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Study Shows Economic Impact of LIHTC Development Along Transit Corridors in Metro Denver

By Josh Burdick, Urban Land Conservancy

Affordable housing built with low-income housing tax credits (LIHTCs) creates millions of dollars in local income, taxes and local jobs for the Denver metro area, according to a recent study by Dr. Elliot Eisenberg, senior economist at the National Association of Home Builders (NAHB). Eisenberg presented the study results to public policy makers and other housing advocates at an event on June 15 that was hosted by the Urban Land Conservancy (ULC) and the Home Builders Association of Metro Denver (HBA).

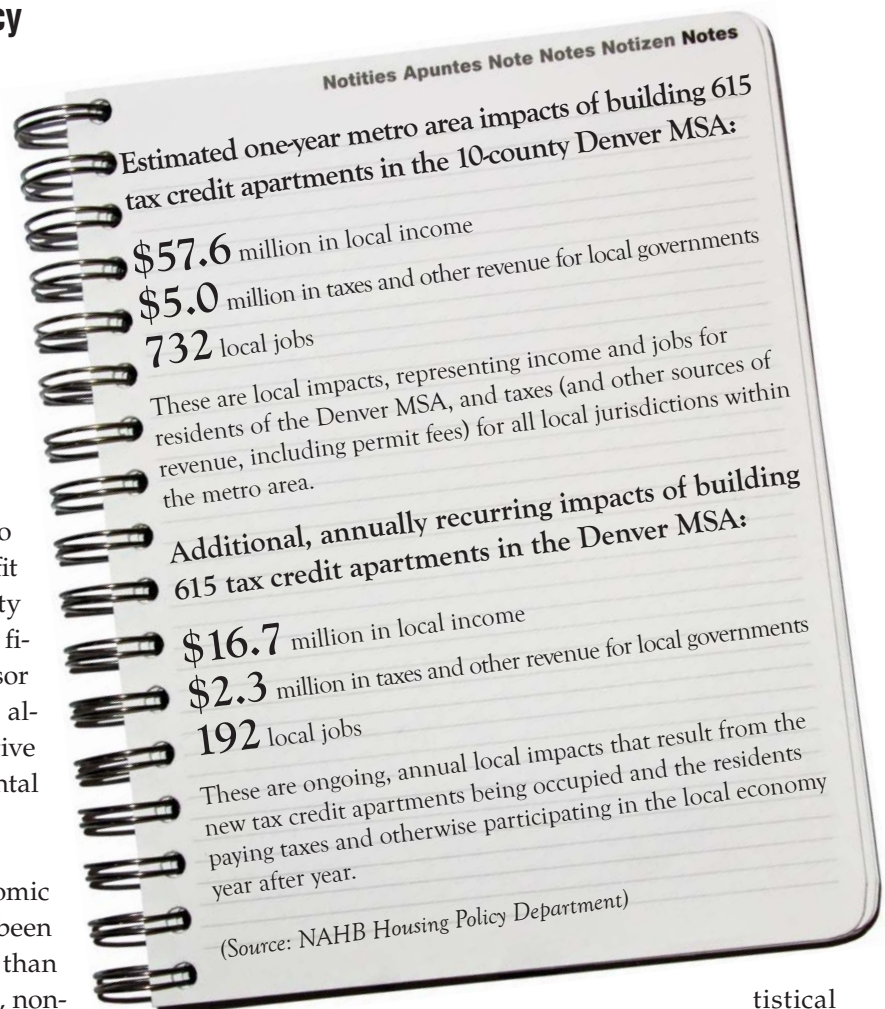
Background

The study was commissioned by the HBA of Metro Denver in partnership with the local not-for-profit ULC. Colorado Housing and Finance Authority (CHFA) provided data regarding housing units financed with LIHTCs for this study and was a sponsor of Dr. Eisenberg's presentation. CHFA is the state allocating agency that awards LIHTCs on a competitive basis to developers of multifamily affordable rental housing.

NAHB developed the model to estimate the economic impact of home building in 1996. The model has been used to estimate the impact of construction in more than 600 projects, local jurisdictions, metropolitan areas, non-metropolitan counties, and states across the country.

What the Study Found in Denver

Eisenberg's study looks at the impact of building new LIHTC apartments in a 10-county Denver metropolitan sta-



tistical area (MSA) and primarily along transit corridors. The 10-county MSA includes Denver, Adams, Arapahoe, Jefferson, Douglas, Broomfield, Elbert, Park, Clear Creek and Gilpin counties.

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In the Denver Metro area in 2010, a family of four earning 60 percent of area median income (AMI) would have a household income of \$45,540. The income and rent restrictions are enforced through a land use restriction agreement (LURA) that is recorded against the property.

The study identified the first year, direct and indirect local economic impacts of \$57.6 million in local income, \$5 million in taxes and other revenue for local governments and 732 local jobs. These impacts represent income and jobs for residents in the study area and taxes (and other sources of revenue, including permit fees) for all local jurisdictions in the MSA.

Eisenberg estimated the annually recurring economic impact beyond the first year at \$16.7 million in local income, \$2.3 million in taxes and other revenue for local governments and 192 local jobs. These effects are the result of the new apartments being occupied and residents paying taxes and otherwise participating in the local economy year after year. It also includes the effect of increased property taxes.

“Low-income housing tax credits are an important resource for creating affordable housing in the United States,” said Eisenberg. “As the study indicates, this type of housing not only provides enormous benefit to the residents, but it is an ongoing economic stimulus in terms of jobs and local income to the surrounding community as well.”

Central to how the real estate community thinks about affordable housing is the \$6.5 billion, 119 mile and 60-station expansion of Denver MSA’s light rail system over the next 20 years. To better understand affordable housing in the context of transit, 92 percent of the apartments in the study data were taken from developments within one-half mile of light rail or one-quarter mile of rapid bus transit, otherwise known as transit-oriented developments (TODs).

“The focus on development around transit stops is especially important,” said Aaron Miripol, president and CEO of ULC. “The demand for affordable housing around transit stops will continue to grow and understanding the economic impact of building LIHTC housing near transit is critical for policymakers, housing advocates and other community leaders.”

“Particularly as the economy continues to struggle, this study couldn’t be more timely,” said Roger Reinhardt, executive vice president of the HBA. “Dr. Eisenberg’s study makes clear the vital role of the housing industry in generating local income and jobs and local government revenue. Creating vibrant communities along transit corridors with a mix of housing types, including affordable housing, will benefit the local economy as well as the residents who will live, work and recreate within the community while having transit access the broader metro area.” ❖

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