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**DATE:** January 9, 2024

**TO:** California Tax Credit Allocation Committee ("CTCAC") and California Department of Housing and Community Development ("HCD") Stakeholders

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

**RE:** Response to Comments on the Draft 2024 CTCAC/HCD Opportunity Map

CTCAC, HCD, and the California Debt Limit Allocation Committee ("CDLAC") use the CTCAC/HCD Opportunity Map ("Opportunity 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. We have adopted this approach in light of overall patterns of residential segregation and unequal access to opportunity, and, specifically, historical concentrations of this housing in areas characterized by limited resources, high poverty rates, and racial concentration. CTCAC and HCD work with its researchers tasked on updating the map each year based on newly available data and research and public comments.[1]

As described in the memo accompanying the release of the draft 2024 Opportunity Map, the underlying methodology has transitioned from the index-based approach used in prior versions to a "threshold-based" approach that counts the number of indicators for each tract and rural block group that are above and below a given regional threshold (i.e., median value). Each neighborhood is then assigned a score based on how many of its indicator values fall above regional benchmarks. The threshold-based approach is intended to increase transparency by making it possible for stakeholders to easily assess why a neighborhood falls into a given resource category as well as why that designation may change over time.

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[1] Research partners currently include representation from Othering & Belonging Institute at UC Berkeley, the Terner Center for Housing Innovation at UC Berkeley, and the California Housing Partnership.

Identification of high-poverty and segregated places has also transitioned from being part of the opportunity methodology to being a separate overlay. In contrast to the prior approach, which did not assign an opportunity score to places that meet the high-poverty and segregated definition, the new approach allows each tract and rural block group to also be assessed with respect to opportunity. The purpose of this approach is to more transparently communicate the underlying opportunity-related characteristics of neighborhoods which meet this definition.

CTCAC and HCD published the draft 2024 Opportunity Map on October 23, 2023 and accepted public comments through November 17, 2023. CTCAC and HCD appreciate the feedback provided through comment letters on the draft 2024 Opportunity Map. After reviewing and considering these comments – several of which expressed support for methodology changes proposed for the 2024 Opportunity Map – in consultation with research partners, CTCAC and HCD will proceed to adopt the map initially released for public comment with one minor change described below. We also offer the responses below to specific issues raised in the comment letters (which are included as an attachment). The comment letters submitted are referenced in responses according to the following numerical identification.

| Number | Commenter(s) |
|--------|--------------|
| 1 | Al Marshall, Pacific National Development |
| 2 | Charlie Sciammas, Council of Community Housing Organizations |
| 3 | Community-Based Development Collaborative (Regina Celestin Williams, SV@Home; Andy Madeira, East Bay Asian Local Development Corporation; Malcolm Yeung, Chinatown Community Development Center; Erich Nakano, Little Tokyo Service Center; Arnulfo Manriquez, Metropolitan Area Advisory Committee on Anti-Poverty; Alejandro Martinez, Coalition for Responsible Community Development; Duane Bay, East Palo Alto Community Alliance and Neighborhood Development Organization; Omar Carrera, Canal Alliance) |
| 4 | Courtney Pal, Resources for Community Development |
| 5 | Emily Weinstein, City of Oakland Department of Housing & Community Development |
| 6 | Helen Tong-Ishikawa, San Mateo County Department of Housing |
| 7 | J.T. Harechmak, NPH |
| 8 | Jenny Scanlin, Housing Authority of the City of Los Angeles |
| 9 | Meg Heisler, Tenderloin Neighborhood Development Corporation |

| 10 | Oakland Mayor Sheng Thao and Councilmember At-Large Rebecca Kaplan |
| 11 | Robin Zimbler, Freebird Development Company |
| 12 | Seana O'Shaughnessy, Community Housing Improvement Program |
| 13 | Thomas Collishaw, Self Help Enterprises |
| 14 | Zachary Weisenburger, Young Community Developers |

**Methodology change for Tribal lands**

Analysis from our research partners found that a small number of Tribal lands (including federally-recognized American Indian Reservations and Off-Reservation Trust Lands) meet the "high-poverty & segregated" definition in the mapping methodology. Although federal and State affirmatively furthering fair housing (AFFH) laws and guidance are applicable to all California residents, including Native people, it is our view that the AFFH objectives of reducing segregation and promoting integration do not conceptually fit within the context of Tribal lands, specifically, since these are territories of federally recognized Tribes which are sovereign political entities. For this reason, we are proposing a change to the methodology to not apply the High-Poverty & Segregated overlay to Tribal lands, including land held in trust, where at least 25 percent of the geography's land area is within federally recognized Tribal lands as provided by the Census. This change would affect four rural block groups statewide.

**Purpose of the Opportunity Map and the policies that reference it** (2, 3, 4, 7, 10, 12, 13, 14)

Several comments related to the purpose of the map and the policies that reference it. These comments primarily fell into three general categories: 1) concern about opportunity mapping as an exercise that can advance the full range of AFFH objectives (the purpose of the map is described below); 2) fundamental disagreement with opportunity mapping as an exercise to inform policy; and 3) opposition to the policies that reference the Opportunity Map. The response below will echo several points in the first two sections of the response to comments memo for the 2023 Opportunity Map published on January 11, 2023.

On the first point, the Opportunity Map and funding program incentives that reference it are not intended to advance the full range of AFFH objectives, but the specific objectives of increasing access to opportunity and replacing patterns of segregation with "truly integrated and balanced living patterns."[2] Other strategies are needed to advance other AFFH objectives, such as transforming racially or ethnically concentrated areas of

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[2] For more information, see: https://www.hcd.ca.gov/planning-and-community-development/affirmatively-furthering-fair-housing

poverty into areas of opportunity – in which affordable housing can play an important role but is only possible in tandem with other strategies.

HCD has led an exploratory process that began earlier this year to further develop the State's approach to the full range of AFFH objectives and topics that have been less fully explored, in consultation with state agencies, researchers, developers, community groups, and other stakeholders. In 2023, this process led to creation of the newly proposed Neighborhood Change Map to help advance AFFH objectives in the context of low- and moderate-income communities of color experiencing substantial change. Additional policy proposals that emerged out of this process will be released over the coming months, and the Opportunity Framework is expected to continue into 2024. If you would like to learn more about this work, you can email affhguidance@hcd.ca.gov to indicate your interest.

On the second point, while we recognize its limitations, we support the use of opportunity mapping to inform policies which seek to advance the AFFH objectives of increasing access to opportunity and reducing residential segregation. A deep body of literature on the effects of neighborhoods on critical life outcomes, particularly for children, informs not just the CTCAC/HCD Opportunity Map but similar efforts among many other state housing finance agencies,[3] as well as federal efforts to increase access to opportunity for families with Housing Choice Vouchers.[4]

On the third point, CTCAC, CDLAC, and HCD funding programs determine the location of thousands of new affordable rental homes each year. As such, these programs are among the State's most direct and powerful tools for shaping housing location options for low-income families. Prior analysis found that relatively few State-subsidized affordable homes are located in higher resource areas, and that these homes are relatively overrepresented in neighborhoods characterized by fewer resources, high poverty rates, and racial concentration. Moving forward, the State's goal is to increase the share of affordable homes available to low-income residents in higher resource neighborhoods and rebalance the State's portfolio of affordable housing in alignment with AFFH goals, while continuing to invest in all neighborhoods, recognizing the ubiquity of the housing affordability crisis and the need to advance other AFFH objectives and State housing goals.

Analysis published by HCD shows that to date, opportunity area incentives have resulted in only modest increases in the share of affordable homes for families developed in higher resource areas in developments awarded 9% tax credits, and meaningful but not overwhelming increases in this share among developments awarded 4% tax credits. In fact, large-family developments in Moderate Resource and Low

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[3] Janelle Taylor, Robert Lindsay, and Philip Tegeler. 2023. *Building Opportunity III: Affirmatively furthering fair housing in the Low Income Housing Tax Credit Program*. Poverty & Race Research Action Council. October 23. Website: https://www.prrac.org/building-opportunity-iii-affirmatively-furthering-fair-housing-in-the-low-income-housing-tax-credit-program-october-2023/

[4] See, for example, the current U.S. Department of Housing and Urban Development (HUD) Community Choice Demonstration to help facilitate moves to opportunity areas for families with children: https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/communitychoicedemo

Resource areas continue to receive the majority of tax credit awards in the post-incentive era. These results suggest that funding program incentives are structured to continue to invest in all neighborhood types, as intended, but that the State is in reality far from achieving its goal of rebalancing its affordable housing portfolio, both in the aggregate and in annual awards.[5] These results do not align with the viewpoint of some comments that the State's opportunity area incentives disadvantage areas categorized as Low Resource and Moderate Resource in the Opportunity Map, nor do they appear to have this effect.

Further, creating more affordable housing in higher resource neighborhoods – where low-income families, particularly those of color, have had little chance to live due to entrenched residential segregation resulting from decades of exclusionary policies – does not mean that families are not free to choose to live in lower income communities of color. Instead of deeming some neighborhoods as "not worthy of investment," as asserted in one comment letter, our intention is to create the possibility of a wider set of housing location choices that would be unlikely to exist without policy intervention such as the State's opportunity area incentives, in furtherance of AFFH objectives.

**Use of regional benchmarks** (2, 3, 5, 6, 7, 9, 10)

Multiple comments related to the Opportunity Map's use of regional benchmarks in scoring and classifying neighborhoods, and argued that statewide benchmarks should be used in addition to, or instead of, regional benchmarks. Although we understand that use of regional benchmarks continues to be a concern for developers and advocates in some parts of the state, we will continue to use this approach for a set of interrelated policy and methodological reasons.

First, use of regional benchmarks is aligned with HCD and CTCAC's goal to advance the AFFH objective of increasing access to opportunity in each region of the state, reflecting likely residential mobility patterns for low-income families in regional employment and housing markets. This approach also aligns with the competitive architecture of State affordable housing programs, where much of the competition for funding occurs within regions.

A mapping approach using only statewide benchmarks would not align with the goal of advancing AFFH objectives in each region because California's immense size and range of economic and environmental contexts would lead to a highly uneven map which makes illogical comparisons between rural, inland, and coastal areas. Further, a hybrid approach where neighborhoods are scored relative to whichever is more favorable between regional or statewide benchmarks would effectively lower standards for what is classified as high resource in some regions, weakening incentives to build

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[5] California Department of Housing and Community Development: "The TCAC/HCD Opportunity Map." Website: https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/TCAC-HCD-Opportunity-Map.pdf

affordable housing in regionally defined high resource areas and thereby decreasing the level of opportunity to which families living in affordable housing have access.[6]

In addition, not all indicators included in the Opportunity Map methodology are well suited to statewide comparison – the primary example being home values, which are regionally generated based on local housing and job market dynamics. Internal analysis found that the home value indicator would drive a meaningful amount of shift in classification of neighborhoods under a statewide benchmarking approach – meaning neighborhoods could be classified as high resource under a statewide approach solely because of higher home values – contributing to our belief that such an approach would not be appropriate. We appreciate the comments on this topic and are always open to further discussions on how to improve the mapping methodology in a way that advances the State's policy goals.

**Insufficient Data areas** (6, 1, 12)

Multiple comments related to areas categorized as Insufficient Data on the Opportunity Map. These areas are an understandable point of frustration for funding program applicants seeking to benefit from opportunity area incentives. However, a prior analysis of rural areas categorized as having unreliable data in 2021 but a resource designation in 2022 found that their underlying characteristics were typically different than those of adjacent areas and that their resource designation matched the resource designation of contiguous neighbors less than half of the time. This analysis led us to conclude that assigning the category of adjacent areas to Insufficient Data areas would likely result in a large amount of false positives.

**Areas adjacent to High Resource and Highest Resource areas** (1, 2, 3, 4, 7, 8, 13)

Multiple comments recommended that areas adjacent to, or in some proximity to, High Resource and Highest Resource areas should be conferred the same designation. We have three responses to this point. First, census tracts and block groups represent the best available option for measuring opportunity in small geographies. Second, research has found that census tracts are very good proxies for the geography at which neighborhoods transmit opportunity and risk onto children, and that these effects are hyper-local.[7] Finally, the ½-mile buffer used in the Neighborhood Change Map is used to account for potential spillover effects from areas that have already undergone substantial amounts of demographic change; this concept is not applicable to the Opportunity Map. However, we also recognize that tract and rural block group boundaries may not perfectly represent neighborhoods as people on the ground understand and experience them. Therefore, state housing agencies may explore a

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[6] A related point is that – as noted earlier in this memo – the majority of new construction large-family developments awarded Low Income Housing Tax Credit awards in the post-incentive era are in Low Resource and Moderate Resource areas. This pattern is particularly pronounced in the San Francisco Bay Area region, suggesting that more progress is needed in increasing access to the region's higher resource neighborhoods, not less.

[7] Chetty, R., Friedman, J., Hendren, N., Jones, M., Porter, S. (2018). The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility. Opportunity Insights. NBER Working Paper No. 25147.

policy change to allow developments across the street from, or within a certain number of feet from, High and Highest Resource areas to receive this designation on a case by case basis.

