

# REVITALIZATION IMPACT AREAS METHODOLOGY

2023-24 Qualified Allocation Plan



## Purpose and Application

IHDA's Strategic Planning and Reporting Department (SPAR) analyzes market characteristics within Illinois communities in a variety of capacities. These analyses, which include examinations of an area's assets, needs, and vulnerabilities, help IHDA plan for impactful and successful investments. It is important to the success of SPAR's Community Revitalization Program and the organization's mission at-large that IHDA continually develop tools to inform relevant growth and increase all communities' success in accessing housing and development resources. Understanding an area's need for Community Revitalization is an important step in the process of accessing planning assistance and resources, and can serve as a major asset to communities throughout the state, particularly those not demonstrating significant market strengths or "opportunities" visible in data alone. In an effort to share data-driven, evaluative tools with low-capacity communities throughout Illinois, allowing them to better target and address the needs of specific geographic areas that could benefit most from revitalization planning, SPAR has developed a new market research tool to identify revitalization need.

Revitalization Impact Areas utilize Housing and Urban Development (HUD) designations along with American Community Survey (ACS) data to identify census tracts that demonstrate the most salient market conditions suggesting a need for revitalization, or concerted community development planning. Such planning can benefit all types of communities, and can result in increased access to jobs, amenities, resources, and civic engagement, among other benefits. Revitalization Impact Areas are incentivized under the **Community Revitalization Scoring Criteria** within the Low-Income Housing Tax Credit program.

**A listing of all census tracts in Illinois and their respective Revitalization Impact Area designation can be found on the IHDA website along with an interactive map visualizing these tracts.**

**An expanded methodology is available upon request by emailing [Revitalization@IHDA.org](mailto:Revitalization@IHDA.org).**

## Market Factors and Calculations

### American Community Survey Data

Using American Community Survey data, census tracts are evaluated for the presence of the following market factors that indicate a need for revitalization planning. Census tracts demonstrating an extreme rate/figure in comparison to all census tracts within their set-aside are noted as having a revitalization need, qualifying them as either a moderate- or high-impact area, dependent on the quantity of such indicators present. Of these factors, family poverty rate alone is considered notable if greater than or equal to the median of all census tracts within their set-aside.

- **Family poverty rate:** notable if greater than or equal to 50<sup>th</sup> percentile of set-aside; extreme if greater than or equal to 75<sup>th</sup> percentile of set-aside
- **Unemployment rate:** extreme if greater than or equal to 75<sup>th</sup> percentile of set-aside
- **Median household income:** extreme if less than or equal to 25<sup>th</sup> percentile of set-aside
- **Vacancy rate:** extreme if greater than or equal to 75<sup>th</sup> percentile of set-aside

In order to calculate set-aside medians and percentiles for these factors, data for each factor was collected for every census tract, then grouped by set-aside. The 25<sup>th</sup> percentile, median (50<sup>th</sup> percentile), and 75<sup>th</sup> percentile was then calculated for each factor within every set-aside.

### IHDA Affordable Housing Concentration Data

IHDA maintains a database of affordable housing units that are funded by governmental subsidies throughout Illinois. In market reviews, geographies exhibiting concentrations of overall affordable housing units above 20% are generally considered over-concentrated, dependent on context and other market factors. Geographies exhibiting a

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concentration of affordable housing units above or equal to 30% are generally considered over-concentrated with few exceptions. In determining Revitalization Impact Areas, the concentration of overall affordable housing units is calculated for each Illinois census tract. Those with concentrations at or above 30% are qualified as a moderate-impact area.

## HUD Designations

The U.S. Department of Housing and Urban Development designates geographic areas which are often targeted for revitalization activities due to the presence of various market factors, including low household incomes, high poverty rates, and/or racial- or ethnic-concentrations or poverty. Census tracts falling within the following designations are qualified as a high-impact area:

- HUD-designated Qualified Census Tracts (QCT)
- HUD-designated Racially or Ethnically Concentrated Areas of Poverty (R/ECAP)

## Designation of Revitalization Impact Areas

Census tracts demonstrating at least one High-Impact Indicator or two or more Moderate-Impact Indicators, as outlined below, are designated as “High Revitalization Impact Areas.” Census tracts demonstrating one Moderate-Impact Indicator, as outlined below, are designated as “Moderate Revitalization Impact Areas.”

