# CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
## Minutes of the November 15, 2017 Meeting

1. **Roll Call.**

   Tim Schaefer for State Treasurer John Chiang chaired the meeting of the Tax Credit Allocation Committee (TCAC). Mr. Schaefer called the meeting to order at 11:10 a.m. Also present: Alan LoFaso for State Controller Betty Yee; Eraina Ortega for Department of Finance Director Michael Cohen; Carr Kunze for California Housing Finance Agency (CalHFA) Executive Director Tia Boatman-Patterson; Department of Housing and Community Development (HCD) Director Ben Metcalf; and City Representative Ray Mueller.

   County Representative Santos Kreimann was absent.

2. **Approval of the Minutes of the October 17, 2017 Meeting**.

   MOTION: Mr. LoFaso moved approval of the October 18, 2017 minutes. Ms. Ortega seconded and the motion passed unanimously by a roll call vote.

3. **Executive Director's Report.**

   Mr. Stivers introduced Sertan Usanmaz as the newest member of the California Tax Credit Allocation Committee staff.

   Mr. Stivers mentioned the regulation changes that were proposed in September and that the comment period closed at the end of October. Mr. Stivers has been reading through all of comments and plans to have out a final recommendation on or around December 1st, which will include responses to the comments and suggest amendments to the proposed regulation changes and will come before the Committee on December 13, 2017.

   Mr. Stivers reported that on a bright note, each year if other states do not use all of their 9% tax credits, those tax credits get put into a national pool so that other states that have already used all of their tax credits can receive additional funding. California received a national pool allocation of $426,000 in annual federal credits. Mr. Stivers mentions that one project was funded off last meeting's waiting list which leaves the committee with approximately $500,000 in annual federal credits left at the end of this year to be carried over into next year. Mr. Stivers also mentioned that as long as we remain below 1% of the annual total (approximately $900,000) we are eligible for the national pool.

   Mr. Stivers mentioned the tax reform discussion in Congress and that CDLAC would go over it more in detail but he went on and said that the discussion on the House side is to eliminate the private activity bond program which is the gateway to our 4% tax credit, which made up 80% of the units we financed last year. The Senate did not include elimination of the 4% tax credits. Mr. Stivers said that we were not reporting any real procedure changes, given the uncertainty but explained that CDLAC would discuss what they were going to do. Mr. Stivers reports that to the extent that there are some last minute bond allocations for the end of this year, TCAC would review and award the tax credits for those projects in 2018 under the standard process. TCAC would not need to rush any tax credit awards, but there may be a need to rush some of the CDLAC bond awards at the end of the year if the proposal looks to be moving forward.

Mr. LoFaso had two questions with the first one being regarding whether the recipient of the final award was able to resolve the state tax credit issue or did TCAC skip to a non-state tax credit project?

Mr. Stivers stated that the one project funded off the waiting list did apply for state credits but we did not award them any state credits. They were able to substitute in other funds to cover the gap and move forward.

Mr. LoFaso then asked Mr. Stivers about the congressional tax bill. Mr. LoFaso stated that there is information out on the Senate bill for the 4% program which shows that the 4% tax credits are diminishing in value and asks for Mr. Stivers input. Mr. Stivers stated that he was aware of the reduction in the corporate rate from 35% to 20% that will have an impact on credit pricing, which had been seen in early 2017. Mr. Stivers stated that the credit pricing was increasing, in his view, on the assumption that the corporate rate would end up at 25% to 30%. If it would drop down to 20%, he expects a further decrease in the credit pricing. Mr. Stivers stated that the worst case scenario would be the loss of the 4% credits and a significant drop in pricing for the 9% credits. Mr. LoFaso thanked Mr. Stivers for his input.

4. **Discussion and Consideration of the 2017 Applications for Reservation of Federal Four Percent (4%) Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects**.

Gina Ferguson stated that staff has reviewed the eight projects and that they meet with program requirements and recommend them for approval.

MOTION: Ms. Ortega moved approval of the eight projects and Mr. LoFaso seconded and the motion passed unanimously by a roll call vote.

5. **Discussion and consideration to increase the existing reservation amount of Federal Four Percent (4%) Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects as allowed under TCAC Regulation Section 10322(j).**

Ms. Ferguson reported that Heritage II (CA-14-872) is a project that has been placed in service and that staff is currently in the process of doing the final reviewing to issue the tax forms 8609. Ms. Ferguson stated that the project was requesting additional credit higher than the amount permitted in TCAC regulations, approximately 15% higher than the original allocation. TCAC regulations require these requests come back to the committee for approval. The main reason for the increase in credits was that the applicable rate was higher than the placed in service rate. Ms. Ferguson stated that staff has reviewed this project and it meets program requirements and staff recommends the project and credit increase for approval.

MOTION: Mr. LoFaso moved approval of staff recommendations. Ms. Ortega seconded and the motion passed unanimously by a roll call vote.

6. **Presentation and Discussion of the Proposed TCAC/HCD Opportunity Area Maps and Related Proposed Regulation Changes.**

Mr. Stivers introduced three individuals Stephen Menendian and Heather Bromfield from the HAAS Institute for a Fair and Inclusive Society at the University of California, Berkeley and Elizabeth Kneebone with the Terner Center from the University of California, Berkeley.

Mr. Stivers reported that for the last two years TCAC, in conjunction with HCD, has been interested in looking at where the family projects we fund are located. Mr. Stivers noted that over the course of 14 years, 62% of large family new construction projects are located in areas the academics would consider to be of lowest resource, while only 17% went into areas of higher resource. Mr. Stivers stated that they were interested in this issue as a matter of opportunity and choices in regards to locations when it comes to affordable housing, whereas now there are very few.

Mr. Stivers gave an introduction to the mapping process and stated that last year TCAC had a regulation change that referenced a map created by the University of California, Davis Center for Regional Change. Mr. Stivers stated that the map already existed and that there was a lot of concerns with this map because it was not directly applicable to the tax credit program or HCD's program.

Mr. Stivers reported that in response to this, HCD and TCAC convened many academic experts and asked for their recommendation. Their recommendation was that an off the shelf map not be used, but rather one be created that would be more specific to these purposes.

Mr. Menendian introduced himself as the Director of Research at the HAAS Institute over at UC Berkeley and Assistant Director as well. Steven Menendian introduced his two colleagues Ms. Bromfield who is one of the research associates at the HAAS Institute and Ms. Kneebone who is the Director of Research at the Turner Center also at UC Berkeley.

