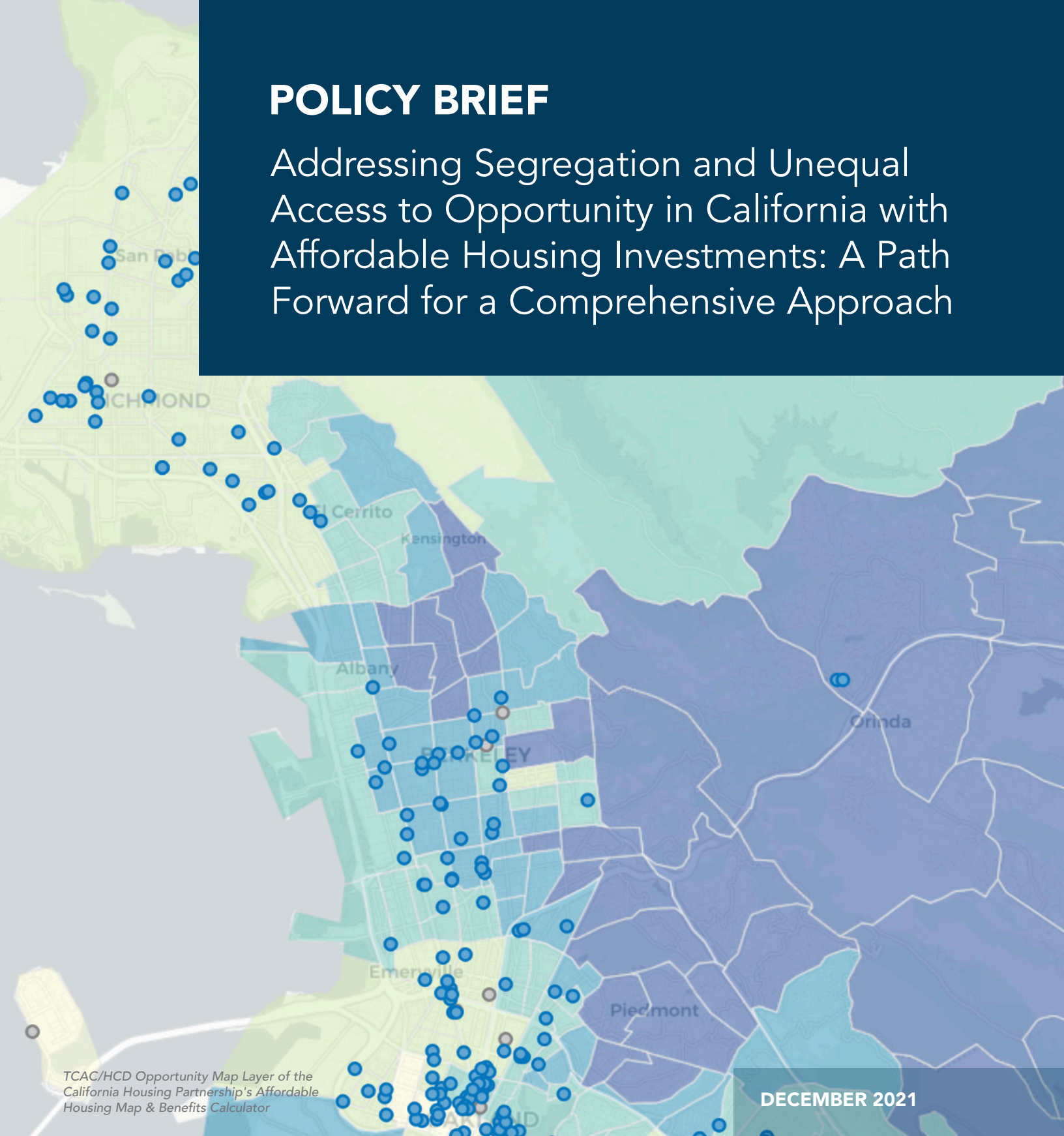# POLICY BRIEF

Addressing Segregation and Unequal Access to Opportunity in California with Affordable Housing Investments: A Path Forward for a Comprehensive Approach

DECEMBER 2021

California Housing Partnership
California's Experts on Affordable Housing Finance, Advocacy & Policy

Dan Rinzler
California Housing Partnership

José Loya
UCLA Luskin School

Table of Contents

INTRODUCTION

Residential segregation is a key force shaping access to opportunity and perpetuating racial, ethnic, and economic inequality in California. Reducing residential segregation and mitigating its impacts will require deliberate and sustained efforts across many policy areas, including public investments to create affordable housing, which directly influence where more than one million low-income Californians live. Recognizing this challenge and opportunity, state housing funding agencies recently implemented program changes to prioritize addressing residential segregation and its harmful effects. The agencies' approach is still emergent, and while they have not yet articulated a comprehensive vision across housing funding programs and related policy areas, this effort nevertheless represents meaningful action in facing of one of California's most entrenched problems.

In this brief, we argue that the state should complement its efforts to increase access to opportunity-rich neighborhoods with an equally deliberate, well-funded, and sustained effort to mitigate segregation's effects in lower resourced communities of color by assembling the funding and commitments necessary to support comprehensive, multi-sector community development initiatives led by local institutions vested in these neighborhoods. Moreover, efforts to increase housing choice in opportunity-rich neighborhoods must be balanced with continued efforts to address affordable housing needs in all communities.

We also use property and resident data to show the degree of change needed to better align affordable housing investments in California with the goals of reducing residential segregation and unequal access to opportunity, as is legally required by state and federal affirmatively furthering fair housing (AFFH) laws.[1] We then recommend that state agencies should build on recent program changes and refine their approach by establishing specific targets for affordable housing in opportunity-rich neighborhoods and taking measures to ensure these homes are broadly accessible.

Progress will take time, and the state must commit to this comprehensive "both/and" approach for several decades to reverse entrenched patterns that have shaped life in California for more than a century.

Reducing residential segregation and mitigating its impacts will require deliberate and sustained efforts across many policy areas, including public investments to create affordable housing, which directly influence where more than one million low-income Californians live.

1. This brief focuses on how affordable housing investments can be used to reduce residential segregation and unequal access to opportunity. However, it may be impossible to accomplish these goals at scale with existing funding levels for affordable housing in California. Substantial increases in funding are needed to fully address both issues: housing unaffordability and segregation. For information on the investments and related policies needed to meet the state's affordable housing needs, see the Roadmap Home 2030 project at **www.roadmaphome2030.org**.

ORIGINS OF RECENT CHANGES IN CALIFORNIA'S AFFORDABLE HOUSING PROGRAMS

In 2017, the California Tax Credit Allocation Committee (TCAC) and the California Department of Housing and Community Development (HCD) convened a group of researchers to assess the state's affordable housing portfolio relative to measures of neighborhood-level resources and opportunity—an effort which ultimately led to the creation of the TCAC/HCD Opportunity Map.[2] Through this assessment leadership at these agencies learned of the concentration of family-serving affordable housing in neighborhoods characterized by high poverty rates, fewer resources, and high racial segregation (as described later in this brief). In response, TCAC introduced new incentives for developers to locate affordable housing in opportunity-rich neighborhoods, followed by HCD and the California Debt Limit Allocation Committee (CDLAC) in subsequent years, covering nearly all sources of competitive state-level funding for affordable rental housing by 2021.[3]

Although these program changes took many by surprise, remain controversial, and represent only a partial embrace of a "both/and" approach to affirmatively furthering fair housing, they are part of a decades-long struggle to combat residential segregation in American life.

This struggle against residential segregation—rooted in Black-led resistance and aimed at helping our country live up to its highest ideals of fairness and equal opportunity—has won hard-fought and important victories over the last century, including the passages of California's Rumford Fair Housing Act in 1963, the federal Fair Housing Act in 1968, and the federal Community Reinvestment Act of 1972. These laws explicitly ban discrimination in the housing market and have helped shepherd investment into low-income communities, but enforcement remains inconsistent, and the political will has never materialized to sustain efforts to reduce residential segregation and mitigate its effects through financial investments in communities of color. One expert observed that "we, as a country, 'rediscover' segregation and its enormous human costs every decade or so, only to conclude that it is too intractable or questionable to tackle with serious resolve."[4] Our country's ambivalence toward addressing segregation has been so consistent that testimony in the 1968 debate leading to the passage of the Fair Housing Act—which included the observation that segregation was "so widespread and so deeply embedded in the national psyche that many… have come to regard it as a natural condition"[5] despite being the result of policy decisions—still applies today.

Indeed, it took nearly five decades after the passage of the Fair Housing Act for the federal government to provide meaningful direction and oversight to local jurisdictions around complying with the portion of that law which requires taking actions to reverse patterns of residential segregation, or "affirmatively further" fair housing.[6] The consequences of inaction have been predictably dire: a recent study showed that despite a measurable decline in racial prejudice since the middle of the 20th century,[7] racial segregation has remained high and has even increased in many metropolitan areas in California since 1990, further entrenching racial and ethnic inequities in access to neighborhood-level resources and opportunity.[8]

Why did California state housing agencies recently decide to take residential segregation and its effects so seriously in their funding programs? These

One expert observed that "we, as a country, 'rediscover' segregation and its enormous human costs every decade or so, only to conclude that it is too intractable or questionable to tackle with serious resolve."

2. For more information, see the TCAC/HCD Opportunity Map page on the TCAC website: https://www.treasurer.ca.gov/ctcac/opportunity.asp

3. See footnote 31 for preliminary data on the impact of these incentives. In addition, the California Housing Finance Agency (CalHFA) is in the process of incorporating affirmatively furthering housing into its programs, which include both homeownership and rental housing.

