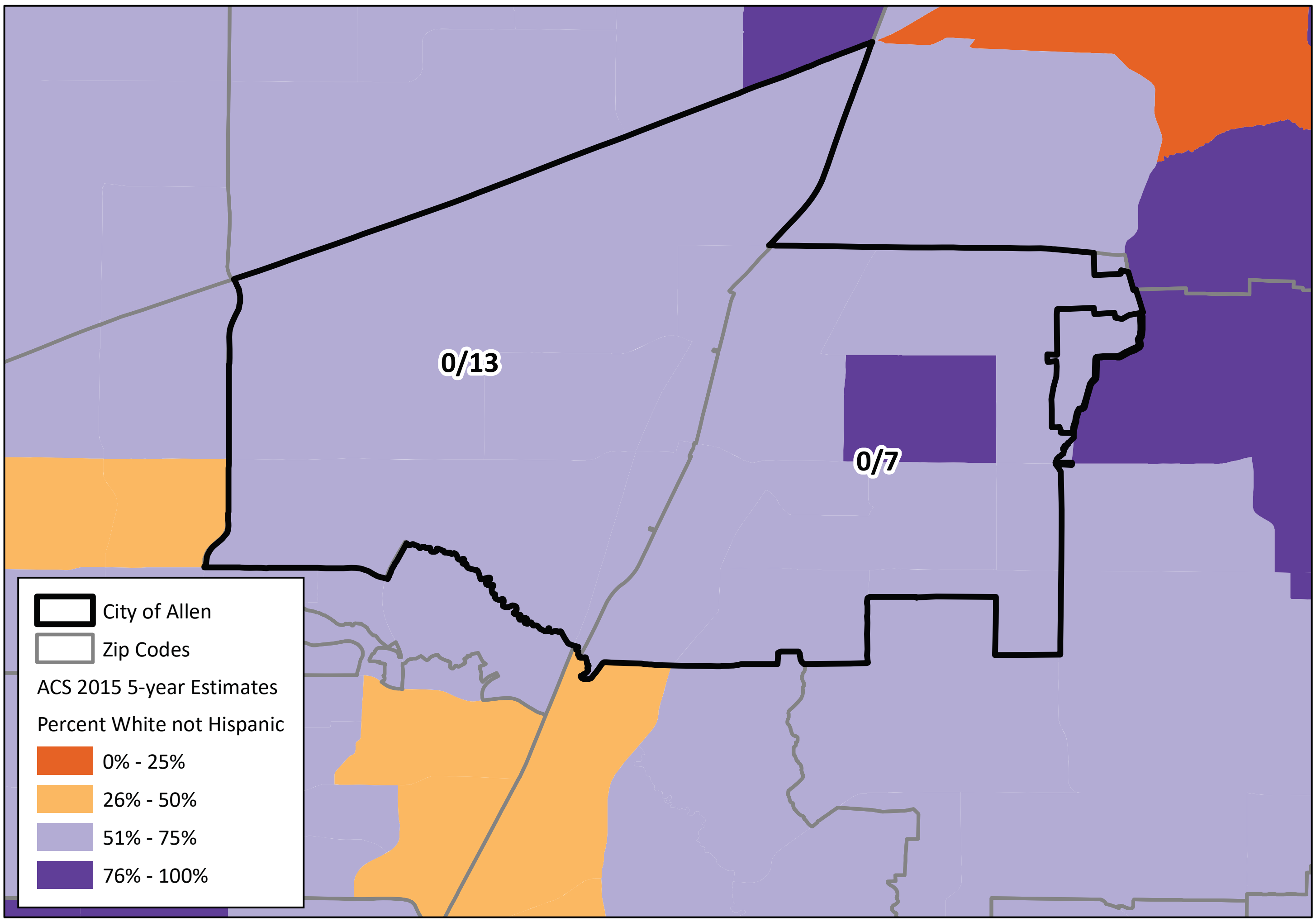
Sources: American Community Survey 2015 5-year Estimates, Table B25003; Picture of Subsidized Households 2016 by Census Tract; ICP Apartment Survey.

Town of Flower Mound
Private Multi-Family Properties Accepting Section 8 Compared to All Properties Surveyed



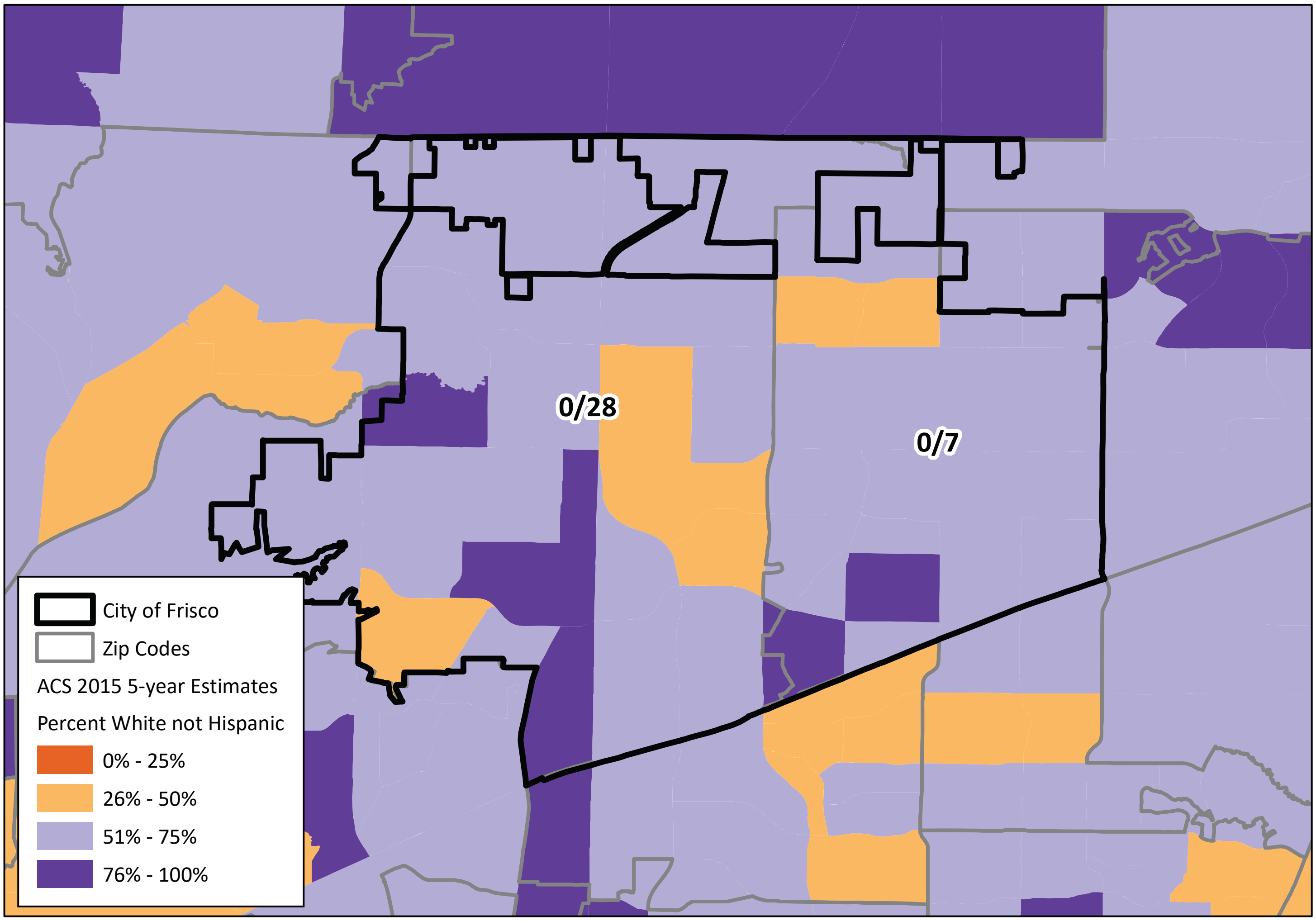
Sources: American Community Survey 2015 5-year Estimates, Table B25003; Picture of Subsidized Households 2016 by Census Tract; ICP Apartment Survey.

City of Allen
Private Multi-Family Properties Accepting Section 8 Compared to All Properties Surveyed



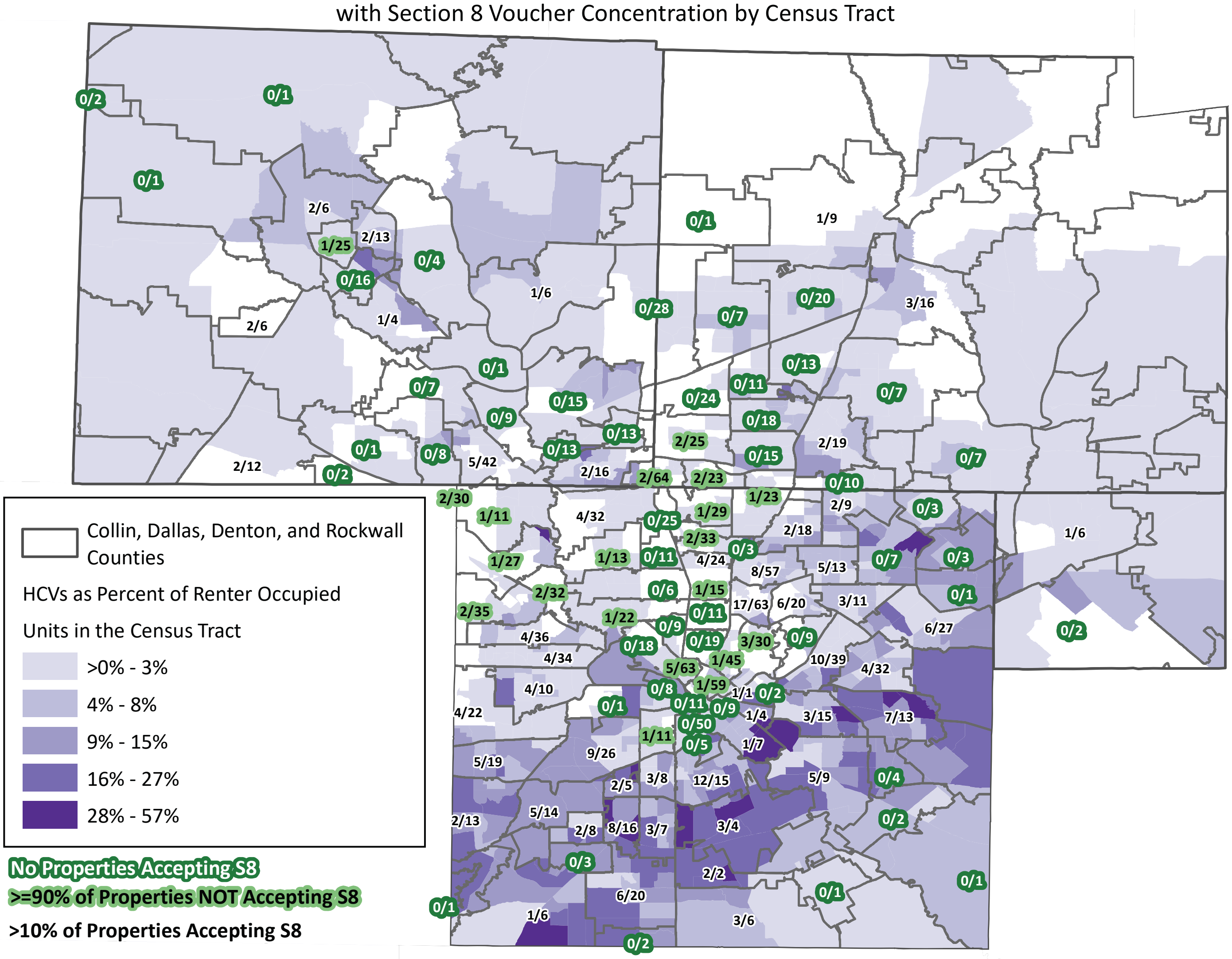
Sources: American Community Survey 2015 5-year Estimates, Table B25003; Picture of Subsidized Households 2016 by Census Tract; ICP Apartment Survey.

City of Frisco
Private Multi-Family Properties Accepting Section 8 Compared to All Properties Surveyed

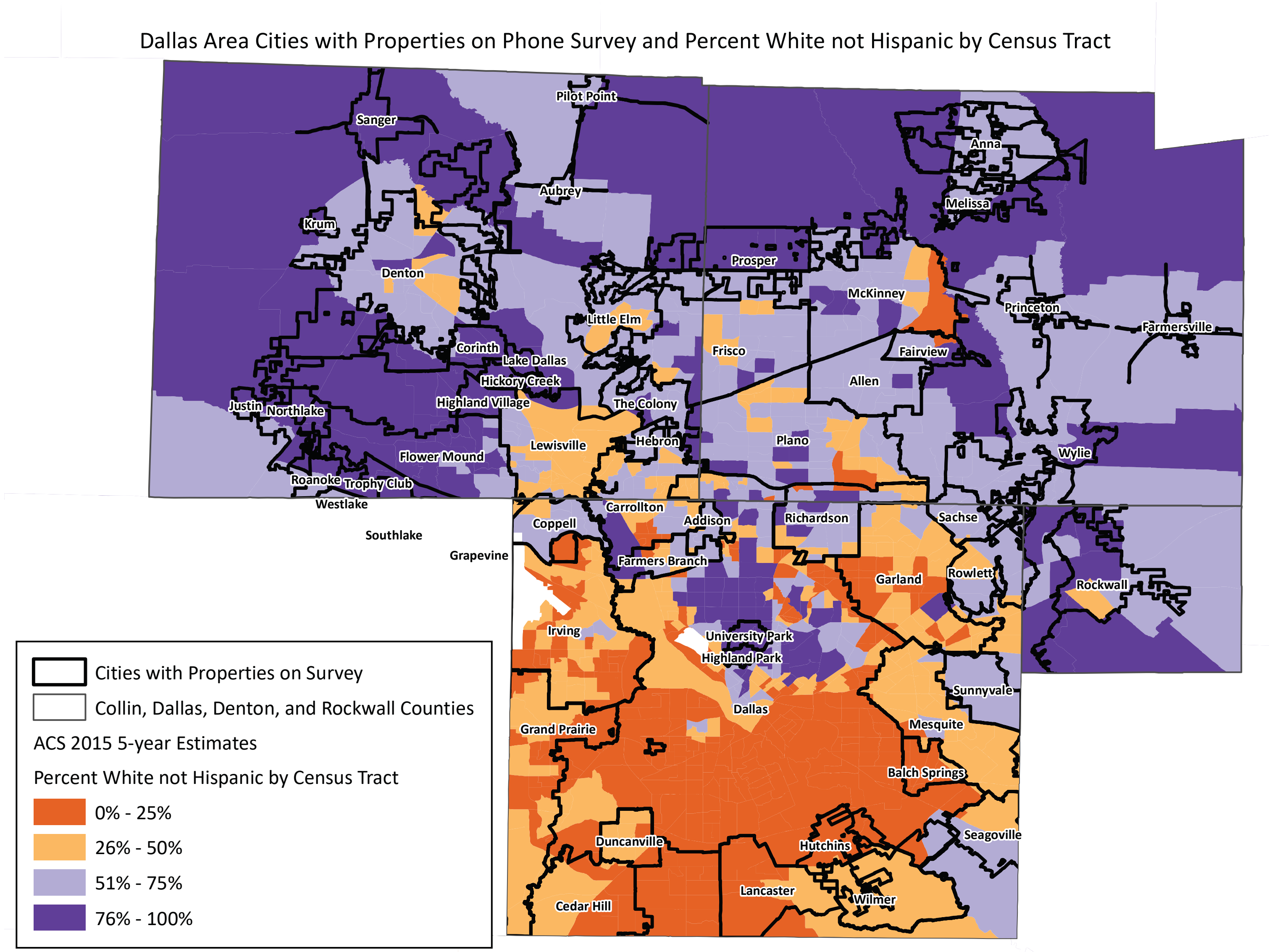


Sources: American Community Survey 2015 5-year Estimates, Table B25003; Picture of Subsidized Households 2016 by Census Tract; ICP Apartment Survey.

Private Multi-Family Properties Accepting Section 8 Compared to All Properties Surveyed with Section 8 Voucher Concentration by Census Tract



Sources: American Community Survey 2015 5-year Estimates, Table B25003; Picture of Subsidized Households 2016 by Census Tract; ICP Apartment Survey.


Dallas Area Cities with Properties on Phone Survey and Percent White not Hispanic by Census Tract
Pilot Point
Sanger
Anna
Aubrey
Melissa
Krum
Prosper
Denton
McKinney
Princeton
Little Elm
Farmersville
Corinth
Fairview
Frisco
Lake Dallas
Allen
Hickory Creek
Highland Village
The Colony
Justin
Northlake
Plano
Hebron
Lewisville
Wylie
Flower Mound
Roanoke
Trophy Club
Westlake
Carrollton
Richardson
Sachse
Addison
Coppell
Southlake
Grapevine
Farmers Branch
Garland
Rowlett
Rockwall
Irving
University Park
Highland Park
Sunnyvale
Dallas
Grand Prairie
Mesquite
Balch Springs
Seagoville
Duncanville
Hutchins
Lancaster
Wilmer
Cedar Hill
Cities with Properties on Survey
Collin, Dallas, Denton, and Rockwall Counties
ACS 2015 5-year Estimates
Percent White not Hispanic by Census Tract
0% - 25%
26% - 50%
51% - 75%
76% - 100%

19

Exhibit 25

Satisfying the Required Qualified Allocation Plan Preference in Section 42(m)(1)(B)(ii)(III) (Concerning Concerted Community Revitalization Plans)

Notice 2016-77

PURPOSE

This notice reminds taxpayers that a project is not described in § 42(m)(1)(B)(ii)(III) of the Internal Revenue Code unless its development contributes to a concerted community revitalization plan.

BACKGROUND

Section 42 sets forth rules for determining a building's amount of the low-income housing credit (LIHTC), which § 38 allows as a credit against income tax.

Section 42(h)(1)(A) provides that the amount of the credit determined under § 42 for any taxable year for any building may not exceed the housing credit dollar amount allocated to the building.

Section 42(m) requires every allocation of housing credit dollar amount to be made pursuant to a qualified allocation plan (QAP). The Code specifies certain preferences and selection criteria that each QAP must contain.

Section 42(m)(1)(B)(ii) requires every QAP to contain three preferences. Under the third of these, the QAP must give "preference in allocating housing credit dollar amounts among selected projects to … projects which are located in qualified census tracts … *and the development of which contributes to a concerted community revitalization plan*…." Section 42(m)(1)(B)(ii)(III) (emphasis added). Qualified census tracts are designated by the U.S. Department of Housing and Urban Development and are characterized by either the percentage of households below a certain income threshold or by a poverty rate above a certain threshold.

In some cases, state or local agencies allocating housing credit dollar amounts have given preference to projects that are located in qualified census tracts without regard to whether the projects contribute to a concerted community revitalization plan. In some other cases, because development of new multifamily housing benefits a neighborhood, the development of a LIHTC project, without more, has been treated as if it were such a plan.

DISCUSSION

Placing LIHTC projects in qualified census tracts risks exacerbating concentrations of poverty. Therefore, § 42(m)(1)(B)(ii)(III) grants a preference to that placement only when there is an added benefit to the neighborhood in the form of the project's contribution to a concerted community revitalization plan.

Although the Department of the Treasury and the Internal Revenue Service (the Service) have not issued guidance defining the term "concerted community revitalization plan," the preference fails to apply unless, not later than the allocation, a plan exists that contains more components than the LIHTC project itself.

REQUEST FOR COMMENTS

The Department of the Treasury and the Service are considering providing guidance to clarify the preference in § 42(m)(1)(B)(ii)(III), and they request comments from the public regarding the contents of that guidance. Comments should be submitted by February 10, 2017. Comments may be mailed to:

Internal Revenue Service
Attn: CC:PA:LPD:PR (Notice 2016-77)
Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

or hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to:

Courier's Desk
Internal Revenue Service
Attn: CC:PA:LPD:PR (Notice 2016-77)
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Alternatively, persons may submit comments electronically via e-mail to the following address:

Notice.Comments@irscounsel.treas.gov.

Persons should include "Notice 2016-77" in the subject line. All comments submitted by the public will be available for public inspection and copying in their entirety.

DRAFTING INFORMATION

The principal author of this notice is James W. Rider, Office of the Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, please contact Mr. Rider at (202) 317-4137 (not a toll-free call).

Exhibit 26

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

The Inclusive Communities Project, Inc.,	*	
Plaintiff,	*	
	*	Civil Action No. 3:14-3013-D
v.	*	
	*	
The United States Department of	*	
Treasury and	*	
Office of Comptroller of the Currency,	*	
Defendants.	*	

SECOND DECLARATION OF ANN LOTT

My name is Ann Lott. I am the Executive Director of the Inclusive Communities Housing Development Corporation (ICHDC), a wholly owned subsidiary of the Inclusive Communities Project, Inc. (ICP). This declaration incorporates by reference the Declaration of Ann Lott in the previously filed APPENDIX IN SUPPORT OF PLAINTIFF INCLUSIVE COMMUNITIES PROJECT, INC. MOTION FOR PARTIAL SUMMARY JUDGMENT, Document 65-1, pages 894 - 898.

Texas has continued to use four local veto policies in its QAP. 10 TAC § 11.9 (d)(1), (Local Government support for up to 17 points); 10 TAC § 11.9 (d) (2), (commitment of development funding by local political subdivision for 1 point); 10 TAC § 11.9 (d) (4), (quantifiable community participation showing support by local neighborhood organizations for up to nine points); 10 TAC § 11.9 (d)(5), (support from state representative for up to eight points). In the 2018 Qualified Allocation Plan Texas awards up to 34 total points for these local veto provisions. The 17 points for local government support and the eight points for state representative support (or negative points for state representative opposition) are critical to the chances of a 9% LIHTC application receiving an allocation. Without municipal support, a 4% LIHTC application cannot even be filed.

The local veto requirements have been causing the denial of allocations to units in White areas for a number of years as set out in my initial declaration and the accompanying table. The approval requirements play a direct role in the lack of LIHTC units in White areas. The operation of the local veto policies by local political subdivisions are shown in the attached documents for Krum, Frisco, and Anna. These cities are predominantly White non-Hispanic municipalities located in Denton and Collin County. But for the operation of the local veto policies, each of these applications, like the other applications in the table to my initial declaration, would have been as reasonably likely to receive a 9% LIHTC allocation as any of the applications that did receive an allocation in the 2015 9% cycle.

Another example of the operation of the local veto policies in the Texas QAP is the Preston Vue 9% application for a predominantly White census tract City of Dallas location in the 2015 9% application cycle. The attached document sets out the characteristics of all the 9% and 4% LIHTC applications filed with the City of Dallas seeking City support in 2015. Preston Vue was the only application in the 2015 9% cycle for a location in the City of Dallas that was more than 50% White non-Hispanic.

The Preston Vue project was to be located in a majority White, North Dallas city council district. The city council person for the district was opposed to application receiving city support. I and Demetria McCain met with the council person about the Preston Vue project. The councilperson was opposed to City support for Preston Vue based on the opposition of her constituents. Her email to her supporters stated that the application's failure to obtain Housing

Committee support meant that it would not obtain City of Dallas support and no more would be heard of the application. See attached.

The Preston Vue project did not receive City of Dallas support and thus was not eligible for the selection criteria points provided for such support in the TDHCA 2015 QAP. The six projects that did receive City support were all in majority minority census tracts. See attachment.

Preston Vue was the only City of Dallas project that was tied with a number of other TDHCA Region 3 applications in the 2015 9% cycle with second highest self scoring, pre-application ranking. 15-CompHTCPreAppLog-150219 January 29 (2015 pre-application log). Without the 17 points for City support, the Preston Vue 9% application would not score high enough to receive an allocation. The developer chose not to proceed with a full application given the City of Dallas refusal to support its application. But for the operation of the local veto policies, the Preston Vue application, like the other applications in the table to my initial declaration, would have been as reasonably likely to receive a 9% LIHTC allocation as any of the applications that did receive an allocation in the 2015 9% cycle.

I have personal knowledge of the present and past racial composition of the Dallas Housing Authority public housing and housing choice voucher participants and families on the waiting lists for these programs. The participants and the families on the waiting list consistently more than 80% to 85% Black or African American.

I declare under penalty of perjury that the statements in this declaration are true and correct.

Dated: May 14, 2018

Ann Lott
President, ICHDC

Exhibit 27

Comparison of percent of units in applications receiving allocations by White non-Hispanic and by MInority areas
2009 - 2017

Comparison of percent of units allocated LIHTC in Majority White non-Hispanic tracts to percent of units allocated LIHTC in Minority tracts, 2009 - 2017

Year	Percent of Applications for Units in Majority White Areas, LIHTC allocated	Percent of Applications for Units in Minority Areas, LIHTC allocated	Allocation Rate for Majority White Areas as Percent of allocation rate for Minority Areas
2009	20.1%	24.7%	81.4%
2010	18.0%	18.9%	95.4%
2011	27.9%	56.7%	49.3%
2012	6.6%	19.0%	34.8%
2013	27.5%	30.6%	89.8%
2014	31.4%	54.0%	58.2%
2015	8.6%	54.9%	15.6%
2016	15.9%	43.8%	36.4%
2017	11.1%	26.3%	42.1%

All Applications 2009 to 2017	17.1%	35.5%	48.1%
All Applications 2009 to 2013	18.6%	28.3%	65.7%
All Applications 2014 to 2017	16.2%	44.1%	36.6%

Exhibit 28

to give equal rights to all—including both housing and employment," Shafer said.

"I am hopeful that this entire package of bills will receive immediate approval in the Senate and can become law at the earliest possible moment."

OTHER BILLS APPROVED

There was only a sprinkling of opposition—mostly from Republicans—to the rest of the bills, which were approved without debate. These measures would:

—Extend the coverage of the Fair Employment Act to employers of one or more persons and to agricultural employes, except to workers who live in the personal residence of their employers. Exempt would be domestic employes. Presently, the act applies only to employers of four or more. (The vote was 175-16).

SPEEDY COURT RELIEF

—Provide for speedy court relief in cases of housing discrimination by requiring the issuance of an injunction within 30 days against disposing of a property which is the subject of a complaint. (The vote was 188-3).

—Authorize the State Human Relations Commission to initiate investigations without formal complaints, of situations which could result in racial tension or rioting, providing the majority of the commissioners agree, and providing that an enforceable order can be written only if there is a formal complaint. (The vote was 176-16).

