

THE TCAC/HCD OPPORTUNITY MAP

The California Tax Credit Allocation Committee/California Department of Housing and Community Development Opportunity Map (TCAC/HCD Opportunity Map) identifies areas in every region of the state whose characteristics have been shown by research to be most strongly associated with positive economic, educational, and health outcomes for low-income families – particularly long-term outcomes for children – when compared to other neighborhoods in the same region. The map also identifies areas in California that are both high- poverty and racially segregated.

The TCAC/HCD Opportunity Map was developed in response to a growing body of research showing that the characteristics of neighborhoods – such as poverty rates and the quality of local public schools – substantially impact long-term outcomes for low- income families and children. In 2017, TCAC adopted this map into its regulations in an effort to increase access to high opportunity areas for families with children. At the time, only 5 percent of large family 9 percent Low-Income Housing Tax Credit (LIHTC) units were located in the state’s highest resource neighborhoods, even though these neighborhoods accounted for one-fifth of the state’s neighborhoods.¹ By contrast, 42 percent of these units were located in areas that were both high-poverty and racially segregated at the time.²

Since the map and associated policies were adopted into the LIHTC program, the number of affordable housing developments funded in higher resource neighborhoods has increased. According to research by Ann Owens, Associate Professor of Sociology, Public Policy, and Spatial Sciences at the University of Southern California, between 2018 and 2021 the share of 9 percent LIHTC *applications* for large family developments in higher resource areas has increased by 10 percentage points – from 19 percent to 29 percent (compared to the four years before the policy change was introduced). Further, the proportion of *awards* for 9 percent LIHTC large family developments in higher resource areas has doubled, from 15 percent to 30 percent.³

¹ Reid, C., & Kneebone, E. (2020, October 19). *New State policies aim to boost access to opportunity. through housing*. Terner Center. Retrieved June 8, 2022, from <https://ternercenter.berkeley.edu/research-and-policy/new-state-policies-aim-to-boost-access-to-opportunity-through-housing/>

² Note: This analysis is based on the 2018 TCAC/HCD Opportunity Map.

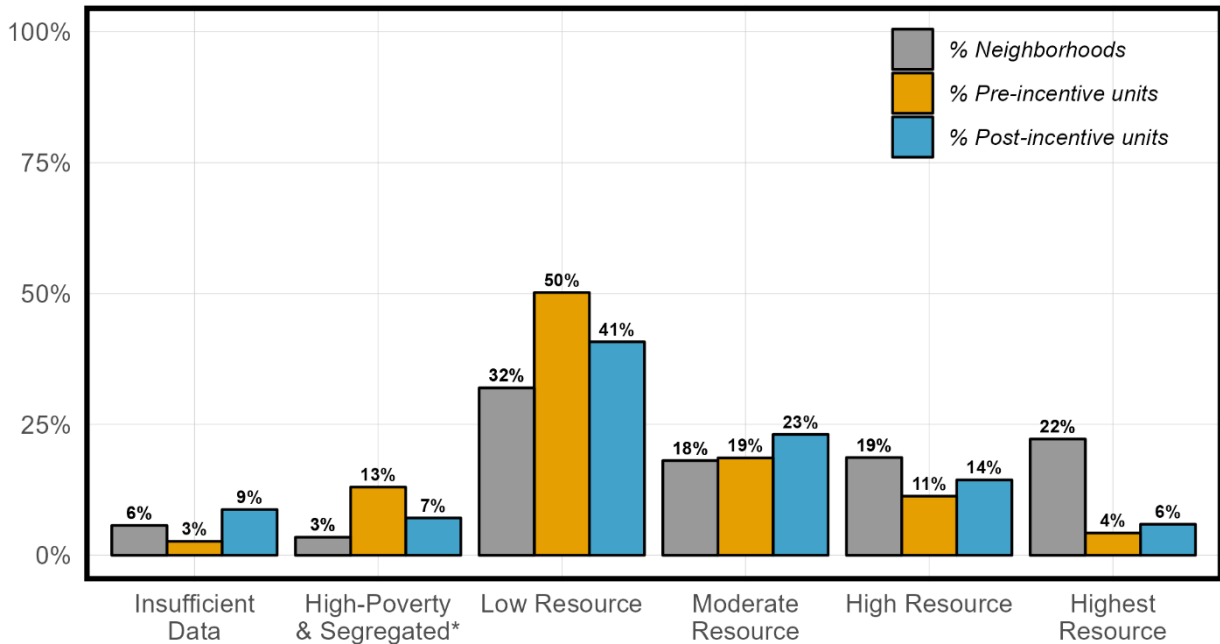
³Owens, A. & Brooks Smith, R. (2021) *Incentivizing Affordable Housing In High Opportunity Areas*. USC Sol Price School of Public Policy. Retrieved June 8, 2022, from https://socialinnovation.usc.edu/wp-content/uploads/2021/11/Owens-Smith-BRIEF_Final.pdf

