

# Identification of Low-Income Communities under AB 1550

## Methodology and Documentation for Draft Maps

February 14, 2017

### Data sources used:

*American Community Survey (ACS) 5 Year Estimates (2011-2015) – California Census*

Tracts: <https://www.census.gov/programs-surveys/acs/>

*American Fact Finder.*

<https://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>

*Department of Housing and Community Development's (HCD) 2016 Low-income Limits:*

<http://www.hcd.ca.gov/housing-policy-development/housing-resource-center/reports/state/inc2k16.pdf>

AB 1550 identifies Low-income households or communities according to the definitions below:

- (1) “Low-income households” are those with household incomes at or below 80 percent of the statewide median income or with household incomes at or below the threshold designated as low-income by the Department of Housing and Community Development’s (HCD) State Income Limits adopted pursuant to Section 50093.
- (2) “Low-income communities” are census tracts with median household incomes at or below 80 percent of the statewide median income or with median household incomes at or below the threshold designated as low-income by HCD’s State Income Limits adopted pursuant to Section 50093.

Since (1) applies to individual households, it cannot be mapped. Each household will have to be evaluated on an individual basis to see if it qualifies as “Low-income” by either definition defined in (1).

Two different definitions of a “Low-income community” are provided in (2); one that relies on statewide median household income and one that uses a

definition of low-income per HCD's State Income Limits. In order to fully map the areas designated by (2), both definitions of low-income communities must be considered.

#### Low-income Community based on the Statewide Median Household Income

For the first definition based on the statewide median household income, the median household income of each census tract was determined from the 2011-2015 ACS data (B19013e1). The statewide median household income from American Fact Finder 2011-2015 was found to be \$61,818. Based on this data, any census tract with a median household income at or below 80 percent of \$61,818 (i.e., \$49,454) was identified as low-income.

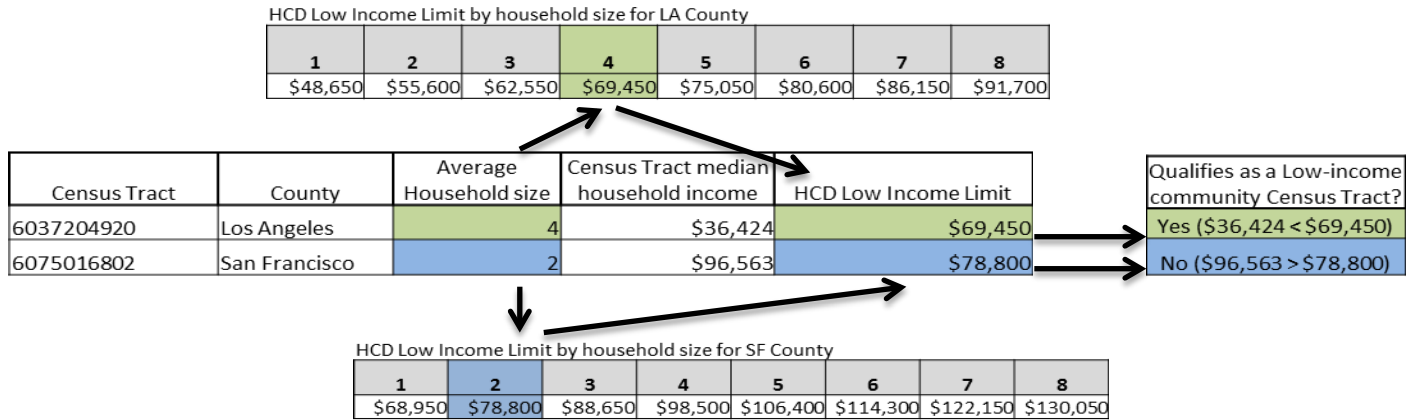
#### Low-income Community based on HCD's Low-income Limits

The second definition is based on the threshold designated as low-income by the HCD's State Income Limits. The HCD State Income Limits vary by household size for each county and provide income thresholds for "Extremely Low", "Very Low", "**Low**", "Median" and "Moderate" income categories. AB 1550 refers to the "Low" income thresholds within this dataset.

To translate the county-level "Low-income" limit from this dataset to define "low-income" at the census tract level, the average household size for each census tract was derived from the 2011- 2015 ACS data (B25010), rounding to the nearest whole number. The average household size of each census tract-county combination was then used to determine the appropriate "Low-income" limit from HCD's State Income Limits table. The median household income for each census tract was also determined using the 2011-2015 ACS data (B19013), which was then compared to the appropriate HCD Low-income limit. If the median household income for a census tract-county combination was equal to or less than the appropriate HCD Low-income Limit, the census tract was defined as "low-income" for the purposes of AB 1550.

Figure 1 below illustrates this process visually and provides the steps that were followed. Census tracts identified by either definition were then combined to create the final list of AB 1550 Low-income community census tracts.

**Figure 1 – Method for defining low-income community based on HCD Income Limits.**



**Process for identifying low-income census tracts using HCD’s Income Limits**

1. Determine median household income of census tract.
2. Determine average household size of census tract.
3. Identify county of census tract.
4. Use county and household size of census tract to match the income limit identified as “low-income” in HCD’s State Income Limits for the county.
5. A census tract is identified as low-income if the census tract’s median household income is at or below the appropriate HCD low- income limit.