Mr. Menendian reported that they have been doing research with Mr. Stivers for a little over a year now, analyzing where TCAC units have been developed. Mr. Menendian also reported that the HAAS Institute created a report in March that did a complete demographic analysis. Mr. Menedian referred those who were interested to the HAAS website for a full report which includes a detailed analysis of the data that Mr. Stivers mentioned in terms of the percentage of units that are allocated in high versus low or racial demographics with respect to LIHTC siting.

Mr. Menendian reported that they convened a task force to develop a tool and mapping approach that was both tailored to the LIHTC program consistent with HCD's fair housing goals. Mr. Menendian reported that this task force was formed earlier this year to develop recommendations for Mr. Stivers and the committee on this program. Mr. Menendian noted that the specific request was to create a consensus index and mapping tool to encourage investments of 9% new construction large family projects. He also noted that the distribution of large family 9% units in particular were disproportionately in low income, low resource and economically/racially segregated neighborhoods. He went on to say that these families are the ones who have the fewest options in state housing when it comes to well-resourced neighborhoods with strong educational systems, good quality schools, safe neighborhoods and public transportation.

Mr. Menendian references a slide that recognizes all the members who formed this broad task force (HAAS Institute and Terner Center at UC Berkeley, CalHFA, UC Davis, and Enterprise). Mr. Menendian then proceeded into his PowerPoint slides that provided an explanation to opportunity mapping and the process.

***<u>Please see the attached PowerPoint presentation.</u>***

Following the presentation Mr. Stivers launched into a Q&A session on opportunity mapping methodology. He noted that they are currently working on revisions to the maps based on the feedback received and hopes to have a document out responding to comments received by the end of the week. In addition, Mr. Stivers stated that he hopes to have the revised maps out in December. Mr. Stivers noted that one of the regulation changes currently being considered is whether we should implement these maps for 2018 or for 2019, particularly as it relates to the tie breaker change. Mr. Stivers suggested that it may be helpful to let these maps settle a bit to allow time for people to familiarize themselves with them and to provide more informal feedback.

Mr. Stivers noted that many of the criticisms received relate to rural areas. He noted that they are gathering up all the rural areas and putting them into one big group so we aren't looking at urban areas versus rural areas in the same area. He also noted that the rural projects are all competing against each other but now they are being held to a different standard. Mr. Stivers stated that as all rural areas are put into one region, they were also thinking about delineating opportunity and breaking it down on a county level to assure the high opportunity areas are spread out. Mr. Stivers stated that in each county, they would look at the highest performing areas. Mr. Stivers concluded rural issues by stating that they will think about it more in the new year. He commented that the census tracts are very large with no way of fixing but they will engage the rural partners to see if there is anything else that can be done.

Mr. Stivers brought up another issue having to do with gentrification. He stated that there is no specific definition of what gentrification is or how to measure it. He noted that the committee is sensitive to that concern and will look for ways to refine the maps in the coming years.

Mr. LoFaso stated that he has a couple of questions regarding the mapping methodologies and their regulations. Mr. LoFaso stated that he does not fully appreciate how these align with the HCD goals Mr. Stivers mentioned in the earlier discussion. Mr. LoFaso's question asked whether all the sub indicators that Mr. Stivers had mentioned were all weighted equally.

Ms. Bromfield from the HAAS Institute responded to Mr. LoFaso's stating that all the indicators are equally weighted and averaged together by domain. The four indicators scores in education are averaged together first and create one domain score. Then the three domains are averaged together to create one composite index score. Additionally Ms. Bromfield noted five indicators in the economics and mobility domain and seven indicators in the environmental health domain. Ms. Bromfield clarified that the domains are all weighted equally.

Mr. LoFaso's commented that his understanding is that older wealthier suburbs are very favored and ex-urban suburbs are not favored. Mr. LoFaso asked how issues like transit and proximity to jobs are weighted to other things like poverty and segregation.

Ms. Bromfield responded by stating that they did not include transit indicators, despite being a strong indicator of opportunity, because there are proximity measures to transit for each project location currently in the existing qualified allocation plan and are expected to remain in the regulations.

Mr. Menendian noted that one of the indicators in the economics and mobility domain is proximity to jobs. Commute times were removed due to data reliability but is an indicator they would like to put back in as they get a better understanding of commute time.

Ms. Bromfield provided clarification on the job proximity measure. She stated that they are replacing the 5 mile radius with one that looks at current patterns within each regional waiver market and creates a benchmark that was sensitive to the differences among the different regions. She noted that this particular benchmark varies depending on the region that they are looking at. Ms. Bromfield added that this measure is based on travel patterns of low waged workers which the data showed that low wage workers tend to travel shorter distances because they are often constrained by mode and the cost of transportation. Ms. Bromfield clarified that this did not mean shorter travel times. She noted that the distance as the crow flies is the benchmark that is used to reflect differences across the different regions. She also noted that the jobs they are looking at are jobs filled by workers without a bachelor's degree, thus making them jobs considered accessible and obtainable by low wage workers. Ms. Bromfield stated that the change in that indicator has picked up in the economic domain along with poverty. She defined poverty level as twice the federal poverty line to reflect differences in the cost of living in California relative to the national standard.

Mr. LoFaso asked Ms. Bromfield if he is correct for picking up a preference for older established neighborhoods versus more ex-urban neighborhoods. Ms. Bromfield responded by stating that was not necessarily the case. She added that in the proximity measure you will see denser places with more jobs, but since they are letting the benchmark vary across different regions it is not necessarily true that it would favor one place over another. Ms. Bromfield noted that they received a lot of comments and that they now only have one filter and adjusted the poverty and segregation filter, which is now the primary filter. She stated that they set a 30% poverty rate threshold and look at those areas and their location quotient, which basically tells us how concentrated or segregated a certain demographic group may be relative to the county. Ms. Bromfield reported that this is a more sensitive measure than what was used together and does a better job at picking up areas that are racially segregated or concentrated. She noted that this measure is less likely to pick up areas that have been gentrifying in recent years.

Mr. LoFaso asked for another clarification regarding the segregation filter. He stated that according to his recollection a 30% score would knock it down to a lowest resource area. To further clarify his question, Mr. LoFaso asked Ms. Bromfield what happened to the sensitivity measure absent the filter.

Ms. Bromfield stated that the only way a tract would be allocated to the lowest resource category is if it met both parameters on the new filter (high poverty and racially segregated). She added that this measure would capture the moderate to lower end of the distribution.

Mr. LoFaso thanked Ms. Bromfield for the explanation and explained how much we've messed up our society with segregated housing, which is why he's been so technical on the issue of segregated housing.