**Rural areas** (7, 12, 13)

Multiple comments related to how rural areas are assessed in the Opportunity Map. First, this approach bears clarification: as has been the case for a number of years, rural areas are assessed at the block group level due to the large size of some rural census tracts, and they are only compared to rural block groups in the same county, not statewide. Second, the mapping methodology includes a population density floor to ensure that each rural block group (and urban tract) contains populated areas. Prior analyses have confirmed that this is the case, and the proposed increase to the population density floor in the 2024 Opportunity Map made in response to prior comments received – from 15 people/square mile and total population less than 500 to 25 people/square mile and total population less than 750 – results in 99 percent of High Resource and Highest Resource rural block groups intersecting with Census place boundaries, which are an approximation for developed areas. Data reliability thresholds also ensure that indicators measuring aspects of this population are reliable. As a result, the mapping methodology ensures that each rural block group contains a meaningful population center where housing could be developed, but not necessarily that the entire surface area of the block group is developable. This approach results in some block groups (as well as urban tracts) having some portion of their surface area not being developable.

**Changing mapping categories** (5, 8, 13)

Multiple comments expressed frustration due to changes in mapping designations that sometimes occur as a result of the practice of annually updating the Opportunity Map using the latest available data. Agencies have sought to address this issue through a grandfathering clause in funding programs allowing applicants to claim the mapping category either at the time of application or at the time of site control. CTCAC, HCD, and CDLAC do not anticipate removing this clause in future updates to funding program regulations and guidelines.

**Environmental indicators** (4)

One comment related to how environmental indicators are measured and weighted in the overall mapping methodology. First, careful consideration was given to the weighting of the different domains within the methodology. Factor analysis was conducted using the variables in previous versions of the index and showed that the environmental domain – despite technically making up 1/3 of the previously used index – only explained a small portion of overall opportunity scores. The current weighting of the environmental domain effectively matches the weight it previously carried; the real

difference is that the effective weighting is more transparent in the updated methodology than it was in the previous version.[8]

Second, the decisions of which CalEnviroScreen (CES) indicators to include in the update to the Opportunity Map were carefully considered and informed by research and consultation with environmental justice experts in California. CES's exposure variables capture important dimensions of environmental hazard that have well-documented relationships to health and well-being, especially for disadvantaged populations. However, as described in the memo accompanying the release of the draft Opportunity Map and the methodology documentation, these data are not captured within CES at geographic scales that are meaningful for the purpose of the Opportunity Map.

Finally, the Hazardous Waste Facilities data included in CES is derived from the EnviroStor Hazardous Waste Facilities Database and Hazardous Waste Tracking System.[9] This dataset does not include active hospitals, skilled nursing facilities, and pharmacies. Moreover, CES only includes data on facilities that generate large quantities of hazardous waste, defined as those producing at least 1 kg of waste as defined by the EPA Resource Conservation and Recovery Act (RCRA) or at least 1,000 kg of non-RCRA waste or for at least one month during the three years that the dataset covers. Only large quantity generators are included in CES due to the large number of hazardous waste generators producing small amounts of less hazardous types of waste; this means that only 11,000 of the ~100,000 waste generators in California are included in CES. Further, CES uses a scoring protocol to account for the facility activity and permit type, and employs a weighting protocol to differentiate facilities according to how much waste they produce on an annual basis. This is to say that CES treats the hazardous waste facility data carefully, and only includes data that meaningfully represent potential hazard exposure.

**Economic indicators** (4, 5, 7, 10)

Multiple comments related to some of the economic indicators warrant clarification about the approach used in the mapping methodology. First, the employment rate indicator is calculated as the percentage of *all* adults aged 20-64 who are employed in the civilian labor force or in the armed forces, as opposed to *only* adults in the labor force. It is true that this approach may result in false positives due to some adults not participating in the labor force due to their household's affluence. However, limiting the measurement to adults in the labor force would not account for those who may have dropped out of the labor force due to disillusionment with their job prospects. In the absence of a measurement that avoids all false positives and negatives, we will for now continue to follow the research underlying this indicator, which calculates the

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[8] It is also worth considering that the Opportunity Map weights environmental data in relative alignment with how similar opportunity indexes assign weights to environmental data. The California Healthy Places Index, for example, assigns a 5% weight to its "Clean Environment" domain. The Child Opportunity Index approximately assigns an 8% weight to the environmental quality measures that are included in the index.
[9] This data is available for download here: http://www.envirostor.dtsc.ca.gov/public/data_download.asp

employment rate in the same way used in the Opportunity Map.[10] However, as is our practice, we will also continue to scan the literature for any evidence supporting alternative approaches.

Second, multiple comments expressed concern over the home value indicator and measurement. The purpose of the indicator is to proxy the amount of wealth on a per-household basis that exists in a community. To use an example offered in one comment, if condos were less valuable on a per-unit basis than single-family homes in the same area, having a higher share of condos would not be an "unfair disadvantage," but a reflection of that value. In other words, the indicator is not biased toward a particular building type. In addition, the data source used for this indicator – the American Community Survey – is not directly subject to appraisal bias, as claimed in one comment letter, because the data is self-reported. The research partners explored potential alternatives to this data source and did not identify any well suited for application to the Opportunity Map. As noted above, we will continue to explore any newly available data sources and approaches in future updates.

Third, the adult education indicator, measured as the rate of the adult population with a bachelor's degree or above, is included not as a measure of proximity to institutions of higher learning but because it has been shown to be highly correlated with rates of upward mobility and other positive outcomes for children from low-income families.

**Education indicators** (4, 7, 10)

Multiple comments related to education indicators, warranting clarification about the approach used. Both math and reading proficiency scores are included because their results are not always aligned, even if they may point in the same direction most of the time, and because of their important connection to opportunity for low-income children. More broadly, indicators related to school environments hold prominent weight in the overall methodology due to the Opportunity Map's intended use informing the location of housing for families with children.

**Transparency around the mapping update process** (3, 10)

Multiple comments related to transparency and engagement with stakeholders around the mapping update process. First, memos summarizing proposed mapping changes and responding to comments are posted to the CTCAC website each year, and a historical log of these letters are posted on the HCD website. However, it is true that individual comment letters are not posted. As a result, we have made the decision to include comment letters as an attachment to the response to comments memo this year.

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[10] Chetty, R., Friedman, J., Hendren, N., Jones, M., Porter, S. (2018).

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|---|---|
| **From:** | Al Marshall <al@pnd1.com> |
| **Sent:** | Tuesday, November 7, 2023 10:27 AM |
| **To:** | Zeto, Anthony; Hammett, Ricki |
| **Cc:** | Ian McLeod; Steven Prescott, MBA; Scott Fair; Vincent Renda, Esq. |
| **Subject:** | Opportunity Map - Insufficient Data surrounded by High and Highest Resource |
| **Attachments:** | Not enough info Resource Map 2024.GIF; Not enough info Resource Map.GIF; Resource overview.GIF; Combined_Report-8345_Trout_Ave_Kings_Beach_Ca_96143.pdf |

Directors,

PIQ: Two APN's included:

- 3<3 03:7 03 56
- 3<3 03:7 03 57

We have a potential tax credit site, that is in Kings Beach, Ca. surrounded by High and Highest Resources, however it lies in the "insufficient data" location. Both 2023 and 2024's map show the same information.
Please see maps attached. Can this property be included in the High Resource Zone, to which it is almost adjacent, for the amenity points and the tie breaker?

Appreciatively,

AL

Al Marshall
**Pacific National Development**
4350 Von Karman, Ste. 200
Newport Beach, CA 92660
(949) 645-1000 Office
(949) 500-1270 Cell

Dear Ms. Osterberg:

Thank you for the opportunity to provide comments on the proposed AFFH Mapping Tool. We are submitting these comments on behalf of the Council of Community Housing Organizations and the Race & Equity in All Planning Coalition, representing nearly 60 community-based organizations that have played critical roles for decades in innovating and developing affordable housing, strengthening tenants rights, and advancing anti-displacement policies in San Francisco.   We appreciate the expansion of the AFFH framework, including the incorporation of neighborhood change; however, we believe there continue to be several outstanding policy goals that are not achieved by this framework.

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    While the AFFH Mapping Tool captures high resource areas and areas undergoing neighborhood change, it should prioritize attention to areas where there are high levels of poverty and/or segregation for investment. Currently, these geographies are not strong candidates for investment under the AFFH Mapping Tool, yet would benefit tremendously from investment to increase affordability, expand neighborhood resources, and prevent displacement before it happens. Otherwise, traditional market forces coupled with a lack of public investment are likely to result in negative outcomes for those existing residents.

    We strongly urge HCD to incorporate a mapping strategy to address the AFFH charge of "transforming racially and ethnically concentrated areas of poverty into areas of opportunity" as quickly as possible. In this way, we can support ongoing culturally-driven prosperity strategies in cultural enclaves across the state in a more balanced way that better meets the needs of the communities we serve. Without this, we are in danger of creating a lopsided AFFH implementation and privileging certain AFFH goals over others.

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    We are pleased to see that HCD is recommending a shared allocation of investments between areas of high resource and areas undergoing neighborhood change.  We urge HCD to add a third category that focuses on areas of concentrated poverty or segregation.  This additional category is critical to address AFFH's commitment to community stabilization.  We urge HCD to allocate funding equitably between the three areas, to establish parity between the AFFH goal of both mobility and place-based strategies, and reserve ⅓ of investments for high resource areas, areas undergoing neighborhood change, and areas of concentrated poverty and segregation.

- Our member organizations have long worked to increase access to opportunity across San Francisco. However, because the opportunity map is indexed regionally, it does not reflect that neighborhoods like Chinatown and the Mission are great places to live and raise children. By HCD's own measure, many census tracts in these neighborhoods and the wider Bay Area are "high resource" when compared to others across the state. Instead of adopting a statewide index and diverting funds from rural areas, we recommend that these tracts also be identified as High Resource areas and that the High Resource designation not be removed from tracts that qualify under the regional index.

- We believe the neighborhood change maps do not sufficiently encompass the entirety of the areas experiencing displacement. For example, every census tract in Bayview-Hunters Point (BVHP) meets the baseline requirements for Parts 1 and 2 but none are designated as having experienced neighborhood change due to not meeting the threshold for Part 1, Criteria 2 (increase in high-income households). All this while from 2000 to 2020, BVHP lost 35.8% of its Black population while its white population grew 95.5%. Moderate- to high-income white and low- to moderate-income non-Black POC households have been moving into BVHP, a dynamic that seems to explain why the neighborhood does not meet the threshold for an increase in high-income households. The current methodology for neighborhood change won't move investment into areas designated Low Resource like BVHP until there are census tracts already experiencing significant displacement impacts from gentrification.

  As such, we recommend adjusting the Neighborhood Change methodology to more accurately represent the documented displacement of residents from numerous historically low-income, BIPOC neighborhoods including the Mission District, Chinatown, the Tenderloin, SOMA, and the Bayview, among others.

  Neighborhood change cannot be measured by the influx of white people or the influx of high earners alone; we believe there are many other indicators to consider. However, as a first step, we suggest increasing San Francisco's coverage in the Neighborhood Change map through one or more of these mechanisms:

  - Include areas that are Historic POC & LMI neighborhoods in **both** 2000 and 2013 if they:

    - Meet either the long or short-term Non-Hispanic White Share Change threshold **or;**

    -

The long or short-term High Income Share Change

- We also request that HCD make changes to both maps such that they better reflect the reality that people don't live within nor is neighborhood change contained by strict boundaries. The following changes will ensure the maps are more consistent with the spirit of the regulation:

  - Match the designation of "donut hole" tracts with that of the surrounding tracts (e.g., tracts surrounded by Neighborhood Change or High/Highest Resource tracts on three or more sides)

  - Include census tracts adjacent to Neighborhood Change mapped tracts if they meet either the Non-Hispanic White Share Change or the long or short-term High Income Share Change

  - Add an additional buffer around the Neighborhood Change maps to be more inclusive of adjacent tracts in dense, urban environments

- Concerning the execution of these strategies, we urge HCD to consider the historic role of community-based development organizations that are rooted in the struggles of particular BIPOC neighborhoods.  They are a tremendous asset to those local communities and their particular value to investments targeted at areas experiencing neighborhood change and in areas of concentrated poverty and segregation should be integrated into this framework.

- In HCD's description of the AFFH Mapping Tool, there is mention of "exhibiting markers of disproportionate housing need" but only relative rent increases are offered as a metric. We urge HCD to consider other means of measuring housing need that are better attuned to local dynamics.

Thank you for your attention and we look forward to further collaboration in implementing these important tools and policy goals.

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Charlie Sciammas, Policy Director
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November 17, 2023

Anthony Zeto, Deputy Director
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California Department of Housing and Community Development
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*Submitted via email to Anthony.Zeto@treasurer.ca.gov and Tyrone.Buckley@hcd.ca.gov*


**RE: Draft Methodology for Opportunity and High-Poverty & Segregated Area Mapping Tools, October 2023**

Dear Mr. Zeto and Mr. Buckley,

This letter is submitted on behalf of the California Community-Based Development Collective –a coalition of majority BIPOC-led and -staffed affordable housing organizations with strong cultural and ethnic identities, and our allies.

We write to comment on the *October 2023 Draft Methodology for Opportunity and High-Poverty & Segregated Area Mapping Tools* and to express our continued concern about the use of this mapping tool to determine eligibility for billions of dollars of federal and state resources for affordable housing. We believe that despite recent revisions, the Map continues to undermine the State's effective response to racial and economic disparity in access to opportunities and resources, and to the broader statutory obligations that this map is intended to address. We have expressed our concerns previously in CDLAC and CTCAC public comment periods, in meetings, and in letters submitted to the Department of Housing and Community Development (HCD) regarding the Low Income Housing Tax Credit (LIHTC) and Multifamily Housing Program guidelines. We feel compelled to comment again on the mapping methodology here.

