

## **THE TCAC/HCD OPPORTUNITY MAP**

The TCAC/HCD Opportunity Map identifies areas in every region of the state whose characteristics have been shown by research to be most strongly associated with positive economic, educational, and health outcomes for low-income families – particularly long-term outcomes for children – when compared to other neighborhoods in the same region. The map also identifies areas in California that are both high-poverty and racially segregated.

The TCAC/HCD Opportunity Map was developed in response to a growing body of research showing that the characteristics of neighborhoods – such as poverty rates and the quality of local public schools – substantially impact long-term outcomes for low-income families and children. In 2017, the California Tax Credit Allocation Committee (TCAC) adopted this map into its regulations in an effort to increase access to high opportunity areas for families with children. At the time, only 5 percent of large family 9% LIHTC units were located in the state’s highest resource neighborhoods, even though these neighborhoods accounted for one-fifth of the state’s neighborhoods.<sup>1</sup> By contrast, 42 percent of these units were located in areas that were both high-poverty and racially segregated at the time.<sup>2</sup>

Since the map and associated policies were adopted into the LIHTC program, the number of affordable housing developments funded in higher resource neighborhoods has increased. According to research by Ann Owens, Associate Professor of Sociology, Public Policy, and Spatial Sciences at the University of Southern California, since 2018 the share of 9% LIHTC *applications* for large family developments in higher resource areas has increased by 10 percentage points – from 19 percent to 29 percent (compared to the four years before the policy change was introduced). Further, the proportion of *awards* for 9% LIHTC large family developments in higher resource areas has doubled, from 15 percent to 30 percent.<sup>3</sup>

According to analysis by HCD’s research partners, since 2019, the number of funded affordable housing *units* in 9% LIHTC large family developments in High and Highest

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<sup>1</sup> Reid, C., & Kneebone, E. (2020, October 19). *New State policies aim to boost access to opportunity through housing*. Turner Center. Retrieved June 8, 2022, from <https://turnercenter.berkeley.edu/research-and-policy/new-state-policies-aim-to-boost-access-to-opportunity-through-housing/>

<sup>2</sup> Note: This analysis is based on the 2018 TCAC/HCD Opportunity Map.

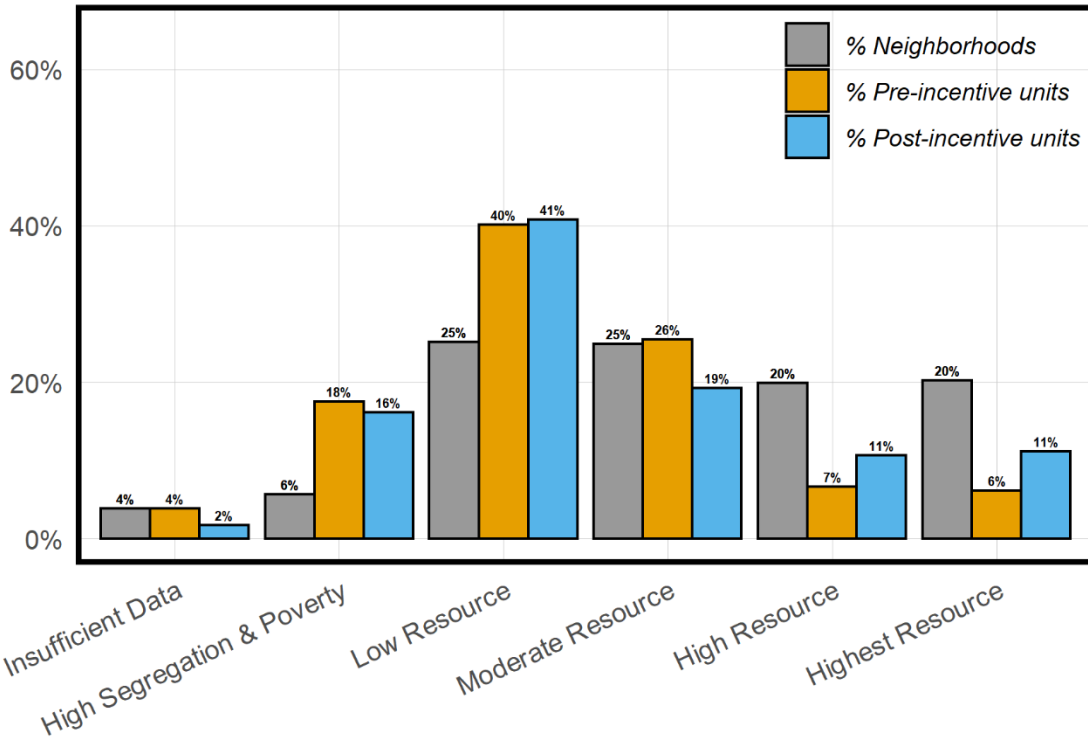
<sup>3</sup> Owens, A. & Brooks Smith, R. (2021) *Incentivizing Affordable Housing In High Opportunity Areas*. USC Sol Price School of Public Policy. Retrieved June 8, 2022, from [https://socialinnovation.usc.edu/wp-content/uploads/2021/11/Owens-Smith-BRIEF\\_Final.pdf](https://socialinnovation.usc.edu/wp-content/uploads/2021/11/Owens-Smith-BRIEF_Final.pdf)