Ms. Ortega moved over to the topic of per unit cost in some of the higher costs areas of the state and the concerns about the integrity of the program and how it's viewed nationally. To the extent that moving projects over to a higher resourced area resulted in a cost pressure because it is more expensive to build there, Ms. Ortega asked for Mr. Stivers' opinion on the matter.

Mr. Stivers responded that they try to balance policy objectives, one of them being cost containment and the other being opportunity. He noted that one of the proposals would increase a project's threshold basis limit if it were in a high or highest opportunity area. Mr. Stivers added that this proposal had three major impacts by allowing them to get more credit, a higher developer fee, and make it easier for them to pass the high costs test. Mr. Stivers noted that the committee is willing to pay a little bit more for these high opportunity projects but to a certain extent. He added that the threshold basis limit increase would only be 10% so the committee is willing to pay more but only so much.

Mr. Metcalf entered the conversation on behalf of HCD and stated that HCD is particularly cognizant of the larger and more national context of this conversation as well. Mr. Metcalf reported that HCD, over the next two years is tasked with furthering the fair housing plan, which will now every 5 years lay out a road map detailing how we expend our federal funds into areas of opportunity. Mr. Metcalf also reports that HCD is cognizant of the fact that over the past 5 to 10 years some litigation has occurred as folks have looked at patterns of investment in different states that perpetuate poverty and patterns of segregation. HCD is very supportive of this mapping feature and noted that HCD believes this tool will be very useful as the new housing cycle through the regional needs allocation process. Mr. Metcalf noted that HCD will work closely with each of the metropolitan planning organizations to make allocations of units at every income category. Mr. Metcalf added that HCD will then review every city's updated housing element of their general plan to understand where they are proposing to add zoning capacity to their communities at these different income levels. Mr. Metcalf added that they have concerns about decisions cities are making on where to site and zone affordable housing and when those decisions might make them susceptible to litigation or that those decisions are not optimal from public policy perspective. He believed this tool allows HCD to have a good conversion with cities with respect to siting and zoning. Mr. Metcalf also believed it would inform a broader spectrum of state investments as well as roles with cities working on their zoning elements. Mr. Metcalf concluded by stating that the map evolved in a very positive way aside from a few minor items that need updates.

Mr. Kunze from CalHFA added that while there are still some issues that need to be resolved, he commended the guest speakers for their hard work on this mapping project.

Mr. Stivers closed the conversation discussing his thoughts having considered the feedback received. Mr. Stivers stated that they have proposed four opportunity changes to the regulations, three of which are incentive based. He stated that in the site amenity category, a project would receive eight points for being located in the highest opportunity areas which is focused on the quality of the location. He noted that this regulation change would allow for more projects in higher opportunity areas to apply because more high scoring sites would be available. Mr. Stivers stated that the second change is a threshold basis increase and the third and most controversial is a tie breaker increase for projects in the high and highest resource areas. Mr. Stivers stated that in his view if no change is made to the tie breaker then most likely there will be no change to the outcome. He added that this change is under consideration for implementation for either 2018 or 2019. Mr. Stivers stated that the fourth initiative has to do with the projects applying from the lowest resource areas. He noted that he proposed a housing goal of 30% for projects located in the lowest resources areas. He added that it has been proposed to have a housing goal for projects in the highest resource areas due to the proposed tie breaker change. Mr. Stivers stated that maps change from year to year and is considering whether TCAC should lock applicants in for a year or two to protect them in the event they purchased land that has changed from a high resource area to a low resource area thus affecting their tie breaker. Mr. Stivers noted that these were the bigger picture items that he has been focused on and will have them out for discussion December 1st.

Mr. LoFaso asked Mr. Stivers on whether the soft cap and tie breaker boosts are duplicative, noting that the soft cap functions to substantially diminish the number of awarded TCAC projects in lowest resource areas, whereas the tie breaker will function to substantially increase the number of projects awarded in high resource areas.

Mr. Stivers responded by noting that the two mechanisms are complementary to one another to get closer to parity since there is a disproportionately high number of projects being awarded to low resource neighborhood. Mr. Stivers reported that based on the feedback received, he expects a higher than expected number of projects in higher resource areas. He added that the housing goal for lower resource projects is still a very high goal, totaling about 30% of all 9% credits that are awarded, so this will help maintain parity.

Mr. LoFaso asked Mr. Stivers what his sources were for the feedback he received in regards to a higher than expected number of projects being awarded to high resource areas moving forward.

Mr. Stivers responded that he went back to the last two rounds of 2017 and reviewed how the tie breaker change would have affected the outcomes in each round. In both rounds Mr. Stivers reports that high opportunity projects were gained at the expense of low opportunity projects. Mr. Stivers noted that with the tie breaker change he hopes to change behavior by seeing a greater number of high opportunity projects in the following years because they will be more likely to receive an award moving forward.

Mr. LoFaso asked Mr. Stivers for clarification on how the regulations invoke the map.

Mr. Stivers responded by stating that the regulations will provide the benefits and cite the maps. Mr. Stivers noted that the maps themselves are outside the regulations and therefore not subject to the committee vote.

Mr. LoFaso responded by stating that he thinks it would be good for accountability purposed for the committee to have tighter relationship with the maps, noting that he does not necessarily want to impose the committee’s authority over the maps.

Mr. Stivers stated that the grandfathering of designation to be included in the December 1st revisions will be noted in the regulations. He noted that he prefers the maps not be a regulatory item because the maps will need revisions as data changes.

Mr. Schaefer asked if ACS data, still averaged over 5 years, would take out some degree of the volatility where a project is approved.

Mr. Menendian reported that Mr. Schaefer is correct and Ms. Bromfield noted that the maps have 5 indicators, which detect margins of error. She added that if the margin of error is too high, the estimate would be excluded from map due to unreliability.

Mr. Ortega reasserted Mr. LoFaso’s point on the governance of the maps. She noted that the committee could adopt the maps along the way.

Mr. Stivers provided a response stating that the regulations, which the committee will vote on, will cite the maps moving forward. Mr. Stivers also commented that it would be best to leave the methodology of the maps to the academic experts but promised that moving forward, methodology changes to the maps will be brought up before the committee in discussion items. The committee was in agreement.

Mr. Mueller reported that his only concern in regards to the map and its methodologies is the due process on an appeal. He noted that in other administrative departments with similar methodologies an appellant is given the opportunity to bring in other maps or question methodologies in the appeal process. Mr. Mueller noted that if the committee becomes over dependent on one methodology that it could affect the due process rights of applicants.