### Advancing the Full Mandate of Affirmatively Furthering Fair Housing

We continue to believe that mapping tools such as the Opportunity Map, embodying the underlying assumptions, values, and perspectives of their creators, are inherently inappropriate measures of a thriving community. The Opportunity Map cannot, and does not, capture the opportunities available within communities by indexing a handful of data points for each census tract. It is unfortunate that CDLAC, CTCAC, and HCD continue to use such a limited tool as shorthand to describe and define the potential of communities to nurture their residents and, ultimately, to limit investment in affordable housing in those communities that require it the most.

We support policies and funding that open exclusionary communities to lower-income households, expanding affordable residential choices, and agree that it is necessary work to begin to redress the harms caused by policy decisions at every level of government to deliberately block people of color from resources. We believe these actions are necessary to acknowledge the dignity and agency of lower-income families to make decisions about which neighborhoods best meet their needs. However, these actions alone do not redress the deliberate harms caused by disinvestment in the neighborhoods to which people of color were historically limited, and in fact, continue to harm current members of those communities by repeating historical patterns of deliberate underinvestment. Nor do they recognize the value of communities where strong ethnic ties and identities foster the social and cultural capital that lead to place attachment and a sense of belonging, which can then amplify neighborhood revitalization or even reverse neighborhood decline. Finally, there has been a lack of recognition that affordable housing can improve access to housing stability and therefore have a direct impact on economic activity,health, and wellness[1].

The *October 2023 Draft Methodology for Opportunity and High-Poverty & Segregated Area Mapping Tools* states that changes in the map methodology are driven by research partners' review of the academic literature and analysis of "how the indicators interact with each other in the overall methodology" rather than by stakeholder feedback for all but one "major" change (high-poverty and segregated places is now an overlay rather than a filter). We are deeply disappointed to see the continued lack of responsiveness on the part of our state agencies to the concerns of stakeholders who have been actively engaged for decades in community-based development work, and the absence of any effort to engage with residents of properties financed using tax credits and other state funding programs to understand their experiences of their communities.

Recent research demonstrates that a strong majority of residents of LIHTC-financed affordable housing in both "High Resource" and "Low Resource" census tracts finds that "these maps poorly align with residents' own views of neighborhood quality and, more importantly, with the factors that they believe expand or constrain opportunity." Residents' own perceptions of desirable neighborhoods are significantly more nuanced than the Opportunity Map can capture, and residents' barriers to opportunity are driven not necessarily by neighborhood factors but rather by the lack of a ladder in labor and housing markets.[2]

Despite the multifaceted scope of the AFFH law and reassurances from HCD that all affordable housing funding programs and statewide housing policies should advance the full range of AFFH objectives, we are seeing the use of the Opportunity Map as a criterion for scoring

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[1] Lubell, J., Crain, R., & Cohen, R. (2007). Framing the issues—the positive impacts of affordable housing on health. Center for Housing Policy, 34, 1-34.
Wardrip, K., Williams, L., & Hague, S. (2011, January). The role of affordable housing in creating Jobs and stimulating local economic development. In Washington, DC: Center for Housing Policy and National Housing.

[2] Carolina K. Reid (2019): Rethinking "Opportunity" in the Siting of Affordable Housing in California: Resident Perspectives on the Low-Income Housing Tax Credit, Housing Policy Debate, DOI: 10.1080/10511482.2019.1582549

developments for a range of critical funding programs, including the Low-Income Housing Tax Credit (LIHTC) program and Multifamily Finance Super Notice of Funding Availability (Super NOFA) programs. As we have stated repeatedly and reiterate again here, we believe this is a misapplication of the State's Affirmatively Furthering Fair Housing law (AB 686, 2018), which states:

> *Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together,*
>    1.  *address significant disparities in housing needs and in access to opportunity,*
>    2.  *replace segregated living patterns with truly integrated and balanced living patterns,*
>    3.  *transform racially and ethnically concentrated areas of poverty into areas of opportunity, and*
>    4.  *foster and maintain compliance with civil rights and fair housing laws.*

The overreliance on a mobility strategy across the bulk of the State's affordable housing finance program resources abandons the statutory obligation to **transform racially and ethnically concentrated areas of poverty into areas of opportunity**. Despite assurances that "all affordable housing funding programs and statewide housing policies advance the full range of AFFH objectives, and HCD is committed to developing more pathways for advancing the full complement of AFFH strategies in the state's funding programs," we are not seeing the emergence of commensurate funding programs that would invest in historically underinvested communities of color. We do not find that HCD's Draft Neighborhood Change Mapping Tool serves this purpose, as we note in a separate letter responding to that program's request for public comment.

## Recommendations

Although we object to the use of the Opportunity Map for the purpose of determining the eligibility of affordable housing developments for financing programs, we suggest particular areas in need of attention should the Opportunity Map remain in use for this purpose. There is considerable urgency around these changes, as the Opportunity Map continues to be used both for state funding decisions and in local government and private capital spaces, further constraining available resources for lower-income communities. Our recommendations for changes to the Opportunity Map include:

- The requirement to have an equal number of High Resource Areas in each region severely distorts the underlying opportunity data. This requirement results in the maps categorizing many urban neighborhoods that are great places to raise children (according to HCD's own opportunity data) as Low or Moderate Resource and elevating many rural areas that are comparatively worse places to raise children (according to HCD's own opportunity data) to High Resource designation. This regional framework undermines HCD's stated goal of locating affordable housing in the best areas to raise children. Both HCD and TCAC/CDLAC regulations contain mandates to invest in all regions of the state, so the regional framework in the maps is duplicative of this requirement. The most effective way to meet HCD's stated goal for the maps would be to

remove the regional framework entirely and base the resource categorization on the underlying opportunity data alone.

- Across urbanized areas of the map, there exist areas where a census tract labeled *Low Resource* is surrounded on all sides by tracts labeled *High or Highest Resource*. We recommend that these areas be aligned with the surrounding tracts, to correctly reflect their proximity to areas with metrics that state agencies consider

- If HCD is unwilling to remove the regional framework, it must take steps to address the harm that this mis-categorization as Low or Moderate Resource areas is causing the urban census tracts that are in the top 40% of census tracts statewide according to the underlying opportunity data. These neighborhoods are being denied critical State and local housing funding on the basis that they are not good areas to raise children, when in fact they are excellent places to raise children according to the State's own data. The simplest way to rectify this harm is to add the "Newly High Resource" Areas from the Statewide Opportunity Map to the High Resource Areas shown in the Proposed 2024 Opportunity Map. We understand that the HCD does not want the Opportunity Maps to divert funds away from rural areas (even if this is what the data says HCD should do), so we recommend that the "Newly High Resource" Areas be additive to the existing High Resource Areas, and should not remove High Resource designation from tracts in rural areas.

- Currently, by directing resources away from affordable housing in communities experiencing displacement, the State increases the pace of gentrification and transition by making only market-rate development, which is unaffordable to current residents, viable. The opportunity cost of failing to address displacement has enormous and well-documented impacts on both displaced individuals and communities, as relationships to places and among people are broken apart by displacement pressures[3]. The Draft Neighborhood Change Mapping Tool fails to stabilize neighborhoods and prevent displacement, since it proposes to prioritize communities for investment only after twenty years of ongoing gentrification, when the most vulnerable members of a community have long since been displaced. The Map should be adjusted to identify early signs of displacement in neighborhoods undergoing gentrification, and target these communities for additional affordable housing resources.

- The Opportunity Map has shifted from providing index scores for Economic, Environmental, and Educational categories for each census tract, to providing component scores for a set of key criteria instead. While the greater score transparency is an improvement, the lack of comparable data (the index score for each category) across the 2023 and 2024 maps makes it even more difficult to see why tract-level change is occurring.

- The mobility approach of the Opportunity Map is based on a large body of academic research. HCD has indicated they have not been able to identify a similar body of

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[3] Fullilove, M. T. (2016). Root shock: How tearing up city neighborhoods hurts America, and what we can do about it. New Village Press. Tuttle, S. (2022). Place attachment and alienation from place: Cultural displacement in gentrifying ethnic enclaves. Critical Sociology, 48(3), 517-531.

research supporting approaches to transform racially and ethnically concentrated areas of poverty into areas of opportunity. HCD further notes that this lack of a research foundation to underpin a "pathway" to community revitalization means there is currently no timeline to find ways to invest in the AFFH mandate to *transform racially and ethnically concentrated areas of poverty into areas of opportunity.* We recommend that state agencies partner with the Community-Based Developer Collaborative and other stakeholders engaged in doing this work to appropriately fund the research needed to address the full mandate of AFFH law.

**The Opportunity to Recognize the Promise of Affirmatively Furthering Fair Housing**
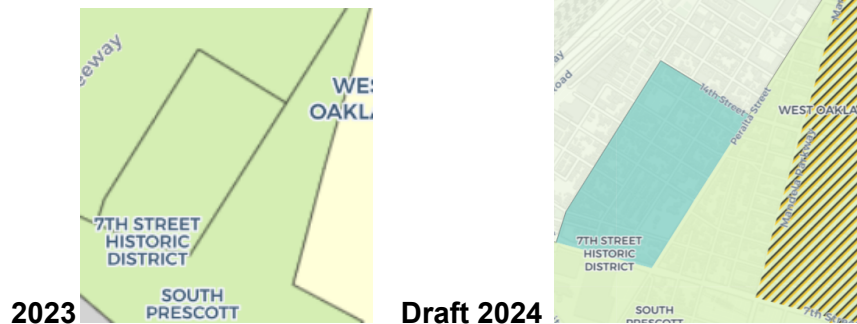


**2023**          **Draft 2024**

The above screenshots from the 2023 Opportunity Map and the draft 2024 Opportunity Map show the historically Black neighborhood of the 7th Street Historic District in West Oakland, first as *Low Resource* in the 2023 Opportunity Map, then in the Draft 2024 map, as *Moderate Resource*. Seventh Street reflects the historical context of the community: scarred by decades of destructive redevelopment, disinvestment, and racial disparities. However, in recent years, through a locally planned approach that emphasizes community involvement and targeted investment, the neighborhood has taken significant steps towards transformation. By activating opportunities for collaboration, supporting local businesses, enhancing community infrastructure, and building affordable housing, the 7th Street Corridor is poised to strengthen its economic and social fabric, gradually overcoming the impacts of systemic racism that have undermined it for generations. This redevelopment demonstrates the power of investment in community-based efforts to revitalize 'low-resource' neighborhoods, fostering a sense of belonging and trust among its residents that leads to economic growth.

It is also a powerful statement on the chance to use the Opportunity Map to identify areas where California has historically failed its residents through systemic disinvestment, and begin to redress those harms with much-needed funds for the development of affordable housing.

In community,

Regina Celestin Williams
Executive Director, SV@Home

Andy Madeira
CEO, East Bay Asian Local Development Corporation

Malcolm Yeung, Executive Director
Chinatown Community Development Center

Erich Nakano
Executive Director, Little Tokyo Service Center

Arnulfo Manriquez, President and CEO
Metropolitan Area Advisory Committee on Anti-Poverty

Alejandro Martinez, President
Coalition for Responsible Community Development

Duane Bay, Executive Director
East Palo Alto Community Alliance and Neighborhood Development Organization

Omar Carrera, CEO
Canal Alliance

Chris Iglesias
CEO, The Unity Council

November 17, 2023

Anthony Zeto
Deputy Director, CTCAC

Tyrone Buckley
Assistant Deputy Director of Fair Housing, HCD

**Re: Feedback on Proposed Changes to 2024 CTCAC/HCD Opportunity Map**

Dear Mr. Zeto and Mr. Buckley,

Thank you for the opportunity to provide feedback on proposed changes to the 2024 CTCAC/HCD Opportunity Map methodology.

Resources for Community Development (RCD) is a non-profit developer based in Berkeley with over 35 years of experience developing affordable housing. We house over 5,500 low-income residents in 64 affordable developments across five Bay Area counties and manage an active pipeline of 1,250 new construction units.

As we expressed in our prior survey response on HCD's AFFH Framework, the state needs more affordable housing in all neighborhoods to meet its Affirmatively Furthering Fair Housing (AFFH) goals. New affordable housing in high-resource neighborhoods expands housing choice and increases access to opportunity. New affordable housing in historically disinvested neighborhoods stabilizes families, prevents displacement, and improves economic, environmental, and educational opportunity. While the Opportunity Map is a tool to help implement state priorities within a highly competitive and oversubscribed funding environment, we do not want to lose sight of necessary systemic solutions. The state can most meaningfully address AFFH by increasing funding for affordable housing production and preservation programs, as well as streamlining funding applications, regulations, and processes between state agencies to reduce costs and hasten predevelopment timelines.

Regarding the 2024 CTCAC/HCD Opportunity Map, we appreciate the clarity and transparency of the new threshold-based methodology. We offer the following comments and observations to aid researchers in their goal of most accurately mapping access to opportunity throughout the state:

**Proximity to High Resource Areas**
We appreciated that HCD's new Neighborhood Change map examines proximity to other changing neighborhoods in order to better measure neighborhood change. We believe that a similar concept applies to neighborhoods located in proximity to Highest Resource neighborhoods: namely, that many of the economic and social benefits of being located within a Highest Resource tract extend over the arbitrarily drawn Census tract border. Many quality sites with significant access to opportunity exist within the same neighborhood as a High or Highest Resource tract, but unfortunately lie in a different Census tract which results in the opportunity being undercounted. The benefits of proximity to High and Highest Resource tracts should be reflected in the Opportunity Map. One method of doing this would be to run the model one time, and then give each tract sharing a boundary with a Highest Resource tract an extra point on their overall Opportunity Map index. Alternatively, this could be implemented within the scoring for HCD/CTCAC programs, where sites could get Highest- or High-Resource points if they are within 100 feet (or some other designated buffer) of a High Resource tract.