According to analysis by HCD’s research partners, since 2019, the number of funded affordable housing *units* in 9 percent LIHTC large family developments in High and Highest Resource Areas has increased from 15 percent to 20 percent (compared to the four years prior), as can be seen in Table 1 below.⁴

Table 1

9% LIHTC-Financed Affordable Units in Large-Family Developments by Level of Neighborhood Resources

Pre-incentive: 2015-2018; Post-incentive: 2019-2022



*Sources: CHPC Preservation Database, January 2024; and 2024 CTCAC/HCD Opportunity Map. Note: *Though neighborhoods that meet the High-Poverty & Segregated definition are also assessed in terms of neighborhood resources in the 2024 Opportunity Map, High-Poverty & Segregated is treated as a mutually exclusive category for the purposes of this chart.*

There has been a decrease in the number of affordable housing developments funded in racially segregated neighborhoods. Since 2019, the number of funded affordable housing *units* in 9 percent LIHTC large family developments in Low Resource and High Poverty & Segregated Areas has decreased from 63 percent to 48 percent (compared to the four years prior), as can be seen in Table 1.

Additionally, according to the UC Berkeley Othering & Belonging Institute’s measure of racial segregation, the number of funded affordable housing *units* in 9 percent LIHTC large family developments in High POC Segregation tracts has decreased from 54

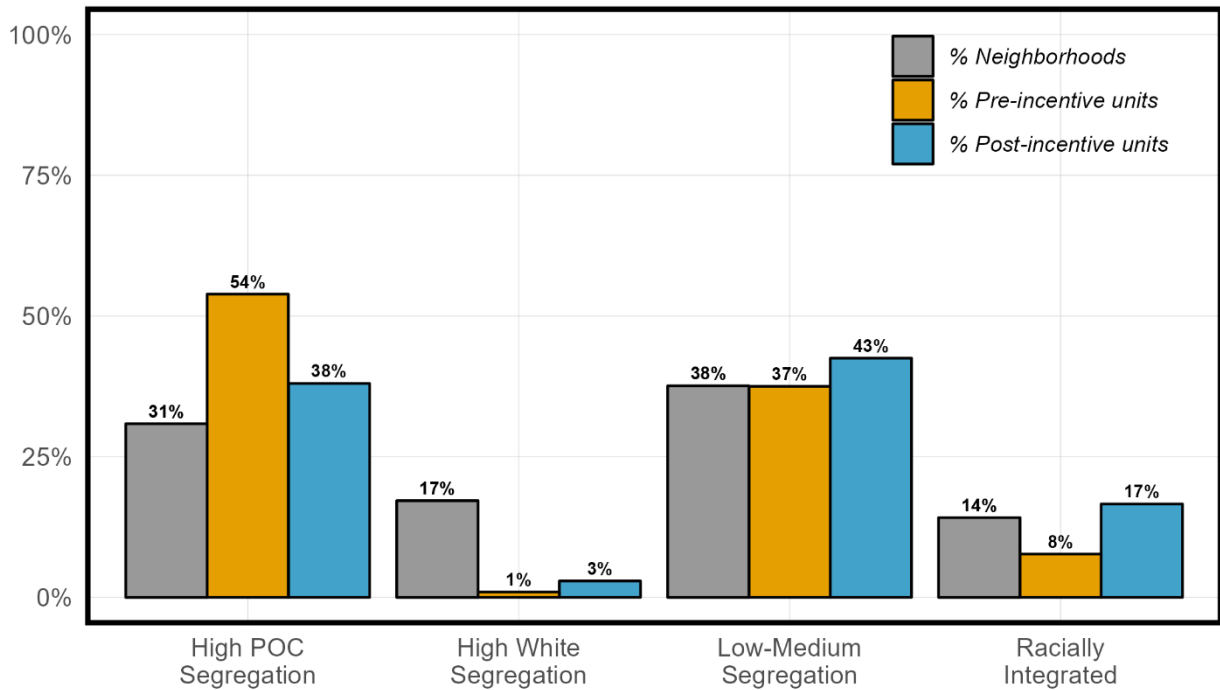
⁴ Note: The research cited in this document uses different cut-offs for evaluating the impact of the policy changes TCAC made to incentivize more affordable housing development in higher resource areas. This is because TCAC phased in a series of regulation changes related to the TCAC/HCD Opportunity Map over multiple years. In 2018, TCAC introduced modest regulation changes to provide a basis boost and site amenity points. In 2019, TCAC added a tiebreaker incentive for projects in High or Highest Resource areas.