Mr. Stivers stated that maps aren't always going to be 100 percent accurate but noted that it is important to select one methodology in order to maintain consistency. Mr. Stivers expressed the need for a universal standard.

Mr. Stivers concluded by thanking the committee for their strong feedback in regards to the maps.

Mr. Menendian added that presuming this moves forward, they are planning to turn these maps into an interactive web platform so people can go on it and work with certain census tracts and see the underlying data inputs.

Public comment was made by Patrick Sabelhaus commending the efforts of the academic researchers but he noted that he is on the practical and pragmatic side in regards to what can be done regarding the issue that Ms. Ortega raised regarding costs versus policy and how they can implement better and fairer affordable housing.

7. **Discussion and consideration of a resolution authorizing the Executive Director of the California Tax Credit Allocation Committee to enter into a contract with Boston Capital, not to exceed $367,500 per year for a period of two years with an option to extend the agreement for one additional year, to provide professional asset management services related to compliance with TCAP and Section 1602 program requirements for projects awarded funds made available by the American Recovery and Reinvestment Act of 2009.**

   Mr. Stivers explained that in 2009 when Congress passed the ARRA legislation, the committee had converted tax credits into loans, which requires TCAC to asset manage them. Mr. Stivers explained that TCAC does not have enough staff to perform this duty and that we had reached out to CalHFA to see if it was a task they would be willing to handle but they declined.

   MOTION: Ms. Ortega moved approval of the resolution. Mr. LoFaso seconded and the motion passed unanimously by a roll call vote.

8. **Public comment.**

   No public comment.

**9. Adjournment.**

The meeting adjourned at 1:20 p.m.

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# Opportunity Mapping and the California Low Income Housing Tax Credit Program

DATE:
11/15/2017

**TCAC/HCD Fair Housing Task Force**

# Task Force Purpose

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- **Formed to develop research-based policy recommendations to further the fair housing goals (as defined by HCD).**

- **TCAC Request:** Create consensus index and mapping tool to encourage investments of **9% New Construction Large Family** projects in neighborhoods of opportunity and to avoid perpetuating development patterns in poverty-concentrated, racially segregated areas.

# About the Task Force

# About Opportunity Mapping

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- **Since opportunity is a spatial phenomena, maps are naturally an effective way to represent it**

- **Opportunity mapping is a research tool used to better understand the dynamics of “opportunity”**

- **Maps allow us to understand volumes of data at a glance through layering**

# Layering of Information

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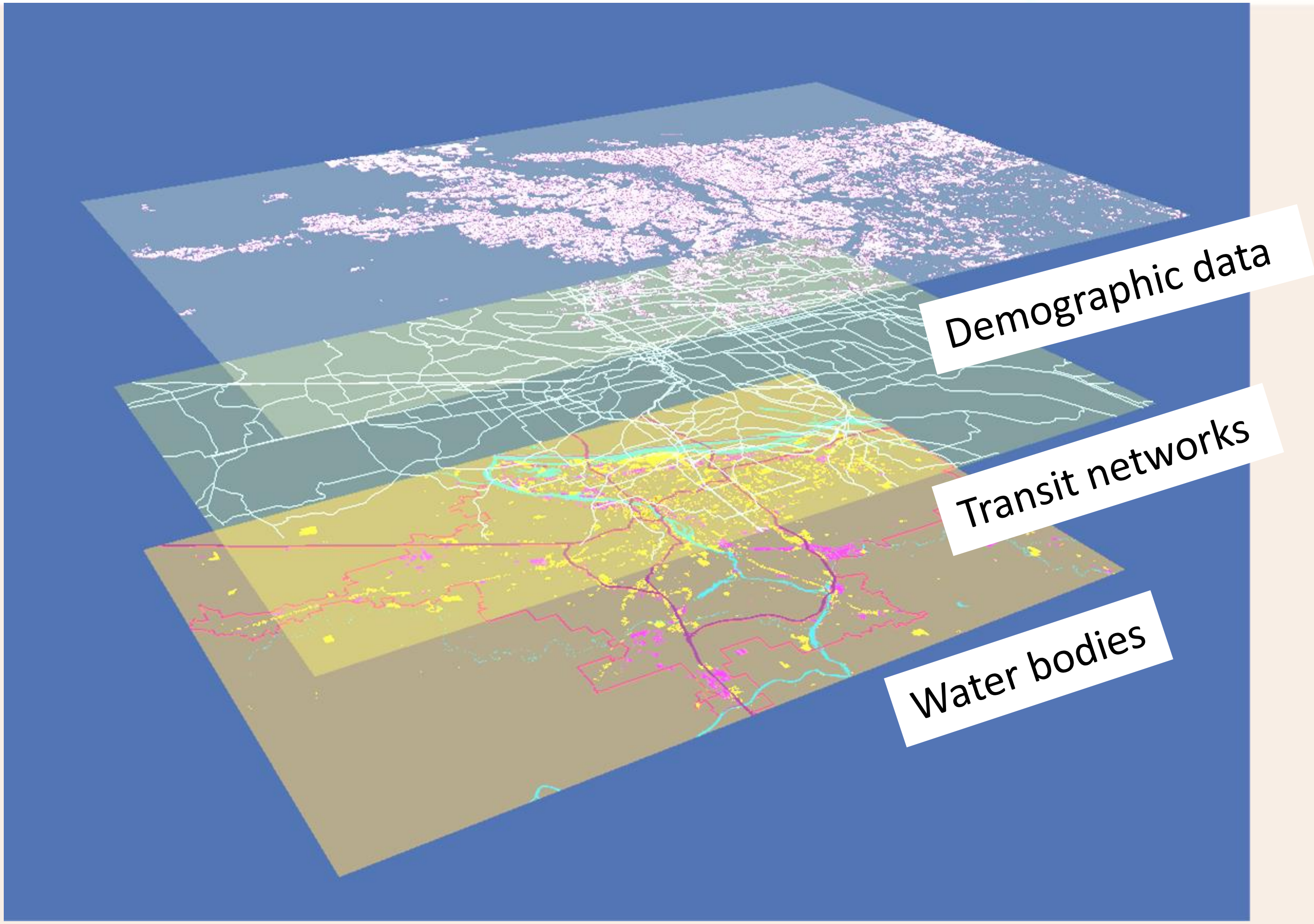