PENALTIES FOR BIAS

Provide strict penalties for discrimination by real estate brokers or real estate agents. (The vote was 176-15).

—Provide a procedure for reporting cases of discrimination in professions licensed by the Commonwealth to the appropriate licensing board or commission. (The vote was 182-10).

Prior to the voting on the bills, Rep. Freeman Hankins (D., Phila.) called upon the House to pass the measures without hesitation.

MUST MEET CHALLENGE

"The course of this summer's events have driven this House to center stage—we must rise to a clear and urgent challenge," Hankins said.

Hankins drew a stinging reply from Rep. Jules Filo (D., Allegheny)—who then proceeded to vote for all the civil rights bills anyway.

"The main issue is not legislation, but jobs for those who want to work," Filo said. "Not one of our Negro colleagues has risen to condemn Stokely Carmichael or H. Rap Brown or Dick Gregory.

"The colored people have got to lift themselves up—we cannot do it in the halls of this House."

ON PAR WITH MARYLAND

Dager told the House that his amendment to the open housing bill would put Pennsylvania on a par with Maryland's new law, and that "the reservoir" of housing available to minority groups would grow as new homes are built.

The Democratic whip, Rep. K. Leroy Irvis, of Allegheny, said Dager was saying in effect, "permit us our discrimination now and by the year 2000 or 2500, all will be fair and just."

"Well, I don't want to wait until the year 2000 for the promised land," Irvis said.

JOINS IN OPPOSITION

Irvis was joined by majority leader Lee A. Donaldson (R., Allegheny), who also asked the House to reject Dager's amendment.

"Certainly, it would put us on a par with Maryland," Donaldson said. "But we are, and will remain, ahead of Maryland."

After the votes were taken, Donaldson rose to compliment the House on the "momentous" action.

"I concur with the majority leader," Irvis, the ranking Negro in the General Assembly, replied.

"You have strengthened the hands of those of us who stand for law and order. I congratulate those who voted against the bills, for they were showing the courage of convictions."

HOUSE SPEEDS RIGHTS PACKAGE TO PASSAGE TODAY

HARRISBURG, August 8.—The House gave second reading Tuesday to six civil rights bills—including the highly controversial open housing legislation—and put them in position for final passage on Wednesday.

Majority Leader Lee A. Donaldson (R., Allegheny) said the Republicans would caucus on the bills once again after the House convenes at 10 A.M. The bulk of the votes is expected to come from the Democratic side of the aisle, however.

Minority Whip K. Leroy Irvis, a Negro Democrat from Pittsburgh who has served as floor manager for the measures even though three of them are Administration-inspired, said he was optimistic "if they run the bills on Wednesday."

On three of the bills, there were technical amendments Tuesday—none of which was contested or debated. The others were given their second reading.

Besides the open housing legislation, which extends antidiscrimination coverage to all individual residences, the measures would:

Extend antidiscrimination provisions to employers of one or more persons and to agricultural employes, except when the employe lives in the personal residence of the employer.

Require the issuing, within 30 days, of an injunction against disposing of a property which is the subject of a discrimination complaint.

Give the human relations commission the power to initiate investigations of racially tense situations on its own motion. Irvis considers this one of the key measures in the package.

Require the human relations commission to notify state licensing authorities of actions by licensees which are found to be in violation of the law.

Impose penalties on real estate dealers who offer to maintain discriminatory conditions of sale.

Meanwhile, two State-wide organizations with different aims got together and issued a statement calling the civil rights package "totally worthless to the people of Pennsylvania in present form."

The Pennsylvania Equal Rights Council, through Mrs. Marguerite I. Hofer, of Pittsburgh, its president, contended most of the measures "have been reduced to an empty gesture."

And Herbert M. Packer, Jr., executive vice president of the Pennsylvania Home Builders Association, insisted the same treatment should be given those dealing in new homes as those renting used ones.

Mr. CASE. Mr. President, will the Senator yield?

Mr. MONDALE. I yield.

Mr. CASE. Mr. President, I commend my colleague from Minnesota on his statement. I am glad to join with him and other colleagues to urge enactment of meaningful legislation to insure both fair and open housing for all Americans. There can be no doubt that unequal housing, resulting from discriminatory and closed housing policies, contributes to the intolerable conditions of life in many of this Nation's greatest urban areas. The impacted racial ghetto, with its segregated overcrowded living conditions, inherently unequal schools, unemployment and underemployment, appalling mortality and health statistics, inevitably gives rise to hopelessness, bitterness, and, yes, even open rebellion of those imprisoned within its confines. Surrounded by affluent suburbia, is it any wonder the ghettos of our cities seethe with explosive discontent, racial alienation, and tension?

It is an ironic and bitter fact that the Federal Government has helped to build our urban ghettos, both directly and indirectly.

In some cases, Federal financing of public housing, coupled with nonenforcement of Executive Order No. 11063, has brought increased segregation in so-called vertical slums.

In other cases, urban renewal projects have displaced hundreds and thousands of persons and left them no choice but to crowd into already overcrowded slums.

It is not lack of money alone that prevents the ghetto resident from moving out. Time and time again, it has been demonstrated that he is likely to pay a disproportionate rent for a squalid dwelling place. Rather, it is a bar based on color alone that, regardless of other factors, makes it so difficult for the Negro to secure decent housing.

Some of the States already have open housing legislation. In my own State of New Jersey our statutes trace back to 1950. But progress is still agonizingly slow. It proceeds on a case-by-case basis and puts upon the member of the minority group a heavy burden of proof.

For example, if I may at this point, I ask unanimous consent to insert in the RECORD an article from the New York Times of August 16 which relates the story of two Negro sisters who have been thwarted 3 years in efforts to buy a house. This is in a State which has what is regarded as a more modern fair housing law.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TWO NEGRO SISTERS THWARTED 3 YEARS IN EFFORTS TO BUY HOUSE

(By Edith Evans Asbury)

Two Negro sisters—a welfare supervisor and a registered nurse—are still "camping out" among packing boxes and crates after trying for nearly three years to buy a house in an all-white neighborhood in Brooklyn.

"We have tried every legal means; we have been thwarted at every turn; we simply cannot believe this is happening—but it is," Mrs. John Braithewaite declared yesterday in an interview in their crowded apartment.

Mrs. Braithewaite, who is employed by the city's Department of Social Services, is the wife of a merchant mariner and the mother of two boys. And, she said, she is "sick and tired of being cramped in this small place in Bedford-Stuyvesant."

Her sisted, Mrs. Ellen Creasey, is a registered nurse who was formerly assistant supervisor of nurses at Coney Island Hospital. Together they undertook to buy a new house in 1964.

They found a two-family new house in the Canarsie section of Brooklyn in November, 1964, priced at $38,490, and they offered to buy it.

"It suited all our requirements," Mrs. Braithewaite recalled yesterday, in her apartment at 209 Hancock Street. "A large apartment for my family, a small one for my sister; a garage for her; near good schools for may issue such supplemental orders as he considers appropriate to encourage compliance with such order. Supplemental orders may include an order to forfeit not more than $50 for each day during which the person found to have disobeyed an order continues to disobey it. Moneys so forfeited shall be paid into the Treasury of the United States.

"(b) At any time after he has issued an order the Secretary may petition a court for its enforcement. Within thirty days after the Secretary has given notice to all respondents and persons aggrieved of his decision on the last appeal to him which is available with respect to a final order isued under subsection (c) of section 11, or within five days after he has given such notice with respect to a temporary order issued under subsection (d) of section 11 or a supplemental order issued under subsection (a) of this section, a respondent or person aggrieved may petition a court for review of any such order. The filing of a petition for enforcement or review shall not in itself operate to stay an order. Petitions for enforcement or review of final orders, other than final orders based on voluntary settlements, shall be to the United States court of appeals for the circuit in which the discriminatory housing practice occurred or in which the respondent resides or transacts business. Petitions for enforcement or review of voluntary settlements, of temporary orders issued under subsection (d) of section 11 or of supplemental orders issued under subsection (a) of this section shall be to the United States district court for the district in which the discriminatory housing practice occurred or in which the respondent resides or transacts business; except that when enforcement or review is sought concurrently both for orders that should be brought before a district court and for orders that should be brought before a court of appeals, the petition with respect to all such orders shall be to the appropriate court of appeals.

"(c) Promptly after he petitions for enforcement or after he receives notice that a petition for review has been filed, the Secretary shall file in the court a copy or the original of the portions of the record which are material to the petition for enforcement or review. Upon the filing of a petition the court shall conduct further proceedings in conformity with sections 701 to 706 of title 5 of the United States Code, shall cause notice of the filing to be served upon all parties and persons aggrieved and shall thereupon have exclusive jurisdiction of the proceedings. It shall have power to grant such stays, temporary relief or restraining orders as it deems proper, to affirm, modify, or set aside the findings or orders of the Secretary in whole or in part, or to remand the case to the Secretary for further proceedings. The findings of fact of the Secretary shall be conclusive if supported by substantial evidence. Enforcement or review shall be upon the record which the order was based, except that the court may, in its discretion, take additional evidence upon a showing that it was offered to and improperly excluded by the Secretary or could not reasonably have been produced before him or was not available.

"(d) The Attorney General shall conduct all litigation to which the Secretary is a party pursuant to this Act.

"EFFECT ON STATE LAWS

"SEC. 15. Nothing in this Act shall be construed to invalidate or limit any law of a State or political subdivision of a State, or of any other jurisdiction in which this Act shall be effective, that grants, guarantees, or protects the same rights as are granted by this Act; but any law of a State, a political subdivision, or other such jurisdiction that purports to require or permit any action that would be a discriminatory housing practice under this Act shall to that extent be invalid.

"COOPERATION WITH STATE AND LOCAL AGENCIES ADMINISTERING FAIR HOUSING LAWS

"SEC. 16. The Secretary may cooperate with State and local agencies charged with the administration of State and local fair housing laws and, with the consent of such agencies, utilize the services of such agencies and their employees and, notwithstanding any other provision of law, may reimburse such agencies and their employees for services rendered to assist him in carrying out this Act. In furtherance of such cooperative efforts, the Secretary may enter into written agreements with such State or local agencies, and such agreements may include provisions under which the Secretary shall refrain from issuing complaints in any class of cases specified in such agreements. The Secretary shall terminate any such agreement whenever he determines that it no longer serves the interest of effective enforcement of this Act. All agreements and terminations thereof shall be published in the Federal Register.

"APPROPRIATIONS

"SEC. 17. There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this Act.

"SEPARABILITY OF PROVISIONS

"SEC. 18. If any provisions of this Act or the application thereof to any person or circumstances is held invalid, the remainder of the Act and the application of the provision to other persons not similarly situated or to other circumstances shall not be affected thereby."

Mr. MONDALE. Mr. President, the Senator from Massachusetts [Mr. BROOKE] and I jointly submit this amendment for ourselves, Mr. PROXMIRE——

Mr. STENNIS. Mr. President, may we have order so that Senators may hear?

The VICE PRESIDENT. The Senate will be in order. Attachés will please take their seats. The Senator will withhold until order is restored.

The Senator from Minnesota may proceed.

Mr. MONDALE. Mr. President, the Senator from Massachusetts [Mr. BROOKE] and I jointly submit this amendment for ourselves, Mr. CASE, Mr. PROXMIRE, Mr. MUSKIE, Mr. WILLIAMS of New Jersey, Mr. LONG of Missouri, Mr. MCGEE, Mr. NELSON, and possibly other members of the Committee on Banking and Currency.

Mr. President, I ask unanimous consent to have printed in the RECORD a summary of the proposed amendment, questions and answers describing the proposed fair housing amendment, with the exception of the Mrs. Murphy exception, and a summary of the constitutional arguments which establish, in my opinion beyond doubt, the constitutionality of the Fair Housing Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONDALE. I thank the Presiding Officer.

There being no objection, the items requested ordered to be printed in the RECORD, as follows:

THE PROPOSED FAIR HOUSING ACT OF 1967: SUMMARY

The Act would gradually prohibit discrimination on account of race, color, religion or national origin in the sale or rental of housing. Housing already subject to the President's Order on Equal Opportunity in Housing would be covered immediately. Housing held for sale or rent by someone other than its occupant and housing for five or more families would be covered from and after January 1, 1968. All housing other than exempted housing of religious institutions would be covered from and after January 1, 1969, with the exception of the "Mrs. Murphy" provision.

The Act would also prohibit "blockbusting," discrimination in the financing of housing, discrimination in the provision of services or admission to membership by real estate organizations, and interference with or threats against persons enjoying or attempting to enjoy any of the rights which the Act grants or protects.

Responsibility for administration and enforcement would rest with the Secretary of Housing and Urban Development. He would use the time during which the enforcement provisions gradually went into effect to consult with housing industry leaders and state and local officials and otherwise carry on educational and consultation activities.

The Secretary would be required to seek a voluntary solution in every case. If his attempt was unsuccessful, he would be authorized to issue a complaint, hold hearings and, if the evidence disclosed that discriminatory acts had occurred, issue orders granting appropriate relief. All orders of the Secretary would be subject to judicial review.

A person who believed that he had been injured by a discriminatory housing practice could file a charge with the Secretary. The Secretary would not be required to conciliate or to issue a complaint on the basis of every charge so filed, but if he did not, the person filing the charge could commence an action himself in any court of competent jurisdiction.

The Attorney General would be empowered to initiate suits in United States district courts to eliminate patterns or practices of housing discrimination. The Secretary could cede his jurisdiction to state or local fair housing agencies in appropriate cases or cooperate with them without ceding his jurisdiction.

QUESTIONS AND ANSWERS ON THE PROPOSED FAIR HOUSING ACT OF 1967

1. *Who will be covered?*

The Act will cover brokers, property owners, managers and anyone else who participates in the sale, rental or financing of housing.

2. *What are the stages of coverage?*

The first stage is federally assisted housing—essentially, housing with FHA or VA-guaranteed mortgages or public housing. This is the same housing which is already covered by the President's Order on Equal Opportunity in Housing of November 20, 1962 (Exec. Ord. 11063). (The implementation of that Order by federal agencies, however, has not been quite as broad as the Order itself. In particular, because they lacked sufficient enforcement personnel, the agencies exempted owner-occupied one- and two-family homes.)

The second stage, from and after January 1, 1968, is housing held for sale or rent by someone other than its occupant and housing for five or more families, whether or not one of its occupants is its owner.

The third stage, from and after January 1, 1969, is all housing. (But religious institutions could continue to give preference in housing to persons of their own religion.)

The Act's prohibitions against discrimination in the financing of housing, and in membership in, or obtaining the services of, real estate organizations will *not* become effective in stages. They go completely into effect on and after January 1, 1968. To have put them into effect in stages would not have made sense. For example, how can a real estate organization not discriminate as to membership only with respect to five-family homes?

The Act's provision against threats or coercion of persons who exercise the rights it grants or protects becomes effective imdiately. Thus, as the previous rights become effective, in stages or from and after January 1, 1968, this provision will come into effect to protect persons in their exercise of them.

3. *Why does the Act go into effect only gradually?*

Responsibility for enforcement of the Act will rest with the Department of Housing and Urban Development, which already has the responsibility for enforcing the President's Order on Equal Opportunity in Housing. Thus, the Department can begin the first stage of enforcement with very little "tooling up," because the first stage of coverage is identical to the coverage of the President's Order. The next two stages of coverage are timed to coincide, roughly, with the time it will take the Department to hire and train its new personnel and establish its operational procedures.

The delay will also permit the Department of Housing and Urban Development to carry on educational and consultation activities, to acquaint the housing industry and the country generally with the provisions of the Act before it goes into effect.

4. *What exemptions does the Act have?*

There is an exemption to permit religious institutions or schools, etc., affiliated with them, to give preference in housing to persons of their own religion despite the Act. But religions whose membership is limited to persons of particular races, colors or national origin are not permitted to make use of this exemption.

There is a "Mrs. Murphy" exemption. And, insofar as a homeowner honestly chooses a roomer on the basis of personal friendship, or because he is a relative, for example, he would not violate the Act. The act forbids refusals only on the basis of "race, color, religion or national origin."

5. *How will the Act be enforced?*

Primary responsibility for enforcement is vested in the Department of Housing and Urban Development. It will establish local offices throughout the country for this purpose as needed. The Department will employ hearing examiners, who will be appointed and will serve in accordance with the Administrative Procedure Act.

Persons who believe they have been discriminated against may file a charge with the Department. If the Department decides to process the charge, it will so notify the person. If it decides not to, or fails to give notice within 30 days, the person can bring his own action in any court of competent jurisdiction.

The Department must always first try to settle a charge voluntarily, by conciliation and agreement. Only if that fails can it issue a complaint and hold hearings.

The Attorney General will also be empowered to enforce the Act, but only when a "pattern or practice" of resistance to its provisions is found to exist.

6. *Will persons who disagree with the Department of Housing and Urban Development's interpretation of the Act have any recourse?*

All orders of the Department will be subject to review by the Federal courts. In addition, the Department will be subject to the provisions of the Administrative Procedure Act in all its operations under the Fair Housing Act.

7. *What effect will the Act have on State or local fair housing laws?*

None. It will leave them in effect. In appropriate cases, the Department of Housing and Urban Development may even cede its jurisdiction to State or local agencies, or cooperate with them in joint operations.

8. *What effect would the Act have on the President's Order on Equal Opportunity in Housing (Exec. Ord. 11063)?*

None. It will leave it in effect. However, once the Act becomes fully effective, the Order will no longer be necessary, because the Act will cover everything which it covers, and more. The President will then presumably rescind the Order.

9. *Does Congress have the constitutional power to prohibit discrimination in housing?*

Yes. Supreme Court decisions clearly state that Congress has this power both under the Fourteenth Amendment and the Commerce Clause. A summary of these decisions has been prepared and is available.

10. *Will the Act prohibit "blockbusting"?*

Yes. Section 4(e) prohibits blockbusting.

11. *Will the Act make it a crime to discriminate in housing?*

No. All its enforcement provisions are civil in nature. An individual who disobeys the Act and refuses voluntarily to correct the harm he has done may be ordered by the Department of Urban Development (or, if necessary, by a court) to take appropriate action, but such orders cannot include fines, imprisonment or other criminal punishment.

12. *Why does the Act cover religious as well as racial, color, and national-origin discrimination?*

Although discrimination on religious grounds is not a major problem in housing, it nevertheless exists and is appropriately dealt with along with the other forms of discrimination.

13. *Will not the passage of a Fair Housing Act lower property values?*

No. Careful, well documented studies have shown that in the overwhelming majority of cases property values in unsegregated neighborhoods actually rise slightly faster than property values in all-white neighborhoods. The only general exception is when panic selling occurs, and even then the drop is temporary. The Act deals with this exception, too, by prohibiting "blockbusting"—the practice of frightening homeowners into selling at a low price by telling them that their neighborhood is, or is about to be, integrated.

State and local fair housing laws have been in existence for several years, and in no area have there been reports that property values have fallen on that account.

14. *Would the Act prohibit a person from refusing to sell or rent for any reason other than race, color, religion or national origin?*

No. Other reasons for refusing would continue to be as valid as they are now. For example, property owners will continue to be free to refuse to sell or rent to people who cannot meet the price, who have bad credit ratings, who fail to provide adequate character or financial references, etc.

15. *Will a person against whom a complaint of discrimination is issued have to prove that he did not discriminate?*

No. The burden of proof rests on the Department of Housing and Urban Development, or the complaining person, to prove that the defending person *did* discriminate on the basis of race, color, religion or national origin.

FAIR HOUSING ACT OF 1967

SUMMARY OF CONSTITUTIONAL BASES

The Constitution provides two independent bases of support for Federal fair-housing legislation: the Fourteenth Amendment and the Commerce Clause.

THE 14TH AMENDMENT

Section 1 of the Fourteenth Amendment includes the Equal Protection Clause, which forbids a State to deny to any person within its jurisdiction the equal protection of the laws, and Section 5 of the Amendment reads:

"The Congress shall have power to enforce, by appropriate legislation, the provisions of this article [*i.e.*, of this Amendment.]"

One kind of law which Congress may validly enact to enforce the Equal Protection Clause is a law to remove obstacles in the way of persons' securing the equal benefits of government—benefits which a State could not discriminatorily deny them without violating the Clause itself. *Katzenbach* v. *Morgan*, 384 U.S. 641. A law prohibiting discrimination in housing on account of race, color, religion or national origin is such a law because discrimination in housing forces its victims to live in segregated areas, or "ghettoes," and the benefits of government are less available in ghettoes.

That the benefits of government are less available in ghettoes can be amply documented. The ghetto child is more likely to go to an inferior school. His parents are more likely to lack adequate public transportation facilities to commute to and from places of work, and so will miss employment opportunities. Local building and housing laws are not, or cannot be, effectively enforced in ghettoes. Federal subsidies for private housing bypass the ghetto and flow instead to the suburbs. Freeways are typically routed through ghettoes, because land there is cheaper and their inhabitants less able to organize politically to oppose them. Most significantly of all, law enforcement is least effective in the ghetto, although it is there that it is needed most. The slum inhabitant must take for granted that he and his children live in continual danger of physical attack.

It is no objection to its validity that Federal fair housing legislation would prohibit private acts of discrimination in housing as well as discrimination by State or local governments. The objection arises from a false analogy between judicial enforcement and congressional enforcement of the Equal Protection Clause. The power of a court to enforce the Clause arises directly from the Clause itself, which speaks only of what States are forbidden to do. Hence, the courts can only forbid action by States (or their local subdivisions). But the power of Congress to enforce the Clause arises from Section 5 of the Fourteenth Amendment (quoted *supra*), from which grants a legislative power, and legislative powers are exercisable in accordance with the Necessary and Proper Clause. That Clause grants Congress the power, "To make all Laws which shall be necessary and proper for carrying into Execution . . . all . . . Powers vested by this Constitution in the Government of the United States, . . ." (The Constitution, Article I, Section 8, Clause 18.)

The scope of the Necessary and Proper Clause has been settled at least since Chief Justice Marshall formulated it in 1819 (*McCulloch* v. *Maryland*, 4 Wheat. 316). It is amply broad enough to include laws affecting private conduct as well as laws forbidding actions by State or local governments. *Katzenbach* v. *Morgan, supra*, 384 U.S. at 648–51; *United States* v. *Guest*, 383 U.S. 745, 762, 782–84.

THE COMMERCE CLAUSE

Housing is one of America's principal industries. In 1965, it added $27.6 billion of new investment to the economy—more, for example, than the $22.9 billion contributed that same year by all American agriculture. And a large part of the housing industry is interstate. Forty-one million tons of lumber and finished wood stock were shipped in the United States in 1963, and forty-three per cent of it was shipped 500 miles or more. About one out of six residential mortgages are on property located in a different state from that of the mortgage lender. Every year more than two million people move their place of residence from one state to another.

The meaning of these statistics was illustrated by the testimony last year of Mr. William J. Levitt to Subcommittee No. 5 of the House Judiciary Committee. Mr. Levitt is the President of Levitt & Sons, Inc., a major builder of homes, and is a supporter of fair housing legislation. He testified:

"Perhaps 80 per cent of the materials that go into our houses come from across state lines."

"With the possible exception of the New York Community that we are building now, every other community in which we build receives its financing from a state other than the one in which it is located."

"75 to 80 per cent" of Levitt & Sons' advertising is interstate.

"Out-of-state purchasers run from about 35 to 40 per cent, on the low side, to some 70 per cent, on the high side."

Discrimination in housing affects this commerce in several ways. The confinement of Negroes and other minority groups to older homes in ghettoes restricts the number of new homes which are built and consequently reduces the amount of building materials and residential financing which moves across state lines. Negroes, especially those in the professions or in business, are less likely to change their place of residence to another state in order to obtain better employment positions when housing discrimination would force them to move their families into ghettoes. The result is both to reduce the interstate movement of individuals and to hinder the efficient allocation of labor among the interstate components of the economy.

The Commerce Clause grants Congress the power to protect interstate commerce from adverse effects such as these. *Katzenbach* v. *McClung*, 379 U.S. 294. Its power to do so is not restricted to goods actually in transit. *Labor Board* v. *Jones & Laughlin Steel Corp.*, 301 U.S. 1, 36-37. Nor does it matter that when Congress exercises its powers, its motive is not solely to protect commerce. It can as validly act for moral reasons. *Heart of Atlanta Motel* v. *United States*, 379 U.S. 241, 257. And it does not matter that the effects against which Congress legislates may be minor or that, taken individually, they are insignificant. The constitutional basis is present so long as the effects on commerce, taken as a whole, are present in measurable amounts. *Wickard* v. *Filburn*, 317 U.S. 111, 125 (Agricultural Adjustment Act of 1938 applied to a farmer who sowed only 23 acres of wheat and sold none of it in interstate commerce, because it nevertheless affected how much other wheat would be shipped in interstate commerce.) *Mabee* v. *White Plains Publishing Co.*, 327 U.S. 178. (Fair Labor Standards Act applied to a newspaper whose circulation of 9000 copies included only 45 copies mailed to another state.)

Mr. MONDALE. Mr. President, we submit it as an amendment to H.R. 2516, the pending bill, to protect civil rights workers. The amendment is title IV of the Civil Rights Act. It would extend the principle of fair housing to the sale and rental of real estate in our country.

It is very clear at this point that this will be our only opportunity for Senate consideration of civil rights legislation in this session. It is also clear that there simply will not be time for the Senate Banking and Currency Committee to act on S. 1358, the proposed Fair Housing Act, so that it might be considered and acted upon during this debate.

Senator BROOKE and I have therefore prepared S. 1358 as an amendment to H.R. 2516, and offer it with but one change. We have included the so-called Mrs. Murphy amendment which was contained in the Civil Rights Act of 1966, as passed by the House in 1966. This would exempt from coverage the sale or rental of owner-occupied dwellings of up to four units—approximately 2.3 million dwellings in our country. In doing so, we are aware that the Banking and Currency Committee has not had executive sessions on the bill, but I am pleased to announce that a majority of the members of that committee support the proposal.

The Banking Committee sponsors of the amendment are myself, the Senator from Massachusetts [Mr. BROOKE], the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Maine [Mr. MUSKIE], the Senator from New Jersey [Mr. WILLIAMS], the Senator from Missouri [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], and the Senator from Illinois [Mr. PERCY].

It is a clear majority of the membership of the Banking and Currency Committee that joins me in sponsoring a fair housing amendment.

Mr. SYMINGTON. Mr. President, I cannot hear the speaker.