percent to 38 percent since 2019 (compared to the four years prior). Further, the number of funded affordable units in 9 percent LIHTC large family developments has increased since 2019 in High White Segregation, Low-Medium Segregation, and Racially Integrated tracts.

Table 2

9% LIHTC-Financed Affordable Units in Large-Family Developments by Tract-Level Segregation

Pre-incentive: 2015-2018; Post-incentive: 2019-2022



Sources: CHPC Preservation Database, January 2024; and UC Berkeley Othering & Belonging Institute: The Roots of Structural Racism Project, 2021

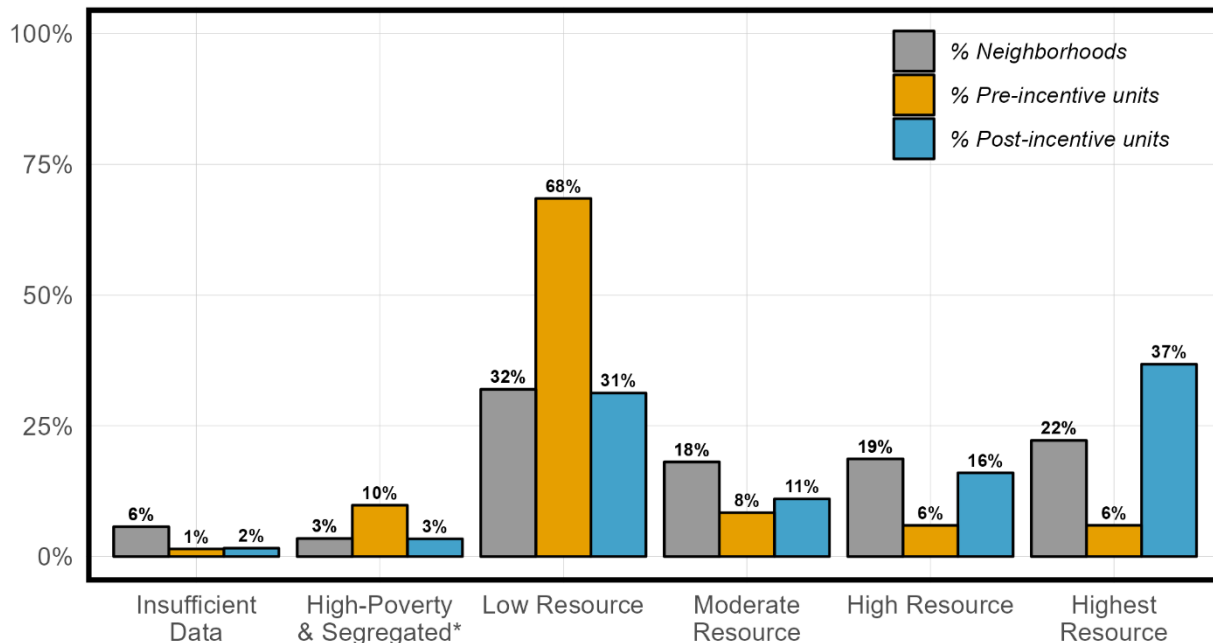
Despite this progress, LIHTC-financed affordable units in California are still substantially underrepresented in higher resource areas. Currently, only 11.5 percent of all LIHTC funded units the state’s affordable housing portfolio (both 4 percent and 9 percent) in family-serving developments are located in the state’s highest resource neighborhoods.