# History and Applications of Opportunity Mapping

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- **Developed at the Kirwan Institute, opportunity mapping is a methodology for representing the distribution of opportunity across space.**
- **Applications**
  - **LIHTC**
  - **Section 8**
  - **Public Housing (Thompson v. HUD)**
  - **Student Assignment Policy**
  - **Equitable funding allocations**
  - **Shovel-Ready Projects (ARRA)**
  - **Micro-Lending (Rabobank)**
  - **Infrastructure/Transit**

# Examples

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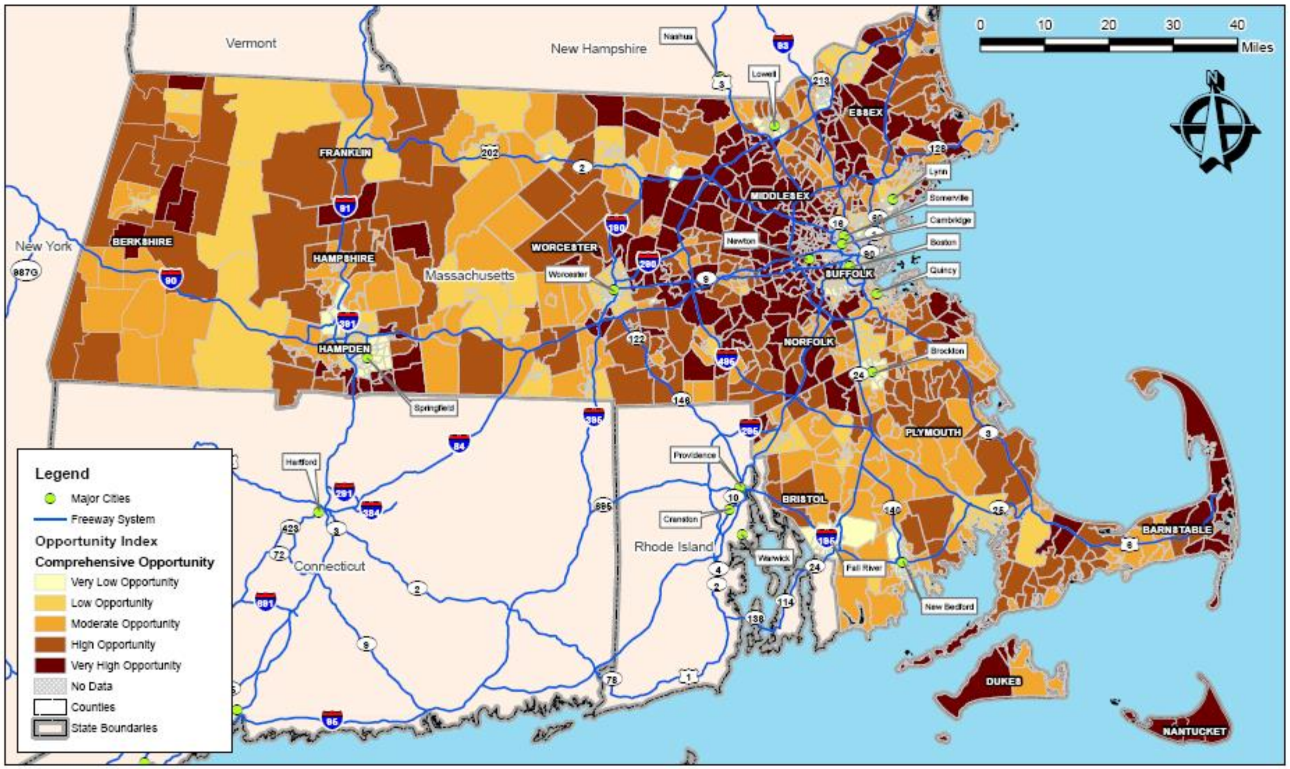
## Map 1: Comprehensive Opportunity Map

KIRWAN INSTITUTE for the Study of Race and Ethnicity

### STATE OF MASSACHUSETTS

This map displays the spatial pattern of distribution of opportunity based on Education, Economic & Mobility, and Housing & Neighborhood indicators

**Source:** US Census 2000; County Business Pattern; ESRI; EPA; Massachusetts Department of Education; MA State Police **Date:** July 17, 2008



# Examples

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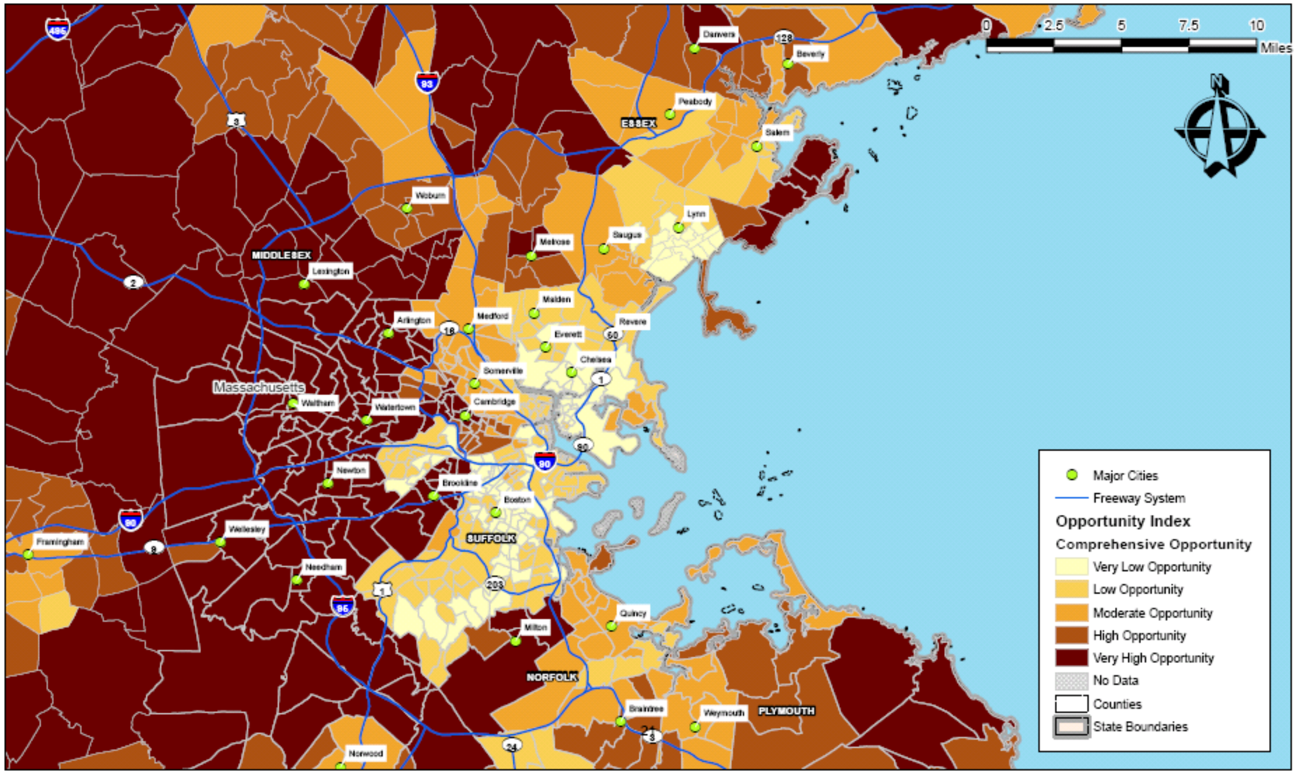
## Map 1A: Comprehensive Opportunity Map

