



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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JUDITH BLACKWELL

DATE: April 24, 2020

TO: Low Income Housing Tax Credit Stakeholders

FROM: Judith Blackwell, Executive Director

RE: Request for Public Comment on Proposed Updated Draft 2020 TCAC/HCD Opportunity Maps

The California Tax Credit Allocation Committee (TCAC) regulations provide site amenity points, a threshold basis limit increase, and a tiebreaker bonus for qualified projects located in a census tract designated on the TCAC/HCD Opportunity 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 summarizes proposed changes and statement of reasons to the TCAC/HCD Opportunity Map methodology for the 2020 annual map update. The memo references sections and page numbers of the methodology document, which is available at <http://www.treasurer.ca.gov/ctcac/opportunity.asp>, along with an online mapping tool and statewide summary table.

Please submit public comments to TCAC and HCD by 5:00 pm on Monday, May 18, 2020.

Please send public comments via email to judith.blackwell@treasurer.ca.gov, azeto@treasurer.ca.gov (TCAC), and megan.kirkeby@hcd.ca.gov (HCD) with the subject line "2020 Opportunity Map Comments."

TCAC staff intends to respond to public comments and may make additional revisions to the maps. TCAC intends to present the final proposed maps to the Committee for adoption on June 17, 2020, so that second round competitive applications for Large Family new construction developments submitting applications in July 2020 will have the option of referencing the adopted 2020 maps.

Per TCAC regulations, applicants may choose to utilize the TCAC/HCD Opportunity Map designation in effect when initial site control was obtained up to seven calendar years prior to the application. As such, making 2020 map designations available to applicants in July could have the potential effect of modestly expanding the pool of Large Family new construction applications with access to competitive advantages in the TCAC regulations associated with being located in High and Highest Resource areas, but would not impact applications that had assumed access to those incentives based on prior versions of the TCAC/HCD Opportunity Map.

PROPOSED CHANGES TO THE 2020 DRAFT OPPORTUNITY MAP METHODOLOGY

Measuring Opportunity in Rural Areas (page 5): This section is revised to reflect the proposed approach of measuring opportunity in rural areas at the block group level, rather than at the tract level as in prior versions of the TCAC/HCD Opportunity Map.

Reason: Last year, TCAC and HCD collaborated with a Task Force¹ and a Rural Working Group² to discuss several methodological changes to more accurately measure opportunity in rural areas, including ruling out places with very low population density and with high prisoner populations. However, the issue remained that basing measurement on tract-level data likely masks variation in opportunity and resources within some rural tracts because they are typically much larger in land area than non-rural tracts.

As part of the 2020 map update, the Task Force—again in collaboration with the Rural Working Group—developed an approach to measuring opportunity at the block group level in rural areas (each tract contains an average of three block groups). This approach reduces the difference in land area at which opportunity is measured between rural and non-rural areas by 90 percent, and thus allows for finer analysis in rural parts of the state when compared to previous versions of the TCAC/HCD Opportunity Map.

Rapidly Changing Moderate Resource Areas (page 16): This section describes an emerging methodology to identify areas that may soon become High Resource based on rapid changes in recent years: Moderate Resource (Rapidly Changing) areas.

NOTE: This category has no impact on the TCAC or HCD programs at this time. However, the Task Force, TCAC, and HCD are eager to receive feedback on this approach for consideration in future policies. Additional comment opportunities will be given before this category is considered for use with program applications.

Reason: Recurring feedback on the 2018 and 2019 TCAC/HCD Opportunity Maps noted that although they were based on the most recent available data, they did not account for rapid changes in opportunity and resources that may be occurring in some places.

¹ The California Fair Housing Task Force is a group of independent researchers TCAC and HCD tasked to annually update and refine the TCAC/HCD Opportunity Map. Members of the California Fair Housing Task Force currently include the Othering & Belonging Institute (formerly Hass Institute for a Fair and Inclusive Society) at UC Berkeley, the Turner Center for Housing Innovation at UC Berkeley, and the California Housing Partnership.

² A Rural Working Group was convened with assistance from the California Coalition for Rural Housing.

In response to this feedback—and to help TCAC and HCD further their goal to increase access to opportunity-rich areas for low-income families—the 2020 map includes a new draft methodology to identify areas that are Moderate Resource but may soon become High Resource based on recent trends. This methodology identifies Moderate Resource areas (tracts in non-rural areas and block groups in rural areas) with index scores just below the High Resource threshold that have experienced rapid increases in key dimensions of opportunity—based on indicators in the TCAC/HCD Opportunity Map index—since 2000. Areas that meet this definition are categorized as Moderate Resource (Rapidly Changing).

High School Graduation Rate Indicator (page 12): This section is revised to reflect measuring high school graduation rates based on the cohort-weighted average of the three high schools nearest to the tract or rural block group centroid, as opposed to using district-wide graduation rates as in prior versions of the TCAC/HCD Opportunity Map.

Reason: With this change, the high school graduation rate indicator will use the same approach used for the elementary school-based indicators (test scores and student poverty). The Task Force believes this approach will increase accuracy of measurement for tracts and rural block groups than the previous approach of using district-wide rates.

DATA AND CITATION UPDATES

Overview of Indicators (pages 6-13): This section is revised to reflect incorporation of more recent data released by the California Department of Education and the American Community Survey over the past year for all Economic and Education domain indicators. Some indicator descriptions also cite new research released since the last map update. However, the indicators themselves are unchanged because this new research supports their inclusion in the methodology.

Reason: The TCAC/HCD Opportunity Map should reflect the most recent available data and evidence, and thus should be updated periodically as new data and research becomes available.

CLARIFICATIONS

Background and Purpose (pages 1-2) and Overview of Mapping Approach (pages 3-4): These sections are revised to increase clarity of language in the methodology's introductory sections, such as in describing the purpose of the TCAC/HCD Opportunity Map and its approach to measuring place-based opportunity and resources in different parts of the state.

Reason: Language in these sections of the methodology document had not been revised since the TCAC/HCD Opportunity Map was first adopted in 2017. After having spent the last two years engaging with stakeholders around the maps and the methodology behind them, we believe the updated language in these introductory sections more clearly describes the TCAC/HCD Opportunity Map's background, policy context, and approach to measurement.