4. Xavier de Souza Briggs (2017). "Fostering Inclusion: Whose Problem? Which Problem?" Housing Joint Center for Housing Studies of Harvard University. Website: https://www.jchs.harvard.edu/blog/fostering-inclusion-whose-problem-which-problem

5. 114 Cong. Rec. 2,280 (1968). Statement of Senator Edward Brooke, quoting from National Committee Against Discrimination in Housing, How the Federal Government Builds Ghettos (New York: 1967), as quoted in Maria Krysan and Kyle Crowder (2017). Cycle of Segregation: Social Processes and Residential Stratification. Russell Sage Foundation.

6. U.S. Department of Housing and Urban Development: Affirmatively Furthering Fair Housing (AFFH). Website: https://www.hud.gov/program_offices/fair_housing_equal_opp/affh

7. General Social Survey (filter for survey questions about race): https://gss.norc.org/

8. Stephen Menendian, Samir Gambhir, and Arthur Gailes (2021). The Roots of Structural Racism Project: Twenty-First Racial Segregation in the United States. Othering & Belonging Institute. Website: https://belonging.berkeley.edu/roots-structural-racism

changes came on the heels of several converging factors, each described below, which set the stage for leadership at these agencies to explore and ultimately introduce major program changes.

Mounting evidence on neighborhood effects and the harms of residential segregation

Advances in the literature over the last decade have confirmed the role residential segregation has played in creating separate and unequal neighborhoods and documented how these place-based inequities in resources and opportunity have contributed to racial disparities in economic, educational, and health outcomes that have often compounded over multiple generations and led, for example, to enormous gaps in accumulated wealth.[9]

This research has removed any doubt about residential segregation's harmful effects and confirmed that improving neighborhood environments can help end intergenerational cycles of poverty, reduce racial inequality, and increase quality of life.[10] It is impossible to achieve equality of opportunity—or even a truly democratic society—if American life remains so segregated, given residential segregation's pernicious efficiency in shaping access to power and resources.[11] Recent debates around the direction of housing policy, including in California, have often referenced findings from this literature.

New legal mandates to address residential segregation

Two national developments in recent years acted as tailwinds for state and local efforts to address segregation. First, the Texas Department of Housing and Community Affairs v. Inclusive Communities Project Supreme Court decision in 2015 affirmed specifically that disparate impact claims were allowed under the 1968 Fair Housing Act (FHA) and more broadly that "promoting an integrated society" is a central purpose of the FHA.[12] Shortly thereafter in 2015—nearly five decades after the passage of the FHA—the federal government issued its first AFFH rule, which introduced new guidance and oversight for federal grantees around the provision of the FHA that requires taking meaningful actions to promote integration and reduce residential segregation.[13] The State of California then passed a law in 2018 (AB 686[14]) affirming that the federal AFFH rule's requirements would be maintained in the state even as it was contested at the federal level. The federal rule and the state law dually embraced a vision for AFFH which includes both increasing access to opportunity-rich neighborhoods for people of color and mitigating segregation's harms through investments in lower resourced communities of color. Each of these developments established new legal mandates for public agencies in California to address residential segregation and unequal access to opportunity, though they were afforded discretion in formulating specific goals and policy solutions.

New evidence on location preferences and why residential segregation persists

Recent scholarship has documented how high levels of residential segregation do not reflect the preferences of people of color—people across race, ethnicity, and immigrant status have been shown to prefer racial integration alongside a "critical mass" of neighbors with similar backgrounds.[15] Instead, segregation persists largely due to constraints on their housing choices, which include exclusionary zoning, discrimination, spatial concentration of lower-cost

It is impossible to achieve equality of opportunity—or even a truly democratic society—if American life remains so segregated, given residential segregation's pernicious efficiency in shaping access to power and resources.

9. See, for example: Patrick Sharkey (2013). Stuck in Place: Urban Neighborhoods and the End of Progress Toward Racial Equality. Chicago: University of Chicago Press; and Richard Rothstein (2018). The Color of Law. New York, NY: Liveright Publishing Corporation.

10. For example, see: Raj Chetty, John Friedman, Nathaniel Hendren, Maggie R. Jones, and Sonya R. Porter (2018). The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility. NBER Working Paper No. 25147. https://opportunityinsights.org/paper/the-opportunity-atlas/

11. Stephen Menendian, Samir Gambhir, and Arthur Gailes (2021).

12. Texas Department of Housing and Community Affairs v. Inclusive Communities Project, 135 S. Ct. 2507 (2015). Website: https://www.supremecourt.gov/opinions/14pdf/13-1371_8m58.pdf

13. U.S. Department of Housing and Urban Development (HUD) webpage on Affirmatively Furthering Fair Housing: https://www.hud.gov/program_offices/fair_housing_equal_opp/affh.

14. AB 686: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB686

15. See, for example: Camilla Zubrinsky Charles (2009). Won't You Be My Neighbor? Race, Class, and Residence in Los Angeles. Russell Sage Foundation.

housing, and housing search processes limited by information gaps.[16] When provided support during the housing search process, low-income families across racial and ethnic backgrounds make very different housing location decisions, with many choosing to move to opportunity-rich neighborhoods.[17] In addition, neighborhood satisfaction is higher among those who receive this kind of support[18] and families raise their expectations of what their neighborhoods and children's schools can provide after living in opportunity-rich areas for the first time.[19]

This research reveals demand for a larger set of housing location options among many people of color whose housing choices have been artificially constrained by residential segregation. However, in the context of housing policy, the conclusions of this research are not intended to suggest anyone should be required to relocate to access resources and opportunity, nor to minimize challenges and discrimination that families may face in new neighborhoods, validate "opportunity hoarding,"[20] or devalue communities of color which have their own cultural richness and unique assets, and often provide access to political power for under-represented groups. As described elsewhere in this brief, there are compelling reasons to invest in preservation and community development in addition to expanding access to a wider range of neighborhoods. Rather than a scarcity mindset of "either/or," our perspective needs to be expanded to a broader lens of "both/and."

The aforementioned factors—mounting evidence on the harms of residential segregation and limits on housing choice, along with new legal mandates—encouraged leadership at California's state housing agencies to assess the state's affordable housing portfolio and then introduce program changes to incentivize locating affordable housing in opportunity-rich neighborhoods as part of an effort to reverse the effects of past government-sanctioned policies which barred people of color from living in certain neighborhoods, harmed communities of color, and perpetuated patterns of residential segregation and unequal access to opportunity.

When provided support during the housing search process, low-income families across racial and ethnic backgrounds make very different housing location decisions, with many choosing to move to opportunity-rich neighborhoods.

16. Maria Krysan and Kyle Crowder. (2017). *Cycle of Segregation: Social Processes and Residential Stratification.* New York: Russell Sage Foundation.

17. Peter Bergman, Raj Chetty, Stefanie DeLuca, Nathaniel Hendren, Lawrence F. Katz, Christopher Palmer. (2020). "Creating Moves to Opportunity: Experimental Evidence on Barriers to Neighborhood Choice." Opportunity Insights. Website: **https://opportunityinsights.org/wp-content/uploads/2019/08/cmto_paper.pdf**

18. Ibid.

19. Jennifer Darrah and Stefanie DeLuca. (2014). "'Living Here Has Changed My Whole Perspective': How Escaping Inner-City Poverty Shapes Neighborhood and Housing Choice." *Journal of Policy Analysis and Management.* Vol. 33, No. 2.

20. See, for example: Dolores Acevedo-Garcia, et al. (2020). "Opportunity hoarding linked to racial and ethnic inequality in children's neighborhoods." Website: **https://www.diversitydatakids.org/research-library/data-visualization/opportunity-hoarding-linked-racial-and-ethnic-inequities**

THE ROLE OF AFFORDABLE HOUSING IN ADDRESSING RESIDENTIAL SEGREGATION AND UNEQUAL ACCESS TO OPPORTUNITY

Addressing residential segregation and unequal access to opportunity will require deliberate and sustained efforts across the many policy areas which shape housing choices and the distribution of resources across neighborhoods. What role can affordable housing play, and what are its limitations?

Strategies for addressing residential segregation and its effects on access to opportunity generally fall into two categories: (1) efforts to "reverse" segregation by removing barriers to housing choice, particularly access to opportunity-rich neighborhoods for low-income people of color; and (2) efforts to "mitigate" segregation's harmful effects by reducing inequality of opportunity between neighborhoods, such as comprehensive community development in lower resourced communities of color. The federal AFFH rule and California AFFH law embrace both strategies, and scholars and advocates generally agree on this "both/and" approach.[21]

Affordable housing is typically framed as a solution to growing homelessness and chronic shortages of homes affordable to low-income Californians. However, affordable housing investments can also help advance strategies to reduce residential segregation and mitigate its negative effects, as described below.

Expanding access to opportunity-rich neighborhoods

Public investment in affordable housing is an essential tool for expanding access to opportunity-rich and exclusive neighborhoods, many of which have been made inaccessible to people of color and low-income households through decades of racist land use and financing decisions. Reforms in land use and zoning policies are critical for removing barriers to housing choice by allowing lower cost housing to be developed, particularly as a long-term strategy.[22] However, few policy levers available to state and local governments can influence the housing location options available to low-income families as directly as creating new affordable housing—even if existing funding levels are far below need and thus currently limit this strategy's potential for broader impact.[23]

Comprehensive community development

Affordable housing can also be part of comprehensive community development initiatives to mitigate segregation's harmful effects and bring resources and opportunity to lower resourced communities of color. To meet the standard from state AFFH law and the federal AFFH rule of "transforming racially or ethnically concentrated areas of poverty into areas of opportunity,"[24] these initiatives must address multiple social dimensions of opportunity that neighborhoods offer to residents, such as education, youth services, transportation, employment, public safety, pollution mitigation, and other community institutions and infrastructure.

Although comprehensive community development initiatives are complex and challenging—requiring implementers to obtain or advocate for funding

Few policy levers available to state and local governments can influence the housing location options available to low-income families as directly as creating new affordable housing.