**GREATER BOSTON**

KIRWAN INSTITUTE for the Study of Race and Ethnicity

This map displays the spatial pattern of distribution of opportunity based on Education,Economic & Mobility, and Housing & Neighborhood indicators

**Source:** US Census 2000; County Business Pattern; ESRI; EPA; Massachusetts Department of Education; MA State Police **Date:** July 17, 2008



# Examples

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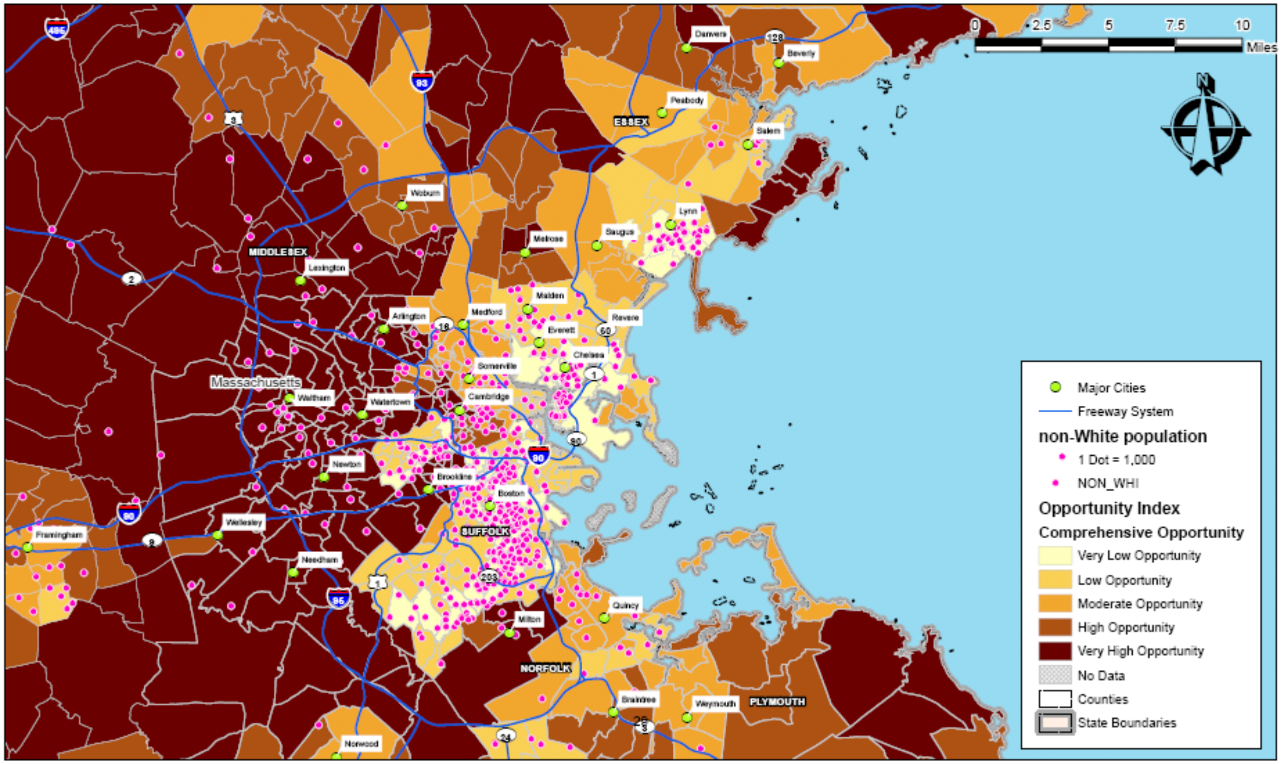
## Map 3A: Comprehensive Opportunity Map with non-White population overlay

THE OHIO STATE UNIVERSITY KIRWAN INSTITUTE for the Study of Race and Ethnicity

**GREATER BOSTON**

This map displays the spatial pattern of distribution of opportunity based on Education, Economic & Mobility, and Housing & Neighborhood indicators overlaid with non-White population.

**Source:** US Census 2000; County Business Pattern; ESRI; EPA; Massachusetts Department of Education; MA State Police **Date:** July 17, 2008



# Opportunity Defined

**Opportunity is the full set of <u>pathways</u> available to improve life chances and <u>a set of resources</u> to move people along these set of pathways**

**Mapping the geographic distribution of opportunity allows us to design *interventions* to enhance access to opportunity**

