

## **Methodology to Designate Census Tracts as Geographic Areas of Opportunity**

The Multifamily Mapping Application provides a layer showing geographic areas of opportunity areas, which are census tracts designated as two-factor and three-factor tracts by FHFC. At this time FHFC is treating two- and three-factor tracts as equal in applicable Requests for Applications. This concept is applied to all counties.

### **Metropolitan Statistical Areas**

The designation of two- and three-factor census tracts (Geographic Areas of Opportunity) is partially a response to a recent change in the way the US Department of Housing and Urban Development designates Difficult Development Areas (DDAs) in metropolitan areas. Previously, HUD designated entire metropolitan counties as DDAs. In 2016, HUD began designating Zip Code Tabulation Areas as (Small Area) DDAs. The result is a geographically more precise targeting of tax credit resources. In non-metropolitan areas, HUD continues to designate entire counties as DDAs. The geographic areas of opportunity maps now include all counties which are affected by this newer methodology, including small and medium counties within metropolitan statistical areas.

### **Variables and Thresholds**

Two- and three-factor tracts are census tracts with high indicators of community wellbeing. The designations were developed using three threshold criteria: 1) tract median income greater than the 40th percentile of all census tracts within the county; 2) educational attainment above the median of all tracts in the county, measured as the proportion of adults over 25 years old who have completed at least some college; and 3) tract employment rate greater than the statewide employment rate. Florida Housing applied these thresholds to identify the Geographic Areas of Opportunity. Tracts which meet two but not three of the criteria are two-factor tracts. Tracts which meet all three criteria are three-factor tracts. At this time, two- and three-factor tracts are treated the same by FHFC for funding purposes.

### **Dataset Methodology**

The data are derived from the American Community Survey (ACS). The survey is conducted by the Census Bureau on an ongoing basis. It is the most complete and reliable source of information about the American people. The Census Bureau releases ACS data in 1-year, 3-year, and 5-year averages. One-year data is the most current; however, the 3-year and 5-year averages are more reliable because they are based on a larger sample size. Florida Housing uses the average of the three most recent 5-year averages, which includes survey data from seven years (2009-2015). In addition, Florida Housing has discarded high margin of error values. Applying these rigorous standards, Florida Housing has based the two- and three-factor designations, as well as RECAP designations, on accurate data which reflect long term trends.

Some data were suppressed and not used to designate two- and three-factor tracts. Data were suppressed for two reasons. First, tracts with no reported values for a variable were suppressed. This can occur due to sampling problems, or very low population values in tracts which are comprised primarily of water features, institutional land uses (e.g. airports, prisons, military installations, universities), or land under conservation. Estimates suppressed for these reasons were not analyzed and

did not affect the denominator used to establish threshold values. Second, estimates for which the Census Bureau reported margin of error yields a coefficient of variation (CoV) greater than 30 were suppressed. The CoV is a ratio of the estimated value and the standard error. It is a measure of the estimate's reliability using a given confidence interval. For each tract, if the CoV for one of the three estimates for a given variable exceeded 30, that estimate was suppressed and the average of the two other values was analyzed. If two or more of the three estimates for a given variable exceeded 30, the variable was not analyzed for the tract. Although this situation prevents a tract from being a three-factor tract, it could still be designated a two-factor tract if the average estimates for the other variables exceed the applicable thresholds.

Florida Housing has slightly refined the measure of employment used to designate two- and three-factor tracts. Originally, Florida Housing evaluated the employment level of individuals in the workforce between the ages of 16 and 64. This was accomplished by determining the employment level at each age cohort reported by the ACS. In many census tracts, this technique yielded high margins of error and required the suppression of nearly half of all census tracts in the state. Florida Housing is now simply utilizing the employment level of all individuals over the age of 16 as reported by the ACS.

### **Additional Information**

A census tract is a unit of geography utilized by the US Census Bureau. Census tracts are drawn to contain approximately the same population. Consequently, the physical size of census tracts varies based on population density. Although the optimum population is 4,000 people, population size may range from as few as 1,200 to as many as 8,000. In general, the boundaries of census tracts follow physical features such as roadways, railroads, and rivers. Census tracts rarely cross municipal boundaries and never cross county boundaries. Each census tract is identified by an eleven digit number. The first five digits indicate the state and county. The specific tract is identified by the remaining six digits, with an implied decimal between the ninth and tenth digits. For example, census tract 12011020319 is located in the state of Florida (12) within Broward County (11). The tract (020319) will often be noted as Broward County tract 203.19.

The Multifamily Mapping Application provides mapping layers showing the location of 2017 Qualified Census Tracts (QCTs) and DDAs. These are HUD designations which are updated annually. Up to date information can be found on the HUD website. Users should confirm the location of QCTs and DDAs.

The underlying geographic data shown on the maps are taken from a TIGER census shapefile depicting the 2010 census geographies. The ACS data were accessed through American Fact Finder, the Census Bureau's data access tool. The data have been joined to the shapes and uploaded to the Multifamily Mapping Application.