**Weight of Economic, Educational, and Environmental Domains**
The new methodology has changed the respective weights of the economic, educational, and environmental factors. The previous methodology calculated an average of the z-scores within each of the three respective domains, giving each domain an equal 33% input into the final score. However, the new model emphasizes economic and educational factors – each comprising 44% of the final score – and de-emphasizes the significance of environmental factors, which comprise only 11% of the score. The methodology explains that this is due to researchers' caution with CalEnviroScreen (CES) data. However, weights in the model should be based on the explanatory power of each domain in indicating positive opportunity to future affordable housing residents, not the data quality. We wonder whether additional weight should be provided to environmental determinants of opportunity, either by adding another indicator in that area or restructuring how the current indicator impacts scoring.

Additionally, because the Map is currently used in scoring Special Needs housing, which is typically predominantly occupied by singles and couples, as well as housing for families with children, we wonder whether it is appropriate to provide even greater weight to primary and secondary educational outcomes. Given that data on the proficiency of reading and math are highly correlated – in fact, over 90% of tracts score the same points on both indicators – we would suggest considering collapsing these into a single indicator.

**Restricting Environmental Indicators**
A broader range of environmental data should be considered in the determination of environmental burden. As noted in the methodology document, affordable housing developments may be located different distances from point sources of pollution. Given this understanding, we question why the methodology only includes point sources of pollution and removes the exposure indicators from the environmental burden score. There is a long and well-researched history of low-income communities of color being disproportionately subjected to poor air quality (including localized air quality issues due to vehicle exhaust/freeway proximity), pesticide exposure, and other toxic releases. Many of these indicators are measured at a Census tract level in CES with considerable variability throughout a region. If researchers are unable to include this data in 2024 due to the delay in updating CES to current Census tract boundaries, we strongly recommend that it is re-incorporated in future years.

In addition, we would like researchers to examine whether the hazardous waste facilities data should be used in calculating pollution burden. The Hazardous Waste Facilities data used in CES includes numerous hospitals, skilled nursing facilities, and pharmacies, alongside noxious industrial uses. In other areas of the HCD/CTCAC applications, affordable housing developments score better if located in neighborhoods with these important healthcare resources. While we recognize that these uses often have generators and produce biowaste, it is counterintuitive that their presence is seen as a negative factor in this component of the application but a positive factor elsewhere. We feel that other data, as described above, would better measure the cumulative environmental burden in a neighborhood. At minimum, the hazardous waste facilities data should be sorted by facility type so that hospitals and pharmacies are excluded.

**Employment Rate Indicator**
The transition to the threshold-based methodology has revealed characteristics of the employment rate indicator that was previously obscured by the unitless z-score. As noted in the methodology document, using the employment rate looks at the percentage of people who work, excluding those who do not to work. The count of people who do not work includes people who don't search for jobs because they are disillusioned with the labor market, as well as people who choose not to work because they can financially afford to do so. As a result, many of the highest-wealth communities have an employment rate below the regional median (see, in the Bay Area: Atherton, Los Altos Hills, Woodside). This lowers opportunity scores in these communities – resulting in Atherton being considered a Moderate Resource community – when in fact the lower employment rate indicates their considerable resources. We encourage researchers to select a different method of examining employment that solely reflects

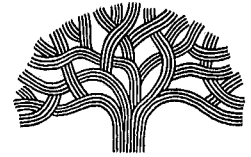unemployment due to economic or social hardship, rather than a selective lack of employment due to wealth.

Thank you for your consideration of these comments. Please feel free to reach out to me for clarification if you have any questions.

Sincerely,

Courtney Pal
Policy Manager
Resources for Community Development

# CITY OF OAKLAND

11/17//23

Ms. Annelise Osterberg
Senior Fair Housing Specialist
California Department of Housing & Community Development
2020 West El Camino Avenue
Sacramento, CA 95833

**Re: Updated 2024 Draft TCAC/HCD Opportunity Map Comments from the City of Oakland**

Dear Ms. Osterberg,

On behalf of the City of Oakland Department of Housing & Community Development, I would like to thank you for the opportunity to comment on the 2024 draft TCAC/HCD Opportunity Map. The City of Oakland has followed the progress of these maps closely over the past several years, as they have a critical role in allocating affordable housing resources.

We are grateful and pleased to see significant improvements in the proposed 2024 map, and we wish to offer suggestions on several important ways the maps could be further refined. By adopting these suggestions, State HCD and TCAC can ensure the maps advance Affirmatively Furthering Fair Housing while still being responsive to needs of historically redlined communities like Oakland.

Overall, we are glad that the proposed 2024 Opportunity Map simplifies the opportunity scoring process. By using a narrower subset of variables, the new Opportunity Map focuses on key variables like poverty and workforce participation in a way that is far more intuitive for elected officials and community members to understand than the old methodology. We are particularly pleased by the removal of the "proximity to jobs" factor- we have long been concerned that the job proximity variable failed to adequately consider the impact of transit access on employment opportunity. We also believe the proposed variable around environmental justice hazards was an elegant way to incorporate that variable into the scoring framework. We are furthermore delighted by the move from assigning opportunity grades by rank ordering neighborhoods to a threshold-based system.

There is however, one remaining variable we would strongly encourage TCAC/HCD to remove- median home value. We are concerned that the use of this variable would systemically disadvantage minority neighborhoods in competitions for State affordable housing resources. This concern is rooted in the strong evidence of racist gaps in home value appraisals for homes in White and minority neighborhoods[1]. We believe that the continued use of home values in the 2024 Opportunity Map would risk inadvertently continuing long-standing patterns of disinvestment in these otherwise high amenity neighborhoods. We also have a significant methodological concern with this variable- by relying on American Community Survey data of median home values, the State would fail to counter for differences

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[1] https://www.brookings.edu/articles/how-racial-bias-in-appraisals-affects-the-devaluation-of-homes-in-majority-black-neighborhoods/

in the single-family home/condo mix in a neighborhood. As condos tend to sell for less than detached single family homes, the use of home values as a variable would create an unfair disadvantage for multifamily neighborhoods.

While we are pleased that the State proposes to move to a "cutoff" methodology for sorting neighborhoods into different opportunity grades, we would like to see further refinements to ensure inter-regional fairness. When considering the scoring cutoffs for college attainment, poverty, workforce participation, and school quality, it is clear the Bay Area is outpacing many other regions of California. At its most extreme, this threshold disparity creates at least one instance where a "low opportunity" census tract in the Bay Area would be considered "high opportunity" in the Los Angeles region[2]. More broadly, this scoring disparity raises concerns that in statewide competitions for funding, a project in a "high opportunity" census tract in Los Angeles or another California region may receive a scoring bonus over a "moderate opportunity" census tract in the Bay Area, even if the Bay Area tract is superior on most opportunity metrics. While this is a serious hazard, we are mindful that other regions need to have at least some "high opportunity" census tracts for when funds are being allocated within a region.

We therefore propose the following: in addition to the current proposed methodology that awards points towards opportunity status if a census tract is above the regional median on a metric, the State should conduct a second scoring round where they compare each census tract against the State-wide medians and award it points toward opportunity status if it exceeds the State-wide medians. In our proposal, a census tract could qualify as "high opportunity" if it consistently overshoots either the regional or state-wide medians. This proposal would ensure that every region has high opportunity census tracts while also ensuring that regional differences do not distort funding decisions.

We are also delighted to see the addition of a "neighborhood change" overlay to the TCAC/HCD Opportunity Map. We believe the proposed neighborhood change overlay does important work in capturing the extent of past gentrification from 2000 to 2015. However, we are concerned that the methodology used may fail to adequately capture neighborhoods that are in the early stages of gentrification. This leads to some odd outcomes in the map- such as how most of West Oakland is rightfully tagged as experiencing neighborhood change, but two census tracts are inexplicably excluded from the neighborhood change overlay. We would therefore propose that TCAC/HCD extend the "neighborhood change" overlay to any low/moderate opportunity census tract within a mile of the census tract that originally qualified as subject to neighborhood change. This would help capture spill-over effects from ongoing gentrification and correct quirks on the map like the one highlighted above.

Finally, we would like to encourage TCAC/HCD to consider how the opportunity map can be a more predictable planning tool. In past years, some census tracts would flicker between "high" and "moderate" opportunity levels as data changed on a year-by-year basis. This made it hard for developers and local government funders (like our agency) to predict how competitive a project would be for tax credit financing and whether the project could realistically compete for state tax credits. We would like to propose a simple fix: once a census tract has become "high opportunity," it must be scored as "moderate opportunity" or below for three consecutive years before it can be removed from the list of "high opportunity" census tracts. This would help developers and local funders safely make decisions based on the opportunity map in any given year.

Thank you again for your hard work and enhancements to this program. We are supportive of the various improvements and our recommendations are to help ensure these maps advance Affirmatively Furthering Fair Housing while still being responsive to needs of historically redlined communities.

If you have any questions regarding this comment letter, please do not hesitate to contact our policy analyst at-large, Caleb Smith, at csmith4@oaklandca.gov.

Sincerely,

_Emily Weinstein_
Emily Weinstein (Nov 16, 2023 15:18 PST)

Emily Weinstein
Director, City of Oakland Department of Housing & Community Development

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[2] This is known to be the case for Oakland's census tract #06001403502.

| | |
|---|---|
| **From:** | Helen Tong-Ishikawa <htongishikawa@smchousing.org> |
| **Sent:** | Friday, November 17, 2023 7:40 AM |
| **To:** | Zeto, Anthony; Tyrone.Buckley@hcd.ca.gov |
| **Cc:** | Raymond Hodges; Rose Cade; Anthony Parenti |
| **Subject:** | 2024 Opportunity Map |

> CAUTION: EXTERNAL MAIL Do not click on links or open attachments unless you trust the sender and know the content is safe.

Thank you for your team's efforts in affirmatively further fair housing in the State of CA. We look forward to continued engagement on this important tool. The County of San Mateo's Department of Housing would like to comment on the following two areas:

1.  Insufficient Data Tracts:

    The Opportunity Map methodology excludes certain census areas from being categorized based on areas where two or more of the economic and educational indicators are missing. In San Mateo County, census tract 06081613800 is one where there is insufficient data to assess neighborhood opportunity. This census tract contains the Town of Pescadero, a rural community where there is an acute lack of affordable and habitable housing for farmworkers. In order to access critical local, state, and federal housing funds, it is critical that there is a path forward for data collection in communities like Pescadero. We recommend that tracts with insufficient data be given an opportunity to complete comparable data collection efforts that could be included in the methodology. More specifically, we recommend that HCD/CTCAC provide guidance on how comparable data can be collected for each of the economic and educational indicators. Jurisdictions can work locally to help the state collect the critical data needed to help policy makers and funders support housing solutions for every area in the state.

2.  Poverty and Segregation Overlay:

    The poverty threshold should be adjusted to regional poverty levels, not federal. Many communities in the bay area may not meet the federal poverty thresholds, but due to the high cost of living, households may still be living in poverty. Since the federal poverty thresholds are not the best indicator of poverty for the bay area, data regarding racial segregation becomes invisible in the tool. Separating the overlays between high-poverty and segregation will allow users of the tool to more easily access information on communities with a disproportionate share of households of color.

We appreciate your consideration of our feedback. Please let us know if you have any questions.

Helen

**Helen Tong-Ishikawa (she/her)**
Senior Housing & Community Development Policy Analyst
Department of Housing
2024 Opportunity Map.
htongishikawa@smchousing.org

COUNTY OF SAN MATEO

*I am out of the office 11/17/23 through 11/24/23 for the Thanksgiving Holiday.*

**NON-PROFIT HOUSING ASSOCIATION OF NORTHERN CALIFORNIA**
*The Voice of Affordable Housing*

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**Amie Fishman**

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**Diana Downton**
Community Economics, Inc.

**Donald Gilmore**
Community Housing
Development Corporation

**Consuelo Hernandez**
Office of Supportive Housing
Santa Clara County OSH

**Chris Iglesias**
The Unity Council

**Janice Jensen**
Habitat for Humanity
East Bay/Silicon Valley

**Katie Lamont**
Tenderloin Neighborhood
Development Corporation

**Fathia Macauley**
Housing Trust Silicon Valley

**Geoffrey Morgan**
CHISPA, Inc.

**Karim Sultan**
EAH Housing

**Joseph Villarreal**
Housing Authority of the
County of Contra Costa

**Cindy Wu**
Bay Area LISC

**November 17, 2023**

Anthony Zeto
California Tax Credit Allocation Committee
915 Capitol Mall
Sacramento, CA 95814

**Re: Neighborhood Change Map + 2024 Opportunity Map**

Dear Mr. Anthony Zeto,

As a member organization that serves nonprofit and mission-driven affordable housing providers, NPH has gathered feedback from our membership on the recent HCD/TCAC updates to the Opportunity Maps and the HCD Neighborhood Change Map. As always, we appreciate the ability to give input on agency policies and would be willing to make this part of a larger dialogue between NPH members and the involved agencies.

Founded in 1979, The Non-Profit Housing Association of Northern California (NPH) is the leading voice of the affordable housing movement of the San Francisco Bay Area. As a membership organization of more than 750 affordable housing builders, advocates, and community leaders, the collective NPH community has created tens of thousands of affordable homes and supported hundreds of thousands of Bay Area residents and community members.