# Opportunity, Race, and California

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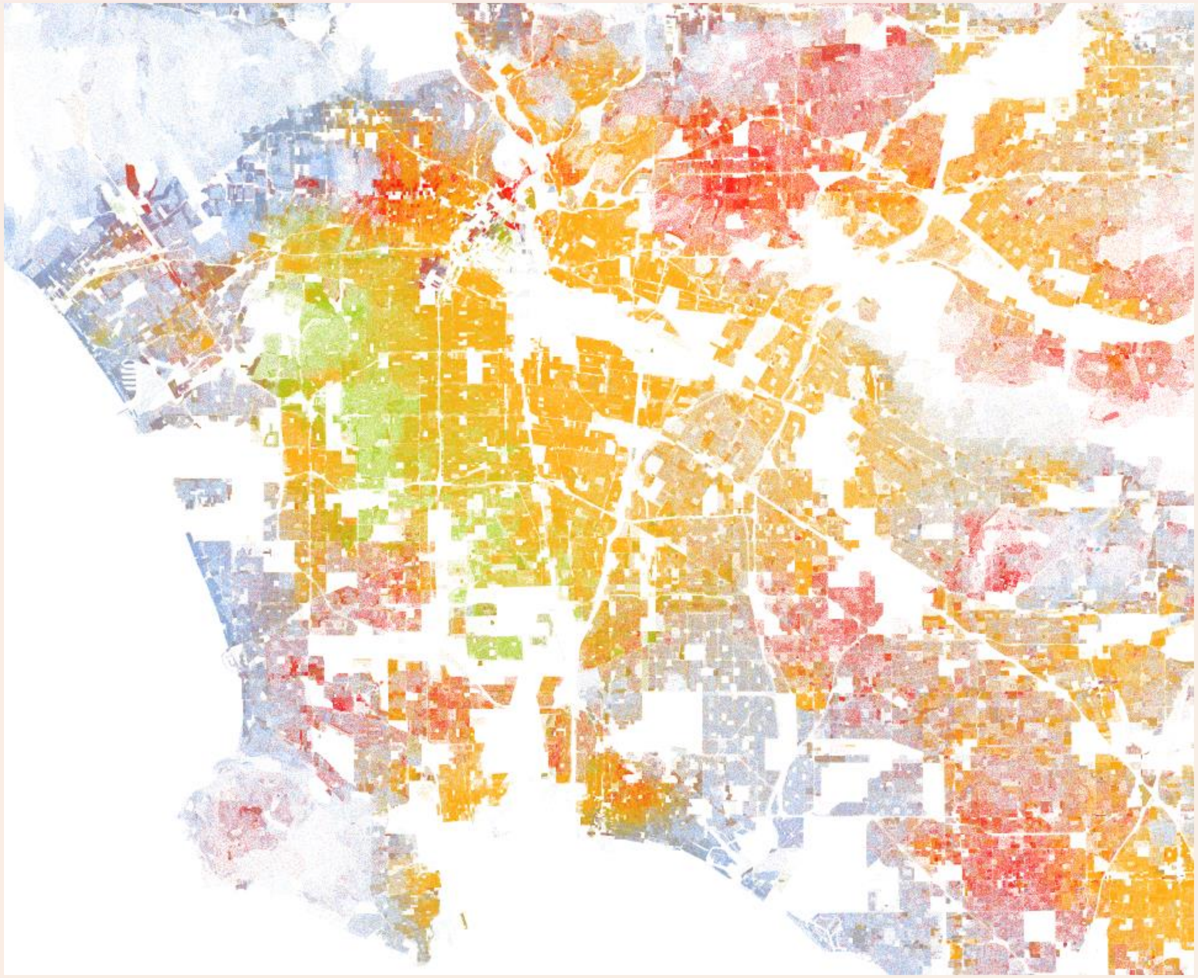


**Segregation in Los Angeles and surrounding cities**

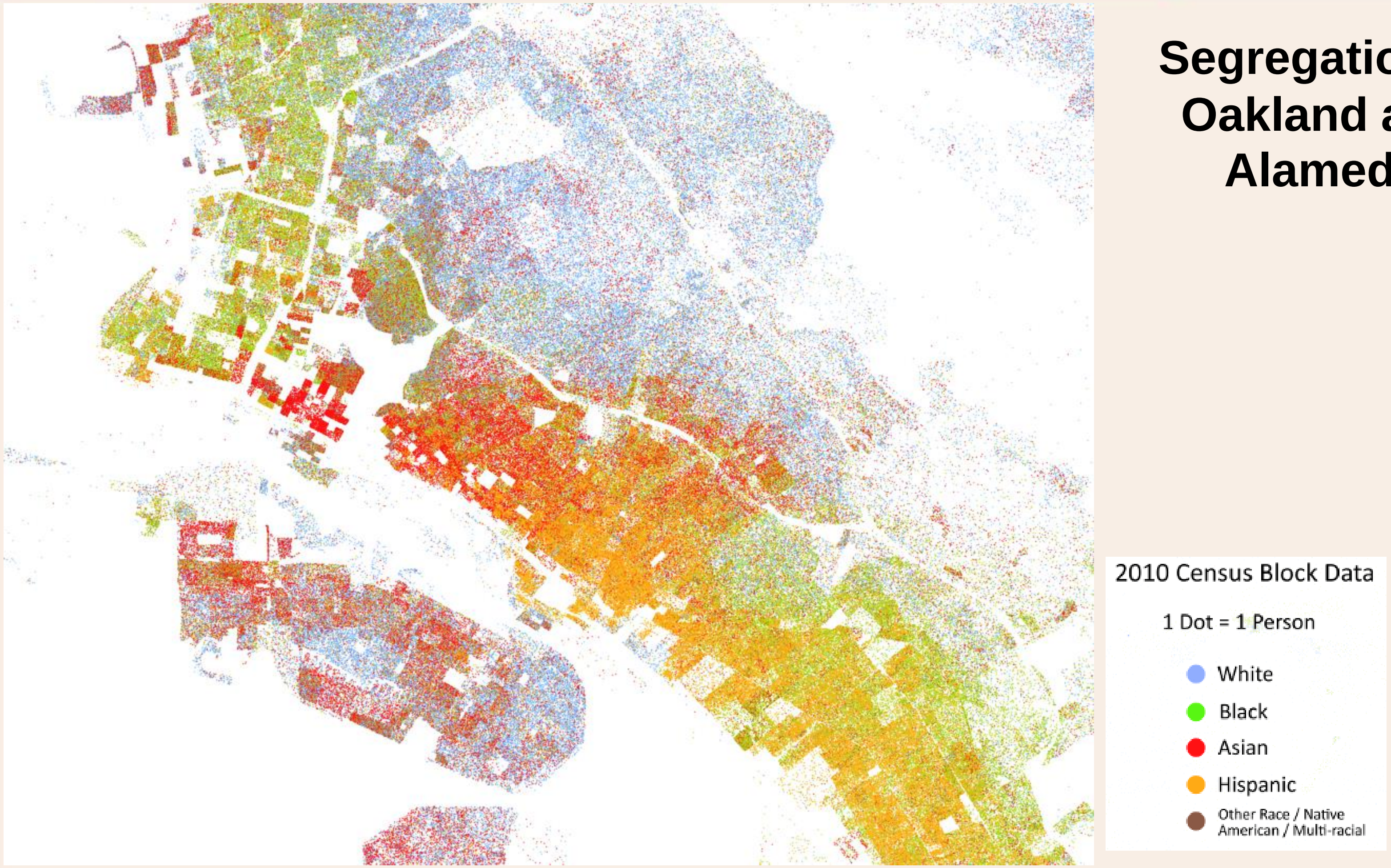
2010 Census Block Data

1 Dot = 1 Person

- White
- Black
- Asian
- Hispanic
- Other Race / Native American / Multi-racial

# Opportunity, Race, and California

**Segregation in Oakland and Alameda**



# Historical LIHTC Siting by Opportunity Category – Bay Area Example

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- **Research consistently cites growing up in racially segregated areas of concentrated poverty as reducing lifelong opportunity and well-being**
- **9% New Construction Large Family projects have been concentrated in segregated areas and areas with few or low-quality amenities (Bay Area chart below shows 2003-2015 Awards Data)**