Resource Areas has increased from 13 percent to 22 percent (compared to the four years prior), as can be seen in Table 1 below.<sup>4</sup>

**Table 1**

9% LIHTC-Financed Affordable Units in Large-Family Developments by Level of Neighborhood Resources

*Pre-incentive: 2015-2018; Post-incentive: 2019-2021*



Sources: TCAC database, July 2022; and 2022 TCAC/HCD Opportunity Map.

Additionally, there has been a decrease in the number of affordable housing developments funded in racially segregated neighborhoods. For instance, according to the UC Berkeley Othing & Belonging Institute’s measure of racial segregation, the number of funded affordable housing *units* in 9% LIHTC large family developments in High POC Segregation tracts has decreased from 58 percent to 37 percent since 2019 (compared to the four years prior). Further, the number of funded affordable units in 9%

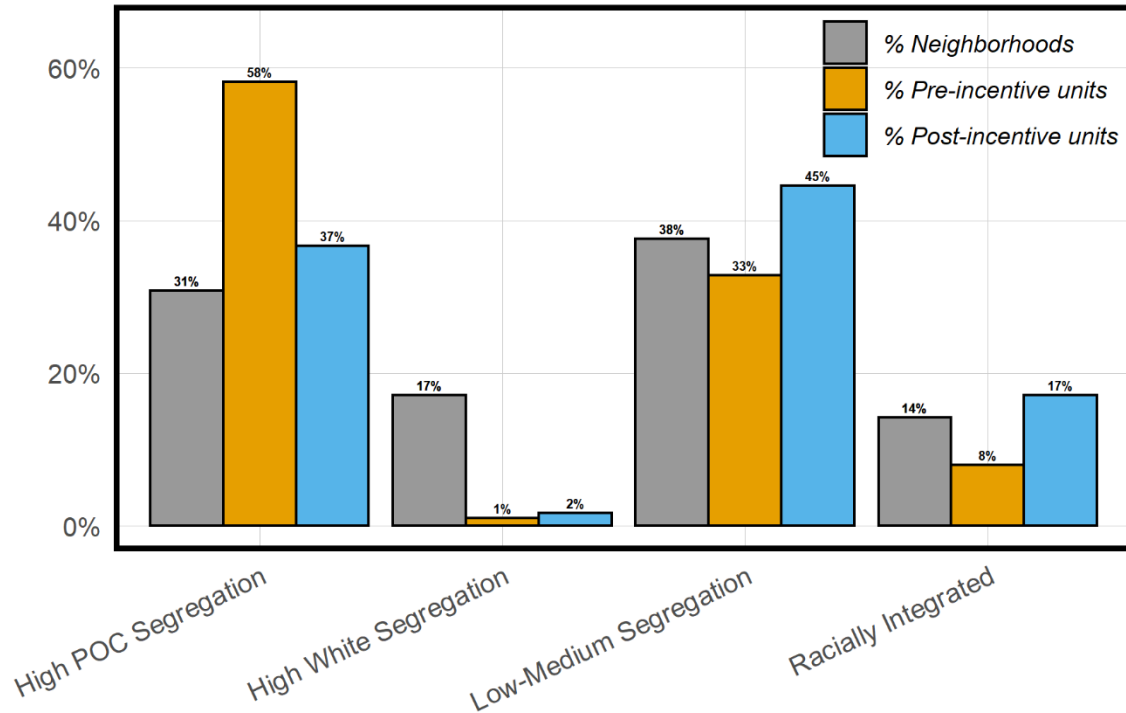
<sup>4</sup> Note: The research cited in this document uses different cut-offs for evaluating the impact of the policy changes TCAC made to incentivize more affordable housing development in higher resource areas. This is because TCAC phased in a series of regulation changes related to the TCAC/HCD Opportunity Map over multiple years. In 2018, TCAC introduced modest regulation changes to provide a basis boost and site amenity points. In 2019, TCAC added a tiebreaker incentive for projects in High or Highest Resource areas.