## Positive Feedback

We appreciate the effort that these map updates took and the effort that it takes to align agencies on this work. The push to align the work of the multiple agencies involved in housing finance is encouraging and we want to see it continue in many other areas. While we are glad to see that every agency will not have its own, different opportunity map, we would prefer that the various housing agencies rely on the Opportunity Map significantly less.

### Addressing Limitations of Census Tracts

In the past, many of our members have voiced the frustration that a census tract is not an accurate tool for construing the idea of neighborhood. Many quality

sites exist just on the periphery of "High and Highest Resource" areas and have been excluded because of the ultimately arbitrary nature of census tracts and block groups. The HCD Neighborhood Change Map considering historic demographic changes in tracts within a ½ mile radius from each subject tract is a step forward in working within the limitations of arbitrary census boundaries while recognizing that the characteristics of adjacent Census tracts are, in fact, relevant. We believe that a similar concept should be applied to the Opportunity Map to reflect that many of the characteristics of being located within a high or highest resource tract extend over the arbitrarily drawn Census borders. One method of doing this would be to run the model one time, and then give each tract sharing a boundary with a high or highest resource tract an extra point on their index for their "final" score. Alternatively, we encourage both HCD and TCAC to continue considering ways to allow for sites that clearly align with the spirit of the regulation and we specifically encourage TCAC to implement an allowance for proximity to a "High" or "Highest Resource" area in the Opportunity Maps.

**Data + Transparency**

The new versions of the maps are also an overall improvement on the transparency involved. Previously, opaque indices made it challenging to understand why neighborhoods were scored in a certain way. We have feedback on some of the elements chosen for scoring tracts but this new openness is what allows for that policy discussion at all and we appreciate that. One question is on the choice for employment data and one is on the potential double counting on educational data.

First, using the *employment* rate instead of the *unemployment* rate leads to an unintended outcome. Because the employment rate looks at the percentage of adults who work, it does not adequately capture the difference between an economically depressed area where many are unemployed and a wealthy suburb where many households only have one working adult member by choice. As a result, many high-wealth communities have an employment rate below the regional median, like Atherton, Los Altos Hills, and Woodside. This leads to outcomes like Atherton, the richest ZIP code in the country, being characterized as a "Moderate Resource" area.

Second, we see a significant overlap between the data on proficiency in reading and math appear highly correlated and are the same in over 90% of tracts. This is essentially a double-weighted school quality variable. As the map is now used beyond its original LIHTC context, we wonder if it makes sense to keep four of the nine variables as educational in nature, the most of any topic area. We would instead suggest combining math and reading scores into a single, averaged measure.

Third, we are concerned about the accuracy of using American Community Survey data to measure home values, as this may inadvertently disadvantage neighborhoods with large numbers of multifamily condominiums. The American Community Survey data does not include any weighting factors to correct for this unit mix variation, which compromises the reliability of this variable as a means of measuring affluence. We would recommend using an alternative data source or removing use of this variable.

## General Feedback

In our previous comment letter to HCD on the Opportunity Framework dated July 21, 2023, we emphasized how multifaceted the duty to Affirmatively Further Fair Housing is and how it will require support for developers looking to build affordable housing both in exclusionary places and in historically disinvested neighborhoods – a both/and strategy:

> *Members stressed that the dialogue around Affirmatively Furthering Fair Housing needs to reflect that the approaches to improving housing outcomes across a wide variety of neighborhoods, communities, and places will demand a multifaceted approach. New affordable housing options in historically exclusionary places can deliver strong outcomes for affordable housing residents. Reinvestment in communities that were intentionally and specifically excluded from wealth and resources can also deliver strong results. It will take investment in both strategies to meet HCD's goals.*
>
> *HCD asked what the proper balance was between these approaches. NPH members stressed that funding for disinvested neighborhoods is crucial and should not be cut to focus on high opportunity areas. Some actively questioned the purported lack of balance between the two approaches and encouraged HCD to look at their question from a few perspectives. Evaluation of the distribution of the portfolio may look different when using a statewide map of the resource areas, as compared to the regionally-adjusted maps.*

Overall, these new maps appear not to be approaching the question of how to prioritize funding as the both/and situation that agencies will need to properly meet both their federal charge of Affirmatively Furthering Fair Housing and the state requirement to comply with AB 686 (2018). According to the legislation, the state must rectify housing inequity through a balanced approach:

*Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together,*

> *I. Address significant disparities in housing needs and in access to opportunity*
> *II. replace segregated living patterns with truly integrates and balanced living patterns*
> *III. transform racially and ethnically concentrated areas of poverty into areas of opportunity*
> *IV. and foster and maintain compliance with civil rights and fair housing laws.*

Labeling communities of color as "Low Resource" and diverting funds away from them only adds to the existing disparities. The new Neighborhood Change approach that prioritizes "high resource" areas and the recently gentrified areas nearby might provide a more accurate look at where "resources" might be, but it does not wholly address the multiple responsibilities that AB 686 enumerates. Namely, it does not address the third point of transforming racially and ethnically concentrated areas of poverty into areas of opportunity.

## Specific Feedback

Again, we would like to reiterate that rising to the challenge of affirmatively furthering fair housing will need multiple approaches and relying on the Opportunity Maps does not achieve the breadth of the work necessary. We would like to see agencies rely on these maps significantly less, but as long as these maps are prioritized, we have other concerns about the way they are structured.

### A Regional Grade in a Statewide Competition

One of the ways that the Opportunity Maps have farther reaching consequences than intended is how the opportunity level is based on a regional cohort that is then used to compete against a statewide cohort for competitive funding, without recalibration. This happens in CDLAC's ELI and Homeless set-asides as well as the Multifamily Finance Super NOFA (MFSN).

The maps continue to assess opportunity levels on a bell curve within a region; Bay Area tracts are compared to other Bay Area tracts. However, This means that some neighborhoods in any region will have to be low resource, even if their median home price is above $1 million. This may still make sense for a regional set aside, but when these opportunity levels are used in a variety of statewide competitions without adjusting them for the statewide context, it further disadvantages the Bay Area's supposedly "Low Resource" neighborhoods, which have underlying opportunity scores that would earn them a higher ranking in another region.

In fact, the requirement to have an equal number of "High Resource" areas in each region severely distorts the underlying opportunity data across the state. This requirement results in the maps categorizing many urban neighborhoods that are great places to raise children (according to HCD's own opportunity data) as "Low" or "Moderate Resource" and elevating many rural areas that are comparatively worse places to raise children (according to HCD's own opportunity data) to High Resource designation. This regional framework undermines HCD's stated goal of locating affordable housing in the best areas to raise children. Both HCD and TCAC/CDLAC regulations contain mandates to invest in all regions of the state, so the regional framework in the maps is duplicative of existing requirements. The most effective way to meet HCD's stated goal for the maps would be to remove the regional framework entirely and base the resource categorization on the underlying opportunity data alone.

If HCD is unwilling to remove the regional framework, it must take steps to address the harm that this mis-categorization as "Low" or "Moderate Resource" areas is causing the census tracts that are, according to the underlying opportunity data,  in the top 40% of census tracts statewide. These neighborhoods are being denied critical State and local housing funding on the basis that they are not good areas to raise children, when in fact they are excellent places to raise children according to HCD's own data.

The simplest way to rectify this harm is to add the "Newly High Resource" areas from the Statewide Opportunity Map to the "High Resource" areas shown in the Proposed 2024 Opportunity Map. We want the Opportunity Maps to fairly allocate funds to rural areas, so we recommend that the "Newly High Resource" areas be additive to the existing "High Resource" areas – and should not supplant any "High Resource" designation from rural areas.

**Fewer Opportunities in High Opportunity**
On the first pass of the Opportunity Maps, there may appear to be large portions of land that qualify as "High" or "highest resource." The methodology overall lacks a way to accurately account for areas where construction is unlikely or not possible. Examples include land dedicated for open space or conservation, tracts that are completely built out in R1 single family detached housing – regardless of new zoning overlays, and high fire hazard zones where insurers will not insure.  We encourage the agencies to find ways to account for this and to allow for other areas to be considered "High" or "highest resource."

**Limitations of the Neighborhood Change Map**

HCD's Neighborhood Change Map methodology relies on two factors a) increase in non-Hispanic white population in a neighborhood and b) increase in higher income households. It does not use a change in any of the metrics used to measure "opportunity." The assumption that an increase in the white population of a neighborhood means it is gentrifying is reductive and not necessarily accurate. There is a significant body of work around how to quantify gentrification's early stages and we recommend consulting with sources like Urban Institute's 2019 report "Guide to Measuring Neighborhood Change to Understand and Prevent Displacement"[1] or Enterprise Community Partners' 2018 white paper "Gentrification: Framing our Perceptions,"[2] both of which identify other important metrics like educational attainment and change in housing tenure.

Certain neighborhoods in the South Bay, especially around Silicon Valley, are seeing an influx of higher income households with a large proportion of non-white residents – which this map will not capture. Other examples include Novato, CA in the North Bay and Oakland's Fruitvale neighborhood in the East Bay, which are both "Low Resource" areas according to maps but community-based developers understand that these areas are changing quickly.

We are aware that HCD acknowledges that the map data is too slow to recognize the early stages of neighborhood change where an inflow of resources can help to stabilize a neighborhood in transition. We want to caution against prioritizing the use of a tool that we know is too slow to respond.

**Conclusion**

As a membership organization that seeks to facilitate the communication between our members and the agencies that they work so closely with, we welcome the chance to make this an ongoing conversation.

Thank you for the consideration of our feedback and your ongoing efforts to affirmatively further fair housing and address our state's housing crisis.

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[1] https://www.urban.org/sites/default/files/publication/100135/guide_to_measuring_neighborhood_change_to_understand_and_prevent_displacement.pdf

[2] https://www.enterprisecommunity.org/sites/default/files/2021-07/Gentrification%20White%20Paper10-9-Final_1.pdf

Sincerely,

**J.T. Harechmak**

Senior Policy Manager

November 16, 2023


Anthony Zeto and Tyrone Buckley
California Tax Credit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814

**Re: Proposed Changes to 2024 CTCAC/HCD Opportunity Map**

Dear Mr. Anthony Zeto and Mr. Tyrone Buckley,

The Housing Authority of the City of Los Angeles (HACLA) writes to provide a comment on the Proposed Changes to 2024 CTCAC/HCD Opportunity Map. The Rose Hill Courts redevelopment site is located in Census Tract #06037201301 which will degrade from a Moderate Resource Area in the FY2023 CTCAC/HCD Opportunity Map to a Low Resource Area in FY2024. The changes to the methodology and the ensuing resource designation will undercut years of planning and investments that HACLA along with its development partner, The Related Companies of California ("Related CA"), has been making to this redevelopment project.

Since 2014, HACLA and Related CA have been working on the revitalization planning of the Rose Hill Courts project and after significant community outreach and support, adopted a redevelopment plan to demolish the existing 100 old units and construct 185 affordable residential housing units in two redevelopment phases. Construction of the 88-unit Phase I started in June 2021 with significant State of California investment through a $20 million award under the AHSC program for Housing and Sustainable Transportation infrastructure improvements and a $3.5 million award under the IIG program. Predevelopment activities of Phase II is underway, and the project has received over $23 million in funding commitment from HACLA, HUD and HCD in addition to ninety-five (95) Section 8 Project Based Vouchers. At stake with the decision to change the boundaries of the 2024 Opportunity Map is the ability to receive additional State funding to close the funding gap and complete the remaining phase. HCD's selection process for funding relies heavily on the resource level designation of the Census Tract where the project is located. Funding is highly competitive, and applications with projects in Highest and High Resource Areas receive substantial consideration.

HACLA shares in CTCAC's and HCD's stated objectives of affirmatively furthering fair housing and increasing access to opportunity. Rose Hill Courts residents will have access to a tailored range of programming for 100% of residents across major program areas including, but not limited to, education/after-school programs for youth, economic stability, health & wellness, community
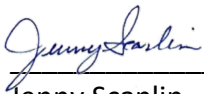
engagement, and financial education. They will also be provided a dedicated Resident Services Coordinator who will offer at least 40 hours of free, culturally competent and professional services on a weekly basis. In order to deliver that promise for the current and future residents of Rose Hill Courts, state funding is absolutely essential to completion of Phase II redevelopment.

Rose Hill Courts is surrounded on two sides by the boundary lines of Census Tract #06037199300 which is also a Moderate Resource Area in the FY2023 Opportunity Map. The currently proposed FY2024 CTCAC/HCD Opportunity Map designates Census Tract #06037199300 as a High Resource Area. HACLA recommends that the Rose Hill Courts site should be considered an extension of Census Tract #06037199300 as opposed to its current inclusion in Census Tract #06037201301 to better reflect the improvements that the redevelopment has brought to this neighborhood.

Please re-assess the inclusion of Rose Hill Courts in Census Tract #06037201301 to reflect the community more accurately and to ensure that HACLA can raise the funding needed to complete this much needed redevelopment.