| Resource Category | Number of Projects | Percent of Projects | Number of Units | Percent of Units | Total Awards | Percent of Awards |
|---|---|---|---|---|---|---|
| Highest | 2 | 5% | 122 | 4% | $ 5,909,426 | 4% |
| High | 5 | 11% | 224 | 7% | $ 18,344,507 | 12% |
| Moderate | 6 | 14% | 659 | 19% | $ 41,329,050 | 27% |
| Low | 24 | 55% | 1592 | 47% | $ 57,928,657 | 37% |
| Lowest | 7 | 16% | 788 | 23% | $ 32,220,207 | 21% |
| Total | 44 | | 3385 | | $ 155,731,847 | |

# CA Fair Housing Task Force Process for Index Development

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1. **Started with UC Davis Regional Opportunity Index, HIFIS Opportunity Mapping 2.0., and AFFH Opportunity Maps (plus CalEnviroscreen) for initial table of indicators**

2. **Added and removed indicators based on group feedback**

3. **Vetted indicators based on following criteria:**
   a. What does research say about opportunity and/or upward mobility?
   b. Is that indicator understood to be a *cause* of opportunity or merely a correlate?
   c. Does indicator foster opportunity consistently, or conditionally?
   d. Is there reliable data available for the entire state for that indicator?
   e. How will including each indicator affect what types of areas are prioritized for development?

# Process for Index Development (continued)

4. Selected measures for each indicator based upon data availability and research support

5. Adjusted or dropped indicators when research didn’t align with available data, or when no reliable measure could be found

6. Considered and incorporated public feedback on methodology

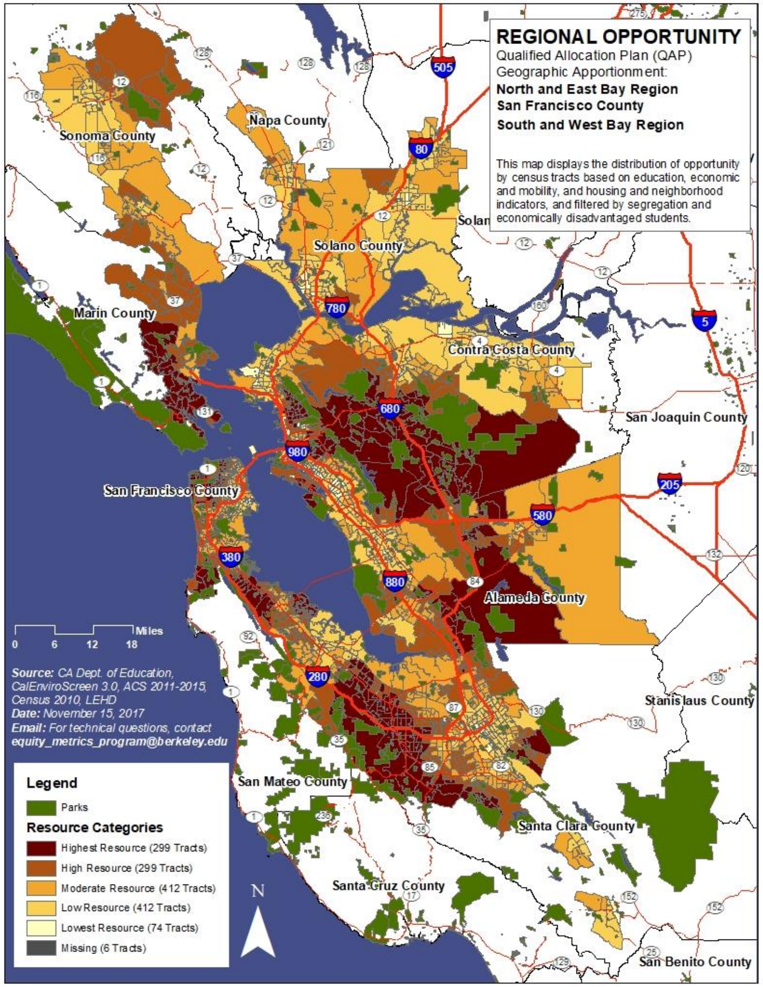
7. Final review process led by Terner Center for data accuracy and consistency

# Changes During Review Process

- Removed all rural-qualifying tracts from geographic apportionments and re-allocated to “non-metropolitan” region
- Conducted sensitivity testing of indicators to ensure methodology caused no unintended consequences
- Conducted preliminary gentrification analysis
- Modified several indicators (next slide)

| Domain | Indicators as of Aug. '17 | Changes as of Nov. '17 |
|---|---|---|
| Education | High School Graduation Rate | N/A |
| | $4^{th}$ Grade Math Proficiency | N/A |
| | $4^{th}$ Grade Reading Proficiency | N/A |
| | Student Poverty (Free/Reduced Price Lunch Status) | N/A |
| Economics & Mobility | Poverty rate | N/A |
| | Adult educational attainment | N/A |
| | **Employment rate, all workers 16 years and older** | **Now measuring rate for adults 20-54 years old** |
| | **Proximity to jobs, measuring entry-level jobs within 5 mile radius of census tract** | **Now measuring all jobs, not just entry-level, within more realistic commuting radius** |
| | **Commute time** | **Indicator removed** |
| | Median home value | |
| Environmental Health: CalEnviroscreen 3.0 Indicators | • Ozone concentration<br>• Diesel PM Emissions<br>• Drinking water contaminants<br>• Pesticide Use<br>• Traffic Density<br>• Particulate Matter (PM) < 2.5<br>• Impaired water bodies | |
| Filter | **Student poverty rate** | **Filter removed** |
| | **Racially/ethnically concentrated areas of poverty** | **Now identifying (1) neighborhoods with poverty rates above 30%, and (2) racial segregation using Location Quotient Approach** |

# Bay Area Map (Draft)



# Future Task Force Commitments

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- Updating index with new data annually and handling any unresolved data issues
- Creating robust gentrification indicator
- Revising or developing new methodology for rural areas
- Creating web mapping application
- Incorporating new indicators of opportunity as new data sources become available

# Thank you!

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**Questions?**