CALIFORNIA HOUSING CONSORTIUM

The United Voice for Affordable Housing

September 14, 2017

California Tax Credit Allocation Committee
915 Capitol Mall, Room 485
Sacramento, CA 95814

Re: Opportunity Maps

Dear Treasurer Chiang, Controller Yee, and Mr. Cohen:

Thank you for the opportunity to provide comment on TCAC's Opportunity Maps and potential regulatory changes to promote large-family, new construction developments in high opportunity areas. The California Housing Consortium (CHC) is a non-partisan advocate for the production and preservation of housing affordable to low- and moderate-income Californians. CHC's diverse membership that spans the development, building, financial, and public sectors makes us uniquely situated to provide a broad, united position that reflects the majority of the affordable housing community.

We are encouraged by your stated intention to pursue a "balanced statewide policy approach that increases access for low-income families to high-resource neighborhoods where there historically have been limited affordable housing opportunities, *and* provides meaningful investments to revitalize under-resourced neighborhoods." Ultimately, CHC is most concerned with *how* Opportunity Maps will be applied in the forthcoming regulations.

Projects in high opportunity areas should be encouraged but not at the expense of other important public policy objectives. While promoting developments in high opportunity neighborhoods which lack affordable units is a laudable goal, so is promoting developments in transit rich areas, in gentrifying neighborhoods and neighborhoods at risk of gentrification, and in existing disadvantaged neighborhoods where new housing can have a catalytic effect on the community. We understand the desire TCAC has about being proactive in promoting fair housing opportunities, but being proactive does not require TCAC to potentially disadvantage other worthwhile projects. As an example, current federal code requires each tax credit agency to give preference to projects located in qualified census tracts that contribute to a concerted community revitalization effort. TCAC accomplishes this by allowing these projects to earn 2 points under the scoring system; however, other worthwhile projects are able to earn these same points by meeting other public policy objectives. We suggest that TCAC treat projects in high opportunity areas in the same manner by adding them to this same 2-point category. In this way, projects in high opportunity areas will receive some preferential treatment without disenfranchising other worthy developments.

Additionally, we are concerned that the proposed Opportunity Maps methodology fails to account for several important factors:

- Gentrification - Some of the “low resource” neighborhoods of the past will be the “high resource” neighborhoods of the future. Investing in affordable housing in these neighborhoods today will allow low-income residents to remain and benefit from new investments, rather than be displaced by rapidly rising rents.
- Alignment with TOD/AHSC Programs
- Rural – The elimination of entire rural communities ignores the fact that these communities, large and small, have their own pockets of “opportunity” that have different indicators than other parts of the state. Many families live in small rural communities outside of large urban centers because of the proximity to employment and have a need for high-quality affordable housing.
- Promise Zones/Community Plans – Many cities have plans to improve quality of life and accelerate revitalization in distressed areas by increasing economic activity, improving educational opportunities, leveraging private investment, reducing crime, enhancing public health and addressing other priorities identified by the community. The development of safe, affordable housing in these areas is integral to creating balanced communities.

We would be remiss not to highlight the cost implications of developing exclusively in high opportunity areas. Many of these areas already have higher land values and more stringent entitlement requirements. Projects in these areas will likely require an increase to the threshold basis limit, which is contrary to TCAC’s expressed cost containment goals. Many of these communities also charge very high parks fees and other local fees that contribute significantly to cost. We would like to see the regulations discourage, limit or even disallow exorbitant impact fees in these areas.

Lastly, new incentives for developing in high opportunity areas should be phased in and not take immediate effect. Developers throughout the state have already acquired sites based on the assumption that they would be competitive for TCAC allocations using the present methodology. It is essential that developers are provided at least two years to anticipate the proposed incentivizes and to submit competitive applications without potentially losing out on scarce funding in the next two immediate cycles.

Sincerely,

Ray Pearl

Ray Pearl
Executive Director

CC: Mark Stivers, Executive Director, CA Tax Credit Allocation Committee