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DATE: December 2, 2021

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

FROM: Anthony Zeto, Deputy Director (TCAC) and Tyrone Buckley, Assistant Deputy Director of Fair Housing (HCD)

RE: Response to Comments on the Draft 2022 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 to help align administration of state affordable housing funding programs with the policy goal of improving economic, educational, and health outcomes for low-income families—particularly long-term outcomes for children.[1] The TCAC/HCD Opportunity Map is specifically used to identify areas across the state whose characteristics have been shown by research to support this goal.

TCAC, HCD, and now the California Debt Limit Allocation Committee (CDLAC) use the map to inform policies aimed at increasing access to opportunity-rich areas for residents of affordable 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 research, public comments, and a review of the methodology.

TCAC and HCD appreciate the feedback provided through comment letters on the draft 2022 TCAC/HCD Opportunity Map. In consultation with the Task Force, TCAC and HCD offer the responses below. After reviewing and considering these comments, TCAC and HCD will proceed

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[1] The California Fair Housing Task Force currently includes representation from Othering & Belonging Institute at UC Berkeley, the Terner Center for Housing Innovation at UC Berkeley, the California Housing Partnership, and the UCLA Luskin School.

with the changes initially proposed to the draft 2022 TCAC/HCD Opportunity Map. However, multiple issues raised in comment letters may be considered as part of the next year's map update, as described below.

Comments Related to Policy Application Rather than Mapping Methodology

Several comments did not relate to mapping methodology but instead to how the TCAC/HCD Opportunity Map is being used in state policies and programs, including state housing agencies' affirmatively furthering fair housing (AFFH) strategies. As noted in the release of the draft 2022 TCAC/HCD Opportunity Map, HCD plans to lead a broader conversation in 2022 with state agencies, researchers, developers, community groups, and other stakeholders to assess and refine the state's approach to AFFH across different kinds of neighborhoods and multiple policy areas, including housing funding programs, and how best to use opportunity mapping within that context. HCD will provide additional information on how to engage in this conversation in the coming months. If you would like to learn more about this work, you can email affhguidance@hcd.ca.gov to indicate your interest.

Methodology Issues to Explore in Future Map Updates

Several comments related to mapping methodology issues that will not be addressed in the draft 2022 TCAC/HCD Opportunity Map, whether because they were explored as part of this update but did not lead to proposed methodology changes this year, they relate to structural issues that will be discussed over the coming year, or both.[2] These issues included consideration of transit proximity and environmental hazards such as wildfires, how rural areas are defined, and the reference geographies which influence how tracts and rural block groups are sorted into categories. These and other issues will be considered as part of next year's map update and the broader HCD-led conversation about the state's approach to AFFH; mapping methodologies may factor into this conversation in multiple ways, such as in ensuring mapping approaches are appropriately tailored to policy goals, contexts, and populations.

Methodological Clarifications

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

- **How segregation is defined in the High Segregation & Poverty filter.** Areas that meet the concentrated poverty threshold are classified as High Segregation & Poverty if they are also racially segregated. Racially segregated is defined as having disproportionate representation of Black, Hispanic, Asian, and/or all people of color in comparison to the county—not *only* all people of color, as stated in multiple comment letters.

- **How poverty is considered in the methodology.** Poverty is considered in multiple areas of the methodology for specific reasons. First, poverty is separately considered in the Economic and the Education domains because of distinct bodies of research on the association between neighborhood-level poverty rates and critical outcomes and school-level poverty rates and

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[2] For a more detailed explanation of areas explored which did not lead to proposed methodology changes for the 2022 TCAC/HCD Opportunity Map, see the memo from TCAC and HCD which accompanied release of the draft 2022 map on November 4, 2021: https://www.treasurer.ca.gov/ctcac/opportunity/2022/Opportunity-Map-Memo.pdf.

educational outcomes for low-income students, respectively; in addition, neighborhood-level poverty rates (calculated in the Economic domain) and student poverty rates in local elementary schools (calculated in the Education domain) often diverge. Poverty is separately considered in the High Segregation & Poverty category, which "filters" areas out of the other mapping categories (Low, Moderate, High, and Highest Resource) if they exceed thresholds for both concentrated poverty and racial segregation.

- **Why rural areas are separately considered.** Rural areas are assessed only in relation to other rural areas in the same county for two primary reasons: 1) rural applicants for state affordable housing resources compete in separate funding pools; 2) to preserve the "regional" approach used for categorizing urban and suburban neighborhoods, by assessing rural neighborhoods within the context of their county rather than ranking them against all other rural areas in the state.

- **Availability of housing-related infrastructure.** The mapping methodology does not directly consider availability of housing-related infrastructure for two primary reasons: 1) the methodology's population density floor and data reliability thresholds help ensure that tracts and rural block groups are developed and contain meaningful populations, even if portions of these areas are undevelopable (e.g., due to topographical constraints); and 2) accounting specifically for provision of housing-related infrastructure could inadvertently reward exclusionary decisions by jurisdictions which fail to provide this infrastructure in an effort to block development of affordable and other multifamily housing.