# 2016-2020 AMERICAN COMMUNITY SURVEY (ACS) DATA FREQUENTLY ASKED QUESTIONS

Community Development Financial Institutions (CDFI) Fund
New Markets Tax Credit (NMTC) Low-Income Communities (LIC)

FEBRUARY 1, 2024

CDFI FUND
U.S. DEPARTMENT OF THE TREASURY

# Table of Contents

# General Questions Across all Programs

Date: <mark>February 1, 2024</mark>

## 1. Why is the Community Development Financial Institutions Fund (CDFI Fund) updating the eligibility data for various programs?

The CDFI Fund is updating eligible data using the U.S. Census Bureau's 2016-2020 American Community Survey (ACS) 5-year estimates to provide more current socioeconomic and demographic data that reflect changes since the 2011-2015 ACS 5-year estimates eligibility data was posted on the CDFI Fund's website. The CDFI Fund revises program eligibility criteria to coincide with each subsequent full five-year ACS data release, which is the 2016-2020 release. This update will shift the geographic base for program eligibility data from 2010 census tracts to 2020 census tracts. Please note that the CDFI Fund will not update the eligibility data annually because of the cost and complexity in terms of compliance and Information Technology resources. The next CDFI Fund eligibility data ACS update is planned to coincide with the 2021-2025 five-year ACS data release.

## 2. I notice that some census tracts in the file have poverty or median family income listed as zero, blank, or "N/A." What is the reason for this?

The ACS data set released by the U.S. Census Bureau contains tracts with no data on poverty or income. A significant majority of these tracts have no population or a very low population. The Census Bureau was unable to estimate income or poverty for these tracts. The remainder has a population that is largely housed in group quarters, such as prisons or college dorms, which are not included in the ACS income or poverty calculations.

## 3. When will updated island area data be released?

The US Census Bureau released updated 2020 Island Area data for census tracts as part of the Demographic and Housing Characteristics File (DHC) in July 2023. <mark>The CDFI Fund released updated Island Area data as of December 19, 2023, available in Excel on the CDFI Fund website and in CIMS as of January 25, 2024. Island Areas include American Samoa, Guam, Commonwealth of the Northern Mariana Islands, and U.S. Virgin Islands. For Island areas, CDEs should continue to use 2011-2015 NMTC Low-Income Community eligibility data and follow the same transition dates outlined in question 3 below.</mark>

## 4. How is the CDFI Fund handling the changes to county equivalents in Connecticut with the 2016-2020 ACS data?

<mark>In September 2023, the Census Bureau replaced the eight county-equivalent geographic units for Connecticut with the state's Council of Governments (COGs)/planning regions. However, since this change occurred after the release of the CDFI Fund census tract eligibility data in CIMS and AMIS, and the posting of the program geographic eligibility Excel files on the CDFI Fund website, the Fund will continue to use the legacy county data for Connecticut. The Census Bureau notes that "Previously released ACS data products are not typically re-released following changes in geographic definitions." See</mark> Change to County-Equivalents in the State of Connecticut for 2022 ACS (census.gov).

# New Markets Tax Credit (NMTC) Program Low-Income Community (LIC) Data

## 1. What does the census data transition mean for the New Markets Tax Credit (NMTC) Program?

The New Markets Tax Credit (NMTC) Program is currently using American Community Survey (ACS) data, to define NMTC Program eligible Low-Income Communities (LICs). Based on the NMTC Program authorizing statute, a Low-Income Community is defined as:

> any population census tract where the poverty rate for such tract is at least 20% or in the case of a tract not located within a metropolitan area, median family income for such tract does not exceed 80% of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80% of the greater of statewide median family income or the metropolitan area median family income.

To update the list of NMTC-eligible Low-Income Communities and Areas of Higher Distress, the CDFI Fund will use the 2016-2020 ACS based on 2020 census tracts. In 2012, the ACS replaced the long-form decennial Census as the source of tract-level data on income and poverty for all states, Puerto Rico, and the District of Columbia. The 2016-2020 ACS Low-Income Community eligibility data is available in Excel format on the CDFI Fund's website.

## 2. Will the CDFI Fund's definition of Non-Metropolitan Counties change for the 2016-2020 ACS Low-Income Community eligibility data?

The CDFI Fund will rely on OMB Metropolitan Designation as of March 2020 (Bulletin 20-01) to define "Non-Metropolitan County" with respect to 2020 census tracts. The 2016-2020 ACS Low-Income Community eligibility data defines Non-Metropolitan Counties as counties not contained within a Metropolitan Statistical Area, as such term is defined in OMB Bulletin No. 20-01, available at https://www.whitehouse.gov/wp-content/uploads/2020/03/Bulletin-20-01.pdf.