21. Ingrid Gould Ellen and Justin Peter Steil (Eds.). (2019). *The Dream Revisited: Contemporary Debates about Housing, Segregation, and Opportunity.* New York: Columbia University Press. Also available online: **https://furmancenter.org/research/iri/about**

22. For example, see Michael C. Lens and Paavo Monkkonen. (2016). "Do Strict Land Use Controls Make Metropolitan Areas More Segregated by Income?" *Journal of the American Planning Association, 82:1, 6-21.*

23. The Roadmap Home 2030 project estimates that California needs to invest nearly $18 billion per year to meet the state's housing needs for low-income households and end homelessness by 2030, compared to $3.6 billion in state funding for affordable housing in FY 2019-2020. For more information, see **https://roadmaphome2030.org/**

24. AB 686: **https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB686**

and work across multiple, often-siloed sectors in response to local conditions without the benefit of evidence-based models[25]—they must be part of any comprehensive approach to addressing residential segregation.

Some promising models for comprehensive community development have emerged after decades of practice. National examples include the Purpose Built Communities[26] model based on the revitalization of a former public housing site in Atlanta, and the federal Choice Neighborhoods program,[27] which is still undergoing evaluation. Each of these approaches requires substantial resources and alignment across sectors and levels of government. Researchers have also argued that community development approaches should be "place conscious" by helping residents access resources and opportunity beyond the geographic boundaries of a given neighborhood.[28]

Local innovations include HOPE SF, a public housing revitalization model committed to anti-displacement, trauma-informed practices, and power-shifting to residents and communities.[29] The California Endowment's Building Healthy Communities initiative, a 14-site, decade-long comprehensive community development initiative, also emphasized harnessing residents' political power, along with cross-sector partnerships.[30]

Community-based nonprofit organizations in California have also become increasingly sophisticated in using affordable housing as a platform for the provision of services and broader neighborhood transformation. For example, the East Bay Asian Local Development Corporation (EBALDC) has developed a "Healthy Neighborhoods" approach to community development, which seeks to improve resident wellbeing through holistic services and multi-sector partnerships in Oakland.[31] The East LA Community Corporation (ELACC) provides a range of financial services to residents and educational supports to youth through external partnerships.[32]

Public agencies and other implementation partners must carefully consider local context and the voices of existing residents, emerging models, and evidence on neighborhood characteristics' effects on resident outcomes in shaping comprehensive community development initiatives, which often require substantial resources.

In recent years, state agencies in California have primarily focused on shifting funding programs to align with the strategy of using affordable housing investments to expand access to opportunity-rich neighborhoods.[33] Although the state has made recent community-driven infrastructure investments to achieve climate, environmental, and economic benefits in "disadvantaged communities" through the Transformative Climate Communities program[34] and other California Climate Investments,[35] and in past years incentivized affordable housing to be part of community development initiatives (e.g., through California Redevelopment Law), it has not yet marshalled the resources and interagency coordination necessary to support comprehensive community development at the scale needed to complement its mobility strategies, nor has it yet articulated specific goals or a larger vision for addressing residential segregation and its effects across programs and policy areas. In sum, the state has taken important steps but still lacks a broader strategy that is reflective of the "both/and" paradigm for addressing residential segregation and access to opportunity.

To inform the state's approach moving forward, we next assess the state's existing affordable housing portfolio relative to several measures of residential segregation and opportunity.

25. Meir Rind (2021). "Did the Place-Based Initiatives of the 1990s, early 2000s Bring About Change?" Shelterforce: March 15. Website: https://shelterforce.org/2021/03/15/did-the-comprehensive-community-initiatives-of-the-1990s-early-2000s-bring-about-change/

26. For more information, see the Purpose Built Communities website: https://purposebuiltcommunities.org

27. For more information, see the HUD website for the Choice Neighborhoods program: https://www.hud.gov/cn

28. Margery Austin Turner. (2017). "Beyond People Versus Place: A Place-Conscious Framework for Investing in Housing and Neighborhoods." Housing Policy Debate. Vol 27, Issue 2.

29. For more information, see the HOPE SF website: https://www.hope-sf.org/history/

30. For more information, see the Building Healthy Communities website: https://www.buildinghealthycommunities.org/our-work/.

31. For more information, see the EBALDC Healthy Neighborhoods webpage: https://ebaldc.org/about-us/healthy-neighborhoods/.

32. For more information, see the ELACC website: https://www.elacc.org.

33. In addition to changes in state funding programs, California passed multiple laws in recent years—including AB 1771 and AB 686 in 2018—which explicitly incorporate affirmatively furthering fair housing into state land use and zoning policy. Among other goals, these laws aim to increase the supply of land in opportunity-rich neighborhoods where zoning laws would allow development of affordable housing and other multifamily housing.

34. For more information, see the Strategic Growth Council's webpage for the Transformative Climate Communities program: https://sgc.ca.gov/programs/tcc/

35. California Department of Environmental Protection: California Climate Investments to Benefit Disadvantaged Communities: https://calepa.ca.gov/envjustice/ghginvest/

TO WHAT EXTENT HAVE AFFORDABLE HOUSING INVESTMENTS IN CALIFORNIA HELPED REDUCE SEGREGATION AND UNEQUAL ACCESS TO OPPORTUNITY?

In this section, we use property and resident data to assess the degree to which affordable housing investments in California have helped reduce patterns of segregation and unequal access to opportunity since the inception of the federal Low Income Housing Tax Credit (LIHTC) program in 1987, which provides funding for nearly all new affordable housing in the state.

Analysis of affordable housing siting patterns

First, we assess the distribution of LIHTC-financed affordable housing in California relative to neighborhood-level resources and opportunity, as defined by the TCAC/HCD Opportunity Map, which state housing agencies use to inform incentives to locate affordable housing in opportunity-rich areas. Each tract or rural block group is assigned to one of five categories, four of which are based on regionally-derived scores of 16 evidence-based neighborhood indicators related to economic opportunity, school quality, and exposure to pollution and other health hazards (Highest Resource; High Resource; Moderate Resource; and Low Resource), and none of these indicators include measurement of race or ethnicity. A fifth category (High Segregation and Poverty) is defined if the area is both racially segregated and high-poverty.[36]

It should be noted that the state agencies' use of this map to influence the siting of affordable housing has been controversial among some affordable housing professionals, particularly those committed to place-based strategies in historically disinvested communities. One issue raised includes the incentives in competitive point-scoring which reference the TCAC/HCD Opportunity Map. Another relates to the mapping methodology itself—for example, that it does not reward provision of culturally appropriate services for recent immigrants, and that neighborhoods are scored relative to others in the same region rather than statewide.[37]

HCD is planning to lead a stakeholder- and research-driven process in 2022 to refine the state's approach to AFFH, including ensuring mapping methodologies are tailored to policy contexts, goals, and populations—a relevant issue to the TCAC/HCD Opportunity Map, which has been applied to an increasing number of contexts beyond the one for which it was originally created (the competition for 9% LIHTCs). While we support HCD leading this assessment, we use the existing TCAC/HCD Opportunity Map in our analysis because it is the tool state funding agencies currently use to inform location-based incentives for affordable housing.

Figure 1 shows the distribution of existing affordable homes in family-serving developments[38] financed with Low Income Housing Tax Credits (Housing Credits)[39] relative to the neighborhood categories in the TCAC/HCD Opportunity Map.

Figure 1.
LIHTC-Financed Affordable Homes in Family-Serving Developments by Level of Neighborhood Resources (Statewide)
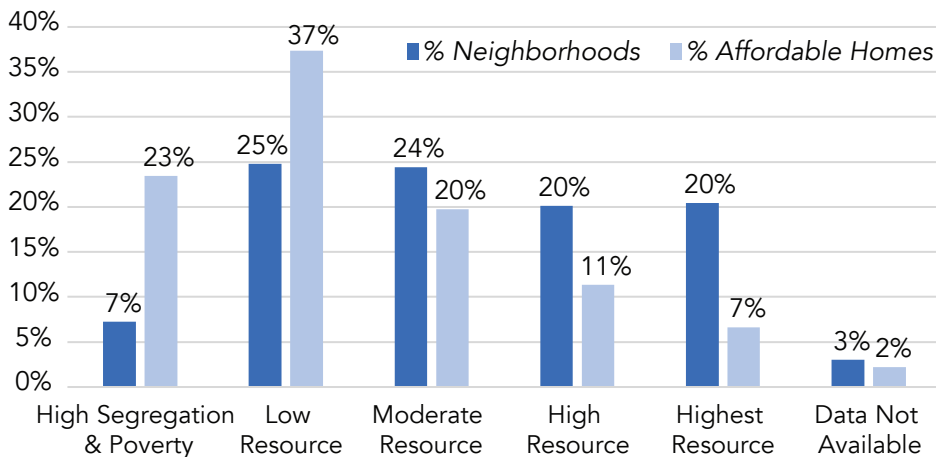
Sources: California Housing Partnership Preservation Database, July 2021; and 2021 TCAC/HCD Opportunity Map.

Statewide, LIHTC-financed affordable homes in family-serving developments are heavily overrepresented in High Segregation & Poverty areas (23 percent of affordable homes versus seven percent of neighborhoods) and Low Resource areas (37 percent of affordable homes versus 25 percent of neighborhoods). This housing has likely increased the quality and affordability of the rental housing available in these areas, and in some cases may have played a role in broader community development efforts, despite the scarcity of resources available to support comprehensive community development initiatives.

Affordable homes in family-serving developments statewide are heavily underrepresented in High Resource areas (11 percent of affordable homes versus 20 percent of neighborhoods) and most of all in Highest Resource areas (7 percent of affordable homes versus 20 percent of neighborhoods), while being roughly in proportion to Moderate Resource areas. Many barriers exist to creating affordable housing in higher resource areas, including fewer sites available for multifamily development, more expensive land, more stipulations in design requirements, lengthier review processes, higher costs, scarcity of local funds to support affordable housing, and greater neighborhood and political opposition. However, production of new affordable homes in opportunity-rich neighborhoods increased following the introduction of new incentives in state programs over the last few years to build in these areas, showing the potential for appreciably shifting these patterns.[40] As shown in Appendix A, statewide patterns generally hold across construction type, credit type, and population served, with modest variation.