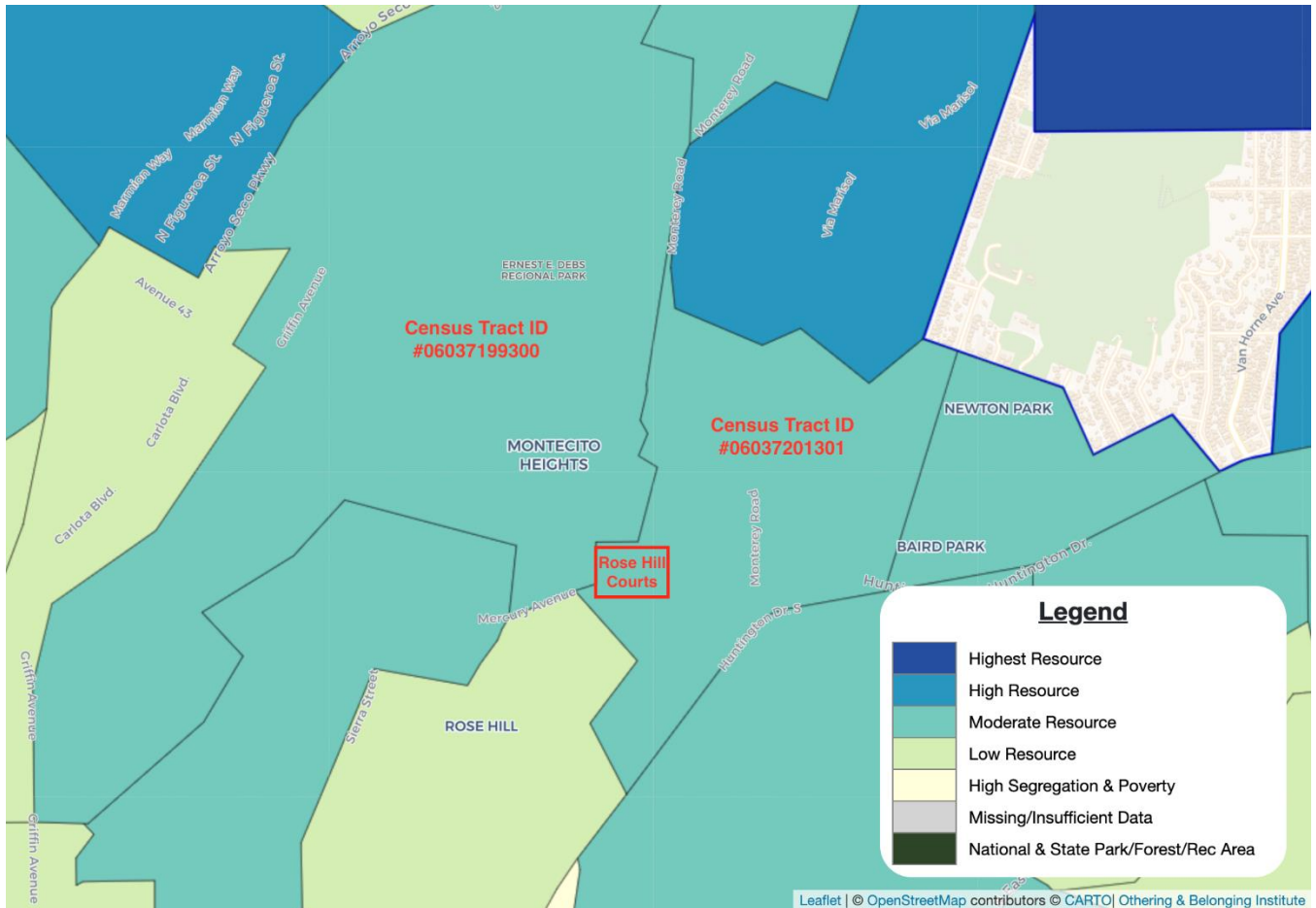If you have any questions, please feel free to contact me at 213-252-2680.

Sincerely,

Jenny Scanlin
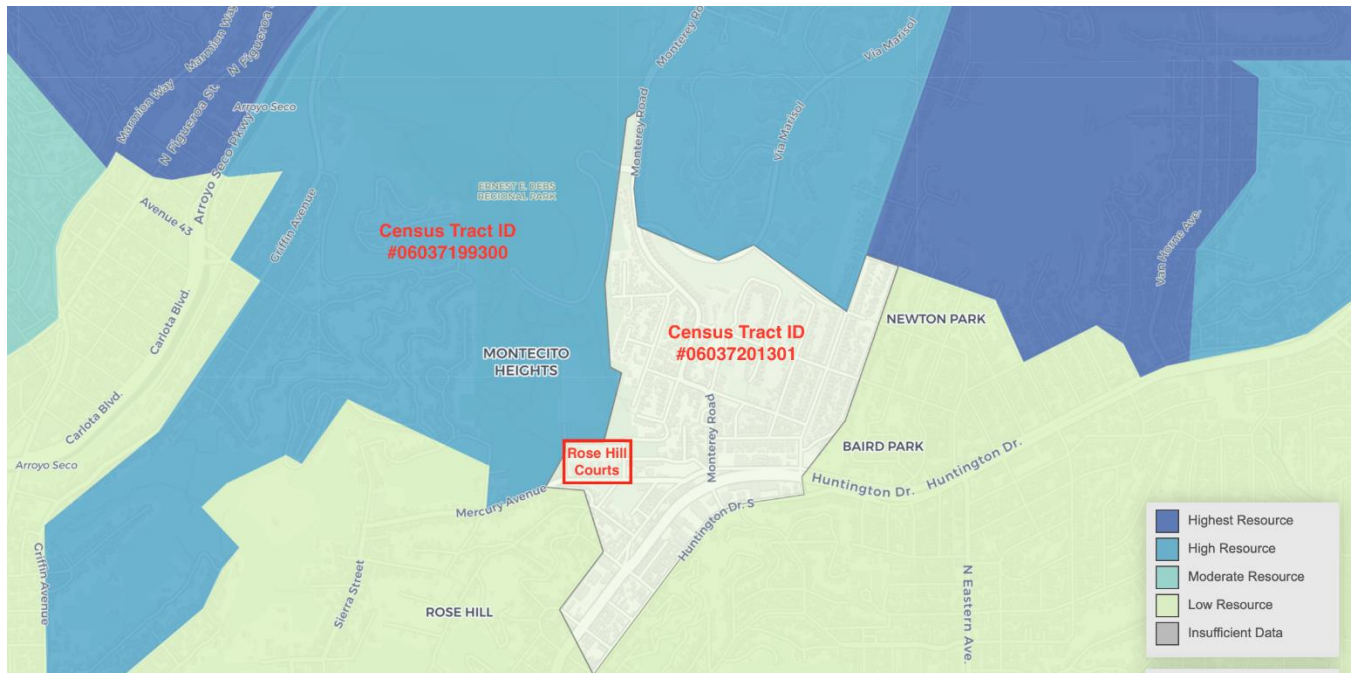Chief Development Officer

**Encl**:
FY 2023 and FY2024 Opportunity map showing Census Tract #06037199300 and #06037201301

**Exhibits**

**Exhibit A. FY 2023 CTCAC/HCD Opportunity Map** showing Census Tract #06037199300 and #06037201301

**Exhibit B. Proposed FY2024 CTCAC/HCD Opportunity Map showing Census Tract #06037199300 and #06037201301**

Hi, Annelise.

First, I want to express our appreciation for your continued partnership with the Community-Based Developer Collective of which TNDC is a member. I'd also like to acknowledge the evolution in HCD's approach to AFFH signified by the Neighborhood Change map. TNDC has a more than 40-year history developing and preserving affordable housing, as well as providing services in the Tenderloin. We believe there continue to be several outstanding AFFH policy goals, goals that are closely aligned with the needs of the Tenderloin, that are not achieved by HCD's existing framework.

- While the AFFH Mapping Tool captures high resource areas and areas undergoing neighborhood change, it should prioritize attention to areas where there are high levels of poverty and/or segregation for investment. Currently, these geographies are not strong candidates for investment under the AFFH Mapping Tool, yet would benefit tremendously from investment to increase affordability, expand neighborhood resources, and prevent displacement before it happens. Otherwise, traditional market forces coupled with a lack of public investment are likely to result in negative outcomes for those existing residents. We strongly urge HCD to incorporate a strategy to address the AFFH charge of "transforming racially and ethnically concentrated areas of poverty into areas of opportunity" as quickly as possible.

- Because the opportunity map is indexed regionally, it does not reflect that neighborhoods like Chinatown and the Mission are great places to live and raise children. By HCD's own measure, many census tracts in these neighborhoods and the wider Bay Area are "high resource" when compared to others across the state. Instead of adopting a statewide index and diverting funds from rural areas, we recommend that these tracts also be identified as High Resource areas and that the High Resource designation not be removed from tracts that qualify under the regional index.

- We believe the neighborhood change maps do not sufficiently encompass the entirety of the areas experiencing displacement. For example, every census tract in Bayview-Hunters Point (BVHP) meets the baseline requirements for Parts 1 and 2 but none are designated as having experienced neighborhood change due to them not meeting the threshold for Part 1, Criteria 2 (increase in high-income households). All this while from 2000 to 2020, BVHP lost 35.8% of its Black population while its white population grew 95.5%. Moderate- to high-income white and low- to moderate-income non-Black POC households have been moving into BVHP, a dynamic that seems to explain why the neighborhood does not meet the threshold for an increase in high-income households. The current methodology for neighborhood change won't move investment into areas designated Low Resource like BVHP until there are census

tracts already experiencing significant displacement impacts from gentrification.

As such, we recommend adjusting the Neighborhood Change methodology to more accurately represent the documented displacement of residents from numerous historically low-income, BIPOC neighborhoods including the Mission District, Chinatown, the Tenderloin, SOMA, and Bayview, among others.

Neighborhood change cannot be measured by the influx of white people or the influx of high earners alone; we believe there are many other indicators to consider. However, as a first step, we suggest increasing San Francisco's coverage in the Neighborhood Change map by including:

- Tracts that are Historic POC & LMI neighborhoods in both 2000 and 2013 if they:
    - Meet either the long or short-term Non-Hispanic White Share Change threshold or
    - The long or short-term High Income Share Change

- We also request that HCD make changes to both maps such that they better reflect the reality that people don't live within nor is neighborhood change contained by strict boundaries. The following changes will ensure the maps are more consistent with the spirit of the regulation:
    - Match the designation of "donut hole" tracts with that of the surrounding tracts (e.g., tracts surrounded by Neighborhood Change or High/Highest Resource tracts on three or more sides)
    - Include census tracts adjacent to Neighborhood Change mapped tracts if they meet either the Non-Hispanic White Share Change or the long or short-term High Income Share Change
    - Add an additional buffer around the Neighborhood Change maps to be more inclusive of adjacent tracts in dense, urban environments

- In HCD's description of the AFFH Mapping Tool, there is mention of "exhibiting markers of disproportionate housing need" but only relative rent increases are offered as a metric. We urge HCD to consider other means of measuring housing need that are better attuned to local dynamics.

- Regarding the execution of these strategies, we urge HCD to consider the historic role of community-based development organizations that are rooted in the struggles of BIPOC neighborhoods. They are a tremendous asset to those local communities and their particular value to investments targeted at areas experiencing neighborhood change and in areas of concentrated poverty and segregation should be integrated into this framework.

As an FYI, our comments align closely with those articulated by other CBDC members as well as the Council of Community Housing Organizations (CCHO).

Thanks so much!
Meg

**Meg Heisler**

Policy & Planning Manager
pronouns: she/her

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Office of the Mayor                                           (510) 238-3141
Honorable Sheng Thao                            FAX (510) 238-4731
                                                        TDD (510) 238-3254

October 26, 2023

The Honorable Gavin Newsom                The Honorable Fiona Ma
Governor of California                        California State Treasurer
1021 O Street, 9th Floor                      915 Capitol Mall
Sacramento, CA 95814                       Sacramento, CA 95814

**Re:**     **Letter from Oakland Mayor Sheng Thao and Councilmember At-Large Rebecca Kaplan – Issues with the Use of Opportunity Maps in Prioritizing Funding for Affordable Housing in Mixed-Income and Mixed-Use Projects**

As leaders representing all Oakland residents, one of our top priorities is ensuring access to housing for residents at every income level. We have taken bold action to increase the supply of affordable and market-rate housing by recently passing Measure U to provide over $200 million in the next two years in local match funding for affordable housing projects. We are also streamlining multifamily housing development, removing historically exclusionary zoning, upzoning for housing in job and transit centers to reduce congestion and pollution, and making city-owned public lands available for affordable housing development.

In December 2022, Oakland received the first Prohousing Designation in the San Francisco Bay Area from the California Department of Housing and Community Development (HCD) because of our commitment to combating the housing crisis. Given this statewide recognition of Oakland's leadership, it is deeply concerning that both 100% affordable housing projects, as well as mixed-use and mixed-income developments in Oakland, are systematically disadvantaged in CDLAC's scoring of tax-exempt bonds, TCAC's award of 9% Low Income Housing Tax Credits, and by the scoring criteria for the California Department of Housing and Community Development's 2023 SuperNOFA, which awards the Multifamily Housing Program ("MHP") and Infill Infrastructure Grant ("IIG") Program, two of the State's most important sources of soft debt financing for affordable housing projects.

We would like to share specific concerns regarding the proposed scoring criteria of High Opportunity Area's in these funding allocation frameworks for both HCD debt sources as well as tax exempt bonds and Low-Income Housing Tax Credits. We implore you to revise your scoring methodology to expand the current Opportunity Area maps to include Changing Neighborhoods or Moderate Opportunity Areas in awarding TCAC, CDLAC, and other California HCD funds, including those awarded via the SuperNOFA.

While we understand the spirit behind promoting the construction of affordable housing in High Opportunity Areas, thereby encouraging diversity in historically exclusionary high-income areas, we have significant concern regarding Oakland's competitiveness under the current scoring system. Oakland and other similar communities that have been subject to historically systemic disinvestment suffer as a result from the prioritization of High Opportunity Areas in both HCD and TCAC-CDLAC scoring systems. The use of the current scoring system denies funding to racially diverse and inclusionary jurisdictions throughout the state, in favor of giving funding to historically racially exclusionary communities.