**High-Impact Indicators** (at least one of the following conditions/designations must be present)

- Designated Qualified Census Tract (QCT)
- Designated Racially or Ethnically Concentrated Area of Poverty (R/ECAP)
- Poverty rate  $\geq$  75<sup>th</sup> percentile of set-aside
- Two or more Moderate-Impact Indicators are present

**Moderate-Impact Indicators** (one of the following conditions/designations must be present)

- 75<sup>th</sup> percentile of set-aside  $\geq$  Poverty rate  $\geq$  50<sup>th</sup> percentile of set-aside
- Unemployment rate  $\geq$  75<sup>th</sup> percentile of set-aside
- Median household income  $\leq$  25<sup>th</sup> percentile of set-aside
- Housing vacancy rate  $\geq$  75<sup>th</sup> percentile of set-aside
- Concentration of affordable housing units (HUD, IHDA, USDA)  $\geq$  30% of the overall rental housing stock

## Market Indicator Threshold Percentiles

Applicable as of June 2023, until updated

Set-Aside	Family Poverty Rate		Unemployment	Median Household Income	Vacancy Rate	Concentration of Affordable Housing
	50th Percentile	75th Percentile	75th Percentile	25th Percentile	75th Percentile	30%
City of Chicago	10.9%	21.3%	14.4%	\$40,356	14.6%	30%
Chicago Metro	4.2%	8.8%	7.3%	\$66,927	7.9%	30%
Other Metro	9.1%	19.0%	9.1%	\$40,647	15.4%	30%
Non-Metro	7.2%	11.5%	6.7%	\$51,625	15.6%	30%

## Data Sources

The most current and complete data sets are used to calculate Revitalization Impact Areas. As of June 2021, the following were available:

- United States Census Bureau, American Community Survey, 2017-2021 5-year estimates
  - DP03 – Selected Economic Characteristics
  - DP04 – Selected Housing Characteristics
- Illinois Housing Development Authority, Affordable Housing Units including HUD, USDA, and IHDA financed units (2020)
- United States Department of Housing and Urban Development, Qualified Census Tracts (2023)
- United States Department of Housing and Urban Development, Racially or Ethnically Concentrated Areas of Poverty (2023)

## Additional Process Notes

### 2023 Calculations

#### Insufficient data

In circumstances where data was insufficient to produce an estimate within the American Community Survey (represented by “-”), values were left blank, not changed to “0,” so as not to distort percentile calculations.

9 census tracts (0.28% of total) did not produce sufficient data across any categories utilized within the American Community Survey, and therefore were excluded from the calculations of Revitalization Impact Areas, instead listed as “Not Designated” in the tool’s final analysis. 2 of these census tracts represent “Water Only” tracts over Lake Michigan.

#### Labor force participation rate

In calculations prior to 2021 (and the 2020-21 QAP), labor force participation rate sourced from American Community Survey was utilized as a market factor with the Revitalization Impact Area methodology. However, in a majority of circumstances, the presence of an extreme labor force participation rate within a census tract (i.e., a rate lower than or equal to the 25<sup>th</sup> percentile of all census tracts in the set-aside) was found in the absence of most or all of the additional High- or Moderate-Impact factors. Furthermore, in these circumstances, the additional market factors evaluated within these calculations were most often demonstrated rates within percentiles far from those which would qualify them as meeting the High- or Moderate-Impact thresholds, indicating an overall market strength rather than a need for a revitalization within the census tract. Because of these contradictions found between market factors, labor force participation rate was removed from the Revitalization Impact Area methodology in June 2021.

#### Median household income

10 census tracts (0.3% of total) throughout the state were estimated to have a median household income of “\$250,000+.” Because this estimate does not represent an integer that can be calculated, these 2 census tracts’ median household income was reported as “\$250,001.”

0 census tracts (0.0% of total) throughout the state were estimated to have a median household income of “\$2,500-.” Because this estimate does not represent an integer that can be calculated, any census tracts with this median household income estimation would have been reported as “\$2,500.”

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## Revitalization Impact Areas within IHDA's Community Revitalization Thresholds and Scoring Criteria

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<b>1) Addressing a pre-existing community need</b>	
2 points available	
A)	1 point is automatically earned if project site(s) falls within a census tract(s) designated as a "Moderate Revitalization Impact Area" as listed on <b>IHDA's Market Research website*</b> . An additional point may be earned per category C below.
B)	2 points are automatically earned if project site(s) falls within a census tract(s) designated as a "High Revitalization Impact Area" as listed on <b>IHDA's Market Research website*</b> .
C)	<p>Project sites not falling within a designated Revitalization Impact Area may earn up to 2 points by demonstrating their explicit need for revitalization. To earn these points, a narrative supported by accompanying evidence must illustrate the Community Revitalization Strategy Area's need in at least 1 of the categories listed below, or other pertinent and measurable areas:</p> <ul style="list-style-type: none"><li>-Rapidly declining population</li><li>-Employment insecurity</li><li>-High concentration of blighted housing stock</li><li>-Unmet need for health services, educational opportunities, fresh foods, available/affordable housing, or other basic amenities</li><li>-Other community demographic or economic insecurities</li></ul> <p><i>In order to qualify for points under category C, claims in narrative must be substantiated and verified by accompanying evidence.</i></p>

\*Points automatically awarded under Scoring Criteria #1 to scattered-site projects falling within multiple census tracts will be prorated based on the number of units falling within the census tract(s) for which the Revitalization Impact Area designation(s) applies.