Methodology

2016 – Two and Three Factor Census Tracts

The areas of opportunity maps identify census tracts designated as two factor and three factor tracts by FHFC. The two factor tracts are identified in yellow on the maps. The three factor tracts are identified in purple on the maps. Florida Housing staff have presented the two and three factor concept previously, especially at the January 29, 2016 Rule Development Workshop, the April 19, 2016 Rule Development Workshop, and the May 9, 2016 Rule Development Workshop. There have been three significant changes to the concept since it was first discussed: 1) the concept is applied to all metropolitan counties; 2) the threshold for one of the data variables has changed; and 3) the July 2016 maps rely on a more robust dataset.

Metropolitan Statistical Areas

The designation of two and three factor census tracts (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. Originally, Florida Housing staff discussed implementing the two and three factor Areas of Opportunity designation only in Florida's seven most populous counties. The areas of opportunity maps now include all counties which are effected by the change in HUD's DDA methodology, including small and medium counties within metropolitan statistical areas.

There are twenty metropolitan statistical areas (MSAs) in Florida. Forty-two of Florida's 67 counties are located in MSAs. The Office of Management and Budget (OMB), which designates MSAs, categorizes an additional seven Florida counties in micropolitan statistical areas. However, HUD treats these as non-metropolitan counties for purposes of designating Difficult Development Areas (DDAs). Of the 25 non-metropolitan counties in Florida, HUD designated 22 as 2016 DDAs. For purposes of establishing DDAs, HUD uses the OMB's 2009 MSA designations.

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 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. Originally, for the tract median income variable, Florida Housing applied a threshold of the average of all census tracts within the county. Changing the standard to the 40th percentile of all census tracts in the county allowed Florida Housing to identify additional areas of opportunity (two factor tracts), and turned many two factor tracts into three factor tracts.

2016 – Racially/Ethnically Concentrated Areas of Poverty

The RECAP maps identify census tracts in Florida which are Racially and Ethnically Concentrated Areas of Poverty (RECAP). The RECAPs are identified in orange on the maps. RECAP tracts are those in which at least 40% of the population is living below the poverty line and in which a concentration of individuals who identify as other than non-Hispanic White exceeds 50% of the population of the census tract. Fewer than 3.5% of all census tracts in Florida are RECAPS.

Florida Housing will discourage development of new affordable housing in RECAPs. Disincentives will only impact the creation of new units in RECAPs. Applications for funding to preserve or redevelop existing affordable housing will still be accepted. In addition, applicants for new construction with a local government preference, and applications under RFAs for revitalization may still be submitted for locations in RECAPs.

Almost all RECAPs are Qualified Census Tracts (QCTs) designated by the US Department of Housing and Urban Development (HUD). However, most QCTs are not RECAPs. Applications for funding from non-RECAP QCTs will not be subject to the disincentive. The "basis boost" eligibility of proposed tax credit developments in these QCTs is not impacted by the actions of Florida Housing.

Dataset Methodology

The data shown on the maps 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. Originally, Florida Housing presented the areas of opportunity concept using the 2014 5-year average. In order to designate two and three factor tracts, Florida Housing is now using the average of the three most recent 5-year averages, which includes survey data from seven years (2008-2014). 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 RECAO 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 Areas of Opportunity maps indicate the location of 2016 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 2015 TIGER census tract shapefiles. 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 exported to KML and PDF using ArcMap 10.3.1 by ESRI.