Patterns of overrepresentation in lower resourced neighborhoods and underrepresentation in higher resource neighborhoods also remain within each region of the state, as described below and as shown in Appendix A. For instance:

• LIHTC-financed affordable homes are disproportionately located in High Segregation & Poverty areas in each region of the state, despite the share of areas categorized as High Segregation & Poverty varying by region.

Many barriers exist to creating affordable housing in higher resource areas... However, production of new affordable homes in opportunity-rich neighborhoods increased following the introduction of new incentives in state programs over the last few years to build in these areas, showing the potential for appreciably shifting these patterns.

To illustrate, 53 percent of LIHTC-financed affordable homes in non-rural areas of the Central Valley are in High Segregation & Poverty areas, which only comprise 23 percent of tracts in this region. By comparison, although 5 percent of affordable homes in Orange County are in High Segregation & Poverty areas, these tracts comprise only 2 percent of tracts in the county.

- Affordable homes are underrepresented in High Resource and Highest Resource areas in every region of the state across construction type, credit type, and population served, except for new construction affordable homes in the Capital region. The combined share of LIHTC-financed affordable homes in High Resource and Highest Resource areas is lowest in Los Angeles County and the San Francisco Bay Area, the two most populous regions in the state.[41]

Next, we assess the distribution of affordable housing relative to a measure of racial segregation used by the UC Berkeley Othering & Belonging Institute in its 2021 report on the prevalence of racial segregation, which assigns each census tract to one of the following categories based on how the ethnic and racial demographics of the tract compare the demographics of the surrounding region: High People of Color (POC) Segregation; High White Segregation; Low-Medium Segregation; or Integrated.[42] Figure 2 shows the statewide distribution of existing LIHTC-financed affordable homes relative to these categories.

Figure 2.
LIHTC-Financed Affordable Homes by Tract-Level Segregation (Statewide)
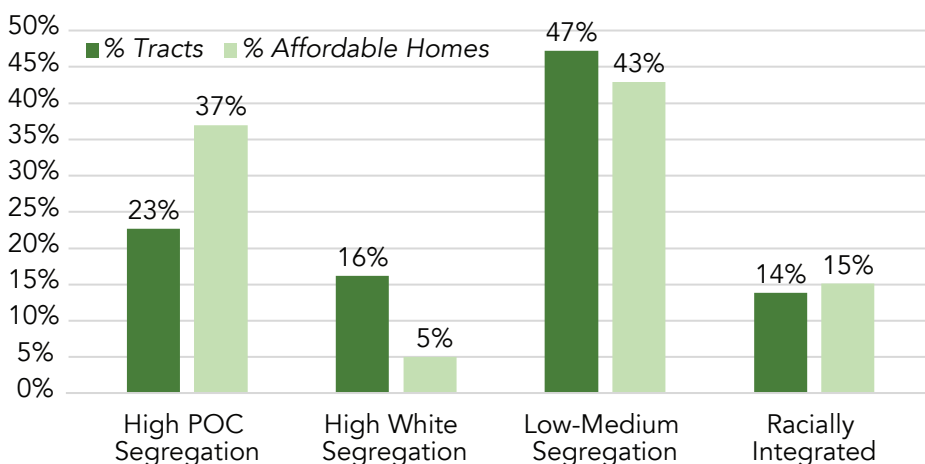
Sources: California Housing Partnership Preservation Database, July 2021; and UC Berkeley Othering & Belonging Institute: The Roots of Structural Racism Project, 2021.

LIHTC-financed affordable homes in California are overrepresented in High POC Segregation tracts (37 percent of affordable homes compared to 23 percent of tracts) and significantly underrepresented in High White Segregation tracts (5 percent of affordable homes compared to 16 percent of tracts), suggesting patterns of exclusion in predominantly White neighborhoods. Meanwhile, the shares of affordable homes in Low-Medium Segregation tracts and Racially Integrated tracts are roughly in proportion to those neighborhood categories' respective shares of tracts statewide. As shown in Appendix A, these statewide patterns hold across construction type, credit type, and population.

Affordable homes are underrepresented in High Resource and Highest Resource areas in every region of the state across construction type, credit type, and population served, except for new construction affordable homes in the Capital region.

41. *The TCAC/HCD Opportunity Map automatically categorizes 40 percent of neighborhoods in each region and rural county as High Resource and Highest Resource. For more information, see the mapping methodology:* **https://www. treasurer.ca.gov/ctcac/opportunity/2022/ Methodology.pdf**

42. *For more information on how these categories are defined, see the Othering & Belonging Institute's The Roots of Structural Racism Project:* **https://belonging.berkeley. edu/faq-roots-structural-racism**

Although the share of LIHTC-financed affordable homes in High POC Segregation tracts and High White Segregation tracts varies by region, as shown in Appendix A, these variations appear to roughly follow underlying patterns of racial segregation within each region. To illustrate, 57 percent of affordable homes in Los Angeles County are in High POC Segregation tracts, which only comprise of 38 percent of tracts in the county. In addition, 18 percent of affordable homes in Orange County are in High POC Segregation tracts, while these tracts comprise of only 10 percent of tracts in the county. Several regions have either zero or nearly zero percent of LIHTC-financed affordable homes in High White Segregation tracts.

Analysis of affordable housing resident demographics

The previous analysis strongly indicates patterns of exclusion in opportunity-rich and predominantly White neighborhoods. However, assessing the extent to which affordable housing reduces segregation and increases access to opportunity for low-income people of color based on the location of affordable homes is limited because it does not account for the racial and ethnic demographics of affordable housing residents. The following analysis uses resident demographic data to provide another perspective on whether affordable housing investment in California aligns with these policy goals.[43]

Figure 3 shows where California's affordable housing residents of different racial and ethnic groups live with respect to neighborhood resources and opportunity. Neighborhoods are divided into three categories: opportunity-rich neighborhoods, which include both High Resource and Highest Resource areas in the 2021 TCAC/HCD Opportunity Map; high poverty neighborhoods, where at least 20 percent of the neighborhood population meets the federal definition of poverty;[44] and other neighborhoods, which fall into neither of the first two categories.[45]

Several regions have either zero or nearly zero percent of LIHTC-financed affordable homes in High White Segregation tracts.

Figure 3.
Neighborhood Context for Affordable Housing Residents by Race & Ethnicity
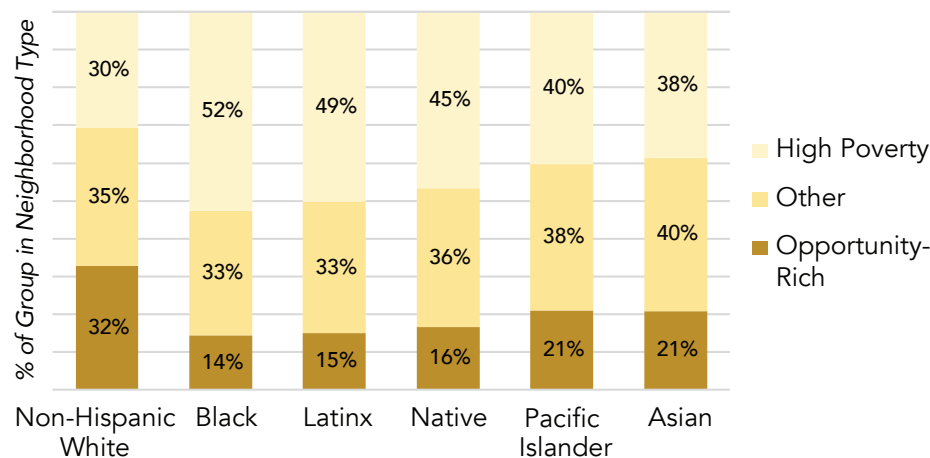
Source: California Tax Credit Allocation Committee (TCAC) data on resident demographics, 2017-2019. Race data includes those of Hispanic origin except for non-Hispanic White. Latinx refers to anyone of Hispanic origin in the TCAC data.

These data show widely divergent neighborhood contexts for affordable housing residents by race and ethnicity. Non-Hispanic White (hereafter "White") affordable housing residents live in opportunity-rich neighborhoods at a higher rate (32 percent) than in high poverty neighborhoods (30 percent). White residents are more likely than any other racial or ethnic group to live in opportunity-rich neighborhoods and less likely than any other group to live in high poverty neighborhoods.

Black, Latinx, and Native affordable housing residents are much more likely to live in high poverty neighborhoods (52 percent, 49 percent, and 45 percent, respectively) than in opportunity-rich neighborhoods (14 percent, 15 percent, and 16 percent, respectively). Residents from these racial and ethnic groups are less than half as likely as White residents to live in opportunity-rich neighborhoods. Although Pacific Islander and Asian affordable housing residents are somewhat more likely to live in opportunity-rich neighborhoods (21 percent) than Black, Latinx, and Native residents, this rate is still much lower than for White residents.

These disparities in access to opportunity-rich neighborhoods by race and ethnicity persist across regions (see Appendix A) and suggest that affordable housing investments in California are not advancing the goal of increasing access to opportunity for low-income people of color.

A more nuanced picture emerges when comparing the demographics of affordable housing developments in opportunity-rich neighborhoods to those of other low-income people living nearby. This analysis uses a logistic regression model to determine whether residency in LIHTC-financed affordable housing in opportunity-rich neighborhoods, defined here as High Resource and Highest Resource neighborhoods in the TCAC/HCD Opportunity Map, is associated with greater access to these areas for low-income people of specific racial and ethnic groups by comparing the racial and ethnic demographics of affordable housing residents in specific developments to those of the low-income populations of these developments' surrounding neighborhoods.[46] Table 1 shows statewide results of this analysis for racial and ethnic groups for which data is reliable at the tract level.

