



## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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# MEMO

TO: TCAC Stakeholders

FROM: Mark Stivers, Executive Director

DATE: September 26, 2018

RE: Request for Public Comment on Proposed Updated 2019 Opportunity Maps

The California Tax Credit Allocation Committee (TCAC) regulations provide site amenity points, a threshold basis limit increase, and beginning in 2019 a tiebreaker bonus for qualified projects located in a census tract designated on the TCAC/HCD Opportunity Area Map as Highest or High Resource.

TCAC is committed to updating these maps on an annual basis to account for updated data. In addition, TCAC in any given year may propose improvements to the methodology. This memo presents the draft TCAC/HCD Opportunity Maps for 2019, explains the proposed changes from the 2018 mapping methodology, and invites public comment on the 2019 draft maps.

**Comments should be submitted to TCAC by 5 pm on Wednesday, October 31.** Please send comments via email to [mark.stivers@treasurer.ca.gov](mailto:mark.stivers@treasurer.ca.gov) with the header "Opportunity Map Comments." TCAC staff intends to respond to public comments and make any additional revisions to the maps by December 3 and present the final proposed maps to the Committee for adoption at the December 12, 2018 meeting. If you have technical questions, please direct such questions to the researchers at [equity\\_metrics\\_program@berkeley.edu](mailto:equity_metrics_program@berkeley.edu) (there is an underscore between the first three words, as opposed to spaces).

*[The Draft 2019 TCAC/HCD Opportunity Maps](#)*

**Users can now view the TCAC/HCD Opportunity Maps online at: <https://bit.ly/2zsXxac>**

The web mapping tool allows user to view and interact with our Opportunity Mapping data. The data is displayed by each region and statewide as well. This will allow developers as well as policymakers and researchers to do the following:

- View the opportunity category for each tract in the state;
- Zoom in to view any tract closely;
- Geocode any address to see the opportunity category for the tract where this address is located; and
- Select a region/area to view only tracts in that region/area.

### The Creators of the Maps

In February 2017, TCAC and the Department of Housing and Community Development (HCD) convened the California Fair Housing Taskforce (“Taskforce”) and asked it to develop the TCAC/HCD Opportunity Maps that TCAC eventually adopted in December 2017 into its regulations. The Taskforce continues to advise TCAC on opportunity mapping methodology.

The Taskforce currently includes representatives of Enterprise Community Partners, the Haas Institute for a Fair and Inclusive Society, the California Housing Partnership Corporation, the Turner Center for Housing Innovation at UC Berkeley, and the Urban Displacement Project at UC Berkeley.

### Proposed Changes to the 2019 Draft Opportunity Maps

As directed by TCAC, the Taskforce worked in 2018 to strengthen the methodology behind the maps and update them as more recent data became available. As part of this work, the Taskforce:

- Conducted a full review of the mapping methodology and made slight modifications.
- Convened a rural working group to collect feedback and implement methodology changes for rural areas.
- Began new collaboration with the UC Berkeley Urban Displacement Project to develop a neighborhood change analysis.
- Conducted outreach to expand Taskforce advisors/reviewers for the 2019 process:
  - Miriam Zuk and Anna Cash, UC Berkeley Urban Displacement Project
  - Solange Gould, California Department of Public Health, Health Equity Policy and Planning Unit
- Applied updated methodology and data sources and re-generated maps.
- Developed an interactive, web-based mapping tool.

The updated methodology is fully detailed in the “Opportunity Mapping Methodology” document. Following is a summary of methodology improvements and data corrections made in 2018:

- **Data updates**
  - Applied updated 2012-2016 ACS data (replacing data from 2011-2015)
  - Applied updated 2017-2018 California Department of Education data (replacing data from 2015-2016) for the student poverty rate
- **Added indicators**
  - After consulting with academic experts in environmental health and OEHHA staff, added CalEnviroScreen Environmental Effect indicators (5) to the Health and Environment Domain
- **Excluded tracts**
  - Excluded 36 tracts where prisoners make up at least 75% of the population

- Excluded 68 tracts due to low population density (less than three households per square mile)
- Excluded any tracts with no population
- Removed tracts with unreliable data (“N/A”) from calculating High/Highest Resource tracts.
- **Updated rural definition**
  - Applied updated USDA rural definition and mirrored other changes to TCAC’s geographic apportionments
  - Identified blocks with population-weighted centroid within rural areas to ensure that most people in a rural-designated block actually live within rural areas. Previously, blocks that intersected with USDA rural eligible areas at any point were marked as rural.
- **Improvements to education indicators**
  - The student poverty indicator and the math and reading proficiency indicators were strengthened to now be calculated as the enrollment-weighted average proficiency level of students at the three closest schools (rather than weighting all schools equally regardless of the size of enrollment) within the same county (rather than within the same school district).
- **Improvements to job proximity indicators**
  - Improve accuracy of job proximity indicator by calculating the number of jobs within the median job distance at the Census block level, rather than the tract. This allows for a more complete measure of proximate jobs, especially in rural areas with spatially large Census tracts.

