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JUDITH BLACKWELL

DATE: June 5, 2020

TO: Low Income Housing Tax Credit Stakeholders

FROM: Judith Blackwell, Executive Director

RE: Response to Comments on Draft 2020 TCAC/HCD Opportunity Map

TCAC appreciates the feedback provided through comment letters on the proposed 2020 TCAC/HCD Opportunity Map. In consultation with the California Fair Housing Task Force ("Task Force"), which TCAC and HCD have charged with creating and annually updating the mapping methodology, I offer the responses below. Please note that comments that did not relate to the methodology but to TCAC's regulations are not addressed here.

Based on these comments received, TCAC will make one change to the 2020 TCAC/HCD Opportunity Map—to exclude military base areas from consideration.

Excluding military base areas from consideration

One comment proposed that areas should be excluded from consideration in the Opportunity Map if they are primarily comprised of military bases or other federally owned land used to provide housing to military personnel and their families, where it is not possible to develop privately owned affordable housing. TCAC agrees that such areas should be excluded from consideration, particularly since the share of each region and rural county that can be designated as High or Highest Resource is capped and removing a military base area could result in another area achieving this designation.

The methodology has been adjusted to exclude military base areas to the degree possible using the following approach: tracts and rural block groups where at least one half of the age 16+ population is employed by the armed forces, according to the 2013-2017 American

Community Survey, are excluded from consideration and categorized as N/A. This approach excludes areas in which the population is predominantly military personnel, as well as some areas where they live with their civilian families on federally owned land.

This approach excludes 20 tracts and block groups statewide. As a check, the Task Force confirmed that all of the identified areas overlap with a military base or installation—suggesting that these areas are indeed base areas, and are not likely to be neighborhoods where military families just happen to be clustered in non-military housing (where they could theoretically benefit from new affordable housing development).

Methodology to identifying areas that may soon become High Resource

Key features of the methodology to identify areas that may soon become High Resource bear clarification, based on one comment letter's feedback. This methodology aims to identify areas that may soon become High Resource based on 1) having recently experienced rapid increases in key dimensions of opportunity, based on evidence-based indicators included in the index for the 'static' map; and 2) having index scores just below the High Resource threshold, meaning continuation of recent trends could result in crossing this threshold in the near term.

- Although gentrification may be occurring in some areas identified as Moderate Resource (Rapidly Changing), this methodology does not seek to identify instances of gentrification or high displacement risk in low-income communities and communities of color, which are distinct concepts from becoming higher resource and opportunity for low-income families with children.

- Requiring areas to have experienced rapid changes in key dimensions of opportunity in order to be identified as Moderate Resource (Rapidly Changing) ensures that they are already on a trajectory to becoming High Resource. An approach which attempts to anticipate future change based on current 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 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 proposed methodology should—in the future—identify it as Moderate Resource (Rapidly Changing), if not High or Highest Resource.

The methodology to identify Moderate Resource (Rapidly Changing) areas has no impact on TCAC programs at this time, and for now it will not change. However, there will be additional opportunities later in 2020 to provide feedback on this methodology for consideration in future policies.

Use of supplemental data

One comment raised the idea of allowing community-based mapping to "ground truth" the methodology used for the TCAC/HCD Opportunity Map. TCAC is reluctant to incorporate

community-based mapping for two primary reasons: 1) Our preference for maintaining a consistent methodology across the state for assessing resources and opportunity; 2) Concerns about capacity of agency staff and the California Fair Housing Task Force to efficiently field and assess the validity of submitted data and ensure that it is evidence-based and properly applied. For these reasons, TCAC is not likely to embrace a "ground truthing" approach to refining the opportunity map. However, members of the public are welcome to provide feedback on specific indicators and approaches to measurement, as well as the accuracy of the methodology in assessing opportunity in specific areas. Incorporation of this type of feedback since TCAC originally adopted the map in 2017 has helped strengthen the methodology used to assess all parts of the state.

Assessing resources and opportunity in rural areas

One related to feasibility of development in areas designated as High or Highest Resource in Merced, Madera, Fresno, and Kern counties. Although portions of block groups in these counties may not be able to support housing development, the methodology for the TCAC/HCD map incorporates a population density floor and data reliability thresholds to ensure that portions of these block groups contain a minimum level of population density (otherwise they are categorized as Missing/Insufficient Data). As such, no rural block group categorized as High or Highest Resource in Merced, Madera, Fresno, and Kern counties contains fewer than 595 people, and on average they contain approximately 1,700 people—suggesting that development is indeed present in these areas. By comparison, the average population for rural block groups statewide is 1,513.