## 3. Will there be a transition period for NMTC investments that were started under the 2011-2015 ACS data to be closed?

Yes. The CDFI Fund recognizes that CDEs may have already begun to structure potential QLICIs based on the older 2011-2015 ACS data.

CDEs using older 2011-2015 ACS data to qualify investments may continue to use 2011-2015 ACS data to qualify Areas of Higher Distress until directed otherwise by the CDFI Fund (see timeline below).

For investments made in the 50 states, the District of Columbia and Puerto Rico, a CDE that has been awarded NMTC allocation authority can use the following timelines for guidance on the data they should use to qualify potential investments.

- QLICIs closed (meaning an investment for which the CDE has distributed cash proceeds from a Qualified

Equity Investment (QEI) to a Qualified Active Low Income Community Business (QALICB)) before September 1, 2023, must use the 2011-2015 ACS data for determining Low-Income Community eligibility.

- QLICIs closed between September 1, 2023, and August 31, 2024, may use either the 2011-2015 ACS data or 2016-2020 ACS data for determining Low-Income Community eligibility.

- QLICIs closed on or after September 1, 2024, must use 2016-2020 ACS data applied to the 2020 census tracts for determining Low-Income Community eligibility.

## 4. Will the 2016-2020 ACS data be uploaded into the CDFI Fund's Community Impact Mapping System (CIMS) for geocoding?

Yes, all users should use CIMS to find the appropriate census tract for a given address or project location. For additional guidance on using CIMS, please refer to the CIMS page on the CDFI Fund's website and the current NMTC Compliance & Monitoring FAQ.

## 5. How can I find a specific census tract in the 2016-2020 ACS Low-Income Community Eligibility data file?

If you know the 11-digit census tract number, press "CRTL + F" to open the Find tool in Microsoft Excel. Then, enter the 11-digit tract in the Find box, and click "Find Next." This will then highlight the census tract you are looking for in the document.

## 6. Where can I find higher distress criteria for the 2016-2020 ACS Low-Income Community data?

The "2016-2020 ACS Low-Income Community Eligibility" file includes information on the census tract's poverty rate, area median income, unemployment rate, and non-metropolitan status. Information on locating other Areas of Higher Distress can be found in the current version of the NMTC Compliance & Monitoring FAQ on the CDFI Fund's website.

## 7. What information is included in the 2016-2020 ACS Low-Income Community eligibility data file?

The 2016-2020 ACS Low-Income Community eligibility data file includes the following fields:
- 11-digit census tract
- State the tract is located in
- County
- Metropolitan Statistical Area (Metropolitan or Non-metropolitan)
- Poverty rate
- Population
- Percentage of applicable Area Median Family Income
- Tract unemployment rate
- NMTC Program Eligibility (Yes/No)

More information on each of these fields is contained in the "Data Notes" tab of the data file.

## 8. How will availability of the new 2016-2020 ACS eligibility data impact currently certified CDEs that rely on eligible census tracts in maintaining Accountability requirement for CDE Certification?

Currently certified CDEs must maintain accountability to their approved service area. It is incumbent on any certified CDE, from time to time, to review their board's accountability method to ensure compliance with the Accountability requirements of CDE Certification. As of September 1, 2024, certified CDEs must use 2016-2020 ACS data applied to the 2020 census tracts to identify CDE eligible census tracts in the 50 states, District of Columbia, and Puerto Rico for the purpose of maintaining compliance with the Accountability requirement of CDE Certification. Up until September 1, 2024, certified CDEs may use either the 2011-2015 ACS data or the 2016-2020 ACS data.  For example, assume there is a certified CDE that has a three-person governing board, one of whom is an LIC Representative.  This CDE is deemed to meet the Accountability requirement because more than 20% of its governing board is LIC Representative of the CDE's Service Area.  The LIC Representative board member is a representative because (s)he is a resident of a CDE eligible census tract (based on 2011-2015 census data) in the CDE's Service Area.  The CDE is relying on the eligibility of this census tract to maintain its Accountability to the Service Area.  If this census tract is no longer CDE eligible based on 2016-2020 ACS data applied to the 2020 census tracts, as of September 1, 2024, the CDE will have to adjust its method of accountability, which may include, but not be limited to, replacing or adding an LIC Representative board member(s).

The Island Areas of the United States were not covered by the 2016-2020 ACS and the 2020 Island Area data were released on December 19, 2023. CDEs with LICs located in the Island Areas of the United States may use the 2011-2015 ACS data to identify eligible LIC Representatives for the Island Area LICs.

