IHDA Opportunity Areas - 2018 Update
Description, Geographic Considerations and Determination Metrics
July 2018

Opportunity Areas, as defined by IHDA, are communities with low poverty, high access to jobs and low concentrations of existing affordable rental housing. Opportunity Areas are identified annually (contingent on data availability) and retain the designation for least four years, or longer as long as they continue to meet the identification criteria. Locating a LIHTC project in an Opportunity Area receives a scoring incentive in the 2018-2019 QAP.

Please Note: Opportunity Areas that were only designated in 2015 will expire at the end of CY 2018. However, because of the use of a 2-Year QAP, IHDA will allow projects with an approved PPA in an expiring 2015 Opportunity Area to retain the expected 10-points during the 2019 LIHTC application round.

Scattered site projects with at least one site in an OA will receive a pro-rata score based on the proportion of total units located in the OA. Fractional scores will be rounded up to the next whole number. IHDA Opportunity Areas are determined for purposes related to the State of Illinois' Low Income Housing Tax Credit Qualified Allocation Plan. Please visit the IHDA website for more information.

Geographic Considerations:
IHDA determines Opportunity Areas at one of two levels of geography:
1) **Places**: *All Places within Illinois with populations equal to or greater than 1000 and less than 50,000 are examined in whole.* As defined by the US Census Bureau, "place" means incorporated places (cities, towns, villages) or in unincorporated places (Census-Designated Place) that have a certain threshold of population density. Unincorporated places are discarded from this consideration. Places with populations under 1000 are discarded from this consideration.

2) **Census Tracts*: In places with populations above 50,000, "community" will be defined as a single Census Tract* as the** city itself is too big to accurately reflect the measurements of opportunity discussed above. A Census Tract determination was used in the following Illinois cities:

Arlington Heights	Elgin	Palatine
Aurora	Evanston	Peoria
Berwyn	Hoffman Estates	Rockford
Bloomington	Joliet	Schaumburg
Bolingbrook	Mount Prospect	Skokie
Champaign	Naperville	Springfield
Chicago	Normal	Tinley Park
Cicero	Oak Lawn	Waukegan
Decatur	Oak Park	Wheaton
Des Plaines	Orland Park	

2018 Major Determination Metrics (Data)
For 2018, the following data-based drivers (metrics) were considered as the major determination factors for a person-based determination of Opportunity Areas:

1) **Poverty Rate** –Targeting affordable housing development in communities with low poverty rates should be the primary goal of any determination of Opportunity Areas. Data Source: *The American Community Survey – 5-Year Estimates (published by the US Census Bureau) includes a poverty rate estimate that is available for all geographies for the State. For 2018 IHDA used the most current ACS 5-year data available (2012-2016).*

2) **Job Access Indicators:**

Two different indicators of Job Access were considered for the 2018 Opportunity Areas determination. Consideration on how to use these two sets is provided below.

a) **Jobs to Population Ratio** – <u>Opportunity Areas should be located in areas with high concentrations of jobs</u>. The jobs to population ratio was produced by dividing the number of jobs within a census tract by the total population within the same tract. The US Census Bureau makes available the number of jobs within a specified geography through the Longitudinal Employer-Household Dynamics (LEHD) product. IHDA used LEHD Origin – Destination Employment Statistics (LODES 7) Workplace Area Characteristics (WAC). In order to estimate the number of jobs within a tract, the State of Illinois WAC file was augmented with the US Census Bureau's crosswalk, which relates the given geography to the tract level. Data Sources: *The American Community Survey – 5-Year Estimates (published by the US Census Bureau) includes population estimates that are available for all geographies for the State. Additionally, the Longitudinal Employer-Household Dynamics survey is published by the US Census Bureau and based on State and Federal data from unemployment issuance and quarterly census of employment and wages. This survey includes a quarterly estimate of the number of employees working in all Places and Census Tracts in Illinois.*

b) **Mean Travel Time to Work -** <u>People don't always live where they work and therefor jobs located in a specific area is not a complete indicator of the way jobs are really accessed.</u> Transportation access is considered an equally important part of accessing jobs, but "access" to transportation is not a universally (throughout different regions) defined consideration. Unlike other indicators of transportation / job access