The PRESIDING OFFICER. (Mr. YOUNG of Ohio in the chair). Let there be order in the Chamber.

Mr. MONDALE. Mr. President, we are most hopeful that the Senate will give careful and thorough consideration to this fair housing amendment, because in our judgment the case for it is compelling.

There is no doubt that national fair housing legislation is a controversial issue, but the grave urgency of the urban crisis requires immediate congressional action. The barriers of housing discrimination stifle hope and achievement, and promote rage and despair; they tell the Negro citizen trapped in an urban slum there is no escape, that even were he able to get a decent education and a good job, he would still not have the freedom other Americans enjoy to choose where he and his family will live.

Outlawing discrimination in the sale or rental of housing will not free those trapped in ghetto squalor, but it is an absolutely essential first step which must be taken—and taken soon. For fair housing legislation is a basic keystone to any solution of our present urban crisis. Forced ghetto housing, which amounts to the confinement of minority group Americans to "ghetto jails" condemns to failure every single program designed to relieve the fantastic pressures on our cities. No amount of education aid will repair the inherent weakness of segregated schools, whether de jure or de facto. No amount of money spent on manpower training or jobs will eliminate ghetto unemployment when the jobs are moving to the suburbs. Declining tax base, poor sanitation, loss of jobs, inadequate educational opportunity, and urban squalor will persist as long as discrimination forces millions to live in the rotting cores of central cities.

Even more important, our failure to abolish the ghetto will reinforce the growing alienation of white and black America. It will insure two separate Americas constantly at war with one another, increasingly unable to come to terms on any issue.

There is a critical debate now underway in the ghetto. The issue is quite simple—whether there is any basic decency in white America and whether white America ever really intends to permit equality and full opportunity to black Americans, with all that that equality and opportunity involves. We believe that our continuing failure to put an end to segregated housing lends a powerful argument to the black separatists and black racists, and can only speed the process of separation and alienation.

Finally, there are two new and hopeful trends which are worthy of special attention. There is growing evidence of changing attitudes on the part of both the public and the real estate industry. Twenty-two States have adopted fair housing laws, five of them during 1967. In addition, 84 cities, villages, and counties, together with the District of Columbia, have adopted fair housing ordinances. Forty-three of these were adopted during 1967. Most of these laws and ordinances have serious shortcomings in coverage and enforcement, and may even be tokenistic frauds, they are important in informing the Congress that local communities recognize the need and desirability of taking a stand on fair housing.

This community acceptance does affect housing policies. The Department of Defense testified, in respect to its efforts to promote desegregated off-base housing, that the existence of a State law or local ordinance created a better climate of cooperation on the part of the local community and landlords in the community. With this important shift in public understanding of the issue, the Congress should proceed to pass an adequate, comprehensive law which provides equal coverage for all areas of the country.

Representatives of significant segments of the real estate industry indicated during hearings last summer that the viewpoint of the industry may be changing, and that many realtors no longer accept the myths about fair housing, and are arguing for a change in national policy. They emphasized with equal vigor that fair housing legislation must be national and uniform in coverage.

It is our hope that we will be able to discuss this amendment fully and completely, and after that time, proceed to a vote on its merits. In 1966, a majority of the Senate voted for cloture on a bill containing fair housing legislation, and we believe that a majority of the Senate would approve this measure in a vote on its merits.

Mr. President, while it is true that the Banking and Currency Committee has not had an opportunity to act formally on the proposal which I offer with the sponsorship of the Senator from Massachusetts [Mr. BROOKE] and others—a majority of that committee—to the Senate today, we did have sweeping, impressive, and thorough hearings before that committee.

Those hearings have been printed and are available to the Members of the Senate. The hearings were held on August 21, 22, and 23, of last year.

The record made at those hearings, in my opinion, represents the final and complete argument in favor of the adoption of the amendment which we propose today. The hearings brought together, under one cover, a host of new evidence and information that showed the importance of this proposal, its necessity, and its workability.

The hearings established several points.

The first point established is that fair housing is an essential and indispensable ingredient if we are going to solve the problems of American cities.

Witness after witness, from Roy Wilkings to leaders in the real estate industry, increased in 85 percent of the relevant cases. If there is any truth to this myth at all, it is rooted in the unequal access which Negroes have had to housing; this inequality has made possible the worst forms of price gouging on the one hand and blockbusting on the other. Where the entire housing stock is open to all Americans, it is wholly reasonable to expect a neutral impact on housing prices.

There are also some few who raise the claim that the Government is already moving rapidly enough in this field. True enough, between 1950 and today the Federal Government has completely reversed its racial policy, moving from officially sanctioned housing discrimination to a Presidential order in 1962 nominally eliminating discrimination in federally assisted housing. Yet the effect of these moves has been minimal. In 1962 nearly 80 percent of federally subsidized housing remained occupied by one race. And today the Executive order covers only a fraction of the total housing stock. Secretary Weaver estimates that only 40 percent of the stock has been subjected to Federal nondiscrimination rules. We are all familiar with the dreary cycle of the middle-class exodus to the suburbs and the rapid deterioration of the central city. I firmly believe that nothing is so essential to breaking this cycle than prompt action on fair housing legislation.

As the exodus has progressed, more and more jobs and businesses have followed the middle class to the suburbs. The tax base on which adequate public services, and especially adequate public education, subsists has fled the city, leaving poverty and despair as the general condition of the ghetto dwellers. We cannot immediately recreate adequate services in the central city, but we must move toward that goal. At the same time we can and should make it possible for those who can to move to where the better schools and services, the decent homes and jobs are most plentiful. That is the simple purpose of this bill.

Fair housing legislation has been labeled "forced" housing. I believe that the true "forced" housing is exactly that situation in which the ghetto dwellers find themselves—trapped in the slums because they can go nowhere else. The States are concerned that the Federal Government is attempting a further usurpation of their power. But if the States are not inclined to follow the doctrine of the 14th amendment surely the Federal Government has the duty to insure that they can no longer ignore it.

Mr. President, finally, some are worried that this legislation will both invade their privacy and tamper with their right to sell their homes to whom they please. On the contrary, this bill is aimed not at privacy but at commercial transactions. It will prevent no one from selling his house to whomever he chooses so long as it is personal choice and not discrimination which affects his action.

With the enactment of the Civil Rights Act of 1964 there came a gradual but basic shift in attitude toward discrimination in public accommodations. It is my hope and my prayer that the American people will respond to the passage of open housing legislation in the same spirit. The job that faces us is one that must be done.

Mr. President, Negroes in big cities usually pay rent just as high as most whites, but receive much less for their money. Moreover, since they have lower income, paying equal rents works a greater hardship on them. These conclusions can be demonstrated by data from the 1960 census for Chicago.

There both whites and nonwhites paid median rents of $88, and proportions paying rents below that median were almost identical. However, units rented by nonwhites were typically smaller and in worse condition; 30.7 percent of all nonwhite units were in deteriorated or dilapidated areas as against 11.6 percent for whites. They contained more people.

The median household size was 3.53 for nonwhites against 2.88 for whites.

Authoritative figures prove conclusively that Negroes paid significant extra housing costs in 1960 as a result of racial discrimination against them by whites.

The major mechanism through which this took was housing. Prior to 1948, direct exclusion of Negroes from white residential areas was legally enforceable by means of restrictive covenants incorporated in property deeds. After the Supreme Court declared this unconstitutional there was a shift to other means of discrimination. The two principal means are a conspiracy by white realtors to refuse to sell or rent to Negroes in all-white areas, and withdrawal of whites in areas where Negroes begin to live in sizable numbers.

Many States have now outlawed racial discrimination by realtors in the sale or rental of housing, though such laws do not always cover all forms of housing. These laws have, as yet, had no measurable effect in breaking down patterns of racial segregation.

A recent exhaustive study of such segregation reveals its presence to a very high degree in every single large city in America. Minor variations exist between North and South, suburbs and central cities, and cities with large and small Negro populations. But in every case Negroes are highly segregated, more so than Puerto Ricans, orientals, Mexican Americans, or any specific nationality group. In fact, Negroes are by far the most residentially segregated group in recent American history.

The authors of one study devised an index to measure overall segregation. The values indicate the percentage of nonwhites who would have to shift from the block where they live to some other block in order to provde a perfectly proportional, unsegregated distribution of population by block in that city. The mean segregation index for 207 of the largest U.S. cities was 86.2 in 1960. Index values were somewhat high in the South, a mean of 90.9, than in the Northeast, with a mean of 79.2, the North-Central, with a mean of 87.7, or in the West, with a mean of 79.3. But only eight cities have values below 70, whereas over 50 have values above 91.7.

Two additional findings from that study are extremely significant.

First, this nearly universal pattern of residential segregation cannot be explained as resulting from economic discrimination against all low-income groups. Careful analysis of 15 cities indicates that white upper and middle-income households are far more segregated from Negro upper- and middle-income households than some white lower-income households.

Thus, racial discrimination appears to be the key factor underlying housing segregation patterns.

Second, the degree of racial segregation rose significantly in all parts of the country from 1940 to 1950, but declined slightly in all parts, except the South, from 1950 to 1960.

The average segregation index value for all 207 cities was 85.2 in 1940; 87.3 in 1950, and 86.2 in 1960.

From 1950 to 1960, only 15.6 percent of all cities in the North and West experienced segregation index increases as compared to 77.8 percent in the South. This shift in the North and West was undoubtedly affected by the outlawing of racially restrictive covenants in 1948, plus the end of the general U.S. housing shortage in the mid-1950's.

Nevertheless, the decline in segregation even in the North and West was relatively small. From 1950 to 1960, regional average index scores dropped 4.7 points in the Northeast, 1.5 percent in the North Central, and 6.5 points in the West.

These figures indicate that any really large reduction of residential segregation through "natural" developments in the near future is extremely unlikely.

Mr. President, many expect a ruling from the Supreme Court on the Jones against Mayer case to take some action on fair housing. But are we to wait until the Court acts? If Congress waited in the area of segregated education, surely Congress should speak forthrightly on this matter and not wait for the Court to lead where the elected representatives should be in the vanguard.

Mr. President, already we can see that the fair housing principles are being accepted in many States and localities. The National Committee to End Discrimination in Housing estimates that 60 percent of the American population is already covered by some form of fair housing legislation. These statutes are far from uniform and are very uneven in coverage and enforcement. But they reflect, in my opinion, receptivity to action in this field which should end congressional timidity once and for all.

Mr. President, I now refer to a statement concerning the Fair Housing Act of 1967, in the hearings before the Subcommittee on Housing and Urban Affairs of the Committee on Banking and Currency, U.S. Senate, 90th Congress, first session, under the paragraph heading "The Ghetto and the Master Builder."

The words are these:

We make two general assertions: (1) that American cities and suburbs suffer from galloping segregation, a malady so widespread and so deeply imbedded in the national psyche that many Americans, Negroes as well as whites, have come to regard it as a natural condition; and (2) that the prime carrier of galloping segregation has been the Federal Government. First it built the ghettos; then it locked the gates; now it appears to be fumbling for the key.

Nearly everything the Government touches turns to segregation, and the Government touches nearly everything. The billions of dollars it spends on housing, highways, hospitals and other community facilities are dollars that buy ghettos: Ditto for the billions the Government has given to American cities and suburbs in the name of community planning—money which made it simple for planners to draw their two-color maps and to plot the precise locations of Watts, Hough, Hunter's Point and ten-thousand other ghettos across the land.

* * * * *

At present the Federal example is murky; it has an Alice-in-Wonderland quality that defies easy summation. On the one hand, the Government is officially committed to fighting segregation on all relevant fronts; on the other, it seems temperamentally committed to doing business as usual—which, given our current social climate, means more segregation. It hires many intergroup relations specialists—HUD has forty-seven—but deprives them of the power and prestige to achieve meaningful integration. Similarly, it cranks out hundreds of inter-office memoranda on how best to promote open occupancy, but it fails to develop follow-up procedures tough enough to persuade bureaucrats to take these missives seriously. The Federal files are bulging with such memoranda—and our racial ghettos are expanding almost as quickly.

The road to segregation is paved with weak intentions—which is a reasonably accurate description of the Federal establishment today. Its sin is not bigotry (though there are still cases of bald discrimination by Federal officials) but blandness; not a lack of goodwill, but a lack of will. The Federal failure to come to grips with segregation manifests itself in all kinds of oversights. For example, a recent FHA pamphlet for house-buyers includes an italicized explanation of Federal antidiscrimination rules and regulations. Good. It also includes a photograph of a house in a suburban subdivision which had won an FHA "Award of Merit" for community development. Bad—because the subdivision was all-white, and its builders, according to a state human relations official, "discouraged Negro families from buying." Nobody checked this out before publishing the pamphlet because nobody cared enough to ask the right questions.

What adds to the murk is officialdom's apparent belief in its own sincerity. Today's Federal housing official commonly inveighs against the evils of ghetto life even as he pushes buttons that ratify their triumph—even as he ok's public housing sites in the heart of Negro slums, releases planning and urban renewal funds to cities dead-set against integration, and approves the financing of suburban subdivisions from which Negroes will be barred. These and similar acts are committed daily by officials who say they are unalterably opposed to segregation, and have the memos to prove it.

The words have lost their meaning. Many housing administrators in Washington have on their office wall a framed reproduction of a statement President Johnson made to his Cabinet on April 25, 1965: "The Federal service must never be either the active or passive ally of any who flout the Constitution of the United States. Regional custom, local traditions, personal prejudices or predilection are no excuses, no justification, no defense in this regard." But when you ask one of these gentlemen why, despite the 1962 fair housing Order, most public housing is still segregated, he invariably blames it on regional custom, local traditions, personal prejudices of municipal housing officials.

The upshot of all this is a Federal attitude of amiable apartheid, in which there are no villains, only "good guys"; a world in which everyone possesses "the truth" (in the files, on the walls), but nearly everyone seems to lack a sense of consequences. In such a milieu, the first steps toward a genuinely affirmative policy of desegregation in housing are endlessly delayed, because no one is prepared to admit they have not already been taken.

"The rule is," said the Queen to Alice, "jam tomorrow, and jam yesterday—but never jam today."

In other words, our Government, unfortunately, has been sanctioning discrimiation in housing throughout this Nation. The purpose of this bill, as well stated by my able colleague from Minnesota, is not to force Negroes upon whites. It is to give black Americans an opportunity to live in decent housing in this country.

In the summer of 1966 and the summer of 1967 our Nation witnessed its greatest shame. If we are to avoid a recurrence of this unsightly, unconscionable bitterness between white and black Americans, it is encumbent upon our Government to act, and to act now. The most important action that we can take is to enable black Americans to live in decent housing; and this amendment is intended to do exactly that.

The fears and myths I have spoken about have been aired time and time again. Whenever there was a debate on open occupancy, whenever there was an attempt by the Federal Government to move against discrimination and segregation, these same myths, these same fears, have been argued in debate.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. BROOKE. Yes; I yield to the Senator from Minnesota.

Mr. MONDALE. First, I would like to express my personal appreciation to the distinguished Senator from Massachusetts for his characteristic courage and strength of leadership on this issue. The Senator from Massachusetts terminated a very important study trip through Africa and flew several thousand miles to assist me as cosponsor of this measure and be ready this afternoon with his proposal. In addition to that, he prepared the most impressive remarks by which we have just been benefited.

In each of our comments, we emphasized many of the material aspects of this problem, whether it is the quality of housing or the quality of education, the availability of decent employment, the environment in terms of water, air, and transportaiton, law enforcement, playgrounds, and all the other aspects of a desirable community; but I wonder if perhaps more important than any of those is the psychological insult and the impact of that insult upon the ghetto dweller.

I asked these questions of Mr. Algernon Black, who testified on behalf of the American Civil Liberties Union. The questions and answers appear on page 178 and 179 of the hearings. I think this is one of the most brilliant expressions of this aspect of the problem. I said to Mr. Black:

I particularly liked the sentence in your testimony that goes as follows:

"Deeper than the material and physical deprivation is the humiliation and rejection and what this does to human beings.".

This past Sunday in the New York Times supplement there was an article by a Negro sociologist talking about the impact of conditions of oppression on the mental outlook of the Negro male. And it points out in effect we have given traditionally in the United States the Negro the option of risking his life or losing his manhood.

And while that ancient option that was once true in the South is no longer as much true as it was, in the North we have this kind of repression in housing and living conditions by which we crowd Negro America into the rotting cores of our central cities. And it is today's grace from a material standpoint, but its cost in terms of the impact that flows from the humiliation and the insult of segregation is an incalculable cost that perhaps is even greater.

This was his response. He said:

I am also former chairman of the New York State Committee Against Discrimination in Housing, the first State committee of its kind to pioneer with State legislation and from which was born the National Committee Against Discrimination, whose representatives and officers you will hear this afternoon. I am chairman of its board of directors.

This is the point he made, which I thought was powerful and unanswerable. He said:

The real evil in the ghetto effects is the rejection and humiliation of human beings. As former chairman of the Police Complaint Review Board of New York City, I found that the most humiliating and injurious thing that police can do is not physical but psychological and spiritual, when they humiliate a man in the presence of his wife or his children. This is the enraging and destructive thing to a man's soul—and the injury it does to a child's psyche—because the man, who is supposed to protect the family, to make the home, and is made to feel that he is nothing by one who represents the authority of society.

This sense of humiliation goes all through the ghetto. It is the primary cause of the frustration and rage in the youth which has acted with such violence in the recent riots. In the ghetto no matter what they do, what they become, they don't get anywhere. They feel they are in a cage. And this is why this bill is of crucial importance now.

I think that is one of the most remarkable and unanswerable arguments I have heard for the importance and the immediacy of this measure. It is hard to quantify and make tangible this psychological problem; and yet, when I go into the ghettos, as I have, and talk to ghetto residents, they seem to be trying to express something different from the physical problem, although that is important, and I believe that Mr. Black expressed the result of the humiliation of segregation better than I have heard it expressed by anyone else.

Mr. BROOKE. I certainly concur in the statement of the distinguished Senator from Minnesota, and I am very grateful for his generous remarks. I assure him that I am deeply proud to be associated with him in the sponsorship of this important amendment.

I wholeheartedly agree with what Mr. Black said in testimony before the Senator's committee. The psychological impact is a great impact. It is a profound one. I can testify from personal experience, having lived in the ghetto, what it does to the inside of a man to live in such shameful conditions, to be in an area which has been marked for second-class citizens, in an area which few are able to escape.

Oh, I must confess that I was one of the lucky ones, that I did escape from the ghetto, that my parents were able istration of the statute which have been adopted by the commission. But it also results from a general acceptance in Massachusetts that the broad fair-housing law represents a justified extension of fundamental constitutional rights to all of the Commonwealth's citizens.

The Massachusetts experience belies the fears of those who believe that the institution of open-housing policies will wreak havoc with long established suburban living patterns. Integration of the Massachusettes suburbs has proceeded, for the most part, on the basis of free choice of both buyers and sellers; it has not been compelled by legislative or administrative fiat. The Massachusetts statute has attacked primarily those areas in which the problem is most acute. It has focused upon the fringes of the ghetto, the areas to which Negro citizens might well be able to move were they able to secure housing freely. As barriers have been removed in these sections, the mobility of the Negro out of the worst ghetto areas has been greatly increased, and the entire central city has been the beneficiary.

As I indicated yesterday, I do not claim that the adoption of a Federal open-housing law will be an ultimate answer. Indeed, it will not strike at the heart of the problems in the ghetto. Only a complete American commitment to the eradication of the social, economic, and psychological evils which constitute the ghetto can eventually lead to success. But this is a first step. It is a step which my own State has taken. It has proved acceptable to the public. It has proved that it need not be accompanied by interference with private rights. It has proved that it works.

Mr. President, returning from Africa, as I just have, I find myself reflecting on the contrasts and similarities between those countries I have visited and our own United States. The comparison is both instructive and highly relevant to the proposal which the distinguished junior Senator from Minnesota and I have introduced.

Many of Africa's most promising political leaders look to the United States as the democratic model.

I will not for a moment argue that the Senate should approve this amendment because of what foreign observers will think of us if we fail to act. We ought to pass this bill because it is the right thing for America to do.

But it is also true that our foreign friends expect us to do the right thing and their disappointment is genuine and deepseated when our actions call into question our fidelity to the principles and aims of our professed democratic philosophy.

Time and again in my discussions with African leaders, it was apparent that their vision of America as the land best approximating the ideals of human equality has been blurred by their perception of discrimination in the United States. Hidden beneath their continued admiration for the American model was a grave concern that we might yet fail in our noble experiment, a fear that we would founder on the treacherous shoals of racial enmity, an apprehension that the United States might be headed toward a rigid and hateful social policy comparable to that found in South Africa.

Mr. President, I do not believe that such a fate is in store for our beloved country, and I made clear to these African leaders my own confidence that we would weather the present domestic storms and build a more open society in America. But I could not always convince them; not because they did not wish to be convinced. On the contrary, they want to see America succeed and earnestly desire to believe that we will. But they are especially troubled by the dissonant image of most American Negroes in ghettos and most American whites in suburbs.

They may well wonder if America really is different from South Africa.

On this score, as well, I find myself drawn to the conclusion that fair housing legislation is necessary and appropriate to America's social responsibilities at home and its obligations to provide moral leadership for all nations. I devoutly believe that the United States has a mission in the world and that our action on this matter will have an important bearing on our capacity to provide such leadership.

Can we state the proposition any more clearly? America's future must lie in the successful integration of all our many minorities, or there will be no future worthy of America. That future does not require imposed residential and social integration; it does require the elimination of compulsory segregation in housing, education, and employment.

It does not require that government dictate some master plan for massive resettlement of our population; it does require that government meet its responsibilities to assure equal opportunity for all citizens to acquire the goods and necessities of life.

It does not require that government interfere with the legitimate personal preferences of individuals; it does require that government protect the freedom of individuals to choose where they wish to live.

It does not require government to provide some special advantage to a privileged minority; it requires only that government insure that no minority be forever condemned against its will to live apart in a status inferior to that of their fellow citizens.

This measure, as we have said so often before, will not tear down the ghetto. It will merely unlock the door for those who are able and choose to leave. I cannot imagine a step so modest, yet so significant, as the proposal now before the Senate.

Mr. President, I refer now to a study prepared by the Legislative Reference Service. This paper, prepared by Mr. Thomas F. Lord, is both informative and useful for our present discussion, and I shall call attention to several relevant portions of the study.

(At this point Mr. McGOVERN assumed the chair.)

Mr. GRIFFIN. Mr. President, will the junior Senator from Massachusetts yield to me at this point?

Mr. BROOKE. I am glad to yield to the distinguished Senator from Michigan.

Mr. GRIFFIN. Mr. President, I wish to associate myself generally with the eloquent remarks the distinguished Senator has made up to this point in his statement, and I commend him for indicating and displaying, once again, very brilliant leadership. In a very short time in the Senate, he has distinguished himself in a number of ways and in a number of legislative areas. Certainly, in the area of race relations his leadership has been particularly significant and valuable, not only to the Members of the Senate, but also to the Nation at large.

In speaking to the measure now before the Senate, he has again demonstrated to all a very keen ability to analyze and to articulate. Today, as on other days, his voice has been not only an effective voice, but also a voice of perception, of moderation, and, most of all, of common sense.

So I congratulate the distinguished junior Senator from Massachusetts for the excellent statement he has made on this subject.

Mr. BROOKE. I thank the distinguished Senator from Michigan for his generous remarks.

Mr. President, I read from a study prepared by the Legislative Reference Service, to which I referred before, the section entitled "Negro Housing Problems":

A prominent housing expert, Charles Abrams, recently wrote of Negro housing problems:

"The housing available to Negroes is inferior in quality compared to the housing of whites; both the housing and neighborhoods in which he lives show signs of greater deterioration; there are fewer amenities; mortgages are more difficult to obtain; there is little or no private investment in new buildings for Negroes; tax arrears are higher in their neighborhoods and public interest in maintenance is lower; real estate values are lower in relation to net income; overcrowding is more intense; schools, hospitals, and recreation are inferior; and the Negro usually gets less housing per dollar he pays."

A glance at the 1960 Census will graphically verify Mr. Abrams' observations. Forty-four percent of all non-white occupied units were substandard, compared to 13 percent of all white occupied units. 155,000 non-white families had to share single dwelling units with other families. That is 4.8 percent of the total number of non-white families—only 2.1 percent of the total number of white families lived in such a condition.

Perhaps the really significant figures are those which illustrate the central city concentration of Negroes. For it is especially within the old, deteriorating inner cities where slums and inferior community facilities abound. The non-white population of central cities increased 63.3 percent between 1950 and 1960—from 6.3 million to 10.3 million persons. At the same time the white population of the central cities was increasing at a rate of 13.3 percent—42.0 million to 47.6 million persons. This influx of 9.6 million persons must be measured against the 3.7 million housing units added in the same period. Herein lies the reason for the crowded slums.

During the same decade the white population in the urban fringe—the suburbs—leaped forward at a rate of 81.8 percent—16.2 million whites moved there—only 700,000 Negroes accompanied them.

The configuration to which these figures point often has been described—America's large cities filled at the center with Negroes occupying run-down housing and surrounded by a suburban ring of middle-class white neighborhoods.

It might be suggested that the configuration thus described is inevitable in light of the low incomes of the Negroes in the central cities. It is true that in 1960 the median family income of Negro families was only $3,711—63 percent of the median income of $5,893 for whites. But a 1963 study by the U.S. Housing and Home Finance Agency found that there has been a "spectacular rise" in the incomes of Negroes in urban areas and a corresponding growth in the demand for middle-income housing—such as is available in the suburbs. The study collected data on 17 metropolitan areas and compared the home buying patterns of white and nonwhite families in the $7,000 to $10,000 income bracket. If Negroes in this category had bought homes valued at $15,000 in the same ratio as whites in this same income bracket, there would be an immediate potential market among nonwhites in these 17 areas for some 45,000 units. On the basis of the investigation HHFA concluded that:

> While the study cites a number of related factors inhibiting home ownership among non-whites, it points particularly to racial restrictions as an important deterrent to the availability for new housing for this group.

It would appear then that the configuration of black central cities encircled by white suburbs is not a "natural" phenomenon; the coerciveness of discrimination is involved, and the white suburban circle is what former Philadelphia Mayor Richardson Dilworth called a "white noose."

What are the forces behind this discrimination? The Commission on Civil Rights attempted an answer in its 1961 report:

> They begin with the prejudice of private persons, but they involve large segments of the organized business world. In addition, Government on all levels bears a measure of responsibility—for it supports and indeed to a great extent it created the machinery through which housing discrimination operates.