LIHTC large family developments has increased since 2019 in High White Segregation, Low-Medium Segregation, and Racially Integrated tracts.

**Table 2**

9% LIHTC-Financed Affordable Units in Large-Family Developments by Tract-Level Segregation

Pre-incentive: 2015-2018; Post-incentive: 2019-2021



Sources: TCAC database, July 2022; and UC Berkeley Othering & Belonging Institute: The Roots of Structural Racism Project, 2021.

Despite this progress, LIHTC-financed affordable units in California are still substantially underrepresented in higher resource areas. Currently, only 7 percent of all LIHTC funded units the state’s affordable housing portfolio (both 4% and 9%) in family-serving developments are located in the state’s highest resource neighborhoods.<sup>5</sup>

While the goal of the TCAC/HCD Opportunity Map is to increase housing choice by incentivizing more affordable housing construction in higher resource areas, the state recognizes the importance of funding affordable housing in all neighborhood types. As

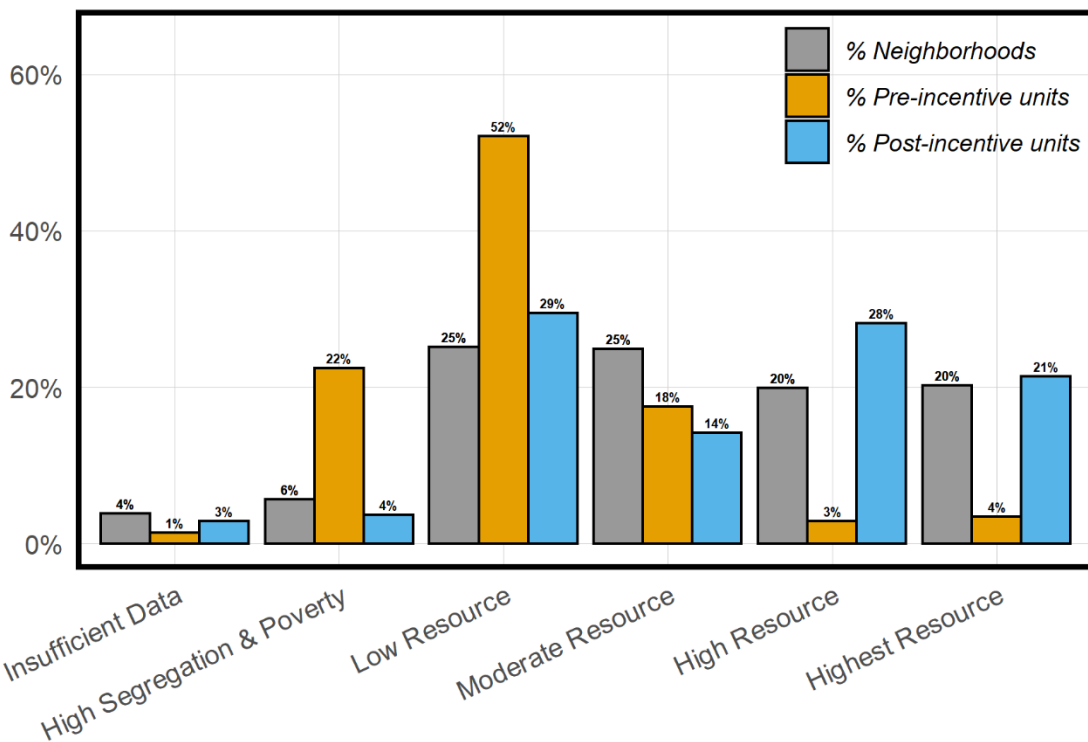
<sup>5</sup> Rinzler, D., & Loya, J. (2021). *Addressing Segregation and Unequal Access to Opportunity in California with Affordable Housing Investments: A Path Forward for a Comprehensive Approach*. California Housing Partnership. Retrieved June 8, 2022, from [https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2021/12/CHPC2021PolicyBrief\\_AFFH\\_Path\\_Forward\\_CA.pdf](https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2021/12/CHPC2021PolicyBrief_AFFH_Path_Forward_CA.pdf).

can be seen in Table 1, 9% LIHTC funding continues to be awarded to projects located in all neighborhood types. Even after TCAC began incentivizing large-family new construction developments in higher resource areas through a tiebreaker incentive in the 9% program in 2019, the majority of these units (57 percent) have continued to be located in Low Resource and High Segregation & Poverty neighborhoods.

