

November 17, 2023

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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 wellness¹.

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

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

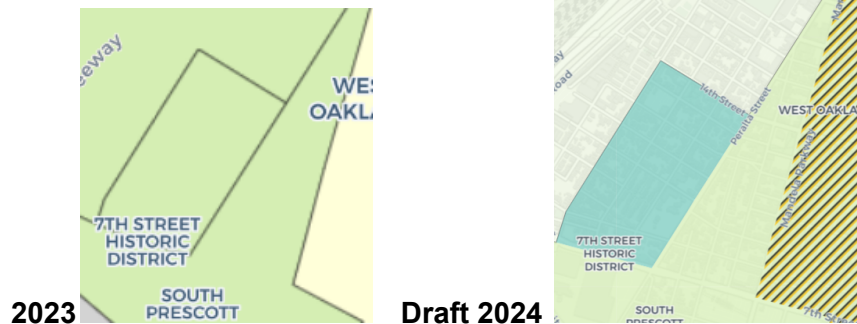
remove the regional framework entirely and base the resource categorization on the underlying opportunity data alone.

- 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 pressures³. 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

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



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,

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