Appendix: Data and methodology

The analysis focuses on which cities and towns in California and New Jersey receive CDBG funds through the Entitlement Program. Because the Entitlement Program targets urban areas, local governments outside metropolitan areas are not included. Counties are not included in the analysis because they have zoning authority over less land (none in New Jersey). Further, data is not available to measure housing market characteristics for unincorporated parts of counties.

"Exclusionary" cities and towns are defined primarily on housing costs, with secondary consideration of tenure and structure type. First, I identify the most expensive cities: median rent in the top quartile for the state. Second, I flag cities that have very little rental housing, multifamily housing, or low housing density (the bottom quartile in the state for at least one of those measures). Housing market data comes from the 2012-2016 American Community Survey.

The 2018 CDBG allocation for all grantees in California and New Jersey was obtained from HUD's publicly searchable database. CDBG exposure is measured both by whether the city/town receive a direct allocation, and by the amount of funds per capita.

Part of CDBG's limitation in addressing exclusionary zoning is that the Entitlement Program only allocates funds to large communities, and many of the most exclusive areas use their restrictive zoning to limit new development and population growth. However, even when looking only at large cities and towns (population above 25,000), the most exclusive communities are half as likely to receive any CDBG funds as the least exclusive communities (Appendix Table 1).

Appendix Table 1: Most exclusive cities receive little or no CDBG

	California			New Jersey		
	CDBG grantees		CDBG $/capita	CDBG grantees		CDBG $/capita
	All cities	Large cities		All cities	Large cities	
Most exclusive	17%	32%	5.0	0%	0%	0.0
Moderately exclusive	39%	58%	7.0	4%	11%	8.0
Least exclusive	36%	68%	11.1	7%	22%	14.0

Notes: Data on 2018 CDBG funds from HUD. "Most exclusive" housing markets are defined as those having rent in the top quartile statewide, and the lowest statewide quartile of rental housing, multifamily housing, or housing density. About 16 percent of cities/towns fall into the most exclusive category. "Moderately exclusive" housing markets are defined as outside the "most exclusive" group, having rent in the top half statewide, and the bottom half statewide of rental housing, multifamily housing or housing density. About 24 percent of cities/towns fall into the moderately exclusive category. The remaining communities are in the "least exclusive" category. Housing data from 2012-2016 American Community Survey. Large cities includes those with population over 25,000 in California, 15,000 in New Jersey. These cutoffs are based on the smallest city/town currently receiving CDBG in each state.

"Exclusivity" is a continuum and can be broken out into different segments, with very similar results . In Appendix Table 1, the "most exclusive" communities are in the top quarter of rents and bottom quarter of rental housing, multifamily housing, or housing density. The "moderately exclusive" communities are in the top half of statewide rents and the bottom half of rental housing, multifamily housing, or housing density. The three groups are mutually exclusive. Both the “most exclusive” and “moderately exclusive” places are less likely to receive and CDBG and receive smaller per-capita allocations than the “least exclusive” places.