These disparities... suggest that affordable housing investments in California are not advancing the goal of increasing access to opportunity for low-income people of color.

Table 1.
Association of Residency in LIHTC-Financed Affordable Housing with Access to Opportunity-Rich Neighborhoods in California

	Latinx	White	Black	AAPI
Risk Ratio	1.357	--	1.388	0.837
95% CI	(1.34-1.37)	(.998-1.02)	(1.36-1.41)	(.821-.853)

Note: Risk Ratio refers to the ratio of LIHTC residency over non-LIHTC residency probabilities.[47]

The results are striking: When LIHTC-financed affordable housing is developed in opportunity-rich neighborhoods, it increases access to these neighborhoods by 39 percent for low-income Black Californians and by 36 percent for low-income Latinx Californians. As shown in Appendix A, the association of affordable housing with greater access to opportunity-rich areas for low-income Black and Latinx people holds in nearly every region of the state.

46. Demographic data for low-income people in the surrounding neighborhood (tract) is drawn from the American Community Survey five-year estimates for 2015-2019 and 2021 HUD income limits. Margins of error in tract-level ACS estimates for low-income Pacific Islander and Native American populations were too high be separately analyzed; Pacific Islanders were aggregated with Asian estimates to create an Asian American and Pacific Islander (AAPI) category for both the TCAC and ACS datasets. Otherwise, TCAC and ACS race data includes those of Hispanic origin except for non-Hispanic White. Latinx refers to anyone of Hispanic origin in the TCAC data and Hispanic or Latino origin in the ACS data.

47. In this model, a "risk ratio" of 1.2 for a given racial group would mean that living in LIHTC-financed affordable housing in opportunity-rich neighborhoods is associated with a 20 percent increase in likelihood that low-income members of that racial group will live in these areas when compared to not living in affordable housing (e.g., in the private market).

For low-income Whites, there is no association between residency in affordable housing in opportunity-rich neighborhoods and likelihood of living in these areas. For low-income Asian American and Pacific Islanders, the association is slightly negative, though results vary by region (see Appendix A). However, low-income members of these groups already enjoy much higher access to opportunity-rich neighborhoods both within and outside of the affordable housing system than low-income Black and Latinx people, suggesting that they are not as reliant on affordable housing to gain access to these areas (see Figure 3).

This analysis does not account for address histories and thus cannot determine whether affordable housing's association with increased access to opportunity-rich neighborhoods for some groups is a result of resident having moved from lower resourced areas. Nevertheless, the results indicate that building affordable housing in opportunity-rich neighborhoods substantially increases access to these areas for low-income Black and Latinx Californians, whether through mobility or displacement prevention. This finding is remarkable considering the decentralized, property-based system through which families learn about and enter affordable housing lotteries, and suggests that improved outreach, regionalized application and waitlist systems, housing search assistance, and other supports and policies could bolster this effect.

Conclusion

This analysis of property and resident data shows considerable need for realigning California's affordable housing portfolio with the goals of reducing segregation and unequal access to opportunity in a manner that continues to provide a viable path for developing affordable housing in all communities. Affordable housing is underrepresented in opportunity-rich and segregated White neighborhoods and overrepresented in lower resourced neighborhoods and communities of color. Furthermore, Black and Latinx affordable housing residents are considerably more exposed to high-poverty areas and enjoy less access to opportunity-rich areas than White affordable housing residents. However, building affordable housing in opportunity-rich neighborhoods shows promise in achieving the goal of reducing patterns of segregation and promoting access to opportunity for low-income Black and Latinx families.

The results indicate that building affordable housing in opportunity-rich neighborhoods substantially increases access to these areas for low-income Black and Latinx Californians, whether through mobility or displacement prevention.

WHERE DO WE GO FROM HERE? RECOMMENDATIONS FOR REFINING THE STATE'S APPROACH

State housing agencies in California began to encourage developers to create new affordable housing in opportunity-rich neighborhoods in recent years following their assessment that family-serving affordable housing was concentrated in neighborhoods with high poverty rates, fewer resources, and high levels of racial segregation. The analysis in this brief suggests that this proactive strategy can be an effective way to expand access to opportunity-rich neighborhoods—and that new incentives are already having a meaningful effect on the location of new affordable housing in the state. However, each state housing agency has taken a different approach to shaping incentives, and none have individually or collectively articulated specific objectives or a larger vision for how affordable housing resources will be used to advancing these policy goals.

Importantly, this approach by itself only addresses part of the equation for increasing access to opportunity. The state must also articulate a vision and design programs that support comprehensive, multi-sector, community development initiatives in historically disinvested communities, to be carried out by community-based institutions who are most familiar with these neighborhoods.

To help the state build out and refine its approach moving forward using a "both/and" approach to reducing residential segregation and unequal access to opportunity, we offer the following recommendations for reforms to be adopted across state agencies, including the state's housing agencies.

1. Support comprehensive community development in lower resourced communities of color.

Supporting comprehensive community development initiatives in lower resourced communities of color must be part of the state's strategy for addressing residential segregation and unequal access to opportunity. Some communities, in rare instances, have secured large-scale federal awards to complement investments of local resources, but more resources and inter-agency coordination are needed to support others to do the same in a way that scales up this solution's effects. For instance, eight (8) sites have received federal Choice Neighborhoods awards, but there are 602 census tracts categorized as both high-poverty and racially segregated in the 2021 TCAC/HCD Opportunity Map.

To address structural inequities in the spatial distribution of state resources, the state should act in accordance with California's AFFH law's broad application to any public agency that engages in activities related to housing and community development by undertaking a comprehensive examination of every state funding program and considering the question of place-based equity in light of patterns of residential segregation and unequal distribution of resources and opportunity. The state should further mandate that every department adopt an equity lens into their funding programs that takes these disparities into account. The Governor's office should create a new department or cabinet level position to coordinate such activity to the maximum benefit of lower resourced communities of color, or specifically assign the function within an existing role.

The state must also articulate a vision and design programs that support comprehensive, multi-sector, community development initiatives in historically disinvested communities, to be carried out by community-based institutions who are most familiar with these neighborhoods.

In addition to improving allocation of existing state resources to address segregation's harmful effects, the state should also create a new program to support creation and implementation of comprehensive community development initiatives in lower resourced communities of color. As described in this brief, these initiatives must involve coordination of multiple areas of policy and investment, potentially including but not limited to affordable housing; the Strategic Growth Council (SGC) would thus be the appropriate agency to administer this program, considering its multi-sector purview and experience with similar programs. However, the Department of Housing and Community Development (HCD) should play a leading role in working with the SGC to define the state's approach so that other state agencies and actors across sectors and levels of government can coordinate efforts. Ultimately, comprehensive community development initiatives should be supported and incentivized both within and outside of the state's affordable housing funding programs.

The new program should provide both planning and implementation grants to applicant groups comprised of local stakeholders, which could include community-based organizations, local governments, school districts, and faith-based organizations, among other potential partners. Initiatives should include strategies to address key challenges facing the community and draw from best practices and available evidence on how neighborhoods affect resident outcomes. Possible initiative components could include increasing educational quality and support for children, increasing access to economic opportunity for adults, improving community safety, and providing other critical infrastructure, amenities, and supports.

To help develop the program's details, including defining eligible investments and other criteria for what should qualify as comprehensive community development initiatives in state programs and policy, HCD and the SGC should consult community-based organizations across California, other state housing agencies across the country that have already developed similar approaches, and emerging best practices and evidence.

2. Establish meaningful long-term targets for affordable housing in opportunity-rich neighborhoods.

State agencies should build on recent program changes by establishing targets for locating affordable housing in opportunity-rich neighborhoods. Doing so would secure this strategy's critical role in the state's overall approach to reducing segregation and unequal access to opportunity, while ensuring consistent incentive structures across programs and a meaningful pathway for affordable housing to continue to be developed in a range of neighborhoods outside opportunity-rich neighborhoods, such as in ethnic enclaves experiencing gentrification and in communities that have suffered from disinvestment, particularly when part of comprehensive community development initiatives. Given the statewide affordability crisis, affordable housing is needed and should be welcome everywhere and at much greater volumes than current funding levels allow.

How should the state identify this target? One approach could be to first establish the goal of achieving proportional distribution of affordable housing across neighborhood types, accounting for historical overrepresentation in lower resourced areas and underrepresentation in higher resource areas—that

Given the statewide affordability crisis, affordable housing is needed and should be welcome everywhere and at much greater volumes than current funding levels allow.

48. *This modeling uses the average annual number of LIHTC-financed new construction affordable homes from 2016 to 2020 to estimate future production. Excluded are affordable homes receiving disaster credits or LIHTCs used for acquisition/rehabilitation. Family modeling includes developments that claim the 'Large Family' housing type or developments that claim the 'Non-Targeted' housing type and meet TCAC's large family definition per TCAC's June 2021 Adopted Regulations: https://www.treasurer.ca.gov/ctcac/programreg/2021/20210616/2021-regulations-clean.pdf*

49. *For example, modeling suggests that the Roadmap Home 2030 proposal for statewide zoning reform would create 138,000 new deed-restricted affordable homes and 465,000 market-rate homes statewide over the next real estate cycle. For more information, see: https://chpc.net/zoningreform/*

is, to achieve balance within the state's affordable housing portfolio, before next addressing broader patterns of residential segregation and unequal access to opportunity in the housing market.

Currently 18 percent of affordable homes in family-serving developments are in opportunity-rich neighborhoods, although this share is increasing following recent program changes. As shown in Appendix A, under a scenario where that share would more than double to 41 percent in future funding rounds, it could still take six centuries to achieve parity in the statewide portfolio based on current funding levels. If the state wishes to correct underrepresentation of affordable homes in opportunity-rich neighborhoods on a faster timeline, it will need to consider higher targets.

