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DATE: October 23, 2023

TO: California Department of Housing and Community Development
             (HCD) Stakeholders

FROM: Tyrone Buckley, Assistant Deputy Director of Fair Housing (HCD)

RE: Neighborhood Change Map

This memo summarizes a newly proposed Neighborhood Change Map, which HCD developed in consultation with its research partners.[1] This map is intended to inform HCD and other agencies' efforts to advance several affirmatively furthering fair housing (AFFH) objectives in a way that is distinct but complementary to the state's use of the TCAC/HCD Opportunity Map.

The methodology for the draft mapping tool, along with a frequently asked questions (FAQ) document, online mapping tool, summary table, and shapefile are available on the HCD website at: https://www.hcd.ca.gov/planning-and-community-development/affirmatively-furthering-fair-housing. The deadline for providing feedback to HCD on proposed changes is 5:00 pm on Friday, November 17, 2023 and can be submitted to Annelise.Osterberg@hcd.ca.gov with the subject line: Neighborhood Change Map.

Rationale for Developing the Draft 2024 Neighborhood Change Map

In late 2022, HCD and its research partners conducted a review of an emerging body of literature on the relationship between neighborhood change and AFFH objectives. This review found that the preponderance of available evidence supported the idea that, without policy intervention, substantial amounts of white and high-income households moving into low- and moderate-income communities of color presented a risk of exacerbating AFFH-related challenges (displacement, exclusion, and contributions to new patterns of segregation and unequal access to opportunity). However, the research also supported the idea that, with policy intervention, this type of demographic change could provide an opportunity to advance several AFFH objectives (integration, access to opportunity, addressing disproportionate housing need). HCD concluded that neighborhoods which fit this profile would be important places to target interventions to advance AFFH objectives, as a complement to the approach of increasing access to higher resource neighborhoods via policies that reference the TCAC/HCD Opportunity Map.

Process for Developing the Draft 2024 Neighborhood Change Map

In 2023, HCD and its research partners reviewed methods for identifying neighborhoods undergoing rapid racial/ethnic and economic change. The review did not reveal an existing definition or tool that identified low- and moderate-income communities of color

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[1] The research partners currently include the UC Berkeley Othering & Belonging Institute, the UC Berkeley Terner Center for Housing Innovation, and the California Housing Partnership.

that have experienced substantial increases in white and high-income households, as well as capturing trends related to disproportionate housing need. As a result, HCD and its research partners developed an approach narrowly tailored to identify neighborhoods where stabilization measures to ensure access for current and future low-income people and people of color can best help advance AFFH objectives.

Proposal for the Neighborhood Change Map

The proposed Neighborhood Change Map identifies non-rural tracts[2] that have experienced high levels of racial/ethnic and economic change in recent years. The methodology for this layer relies on a "threshold-based" approach – mirroring the one proposed for assessing opportunity in the draft 2024 TCAC/HCD Opportunity Map. The Neighborhood Change Map identifies tracts that have experienced both substantial racial/ethnic demographic change (growth in the non-Hispanic white share of the population) and economic demographic change (growth in the share of high-income households), as well as markers of disproportionate housing need (rising median rents).

This approach is intended to identify places that have already undergone substantial racial and economic change over a period of time, indicating that they have already experienced and may continue to experience change that has AFFH implications.

These are places that present an opportunity to advance the AFFH objective of fostering integrated living patterns but would likely require additional policy interventions to ensure stability and access for current and future low-income people and communities of color.

The Neighborhood Change Map is also designed to identify places that have undergone recent racial and/or economic changes, and where increasing rental costs in low-moderate-income communities of color may lead to even more change. These are places that present an opportunity to advance the AFFH objective of addressing disproportionate housing needs, including displacement risk.

The Neighborhood Change Map relies on publicly accessible data and can be updated as needed. It is also designed to be sensitive enough to capture the dynamics of interest, but straight-forward enough that its purpose and content can be easily communicated to the public and other stakeholders. To this end, the map is presented in an online interface where clicking on a tract presents the user with underlying indicator values and relevant thresholds that lead to its categorization.

HCD encourages interested parties to explore the online interface and review the underlying methodology and welcomes any comments on the newly proposed map. For additional detail and background on the Neighborhood Change Map, please review the FAQ and full methodology documentation available on the HCD website at: https://www.hcd.ca.gov/planning-and-community-development/affirmatively-furthering-fair-housing.

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[2] This definition relies on tract-level geographies located in non-rural areas, as defined in the TCAC/HCD Opportunity Map methodology, following the literature on neighborhood change's focus on non-rural areas. Further, the margins of error associated with block groups (which are used to assess resources and opportunity in rural areas in the Opportunity Map methodology) are unacceptably high to replicate the methodology described here in rural areas.