

Introduction to Affordable Housing Policy and Finance

Meeting Days, Times, Location: Monday evenings (6:30 PM to 9:20 PM)

Semester: Spring – Mini 3, **Year:** [2024]

Units: [6], **Section(s):** [#]

Instructor information

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Office location	
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Office hours	
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Course Description

- In this course students will be introduced to Affordable Housing Policy and Finance in the U.S. Context. Approximately half of each class session will be spent describing local, state, and federal housing policies and discussing the implications (both positive and negative) of these policies in urban settings. The students will read two books to be used as aids for class discussion. The books are *The Color of Law* by Richard Rothstein and *Evicted* by Matthew Desmond. Additionally, there may be one or two occasions where a guest speaker presents a specific policy issue.
- The remaining half of each class session will be spent learning the financial computations used by practitioners of housing development. In other words, how are new affordable housing developments financed when the developer knows that the rents will be less than what he/she could receive on the private market? The course will cover the basic principles of both market-rate and affordable housing finance. The instructor will also teach the fundamentals of the Low-Income Housing Tax Credit. By the end of the course, the students will be expected to know how to calculate Low-Income Housing Tax Credits and use them to generate equity in affordable housing developments.
- The course is for students who may want to work for local, state, and/or the federal government directly impacting issues related to affordable housing. This course is also for students who would like to work for an affordable housing developer, a real estate practitioner, and/or is just interested in the topic of affordable housing.
- There are no prerequisites for the course.

Learning Objectives

- Learning Objectives include:
 - Obtain an understanding of past and current U.S. Federal Policy related to affordable housing; specifically, as it relates to the U.S. Department of Housing and Urban Development (HUD). How does the movement in HUD's annual budget affect affordable housing programs across the country?
 - Understand the fundamentals of the Federal Low-Income Housing Tax Credit (LIHTC) Program and how it is used as a funding mechanism to create affordable housing.
 - Be able to draft affordable housing budgets and cash flow analyses using various funding sources.
 - Using Pittsburgh as an example, understand how cities across the country are addressing the issue

of a shortage of affordable units.

- Learn about the historic role that public and private lenders have played in the housing market.
- Study issues of poverty and racism and how poverty and racism affect housing choice by reading two policy-related books.

Learning Resources

- *The Color of Law: A Forgotten History of How Our Government Segregated America* by Richard Rothstein. 1st Edition.
- *Evicted: Poverty and Profit in the American City* by Matthew Desmond.
- *Introduction to Low-Income Housing Tax Credits* by Novogradac & Company LLP. 5th or 6th edition.

Assessments

The final course grade will be calculated using the following categories:

Assessment	Percentage of Final Grade
Pre-class Assignment	5%
Quiz #1 – Low Income Housing Tax Credits Calculations	15%
3 – 4 Page Paper Related to a Policy Issue Described in <i>Evicted</i>	20%
3 – 4 Page Paper Related to a Policy Issue Described in <i>The Color of Law</i>	20%
Final Exam	30%
Class Attendance / Participation	10%

- Pre-class Assignment: The student is expected to read a pre-class assignment and write a one-page response to questions (in lieu of having class on Martin Luther King Day)
- Quiz #1: This quiz will be taken individually. The student will be expected to show how to calculate the amount of Low-Income Housing Tax Credits needed to construct sample housing developments. The student will also need to calculate the equity and other funding sources.
- Paper Related to a Policy Issue Described in *Evicted*: The student is expected to choose one of three instructor proposed policy questions and write a 3-4-page paper answering the policy question. The answer should site narrative from the book *Evicted* regarding the Milwaukee context and should also apply a related interpretation to another U.S. city. OR
 - In lieu of reading *Evicted*, the student may choose to read a series of articles by Shelterforce entitled “LIHTC: The Good, the Bad, and the Very Complicated” and complete a separate assignment which will include a LIHTC case study.
- Paper Related to a Policy Issue Described in *The Color of Law*: The student is expected to choose one of three instructor proposed policy questions and write a thorough reflection of the policy issue based on the

student's reflection of the history of the mortgage industry described in *The Color of Law*.