Three comment letters related to a parcel in Nevada City whose tract in the 2019 map was categorized as High Resource and whose block group (since it is in a rural area) in the draft 2020 map is categorized as Moderate Resource. The category for the area containing this parcel changed for two reasons: 1) The draft 2020 map assesses rural areas at the block group level rather than at the tract level, allowing for a finer grained and more accurate assessment of how resources and opportunity are distributed within larger rural tracts.

The tract in question provides an example of this methodological improvement. If rural areas were still assessed at the tract level in 2020, the tract containing this parcel would have been categorized as Moderate Resource in 2020. Its index score in the 2019 map placed it just above the High Resource threshold, and in one year both the tract and the rest of the county underwent marginal changes for some opportunity indicators, causing the tract's index score to fall slightly relative to the county. However, because the tract was split into four block groups, rather than a blanket designation of Moderate Resource, one block group remains in the High Resource category. As intended, this methodological change provides a more nuanced assessment in rural areas when compared to prior versions of the map.

Jurisdictions with no High and Highest Resource areas

One comment noted that some small communities contain no areas categorized as High or Highest Resource. In an acknowledgment of the regional nature of housing and labor markets—and the regional designations used by TCAC—the methodology behind the

TCAC/HCD Opportunity Map determines resource categories by comparing areas to their surrounding region (or counties, for rural areas). Within each region, 40 percent of tracts or rural block groups are designated as either High or Highest Resource. While this approach ensures that each region has the same share of tracts eligible for opportunity-area incentives, individual jurisdictions or communities within the region or rural county may not contain a High or Highest Resource area.

Whether children and families will necessarily thrive in all High and Highest Resource areas

One comment raised a concern that some low-income families may not thrive in all High and Highest Resource areas due to factors such as higher cost of groceries and private schools, and argued that TCAC should prioritize Large Family New Construction developments in higher areas that assist residents to thrive in these communities.

Services and supports—such as those housing mobility programs provide to families using tenant-based rental assistance to move to high-opportunity areas[1]—can certainly help families learn about resources available to them and navigate their new environments. Family needs and preferences also vary, so it is true that not all High and Highest Resources are a good fit for all low-income families.

It is also true that, as noted in this comment, research has shown that educational and neighborhood environments have racially specific effects.[2] However, since TCAC does not know the race or ethnicity of residents of potential or existing TCAC-financed developments, it is not possible for the mapping methodology to be responsive in this way.

Finally, TCAC agrees that private school education would be an inappropriate opportunity indicator for low-income families, and therefore only consider public schools in the methodology. The Task Force is also not aware of evidence that groceries and other necessities are more expensive in High Resource areas; by contrast, research has shown that fresh produce is more expensive in low-income neighborhoods in California.[3]

Use of "environmental justice" indicators

One comment raised concerns about accurate incorporation of CalEnviroScreen 3.0 (CES) data into the TCAC/HCD mapping methodology. The Task Force looked into this issue and found no errors. However, several aspects of how CES data is incorporated bear clarification, because outputs from CES are not directly comparable to those of the TCAC/HCD Opportunity Map:

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[1]   For more information on housing mobility programs, see https://www.housingmobility.org.
[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/
[3]   Gosliner, W., Brown, D. M., Sun, B. C., Woodward-Lopez, G., & Crawford, P. B. (2018). Availability, quality and price of produce in low-income neighbourhood food stores in California raise equity issues. *Public health nutrition*, *21*(9), 1639–1648. https://doi.org/10.1017/S1368980018000058.

- The TCAC/HCD mapping methodology only incorporates data from CES's "Exposure" and "Environmental Effect" indicators and does not use the "total" CES score, which includes "Sensitive Population" and "Socioeconomic Factor" indicators. The Exposure and Environmental Effect indicators comprise the Environmental domain score in the TCAC/HCD map, which accounts for one third of the total opportunity index score for each tract and rural block group;

- Although CES data is used in the TCAC/HCD methodology, the scores are differently oriented; in CES, higher scores mean higher pollution burden, whereas in the TCAC/HCD methodology, higher scores mean lower pollution burden; and

- The TCAC/HCD methodology scores areas relative to the region or rural county, whereas CES scores relative to the entire state.