

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Updating the TCAC Geographic Apportionments
Public Forum

TCAC Geographic Apportionments

- Each year portions of TCAC's 9% federal and state tax credit ceilings are set aside for applicants in defined geographic areas.
- The geographic areas and percentages are defined by TCAC Regulation Section 10315(i).



TCAC Geographic Apportionments

| <u>Geographic Area</u> | <u>Apportionment</u> | <u>2012 Annual Federal and State Credit Available</u> |
|-----------------------------|----------------------|---|
| Los Angeles County | 33% | \$18,290,347 |
| Central Region | 10% | \$5,542,529 |
| North and East Bay Region | 10% | \$5,542,529 |
| San Diego County | 10% | \$5,542,529 |
| Inland Empire Region | 8% | \$4,434,024 |
| Orange County | 8% | \$4,434,024 |
| South and West Bay Region | 6% | \$3,325,518 |
| Capital and Northern Region | 6% | \$3,325,518 |
| Central Coast Region | 5% | \$2,771,265 |
| San Francisco County | 4% | \$2,217,012 |

TCAC Geographic Apportionments

- Applicants unsuccessful in the Nonprofit, At-Risk, or Special Needs/SRO set-asides will also compete in the projects' geographic region.
- Rural projects are not eligible to compete in the geographic regional apportionment.

Current Geographic Apportionment Methodology

- A geographic region was comprised of a group of counties. The region's percentage was based on county-level data.
- County population was the starting point for each region's apportionment percentage.
- County population adjusted by three factors:
 - Housing Cost
 - Poverty
 - Urbanization

Current Geographic Apportionment Methodology

Source Data by County

POPULATION: California Department of Finance Population Estimates

HOUSING COST: Average dollar per square foot (\$/SF) of historical TCAC new construction projects

Current Geographic Apportionment Methodology

Source Data by County

POVERTY: The portion of the population below 200% of the federal poverty level (U.S. Census Bureau)

URBANIZATION: Calculation based on a comparison of a county's non-rural population to the statewide non-rural population (U.S. Census Bureau, Percentage of population living in urban areas)

Current Geographic Apportionment Methodology

Factors

- Each county's Housing Cost, Poverty, and Urbanization were all adjusted by a factor value.

- Factor values:

| | | | |
|------|------|-------|------|
| 0.50 | 0.75 | 0.875 | 1.00 |
| 1.25 | 1.50 | 2.00 | |

Current Geographic Apportionment Methodology

Example: LOS ANGELES COUNTY

| <u>Factor</u> | <u>Actual % of State Total</u> | <u>Factor Multiplier</u> |
|---------------|--------------------------------|--------------------------|
| Housing Cost | 0.858 | 0.875 |
| Poverty | 1.208 | 1.25 |
| Urbanization | 1.051 | 1.25 |

Current Geographic Apportionment Methodology

Example: LOS ANGELES COUNTY

Population: 9.9 million, 28.85% of state total

Factor multipliers

Housing Cost: 0.875

Poverty: 1.250

Urbanization: 1.250

Aggregate Factor: 1.367

Adjusted county population: 32.67% of state total

Preliminary Update – TCAC Methodology

| <u>Geographic Area</u> | <u>Current Apportionment</u> | <u>Resulting Apportionment</u> |
|-----------------------------|------------------------------|--------------------------------|
| Los Angeles County | 33% | 35.7% |
| Central Region | 10% | 10.5% |
| North and East Bay Region | 10% | 9.8% |
| San Diego County | 10% | 7.9% |
| Inland Empire Region | 8% | 9.8% |
| Orange County | 8% | 6.6% |
| South and West Bay Region | 6% | 3.7% |
| Capital and Northern Region | 6% | 6.6% |
| Central Coast Region | 5% | 5.9% |
| San Francisco County | 4% | 3.5% |

