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DATE: December 7, 2020

TO: California Tax Credit Allocation Committee (TCAC) and California Department of Housing and Community Development (HCD) Stakeholders

FROM: Judith Blackwell, Executive Director (TCAC) and Tyrone Buckley, Assistant Deputy Director of Fair Housing (HCD)

RE: Response to Comments on Draft 2021 TCAC/HCD Opportunity Map

TCAC and HCD convened the California Fair Housing Task Force (“Task Force”) in 2017 to create the TCAC/HCD Opportunity Map in order to identify areas across the state whose characteristics have been shown by research to support positive economic, educational, and health outcomes for low-income families—particularly long-term outcomes for children. TCAC and HCD use the map to inform policies aimed at increasing access to opportunity-rich areas for families with children in housing financed with Low Income Housing Tax Credits and other state funding programs, in light of historical concentrations of this housing in areas characterized by limited resources, high poverty rates, and racial segregation. TCAC and HCD work with the Task Force to update the map each year based on newly available data and a review of the methodology.

TCAC and HCD appreciate the feedback provided through comment letters on the proposed 2021 TCAC/HCD Opportunity Map. In consultation with the Task Force, TCAC and HCD offer the responses below. Please note that comments that did not relate to the methodology but to TCAC’s regulations are not addressed here. After reviewing and considering these comments, TCAC and HCD will proceed with the changes initially proposed to the 2021 TCAC/HCD Opportunity Map. However, multiple issues raised in comment letters will be considered as part of the next year’s map update.

Minor methodological adjustments to explore in the 2022 map update

Multiple letters proposed excluding areas from consideration if they are located within a very high or high fire hazard severity zone or if they overlap with university and college campuses. The Task Force explored possible data sources and approaches for addressing these comments and determined that further analysis and consultation with experts and relevant stakeholders would be required in order to ensure such changes would be accurately and effectively targeted, and to avoid risking removing areas that should continue to be considered in the opportunity map. These issues will thus be explored as part of the 2022 map update.

Structural issues to explore in the 2022 map update

Multiple letters referenced broader issues regarding how the TCAC/HCD Opportunity Map is constructed, the constituencies allowed access to participate in the annual methodology update, and the intent of the policies and programs that reference and utilize the map. TCAC and HCD appreciate these comments and welcome the opportunity to review the map's construction, clarify goals, and decide whether any change is needed as more uses of the map emerge. We will create a process, in partnership with the Task Force, to review these issues with external stakeholders early in the calendar year so that any substantive or process changes made as a result can be incorporated into the 2022 map update.

Methodological clarifications

Several areas of the TCAC/HCD Opportunity Map methodology warrant clarification based on comments received.¹

- **Proximity to Jobs** - Proximity to jobs is included as an indicator in the economic domain of the opportunity index in order to help ensure that families in affordable housing live within a reasonable commute of a job center. The measure for this indicator is proximity to jobs filled by workers without a college degree within a typical commuting distance for a low-wage worker in the region.
- **Proximity to High and Highest Resource Areas** - Proximity of a given neighborhood to High Resource or Highest Resource areas is not considered because research has demonstrated that neighborhood effects on children are hyper-local; characteristics within a half-mile of a child's home drive nearly all of the association between neighborhoods and long-term outcomes, and characteristics of areas beyond that radius have little predictive power on those outcomes.²
- **Shifting Opportunity Categories** - Tracts and rural block groups may shift opportunity categories during annual map updates for multiple reasons, including changes in their

¹ One letter had been previously submitted in response to the draft 2020 TCAC/HCD Opportunity Map; the response to comments memo for that version of the map addresses each of the comments raised in this letter.

² Chetty, R., Friedman, J., Hendren, N., Jones, Maggie R., Porter, Sonya R. (2018). *The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility*. NBER Working Paper No. 25147. October. Website: <https://opportunityinsights.org/paper/the-opportunity-atlas/>

underlying data, changes in other parts of the region or rural county against which they are compared (i.e., even if conditions in a particular tract have not changed, if other tracts have experienced significant changes that may shift a given tract's relative scoring), and changes in the mapping methodology. To provide certainty to developers who do not have the benefit of knowing whether tracts or rural block groups may change categories in future map updates, TCAC allows applicants to use the map category in effect when initial site control is obtained up to seven calendar years prior to application.

- **High Segregation & Poverty Filter** - The High Segregation & Poverty filter is included in the TCAC/HCD Opportunity Map in order to help state agencies advance the affirmatively furthering fair housing and racial equity goals by helping avoid investment patterns which may perpetuate existing patterns of segregation and concentrated poverty, as well as to help target place-based investments.³ No current TCAC or HCD funding policies specifically reference these areas.

The filter, which is constructed as a California version of the federal Racially or Ethnically Concentrated Areas of Poverty (R/ECAP)⁴ definition that is more adaptive to demographic patterns in each region of the state. The filter is the only part of the mapping methodology that explicitly factors in race; race is not considered as a variable in the general opportunity index, which focuses instead on economic, educational, and environmental metrics research has established as meaningful determinants of neighborhood opportunity.

- **Moderate Resource (Rapidly Changing) Areas** - The purpose of the Moderate Resource (Rapidly Changing) category is to identify areas which may soon become High Resource based on recent trends. Requiring areas to have experienced rapid changes in key dimensions of opportunity ensures they are already on an upward trajectory; an approach which attempts to anticipate future change based on current or future patterns of investments without regard to recent trends would offer no such assurance. Further, the Task Force is not aware of evidence showing that certain types or levels of investment in jobs and housing are likely to increase the level of opportunity for low-income families in the near term. If a Low or Moderate Resource area experiencing large investments eventually undergoes rapid positive change with a respect to opportunity for low-income families in future years, application of the methodology should—in the future—identify it as Moderate Resource (Rapidly Changing), if not High or Highest Resource. However, as noted in the October 21 memo accompanying the released of the draft 2021 TCAC/HCD Opportunity Map, TCAC and HCD intend to work with the Task Force to refine this methodology based on further evaluation of its efficacy at predicting future trends as part of the 2022 map update.

³ New citations on the harms of racial segregation, both independently and in combination with concentrated poverty, are included on page 14 of the methodology for the TCAC/HCD Opportunity Map available on the TCAC website: <https://www.treasurer.ca.gov/ctcac/opportunity.asp>

⁴ U.S. Department of Housing and Urban Development, 2020. Racial or Ethnically Concentrated Areas of Poverty data portal: https://hudgis-hud.opendata.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e_0?geometry=-122.718%2C37.848%2C-121.818%2C38.037