

MEMORANDUM

To: Low-Income Housing Tax Credit Participants
Date: January 10, 2020
From: Matt Barker
Re: Guidance regarding 2020 Area of Opportunity Index scoring

Applicability

This guidance applies to applications for allocation of federal low-income housing tax credits (“LIHTC”) from the 2020 state ceiling.

Background

Under both the 2019 and 2020 Qualified Allocation Plans (“QAP”), applications are awarded (and deducted) points with respect to various criteria, and are ranked according to the total points earned. An application may be awarded up to ten points relating to the Area of Opportunity Index (“AOI”) assigned to the census tract in which the proposed development is located.

In the 2019 LIHTC round, census tracts were assigned AOI’s on a zero-to-ten scale. Each application was awarded AOI-related points equal to the relevant tract’s raw AOI, rounded. For example, a tract with a raw AOI of 9.1 resulted in an award of nine AOI-related points.

In the 2020 LIHTC round, census tracts are assigned AOI’s on a zero-to-15 scale. Prospective applicants have inquired about how AOI-related points will be awarded in 2020.

Guidance

Both years’ AOI scales are arbitrary, with evenly spaced graduations; in other words, a census tract with an AOI of five on a zero-to-ten scale will have an AOI of 7.5 on a zero-to-15 scale, and an AOI of 50 on a zero-to-100 scale.* Under the 2020 QAP, as under the 2019 QAP, an application may be awarded no more than ten AOI-related points. Accordingly, to determine the number of AOI-related points to be awarded to an application, the relevant tract’s raw 2020 AOI will be multiplied by 0.6667, and the product will be rounded according to the rule stated in the QAP. So, for example, a 2020 AOI of 13.3 will result in an award of nine AOI-related points ($13.3 \times 0.6667 = 8.8671$, rounded to nine).

*This is not to say that a given tract’s 2020 AOI will necessarily be one and one-half its 2019 AOI exactly. Some of the data underlying AOI will have changed over time. In addition, there is not complete identity in the data sets underlying 2019 and 2020 AOI. We do expect, however, that a given tract’s 2019 AOI multiplied by 1.5 will in most cases approximate the tract’s 2020 AOI.