- **Final Exam:** The final exam will test similar financial calculations as was asked in Quiz #1. The final exam will also ask the student to answer essay questions regarding the policy issues covered in class and may include multiple choice and/or true and false questions.
- **Class Attendance / Participation:** The student is expected to attend every class and actively participate in the class discussion. If the student cannot attend a class, the student must send the instructor an e-mail prior to class with a valid excuse. If the instructor does not receive an e-mail, the student will lose 20% of the participation grade for every class missed. Assignments are still due even if the student has an excused absence, unless the reason the student missed class is identified as one of the three reasons in the Late-work policy described below.

Students will be assigned the following final letter grades, based on calculations coming from the course assessment section.

Grade	Percentage Interval
A	90-100%
B	80 – 89%
C	70 – 79%
D	60 – 69%
R (F)	Below 60%

Grading Policies

- **Late-work policy:** Work is due on the day identified. Late work is only accepted for the following reasons: (1) a death in the immediate family, (2) a hospital related emergency in the student's immediate family, and (3) another medical reason as identified by a physician.
- **Make-up work policy:** If work needs to be made up due to the reasons stated above, the student and the instructor must select an agreed upon date which will be no more than seven days after the original due date.
- **Re-grade policy:** One-time only during the course, a student may request a re-grade of one of their assignments. The request must be in writing, must be received within seven days, and must clearly state why the student believes the grade should be higher. The instructor will respond within seven days with her response.
- **Attendance and/or participation policy:** Attendance and participation are graded. See course policies.

Course Policies

- **Attendance & Participation** (if applicable): Students are expected to be in class. A student's participation grade will be reduced by 20% for each unexcused absence.
- **Academic Integrity & Collaboration:** Students are expected to conduct individual thought and not use other's interpretations of the narratives discussed in class. If a student uses interpretations found online or in other resources and does not adequately site the source, the student will receive a failing grade for that assignment.
- **Late-work/Make-up work policy:** See the late work policy above.
- **Accommodations for students with disabilities:** The CMU policy is as follows: "If you have a disability

and require accommodations, please contact Catherine Getchell, Director of Disability Resources, 412-268-6121, getchell@cmu.edu. If you have an accommodations letter from the Disability Resources office, I encourage you to discuss your accommodations and needs with me as early in the semester as possible. I will work with you to ensure that accommodations are provided as appropriate.”

- **Statement on student wellness:** The CMU policy is as follows: “As a student, you may experience a range of challenges that can interfere with learning, such as strained relationships, increased anxiety, substance use, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may diminish your academic performance and/or reduce your ability to participate in daily activities. CMU services are available, and treatment does work. You can learn more about confidential mental health services available on campus at: <http://www.cmu.edu/counseling/>. Support is always available (24/7) from Counseling and Psychological Services: 412-268-2922.”
- **Mobile Devices:** Electronic devices, including phones, iPad, and laptops are not allowed during the administration of quizzes and the final exam. If the student is caught with an electronic device (other than a calculator) during the quizzes and exam, the student will receive a 0 for that quiz or exam.

Course Schedule

Date	Theme/Topic	Learning Outcomes Addressed	Assignments Due
Wk 1 1/22/24	Intro to Affordable Housing; Market Rate Proformas	Intro to Affordable For-Sale Housing; Learn How to Interpret a Market-Rate Proforma; Community Reinvestment Act; Intro to Affordable Housing and Low-Income Housing Tax Credits	N/A
Wk 2 1/29/24	Low Income Housing Tax Credits	Learn how to conduct the financial calculations in the Low Income Housing Tax Credit Program; 4% LIHTC Bond Financing; Community Land Trusts;	
Wk 3 2/5/24	Affordable Housing in Pittsburgh; 4% Low Income Housing Tax Credit	More Low Income Housing Tax Credit Financial Calculations; Fair Housing in America; Eviction Data; Discussion of <i>Evicted</i> Papers; Potential Guest Speaker	Policy Paper – <i>Evicted</i> or LIHTC Assignment
Wk 4 2/12/24	Affordable Housing in Pittsburgh; Public Housing in America	Guest speaker; History of Public Housing; Role of Foundations; Role of Federal Home Loan Bank; Potential Guest Speaker	Quiz 1 – Low Income Housing Tax Credits
Wk 5 2/19/24	Fair Housing Policy; More Historical Context; Review for Exam	Role of HUD and HUD’s budget; homelessness in America; Potential Guest Speaker; Review for Exam	
Wk 6 2/26/24	Final Exam	Final Exam and Discussion of <i>The Color of Law</i> papers; Potential Guest Speaker	Policy Paper – <i>The Color of Law</i> Final Exam