First, discrimination is sometimes practiced by the owner of a house who refuses to sell or rent to a person of another race. This attitude has often led to alliances of owners who enter into covenents restricting a neighborhood to whites only. In 1948, the Supreme Court in Shelley against Kraemer ruled that such covenants are judicially unenforceable, on the grounds that a State would be denying to certain citizens equal protection of the laws. Nevertheless, restrictive covenants prevail in many places even though they are not legally enforceable.

Second, lenders often discriminate against Negroes, using the argument that a homogeneous neighborhood makes a loan economically more sound. The Commission on Civil Rights "found evidence of racially discriminatory practices by mortgage lending institutions throughout the country." Also some builders join in with these views about "homogeneous" neighborhoods and sell only to white persons. Underlying the view that neighborhood stability will be destroyed is the belief that property values fall when Negroes move into an area. This happens, of course, if there is "panic" selling by whites. But a research study of 10,000 real estate sales over a 12-year period in seven cities contradicts the belief that property values invariably decline. Forty-one percent of the homes in interracial neighborhoods did not change in price; 44 percent increased 5 to 26 percent; 15 percent dropped 5 to 9 percent.

The third discriminatory factor mentioned by the Commission in 1961 was the Government—especially the Federal Government. The major cause for such an indictment is that FHA actively encouraged racial discrimination during the years 1934–1950. Its Underwriting Manual of 1938 suggested that properties "continue to be occupied by the same social and racial groups." The Shelley against Kraemer decision had an effect on FHA policy, however, and it withdrew its support for racially exclusive policies. President Kennedy's Executive Order 11063 of 1962 required FHA and other Federal agencies to pursue affirmative policies with respect to equal opportunity in housing.

But the Civil Rights Commission's criticism of the Government is also based on the fact that most financial institutions are dependent to a great extent on Federal regulation and sponsorship. A large number of saving and loan associations are chartered by the Federal Home Loan Bank Board. Many of them are recipients of the benefits of the Federal Home Loan Bank System. Most commercial banks are regulated by the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. Yet none of these private institutions are covered by the existing Executive order, and thus, are free to discriminate without Government interference.

Although low income is an obstacle to many Negroes in acquiring adequate housing, a large number of Negroes have moved up to middle-class levels of income, and many of these Negroes who have the money want to live in a suitable environment. As a Negro wife in Boston put it:

> I don't think that too many people start out by saying, "I want to move into a white neighborhood." They want to move to a neighborhood that has modern housing, good schools, that has close shopping centers, that has a plot of grass around it; where people don't go through the street and drop paper; they want something clean.

But often the Negro cannot realize this aim because he is surrounded by a pattern of discrimination based on individual prejudice, often institutionalized by business and industry, and Government practice.

Certainly the provision of good housing will not solve all social and personal problems. Yet the upgrading of housing conditions, as compared for example to the tasks of education and improvement of health, may well be the most immediately practical solution available. Further, the attack of educational inequality, on juvenile delinquency, and on ill health will surely fail without a fundamental attack on the slums. But that attack cannot succeed—indeed it cannot commence—without the obliteration of the discriminatory obstacles which condemn the Negro to certain areas, to substandard housing, and to poverty in general.

The Federal Government has begun to recognize this basic fact and has tried to insure equal opportunity in housing to all Americans. If the national goal set forth by the Congress of a "decent home and a suitable living environment for every American family" is to be realized, equal opportunity is essential.

The most effective attempt by the Federal Government thus far to insure equal opportunity in housing was the signing of Executive Order 11063 by President Kennedy on November 20, 1962.

As two legal authorities have pointed out:

> The issuance of the Executive Order was hardly a precipitous action. Twenty-eight years had elapsed since passage of the original National Housing Act, before the Federal government took this basic step to assure equal access to the benefit of its housing programs.

The Executive order directed all Federal agencies which administer housing programs to prevent discrimination. Section 101, which sanctions this antidiscriminatory activity, relates to housing and other facilities provided by Federal aid agreements executed after November 20, 1962. Therefore, the order did not touch the millions of FHA- and VA-assisted homes built before 1962.

Section 102 of the order does apply to all housing ever aided by a Federal program—but this section merely directs Federal agencies to "use their good offices" to promote the abandonment of discriminatory practices.

The order also established the President's Committee on Equal Opportunity in Housing. Each executive department and agency is directed to cooperate with the committee by furnishing it with information and assistance and to report to the committee at certain intervals with respect to its procedures for obtaining compliance.

The primary agency which the order affects is the Federal Housing Administration.

Since the date of the order, nearly 700,000 housing units have been constructed with FHA loan insurance. As of March 31, 1966, 90 complaints had been received by FHA under section 101 of the order. In 30 cases, the complainants prevailed and secured the housing unit sought. In 19 others, the complainant prevailed but did not follow through on securing the housing. Eight cases were decided in favor of the respondent. In five cases, the complainant did not meet standard eligibility requirements for FHA insurance. Nine cases were dismissed because FHA did not have jurisdiction. Six cases were closed when the respondent was placed on FHA's ineligible list. Six cases are pending, and eight were disposed of in "miscellaneous" ways.

FHA has also received complaints under section 102 which directs Federal agencies to use their "good offices" to eradicate discrimination. Since these cases apply to housing built before the order, FHA's authority is limited. As of March 31, 1966, 34 complaints had been received under section 102. Of significance here is the fact that in 19 cases negotiations on behalf of the complainant were unsuccessful. In two cases the respondent prevailed. In seven others, the complainant prevailed. Five cases were dismissed for lack of FHA jurisdiction. One case is pending.

The record for the main agency affected by the Executive order, FHA, shows that no great changes are being wrought in the housing patterns of American neighborhoods. Only 30 instances have been clearcut cases, as a result of which discrimination was eliminated. And the results of "good offices" have been, as the Secretary of Housing and Urban Development, Robert C. Weaver, said recently, "minimal." He stated:

> The larger tract developers and the owners of multifamily projects generally resisted what they considered to be a retroactive reform, applying only to those who had received earlier aid. They insisted that the adoption of an open-occupancy policy was not practical unless competing developers and owners also adopted non-discrimination practices.

It may be just as important to cite what the order has not done. Many persons, especially the National Association of Home Builders, predicted that the order would cause a severe decline in the housing industry. In 1963, the first year after the order, nonfarm housing starts totaled 1,613,400—140,000 over 1962. The nonfarm housing starts in 1964 and 1965 have been declining, but not precipately, and economic factors such as higher interest rates and labor costs play an important part in this decline.

Furthermore, none of the Federal programs affected by the order have shrunk in size, either in terms of the expenditure of funds and effort, or in terms of the demand for them by States and localities.

And although few positive signs of breaking down segregated residential patterns can be cited, a general support of the order by industry representatives suggests that the order has had an influence on their policy.

Since the order covers only new construction assisted by FHA and VA after November 20, 1962, its effectiveness is limited to about 750,000 housing units. For example in 1965, of the 1.5 million housing starts, FHA- and VA-assisted units totaled about 250,000.

The fact is that conventional loans financed by commercial banks, savings and loan associations, insurance companies, and other private lending institutions now account for over 80 percent of home financing in the United States. None of these are covered by the order, or by title VI of the Civil Rights Act of 1964.

The extent of activity of the mortgage lending institutions which are not covered by the Executive order is an important indicator of the limitation of the order. In 1964 savings and loan associations held 37 percent of the nonfarm mortgage recordings of $20,000 or less. The amount of the mortgages was $15.8 billion, of a total of $37 billion.

Commercial banks were the second largest mortgage lender, accounting for 19 percent of the mortgages of $20,000 or less recorded in 1964. Individuals, trust funds, credit unions and miscellaneous other sources accounted for 36 percent of such mortgages. Mutual savings banks and insurance companies make up the other significant holders of these mortgages.

Not all these mortgages are free from the order's authority—in 1964, 18 percent of them were insured by FHA or guaranteed by VA, but 82 percent were conventional loans.

As pointed out in part I, most of these institutions are supervised and aided to some degree by the Federal Government. The deposits in commercial banks are insured by the Federal Deposit Insurance Corporation. The share accounts in savings and loan associations are insured by the Federal Savings and Loan Insurance Corporation.

> These benefits help account for the spectacular growth of these institutions from their relatively small beginnings to their present dominant position in the savings and loan industry.

Because of these Federal benefits to lending institutions not now covered by the Executive order, many persons and organizations have argued that the order should be extended. They point out that the present partial application is a positive hindrance to equal opportunity since builders are provided with an incentive to use conventional financing. It is interesting to note that many persons expected as a matter of course that the Executive order would cover the major lending institutions. An editorial in House and Home in October 1962 confidently stated, "Big escape hatches will probably not exist." The editorial went on to describe what many people knew would occur if there were escape hatches—"such an order would merely erase FHA and VA from the picture, solving none of the discrimination problems." House and Home, along with most other housing organizations and interests, believed that "the order is expected to cover not only S & L's but federally insured banks."

Perhaps the prediction was extreme, but in substance it has proved to be correct, as has been shown above. Legal scholars were quick to point out that the same decisions and arguments which could be used to justify nondiscrimination in FHA and VA programs applied to other Federal activities with respect to lending operations. First, the Supreme Court and the Congress have declared a policy supporting equal housing opportunity. Now it has been shown that this goal cannot be achieved without equal access to the sources of home financing. And since federally supervised lending institutions are the major source of mortgage funds, these institutions should be expected to follow nondiscriminatory practices. The Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board were created to facilitate community credit in general and housing credit in particular. Both of these agencies of the executive branch are empowered to set regulations to carry out the purposes of the enabling acts. They, therefore, are in the position to, and many feel should, use these powers to further the national policy of equal opportunity stated by the Court, the Congress, and the President.

If the order were extended to cover federally insured banks and savings and loan associations, perhaps 65 to 85 percent of the mortgages recorded each year would be covered. The important point is not the precise percentage, as long as a majority of the total mortgages is covered. In such a situation, other institutions would be under pressure to conform.

If the Executive order, for example, in 1964 had covered federally insured banks and savings and loan associations alone, 60 percent of the total amount of mortgage funds would have been affected. FHA insurance and VA guarantees of other types of loans would have brought the percentage up further. In such a situation, the housing market would be substantially free from the effects of overt discrimination.

The Federal mandate to stop segregation is perfectly clear and remarkably strong. Historically, it rests on the Bill of Rights, the 13th and 14th amendments and the Nation's first fair housing law, passed in 1866, which guarantees:

> All citizens of the United States shall have the *same* right in every State and Territory as is enjoyed by white citizens . . . to inherit, purchase, lease, sell, hold and convey real and personal property.

In recent years the Federal obligation to guarantee freedom of housing to all citizens has been twice reaffirmed: first by the 1962 Executive Housing Order and then by Congress in 1964. The Executive order barring discrimination in all federally assisted housing was a major breakthrough—the fruits of a 10-year campaign launched and piloted by NCDH.

Two years later Congress passed a civil rights bill and included the following stipulation under title VI:

> No person in the United States shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any programs or activity receiving Federal financial assistance.

This is the same paragraph the U.S. Office of Education invokes in its affirmative program to desegregate the Nation's public schools, especially in the South. Thirty-seven school districts have had Federal funds cut off, and another 185 districts have had funds deferred, because they were violating title VI. As a result of USOE's relatively firm stand, the proportion of Negro children attending schools with white children in the Deep South jumped this year from 6 percent to almost 17 percent—a small but measurable achievement, especially when one considers that to reach only 6 percent compliance with the Supreme Court's 1954 desegregation ruling, the South took 12 years.

Nothing remotely resembling this modest success has occurred in housing. Rarely does HUD withhold funds or defer action in the name of desegregation. In fact, if it were not for all the printed guidelines the housing agencies have issued since 1964, one would scarcely know a Civil Rights Act had been passed.

It is clear that HUD has determined to speak loudly and carry a small stick. The results of this policy have been a cynical subversion of title VI, along with a thumb-twiddling complacency that has permeated all major agencies—the Housing Assistance Administration—public housing—Renewal Assistance Administration and FHA. Here is a brief summary of their practices.

The Housing Assistance Administration—HAA—is responsible for 633,000 dwelling units in some 2,000 cities. Estimates of the degree of segregation in public housing projects reach upward of 90 percent, and even HAA officials peg the figure as high as 70 percent. Moreover, their definition of "integrated" is so liberal as to include projects that are 99$^{44}/_{100}$ percent white—or black. In any case, it is safe to say that an overwhelming proportion of public housing—the only kind of housing in the United States directly built, financed and supervised by the Federal Government—is racially segregated.

Mr. DODD. Mr. President, will the Senator from Massachusetts yield?

Mr. BROOKE. I yield.

Mr. DODD. Mr. President, I had the privilege of presiding during most of the remarks of the Senator from Massachusetts. I have seldom heard a more eloquent or clear explanation of this great problem which confronts us, and I congratulate him on his presentation. I wish that every Member of the Senate could have heard it, and I hope they will read it. I wholly agree with the statement of the Senator.

It is a touching, moving, brilliant, concise argument, and the Senator deserves great credit for making it.

Mr. BROOKE. I thank the distinguished Senator from Connecticut for his very kind remarks.

Mr. TYDINGS. Mr. President, I ask unanimous consent that the Senator from Massachusetts may yield to me for the purpose of making some remarks without losing his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TYDINGS. Mr. President, I am pleased to add my voice and my observations to those of my distinguished colleagues on the Senate Banking and Currency Committee—I might note a majority of that committee—who have offered this fair housing amendment. I am pleased, too, to join the other Members of this body who have or will speak out on behalf of fair and equal treatment of prospective buyers and renters of housing in this country.

Just a year ago, in this Chamber, Mr. President, I made the observation that—

> Purposeful exclusion from residential neighborhoods, particularly on grounds of race, is the rule rather than the exception in many parts of our country.

That statement, unfortunately, remains true today.

There are an estimated 6 million fewer decent homes in the urban housing inventory of this Nation than there are urban families in need of homes. So it is inevitable that 6 million urban families will have to live crowded into substandard living units. Most of these 6 million victims of the urban housing shortage are poor, and a disproportionate number of the very poor are nonwhite.

One partial answer to this problem, as Secretary Weaver and various Members of Congress have emphasized on numerous occasions, is to build enough good housing so there will be a good home available for everyone. Some of this new housing will have to include new low-rent units; the rest will have to be met by maintaining existing housing facilities and by moving families now housed in substandard units into used housing of acceptable quality.

With today's land costs, today's building trades wages, and today's code and labor restrictions, private enterprise cannot hope to build good enough new homes cheaply enough for poor people to buy or rent without large subsidies. I feel that high priority must be placed on the construction of new low-cost housing and the purchase and resale of sound used dwellings to ease the overall shortage of housing in this Nation.

But more good housing—new and used—is only a small part of the problem we face.

Negroes in this country need freedom to move out of their racial ghettos and live closer to available jobs. Negroes in this country must have freedom to live where they can afford to live, irrespective of race. The proven fact that housing of nonwhite families is consistently of poorer quality than that of white households in the same income levels is due, in large part, to the related fact that the nonwhite families in this Nation do not have freedom of choice in the selection of their homes. In 1960, 44 percent of all nonwhites lived in substandard housing as compared to 13 percent of the white families. Sixty-two percent of the nonwhite households rented as compared to 36 percent of the white households. Three times as large a proportion of nonwhite families lived in crowded homes as did white households.

It is important to note that this overcrowding of our nonwhite population is not related to income. Studies have indicated that overcrowding and substandard living conditions plague our nonwhite citizens at all income levels. For example, of nonwhite families with incomes of $6,000 or more, 25 percent lived in overcrowded conditions. This compares with only 9 percent for whites in the same income class.

In recent hearings before the Subcommittee on Business and Commerce of the Senate District of Columbia Committee, of which I am chairman, it has become abundantly clear that the "poor pay more" for the goods and services they buy. The same is true in housing. The poor—many of whom are nonwhite—pay more for housing. In fact, a long list of careful studies in areas throughout the country show that nonwhites—whatever their income—pay higher prices for lower quality housing than white families.

Mr. President, in 1966 and 1967, as chairman of the Subcommittee on Business and Commerce of the Committee on the District of Columbia, I held rather lengthy hearings on the problem of slum housing and ghettos in the District of Columbia.

Washington, D.C., is not different from other great cities in the country as regards the conditions in which the poor, particularly the nonwhite poor, live in the center city. I not only held hearings in the committee room, but I went out into the inner city of the District of Columbia to personally inspect some of the many tragic conditions which had been brought to my attention.

I recall one instance, Mr. President—and this was by no means exceptional—where a nonwhite family was renting 4½ rooms in a deplorable, substandard house, for a monthly rental of some $130, plus $65 a month for utilities. This particular slum dwelling had been cited time and again for health department violations. The heating facilities did not work, and never had operated properly. The toilet facilities failed to work more often than they did work. There was no hot water. The roof leaked. There was a serious rat problem in the house.

Had that family, Mr. President, been fortunate enough to have a different color skin, they could have purchased a nice house in almost any area of this country, for a far lower monthly payment than they were making to their present slum landlord.

I could not help thinking, as I went through the four and one-half rooms of the house, how impossible it would be to hold together a family that had to live in such an environment. Not only had their efforts to get code enforcement been unsuccessful, but the last time they sought it, it was made very apparent to them by the landlord that they would be evicted as a retaliation if they once mentioned the fact that the housing deficiencies had not been corrected.

The average American has no idea of the conditions that exist in the inner sections of our great urban centers. I know he does not.

I am satisfied that if the average American knew the facts, he would right these wrongs.

One clear first step to correct these injustices, Mr. President, is to enact the pending legislation so that Negroes are given the freedom which all other Americans now possess—to live in any neighborhood which their income permits. Today this is not possible for Negro Americans.

Let me read a number of excerpts from articles on this question. I refer, first, to an article entitled "Potential Housing Demand of Nonwhite Population in Selected Metropolitan Areas." It was prepared by Marian Yankauer, under the auspices of the Housing and Home Finance Agency in April 1963.

Among the findings of this study of 17 standard metropolitan areas, and based upon the 1950 and 1960 censuses of population and housing, was the following:

> It might be assumed that the disadvantage of all nonwhite families with respect to condition, age, and value of housing is a reflec-

ther chaos and bloodshed in its urban centers and the denial of equality implicit in the maintenance of racial ghettos in those centers.

Contrary to the views of the organized real estate industry, Congress announced its power to legislate against discrimination in private housing one hundred and one years ago, when it enacted the Nation's first Civil Rights Act. The 1866 Act was intended to implement the Thirteenth Amendment guarantee against human slavery and all previously existing incidents of slavery. Pre-eminent among these incidents of slavery following the close of the Civil War was the failure of Southern legal systems to establish the freed man's rights to purchase and lease real and personal property despite widespread limitations on that right. Clearly these restrictions would have helped restore the *status quo ante bellum* by limiting the freed Negroes to the role of propertyless peasants. To prevent subversion of the Thirteenth Amendment's purpose, the 1866 Civil Rights Act provided: "All citizens of the United States shall have the same right as is enjoyed by white citizens thereof to inherit, purchase, lease, sell, hold and convey real and personal property." This section of the Act was re-enacted as part of the Civil Rights Act of 1870 and is today Section 1982 of Title 42 of the United States Code. And that legislation as well as current proposals to adopt such legislation with specific provisions for federal enforcement of that right is clearly constitutional.

In the view of the sponsors of this pamphlet such legislation must be brought into play in the critical campaign to eliminate discrimination and segregation from American life, to break down the walls of our spreading racial ghettos. Since the issue of the need for effective federal fair housing legislation will not disappear until Negroes and other minority groups are able to purchase the best housing they can afford on the open market without discrimination, it is likely that proposals will be introduced, in this and in future Congresses, that seek to establish the kind of formal administrative enforcement mechanisms absent from the 1866 statute. The purpose of this pamphlet is to show that the power of Congress to enact such legislation can no longer be doubted.

Anti-discrimination legislation is essential in combating practices of discrimination emanating from racial prejudices, but the enactment of such legislation will not discharge the Federal government from its responsibility for administering these laws affirmatively and effectively to bring about genuine open occupancy. The fact is the Federal government has been unduly hesitant in enforcing existing laws and regulations against housing discrimination. President Kennedy's Executive Order on Equal Opportunity in Housing, Executive Order 11063, and Title VI of the Civil Rights Act, prohibiting the expenditure of Federal funds to advance segregation, constitute potentially useful weapons against bigotry and ignorance on the part of state and local officials. Yet these weapons go unused because the Executive Branch has been too slow to use these weapons with resolution to eliminate segregation in the housing market.

The crisis in the racial ghettos is so explosive and so urgent that further delay cannot be tolerated. Action must be taken on every front to prevent the spread of racial ghettos and of exclusive white suburbs. As we embark upon major ghetto rehabilitation programs, of which Model Cities program is the focal point, major efforts to break down the walls of exclusion and discrimination that hem in our racial ghettos must be carried out if these new programs are not to serve only to indurate existing racial and social patterns of housing segregation in our metropolitan areas.

President Johnson has said, "The ghettos of our major cities, North and South, East and West, represent fully as severe a denial of freedom and the fruits of American citizenship as more obvious injustices. So long as the color of a man's skin determines his choice of housing, no amount of physical rebuilding of our cities will free the men and women living there."

Let us all move forward speedily toward the elimination of these injustices.

EDWARD RUTLEDGE.
JACK E. WOOD, Jr.

The contents of this pamphlet have been approved by the Legal Committee of the National Committee Against Discrimination who are listed below:

Chairman: Mr. Sol Rabkin, Anti-Defamation League of B'nai B'rith.

Mrs. Shirley Adelson Siegel, Housing and Development Admn.

Mr. Charles Abrams.

Professor Curtis J. Berger.

Berl I. Bernhard, Vernier, Liipfert & Bernhard.

Mr. Robert L. Carter, General Counsel, National Association for the Advancement of Colored People.

Adrian DeWind, Paul Weiss, Rifkind, Wharton & Garrison.

Mr. Jefferson B. Fordham, Dean, University of Pennsylvania Law School.

Mr. Jack Greenberg, NAACP Legal Defense and Educational Fund.

Professor Robert Harris.

Professor Harold W. Horowitz.

Mr. Edwin J. Lukas, The American Jewish Committee.

Mr. Carl Rachlin, Scholarship, Education and Defense Fund for Racial Equality.

Mr. Joseph B. Robison, American Jewish Congress.

Mr. Melvin L. Wulf, American Civil Liberties Union.

Mr. John Denton, University of California Extension.

The memorandum has also been submitted to a group of legal scholars concerned with the problem it discusses. Set out below is a list of these scholars who have indicated their agreement with the views espoused herein.

Nathaniel S. Colley, Colley and McGhee, 1617—10th Street, Sacramento, California.

Vern Countryman, Law School of Harvard University, Cambridge 38, Mass.

Norman Dorsen, Arthur Garfield Hays Civil Liberties Program, New York University School of Law, Washington Square, New York, N.Y. 10003.

Robert F. Drinan, S.J., Dean, Boston College Law School.

Harold C. Havighurst, Howard University, Washington, D.C. 20001.

Thomas P. Lewis, University of Minnesota Law School, Minneapolis, Minnesota 55455.

Bruce A. Miller, Zwerdling, Miller, Klimist & Maurer, Attorneys at Law, 3426 Cadillac Tower, Detroit, Michigan 48226.

Fred Okrand, Wirin, Rissman, Okrand & Posner, 257 South Spring Street, Los Angeles, California 90012.

John de L. Pemberton, Jr., American Civil Liberties Union, 156 Fifth Avenue, New York, N.Y. 10010.

William J. Pierce, Legislative Research Center, The University of Michigan Law School, Ann Arbor, Michigan 48104.

Daniel H. Pollitt, The University of North Carolina School of Law, Chapel Hill, N.C.

Arnold M. Rose, Department of Sociology, University of Minnesota, Minneapolis, Minnesota 55455.

Theodore Sachs, Rothe, Marston, Mazey, Sachs & O'Connell, Attorneys and Counselors at Law, 3610 Cadillac Tower, Detroit, Michigan 48226.

Terrance Sandalow, The University of Michigan Law School, Legal Research Building, Ann Arbor, Michigan 48104.

I. CONGRESS HAS POWER UNDER THE COMMERCE CLAUSE TO PROHIBIT DISCRIMINATION IN HOUSING

Decisions of the United States Supreme Court in the last 30 or 40 years have made it clear that Congress has, under the Commerce Clause of the Constitution, broad, even plenary, power. Thus in *Wickard v. Filburn*, 317 U.S. 111 (1942) the Court held that the mere fact that a particular farmer's contribution to the demand for wheat was trivial in itself was not enough to remove him from the scope of federal regulations where his contribution, when taken together with that of many others similarly situated, was far from trivial. The extent of Congressional power in this field has been summed up recently by the Supreme Court in *Katzenbach v. McClung*, 379 U.S. 294 (1964) in which the Court said at page 305, "The power of Congress in this field is broad and sweeping; where it keeps within its sphere and violates no express constitutional limitation it has been the rule of this Court, going back almost to the founding days of the Republic, not to interfere."

In exercising its power under the Commerce Clause, Congress is not limited to the promotion of commerce or even the mere avoidance of interference with commerce. Thus, the Court said in *Heart of Atlanta Motel, Inc. v. United States*, 379 U.S. 241 (1964) 257, "That Congress was legislating against moral wrongs in many of these areas rendered its enactment no less valid."

It is also well settled that the power of Congress under the Commerce Clause extends to activities which are ordinarily considered local and which seem to have at most a very slight impact on interstate commerce. In *Wickard* v. *Filburn*, *supra*, the Congressional authority was upheld to adopt legislation under the Commerce Clause even when that legislation was applied to a farmer who had sown only 23 acres of wheat and whose impact on interstate commerce was therefore minute. The Supreme Court took cognizance of the fact that his contribution, when coupled with that of large numbers of others similarly situated, did have substantial impact on interstate commerce. The same reasoning applies equally to individual home owners in a community all of whom refuse to sell to Negroes and thus, collectively, affect the rights of the millions of Negroes in this country to employment, to move in interstate commerce, and to find a place to live.