In addition to establishing a statewide target, state housing agencies should consider the following strategies:

- Track progress at a regional level and implement changes, if needed, to prevent some regions from falling behind.
- Provide greater incentives for affordable housing in Highest Resource neighborhoods, where it is currently most underrepresented, than in High Resource neighborhoods.
- Continue to strengthen enforcement of Housing Element law, especially new AFFH requirements, as well as other entitlement streamlining and accountability statutes—both to ensure availability of sites and to leverage market-based approaches to create deed-restricted affordable homes in these areas.
- Ensure that a viable path to funding remains to develop affordable housing in all communities and to uplift Black, Indigenous, and People of Color (BIPOC)-owned and led organizations.

3. Improve access to affordable housing in opportunity-rich neighborhoods.

As described in this policy brief, affordable housing in opportunity-rich neighborhoods already appears to play an important role in increasing access to these areas for low-income Black and Latinx Californians. Boosting production of affordable housing in these areas would further this effect. However, recent research has shown how information gaps, administrative barriers, and related factors shape housing search processes, and ultimately limit the housing choices available to low-income families of color.

In response, the state should explore approaches to ensure low-income Black, Latinx, and other families underrepresented in opportunity-rich neighborhoods have fair access to affordable housing in these areas. Possible models could include regional application systems and waitlists (to replace the existing property-based system), online housing search tools where families can access information about housing opportunities and neighborhoods, improved outreach and marketing, and other forms of housing search assistance.

Currently 18 percent of affordable homes in family-serving developments are in opportunity-rich neighborhoods.

Recent research has shown how information gaps, administrative barriers, and related factors shape housing search processes, and ultimately limit the housing choices available to low-income families of color.

Appendix A

Table 1: Distribution of Existing LIHTC-Financed Affordable Homes in California Relative to the 2021 TCAC/HCD Opportunity Map[1]

STATEWIDE

	Neighborhoods		All Affordable Homes		New Construction[2]		Acquisition/Rehab[3]		Family-Serving[4]		4% LIHTC[5]		9% LIHTC[6]	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High Segregation & Poverty	726	7%	79,416	21%	40,394	19%	37,510	23%	40,764	23%	45,790	18%	33,731	26%
Low Resource	2,490	25%	138,404	37%	72,576	34%	64,179	40%	64,819	37%	92,209	37%	45,779	35%
Moderate Resource	2,455	24%	83,353	22%	48,308	23%	33,902	21%	34,163	20%	57,856	23%	25,752	20%
High Resource	2,026	20%	47,074	12%	28,073	13%	18,741	12%	19,281	11%	32,572	13%	14,599	11%
Highest Resource	2,053	20%	24,266	6%	18,073	9%	5,953	4%	11,885	7%	16,757	7%	7,730	6%
Data Not Available	394	3%	6,061	2%	4,609	2%	1,452	1%	3,678	2%	3,062	1%	2,999	2%
TOTAL	**10,144**	**100%**	**378,574**	**100%**	**212,033**	**100%**	**161,737**	**100%**	**174,590**	**100%**	**248,246**	**100%**	**130,590**	**100%**

BAY AREA (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High Segregation & Poverty	29	2%	8,710	9%	2,891	5%	5,640	12%	4,238	10%	7,377	9%	1,433	6%
Low Resource	433	29%	49,153	48%	26,138	47%	22,880	51%	21,681	51%	38,192	48%	10,961	48%
Moderate Resource	432	29%	29,519	29%	18,512	33%	10,375	23%	12,018	28%	23,089	29%	6,529	29%
High Resource	303	20%	10,236	10%	5,162	9%	5,052	11%	2,795	7%	7,230	9%	3,006	13%
Highest Resource	303	20%	4,591	4%	3,278	6%	1,268	3%	1,811	4%	3,635	5%	956	4%
Data Not Available	13	1%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
TOTAL	**1,513**	**100%**	**102,209**	**100%**	**55,981**	**100%**	**45,215**	**100%**	**42,543**	**100%**	**79,523**	**100%**	**22,885**	**100%**

CAPITAL (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High Segregation & Poverty	34	8%	6,043	21%	2,359	17%	3,684	26%	2,543	19%	4,376	19%	1,667	25%
Low Resource	105	25%	6,927	24%	2,109	15%	4,557	32%	3,157	24%	4,858	22%	2,069	31%
Moderate Resource	104	25%	7,119	24%	3,416	24%	3,628	25%	2,956	22%	5,559	25%	1,623	24%
High Resource	83	20%	5,420	19%	3,394	24%	2,026	14%	2,845	22%	4,546	20%	971	14%
Highest Resource	83	20%	3,214	11%	2,778	20%	274	2%	1,657	13%	2,748	12%	386	6%
Data Not Available	5	1%	455	2%	189	1%	266	2%	-	0%	455	2%	-	0%
TOTAL	**414**	**100%**	**29,178**	**100%**	**14,245**	**100%**	**14,435**	**100%**	**13,158**	**100%**	**22,542**	**100%**	**6,716**	**100%**

---

[1] This analysis reflects LIHTC awards through 2020 (source: California Housing Partnership Preservation Database, July 2021) and neighborhood categories from the 2021 TCAC/HCD Opportunity Map. For more information on how the neighborhood categories and regions in this analysis are defined, see the TCAC/HCD Opportunity Map methodology (https://www.treasurer.ca.gov/ctcac/opportunity/2021-hcd-methodology.pdf) and the California Tax Credit Allocation Committee (TCAC) regulations (https://www.treasurer.ca.gov/ctcac/programreg/2021/20210616/2021-regulations-clean.pdf).

[2] Includes any development categorized in TCAC's projects database as new construction, including those categorized as new construction/acquisition rehab and new construction/adaptive reuse.

[3] Includes any development categorized in TCAC's projects database as acquisition/rehab, including those categorized as acquisition rehab/adaptive reuse.

[4] Includes developments that claim the 'Large Family' housing type or developments that claim the 'Non-Targeted' housing type and meet TCAC's large family definition per TCAC's June 2021 Adopted Regulations: https://www.treasurer.ca.gov/ctcac/programreg/2021/20210616/2021-regulations-clean.pdf

[5] Includes any development financed with 4% LIHTCs, including hybrid 4%/9% developments.

[6] Includes any development financed with 9% LIHTCs, including hybrid 4%/9% developments.

Appendix A

CENTRAL COAST (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High Segregation & Poverty	6	2%	1,567	9%	890	9%	651	8%	850	10%	866	7%	675	12%
Low Resource	102	28%	8,537	47%	4,471	44%	3,922	51%	4,734	53%	6,167	50%	2,370	41%
Moderate Resource	101	27%	4,143	23%	2,874	28%	1,255	16%	1,729	19%	2,382	19%	1,761	30%
High Resource	74	20%	3,062	17%	1,416	14%	1,646	21%	1,126	13%	2,311	19%	751	13%
Highest Resource	74	20%	698	4%	422	4%	276	4%	332	4%	476	4%	222	4%
Data Not Available	12	3%	119	1%	119	1%	-	0%	119	1%	119	1%	-	0%
TOTAL	369	100%	18,126	100%	10,192	100%	7,750	100%	8,890	100%	12,321	100%	5,779	100%

CENTRAL VALLEY (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High Segregation & Poverty	125	23%	12,495	53%	6,708	54%	5,566	52%	7,220	54%	5,946	48%	6,621	59%
Low Resource	94	18%	3,037	13%	1,823	15%	1,214	11%	2,443	18%	1,442	12%	1,595	14%
Moderate Resource	94	18%	3,082	13%	1,331	11%	1,751	16%	1,299	10%	1,977	16%	1,105	10%
High Resource	107	20%	2,873	12%	1,218	10%	1,521	14%	1,046	8%	2,149	17%	724	6%
Highest Resource	107	20%	942	4%	665	5%	252	2%	519	4%	276	2%	641	6%
Data Not Available	6	1%	1,037	4%	591	5%	446	4%	882	7%	566	5%	471	4%
TOTAL	533	100%	23,466	100%	12,336	100%	10,750	100%	13,409	100%	12,356	100%	11,157	100%

INLAND EMPIRE (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High Segregation & Poverty	59	8%	7,082	26%	3,818	24%	3,264	28%	4,380	31%	4,531	25%	2,551	28%
Low Resource	186	26%	9,540	35%	5,656	36%	3,671	32%	4,864	34%	5,628	31%	3,838	42%
Moderate Resource	185	25%	5,079	19%	2,459	16%	2,620	23%	2,909	21%	3,790	21%	1,289	14%
High Resource	146	20%	3,945	14%	2,852	18%	1,093	9%	1,322	9%	3,253	18%	692	8%
Highest Resource	146	20%	1,442	5%	545	3%	897	8%	517	4%	823	4%	743	8%
Data Not Available	6	1%	331	1%	331	2%	-	0%	133	1%	331	2%	-	0%
TOTAL	728	100%	27,419	100%	15,661	100%	11,545	100%	14,125	100%	18,356	100%	9,113	100%

LOS ANGELES (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High Segregation & Poverty	231	10%	26,319	32%	12,927	30%	12,349	35%	11,179	38%	15,230	31%	11,048	34%
Low Resource	557	24%	26,969	33%	15,214	35%	11,217	32%	10,253	35%	15,628	32%	11,269	35%
Moderate Resource	556	24%	17,600	22%	8,970	21%	8,263	23%	5,303	18%	11,106	23%	6,450	20%
High Resource	463	20%	5,964	7%	3,530	8%	2,356	7%	1,482	5%	3,884	8%	2,080	6%
Highest Resource	464	20%	3,651	5%	2,302	5%	1,341	4%	794	3%	2,384	5%	1,267	4%
Data Not Available	45	2%	550	1%	550	1%	-	0%	387	1%	282	1%	268	1%
TOTAL	2,316	100%	81,053	100%	43,493	100%	35,526	100%	29,398	100%	48,514	100%	32,382	100%