While the goal of the TCAC/HCD Opportunity Map is to increase housing choice by incentivizing more affordable housing construction in higher resource areas, the state recognizes the importance of funding affordable housing in all neighborhood types. As can be seen in Table 1, 9 percent LIHTC funding continues to be awarded to projects located in all neighborhood types. Even after TCAC began incentivizing large-family new construction developments in higher resource areas through a tiebreaker incentive in the 9 percent program in 2019, a disproportionate share of these units (48 percent) are still located in Low Resource and High Segregation & Poverty neighborhoods.

Table 3

4% LIHTC-Financed Affordable Units in Large-Family Developments by Level of Neighborhood Resources

Pre-incentive: 2017-2020; Post-incentive: 2021-2022



*Sources: CHPC Preservation Database, January 2024; and 2024 CTCAC/HCD Opportunity Map. Note: *Though neighborhoods that meet the High-Poverty & Segregated definition are also assessed in terms of neighborhood resources in the 2024 Opportunity Map, High-Poverty & Segregated is treated as a mutually exclusive category for the purposes of this chart.*

In 2021, the California Debt Limit Allocation Committee (CDLAC) also adopted the TCAC/HCD Opportunity Map into its regulations. The most recent CDLAC funding rounds have seen a more significant shift in the percentage of units in family serving developments being funded in higher resource areas through the 4 percent program. For instance, since 2021, the number of funded affordable housing *units* in 4 percent LIHTC large family developments in High and Highest Resource Areas has increased from 12 percent to 53 percent (compared to the four years prior), as can be seen in Table 3. Additionally, the number of funded affordable housing *units* in 4 percent LIHTC large family developments in High White Segregation Areas has increased from 1 percent to 10 percent, as can be seen in Table 4.

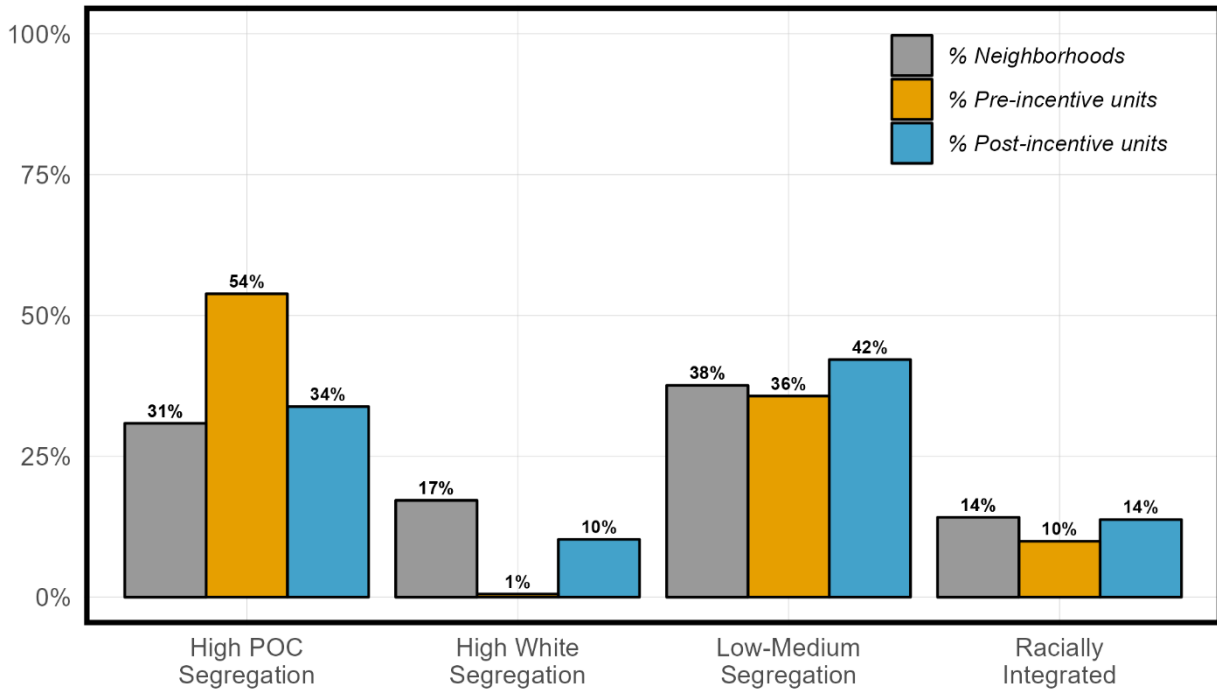
Low Resource neighborhoods have still received a share of units that is largely proportional to their share of the state’s census tracts (43 percent versus 35 percent). High Segregation & Poverty neighborhoods have also continued to receive a proportional share of funded units (3 percent versus 3 percent).