Although much is made of the local nature of housing, the fact is that the national housing market is a major segment of our economy and its operations involve broad and multitudinous aspects of interstate commerce. There is no need to spell out in detail the interstate aspects of the home finance industry. Home mortgage lending today is largely affected with interstate lending by finance institutions. As far back as 1952 a study undertaken by the Division of Research Statistics of the Federal Reserve System found:

"The data nevertheless suggest that an appreciable part of the funds for financing real estate in the Richmond, Atlanta, St. Louis, Kansas City, and Dallas districts comes from the financial districts such as Boston and New York, and from Chicago and San Francisco . . . the movement of funds from one part of the country to another has been encouraged by investors seeking outlets for large amounts of funds. Both institutional and non-institutional registrants participate in this movement of funds. Insurance companies and other institutional lenders hold large amounts of loans on real estate located at a distance and in many instances, have them serviced by non-institutional lenders close to the properties." (Real Estate Loans of Registrants under Regulation X, 38 Fed. Res. Bull. 620 (1952), 620, 627, 621.)

aim, rather, should be to achieve complete freedom of choice in place of residence without respect to racial barriers. Within this framework of unconstrained choice, some substantial concentrations of Negro families would doubtless persist, just as Jews have remained in certain neighborhoods even after obstacles to their residing elsewhere have largely been eliminated. But the present monolithic character of the Negro ghettos, their inexorable growth, and the social evils they encourage would be broken.

The following are some specific measures which would help achieve the goal. The list is not all-inclusive; doubtless many readers will think of others which would be of value:

A central federal agency possessing the competence to plan comprehensively for all phases of urban development and the authority to translate plans into effective action. This agency must have the power to draw together federal operations in such diverse areas as housing, urban renewal, highways, transportation, and community facilities and to guide them toward a set of common objectives. The newly created Department of Housing and Urban Development can be such an instrument—if it can overcome the handicap of its origin in the Housing and Home Finance Agency, a loosely knit combination of essentially independent agencies, and achieve better coordination of individually powerful organizations than has the similarly amalgamated Department of Health, Education, and Welfare. This will not be easy.

A total strategy for desegregation. The segregation problem is too complex to be solved without a total approach which recognized all the manifold forces which brought it to its present magnitude and threaten to enlarge it further. This approach must take maximum strategic advantage of all available resources and knowledge. It must be adaptable to varying local conditions and flexible enough to permit changes as "feedback" from early applications dictates. But it must be directed always to a clear and unwavering set of goals.

Broadened federal incentives for effective action by local governments and private entrepreneurs. Incentive programs have proved one of the most acceptable means of applying governmental leverage in a democratic system, for they do not involve compulsion and do not infringe upon freedom of choice. In housing, for example, incentives have promoted urban renewal (through grants to local authorities to clear slum land for redevelopment) and the construction of specific types of housing (through liberal mortgage insurance). Incentives must now be used to encourage comprehensive planning and action toward social goals. For example, suitable incentives can encourage private builders to construct balanced communities serving all population groups, can attract and assist low-income minority families to move to such communities, can stimulate existing neighborhoods to self-renewal and racial stabilization, can encourage local governments to attack segregation in the comprehensive manner it requires by cooperation throughout the metropolitan areas.

Imaginative new forms of subsidy for low-income families. Traditionally, housing subsidies have been available almost exclusively for units built by local nonprofit authorities— chiefly in the form of multi-unit public "projects," which stood apart from their surroundings and amassed the social ills associated with poverty in much the same fashion as did older and less solidly constructed ghettos. More recently, various localities have experimented with methods for widening the range of choice and location in subsidized housing. The Housing Act of 1965 contains provisions which can make subsidies a much more valuable tool in combatting segregation. But their operation toward this end cannot be left to chance; it will require vigorous and imaginative guidance.

Comprehensive measures to increase minority incomes: Any measure which increases the purchasing power of racial minorities will bring a corresponding reduction in the critically important economic barriers to desegregation. Minimum wage floors must be raised; present ones are actually below the level defined by the federal government as "poverty." Federal resources must be directed toward expanding the number of jobs available, particularly for those of limited education. The most important need of the minority poor is for decent jobs at decent pay. Economic measures can and should be tied to housing. For example, low-income minority persons should be trained for the specific kinds of jobs which will be made available in the new, comprehensively planned communities on the outskirts of metropolitan areas. Housing should be planned for them close to these new job opportunities. Similarly, relocation from urban renewal areas should be coupled with a range of services, including training and assistance in finding employment, to help assure that displaced families improve not only their housing conditions but their economic situation as well.

Intensive efforts to improve the attractiveness of central cities: To date, urban renewal, in its efforts to draw middle- and upper-income families back to the urban cores, has focused mainly upon the physical aspects of decay. It is increasingly obvious that social renewal is required also—that many of the economically more capable families, Negro as well as white and especially those with children, will not be persuaded to return to the central areas until they are assured of protection from the social pathology of the ghetto. City schools, for example, must be drastically improved; yet there is growing evidence that this will require not merely replacement of individual buildings and teaching staffs but also comprehensive restructuring of entire school systems. Crime and violence are among the greatest deterrents to affluent families who prefer to live in central areas, and the cities will be at a disadvantage until they prove that they can control both the chronically lawless and those driven to crime by frustration and economic need.

Vigorous enforcement of anti-discrimination laws and affirmative measures to promote equal opportunity: As noted earlier, anti-discrimination laws in themselves are unable to solve a problem which stems from much broader causes. But, if vigorously enforced, they can prove a most important weapon in the arsenal of measures against segregation. Further, as many of the more effective law-enforcement agencies already recognize, it is not sufficient merely to remain passive and wait for a minority conditioned by generations of segregation to recognize and claim its newly guaranteed rights. Affirmative measures are necessary to promote awareness of the law both among those it protects and those who offend against it.

Expanded support for "grass-roots" citizen efforts. While the efforts of spontaneous, citizen-led groups have had impressive success in helping change attitudes, practices, and laws across the nation, these groups have been severely handicapped by their meager resources. A few have been fortunate enough to receive substantial support, usually from local foundations. Where funds have permitted hiring full-time staff, the increase in effectiveness has often been dramatic. Compared to the many millions spent annually by philanthropic organizations on problems of comparable or even lesser importance, the few thousands devoted to housing segregation have been infinitesimal. This is still another way in which available resources must be redirected if the problem is to be solved.

A national educational campaign: For the first time in American history, the majority of the white public appears aware that discrimination and segregation defeat the goals of democracy. But it is a long step forward from this recognition to a vigorous and affirmative effort equal to the need. This will require a type and degree of comprehension and commitment, by majority and minority peoples alike, which are still far from achievement.

National consensus is most readily achieved through full information about the problem and stimulation of public debate on the means of solution. A full-scale campaign to arouse and inform the American people must begin immediately if public understanding and support are to reach the necessary levels before segregation grows so much larger that it appears insoluble to many. The turning point may well come with the 1970 Census. If some tangible progress has not been made—or at least a plan of action proposed—before its statistics appear, discouragement may rule.

The core of organized citizen support necessary to mount such a campaign already exists—in such national organizations as the American Friends Service Committee, the Anti-Defamation League of B'nai B'rith, and the National Committee Against Discrimination in Housing and in the hundreds of citizen fair housing groups across the country. But their efforts must be focused, coordinated, and, above all, adequately financed. And they must be brought into the context of related activities such as urban planning and the war on poverty.

The task of eliminating segregation rests ultimately with the American people as a whole—led, as in every major struggle in their history, by a small group of devoted citizens. If they do not succeed, the result will almost certainly be the continued spread of Negro ghettos; large-scale physical blight generated by population pressures and exploitation; economic loss to many citizens of both races; persistent social disorder; and spreading racial tensions which strike at the very foundations of a free and democratic society. The choice is not merely between segregation and desegregation, but between wholesale destruction of property and human values and the continued growth and security of American society itself.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MONDALE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. JORDAN of North Carolina in the chair). Without objection, it is so ordered.

Mr. MONDALE. Mr. President, the fair housing bill now before us would establish, once and for all, the principle that in housing all Americans are equal. For white Americans, that principle is older than the Nation itself. What we can do by enacting H.R. 2516, as amended, is to make the principle closer to a practical reality by placing behind it the force of law.

I think that most real estate brokers, tract developers, and owners and operators of apartment houses have no strong personal prejudice. Today the great majority of them feel compelled by business pressures to maintain the existing patterns of race and color in housing, no matter what they may personally believe. They think—in my opinion, wrongly—that to break the pattern would be to risk financial loss or ruin.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CASE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE. Mr. President, I have joined in sponsoring the fair housing amendment because I am convinced that residential segregation on a racial basis is a basic inequality that underlies and stimulates other forms of discrimination. For the Congress to refuse to deal with this most blatant form of discrimination in the pending bill to protect constitutional rights seems to me unthinkable.

More than a decade ago, the Supreme Court ruled out segregation in education, pointing out that "separate but equal" is in fact "inherently unequal." The same principle applies in the field of housing. Indeed, I believe there is even less justification to assert equality in separation.

It has been pointed out many times that housing is the only commodity that is not available in the open market according to a man's ability to pay. Yet housing is a basic necessity, a commodity which no family can do without. And it bears importantly on all major aspects of living—health, education, employment, and recreation among them.

Restricted access to the whole housing market because of race has been a major cause of the concentration of nonwhite population in our cities. In 1910, it is estimated that 73 percent of the Negro population lived in rural areas. Today that same percentage, 73 percent, lives in urban areas, mostly in ghettos. To our shame, the Federal Government has helped to build these ghettos.

The Federal responsibility here appears to be little known. But it is great, as the National Committee Against Housing Discrimination showed in its report, "How the Federal Government Builds Ghettos." A powerful indictment of Federal policies and practices in the housing field, the report, issued in February 1967, warned:

The ghetto system, nurtured both directly and indirectly by Federal power, has created racial alienation and tensions so explosive that the crisis in our cities now borders on catastrophe. It has excommunicated Negro and other minority-group citizens from membership in the American community. It has isolated the white majority inside a world of conscious and subconscious racism.

Housing segregation is at the root of the ghetto way of life and all of its attendant evils and turmoil. Witness the intolerable conditions of life in the impacted racial ghetto, and the inevitable hopelessness, bitterness and rebellion of those who are imprisoned within its confines. Witness mounting strife over segregated, overcrowded, inherently unequal schools. Witness unemployment and under-employment of millions of nonwhites in the midst of unprecedented affluence among whites. Witness the appalling disparity in mortality and health statistics between the privileged and the discriminated-against. Witness the widening breach between white suburbia and the inner city. Witness the deterioration and decay of the nation's cities, with their shrinking tax bases and expanding costs for essential services.

The report points out that from the time the Government entered the housing field in the late thirties, it has shunned any real responsibility for affirmative action to assure equal housing opportunity. In its earliest days, the Federal Housing Administration actually urged use of restrictive covenants to keep out "inharmonious racial groups." Up until a few years ago the Federal Home Loan Bank and the Home Owners Loan Corporation recommended racial segregation in residential neighborhoods as a means of protecting the stability and values of the area. And all along the line, the financing agencies have, again and again, protested their powerlessness to take positive action to root out the evil of racial discrimination.

One result has been, according to the NCDH, that while the FHA and the Veterans' Administration have together financed more than $120 billion worth of new housing since World War II, less than 2 percent of this has been available to nonwhite families, and much of that only on a strictly segregated basis.

I know from personal experience the apathy and lack of interest within the agencies to establish, much less promote, programs to open the housing market to all citizens on an equal basis. For example, some years ago I sought executive action against a builder who stated publicly that he would not sell to Negroes in a burgeoning subdivision in southern New Jersey. But the HHFA insisted that it was unable to halt the flow of Federal assistance which enabled him to continue with construction of the development.

We all recall the "stroke of the pen" so much talked about in the 1960 campaign. It was not until 1962 that the Executive order was finally signed and, according to the testimony of Secretary Weaver before the Senate Committee on Banking and Currency this year, the order is an ineffective instrument. Indeed, this is the basis on which the Secretary supported the fair housing bill before the committee.

The absence of any strong effective push for integrated housing has also been noted by the American Friends Service Committee. In its report to the President in May 1967, it stated:

Executive Order 11063 is being widely and flagrantly violated by builders, brokers and lenders who participate in FHA and VA programs. We are struck by the disparity between the stated policies of President Johnson and the actions of federal agencies charged with the execution of these policies.

The committee's report stated further:

More disturbing and more harmful than the industry's disregard to the imperatives of the Executive order have been the inertia, obstruction and lack of sympathy the American Friends Service Committee has found in the two Federal agencies charged with primary responsibility for enforcing the nondiscrimination and equal opportunity requirements in federally assisted housing.

The story with respect to public housing is an equally dismal tale. Again, let me cite an example from my own State. In July 1966, I wrote to the Department of Housing and Urban Development with regard to testimony before the New Jersey Advisory Committee to the U.S. Civil Rights Commission which indicated that public housing in the city of Newark was becoming more rather than less segregated and that policies of the local housing authority were in large part responsible.

It took 6 months before HUD replied and its reply, I regret to say, was misleading to say the least. I was totally unable to discern in it any real concern for the central problem. Rather, its whole thrust was to present the housing authority in a creditable light, emphasizing its good intentions and deemphasizing, indeed omitting, many salient facts. Since then, many of these facts have been made plain in the ugly riots that occurred in Newark last summer and in the report just released of the Governor's commission to inquire into the causes of the riot.

The letter I received from HUD reads, in part, as follows:

Our New York office made a special review of the Newark Housing Authority's compliance with Title VI of the 1964 Civil Rights Act and we have analyzed their findings as well as other data available to us. Our New York office has concluded, and we concur, that the Newark Housing Authority is fully aware of its responsibilities under Title VI; and that it is attempting to make progress toward achieving open occupancy and racially balanced tenancy despite difficulties occasioned by population shifts, traditional biases and social behavior patterns and problems. We do not mean to represent or imply that the racial distribution of the Newark Housing Authority tenant body leaves nothing to be desired. There are five projects in Newark's Central Ward which are over 90 percent Negro-occupied. There are five projects in other parts of the City which are less than 10 percent Negro-occupied. The racial distribution of tenants in the Authority's other seven projects shows more racially balanced proportions. The reasons for this distribution appear to be related to factors which have little to do with the Housing Authority's tenant selection practices or with changes in its regulations. We are enclosing with this letter a summary of the Newark program which serves as a substantiation for our conclusions.

When I submitted this report to the chairman of the New Jersey Advisory Committee hearing, I was advised that—

No progress has been made in achieving racial balance in the last four years, since the U.S. Commission hearings in September 1962, in Newark. At that time there were 14 projects in Newark under the authority—four of them over 90% white and 2 over 90% non-white. At that time the announced policy for integration, as stated on page 127 of the Commission hearings, was this: ". . . if an apartment adjacent to a Negro family were offered to a white family and it was refused on that ground, or vice versa, the refusing family should not be accorded the opportunity to choose another apartment, if such were available."

Now, we have 17 projects under the Newark Authority. 5 are over 90% white, 5 are over 90% non-white. In July 1966, at the public meeting of the N.J. Advisory Committee to the U.S. Commisison on Civil Rights, reference was made by a Committee member to the policy described above (Page 213 et seq.) and this was the answer (page 216): "Our policy on integrating the projects from 1950 for a number of years thereafter was the policy you have read. We haven't that policy of compulsion any more."

And, page 217, "If they were to refuse and we exercised the policy by not giving them—that would be a denial to them of public housing at all." (transcript of Committee meeting.)

Another excerpt from the HUD report:

The Housing Authority has developed five additional projects in various sections of the city. These projects show varying proportions of Negro occupancy, ranging from 21 to 81 percent.

The comment from the Advisory Committee chairman:

This paragraph is misleading. Five projects were not mentioned. It should have read, "There are 9 other projects—5 over 90% white, one 79% and 3 over 60%."

At the time that I inquired as to the Authority's practices, I also submitted a long list of allegations with regard to the maintenance and administration of the buildings. They included serious charges of corruption and failure to provide police protection to residents. Since July 1966, I have been in repeated touch with HUD to ascertain the results of its investigation. Finally, in January 1967, I received this reply:

We have just received from the Inspection Division, HUD, a closed Report of Investigation regarding activities of the Housing Authority of the City of Newark, New Jersey, which is being reviewed by our New York Regional Office. As soon as we receive a final Disposition Report from that office we will be glad to report to you on the matter.

I have had no word since, despite continuing efforts to secure the report promised. Perhaps now that the Governor's Commission has recommended a grand jury or other appropriate official investigation into similar charges, the Department can be stirred to interest itself in the matter.

For their guidance, they could well use the outline of his testimony presented to the 1966 hearing of the New Jersey Advisory Committee by the pastor of an Abyssinian Baptist Church in Newark. It reads:

OUTLINE

I. CLEANLINESS

A. More and better Janitorial Services are needed.

B. More and better Janitorial equipment.

C. More and better personnel.

II. POLICE PROTECTION

A. Population density—demands it.

B. Senior Citizens and ordinary adults male and female are afraid to go out at night.

III. LAW ENFORCEMENT

A. Because of population density—projects become cesspool for breeding crime.

B. Curtailment of dope traffic, rapings; muggings, robbings, break-ins, etc.

IV. ACCULTURATION

A. Housing vs. herding.

B. Landscaping, etc.—"Beautiful City." Adequate recreation for Children.

V. ADEQUATE RECREATION FOR CHILDREN

A. To satisfy cravings for adventure, i.e. (Boy on carnival track).

B. To give exercise to muscles and experience to growing brain cells; i.e., the new will occupy time and burn up energy—thus "rock-throwing" will be minimized or interest in or time for such acts reduced.

VI. LAWS AND REGULATIONS ARE NEEDED

Also penalties to occupants (and even ejections) who persist in vandalizing public property and who litter.

VII

A. Federal Housing is too expensive to be permitted to set any example but the ideal ones. Federal housing should demonstrate what housing should be.

B. Federal Slums are no more desirable than private Slums.

C. Federal Slums are more easily recognized than private slums—they are usually larger.

VIII

Children grow up in these conditions who will be either our soldiers or our criminals, builders or destroyers, scholars or delinquents, civil servants or wards of welfare.

Even the existence of a good open housing law in the State of New Jersey cannot mend situations like that of Newark public housing. Our law, most recently revised in 1966, prohibits discrimination in all private housing transactions except for the rental of rooms in a single-family dwelling by the occupant thereof and the rental of a portion of an owner-occupied, two-family dwelling. Provision is made for enforcement through the division of civil rights in the department of law and public safety. Further, New Jersey law forbids discriminatory advertising and requires that posters mentioning individual rights under the fair housing law be shown in real estate offices and wherever houses are offered for sale or rent.

The implementation of the law is far from perfect, but it is ironic that a chief offender against the law should be the Federal Government.

The administration professes deep concern with resolution of the racial problems that embroil our cities. It is difficult to square its expressions of concern with its lack of support for an amendment which would give it the authority it claims to lack to enlist the full resources of the U.S. Government in a struggle against prejudice that the Nation must win if we are to survive as a civilized democratic society.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I believe it is essential that all our citizens have genuine equality of opportunity so that they may fully participate in America's political, economic, and cultural life. This requires the elimination of artificial barriers to the exercise of free choice by individuals.

One of the major barriers to the exercise of such free choice is in the realm of housing. The open-housing amendment proposed by the Senator from Minnesota [Mr. MONDALE], the Senator from Massachusetts [Mr. BROOKE], and a number of other Senators to H.R. 2516, an act to prescribe penalties for certain acts of violence or intimidation, and for other purposes, seeks to remove this housing barrier. I am pleased to join as a cosponsor of the fair housing amendment.

I am proud of the State of Oregon's record of progress in intergroup relations, and I believe that out of this experience we can see certain basic evidence which could be helpful to us in the consideration of the legislation now before the Senate, on the Federal level. In the great federal system, the States have oftentimes been able to provide, through experimentation, the direction for progress, the models for action that the Federal Government can take, and thereby share with all the other parts of the Union.

The modern march of progress in improvement of intergroup relations in Oregon started with the enactment of Oregon's Fair Employment Practice Act, in 1949. The State bureau of labor began administering this act on July 16, 1949.

I believe it is pertinent at this point to review, in quick succession, the measures which have been recognized as the great civil rights legislation in the State of Oregon.

First, in 1949, we enacted the Fair Employment Practice Act, which guarantees to each individual in our State equal employment opportunities, without distinction as to race, religion, color, or national origin.

Then, in 1951, we enacted what is called the vocational schools law. This law prohibits discrimination in vocational, professional, or trade schools in Oregon.

In 1951 we progressed further and built upon the record of the past by repealing the law prohibiting interracial marriages.

We repealed the prohibition with respect to selling liquor to Indians.

We repealed the statute requiring a census of sanitation and thrift habits of Japanese and Chinese residents.

We had a Governor's executive order directing the National Guard to pursue a strict policy of nondiscrimination.

A Governor's executive order was issued establishing a State council on Indian affairs, to further guarantee their rights as citizens in all the procedures and laws and also the customs, of our State.

In the same year, 1951, the State insurance commissioner issued an order to insurance companies in Oregon requiring the elimination of surcharges formerly levied against nonwhite drivers.

In 1953, we moved on with a further foundation leading to our own Housing Act, with the public accommodation law. This law in the State of Oregon prohibits discrimination in places of public accommodation, resorts, or amusement places, and establishes the rights of all persons to equal facilities.

We also amended the constitution of the State of Oregon by deleting the word "white" with respect to a reapportionment of population, which was based previously on the white population.

In 1957, we strengthened the Fair Employment Practice Act, the vocational schools law, and the public accommodations law by amendments.

In 1957, we enacted our first Housing Act. This is similar to the proposal which we are discussing and debating

FAIR HOUSING ACT OF 1967

HEARINGS

BEFORE THE

SUBCOMMITTEE ON HOUSING
AND URBAN AFFAIRS

OF THE

COMMITTEE ON BANKING AND CURRENCY
UNITED STATES SENATE

NINETIETH CONGRESS

FIRST SESSION

ON

S. 1358, S. 2114, and S. 2280

RELATING TO CIVIL RIGHTS AND HOUSING

AUGUST 21, 22, AND 23, 1967

Printed for the use of the Committee on Banking and Currency

U.S. GOVERNMENT PRINTING OFFICE
83-986 WASHINGTON : 1967

HOW THE FEDERAL GOVERNMENT BUILDS GHETTOS

NATIONAL COMMITTEE AGAINST DISCRIMINATION IN HOUSING

Today, in the very eye of the storm of the Negro revolution the ghetto stands—largely unassailed—as the rock upon which rests segregated living patterns which pervade and vitiate almost every phase of Negro life and Negro-white relationships.

—from "A Housing Program for All Americans," the NCDH ten-year plan, adopted October 6, 1964.

WRITERS: Richard and Diane Margolis
DESIGNER: George T. Resch,
Inter/Media Systems

QUANTITY RATE

Copies of this report are available at 25¢ each; quantities of 100 or more at 20¢ each. Please include advance payment with orders of $5.00 or less. Order from: National Committee Against Discrimination in Housing—(NCDH), 323 Lexington Avenue, New York, N. Y. 10016

INTRODUCTION

This pamphlet constitutes a charge by the National Committee Against Discrimination in Housing (NCDH) that the Federal Government builds ghettos. It is primarily responsible for undergirding a ghetto system that dominates, distorts and despoils every aspect of life in the United States today.

The ghetto system, nurtured both directly and indirectly by Federal power, has created racial alienation and tensions so explosive that the crisis in our cities now borders on catastrophe. It has excommunicated Negro and other minority-group citizens from membership in the American community. It has isolated the white majority inside a world of conscious and subconscious racism.

Housing segregation is at the root of the ghetto way of life and all of its attendant evils and turmoil. Witness the intolerable conditions of life in the impacted racial ghetto, and the inevitable hopelessness, bitterness and rebellion of those who are imprisoned within its confines. Witness mounting strife over segregated, overcrowded, inherently unequal schools. Witness unemployment and under-employment of millions of nonwhites in the midst of unprecedented affluence among whites. Witness the appalling disparity in mortality and health statistics between the privileged and the discriminated-against. Witness the widening breach between white suburbia and the inner city. Witness the deterioration and decay of the nation's cities, with their shrinking tax bases and expanding costs for essential services.

Every day Federal money and power are used to build racial ghettos. Federal benefits are creating community patterns and conditions in the housing supply which *build in* segregation. Federal agencies allow municipalities to select sites for federally-aided low-cost housing in areas where segregation is foreordained. FHA continues doing business with discriminatory builders, lenders and real estate brokers. Urban renewal and highway projects destroy integrated neighborhoods and swell the ghettos. Federal loans and grants are poured into restricted white suburban communities for schools, hospitals, water and sewer systems and other facilities. Government installations and plants with Federal contracts locate in areas where employment opportunities are cancelled out by racial barriers to housing.

The nation is now entering a crucial period as it embarks on the Model Cities Program aimed at revitalizing huge areas of slums and blight. This landmark program will either be used to repeat for generations to come the cycle of ghettoization that has brought us to our present crisis, or it will chart a new course toward desegregation and the development of democratic community patterns throughout metropolitan areas. It is imperative that the entire body politic—from conservatives to liberals—accept the fact that we cannot have it both ways.

Those who are deeply concerned with dollar values must face the truth that keeping segregation in any form or condition will ultimately cost far more than getting rid of it. The summer soldiers, who in defeat and frustration are prepared to make their peace with apartheid and to rebuild the ghettos *as ghettos,* must face the stark reality that "separate but equal" is not only constitutionally and morally wrong, but that as a practical matter it simply won't work.

NCDH has demanded Federal reform for many years. After a series of conferences at the White House during the early months of 1966, it was suggested that NCDH submit a Bill of Particulars. We complied with the White House request on April 22, 1966. Many months have passed; the White House remains silent; the NCDH charges and recommendations are still unanswered. The Bill of Particulars, which concentrated on the policies and practices of the Department of Housing and Urban Development, immediately follows this opening statement.

To lay this indictment before the American people in a meaningful context, NCDH commissioned Richard and Diane Margolis, nationally-recognized writers in the housing/civil rights field, to examine how the Federal Government builds ghettos and the price we pay. Their report, which begins on page 14 of this pamphlet, is a factual and dramatic interpretation of the Bill of Particulars.

We urge the American people to join NCDH in demanding that President Lyndon Baines Johnson exercise his constitutional authority and responsibility by directing the Department of Housing and Urban Development and all other Government agencies to stop this misuse of Federal funds and powers and to throw the vast resources of this nation behind the creation of a genuinely open housing market—the base of any Great Society.

As the President himself has stated: "As long as the color of a man's skin determines his choice of housing, no investment in the physical rebuilding of our cities will free the men and women living there."