**Instead, we argue that communities like Oakland, which are economically and racially diverse and face high displacement pressures, should be able to present data that defines Changing Neighborhoods or Moderate Opportunity Areas with significant investment pressure. This expanded definition would include areas that have high potential to become High Opportunity areas in the very near term and should be awarded similar prioritization in HCD and TCAC-CDLAC scoring systems.**

Below we have outlined a menu of recommendations and comments for your consideration to improve the scoring and awarding of funds including:

1. Remove the use of TCAC opportunity maps in TCAC's award scoring for 9% Low Income Housing Tax Credits, CDLAC's award scoring for tax-exempt bonds, and California HCD sources, including those awarded via the annual SuperNOFA.

2. Use more appropriate indicators when creating accurate "opportunity maps" which will improve the underlying methodology to determine 'high opportunity' areas.

3. Increase transparency in annual revisions of the opportunity maps based on comments and feedback from the public.

**Recommendation 1: Remove the use of TCAC opportunity maps in CDLAC's allocation of tax-exempt bonds, the SuperNOFA, and other funding sources, or give Changing Neighborhoods/Moderate Opportunity areas equal standing**

The opportunity maps designed for TCAC-CDLAC are intended to increase access to opportunity-rich areas for residents of affordable housing financed with Low-Income Housing Tax Credits and allow a pathway for these historically exclusionary communities to become more racially and socioeconomically diverse. We applaud the spirit behind this idea, but the unintended effect is that it further disadvantages historically economically disadvantaged communities from being able to finance critical affordable housing supply.

Instead, affordable housing projects should be used as a tool to bring resources to high-poverty areas.[1] In alignment with AFFH goals, it would be prudent to use TCAC-CDLAC projects as part of the state's anti-displacement strategy to advance the goal of promoting integration in gentrifying communities. Should CLDAC continue to use opportunity maps as currently drafted,

neighborhoods not considered 'high-opportunity' will not be competitive for state tax credits and will not have a chance of accessing the benefits of the mixed-use and mixed-income projects supported by CDLAC bonds.

Considering the intense competitiveness of recent CDLAC and California HCD funds, including last year's SuperNOFA funding round, the opportunity maps and their use in scoring TCAC, CDLAC, and SuperNOFA projects risk rewarding only historically racially exclusionary communities at the expense of historically inclusionary communities. As cities share in funding these affordable housing projects and have a state mandate to build a certain amount of affordable housing in their jurisdictions, cities have a direct interest in a fair and equitable allocation of these affordable housing resources. Instead, there should also be a viable financing pathway for affordable housing financing in traditionally disadvantaged communities as well.

Thus, the use of opportunity maps, that inappropriately use the wealth and privilege of existing residents as a proxy for opportunity, directly give financial rewards to cities with the worst histories of systemic racism at the expense of historically inclusionary communities.

Given this and the issues outlined above, we would strongly recommend removing the use of the opportunity maps in prioritizing the allocation of affordable housing resources, or the creation of a similar priority scoring point for disadvantaged communities as described above. We also seek clarity on what academic review and input the State received that inspired the decision to apply the TCAC opportunity maps to TCAC, CDLAC bond allocations, and California HCD programs like the SuperNOFA.

We realize that for the State to promote affirmatively furthering fair housing the State may not be willing to entirely drop the use of opportunity maps in its funding framework, in which case we have an alternative suggestion: provide equal standing to neighborhoods subject to high likelihood of displacement or "moderate" opportunity areas. The State's proposed framework would tie the number of "high opportunity" census tracts to ever-changing regional medians, which means that "moderate opportunity" neighborhoods could experience significant increases in affluence and amenities without being recategorized. Many of Oakland's "moderate opportunity" neighborhoods have experienced or are currently experiencing gentrification and major demographic transitions. By providing an equal scoring preference to projects in "moderate opportunity" neighborhoods, the State can resolve some of the underlying tension between its economic mobility and anti-displacement goals.

**Recommendation 2: Use more appropriate indicators when creating accurate "opportunity maps" which will improve the underlying methodology to determine 'high opportunity' areas**

In addition to the misuse of the opportunity maps for the award of state debt and equity sources, there are also underlying methodological issues with how the opportunity maps determine neighborhoods of "High Opportunity."

Generally, the indicators used to determine 'High Opportunity' do not capture the resources that make a neighborhood well-equipped to help lower-income families succeed. Access to quality jobs and job training, adult education, childcare such as Head Start, as well as robust transit

access are all demonstrated resources that would help low-income families build stronger futures. Sadly, none of those are taken into consideration in the "opportunity maps." Instead, the current scoring largely measures the wealth and privilege of the pre-existing population in an area, and if the existing population is wealthy, then the location is given a high score.

In addition, there are several problematic scoring factors in the proposed 2024 methodology that deserve further examination. These variables include the portion of college graduates in an area and median home prices.

While educational attainment (at the Bachelor's degree level or higher) is a scoring factor, the methodology does not measure to what extent communities do, or do not, have access to educational opportunities for adults such as community colleges, universities, and career technical education. Instead, the 'educational attainment' variable was calculated by measuring the college degree attainment of the pre-existing adult population of each community. Such an indicator does not measure whether a neighborhood provides adult education opportunities. For example, a college-educated person who lives in Walnut Creek is unlikely to have received their degree there, and they did not get it because they live there. Therefore, moving a lower-income person to Walnut Creek does not give them a degree, nor make it any easier for them to get one. Indeed, educational opportunities would be more difficult to access by moving a lower-income family from a place like West Oakland to a remote but affluent suburb.

We are even more concerned about the proposal to continue to use home prices as a factor in opportunity maps, on equity and practical grounds. There is a well-documented penalty for home valuations in majority Black neighborhoods[1], and we are concerned that CDLAC would consider using a measure so thoroughly contaminated with racial bias. CDLAC's proposal to use workforce participation and poverty rates are already adequate to capture neighborhood socioeconomic status and home value does not meaningfully contribute to CDLAC's proposed framework. On a practical level, we are also concerned that the source CDLAC chose to measure home prices, the American Community Survey's median owner-occupied home value, is an unreliable method to make comparisons of home value between different neighborhoods. This data source does not distinguish between detached single-family homes and condos/apartments, which risks penalizing neighborhoods with a large proportion of condominiums. We are not aware of any research that finds that neighborhoods with single-family homes are inherently superior to neighborhoods with condominiums, and we'd hate to see such neighborhoods inadvertently advantaged in the CDLAC framework.

_Regional Skewing of the Funding:_ We are also concerned about how the current opportunity maps are unfairly skewed for different geographic communities. By failing to consistently apply the map's own scoring, the framework further undermines medium-resource cities within high-resource regions and gives more favorable treatment to lower-resource areas in lower-resource regions.

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[1] https://www.brookings.edu/articles/how-racial-bias-in-appraisals-affects-the-devaluation-of-homes-in-majority-black-neighborhoods/

The Bay Area medians for college education, workforce participation, school performance, and poverty are radically different than other regions. This results in bizarre circumstances where at least one "low opportunity" census tract in Oakland (#06001403502) would be rated "high opportunity" if it was transplanted to Los Angeles. When projects across California compete for state-wide set asides such as the Homeless/ELI pool, it would be illogical to provide a special "high opportunity" preference to a project in Los Angeles if the State's chosen metrics indicate that a project in the Bay Area is in a better neighborhood than the Los Angeles project. Opportunity maps should therefore not be used in pools where projects in different regions compete against each other.

**Recommendation 3: Increase transparency in annual revisions of the opportunity maps based on comments and feedback from the public**

While TCAC-CDLAC and HCD make their response to comments and requested revisions to the opportunity maps available to the public on their website, the public does not have year-round access to the actual letters and comments received by TCAC and HCD that they are responding to.

This poses problems for multiple reasons. First, the Bagley-Keene Act requires state bodies to maintain a public record of their meetings, which includes a record of public comments. These comment letters on the opportunity maps should be incorporated into the minutes when the opportunity maps are adopted each year in compliance with State law. Second, allowing the public and stakeholders to see one another's comments and providing them with clear information on how TCAC is or is not responding to those requested revisions is vital to the improvement of the opportunity maps and our statewide strategy to build and support affordable housing.

For these reasons, we recommend these letters be made publicly available on the TCAC website year-round. In addition, we respectfully request that TCAC and/or HCD staff share those letters directly with us and Oakland Housing and Community Development staff.

**Closing**

State funding sources are essential to increase California's affordable housing supply, and we commend your commitment to addressing California's most pressing challenge. It is our belief that it is the government's moral responsibility to invest public dollars towards supporting and transforming racially/ethnically concentrated areas of poverty into areas of opportunity, not simply moving low-income families out of these areas – for *it is because of previous government interventions and policies that these racially/ethnically segregated, high-poverty neighborhoods exist.*

We share these recommendations with the hope of collaborating with you on improving how we respond fairly, equitably, and transparently to California's housing crisis. Thank you for your time and consideration of these requests.


Thank you,

Mayor Sheng Thao　　　　　　　　　　Rebecca Kaplan
City of Oakland　　　　　　　　　　　　Councilmember At Large


CC:　　State Controller Malia Cohen
　　　　HCD Director Gustavo Velasquez
　　　　CalHFA Executive Director Tiena Johnson Hall
　　　　Senator Scott Wiener
　　　　Assembly Member Buffy Wicks

**Zeto, Anthony**

| | |
|---|---|
| **From:** | Robin Zimbler <robin@freebirddev.com> |
| **Sent:** | Wednesday, October 25, 2023 1:31 PM |
| **To:** | Zeto, Anthony |
| **Subject:** | FW: Draft 2024 CTCAC/HCD Opportunity Maps |

Hi, Anthony. I hope this email finds you well.

Since I had corresponded with you last year regarding the Opportunity Maps, I wanted to reach out to say thank you for the efforts to make changes for 2024 that lead to greater transparency and meaningfulness of indicators. In particular, I think the new approach to environmental quality is a good one especially in rural areas given the data is not available at the block group (so the prior methodology was having unintended impacts particularly in rural areas).

Thanks again,

Robin

**Robin Zimbler**
**Freebird Development Company**
1111 Broadway, Suite 300
Oakland, CA 94607 | (510) 319-6959
robin@freebirddev.com | www.freebirddev.com



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**From:** CTCAC <tcac@treasurer.ca.gov>
**Sent:** Monday, October 23, 2023 4:23 PM
**To:** Robin Zimbler <robin@freebirddev.com>
**Subject:** Draft 2024 CTCAC/HCD Opportunity Maps

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# California Tax Credit Allocation Committee

The draft 2024 CTCAC/HCD Opportunity Maps have been published the CTCAC website. Please click here.

For more information visit our website: California Tax Credit Allocation Committee

November 17, 2023

Deputy Director Anthony Zeto, CTCAC and CDLAC
Assistant Deputy Director Tyrone Buckley, Housing and Community Development

Dear Deputy Director Zeto and Assistant Deputy Director Buckley,

Community Housing Improvement Program (CHIP) completely supports the goals of Affirmatively Furthering Fair Housing. It is a core value of ours to build quality housing that truly supports our residents and creates opportunities for them to thrive. We recognize that access to jobs, good schools, and transportation, and located away from environmental hazards is essential. Further, we understand that the Opportunity Maps were developed to help state agencies evaluate if proposed multi-family projects meet the objectives of undoing centuries of discriminatory housing practices and segregation. We appreciate that there were changes made this year in an attempt to address some of the flaws in the maps, including: the Neighborhood Change Maps, increasing the population density floor, improving transparency, and better functionality of the maps with the various overlays.

Unfortunately, for the most part, the designation of resources within the Opportunity Maps still don't reflect the reality on the ground in rural communities. Further, the new maps also penalize communities, such as Butte County, recovering from wildfire disasters. While the changes have reduced some of the areas designated as high- or highest-resource that are also open space, agricultural land (orchards, field crops, rice, etc.), grazing land, flood zones, and mountain areas with high risk of wildfire, there remain areas of significant overlap. It appears that the census tracts or block zones that are attached to these areas may have small population enclaves of high-income households driving the high-resource designation, as many still lack access to a broad array of common amenities.

Additionally, most small rural cities and towns that serve as the economic and cultural centers of their communities, continue to be designated as moderate-, low-resource or having insufficient data. Many of these communities are still surrounded by unbuildable land designated as high- or highest-resource. There is a desperate need for housing in these communities and historically unprecedented levels of support for new development. The affordability crisis is real in rural communities across the state and these small jurisdictions struggle to find the resources to build enough housing. Being unfairly disadvantaged by Opportunity Map designations is just another barrier – sometimes an insurmountable barrier – for some rural jurisdictions. This is particularly true of communities recovering from disaster. Having highly competitive funding tied to the Opportunity Maps, makes it nearly impossible for communities directly impacted by wildfire to compete for LIHTC and HDC funding (including CDBG-DR-MHP – which is designated by the federal government for the explicit purpose of helping communities rebuild).

While we do not think that agricultural land, open space, and/or areas of high wildfire risk should be designated as high- or highest-resource, we also do not believe that the solution is to merely eliminate

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these areas. It is our hope that the committee and consultants will use the information we share to engage with rural communities to determine what is high- and highest-resource – *for our communities,* not in comparison to statewide statistics, but within our micro-regions. Opportunity and community development looks different in rural communities than it does in urban and suburban centers.