In July 2022, CDLAC established a “soft cap” on the number of projects that can receive extra points for being in High and Highest Resource neighborhoods. The intention of the “soft cap” was to ensure that projects in lower resource neighborhoods still had a pathway to receive funding. HCD will continue to monitor how the distribution of units relative to the TCAC/HCD Opportunity Map neighborhood types of changes in response to this policy change.

Table 4

4% LIHTC-Financed Affordable Units in Large-Family Developments by Tract-Level Segregation

Pre-incentive: 2017-2020; Post-incentive: 2021-2022



Sources: CHPC Preservation Database, January 2024; and UC Berkeley Othering & Belonging Institute: The Roots of Structural Racism Project, 2021

APPLYING THE MAP TO VARIOUS FUNDING PROGRAMS

TCAC adopted the TCAC/HCD Opportunity Map into its regulations in December of 2017 to accompany new policies aimed at increasing access to high opportunity areas for families with children in housing financed with 9 percent Low Income Housing Tax Credits (LIHTCs). For this reason, the map, and the methodology behind it was designed for the competitive funding infrastructure of the 9 percent LIHTC program (e.g., geographic competition, a separate funding pool for rural applicants). However, the map has also been used to inform similar policies in other state funding programs, such as HCD’s Multifamily Finance Super NOFA and CDLAC’s regulations for 4 percent LIHTCs.

HCD recommends that those interested in using the Opportunity Map to inform land uses policies, including the Regional Housing Need Allocation (RHNA) process, use the [COG Geography TCAC/HCD Opportunity Map](#) in the [AFFH Data Viewer](#). This map largely uses the same methodology as the TCAC/HCD Opportunity Map but incorporates a few changes that are better aligned with the land use context. More information can be accessed [here](#). The current version of the TCAC/HCD Opportunity Map can be found [here](#). If you have questions about the map, please email affhguidance@hcd.ca.gov.

THE DEVELOPMENT OF THE TCAC/HCD OPPORTUNITY MAP

In 2017, HCD and TCAC established The California Fair Housing Task Force (Task Force) to create the TCAC/HCD Opportunity Map.

Over the years, a range of independent organizations and research centers have provided input on the development of the map methodology as members of the Task Force, including the:

- CA Department of Public Health, Health Equity Policy & Planning Unit
- California Housing Partnership
- Enterprise Community Partners
- Housing California
- Kirwan Institute for the Study of Race and Ethnicity
- Othering & Belonging Institute
- PolicyLink
- Turner Center for Housing Innovation
- UCLA Luskin School
- UC Davis Center for Regional Change
- Urban Displacement Project

HCD is committed to continually improving the TCAC/HCD Opportunity Map, as well as assessing and refining the state's overall approach to Affirmatively Furthering Fair Housing (AFFH).

Several research partners—including the Turner Center, the Othering & Belonging Institute, the California Housing Partnership—are continuing to help HCD and TCAC keep the map up to date. These research partners carry out the technical work of reviewing and updating the maps every year and responding to direction provided by TCAC and HCD. The research partners explore technical adjustments to the map methodology based upon newly available data and research, stakeholder feedback, engagement, and comment letters. Although the research partners carry out the technical updates on the mapping methodology, they *do not* set policy or the policy objectives that guide these processes.

Over the years, HCD and TCAC have made many refinements to the map methodology in response to stakeholder feedback. For instance, in 2018, HCD and TCAC convened a Rural Working Group with assistance from the California Coalition of Rural Housing. In response to feedback shared by rural stakeholders, the map methodology was adjusted several times over the next few years to better capture opportunity in rural areas. In 2023, HCD and its research partners conducted a deeper dive into the TCAC/HCD Opportunity Map methodology in response to feedback shared through the Opportunity Framework project. This analysis of the map's underlying methodology resulted in number of significant changes aimed at increasing transparency.