What is the impact of these changes?

**Overall.** The updated data sources and methodology improvements resulted in a “reshuffling” of tract categorizations. The highest and lowest categories saw the least amount of change, and most changes were a shift of one category level. Categories for rural areas changed the most out of any tracts, as many of the methodology changes specifically related to rural areas.

There are 109 more tracts in the High and Highest Resource categories in 2018. The increase takes place primarily in rural areas. This increase is due to two methodology improvements:

1. After applying the filter to identify tracts with the highest segregation and poverty concentration, 40% of each region’s total tracts are coded as High/Highest Resource. Last year, this calculation was made without considering tracts with unreliable data (“N/A”). This resulted in each region being allocated 40% of its non-“N/A” tracts as High/Highest. As a result, each region had only about 39% of its total tracts counted as High/Highest. The 2018 methodology removed the “N/A” tracts prior to identifying the 40% High/Highest tracts.
2. The methodology of calculating quintiles in rural counties was modified to consistently be calculated by percentile. This impacted rural counties with very low numbers of tracts. For example, Yolo County has only 3 rural tracts. In percentile terms, two of these must be in the top 40% (66.7% and 100%). In 2017, only one tract was coded as High/Highest; in 2018, two tracts have this designation.

There are now 72 fewer tracts identified as High Segregation & Poverty. This reduction is almost exclusively because fewer tracts have at least a 30% poverty rate in the 2016 ACS data, a requirement for being filtered into this category.

**Rural areas.** In Rural Areas, there are 26 more “Highest” tracts than “High” tracts. This is because where there is an odd number of tracts in the High/Highest categories, the median is always in the upper half of the percentile distribution. The extra tracts are simply a result of 26 counties with odd numbers of High/Highest tracts.

There are now 40 fewer rural tracts due to USDA changes.

Updated LIHTC distribution analysis

After re-categorizing each region’s tracts using the revised methodology, the Taskforce then re-evaluated the distribution of new construction, large family, 9% Low-Income Housing Tax Credit (LIHTC) units placed in service from 2000 to 2016 (See Table A on the following page).

In California, 42% of new construction, large family, 9% LIHTC units placed in service from 2000 to 2016 were located in highly segregated and poverty concentrated tracts (captured by the filter), which comprise approximately 12% of tracts statewide.

By contrast, only 6% of units were located in the highest resource neighborhoods, which comprise approximately 20% of tracts statewide.

In other words, for every affordable home for low-income families the 9% LIHTC program created in the highest resource neighborhoods, it created eight in racially segregated and poverty concentrated neighborhoods.

There is still a misbalance of choice when considering affordable housing in the highest *and* high resource neighborhoods; for every housing unit in the most well-resourced neighborhoods, there are three in the most racially segregated and poverty concentrated neighborhoods.

The distribution of large-family, new construction units created with 9% LIHTCs within each region varies; however, no region offers more affordable housing choice for low-income families in the highest resource neighborhoods than in its most highly segregated and poverty concentrated neighborhoods—and all but two regions (Central Coast and Orange County) have developed more units in filtered tracts than in high and highest resource areas combined.

**Table A: Percentage of New Construction, Large Family LIHTC Units Regionally, By Resource Category**

Region	Highest Resource	High Resource	Moderate Resource	Low Resource	High Segregation & Poverty
Capital & Northern	0%	29%	19%	17%	36%
Central Coast	6%	16%	13%	56%	8%
Inland Empire	9%	4%	3%	44%	40%

<b>Orange County</b>	11%	21%	12%	49%	7%
<b>San Diego</b>	11%	12%	5%	27%	45%
<b>SF Bay Area</b>	1%	6%	21%	60%	13%
<b>Central Valley</b>	2%	2%	4%	14%	79%
<b>LA Region</b>	4%	3%	22%	19%	53%
<b>Rural Counties</b>	8%	7%	20%	24%	41%
<b>Statewide</b>	6%	8%	15%	30%	42%