The key to this freedom rests in the President's hand.

EDWARD RUTLEDGE
Executive Director

JACK E. WOOD, JR.
Associate Executive Director

NATIONAL COMMITTEE AGAINST DISCRIMINATION IN HOUSING

NCDH BILL OF PARTICULARS SUBMITTED TO THE WHITE HOUSE April 22, 1966

CHARGE 1

The programs and operations of the Department of Housing and Urban Development (HUD) in the area of civil rights and equal opportunity are not based on a policy of affirmative action designed to bring about desegregation of the racially impacted ghettos and to affirmatively advance patterns of racial and economic integration.

Recommendation

The Secretary of HUD should issue a public policy statement to the heads of all operating agencies and all public and private bodies that are benefited by Federal Government activities, directly or indirectly, declaring it to be the intent of the Department to administer all programs affirmatively, to secure compliance with the laws, orders, and constitutional provisions requiring nondiscrimination in all federally-assisted programs.

The statement should make clear that the heads of each agency and the Regional Administrators will be held responsible for implementation of the Department's policy of affirmative action throughout their program efforts. The statement should assign to them responsibilities for developing and operating policies and programs to accelerate agency compliance. Appropriate records and documentation should be maintained by each agency, and regular progress reports should be sent to the Office of the Secretary.

CHARGE 2

HUD's present efforts in the areas of intergroup relations, civil rights, and equal opportunity are administratively unworkable, self-defeating, ineffectual, and understaffed; and compliance efforts have low priority in the Department's budgeting and programming operations.

Recommendation

The Secretary of HUD should establish within the Department a Division of Civil Rights, headed by a Special Assistant, responsible directly to the Secretary. The Division should combine and extend the functions and responsibilities now shared by the Office of Intergroup Relations and by the Office of Equal Opportunity Standards and Regulations. These offices should now become bureaus within a unified Division of Civil Rights.

The purview of the Division should extend to all questions of equal opportunity in housing and related employment, to all matters of intergroup relations, and to all questions of enforcement and compliance.

The Division of Civil Rights should be located in the Office of the Secretary and provided with sufficient staff in Washington and in the regional and local offices to effectively and affirmatively implement existing laws, Executive orders, and constitutional requirements mandating equal opportunity in housing and related programs.

The Division's staff in the regional offices should function as auditors, surveying and evaluating all HUD programs in the region. The Division's staff must be given the power to review all projects processed by HUD and its constituent agencies in the region. No action contrary to their recommendation should be taken by Regional Administrators without the express approval of the Special Assistant for Civil Rights and of the Secretary of the Department.

CHARGE 3

The Department of Housing and Urban Development, from its central office to its regional and local offices, is replete with officials who are out of sympathy with the nondiscrimination policy and objectives of the Administration, and who are unwilling to implement the responsibilities imposed upon them by Executive Order 11063 and Title VI of the Civil Rights Act of 1964.

Recommendation

Fire them.

CHARGE 4

The Department of Housing and Urban Development continues to approve the construction of public housing projects on sites and in areas which reinforce and perpetuate segregated living patterns.

Recommendation

The Department of Housing and Urban Development should promulgate criteria for selecting sites for public housing that will lead to racial integration in all projects. The Department should offer the services of the Division of Civil Rights to any municipality or agency planning public housing projects so that appropriate sites can be selected. The Bureau of Compliance and Enforcement of the Division of Civil Rights, through its field staff, should have full authority to withhold approval of any site which, in its opinion, will result in extending racially-segregated housing patterns.

CHARGE 5

Contrary to Executive Order 11063, the Public Housing Administration [now the Housing Assistance Administration] has taken no meaningful action to desegregate existing public housing projects.

Recommendation

HUD should require every local public housing authority to work with regional representatives of the Division of Civil Rights in developing and executing plans for the desegregation of all presently segregated public housing projects in the United States. Approval of additional public housing units should be conditioned on the local public housing authority's implementation of desegregation plans, as determined by the Division of Civil Rights.

CHARGE 6

Urban renewal programs throughout the United States have consistently violated the rights of Negro Americans and other minorities by forcing their continuous upheaval and relocation in racially segregated areas to accommodate local community prejudices.

Recommendation

In line with the policy of affirmative action, no urban renewal grants for planning or program should issue to communities that fail to come up with an overall plan for desegregation. An eighth element should be added to the Workable Program for Community Improvement to require all communities seeking Federal funds for urban renewal and related purposes to develop plans for the desegregation of the community's total housing supply.

Second, no grants under the urban renewal program should be given to communities whose Citizens Advisory Committees are not representative of all racial, ethnic, and income groups in the population. HUD should require that these committees be involved in drawing up community-wide desegregation plans, in selection of urban renewal sites, and in planning city-wide urban renewal programs.

Third, local public bodies and Community Renewal programs should not be permitted, through a policy of omission, to fail to plan for development of a substantial supply of low- and moderate-cost housing units to meet the needs of low-income families.

CHARGE 7

Loans and grants under the Community Facilities and related programs are being made to communities which use these funds to perpetuate and extend racial and economic exclusion, fastening even more tightly the so-called white noose surrounding the black necks of our central cities.

Recommendation

All applicants for public facility loans and planning advances for sewer, water, highway, and related purposes should be required to provide formal assurance of nondiscrimination in the use of Federal funds. Additionally, applicants should be required to demonstrate that these funds will be used to further the community's overall plan for desegregation, discussed above.

A matter of major concern is the effectuation of nondiscrimination and affirmative action to insure it in employment opportunities generated by public facilities programs. The Division of Civil Rights of HUD should develop reporting and inspection procedures for effective implementation of Executive Order 11426, mandating equal opportunity in employment in all federally-assisted building programs.

CHARGE 8

Implementation of Section 102 of the Executive Housing Order, calling for use of the agency's "good offices," has been aborted. No agency within HUD or its predecessor has met its responsibilities to use its "good offices" to bring about desegregation of housing programs affected by Federal action in compliance with the letter and spirit of the Order. In particular, the Federal Housing Administration has never invoked Section 102 of the Order to bring about the desegregation of the millions of units of rental and sales housing under its jurisdiction.

Recommendation

HUD should use the facilities, experiences, and good offices of its Division of Civil Rights in effecting voluntary compliance with the Federal policy of nondiscrimination in the use of Federal funds. Affirmative action by the Federal Housing Administration in desegregating rental and sales housing and apartments under the 608 Program, for example, would provide more moderate-cost units in one year's time for Negro Americans, Mexican-Americans, and other minorities, than the entire Rent Supplement Program.

Additionally, every effort should be made to inform communities, developers, and local housing and renewal officials, through public meetings and forums, of the Department's policy of effecting voluntary affirmative action to secure equal opportunity in housing.

CHARGE 9

Immediately after the signing of Executive Order 11063, the Federal Housing Administration arbitrarily exempted existing FHA-aided housing —one- and two-family homes—from the nondiscrimination requirements of the Order.

Recommendation

This exemption should be revoked immediately and all FHA-insured units made subject to the Housing Order.

CHARGE 10

The Federal Housing Administration awaits complaints by homeseekers before investigating the practices of local builders and developers in the area of equal opportunity in housing. Additionally, FHA approves developments without requiring affirmative commitments for open occupancy by the sponsoring organizations and individuals.

Recommendation

FHA should seek out and initiate complaints against builders and developers whose employment, sales, and advertising policies discriminate against Negroes and other racial and ethnic minority groups.

Builders and developers using FHA facilities should be required to make an affirmative commitment to open occupancy before receiving FHA mortgage approval; further, all builders and developers should be required to file regular and detailed reports of occupancy, by race and color, with FHA.

CHARGE 11

The Department of Housing and Urban Development continues to approve grants and loans to municipalities where equality of opportunity in housing has been denied by law to Negroes, Mexican-Americans, or other racial and ethnic minorities.

Recommendation

In compliance with Title VI of the 1964 Civil Rights Act, HUD should withhold funds from all governmental jurisdictions which attempt to deny by law equal opportunity in housing to Negroes and other minority groups.

CHARGE 12

The President's Committee on Equal Opportunity in Housing has not fulfilled its purpose in achieving the goals of Executive Order 11063. Its recommendations to extend the Order have been rejected by the Administration. It has been grossly understaffed and underbudgeted. It is top-heavy with governmental agency representation. It has been ineffectual in exercising control or review over Federal housing, urban renewal, and financing activities. It has been ignored by the agencies responsible for these programs.

Recommendation

The Committee should either be abolished or reconstituted as an independent agency, composed only of public members with power to review and issue regulations; or else strengthened and given the prestige the former President's Committee on Equal Opportunity in Employment enjoyed when President Johnson (then Vice President Johnson) was Chairman of that Committee.

CHARGE 13

Federal administrative agencies participating, directly or indirectly, in mortgage or home financing programs continue to contravene the national goals of the Administration by restricting the housing opportunities of Negro Americans and other minority families. These agencies, including the Home Loan Bank Board, Federal Reserve Board, Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation, and the Office of the Comptroller of Currency, have failed to promote among their member lending and financing institutions affirmative programs to eliminate discriminatory policies and practices.

Recommendation

Federal agencies administering programs affecting lending and financing institutions should be directed to coordinate their policies and operations with those of the Department of Housing and Urban Development and its constituent agencies to promote affirmative programs and to advance open occupancy in housing.

These agencies should be directed to promote among their member institutions programs and practices to eliminate discrimination in lending and mortgage-financing activities.

CHARGE 14

Federal agencies administering programs resulting in housing dislocation fail to assist nonwhite relocatees in finding housing accommodations free from racial restrictions. Nonwhites displaced by urban renewal and highway construction activities, by site acquisition, Open Space, and Community Facilities, and other federally-assisted programs, are forced to relocate in racially impacted ghettos, contrary to Title VI of the Civil Rights Act of 1964.

Exhibit 29

City of Dallas 2017 total LIHTC units and projects by % White non-Hispanic

City of Dallas 2017 total units and projects by race

General	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	24958	1051	26009
	Projects	142	7	149

Elderly	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	2820	0	2820
	Projects	18	0	18

ALL	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	27823	1051	28874
	Projects	161	7	168

Project and Unit data sources: current downloads of TDHCA's
"HTC Property Inventory" and HUD "LIHTCPUB" Inventory

City of Dallas 2017 % units and projects by race

General	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	96%	4%	26009
	Projects	95%	5%	149

Elderly	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	100%	0%	2820
	Projects	100%	0%	18

ALL	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	96%	4%	28874
	Projects	96%	4%	168

Project and Unit data sources: current downloads of TDHCA's
"HTC Property Inventory" and HUD "LIHTCPUB" Inventory

Exhibit 30

PRESENT LAW AND LEGISLATIVE BACKGROUND RELATING TO THE LOW-INCOME HOUSING TAX CREDIT

Scheduled for a Public Hearing

Before the

SUBCOMMITTEE ON OVERSIGHT

of the

HOUSE COMMITTEE ON WAYS AND MEANS

on May 1, 1997

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION

April 30, 1997

JCX-13-97R

CONTENTS

INTRODUCTION

The Oversight Subcommittee of the House Committee on Ways and Means has scheduled a public hearing on May 1, 1997, on the administration of the low-income housing tax credit. (This hearing is a continuation of a hearing held on April 23, 1997.)

This document,[1] prepared by the staff of the Joint Committee on Taxation in connection with the May 1 Subcommittee hearing, provides a description of present-law low-income housing tax credit provisions (Part I) and a brief legislative background of the credit (Part II).

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[1] This document may be cited as follows: Joint Committee on Taxation, *Present Law and Legislative Background Relating to the Low-Income Housing Tax Credit* (JCX-13-97R), April 30, 1997.

I. DESCRIPTION OF PRESENT-LAW PROVISIONS

A. Overview

Present law provides a tax credit (the "low-income housing credit") that may be claimed over a 10-year period by owners of certain residential rental property occupied by low-income tenants (Code sec. 42).

The credit percentage for newly constructed or substantially rehabilitated housing that is not federally subsidized is adjusted monthly by the Internal Revenue Service so that the 10 annual installments have a present value equal to 70 percent of the total qualified expenditures. The credit percentage for new or substantially rehabilitated housing that is federally subsidized and for existing housing that is substantially rehabilitated is calculated to have a present value equal to 30 percent of qualified expenditures. For 1987, the first year the credit was available, these percentages statutorily were set at 9 percent and 4 percent, respectively. For property placed in service in April, 1997, the applicable credit percentages are 8.57 percent and 3.67 percent, respectively.

The amount of credit that may be claimed equals the applicable credit percentage of the qualified basis of each low-income building. Qualified basis is the portion of a building's eligible basis that is attributable to low-income residential rental units.

In general, for a project to qualify for the credit, a minimum number of units must be occupied by low-income tenants and rents must be restricted throughout a 15-year compliance period. In addition, a project must be subject to a 30-year extended low-income use agreement.

The owner of property eligible for the low-income housing credit generally must obtain a credit allocation from the appropriate State or local government credit authority. However, if the property is substantially financed with the proceeds of tax-exempt bonds issued subject to the Code's private activity bond volume limitation, then no allocation is required.

Each of these requirements is explained further in the following sections.

B. Low-Income Housing Credit Percentages

1. Applicable credit percentages

Generally, the applicable low-income housing credit percentage depends on the nature of the expenditures and the existence of any Federal subsidy. A 70-percent present value credit (the so-called "9-percent credit") is available for qualified new construction and substantial rehabilitation expenditures that are not federally subsidized. Rehabilitation expenditures qualify for the 9-percent credit only if the amount of such expenditures exceed the greater of: (1) 10 percent of the adjusted basis of the building, or (2) $3000 per low-income unit. A 30-percent present value credit (the so-called "4-percent credit") is available for the costs of acquiring

The national pool consists of States' unused housing credit carryovers. For each State, the unused housing credit carryover for a calendar year consists of the excess (if any) of the unused State housing credit ceiling for such year over the excess (if any) of the aggregate housing credit dollar amount allocated for such year over the sum of $1.25 per resident and the credit returns for such year. The amounts in the national pool are allocated only to a State which, with respect to the previous calendar year allocated its entire housing credit ceiling for the preceding calendar year, and requested a share in the national pool not later than May 1, of the calendar year. The national pool allocation to qualified States is made on a pro rata basis equivalent to the fraction that a State's population enjoys relative to the total population of all qualified States for that year.

3. Set-aside for qualified nonprofit organizations

Ten percent of each State's $1.25 per resident annual low-income housing credit authority is set aside for allocation to projects involving qualified nonprofit organizations. For a project to qualify for this nonprofit set-aside, a qualified nonprofit organization must own an interest in the project (directly or through a partnership) and materially participate in the development and operation of the project throughout the compliance period. In addition to the special set-aside, qualified nonprofit organization projects may be allocated any additional amount of a State's remaining credit authority.

To qualify for the nonprofit set-aside, an organization must be a tax-exempt organization described in Code section 501(c)(3) or 501(c)(4), one of the exempt purposes of which includes the fostering of low-income housing, and such organization must not be affiliated with, or controlled by, a for-profit organization.

4. State allocation plans; credit administration

Qualified allocation plans

Each State must develop a qualified allocation plan containing selection criteria for evaluating projects applying for credit allocations. This plan must be designed to ensure that (1) tax credits are awarded to qualifying projects that meet priority housing needs in the State, and (2) the amount of credits awarded each project does not exceed the minimum amount necessary to provide financial viability to the project throughout the credit period.

The qualified allocation plan must: (1) set forth selection criteria to be used to determine housing priorities; (2) give preference to projects serving the lowest income tenants and projects obligated to serve qualified tenants for the longest periods; and (3) provide a procedure for the allocating agency to monitor noncompliance with the low-income housing credit provisions and to notify the Internal Revenue Service of any noncompliance.

The project selection criteria must include project location (e.g., broad geographic distribution, designated targeted areas such as inner cities, Community Development Block

Grant neighborhoods, distressed communities, pockets of poverty, and rural areas), housing needs characteristics (e.g., low vacancy rate, income mix of tenants within the project, and meeting State, regional, or local housing needs and priorities), project characteristics (e.g., whether the project increases the stock of low-income housing, whether substantial rehabilitation expenditures are needed by the project, energy conservation, quality of units, and type of financing), sponsor characteristics (e.g., nonprofit sponsorship and minority participation in development and management), participation of local tax-exempt organizations, tenant populations with special housing needs (e.g., elderly, handicapped, disabled, homeless, large families, and displaced), and public housing waiting lists (e.g., preferential treatment of prospective tenants on other public housing waiting lists).

States cannot allocate tax credits to a project in excess of the amount necessary to ensure the project's financial feasibility throughout the credit period. In making this determination States must consider: (1) the sources and uses of the funds; (2) the total financing planned for the project as well as the proceeds or receipts expected to be generated by reason of tax benefits; (3) the percentage of the low-income housing credit dollar amount used for project costs other than the cost of intermediaries (unless application of this factor would impede the development of projects in hard-to-develop areas), and (4) the reasonableness of the developmental and operational costs of the project.

Monitoring and reporting requirements

The allocation plan must contain provisions for monitoring project compliance with low-income credit requirements. Treasury regulations identify certain records that the plan must require project owners to maintain. In addition, the plan must require a project owner to certify at least annually to the State agency with respect to the following items:

- the project met the applicable minimum set-aside requirements;
- there was no change in the applicable fraction, or a description of the change;
- the owner received an annual income certification from each low-income tenant;
- each low-income unit was rent-restricted;
- all units in the project were for use by the general public on a nontransient basis;
- each building was suitable for occupancy;
- either there was no change in the eligible basis of the building or, if there was a change, the nature of the change;
- all tenant facilities included in the eligible basis of any building were provided on a comparable basis to all tenants without charge;
- if a low-income unit became vacant during the year, reasonable attempts were made to rent it or a comparable (or smaller) unit to low-income tenants before any units were rented to non-low-income tenants;
- if the income of a low-income tenant rose above the allowed limit, the next available comparable or smaller unit in the project was or will be rented to low-income tenants;
- an extended low-income housing commitment was in effect (if required).

Exhibit

31

Dr. Raj Chetty, Treasury Department Freedman's Bank Forum, September 13, 2016, Transcript for remarks starting at 1:32:30

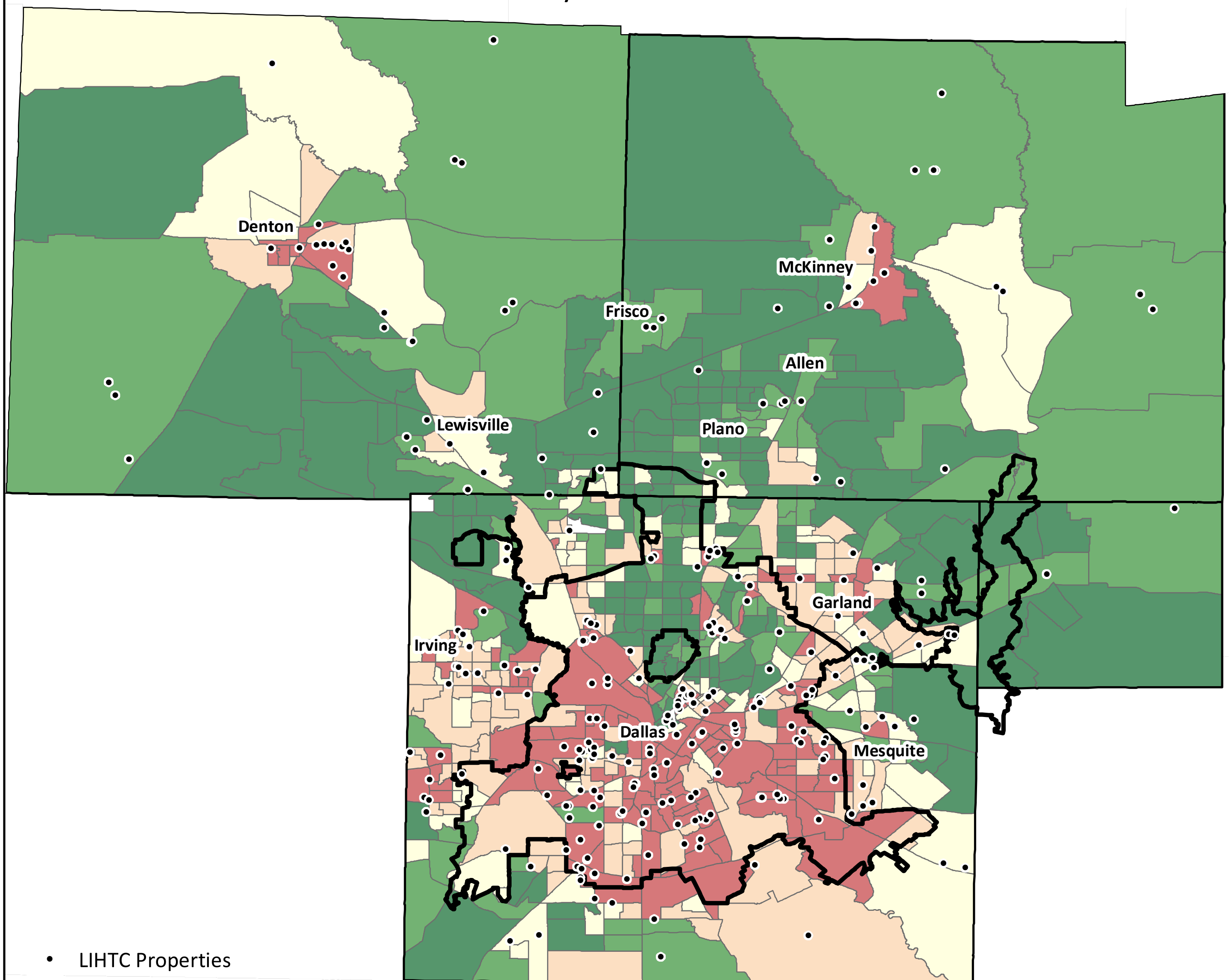
One example, housing policy. Spent about $45 billion in the u.s. on affordable housing programs. Housing vouchers, affordable housing, provision by the government. When we are thinking about those policies, and his extended -- extremely important think about -- it matters for long-term success areas are children. Emphasized poverty in atlanta, these communities of concentrated poverty of the places where we are seeing the least opportunity. At the practical level, what might you do? In the section eight housing voucher program, 80% of people who have those vouchers are using them in high poverty, low opportunity areas. Working to develop a set of pilot programs that tank that number so that people can find affordable areas that deliver much better opportunities for their kids. Using the same system stays in from the government. You increase integration and improve outcome without greater expense. A real opportunity bargain that can be achieved. That is one example of a simple change that does not require additional expenditure, figuring out how to get families better information in areas that will provide better opportunities.