**Table 3**

4% LIHTC-Financed Affordable Units in Large-Family Developments by Level of Neighborhood Resources

*Pre-incentive: 2017-2020; Post-incentive: 2021*



*Sources: TCAC database, July 2022; and 2022 TCAC/HCD Opportunity Map.*

In 2021, the California Debt Limit Allocation Committee (CDLAC) also adopted the TCAC/HCD Opportunity Map into its regulations. The most recent CDLAC funding rounds have seen a more significant shift in the percentage of units in family serving developments being funded in higher resource areas through the 4% program. However, in 2021, Low Resource neighborhoods still received a share of units that was largely proportional to their share of the state’s census tracts (29 percent versus 25 percent). High Segregation & Poverty neighborhoods received a share of units that was less than their share of the state’s census tracts (4 percent versus 6 percent). In July 2022, CDLAC established a “soft cap” on the number of projects that can receive extra

points for being in High and Highest Resource neighborhoods. HCD will continue to evaluate how the distribution of units relative to the TCAC/HCD Opportunity map neighborhood types changes in response to this policy change.

## **APPLYING THE MAP TO VARIOUS FUNDING PROGRAMS**

TCAC adopted the TCAC/HCD Opportunity Map into its regulations in December of 2017 to accompany new policies aimed at increasing access to high opportunity areas for families with children in housing financed with 9% Low Income Housing Tax Credits (LIHTCs). For this reason, the map and the methodology behind it was designed for the competitive funding infrastructure of the 9% LIHTC program (e.g., geographic competition, a separate funding pool for rural applicants).

However, the map has also been used to inform similar policies in other state funding programs, such as HCD's Multifamily Finance Super NOFA and CDLAC's regulations for 4% LIHTCs. However, methodological adjustments may be called for if the map is applied to broader contexts and different application processes.

The current version of the TCAC/HCD Opportunity Map can be found [here](#). If you have questions about the map, please email [affhguidance@hcd.ca.gov](mailto:affhguidance@hcd.ca.gov).

## **YEARLY UPDATES TO THE MAP**

HCD is committed to continually improving the TCAC/HCD Opportunity Map, as well as assessing and refining the state's overall approach to Affirmatively Furthering Fair Housing (AFFH). Over the years, HCD and TCAC have made several refinements to the map methodology in response to stakeholder feedback and are actively exploring potential refinements to incorporate moving forward.

For instance, in 2018, HCD and TCAC convened a Rural Working Group with assistance from the California Coalition of Rural Housing. In response to feedback shared by rural stakeholders, the map methodology was adjusted several times over the next few years to better capture opportunity in rural areas. For instance, the methodology was changed to measure opportunity at the block group, instead of the census tract level, in rural areas. The methodology was also adjusted to more accurately exclude places with very low population density and with high prisoner populations.

Since the TCAC/HCD Opportunity Map was first developed, a number of bills have been signed into law that have expanded and further clarified the state's responsibility to

AFFH—including AB 686, AB 1771, and SB 828. According to statute, “Affirmatively furthering fair housing” means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a public agency’s activities and programs relating to housing and community development (Gov. Code, § 8899.50, subd. (a)(1)).

In the coming years, HCD will continue to build out the state’s AFFH related tools and programs to meet this expanded mandate, including by refining the TCAC/HCD Opportunity Map and reviewing its application in state programs.

### **CALIFORNIA FAIR HOUSING TASK FORCE**

The California Fair Housing Task Force (Task Force) was established in 2017 by HCD and TCAC to create the TCAC/HCD Opportunity Map.

Over the years, a range of independent organizations and research centers have provided input on the development of the map methodology as members of the Task Force, including the:

- CA Department of Public Health, Health Equity Policy & Planning Unit
- California Housing Partnership
- Enterprise Community Partners
- Housing California
- Kirwan Institute for the Study of Race and Ethnicity
- Othering & Belonging Institute
- PolicyLink
- Turner Center for Housing Innovation
- UCLA Luskin School
- UC Davis Center for Regional Change
- Urban Displacement Project

Several research partners—including the Turner Center, the Othering & Belonging Institute, the California Housing Partnership, and the UCLA Luskin School—are

continuing to help HCD and TCAC keep the map up to date. These research partners carry out the technical work of reviewing and updating the maps every year and responding to direction provided from TCAC and HCD for areas of needed improvement or technical adjustments to its methodology based upon newly available data and research, stakeholder feedback, engagement, and comment letters. Although the research partners carry out the technical updates on the mapping methodology, they *do not* set policy or the policy objectives that guide these processes.