ORANGE COUNTY (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High Segregation & Poverty	12	2%	1,112	5%	407	3%	705	7%	590	7%	849	5%	263	4%
Low Resource	167	29%	11,294	52%	5,342	44%	5,800	60%	4,675	55%	7,757	50%	3,537	58%
Moderate Resource	166	29%	4,102	19%	2,426	20%	1,676	17%	1,351	16%	3,005	19%	1,097	18%
High Resource	116	20%	3,292	15%	2,296	19%	996	10%	1,354	16%	2,327	15%	965	16%
Highest Resource	117	20%	1,195	5%	766	6%	429	4%	399	5%	976	6%	219	4%
Data Not Available	4	1%	785	4%	785	7%	-	0%	164	2%	736	5%	49	1%
TOTAL	582	100%	21,780	100%	12,022	100%	9,606	100%	8,533	100%	15,650	100%	6,130	100%

RURAL

	Block Groups		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High Segregation & Poverty	203	7%	10,158	23%	6,873	23%	3,256	24%	7,228	27%	2,802	17%	7,356	27%
Low Resource	686	22%	11,860	27%	7,907	26%	3,891	29%	6,953	26%	4,415	27%	7,319	27%
Moderate Resource	657	21%	6,700	15%	4,658	15%	2,028	15%	3,602	13%	2,912	18%	3,925	14%
High Resource	615	20%	8,255	19%	5,453	18%	2,776	20%	4,882	18%	3,910	24%	4,345	16%
Highest Resource	639	21%	4,529	10%	3,667	12%	862	6%	2,772	10%	2,016	12%	2,513	9%
Data Not Available	293	9%	2,585	6%	1,845	6%	740	5%	1,794	7%	482	3%	2,103	8%
TOTAL	3,093	100%	44,087	100%	30,403	100%	13,553	100%	27,231	100%	16,537	100%	27,561	100%

SAN DIEGO (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High Segregation & Poverty	27	5%	5,930	19%	3,521	20%	2,395	18%	2,536	15%	3,813	17%	2,117	24%
Low Resource	160	27%	11,087	35%	3,916	22%	7,027	53%	6,059	35%	8,122	36%	2,821	32%
Moderate Resource	160	27%	6,009	19%	3,662	21%	2,306	17%	2,996	17%	4,036	18%	1,973	22%
High Resource	119	20%	4,027	13%	2,752	16%	1,275	10%	2,429	14%	2,962	13%	1,065	12%
Highest Resource	120	20%	4,004	13%	3,650	21%	354	3%	3,084	18%	3,423	15%	783	9%
Data Not Available	10	2%	199	1%	199	1%	-	0%	199	1%	91	0%	108	1%
TOTAL	596	100%	31,256	100%	17,700	100%	13,357	100%	17,303	100%	22,447	100%	8,867	100%

Table 2: Distribution of Existing LIHTC-Financed Affordable Homes Relative to Tract-Level Racial Segregation[7]

STATEWIDE

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High POC Segregation	1,830	23%	139,928	37%	71,399	34%	66,472	41%	73,397	42%	89,754	36%	49,844	38%
High White Segregation	1,304	16%	18,939	5%	12,749	6%	6,168	4%	6,873	4%	14,625	6%	4,413	3%
Low-Medium Segregation	3,807	47%	162,479	43%	94,351	45%	65,804	41%	71,886	41%	107,492	43%	55,482	42%
Racially Integrated	1,116	14%	57,228	15%	33,459	16%	23,293	14%	22,434	13%	36,375	15%	20,851	16%
TOTAL	**8,057**	**100%**	**378,574**	**100%**	**211,958**	**100%**	**161,737**	**100%**	**174,590**	**100%**	**248,246**	**100%**	**130,590**	**100%**

BAY AREA (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High POC Segregation	278	18%	34,882	34%	16,146	29%	18,160	40%	17,114	40%	27,251	34%	7,631	33%
High White Segregation	314	21%	6,337	6%	3,438	6%	2,877	6%	1,631	4%	5,161	6%	1,275	6%
Low-Medium Segregation	724	48%	45,271	44%	26,724	48%	18,251	40%	18,441	43%	35,723	45%	9,648	42%
Racially Integrated	197	13%	15,719	15%	9,673	17%	5,927	13%	5,357	13%	11,388	14%	4,331	19%
TOTAL	**1,513**	**100%**	**102,209**	**100%**	**55,981**	**100%**	**45,215**	**100%**	**42,543**	**100%**	**79,523**	**100%**	**22,885**	**100%**

CAPITAL (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High POC Segregation	77	19%	11,131	38%	4,699	33%	6,357	44%	5,482	42%	8,645	38%	2,583	38%
High White Segregation	34	8%	885	3%	731	5%	154	1%	321	2%	885	4%	0	0%
Low-Medium Segregation	239	58%	13,156	45%	6,893	48%	6,023	42%	5,229	40%	10,200	45%	2,939	44%
Racially Integrated	64	15%	4,006	14%	1,922	13%	1,901	13%	2,126	16%	2,812	12%	1,194	18%
TOTAL	**414**	**100%**	**29,178**	**100%**	**14,245**	**100%**	**14,435**	**100%**	**13,158**	**100%**	**22,542**	**100%**	**6,716**	**100%**

CENTRAL COAST (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High POC Segregation	85	23%	7,109	39%	4,305	42%	2,688	35%	4,532	51%	4,995	41%	2,114	37%
High White Segregation	43	12%	83	0%	83	1%	0	0%	0	0%	48	0%	35	1%
Low-Medium Segregation	163	44%	6,635	37%	3,379	33%	3,188	41%	3,153	35%	4,814	39%	1,795	31%
Racially Integrated	78	21%	4,299	24%	2,425	24%	1,874	24%	1,205	14%	2,464	20%	1,835	32%
TOTAL	**369**	**100%**	**18,126**	**100%**	**10,192**	**100%**	**7,750**	**100%**	**8,890**	**100%**	**12,321**	**100%**	**5,779**	**100%**

---

[7] This analysis reflects LIHTC awards through 2020 (source: California Housing Partnership Preservation Database, July 2021) and uses tract-level segregation categories from the UC Berkeley Othering & Belonging Institute's The Roots of Structural Racism Project. For more information on how these segregation categories are defined, see the project website: https://belonging.berkeley.edu/faq-roots-structural-racism.

Appendix A

CENTRAL VALLEY
(non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High POC Segregation	82	15%	6,132	26%	3,738	30%	2,394	22%	4,748	35%	2,301	19%	3,831	34%
High White Segregation	28	5%	137	1%	137	1%	0	0%	28	0%	28	0%	109	1%
Low-Medium Segregation	289	54%	12,586	54%	6,649	54%	5,586	52%	6,703	50%	6,768	55%	5,793	52%
Racially Integrated	134	25%	4,611	20%	1,812	15%	2,770	26%	1,930	14%	3,259	26%	1,424	13%
TOTAL	533	100%	23,466	100%	12,336	100%	10,750	100%	13,409	100%	12,356	100%	11,157	100%

INLAND EMPIRE
(non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High POC Segregation	130	18%	8,397	31%	4,299	27%	4,098	35%	5,448	39%	5,201	28%	3,196	35%
High White Segregation	40	5%	88	0%	88	1%	0	0%	88	1%	29	0%	59	1%
Low-Medium Segregation	386	53%	12,572	46%	7,573	48%	4,786	41%	5,745	41%	8,250	45%	4,446	49%
Racially Integrated	172	24%	6,362	23%	3,701	24%	2,661	23%	2,844	20%	4,876	27%	1,412	15%
TOTAL	728	100%	27,419	100%	15,661	100%	11,545	100%	14,125	100%	18,356	100%	9,113	100%

LOS ANGELES (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High POC Segregation	889	38%	46,122	57%	24,225	56%	20,809	59%	18,585	63%	26,916	55%	19,049	59%
High White Segregation	337	15%	2,470	3%	1,437	3%	1,033	3%	314	1%	1,745	4%	725	2%
Low-Medium Segregation	893	39%	25,574	32%	13,983	32%	10,683	30%	7,995	27%	15,779	33%	9,795	30%
Racially Integrated	197	9%	6,887	8%	3,773	9%	3,001	8%	2,504	9%	4,074	8%	2,813	9%
TOTAL	2,316	100%	81,053	100%	43,418	100%	35,526	100%	29,398	100%	48,514	100%	32,382	100%

ORANGE COUNTY
(non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High POC Segregation	57	10%	3,945	18%	1,510	13%	2,435	25%	2,303	27%	2,724	17%	1,221	20%
High White Segregation	249	43%	4,497	21%	3,367	28%	1,130	12%	1,705	20%	3,547	23%	950	15%
Low-Medium Segregation	226	39%	11,466	53%	6,379	53%	4,941	51%	4,062	48%	8,159	52%	3,307	54%
Racially Integrated	50	9%	1,872	9%	766	6%	1,100	11%	463	5%	1,220	8%	652	11%
TOTAL	582	100%	21,780	100%	12,022	100%	9,752	100%	8,533	100%	15,650	100%	6,130	100%

Appendix A

RURAL

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High POC Segregation	97	10%	10,350	23%	7,877	26%	2,429	18%	7,835	29%	3,039	18%	7,185	26%
High White Segregation	142	14%	1,838	4%	914	3%	924	7%	682	3%	743	4%	1,095	4%
Low-Medium Segregation	633	63%	26,415	60%	17,870	59%	8,484	63%	15,237	56%	11,181	68%	15,371	56%
Racially Integrated	134	13%	5,484	12%	3,742	12%	1,716	13%	3,477	13%	1,574	10%	3,910	14%
TOTAL	**1,006**	**100%**	**44,087**	**100%**	**30,403**	**100%**	**13,553**	**100%**	**27,231**	**100%**	**16,537**	**100%**	**27,561**	**100%**

SAN DIEGO (non-rural)