Another example, the big tax credit in the u.s. for long-term housing. Credit to build affordable housing. The way it works is that developers get larger credits to build in areas with lower levels of income. What that entity is that it amplifies segregation because rather than having more formal housing and mixed income areas, you have additional affordable housing in what are already high poverty areas. Your further segregating communities by income going in the opposite direction. Thinking about some changes in the housing policy context can be quite valuable.

https://www.c-span.org/video/?415781-1/treasury-department-hosts-forum-economic-inequality

Exhibit 32

LIHTCs and Treasury CDFI Distress Indicator Index



- LIHTC Properties
- City of Dallas
- Collin, Dallas, Denton, and Rockwall Counties

Treasury CDFI Distress Indicator Index

- 0 (lowest distress)
- 1
- 2
- 3
- 4 (highest distress)

Source: LIHTC Inventory Analysis FINAL 12-18-17 CDDEHKR

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
Properties in Treasury CDFI Distress Level 0						
TXA19890170	2925 MEADOWBROOK	2925 MEADOWBROOK	GRAND PRAIRIE	0	48113016401	0
10284	Atmos Lofts	1900 Jackson St	Dallas	75201	48113003101	0
1037	Bachon Townhomes	505 Fleming Court	Wylie	75098	48085031303	0
7091	City Walk at Akard	511 N Akard	Dallas	75201	48113002100	0
13058	Evergreen at Arbor Hills	2314 Parker Road	Carrollton	75010	48121021604	0
TXA00000288	EVERGREEN AT HEBRON SENIOR COMMUNITY	2314 Parker Rd	CARROLLTON	75010	48121021604	0
8223	Evergreen at Morningstar	NW Corner of SH 121 & Morning Star	The Colony	75056	48121021508	0
10136	Evergreen at Richardson	3551 Northstar Rd	Richardson	75082	48085032005	0
15020	Evergreen at Rowlett Senior Community	5611 Old Rowlett Rd	Rowlett	75089	48113018125	0
17413	Flora Lofts	901 Pearl aka 2121 Flora Street	Dallas	75201	48113002100	0
13214	Flora Street Lofts	2121 Flora	Dallas	75201	48113002100	0
93041	Garden Gate Apartments	1201 Legacy Drive	Plano	75025	48085031631	0
93178	Hebron Trail Apartments	1109 E Hebron Pkwy	Carrollton	75007	48121021605	0
14295	M2 Apartments	SEQ of McKinney Ranch Parkway and Collin McKinney Parkway	McKinney	75070	48085030601	0
12221	Riverstone Trails	Planters Rd near Hwy 80	Sunnyvale	75182	48113018104	0
13240	Summit Place	SWC of Merit Dr and Hwy 635	Dallas	75251	48113013200	0
13259	The Millennium - McKinney	NEQ of McKinney Ranch Parkway and Stacy Road	McKinney	75070	48085030502	0
16114	The Veranda Townhomes	NEC of Coit and McDermott Rd	Plano	75025	48085031639	0
4602	Tower Ridge Apartments	2560 Tower Ridge Rd	Corinth	76210	48121021402	0
TXA19870345	TRAILS APTS (GARLAND)	723 PEBBLE BEACH DR	GARLAND	75043	48113018129	0
93076	Valley Ridge Apartments	1000 W Valley Ridge Blvd	Lewisville	75067	48121021703	0
TXA1991505	WHITE ROCK CREEK APARTMENTS	1041 KNOB OAK DR	DALLAS	75218	48113008100	0

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
Properties in Treasury CDFI Distress Level 1						
TXA19940030	ASHLEYER VILLAGE APTS	155 W OVERLY DR	LAKE DALLAS	75065	48121021403	1
70071	Autumn Creek	10765 E North West Highway	Dallas	75238	48113013007	1
14158	Bishop Gardens	200 Hardeman Blvd	Justin	76247	48121020301	1
10153	Britain Way	1954 Shoaf	Irving	75061	48113014601	1
95008	Brookview Apartment Homes	8303 Skillman St	Dallas	75231	48113007813	1
1005	Chaparral Townhomes	351 Chaparral Rd	Allen	75002	48085031506	1
14051	Churchill at Champions Circle Community	3424 Outlet Blvd	Fort Worth	76177	48121020301	1
93026	Coopers Crossing (fka: The Marks)	1101 Oxbow Drive	Irving	75038	48113014304	1
4457	Evergreen at Lewisville Senior Apartment Community	415 S Garden Ridge Blvd	Lewisville	75067	48121021712	1
4409	Evergreen at Plano Parkway	600 Independence Parkway	Plano	75075	48085031803	1
9172	Evergreen at Vista Ridge	NEQ of Highland Dr and Rockbrook Dr	Lewisville	75067	48121021710	1
14410	Fountains of Rosemeade	3440 E Rosemeade Parkway	Dallas	75007	48121021616	1
16231	Gala at Melissa	2730 East Melissa Rd	Melissa	75454	48085030200	1
TXA19890385	JUSTIN PLACE APTS	909 W SEVENTH ST	JUSTIN	76247	48121020301	1
4463	Lakeside Manor Senior Community	902 W Eldorado Parkway	Little Elm	75068	48121020102	1
97086	Lakeview Court (fka One Main Place)	204 Main	Little Elm	75068	48121020102	1
97055	Leuty Avenue Apartments	909 W 7th St	Justin	76247	48121020301	1
92015	Melissa House	2513 McKinney St	Melissa	75075	48085030200	1

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
11004	North Court Villas	8275 Stonebrook Pkwy	Frisco	75034	48085030402	1
98086	Oak Grove Apartments	1009 Gaddy St	Farmersville	75442	48085031100	1
93108	Oak Tree Village	1595 S Old Orchard Lane	Lewisville	75067	48121021712	1
16178	Palladium Anna	NEQ of Highway 5 and 422	Anna	75409	48085030200	1
13152	Palladium Aubrey	500 E Highmeadow Drive	Aubrey	76227	48121020101	1
16159	Palladium Garland	SEQ of Interstate 30 and Northwest Drive	Garland	75043	48113017808	1
97085	Pilot Point Apartments (fka Pilot Point Terrace)	301 N Prairie	Pilot Point	76258	48121020101	1
4105	Preston Trace Apartments	8660 Preston Trace Blvd	Frisco	75034	48085030401	1
16226	Provision at Melissa	2650 East Melissa Rd	Melissa	75454	48085030200	1
17363	Residences of Long Branch	4217 Rowlett Road	Rowlett	75088	48113018116	1
TXA19890525	SHADY OAKS APTS	78 US HWY 380 W	FARMERSVILLE	75442	48085031100	1
17148	Shady Shores	401 N Shady Shores Road	Lake Dallas	75065	48121021403	1
TXA19880685	SKYLINE VILLAGE	2003 Skyline Dr	MCKINNEY	75071	48085030602	1
1425	Skyway Villas	2000 Skyline Drive	McKinney	75070	48085030602	1
94134	St. Charles Townhomes	3969 Altoona Dr	Dallas	75233	48113010803	1
93009	Stonebrook Village Apartments	7500 Rolling Brook Drive	Frisco	75034	48085030402	1
93155	The Fountains Of Rosemeade	3440 Rosemeade Pkwy	Dallas	75287	48121021616	1
5614	The Plaza at Chase Oaks	7100 Chase Oaks Blvd	Plano	75025	48085031632	1
9116	Tuscany Villas	7200 Blk of Chase Oaks Blvd	Plano	75025	48085031632	1
98101	Villas of Mission Bend	1201 Medical Ave	Plano	75075	48085031803	1
9913	Villas on Raiford	1100 Raiford Rd	Carrollton	75007	48113013719	1

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
Properties in Treasury CDFI Distress Level 2						
12332	Apple Grove Villas	NEQ of Gus Thomasson and Hwy 80	Mesquite (Dallas	75150	48113017804	2
TXA19890305	COLONIAL TERRACE APTS	165 S FOURTH ST	PRINCETON	75407	48085031002	2
1144	Corinth Autumn Oaks	3440 Corinth Parkway	Corinth	76208	48121021401	2
7254	Evergreen at Farmers Branch	11701 Mira Lago Blvd	Farmers Branch	75234	48113009900	2
3412	Evergreen at Mesquite Apartments	5651 Northwest Drive	Mesquite (Dallas	75150	48113018130	2
2002	Gates of Cedar Hill	1204 E Belt Line Rd	Cedar Hill	75104	48113016614	2
60615	Hillcrest Apartments	2019 Hillcrest Street	Mesquite (Dallas	75149	48113017702	2
10171	HomeTowne at Garland	1520 Castle Dr	Garland	75040	48113018121	2
TXA19900205	HUBBARDS RIDGE APTS	4351 POINT BLVD	GARLAND	75043	48113018131	2
TXA19950190	JACKSON SQUARE APTS	3722 JACKSON ST	IRVING	75061	48113014408	2
92067	Lake Colony Apartments	4605 Chaha Rd	Garland	75043	48113018131	2
14409	Lakes of El Dorado Apartments	1400 Eldorado Parkway	McKinney	75069	48085030800	2
91059	Lakewood Gardens Apartments	5909 Gaston Ave	Dallas	75214	48113001400	2
5	LBJ Garden Villas	1725 Oates Dr	Mesquite (Dallas	75150	48113018130	2
99134	May Road Apartments	1488 May Rd	Seagoville	75159	48113017003	2
TXA19880585	MESQUITE SQUARE HOUSTON	1101 HOUSTON DR	MESQUITE	75149	48113017702	2
TXA1994195	NORTH CREEK APARTMENTS	9387 PINYON TREE LN	DALLAS	75243	48113019016	2
98085	Princeton Arms	133 S 4th St	Princeton	75407	48085031002	2
TXA19880640	REGENCY PLACE APTS	314 S CLARK RD	CEDAR HILL	75104	48113016614	2
3094	Reserve II at Las Brisas	4237 Club House Place	Irving	75038	48113014310	2
TXA1992180	ROSEWOOD APARTMENTS	2229 HIGHLAND RD	DALLAS	75228	48113012209	2
91017	Royal Palm	5520 Gaston Ave	Dallas	75214	48113001400	2
70027	Saint Charles Apartments	1090 S Charles St	Lewisville	75067	48121021601	2
TXA20030320	SANGER TRAILS APTS	11501 MARION RD	SANGER	76266	48121020201	2
93075	Sierra Vista Apartments (fka Cherry Walk Apt)	2775 N Avon Rd	Dallas	75211	48113006800	2
91022	Telstar Apartments	510 Westmount Ave	Dallas	75211	48113006800	2

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
93153	The Lakes Of Eldorado	1400 El Dorado Pkwy	McKinney	75070	48085030800	2
97-10T	The Tuscany at Lakepointe	805 Lakeside Circler	Lewisville	75057	48121021601	2
93130	The Waterford At Valley Ranch	151 Cowboys Parkway	Irving	75060	48113014110	2
97121	Treymore at McKinney	901 Wilson Creek Blvd	McKinney	75069	48085030800	2
98-06T	Tuscany at Wilson Creek	451 Wilson Creek Blvd	McKinney	75069	48085030800	2
93179	Valley Trail Apartments	8903 E Valley Ranch Pkwy E	Irving	75063	48113014110	2
4093	Villas of Seagoville	1000 East Malloy Bridge Road	Seagoville	75159	48113017003	2
TXA19950415	WATERFORD AT VALLEY RANCH	151 COWBOYS PKWY	IRVING	75063	48113014110	2
1467	Wintergreen Senior Apartments	400 E Wintergreen Rd	Desoto	75115	48113016619	2
TXA19890595	YORKSHIRE PLACE APTS	217 YORKSHIRE DR	PRINCETON	75407	48085031002	2
Properties in Treasury CDFI Distress Level 3						
TXA1988315	720 WEST 9TH ST	720 W 9TH ST	DALLAS	75208	48113004700	3
TXA19900110	BENJAMIN GARDENS APTS	500 W SIXTH ST	IRVING	75060	48113015100	3
TXA19900120	BRIGHTON WAY EAST	2432 FINLEY RD	IRVING	75062	48113014306	3
TXA19900125	BRIGHTON WAY WEST	2432 FINLEY RD	IRVING	75062	48113014306	3
60616	Center Ridge Apartments	700 West Center Street	Duncanville	75116	48113016518	3
96156	Centerville Pointe	4266 Duck Creek Drive	Garland	75043	48113018111	3
70074	Chapel Creek	3410 Hidalgo Drive	Dallas	75220	48113009802	3
70135	Cloverleaf Apartments, The	1900 Cloverleaf Lane	Irving	75061	48113014405	3
91188	Crestridge Apartments	6417 Ridgecrest Rd	Dallas	75231	48113007816	3
93046	Del Mar Apartments (fka Pennington Village)	6466 Ridgecrest	Dallas	75231	48113007818	3
17600	Emli at Liberty Crossing	307 South Goode Road	Wilmer	75172	48113016903	3
94032	Estrada Apartments	1919 Walnut Plaza	Carrollton	75006	48113013718	3
TXA1991185	FITZHUGH PLACE APARTMENTS	1810 Fitzhugh	DALLAS	75204	48113000900	3

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
16602	Gateway at Hutchins	805 N Denton Street	Hutchins	75141	48113016902	3
TXA0000820	GREEN HAUS ON THE SANTA FE TRAIL	4611 East Side	DALLAS	75226	48113001502	3
93069	Indian Ridge Apartments	3706 W 8th St	Dallas	75211	48113006700	3
TXA1992220	JUNCTION APARTMENTS	7111 Fair Oaks	DALLAS	75231	48113007815	3
9115	Magnolia Trace	S of Crouch Rd & W of Lancaster Rd	Dallas	75241	48113011300	3
70107	March Street Apartments	4500 March Ave	Dallas	75209	48113007102	3
15413	Martha's Vineyard Place	3115 Crestview	Dallas	75235	48113000601	3
TXA19950400	MEADOWS APTS (GARLAND)	3826 EASTON MEADOWS DR	GARLAND	75043	48113018119	3
94038	Melody Place Apartments	6852 Shadybrook Lane	Dallas	75231	48113007818	3
95049	Melody Village Apartments	5951 Melody Lane	Dallas	75231	48113007818	3
17036	Merritt McGowan Manor	1200 N Tennessee	McKinney	75069	48085030700	3
91056	Oak Park Apartments	2800 W Pioneer Blvd	Irving	75061	48113014405	3
TXA19900230	ORCHARD HILLS	1320 W KINGSLEY RD	GARLAND	75041	48113018300	3
TXA1990240	PARK CREEK MANOR	2530 COOMBS CREEK DR	DALLAS	75211	48113006400	3
TXA19900245	PARK SPRINGS OF IRVING	2001 W IRVING BLVD	IRVING	75061	48113014501	3
9965	Peachtree Seniors	11209 Rylie Crest	Balch Springs	75180	48113011702	3
94031	Peterson Place Apartments	5423 Peterson Lane	Dallas	75240	48113013614	3
2008	Prairie Commons	9600 Military Parkway	Dallas	75227	48113012100	3
97107	Prairie Estates	1325 Deja Lane	Grand Prairie	75050	48113015404	3
4460	Primrose at Crist	202 N Beltline Road	Garland	75040	48113019026	3
2417	Rosemont at Bluff Ridge	8125 Clark Rd	Dallas	75236	48113016501	3
4482	Rosemont at Scyene	9901 Scyene Road	Dallas	75227	48113012100	3
70038	Santa Fe Trails	6318 Ridgecrest Rd	Dallas	75231	48113007818	3
TXA1990295	SPINDLETOP APARTMENTS	5929 MELODY LN	DALLAS	75231	48113007818	3
4058	Spring Oaks Apartments	4317 Shepherd Lane	Balch Springs	75180	48113017202	3

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
17602	Springs Apartments	4702 Ambassador Way	Balch Springs	75180	48113017202	3
5401	The Homes of Mountain Creek	1350 Skyline Road	Grand Prairie	75051	48113015900	3
93101	The Meadows Apartments	3826 Easton Meadows Dr	Garland	75043	48113018119	3
11248	The Roxton	307 N Loop 288	Denton	76209	48121020602	3
TXA19920235	TIMBERS	1516 E IRVING BLVD	IRVING	75060	48113015000	3
93093	Trinity Works Community Living Center (fka Prince of Wales)	4515 Live Oak Street	Dallas	75204	48113001504	3
TXA1990320	VILLAGE OF FOREST HILLS I	1919 STEVENS FOREST DR	DALLAS	75208	48113004202	3
6	Villas of Hickory Estates	3211 Hickory Tree Rd	Balch Springs	75180	48113017201	3
7602	Villas of Mesquite Creek	900 Gross Road	Mesquite (Dallas	75149	48113017703	3
13044	Villas of Vanston Park	4540 Gus Thomasson Road	Mesquite (Dallas	75150	48113018001	3
94039	Willow Pond (fka Glen Hills)	6003 Abrams Rd	Dallas	75231	48113007809	3
TXA19910520	ZACHARY PLACE APTS	3327 WILLOW CREEK DR	IRVING	75061	48113014405	3
Properties in Treasury CDFI Distress Level 4						
12098	1400 Belleview	1401 Browder St	Dallas	75215	48113003300	4
93066	Amber Dawn Apartments (fka Amber Tree)	8542 Spring Valley Rd	Dallas	75240	48113019209	4
3004	Arbor Woods	3000 N Hampton Rd	Dallas	75212	48113010101	4
3410	Ash Creek Apartments	2500 John West Rd	Dallas	75228	48113012302	4
96015	Birchwood Apartments	4829 Coles Manor Place	Dallas	75204	48113000800	4
TXA1987135	BLUEBONNET I	8221 SCYENE RD	DALLAS	75227	48113009000	4
14402	Bruton Apartments	9415 Bruton Road	Dallas	75217	48113012000	4
93003	Bryan Place Apartments	3219 San Jacinto St	Dallas	75204	48113001600	4
11404	Buckeye Trail Commons	6717 Buckeye Commons Way	Dallas	75215	48113011500	4
11405	Buckeye Trail Commons II	6717 Bexar Street	Dallas	75215	48113011500	4

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
9927	Carpenter's Point	3326 Mingo St	Dallas	75223	48113002500	4
00004T	Carroll Townhomes	1917 N Carroll Ave	Dallas	75204	48113000800	4
91053	Cedar Ridge Apartments	7905 Marvin D Love Freeway	Dallas	75237	48113016607	4
4490	Cherrycrest Villas	2500 John West Road	Dallas	75228	48113012302	4
4422	Churchill at Pinnacle Park	1400 N Cockrell Hill Rd	Dallas	75211	48113010701	4
15247	City Square Apartment Homes	705 West Avenue B	Garland	75040	48113018802	4
91121	Cliff Park Village Apartments	220 East Overton Rd	Dallas	75216	48113005902	4
97167	Columbia Luxar Townhomes	3120 Guadalupe Ave	Dallas	72533	48113010802	4
92059	Cornerstone Chase Apartments	3120 Valley Meadow Dr	Dallas	75220	48113009804	4
99004T	Country Lane Seniors Community	2401 Country View Lane	McKinney	75069	48085030900	4
94138	Country Park Apartments	1606 East McKinney St	Denton	76209	48121021200	4
96014	Courtyards @ Kirnwood	2600 Bolton Boone Dr	Desoto	75115	48113016605	4
00015T	Creek Point Apartments	3300 N McDonald St	McKinney	75069	48085030900	4
9189	Crestshire Village	2300 N St Augustine Dr	Dallas	75227	48113012000	4
70073	Cross Creek Apartments	6033 E North West Highway	Dallas	75231	48113007819	4
94137	Dallas North Apartments	5557 Alpha Rd	Dallas	75240	48113013615	4
92061	Diamond Creek Apartments (fka Skyline Apartments)	3402 S Buckner Blvd	Dallas	75227	48113009000	4
95047	Eban Village Apartments	2710 Jefferies St	Dallas	75215	48113003500	4
99022	Eban Village Apartments	3023 Park Row Ave	Dallas	75215	48113003500	4
00020T	Edgewood Drive Apartments	238 Barnes Drive	Garland	75042	48113019013	4
TXA1988465	EL SHADDAI	2836 E OVERTON RD	DALLAS	75216	48113008802	4
95004	Enchanted Hills	7802 Villa Cliff Dr	Dallas	75228	48113012208	4
1050	Ewing Villas	810 S Ewing Ave	Dallas	75203	48113004900	4

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
7001	Fairway Crossing Apartments	7229 Ferguson Road	Dallas	75228	48113012208	4
93097	Forest Grove	10203 Budtime Lane	Dallas	75217	48113011800	4
4109	Frazier Fellowship	4700 Hatcher Street	Dallas	75210	48113002701	4
91018	French Colony Apartments	1235 Hartsdale	Dallas	75211	48113006900	4
TXA1990185	GABRIEL GARDENS APARTMENTS	2805 E LEDBETTER DR	DALLAS	75216	48113008704	4
TXA1987190	GOLDEN HELMET APARTMENTS	2121 52ND ST	DALLAS	75216	48113008704	4
TXA20040350	GRAND RESERVE SENIORS COMMUNITY	150 ENTERPRISE DR	MCKINNEY	75069	48085030900	4
1007	Grand Texas Seniors Community, The	2491 Country View Lane	McKinney	75069	48085030900	4
98-07T	Greens of Hickory Trail Apartments	8613 Old Hickory Trail	Dallas	75237	48113016605	4
4608	Grove Village	7209 South Loop 12	Dallas	75217	48113009304	4
9963	Hacienda Del Sol	9200 Mountain Cabin Rd	Dallas	75217	48113011602	4
4408	Hickory Manor Apartments	1626 Old Hickory Trail	DeSoto	75115	48113016605	4
2438	Hickory Trace	8629 Old Hickory Trail	Dallas	75237	48113016605	4
94141	Hillcrest House	834 Marsalis	Dallas	75203	48113002000	4
11012	Hillside West Seniors	Near 32 Pinnacle Park Blvd	Dallas	75211	48113010701	4
4480	Homes of Pecan Grove	3111 Simpson Stuart	Dallas	75241	48113011401	4
98170	Homes of Persimmon	3100 Persimmons	Dallas	75241	48113011401	4
TXA1991260	KINGS CASTLE APARTMENTS	3625 LEGENDARY LN	DALLAS	75224	48113006100	4
91128	Lakeridge Apartments	2510 Community Drive	Dallas	75220	48113007201	4
00005T	Lakewest Community Townhomes	3100 Bickers St	Dallas	75212	48113010200	4
96143	Las Lomas Apartments	6161 Trail Glen Drive	Dallas	75217	48113009304	4
TXA20010110	LEGACY POINT APT HOMES	238 S BARNES DR	GARLAND	75042	48113019013	4

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
2149	Madison Point Apartments	3600 S R L Thornton Freeway	Dallas	75224	48113005902	4
70076	Manor On The Park	3122 Park Lane	Dallas	75220	48113009804	4
TXA1995245	MEADOWCREEK APARTMENTS	14000 MAHAM RD	DALLAS	75240	48113019209	4
60404	Mill City Parc Apartments	4848 Hatcher Street	Dallas	75210	48113002701	4
91021	Mill Run	2732 W Colorado Blvd	Dallas	75211	48113006900	4
00003T	Monarch Townhomes	2102 Kirby St	Dallas	75204	48113000800	4
15401	Newsome Homes	231 Amscott	McKinney	75069	48085030900	4
92001	North Oak Apartments	1417 N Nursery Rd	Irving	75061	48113014602	4
TXA19950265	OAK HILL APTS	103 HIGH SCHOOL DR	GRAND PRAIRIE	75050	48113015500	4
3039	Oak Timbers- Grand Prairie	1920 Robinson Rd	Grand Prairie	75051	48113016100	4
93159	Oakridge Apartments	2803 West Illinois Ave	Dallas	75233	48113010802	4
99001	Oakwood Place Apartments	4950 Wadsworth Dr	Dallas	75216	48113008701	4
95003	Park @ Cliff Creek	7310 Marvin D Love Freeway	Dallas	75237	48113010902	4
95003	Park @ Cliff Creek	7310 Marvin D Love Freeway	Dallas	75237	48113010902	4
00029T	Parks at Rolling Hills	2400 Bolton Boone Dr	Desoto	75115	48113016605	4
95081	Parks At Wynnewood Apartments, The	1910 Argentia Dr	Dallas	75224	48113006200	4
91023	Parkwoods Apartments (fka Briargate)	3035 W Pentagon Parkway	Dallas	75233	48113010802	4
98-02T	Pebblebrook Apartments	191 Dutchess Dr	Denton	76208	48121021200	4
93010	Pecan Place	302 S Locust St	Denton	76201	48121021100	4
16439	Peoples El Shaddai Village	2836 E Overton Road	Dallas	75216	48113008802	4
94089	Pines Point Apartments	3102 Oradell Lane	Dallas	75220	48113007202	4
4609	Pleasant Village	378 North Jim Miller Road	Dallas	75217	48113009304	4
2477	Potter's House at Primrose	2515 Perryton	Dallas	75224	48113010802	4
93158	Prairie Hill Apartments	2016 Prairie Ave	Dallas	75204	48113000800	4

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
3434	Preakness Ranch	5000 Preakness Lane	Dallas	75211	48113010704	4
93072	Primavera Apartments	2610 Community Dr	Dallas	75220	48113007201	4
1409	Primrose @ Sequoia Park (fka Bluffview)	1400 E University Dr	Denton	76209	48121020601	4
4222	Primrose at Highland	2000 Highlands	Dallas	75228	48113012208	4
2479	Primrose Houston School Apartments	1605 North Houston School Rd	Lancaster	75146	48113016703	4
TXA1991365	PRINCE WILLIAM	504 N MARSALIS AVE	DALLAS	75203	48113002000	4
4479	Providence at Village Fair	3900 S R L Thornton Freeway	Dallas	75224	48113005902	4
5613	Providence Mockingbird	1893 West Mockingbird Lane	Dallas	75235	48113010000	4
5616	Providence Place II	3500 Quail Creek Dr	Denton	76208	48121021200	4
2474	Quail Creek North	3500 Quail Creek Drive	Denton	76201	48121021200	4
TXA1990270	QUEENS COURT APARTMENTS	3425 S POLK ST	DALLAS	75224	48113006100	4
92006	Redbird Trails Apartments	3636 West Redbird Lane	Dallas	75237	48113010901	4
4151	Renaissance Courts	1224 E Hickory St	Denton	76205	48121021200	4
98-01T	Residence at the Oaks	2740 Duncanville Rd	Dallas	75211	48113010801	4
2475	Rose Court at Thorntree	8501 Old Hickory Trail	Dallas	75237	48113016605	4
2006	Roseland Estates	3400 Munger Ave	Dallas	75204	48113001600	4
1401	Roseland Gardens	2255 N Washington Ave	Dallas	75204	48113001600	4
99111	Roseland Townhomes	2021 N Washington Ave	Dallas	75204	48113001600	4
1408	Rosemont @ Pecan Creek (fka Knollwood)	3500 E McKinney	Denton	76205	48121021200	4
27	Rosemont at Arlington Park	1700 Chattanooga Place	Dallas	75235	48113010000	4
4476	Rosemont at Laureland	330 E Camp Wisdom	Dallas	75241	48113011200	4
1406	Rosemont at Pemberton Hill	220 Stoneport Dr	Dallas	75216	48113009304	4

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
1057	Rosemont at Timbercreek	801 Beckleymeade Avenue	Dallas	75232	48113016605	4
1435	Rosemont of Oak Hollow	2965 E Ledbetter	Dallas	75216	48113008704	4
14180	Serenity Place Apartments	3124 Denley	Dallas	75216	48113005700	4
4147	Shiloh Village Apartments	8702 Shiloh Road	Dallas	75228	48113012302	4
17414	Silver Gardens Apartments	2620 Ruidosa Avenue	Dallas	75228	48113012701	4
TXA19900280	SILVERADO APTS	2417 LOUISE ST	DENTON	76201	48121020900	4
16600	Skyline Place Apartments	4700 Wimbelton Way	Dallas	75227	48113012207	4
99203	South Boulevard Retirement Center	1811 South Blvd	Dallas	75216	48113003400	4
92179	Southdale Apartments	3727 Dixon Ave	Dallas	75210	48113011500	4
2446	Southern Oaks Apartments (Rosemont at Cedar Crest)	3303 Southern Oaks Blvd	Dallas	75216	48113008604	4
3433	Southern Terrace Apartments	4701 Meadow St	Dallas	75215	48113003901	4
2469	Sphinx @ Murdeaux	7400 Loop 12	Dallas	75217	48113011601	4
4419	Sphinx at Delafield	8200 Hoyle Ave	Dallas	75227	48113009000	4
8193	Sphinx at Fiji Senior	201 Fran Way	Dallas	75203	48113004900	4
5082	Sphinx at Luxar	3110 Cockrell Hill Rd	Dallas	75233	48113010802	4
5095	Sphinx At Reese Court	1201 Ewing Ave	Dallas	75216	48113005400	4
TXA1993175	SPRING GARDENS APARTMENTS	7803 FERGUSON RD	DALLAS	75228	48113012208	4
70133	Spring Hill Apartments	13750 Maham Rd	Dallas	75240	48113019209	4
93167	Spring Ridge Apartments	3604 Legendary Lane	Dallas	75224	48113006100	4
TXA1988705	ST JAMES MANOR	3119 EASTER AVE	DALLAS	75216	48113008802	4
5609	St. Augustine Estates	2222 N St Augustine Dr	Dallas	75227	48113012000	4
92016	Starlight Apartments	9709 Starlight Rd	Dallas	75220	48113007201	4
TXA1993180	STERLING CREST VILLAGE APT	11606 OAKSHIRE PL	DALLAS	75243	48113018503	4
TXA1991445	SURREY ROW	7272 MARVIN D LOVE FWY	DALLAS	75237	48113010902	4
9314	Taylor Farms	32 Pinnacle Park Blvd	Dallas	75211	48113010701	4
1463	The Grand Reserve Seniors Community	150 Enterprise Dr	McKinney	75069	48085030900	4

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
4425	The Masters Apartments	1180 N Masters Dr	Dallas	75217	48113011800	4
00014T	The Oaks at Hampton	2514 Perryton	Dallas	75224	48113010802	4
3184	The Pegasus	7200 North Stemmon Fwy	Dallas	75247	48113010000	4
3081	The Senior Apartments at Curtis Wright Field	1104 South Carrier Parkway	Grand Prairie	75051	48113016100	4
93173	The Trails Apartments	3109 Chapel Creek	Dallas	75220	48113009804	4
97028	The Tuscany at Goldmark	13731 Goldmark Dr	Dallas	75240	48113019209	4
15411	The Veranda	2420 E McKinney Street	Denton	76209	48121021200	4
96177	The Villas Of Sorrento	3130 Stag Rd	Dallas	75241	48113008701	4
95155	The Waterford At Goldmark	13695 Goldmark Drive	Dallas	75240	48113019209	4
96003	The Waterford at Spencer Oaks	2100 Spencer Rd	Denton	76205	48121021200	4
96176	Timber Park Apartments	2714 N Buckner Blvd	Dallas	75228	48113012301	4
TXA19880725	TREEHOUSE APTS	3203 W WALNUT HILL LN	IRVING	75038	48113014103	4
95045	Treymore @ Cityplace Apartments	2101 N Haskell	Dallas	75204	48113001600	4
99151	Treymore at LaPrada, The	2631 John West Rd	Dallas	75150	48113012302	4
96016	Treymore North Apartments-CityPlace II	4144 Office Parkway	Dallas	75204	48113000800	4
92188	Tucasa Apartments (fka The Cedars)	1635 Darr St	Irving	75061	48113014702	4
8403	Village at Lakewest Apartments I	2696 Bickers Street	Dallas	75212	48113010200	4
8404	Village at Lakewest Apartments II	120 ft West of corner of Morris Dr and Fishtrap St	Dallas	75212	48113010200	4
98032	Villas at Remond	3050 Remond Dr	Dallas	75211	48113006900	4
2083	Villas of Lancaster	2531 W Pleasant Run Rd	Lancaster	75146	48113016703	4
5116	Wahoo Frazier Townhomes	4700 Hatcher St	Dallas	75210	48113002701	4
3401	West Virginia Apartments	7600 West Virginia Dr	Dallas	75237	48113016605	4

TDHCA_N	Developmen	Address_ed	Project_City	Zip_Code	CT2000	CDFI
TXA2004405	WEST VIRGINIA PARK	8004 W VIRGINIA DR	DALLAS	75237	48113016605	4
93204	Williamsburg Apartments	2421 S Carrier Pkwy	Grand Prairie	75051	48113016202	4
15607	Williamsburg Apartments	2421 South Carrier Parkway	Grand Prairie	75051	48113016202	4
93199	Woodglen Park Apartments	6800 S Cockrell Hill Rd	Dallas	75236	48113010901	4
12407	Woodglen Park Apartments	6800 South Cockrell Hill Road	Dallas	75236	48113010901	4
94183	Woodglen Park II (fka Red Bird Ridge)	6800 S Cockrell Hill Rd	Dallas	75236	48113010901	4
92068	Woodhollow Apartments	4424 Woodhollow Drive	Dallas	75237	48113010901	4
TXA1991515	WOODSIDE TERRACE APARTMENTS	14018 BROOKGREEN DR	DALLAS	75240	48113019208	4
11203	Woodside Village Apts	703 Bumpas St	McKinney	75069	48085030900	4
13234	Wynnewood Family Housing	2048 South Zang Boulevard	Dallas	75224	48113006200	4
11003	Wynnewood Seniors Housing	1500 S Zang Blvd	Dallas	75224	48113006200	4

Exhibit 33

INVESTIGATES

‘You’re only crippling us’: Banks own many of Dallas' low-income, high-crime apartments — and they're rewarded for it

Banks are required to lend to low-income borrowers. But, instead of loans, regulators incentivize banks to invest in housing built in areas of crime and blight.