As we all know, the purpose of the Opportunity Maps is to encourage investment in areas of "opportunity" to help the state meet the goal of Affirmatively Furthering Fair Housing "to combat housing discrimination, eliminate racial bias, undo historic patterns of segregation, and lift barriers that restrict access in order to foster inclusive communities and achieve racial equity, fair housing choice, and opportunity for all Californians." Also, as we know, the maps are intended to provide a quantitative tool to show the State's progress.

However, both the barriers to achieving AFFH and the opportunities for families and individuals to thrive look different in rural communities than they do in urban communities. While Areas of High-Poverty and Segregation exist, they are not the same in rural communities. In the region served by CHIP, only one census tract comes up when this overlay is selected. This does not mean that racial inequities do not exist in our region, they absolutely do, but the geographic expressions of race and poverty are not the same. For example, there may be a farmworker enclave (such as a mobile home park) adjacent to the farms where the owners (high income households) live. In these communities, the kids from high- and low-income households usually attend the same schools, shop at the same stores, and use the same recreational facilities. What opportunity looks like is access to *better* housing or the chance for homeownership, additional community services (such as tutoring) to help their children succeed, fair pay protections, and additional investments in infrastructure and community development. A good, livable income is a fraction of what it would be in an urban setting. It simply is unfair and feels arbitrary to families living in areas designated "low-resource"— areas that they love and call home – to be told that their community is not worthy of investment by the state.

Rural developers like CHIP want to work with your organizations find the best way to show how our investments in the communities we serve are helping meet the goals of AFFH. That through the development of quality housing (rental and homeownership), investment in social services, partnerships with local jurisdictions and nonprofit partners to support broader community development goals, and alignment with residents' hopes for their own lives, we are helping families thrive. It remains clear to those of us who are mission-driven housing developers, that the maps are not the best tool for showing what opportunity looks like in rural communities. We too want effective tools to track impact and are happy to partner with you to find a solution. In the meantime, it is unfair and arbitrary to hinder much-needed, affordable housing in rural communities struggling to address increasing homelessness, sky-rocketing costs, a succession of natural disasters, and limited local resources.

Thank you for your consideration of my concerns.

Regards,

Seana O'Shaughnessy
President/CEO

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NeighborWorks®
CHARTERED MEMBER

November 19, 2023

Annelise Osterberg
Senior Fair Housing Specialist
Department of Housing and Community Development
*Via E-Mail*

Dear Ms. Osterberg,

Self-Help Enterprises (SHE), a nonprofit housing and community development organization serving the San Joaquin Valley for nearly 60 years, appreciates the opportunity to comment on TCAC's 2024 Opportunity Map and HCD's AFFH Mapping Tool and its attempt to improve racial, ethnic, and economic integration in the LIHTC program. While regional and geographic diversity is considered one of California's greatest attributes, these differences lead to great challenges when creating a one-size-fits-all strategy. We are appreciative of the time, effort, and sincere attention paid to this diversity in the development of the mapping tool but remain concerned about its effect in rural regions and disadvantaged communities.

**General Comments**:
The use of opportunity mapping – or any other tool – needs to be tested for its effectiveness in creating housing choice for low-income families. Authentic choice in rural communities is not driven by the geographical nuances of large sprawling census tracts that include pockets of high opportunity. Instead, choice is driven by factors such as mobility, family support, employment, and sense of home. As currently constructed, the opportunity maps fail to create choice in much of rural California. A family project built in the high opportunity area of Clovis in Fresno County does not create housing choice for a farmworker family in Mendota or Firebaugh, just as a project built in a high opportunity area of Visalia does not create housing choice for a low-income family in Porterville or Lindsay.

The updated map has made projects in high-opportunity areas less competitive by reducing them to low and moderate resources, putting them at a clear disadvantage in securing funding. Adapting to new mapping criteria has added complexity and heightened the challenges these projects face. To address this, we support preserving current practice to use the maps and corresponding resource designation in place at the time of site control. This is crucial for stability, predictability, and reducing the disadvantage faced by pipeline projects.

**Redlining Entire Rural and Suburban Towns**
We continue to be concerned about the hypercompetitive nature of the 9% LIHTC program – where tiebreaker winners are the only winners – and the fact that many communities do not have any high opportunity areas and therefore may not be able to access any TCAC or HCD resources. Any mapping tool that generalizes the entire communities of Avenal, Arvin, Biola, Chowchilla, Coalinga, Corcoran, Cutler, Firebaugh, Grayson, Gustine, Lindsay, Parksdale, Pixley, Poplar, Selma, Strathmore, Terra Bella, and Woodlake as no high-resource areas or only high-resource areas adjacent to city limits in areas lacking infrastructure, is a dangerous and inadequate measure. Each of these communities, large and small, have their own ecosystems, "better" areas of town, and pockets of "opportunity". Yet this blunt instrument is devoid of any nuance at the local level. This continues to be a challenge with the current maps and the fact that many areas will be at a distinct disadvantage for accessing state resources, including tax credits and super NOFA funding.

**Topographical and Infrastructure Information**
There continues to be vast high resource geographies in undevelopable areas on the eastern side of Kern, Tulare, Fresno, Madera, and Stanislaus counties. Not only are these areas lacking the type of development planning and zoning necessary for affordable housing projects, but they also are lacking something more basic – water. The mapping tool still lacks a topographical and infrastructure filter, which continues to be a problem. In addition, the map continues to list agricultural land, open space, flood zones, and/or areas of high wildfire risk as "high resource" opportunity. These areas are not feasible for new construction and should not be characterized as high or highest resource.

**User-Friendly Interface**
While the county boundaries are clear, discerning city/town limits on the map is challenging. Additionally, the search bar should remain fixed, eliminating the need to click and zoom out on the map before its appearance.

**Neighborhood Change**
Neighborhood Change is not represented on the map for rural areas. This presents a very specific challenge in attempting to direct resources based on this designation yet not including major geographic segments of the state.  Additionally, many mid-size communities have no Neighborhood Change areas. For example, the City of Tulare has a population of 70,733 people and does not have any areas of Neighborhood Change. We hope this will not result in Tulare's inability to access funding.

**Adjacent Areas:**  We strongly encourage HCD and TCAC to consider awarding full or partial points for sites located within ¼ miles of a high or highest resource census tract. It is absurd to think that a site located across the street from a high resource tract is somehow less impactful if there are no barriers to mobility in the immediate area. For example, there is a proposed affordable housing site in Visalia (yellow star) which would yield over 300 new affordable rental units, yet the project is unable to compete for resources because it is moderate resource, despite being at the intersection of and within 50 feet of a high and highest resource census tract.  The rigidity of these maps does always result in the best outcomes for communities.
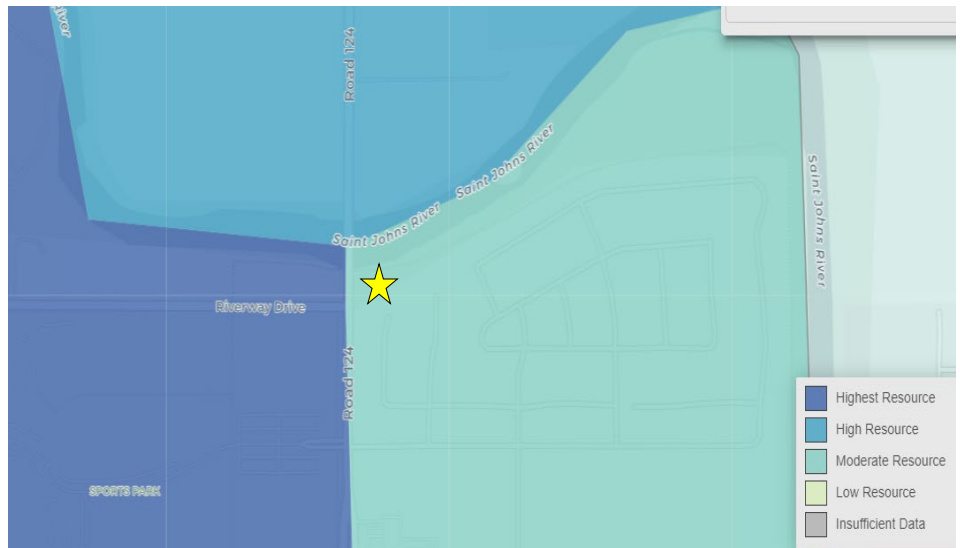
Thank you for the opportunity to comment on this important regulatory revision process. Should you have any questions, please contact me at (559) 802-1620.

Sincerely,

Thomas Collishaw
President/CEO

**17 November, 2023**

Annelise Osterberg (HCD staff)
Re: Neighborhood Change Map

Dear Ms. Osterberg:

We appreciate the opportunity to provide comments on the proposed AFFH Mapping Tool. Young Community Developers (YCD) is a Black-led nonprofit that has served the historically under-resourced Black community in San Francisco's Bayview-Hunters Point neighborhood for over 50 years. Our neighborhood is designated an Environmental Justice Community and Priority Equity Geography by the San Francisco Planning Department, an Equity Strategy Neighborhood by the San Francisco Municipal Transportation Agency, and an Equity Zone by San Francisco Recreation & Parks. We are also home to the San Francisco African American Arts & Cultural District, which was created to preserve, strengthen, and promote our cultural heritage and living traditions.

We appreciate the expansion of the AFFH framework, including the incorporation of neighborhood change; however, we believe there continue to be several outstanding policy goals that are not achieved by this framework.

While the AFFH Mapping Tool captures and prioritizes investment in high resource areas and areas undergoing neighborhood change, it should also prioritize investment in areas where there are high levels of poverty and/or segregation. HCD states its intent to "transform racially and ethnically concentrated areas of poverty into areas of opportunity" but by deprioritizing investment in areas designated as "Poverty & Segregation", HCD is reinforcing historic patterns of disinvestment in low-income BIPOC areas. These geographies would benefit tremendously from investment to increase affordability, expand neighborhood resources, and prevent displacement before it happens. Otherwise, traditional market forces coupled with a lack of public investment are likely to result in negative outcomes for those existing residents. We strongly urge HCD to incorporate a mapping strategy to address this AFFH charge as quickly as possible. In this way, we can support ongoing culturally-driven prosperity strategies in cultural enclaves across the state in a more balanced way that better meets the needs of the communities we serve. Without this, we are in danger of creating a lopsided AFFH implementation and privileging certain AFFH goals over others.

We are pleased to see that HCD is recommending a shared allocation of investments between areas of high resource and areas undergoing neighborhood change. We urge HCD to add a

third category that focuses on areas of concentrated poverty or segregation. This additional category is critical to address AFFH's commitment to community stabilization. We urge HCD to allocate funding equitably between the three areas, to establish parity between the AFFH goal of both mobility and place-based strategies, and reserve ⅓ of investments for high resource areas, areas undergoing neighborhood change, and areas of concentrated poverty and segregation.

We believe the neighborhood change maps do not sufficiently encompass the entirety of the areas experiencing displacement. For example, every census tract in Bayview-Hunters Point (BVHP) meets the baseline requirements for Parts 1 and 2 but none are designated as having experienced neighborhood change due to not meeting the threshold for Part 1, Criteria 2 (increase in high-income households). All this while from 2000 to 2020, BVHP lost 35.8% of its Black population while its white population grew 95.5%. Moderate- to high-income white and low- to moderate-income non-Black POC households have been moving into BVHP, a dynamic that seems to explain why the neighborhood does not meet the threshold for an increase in high-income households. The current methodology for neighborhood change won't move investment into areas designated Low Resource like BVHP until there are census tracts already experiencing significant displacement impacts from gentrification.

As such, we recommend adjusting the Neighborhood Change methodology to more accurately represent the documented displacement of residents from numerous historically low-income, BIPOC neighborhoods including the Mission District, Chinatown, the Tenderloin, SOMA, and the Bayview, among others.

Neighborhood change cannot be measured by the influx of white people or the influx of high earners alone; we believe there are many other indicators to consider. To remedy this issue, we suggest increasing San Francisco's coverage in the Neighborhood Change mapping by opening up the algorithm to allow for more robust coverage that mirrors the robust coverage of the other side of the "both/and" strategy -- High Resource Area mapping. As such, we suggest increasing the coverage in San Francisco's Neighborhood Change maps by including areas that are Historic POC & LMI neighborhoods in **both** 2000 and 2013 if they:

- Meet either the long or short-term Non-Hispanic White Share Change threshold **or;**
- The long or short-term High Income Share Change

We also request that HCD make changes to both maps such that they better reflect the reality that people don't live within nor is neighborhood change contained by strict boundaries. The following changes will ensure the maps are more consistent with the spirit of the regulation:

- Match the designation of "donut hole" tracts with that of the surrounding tracts (e.g., tracts surrounded by Neighborhood Change or High/Highest Resource tracts on three or more sides).
- Include census tracts adjacent to Neighborhood Change mapped tracts if they meet either the Non-Hispanic White Share Change or the long or short-term High Income Share Change.

- Add an additional buffer around the Neighborhood Change maps to be more inclusive of adjacent tracts in dense, urban environments.

Concerning the execution of these strategies, we urge HCD to consider the historic role of community-based development organizations that are rooted in the struggles of particular BIPOC neighborhoods. We are a tremendous asset to our local communities and our particular value to investments targeted at areas experiencing neighborhood change and in areas of concentrated poverty and segregation should be integrated into this framework.

In HCD's description of the AFFH Mapping Tool, there is mention of "exhibiting markers of disproportionate housing need" but only relative rent increases are offered as a metric. We urge HCD to consider other means of measuring housing needs that are better attuned to local dynamics.


Sincerely,


Zachary Weisenburger
Land Use Policy Analyst
Young Community Developers