	Tracts		All Affordable Homes		New Construction		Acquisition/Rehab		Family-Serving		4% LIHTC		9% LIHTC	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
High POC Segregation	135	23%	11,860	38%	4,600	26%	7,102	53%	7,350	42%	8,682	39%	3,034	34%
High White Segregation	117	20%	2,604	8%	2,554	14%	50	0%	2,104	12%	2,439	11%	165	2%
Low-Medium Segregation	254	43%	8,804	28%	4,901	28%	3,862	29%	5,321	31%	6,618	29%	2,388	27%
Racially Integrated	90	15%	7,988	26%	5,645	32%	2,343	18%	2,528	15%	4,708	21%	3,280	37%
TOTAL	**596**	**100%**	**31,256**	**100%**	**17,700**	**100%**	**13,357**	**100%**	**17,303**	**100%**	**22,447**	**100%**	**8,867**	**100%**

Table 3: Risk Ratios from Logisitic Regression Model of Neighborhood Opportunities from 2017 to 2019: Living in an Opportunity-Rich Area (Ref: Not Living in an Opportunity-Rich Area and Compared to Low-Income Families of the Same Race and Ethnicity)[8]

This table shows the results of a logistic regression model, stratified by region, which was used to determine whether residency in LIHTC-financed affordable housing in opportunity-rich neighborhoods (here defined as High and Highest Resource areas in the TCAC/HCD Opportunity Map) affects access to these neighborhoods for low-income people of specific racial and ethnic groups.[9]

TCAC/HCD Opportunity Map Region	Latinx	NH White	Black	Asian American and Pacific Islander
Bay Area	1.092	0.889	1.410	0.731
Capital	1.451	1.080	1.370	0.654
Central Coast	1.113	0.829	0.651	--
Central Valley	0.790	1.097	1.170	1.362
Inland Empire	1.596	--	--	--
Los Angeles	1.150	0.668	1.400	0.607
Orange County	1.866	1.144	2.350	1.360
Rural Areas	1.135	0.910	--	1.692
San Diego	1.724	1.225	1.204	1.370
Statewide	1.357	--	1.388	0.837

Note: Values refer to the ratio of LIHTC residency over non-LIHTC residency probabilities. All values statistically significant at a level of p < .05. Insignificant findings reported as '--.' Results omitted due to small sample size reported as 'n/a.'

[8] Data sources: California Tax Credit Allocation Committee (TCAC) data on resident demographics, 2017-2019; and American Community Survey (ACS) 5-year estimates for 2015-2019, and 2021 HUD income limits, for data on the demographics of low-income people in surrounding neighborhoods. Margins of error in tract-level ACS estimates for low-income Pacific Islander and Native American populations were too high be separately analyzed; Pacific Islanders were aggregated with Asian estimates to create an Asian American and Pacific Islander (AAPI) category for both the TCAC and ACS datasets. Otherwise, TCAC and ACS race data includes those of Hispanic origin except for non-Hispanic White. Latinx refers to anyone of Hispanic origin in the TCAC data and Hispanic or Latino origin in the ACS data.
[9] For ease of interpretation of the results shown from the logistic regression model: for instance, a risk ratio of 1.2 for a given racial group within a specific region can be interpret as, a low-income individual living in a LIHTC home within a given region is 20 percent more likely to live in a high resource area than a low-income individual that does not live in a LIHTC home within that given region. For additional information on the model please contact the authors for more information.

Appendix A

Table 4: Neighborhood Context for Residents of LIHTC-Financed Affordable Housing by Race and Ethnicity[10]

BAY AREA (non-rural)

	Neighborhood Resource		Concentrated Poverty	
	Not Higher Resource	Higher Resource	Not High Poverty	High Poverty
Asian	82%	18%	74%	26%
Black	89%	11%	63%	37%
Latinx	90%	10%	88%	12%
Native American	94%	6%	84%	16%
Non-Hispanic White	76%	24%	87%	13%
Pacific Islander	89%	11%	68%	32%

CAPITAL (non-rural)

	Neighborhood Resource		Concentrated Poverty	
	Not Higher Resource	Higher Resource	Not High Poverty	High Poverty
Asian	68%	32%	51%	49%
Black	68%	32%	51%	49%
Latinx	62%	38%	63%	37%
Native American	59%	41%	53%	47%
Non-Hispanic White	47%	53%	74%	26%
Pacific Islander	60%	40%	62%	38%

CENTRAL COAST (non-rural)

	Neighborhood Resource		Concentrated Poverty	
	Not Higher Resource	Higher Resource	Not High Poverty	High Poverty
Asian	79%	21%	89%	11%
Black	87%	13%	67%	33%
Latinx	89%	11%	72%	28%
Native American	94%	6%	49%	51%
Non-Hispanic White	71%	29%	85%	15%
Pacific Islander	80%	20%	73%	27%

---

[10] Data sources: California Tax Credit Allocation Committee data on resident demographics, 2017-2019. Higher Resource areas are defined as High and Highest Resource areas per the 2021 TCAC/HCD Opportunity Map. For more information, see the 2021 TCAC/HCD Opportunity Map methodology (https://www.treasurer.ca.gov/ctcac/opportunity/2021-hcd-methodology.pdf). High Poverty areas are defined as census tracts where 20% or more of the population falls below the federal poverty line according to 5-year American Community Survey data (2015-2019).

Appendix A

CENTRAL VALLEY (non-rural)

	Neighborhood Resource		Concentrated Poverty	
	Not Higher Resource	Higher Resource	Not High Poverty	High Poverty
Asian	72%	28%	37%	63%
Black	88%	12%	15%	85%
Latinx	92%	8%	17%	83%
Native American	95%	5%	13%	87%
Non-Hispanic White	68%	32%	53%	47%
Pacific Islander	86%	14%	35%	65%

INLAND EMPIRE (non-rural)

	Neighborhood Resource		Concentrated Poverty	
	Not Higher Resource	Higher Resource	Not High Poverty	High Poverty
Asian	72%	28%	54%	46%
Black	90%	10%	29%	71%
Latinx	82%	18%	37%	63%
Native American	75%	25%	53%	47%
Non-Hispanic White	62%	38%	55%	45%
Pacific Islander	79%	21%	41%	59%

LOS ANGELES (non-rural)

	Neighborhood Resource		Concentrated Poverty	
	Not Higher Resource	Higher Resource	Not High Poverty	High Poverty
Asian	86%	14%	36%	64%
Black	90%	10%	37%	63%
Latinx	91%	9%	31%	69%
Native American	87%	13%	24%	76%
Non-Hispanic White	73%	27%	49%	51%
Pacific Islander	90%	10%	38%	62%

ORANGE COUNTY (non-rural)

	Neighborhood Resource		Concentrated Poverty	
	Not Higher Resource	Higher Resource	Not High Poverty	High Poverty
Asian	78%	22%	70%	30%
Black	70%	30%	79%	21%
Latinx	78%	22%	73%	27%
Native American	68%	32%	90%	10%
Non-Hispanic White	59%	41%	85%	15%
Pacific Islander	36%	64%	90%	10%

Appendix A

RURAL

	Neighborhood Resource		Concentrated Poverty	
	Not Higher Resource	Higher Resource	Not High Poverty	High Poverty
Asian	42%	58%	65%	35%
Black	71%	29%	43%	57%
Latinx	74%	26%	35%	65%
Native American	67%	33%	35%	65%
Non-Hispanic White	70%	30%	47%	53%
Pacific Islander	63%	37%	52%	48%

SAN DIEGO (non-rural)

	Neighborhood Resource		Concentrated Poverty	
	Not Higher Resource	Higher Resource	Not High Poverty	High Poverty
Asian	48%	52%	73%	27%
Black	77%	23%	50%	50%
Latinx	67%	33%	61%	39%
Native American	59%	41%	77%	23%
Non-Hispanic White	50%	50%	75%	25%
Pacific Islander	65%	35%	68%	32%

Table 5: Scenarios for Future Affordable Housing in Opportunity-Rich Neighborhoods

The table below shows how long it would take to achieve proportional distribution of LIHTC-financed affordable homes across higher and lower resource neighborhoods, accounting for historical overrepresentation in lower resourced areas and underrepresentation in higher resource areas. Specifically, the table shows how long it would take to achieve this kind of balance within the state's portfolio of LIHTC-financed affordable homes for different shares of future affordable homes in opportunity-rich areas, defined here as High Resource and Highest Resource on the TCAC/HCD Opportunity Map, which comprise 40 percent of neighborhoods in the state. Balance would thus mean that 40 percent of the state's LIHTC-financed affordable homes are in opportunity-rich neighborhoods. Results are shown for all housing types, family-serving developments, and by credit type (9% and 4% LIHTCs). These scenarios do not take into account possible changes in the underlying opportunity map over time.

Scenarios for Future Affordable Housing in Opportunity-Rich Neighborhoods

Share of new affordable homes	Number of Years to Achieve Portfolio Balance (Statewide)[11]					
	All Housing Types - All Credits	All Housing Types - 9% only	All Housing Types - 4%	Family Only - All Credits	Family Only - 9%	Family Only - 4%
41%	528	586	489	592	673	526
50%	76	84	70	85	97	76
60%	39	43	36	44	50	39

Data sources: California Housing Partnership Preservation Database, July 2021; and 2021 TCAC/HCD Opportunity Map.

---

[11] This modeling uses the average annual number of LIHTC-financed new construction affordable homes from 2016 to 2020 to estimate future production. Excluded are affordable homes receiving disaster credits or LIHTCs used for acquisition/rehabilitation. Family modeling includes developments that claim the 'Large Family' housing type or developments that claim the 'Non-Targeted' housing type and meet TCAC's large family definition per TCAC's June 2021 Adopted Regulations: https://www.treasurer.ca.gov/ctcac/programreg/2021/20210616/2021-regulations-clean.pdf

ACKNOWLEDGEMENTS