Low-Income Housing Tax Credit Program

Opportunity Characteristics Guideline

2024 and 2025

The Connecticut Housing Finance Authority utilizes Opportunity Characteristics described herein to identify Opportunity Areas for purposes related to the State of Connecticut's Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan.

Affordable Housing Appeals Listings
Source: CT Department of Housing; 2020 Affordable Housing Appeals List

The Affordable Housing Appeals List demonstrates the level of affordable housing per municipality. Determining non-exempt municipalities is calculated by dividing the number of government assisted housing units by the total housing units of the municipality. Government assisted housing is defined as the following:

- Assisted housing units or housing receiving financial assistance under any governmental program for the construction or substantial rehabilitation of low- and moderate-income housing that was occupied or under construction by the end date of the report period for compilation of a given year's list.
- Rental housing occupied by persons receiving rental assistance under C.G.S. Chapter 138a (State Rental Assistance/RAP) or Section 142f of Title 42 of the U.S. Code (Section 8);
- Ownership housing or housing currently financed by the Connecticut Housing Finance Authority and/or the U.S. Department of Agriculture.
- Deed-restricted properties or properties with deeds containing covenants or restrictions that require such dwelling unit(s) be sold or rented at or below prices that will preserve the unit(s) as affordable housing as defined in C.G.S. Section 8-39a for persons or families whose incomes are less than or equal to 80% of the area median income.
- Mobile homes or accessory apartments subject to deed restrictions.

Only municipalities that are non-exempt (have less than 10% of their housing stock defined as government assisted) qualify to receive Opportunity Characteristics points.
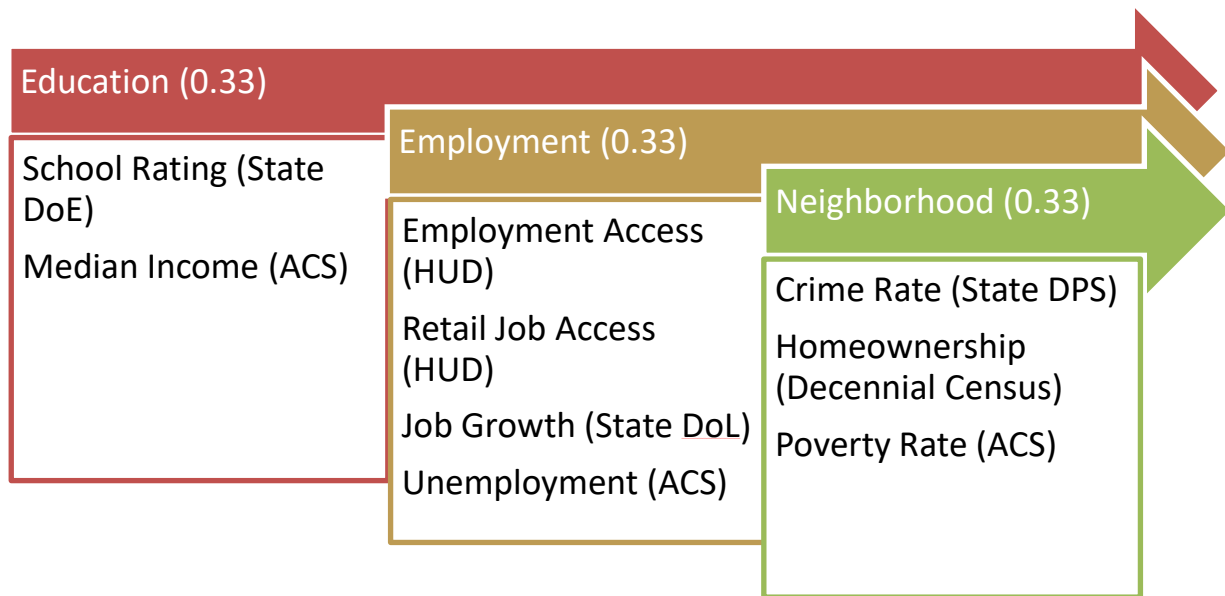
Connecticut's Opportunity Map
Source: CT Department of Housing

The Connecticut Opportunity Map was commissioned by the Connecticut Department of Housing and is part of the 2022 and 2023 Qualified Allocation Plan. Opportunity mapping is an analytical tool that deepens our understanding of "opportunity" dynamics within regions. The goal of opportunity mapping

is to identify opportunity-rich and opportunity isolated communities. With a basic understanding of the geography of opportunity we can then better determine who has access to resources and how to remedy opportunity inequality. Mapping can help guide community investments and help people in historically disenfranchised groups connect to areas that are thriving. Often the designation of a community as lower opportunity, or opportunity-isolated, reflects the history of discriminatory policy and disinvestment in those communities.

The opportunity map converts nine "indicators of opportunity" into the domains of education, employment, and neighborhood which are averaged to give each census tract in Connecticut an "opportunity level."