	Poverty (**higher** average = more permissive threshold)	Jobs to Pop (**lower** average = more permissive threshold)	Unemployment (**higher** average = more permissive threshold)	Mean Travel Time To Work (**higher** average = more permissive threshold)
State	*14*	*45*	*8.2*	*28.4*
City of Chicago	21.6	49 (statewide used)	13.3	35.1
Chicago metro	9.6 (statewide used)	48 (statewide used)	7.6 (statewide used)	30.4
OTHER METRO	16.8	47 (statewide used)	9.5	20.2 (statewide used)
Non METRO	13 (statewide used)	31	7.4 (statewide used)	23.1 (statewide used)

this metric does not presume a need to access public transportation or multiple nodes of travel. Data Source: *The American Community Survey – 5-Year Estimates (published by the US Census Bureau) includes estimated Mean Travel Time to Work by both Place and Census Tracts for all of Illinois. For 2018 IHDA used the most current ACS 5-year data available (2012-2016).*

Unemployment Rate – <u>Opportunity Areas should also include communities where there are a great deal of people working</u>. Unemployment Rate, is a commonly used benchmark of the number of people who do work in an area, and because unemployment data is available through the U.S. Census Bureau for all geographies in Illinois. Data Source: *The American Community Survey – 5-Year Estimates (published by the US Census Bureau) includes a Civilian Unemployment Rate (Estimated percent of people age 16 years or older who were unemployed between 2012-2016) that is available for all geographies for the State.*

2018 Threshold Consideration:
Below are the thresholds used for the 2018 IHDA Opportunity Area determination:

When determining Opportunity Areas, each determination metric is compared to a standard ("threshold"). In 2015, IHDA used a Statewide threshold for all metrics. In 2016, IHDA mixed thresholds, using the more advantageous of the regional (defined as LIHTC/QAP Set-Aside) or statewide threshold. In 2016, generally, the Statewide Threshold was more advantageous to downstate and other metro and the regional

thresholds were more advantageous to Chicago and the Chicago Metro. In 2017, the REGIONAL THRESHOLD Model appears to be mostly beneficial to most categories for the 2017 analysis.

In 2018, much like 2017, the Regional Threshold Model was used. However, instead of using averages of census tract data, place was used as overwhelmingly, the place-based benchmarking was more advantageous and the mix of regional opportunity was better distributed using the averages of place rather than census tract averages. **As a practice, with Opportunity Areas, the more favorable threshold is used for each regional (set-aside) category on a category-by-category basis.** Even though the default is to Regional Thresholds, in 7 circumstances (out of 16 different calculations), the statewide threshold is used because it is more advantageous.

Geographies that are above or below the thresholds (as described in the chart above) are qualified by the Major Determination Metrics as Opportunity Areas. *Only Geographies that qualify under Major Determination Metrics and Concentration Metrics are considered IHDA Opportunity Areas.*

Concentration Metrics:

IHDA utilizes the following concentration metrics in its consideration of all applications for financing for rental developments. Qualifying geographies that are over the thresholds discussed for either of the Concentration Metrics utilized are not considered Opportunity Areas even if they qualify under all the other determination metrics.

1) IHDA Market Share - The IHDA Market Share is calculated by dividing the total number of rental units financed by IHDA in a community (IHDA Database) by the estimated number of rental units in that community (ACS 5-Yr Est.). If the IHDA Market Share for a place or census tract is above 10%, the place or tract does not qualify as an Opportunity Area. PLEASE NOTE: IHDA Market Share calculations do not include approved but unconstructed IHDA units. A proposed project located in an Opportunity Area may be denied because of unconstructed IHDA units.

2) Affordable Market Share - The Affordable Market Share is calculated by dividing the total number of rental units financed by IHDA, HUD, and USDA (HUD Picture of Subsidized Households) by the estimated number of rental units for that community (ACS 5-Yr Est.). If the Affordable Market Share for a place or census tract is above 20%, the Place or Tract does not qualify as an Opportunity Area. PLEASE NOTE: IHDA uses a similar Affordable Market Share metric in its Preliminary Project Assessment review of applications. For the PPA, the Affordable Market Share is determined on a case-by-case basis and therefore units funded by multiple resources can be backed out to avoid double counting. For this determination, such individualization is impossible and the Affordable Market Share utilized in the Opportunity Area determination may include duplication.