## 9. How will availability of the new 2016-2020 ACS eligibility data impact currently certified CDEs that wish to modify their certified Service Area?

Requests to modify certified Service Areas submitted prior to September 1, 2024, may use either 2011-2015 ACS data or 2016-2020 ACS data to identify eligible LIC Representatives in the 50 states, District of Columbia, and Puerto Rico.

Requests to modify certified Service Areas submitted on or after September 1, 2024, must use 2016-2020 ACS data applied to the 2020 census tracts to identify eligible LIC Representatives in the 50 states, District of Columbia, and Puerto Rico.

The Island Areas of the United States were not covered by the 2016-2020 ACS and the 2020 Island Area data were released on December 19, 2023. For CDEs with LICs located in the Island Areas of the United States, requests to modify certified Service Areas may use the 2011-2015 ACS data to identify eligible LIC Representatives for the Island Area LICs.

## 10. I can't find a 2010 census tract in the 2016-2020 ACS Low-Income Community data. Where is it?

The 2011-2015 ACS data is based on the 2010 census tracts while the 2016-2020 ACS data is based on the 2020 census tracts. As a part of the 2020 census, the US Census Bureau eliminated certain tracts from the 2010

census and incorporated the land area formerly covered by these tracts into new census tracts. More information on the relationships between the 2010 census tracts and the 2020 census tracts can be found the US Census Bureau's website: https://www.census.gov/geographies/reference-files/time-series/geo/relationship-files.2020.html .

If you have an address for a potential NMTC project, the simplest way to find the 2020 census tract associated with that property is to geocode the address in CIMS.

## 11. A county was considered Non-Metropolitan in the 2011-2015 ACS data, but is now listed as metropolitan in the 2016-2020 ACS Low-Income Community data. What is the reason for this change?

The CDFI Fund will rely on OMB Metropolitan Designation as of March 2020 (Bulletin 20-01) to define "Non-Metropolitan County" with respect to 2020 census tracts. The 2016-2020 ACS Low-Income Community eligibility data defines Non-Metropolitan Counties as counties not contained within a Metropolitan Statistical Area, as such term is defined in OMB Bulletin No. 20-01, available at https://www.whitehouse.gov/wp-content/uploads/2020/03/Bulletin-20-01.pdf. All census tracts in the Island Areas of the United States remain Non-Metropolitan.

## 12. Where can I find a list of tracts that are especially eligible based on the fact that they are located in High Migration Rural Counties?

The New Markets Tax Credit (NMTC) Program supports activities in eligible Low-Income Communities (LICs), which are defined by statute as population census tracts with a poverty rate of 20 percent or greater or a median family income (MFI) at or below 80 percent of the applicable area median family income (26 USC §45D(e)).

Section 223 of the American Jobs Creation Act of 2004 (P.L. 108-357, 118 Stat. 1418) amended the definition of NMTC-eligible LICs to include, among other things, census tracts in High Migration Rural Counties with a median family income at or below 85 percent of the applicable area median family income. A High Migration Rural County is any county which, during the 20-year period ending with the year in which the most recent census was conducted, has a net out-migration of inhabitants from the county of at least 10 percent of the population of the county at the beginning of such period.

The CDFI Fund has generated a list of 168 census tracts based on the 2016-2020 ACS data that qualify as eligible for NMTC investment under this special provision. On February 1, 2024, a technical correction was made to the list of high migrations tracts published in September 2023, on the Fund's website. The updated list can be found here: https://www.cdfifund.gov/documents/geographic-reports.

Note: This document does not list all eligible tracts in High Migration Rural Counties. It only lists tracts that have a median family income between 80% and 85% of the applicable median family income and are thus especially eligible under the High Migration Rural County provision.

## 13. My CDE plans to qualify a potential investment using the IRS Regulations on Targeted Populations under Section 45D(e)(2). Will the transition to the 2016-2020 American Community Survey data impact how I qualify this investment?

The only aspect of the Target Population regulations that will be impacted by the transition from the 2011-2015 ACS data to the 2016-2020 ACS data is the 120 percent income restriction. This restriction requires that, in order to be considered a QALICB under the Low-Income Targeted Population provision, an entity cannot be located in a census tract for which the median family income exceeds 120 percent of, in the case of a tract not located within a Metropolitan Area, the statewide median family income, or in the case of a tract located within a Metropolitan Area, the greater of statewide median family income or Metropolitan Area median family income. Any CDE using the IRS Regulations on Targeted Populations under Section 45D(e)(2), must use the ACS data consistent with the transition period outlined in Question 3 of this FAQ's New Markets Tax Credit (NMTC) Program Low-Income Communities (LIC) Data section.