Education (0.33)

School Rating (State DoE)

Median Income (ACS)

Employment (0.33)

Employment Access (HUD)

Retail Job Access (HUD)

Job Growth (State DoL)

Unemployment (ACS)

Neighborhood (0.33)

Crime Rate (State DPS)

Homeownership (Decennial Census)

Poverty Rate (ACS)

Opportunity Map Metrics & Methodology

Below are the nine indicators of opportunity used in determining a census tract's opportunity level:

- Median Income: This data is available by census tract from the American Community Survey (ACS), (https://data.census.gov/cedsci/). To increase the sample size, data from the five years spanning 2014 to 2018 are used. Higher median income indicates higher opportunity.

- School Performance: School performance data is available by school district from the CT State Department of Education and is based on an index calculated by EdSight called Next Generation Accountability, (http://edsight.ct.gov/). Districts generally conform to town boundaries, however since there are regional school districts encompassing multiple towns, the regional school district scores are averaged with individual town districts to get the combined score, which is applied to all the census tracts in the town. For example, the Score applied to all census tracts in Hebron is the total points achieved for Hebron School District Score and the

Regional School District 8 over the total points possible for the Hebron School District Score and the Regional School District 8. In some cases, the Regional School District is the only public system that serves a town and, in such cases, that score is used.

- Unemployment: This data is available by census tract from the (ACS) by census tract, (https://data.census.gov/cedsci/). To increase the sample size, data from the five years spanning 2014 to 2018 are used. Since lower unemployment indicates higher opportunity, the inverse of the unemployment rate is calculated for use in the index.

- Job Access: This data is available by census tract from the HUD Location Affordability Index using American Community Survey data from 2012-2016 and Longitudinal Employer Household Dynamics (LEHD) Data from 2014, (https://hudgis-hud.opendata.arcgis.com/datasets/b7ffe3607e8c4212bf7cf2428208dbb6_0?geometry=-159.821%2C-0.614%2C160.452%2C76.538). The variable used for Job Access is "Job Gravity" which represents the number of jobs accessible to each census tract, weighted by each job's distance from that census tract.

- Retail Job Access: This data is available by census tract from the HUD Location Affordability Index using American Community Survey data from 2012-2016 and Longitudinal Employer Household Dynamics (LEHD) Data from 2014, (https://hudgis-hud.opendata.arcgis.com/datasets/b7ffe3607e8c4212bf7cf2428208dbb6_0?geometry=-159.821%2C-0.614%2C160.452%2C76.538). The variable used for Retail Job Access is "Retail Gravity" which represents the number of retail jobs accessible to each census tract, weighted by each job's distance from that census tract.

- Job Growth: This data is available by town from the CT Department of Labor's Quarterly Census of Earnings and Wages, a near census of employment and wage information, (https://www1.ctdol.state.ct.us/lmi/202/202_annualaverage.asp). To calculate job growth, the growth rate in Annual Average Employment (AAE) is calculated between 2016 and 2019 using the function (AAE2019 – AAE2016)/AAE2016. Since this is town-wide data, each census tract receives the value for town which contains it.

- Poverty Rate: This data is available by census tract from the (ACS) by census tract, (https://data.census.gov/cedsci/). To increase the sample size, data from the five years spanning 2014 to 2018 are used. Since lower poverty rate indicates higher opportunity, the inverse of the poverty rate is calculated for use in the index.

- Homeownership / Tenure: This data is available by census tract from the 2010 Decennial Census by census tract, (https://data.census.gov/cedsci/). To reduce error due to the ACS sample size estimation, only one ACS variable is used in each domain. Poverty Rate is the ACS variable in the neighborhood factors domain, so the Decennial Census is used for Tenure.

- Crime Rate: This data is available from the CT Department of Public Safety by town, (https://www.dpsdata.ct.gov/dps/ucr/ucr.aspx). The most recent year data is available, 2017, is used. The Crime Rate is calculated by adding the Violent Crime Offenses that occurred by town in 2017 and dividing by that town's population. Violent Crime Offenses consist of murder, rape, attempted rape, robbery, and aggravated assault.

Each of the nine variables are converted into z-scores, a standardized measurement of the distance of each value from the mean of the set of values. Z-scores represent the distance of a census tract from the average for all census tracts for each variable.

The z-scores are then grouped into domains to equalize the impact of Educational, Employment and Neighborhood factors on the Opportunity Index. The Education Domain contains Median Income and School Performance. The Employment Domain contains Job Access, Retail Job Access, Unemployment and Job Growth. The Neighborhood Domain contains Poverty Rate, Crime Rate and Homeownership. The z-scores in each domain are averaged and the resulting domain scores are averaged to calculate the final opportunity index.

Each census tract is assigned an Opportunity Level based on the census tract percentile. Very High opportunity tracts are those in within the 20% of tracts with the highest opportunity index. High opportunity tracts are those within the 60% to 80% range of highest opportunity index and so on.

An Opportunity Map is available on the CHFA website for ease of self-scoring. Please watch our video on how to use the new Opportunity Map.

This same mapping tool will be used by CHFA in the rating and ranking process for all development proposals to determine the points awards (if any) under the Opportunity Characteristics category of the Qualified Allocation Plan.

The Connecticut Fair Housing Center along with the Open Communities Alliance were commissioned by Connecticut's Department of Housing to create the Opportunity Map. Data used to create the Opportunity Map may be found in the OCA Opportunity Model Workbook.