Alternative Methodologies

- **Straight Population**

 - SOURCES

 - CA Department of Finance, U.S. Census, American Community Survey

- **Low Income (Households 50% AMI and below)**

 - SOURCE

 - American Community Survey

- **High Housing Cost Burden (Renter Affordability)**

 - SOURCE

 - HUD CHAS (Comprehensive Housing Affordability Strategy) data

- **Combination of above**

- **HOME factors**

- **Other stakeholder proposals**

Alternative Methodologies

Discounting counties with rural areas - TBD

Some regions contain rural areas as defined by TCAC Regulations

- Must compete in Rural Set-aside
- Should be discounted

2010 Census Population

| <u>Geographic Area</u> | <u>Current Apportionment</u> | <u>Resulting Apportionment</u> |
|-----------------------------|------------------------------|--------------------------------|
| Los Angeles County | 33% | 27.0% |
| Central Region | 10% | 10.9% |
| North and East Bay Region | 10% | 10.6% |
| San Diego County | 10% | 8.5% |
| Inland Empire Region | 8% | 12.1% |
| Orange County | 8% | 8.3% |
| South and West Bay Region | 6% | 6.9% |
| Capital and Northern Region | 6% | 7.5% |
| Central Coast Region | 5% | 6.0% |
| San Francisco County | 4% | 2.2% |

Households 50% AMI and Below

| <u>Geographic Area</u> | <u>Current Apportionment</u> | <u>Resulting Apportionment</u> |
|-----------------------------|------------------------------|--------------------------------|
| Los Angeles County | 33% | 27.6% |
| Central Region | 10% | 9.9% |
| North and East Bay Region | 10% | 11.6% |
| San Diego County | 10% | 8.6% |
| Inland Empire Region | 8% | 10.5% |
| Orange County | 8% | 7.8% |
| South and West Bay Region | 6% | 7.0% |
| Capital and Northern Region | 6% | 7.9% |
| Central Coast Region | 5% | 5.9% |
| San Francisco County | 4% | 3.2% |

High Housing Cost Burden to Renters

| <u>Geographic Area</u> | <u>Current Apportionment</u> | <u>Resulting Apportionment</u> |
|-----------------------------|------------------------------|--------------------------------|
| Los Angeles County | 33% | 34.0% |
| Central Region | 10% | 9.9% |
| North and East Bay Region | 10% | 9.8% |
| San Diego County | 10% | 9.0% |
| Inland Empire Region | 8% | 9.2% |
| Orange County | 8% | 7.2% |
| South and West Bay Region | 6% | 5.4% |
| Capital and Northern Region | 6% | 7.0% |
| Central Coast Region | 5% | 5.4% |
| San Francisco County | 4% | 3.1% |

Renter 50% AMI and Housing Cost Burden

| <u>Geographic Area</u> | <u>Current Apportionment</u> | <u>Resulting Apportionment</u> |
|-----------------------------|------------------------------|--------------------------------|
| Los Angeles County | 33% | 34.9% |
| Central Region | 10% | 9.6% |
| North and East Bay Region | 10% | 10.3% |
| San Diego County | 10% | 8.5% |
| Inland Empire Region | 8% | 8.6% |
| Orange County | 8% | 7.3% |
| South and West Bay Region | 6% | 5.5% |
| Capital and Northern Region | 6% | 7.1% |
| Central Coast Region | 5% | 5.3% |
| San Francisco County | 4% | 2.9% |

HOME Factors

- Rental households at/below poverty level
- Rental units with 1 of 4 problems
 - Overcrowding
 - Incomplete kitchen facilities
 - Incomplete plumbing
 - High rent cost
- Year housing structure built

HOME Factors

- Substandard rental units multiplied by new construction housing cost
- Families at/below poverty level
- Population multiplied by net per capita income

Discussion

Stakeholder proposals:

- Additional proposals
- Changes to geographic region composition
- Other suggestions

City of Los Angeles Apportionment

| <u>Methodology</u> | <u>City of Los Angeles</u> | <u>Balance of County</u> | <u>Total</u> |
|--------------------|----------------------------|--------------------------|--------------|
| Current TCAC | 14.8% | 19.6% | 34.4% |
| Updated TCAC | 16.2% | 20.9% | 37.1% |
| Population | 10.4% | 16.6% | 27.0% |
| 50% AMI Income | 13.2% | 14.4% | 27.6% |