

IHDA Opportunity Areas

Description, Geographic Considerations and Determination Metrics

Last Updated October 2020

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 have been 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 has received a scoring incentive in the past QAP's and will continue to do so under the 2022-2023 QAP. However, Opportunity Areas will no longer be updated or newly identified.

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.

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 removed from this consideration. Places with populations under 1000 are removed 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	

2020 Major Determination Metrics (Data)

For 2020, the following data-based drivers (metrics) were considered as the major determination factors for Opportunity Areas:

- 1) **Family 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 2020 IHDA used the most current ACS 5-year data available (2013-2018).*
- 2) **Job Access Indicators:**
Two different indicators of Job Access were considered for the 2020 Opportunity Areas determination. Consideration on how to use these two sets is provided below.

- a) **Jobs to Population Ratio – Opportunity Areas should be located in areas with high concentrations of jobs.** 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) dataset (v.7). IHDA analyzed primary jobs using Workplace Area Characteristics (WAC) file. 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, last updated in 2015.*
- b) **Mean Travel Time to Work - People do not 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.** 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 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 2020, IHDA used the most current ACS 5-year data available (2013-2018).*

Unemployment Rate – Opportunity Areas should also include communities where there are a great deal of people working. 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 2013-2018) that is available for all geographies for the State.*

2020 Threshold Consideration:

Set Aside Averages	Poverty	Jobs to Population	Unemployment	Mean Travel Time to work
State	14.4	42.2	7.6	28.8
City of Chicago	20.9	37.2	10.9	35.6
Chicago Metro	9.2 (statewide used)	47.4 (statewide used)	5.9 (statewide used)	30.9
Other Metro	18.4	53.0 (statewide used)	8.1	20.7 (statewide used)
Non Metro	12.9 (statewide used)	29.5	6.0 (statewide used)	23.3 (statewide used)

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 nine circumstances (out of twenty different calculations), the statewide threshold is used because it is more advantageous.

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.

Only Geographies that qualify under Major Determination Metrics and Concentration Metrics are considered IHDA Opportunity Areas.