Banking Below 30: Banks own many of Dallas' low-income,…

Author: **David Schechter, Jason Trahan, Chance Horner**
Published: **5:00 PM CST February 28, 2021**
Updated: **9:55 AM CST March 1, 2021**

DALLAS — Many banks choose not to make home loans to residents in low-income areas, government statistics show, even though federal law prevents discrimination in lending. But that doesn't mean bank money isn't flowing into these same neighborhoods. It is – but in the form of low-income apartment complexes built in areas of slum and blight.

A WFAA investigation found that banks own, or have owned, at least 50 low-income housing developments in Dallas. They buy into these projects in order to get billions of dollars in government tax credits on them and to prove to bank regulators that they are reinvesting in low-income communities.

Our investigation also found that regulators are failing to enforce laws that require these apartment complexes to provide a safe, affordable place for families to live, rather than merely be a tax boon for their owners.

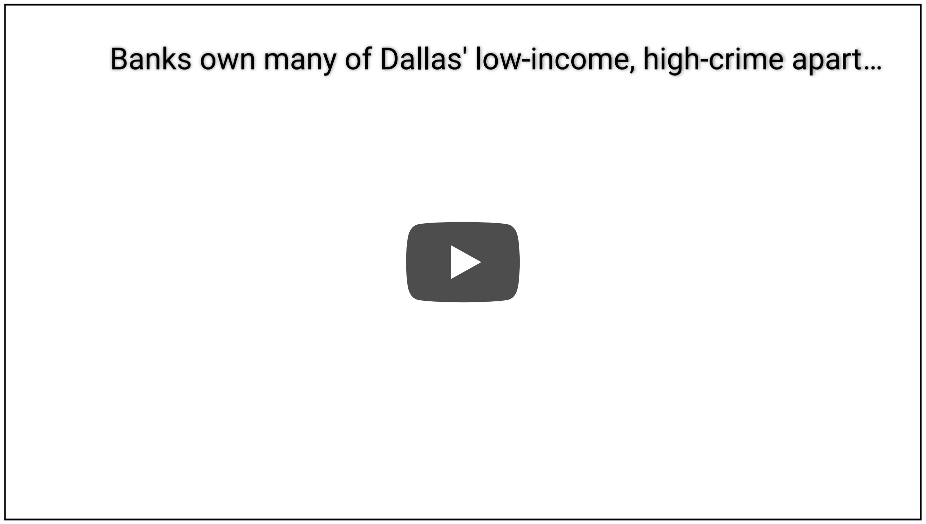
A need for housing

Like most American cities, Dallas has a shortage of housing that lower-income families can afford.

When affordable housing does get built, it's generally apartment complexes. And too often, developers construct them in high-crime, high-poverty neighborhoods located below Interstate 30.

Last year, we showed you how I-30 divides Dallas' wealthier and whiter neighborhoods to the north from the largely Black and Hispanic residents to the south, and how many banks continue to "redline," or purposely underserve, southern Dallas.

So, who's the money behind all these low-income apartment complexes?



Sterlingshire

Let's look at one – Sterlingshire, formerly called the Bruton Road Apartments. It's at Bruton Road and North St. Augustine Drive in the heart of Dallas' Pleasant Grove neighborhood.

From the outside, they're nice. Residents we talked to said they're also nice on the inside.

But crime is high, according to residents. The complex is inside one of the Dallas Police Department's "Targeted Area Action Grids." These TAAG areas, as they're known, get extra police attention because of high crime, and are scattered mostly in southern Dallas.

RELATED: **City of Dallas ends 2020 with highest number of murders in more than 15 years**

Sterlingshire "should never have been [built] there to begin with," said Terrance Perkins, a community activist and pastor of the nearby Abundance Grace Church.

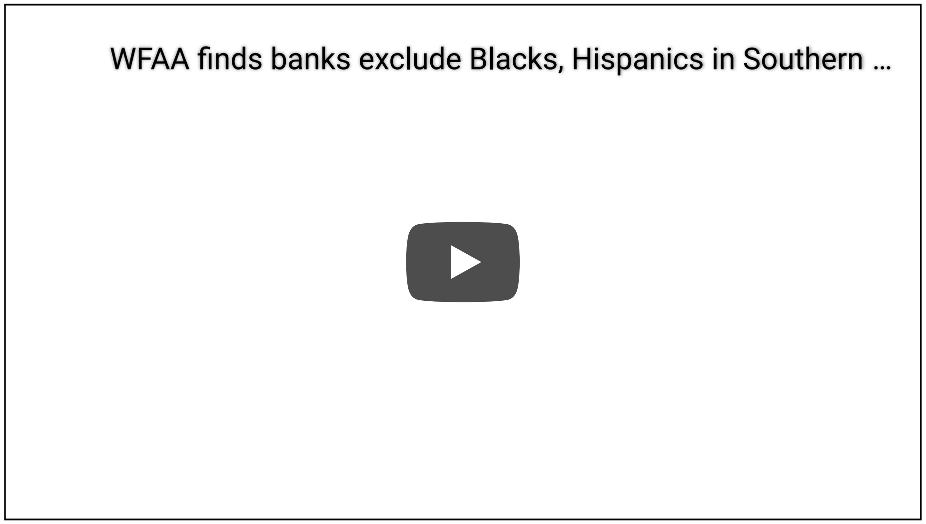
Credit: WFAA

Terrance Perkins

“We need affordable housing,” he said. “But apartment complexes [are] something we need less of, especially here in Southeast Dallas. When you take a population of people and put them in one place, and no resources, you lead them to a dead end.”

So, who owns Sterlingshire? WFAA research of court filings, state housing records and public corporate documents shows that Bank of America owns 99.9% of the corporate entity that owns the complex.

And it’s not alone.



Too much crime, too many apartments

We've identified 50 affordable-housing apartment complexes in Dallas that are owned, or have been owned, by big national banks. In addition to Bank of America, these include American Express, Chase, Truist and Wells Fargo

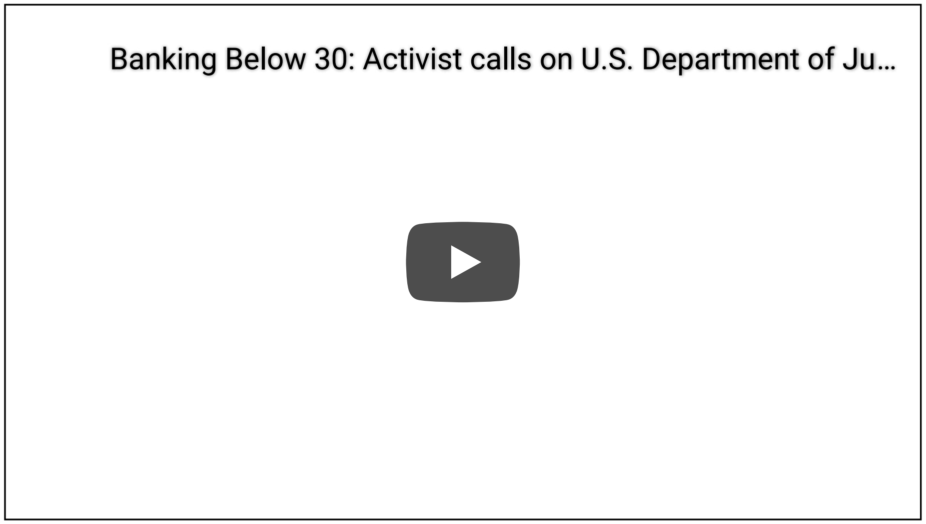
We reached out to all of them. Those that responded said they are proud to invest in housing that serves low-income and minority families. But none wanted to be interviewed about it.

A roof over your head is, indeed, a good thing, housing advocates say. But if you look closer, frequently, these buildings are clustered together in the poorest parts of the city. They are in deserts with few jobs, under-performing schools, lacking retail, fresh groceries, or reliable transportation.

FROM 2019: **New center brings fresh food options to southern Dallas community**

Half of the bank-financed apartments we're talking about are located inside DPD's TAAG areas, or crime hotspots.

State law says a neighborhood shouldn't have more than 20% of its housing – apartment units or single-family homes – be government-subsidized rental properties. In other words, no clusters of low-income housing.



But we found several groupings of low-income housing complexes. One is near Southwest Center Mall, formerly known as Red Bird Mall, where we found banks own or have owned three apartment buildings. The concentration of subsidized housing there is 63%.

Farther east near C.F. Hawn Freeway and Great Trinity Forest Way is another high-crime, high-poverty, low-opportunity neighborhood. There you will find three apartment complexes, including Rosemont at Pemberton Hill, which was formerly owned by Chase Bank. The concentration of subsidized housing there is 43%.

In a statement, Chase Bank said: “We believe affordable housing is a critical need in our communities.”

“Where you live really matters,” said Ann Lott, a fair housing advocate at the Inclusive Communities Project in Dallas.

Credit: WFAA

Ann Lott

Her nonprofit has sued suburban communities over their refusal to allow affordable housing. Those refusals are one reason housing is continually built in the same inner-city neighborhoods. “We have to stop a system that consistently puts poor people in areas where they cannot thrive," she said.

RELATED: **Lawmaker: Financial Services Committee to take up banking discrimination after WFAA 'Banking Below 30' story**

“The people that live in the community need access to credit," she said. "They need access to loans so they can buy their homes. Banks are contributing to the slum and blight of the communities and one could argue that they have become the new slumlord.”

Bank report cards

So, why do national banks invest hundreds of millions of dollars in apartments in high-crime, high-poverty neighborhoods? That’s a two-part answer.

The first part has to do with bank exams.

First, a little history.

For decades, through a practice called redlining, banks denied loans to the Black and Hispanic communities.

To address the problem, Congress passed The Community Reinvestment Act in 1977, also known as the CRA. Every few years, the government grades banks on how well they follow the CRA; in other words, how good a job they are doing loaning money directly to lower-income businesses and homebuyers.

RELATED: **Congressional hearings planned over failure by banks and regulators to provide access to loans in minority communities of Dallas**

By the ’80s and ’90s, though, regulators changed the rules so banks don’t just get credit for making loans directly to individuals. They also give them what you might call "extra credit" for investments in affordable housing.

Today, the CRA “motivates the vast majority of these investments,” according to the Affordable Housing Tax Credit Coalition trade group.

Consider the CRA exam for Bank of America for its operations in North Texas. It says “...the bank has an excellent level of community development investments” totaling $813.9 million around Dallas-Fort Worth. That includes a $15.5 million dollar investment in Sterlingshire.

Corporate records show Bank of America is a 99.9% "silent partner" in Sterlingshire. That means the bank is a majority corporate owner but doesn’t make decisions about where an apartment complex is built, and it doesn’t run day-to-day operations.

In addition to Sterlingshire, Bank of America is also the 99.9% corporate owner of a low-income apartment complex across the street, and another two miles to the north.

In all, we found Bank of America has current or past investments in 13 low-income complexes in Dallas. All generate positive CRA scores for the bank.

Using public records, we estimate Bank of America has invested $50 million in the area around Sterlingshire alone.

But how much money is the bank lending to homebuyers in this same neighborhood? The government tracks that, and analysis provided by the advocacy group the National Community Reinvestment Coalition, or NCRC, shows Bank of America made two mortgage loans in that area in 2019.

We reached out to Bank of America about our findings.

"There is a tremendous need for affordable housing nationwide," said Bill Halldin, Bank of America spokesperson, in a written statement.

"Bank of America is committed to supporting our clients and communities by providing upfront financing that is a critical component for organizations to be able to expand housing opportunities," Halldin said.

Bank of America is not alone in its lending patterns.

Further analysis of government lending data by the NCRC shows that banks make a lot of loans north of I-30. To the south, banks make very few loans – but have invested hundreds of millions of dollars in affordable housing apartment complexes, helping them get passing grades on their CRA exams.

What does all this say about the effectiveness of the CRA?

“To allow tax credit housing to substitute for real loans, home loans -- it’s perverted the entire meaning of the Community Reinvestment Act," said Laura Beshara, a Dallas civil rights lawyer. She along with law partner Michael Daniel have filed a number of lawsuits over affordable housing policy, including for the Inclusive Communities Project, whose case went all the way to the Supreme Court.

Credit: WFAA

Laura Beshara

"It’s furthered the racial concentration of the area, its furthered the poverty concentration," she said. "It’s added more residents to an area of high crime that didn’t need to be there. And, at the same time, they’re not making any loans to the people that live there.”

Tax credits

Aside from favorable CRA bank exam ratings, another reason banks buy into low-income apartment complexes is tax credits.

The government says, "Hey, Bank, if you buy in with $15 million to cover the cost of building XYZ apartments, the United States promises to pay you back." The bank then claims the tax credit over a 10-year period until it gets all its money back.

We're not talking about hundreds or thousands of dollars of these low-income housing tax credits. Each year, the United States gives about $8 billion in tax breaks to the corporate owners of these apartment complexes. And almost all of those tax breaks go to banks.

For the banks, “it’s a no-fail system,” Beshara said. With government support, she said these apartment investments generate a steady return for banks with almost no risk.

“It’s very safe from an investment point of view, and a sure thing,” she said,

But there are rules. To get that tax credit the government says a project has to be part of a “concerted community revitalization plan.” What does that mean?

It means to be eligible for a tax credit, apartments have to be located in parts of town where there is a focused plan to improve struggling neighborhoods. Typically, that means they have to be accompanied by things like health clinics, community centers, infrastructure, educational and economic opportunities.

Dallas has designated revitalization plans in five neighborhoods. All of them are south of I-30 and one is in West Dallas. Banks have financed a total of six affordable housing projects inside those zones. All of them get tax breaks.

But we found 44 apartment complexes in Dallas that were all built *outside* revitalization areas. And they got tax breaks, too.

“I don’t think they should be eligible for the tax credit,” Beshara said.

So, who’s letting this happen? First off, it is developers who conceive of the projects, pick the location, and get all the state and local approvals. Developers get fees from the projects and other revenue. Banks then buy into the projects as “limited partners,” and usually become 99.9% corporate owners.

By law, banks typically cannot own property, so they have to get special permission from the government to do so. That permission is granted by the Office of the Comptroller of the Currency, or OCC. They regulate banks, among other things, and give them permission to own a controlling interest in these apartment complexes. They also grade big national banks on how well they comply with the CRA.

We asked the OCC about its own rules that allow banks to buy into these low-income housing tax credit projects, or LIHTCs, only if they are “designed primarily to promote public welfare," and whether what we found is of concern to them.

"The OCC’s CRA rule does not require a (low-income housing tax credit) project to be in a revitalization area to receive CRA credit," said Bryan Hubbard, an OCC spokesman. "The OCC doesn’t regulate all individuals nor entities that may invest in LIHTC projects, and isn’t involved in selecting which projects receive LIHTCs."

Banks we contacted bristled at being called “owner” of these apartment complexes. They point out that they do not select the sites where they’re built, and do not run any of the day-to-day operations. All of which is true.

But federal law says they have to be an owner in order to use the tax credits to lower their tax bill.

“Under federal income tax law, (low-income housing tax credits) may be claimed only by property owners who have the benefits and burdens of ownership,” according to a 2014 OCC information sheet outlining how the program works. “This includes all partnerships (LPs, LLCs, and other equity investors) in the properties. For example, if a bank holds a 99.99 percent interest in a partnership, it receives 99.99 percent of the tax credits and real estate losses, which include, but are not limited to, depreciation and interest expenses.”

The tax credits themselves are granted by the Internal Revenue Service. But government investigations have found that the IRS does a poor job of overseeing the program.

In 2015, the U.S. General Accounting Office found "IRS oversight… has been minimal" and records "were not sufficiently reliable to determine if basic requirements for the LIHTC program were being achieved."

"They don't care where these projects go – at all," Beshara said. "And they don't care who it affects."

We asked the IRS why it gives banks tax breaks on apartments that are outside revitalization areas. "Since your story involves a specific group of taxpayers in a certain area, the IRS will decline any comment due to disclosure laws and regulations," a spokesperson replied in an email.

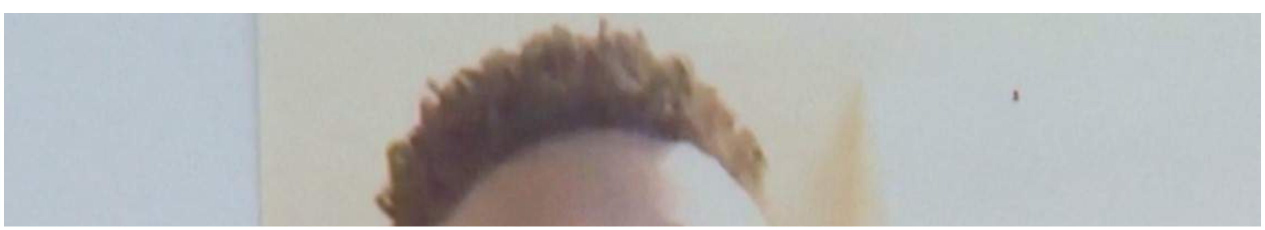
"The program has operated for over 30 years without any requirements of where the housing should be located," Beshara said. "As a result, the housing has become concentrated in high minority areas of high poverty. Many of them with very distressed neighborhood conditions with high crime."

Sterlingshire revisited

In 2015, before Sterlingshire was built, Beshara and her law partner sent a warning letter to regulators. They said Sterlingshire's paperwork "failed to disclose" that there was "significant criminal activity" in the area and that the project should not be eligible for tax breaks.

"This false representation can be the subject of a suit by any future tenants of the project for the consequences, including harm from the high crime in the area," they wrote.

That harm came in 2019. In June, 13-year-old Malik Tyler, a resident of Sterlingshire, was walking near his home when he was shot and killed in a drive-by shooting.



Credit: WFAA

Malik Tyler

The company that manages Sterlingshire declined to talk to us for this story.

Not far from where Malik was killed, across the street from Sterlingshire, neighbors later noticed activity on a large, vacant lot. When Terrance Perkins inquired, he learned what developers had planned for the site – another low-income housing complex.

He gathered neighbors for a fight. They won that battle – at least for now. But another neighborhood might not be so lucky.

“What the builders end up doing, or the investors, they’ll come to a community that’s not going to fight it and put the apartment complex there,” Perkins said. “And then [they’ll] say, ‘Hey look, we’ve done something great.’ But in reality, you’re only crippling us.”

Got a story tip? Email dschechter@wfaa.com.

Exhibit 34

SOUTHERN DALLAS

'It all comes down to one man': How Texas allows a single lawmaker to kill affordable housing plans to keep constituents happy

When the Dallas City Council voted to approve an affordable housing complex in North Dallas, upset neighbors had one more card to play. It worked.

How Texas allows a single lawmaker to kill affordable housi...

Author: **David Schechter**
Published: **12:00 PM CST March 7, 2021**
Updated: **12:00 PM CST March 7, 2021**

DALLAS — By one estimate, the City of Dallas is short 20,000 units of affordable housing that's built in neighborhoods where crime is low-crime and good jobs are available.

And last week, the Dallas City council approved plans to build Cypress Creek at Forest Lane, low-income apartments near the corner of Forest and Central.

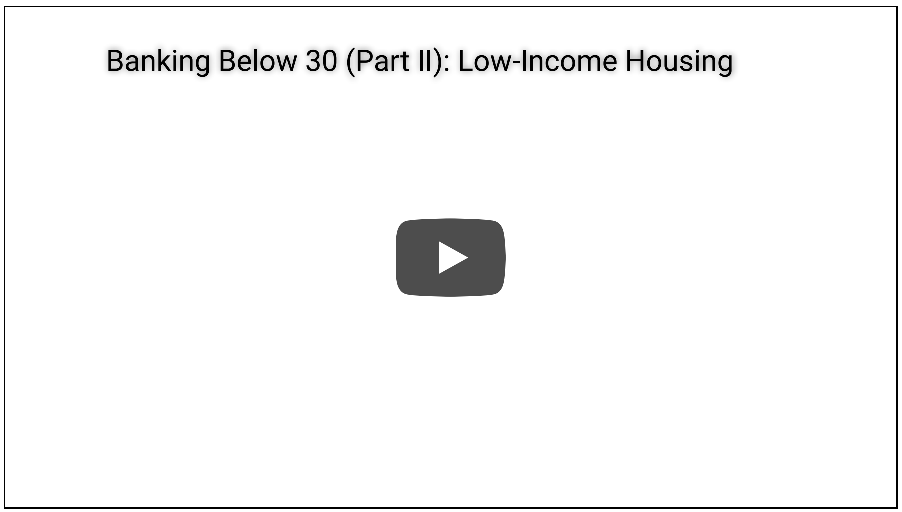
A review of Dallas Police crime hotspots reveals that low-income housing is often build in high crime areas. That same data shows Cypress Creeks would be in an area of relatively low crime.

“The fact that there is little crime is humongous,” said Demetria McCain, a fair housing advocate at the Inclusive Communities Project.

She wrote a letter in support of the project pointing out Cypress Creek would be near Medical City -- a major employer, also near a DART station -- for public transportation, and the poverty level in the area is relatively low at 12%.

How unusual is this for the city council to approve a housing complex, like this, in an area of high opportunity?

“It is very unusual. Almost always they are approving ones in high poverty, high concentration, racially isolated areas,” said McCain.



The Cypress Creek proposal passed despite the objections of neighbors who spoke up against it. They said the approval process happened too fast and the city needed to address existing problems before introducing affordable housing.

“I want affordable housing in my neighborhood. I just want it done in the right way. So public safety and issues of homelessness are considered,” said Woot Lervisit, a community leader.

When it was pointed out to Lervisit that Cypress Creek is not in a crime hotspot he responded, “Living here I disagree with that. This is our neighborhood and we understand it better than most people.”

But it turns out, in Texas, angry neighbors can override their city council. All they need is a letter of opposition from their state representative -- in this case Democrat John Turner.

It's a state law that's taken a lot criticism.

In 2013, a state commission concluded Texas' law gives too much power to one person saying “officials were often not in a position to meaningfully evaluate a proposed development or obtain community input sufficient to draft the required letters.”

And an audit by the General Accounting Office in 2016 found letters of opposition can have a “discriminatory influence… on where affordable housing is built.” And that “eliminating local approval” should be a priority for the federal government which has an obligation to dismantle segregation.

“It all comes down to one man. That's very sad. And troublesome,” McCain said.

Last Friday, Representative Turner wrote his letter. He opposed Cypress Creek, effectively killing it.

Among other things, Turner wrote his decision, "... is consistent with the views of many of the constituents who reached out to me, who made it clear that their objections were rooted in concerns about specifics of the Cypress Creek proposal, and not in a general opposition to affordable housing."

The letter was a victory for neighbors who didn't want the apartments.

But when you zoom way out, what McCain sees is a failure of policy from the highest levels of government.

“If, in fact, the federal government was doing its job properly it would make sure that states aren't able to change the nature of the program by creating this kind of powerful veto power. Over the will of the city. Over the will of the people,” she said.

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