



September 4, 2015

Mr. Scott Farmer
North Carolina Housing Finance Agency
2508 Bush Street
Raleigh, NC 27609

Re: North Carolina Pre-Draft 2016 Qualified Allocation Plan

Dear Mr. Farmer:

The National Housing Trust is a national nonprofit organization formed to preserve and revitalize affordable homes to better the quality of life for the families and elderly who live there. The National Housing Trust engages in housing preservation through real estate development, lending and public policy. Over the past decade, NHT and our affiliate, NHT-Enterprise Preservation Corporation, have preserved more than 25,000 affordable apartments in all types of communities, leveraging more than \$1 billion in financing.

We are committed to this work because saving affordable housing is the essential first step in addressing our nation's housing dilemma. **Preservation is integral to building and maintaining sustainable, economically vibrant and healthy communities.**

We appreciate the opportunity to submit pre-draft comments on NCHFA's 2016 Low Income Housing Tax Credit Draft Qualified Allocation Plan.

Balanced Incentives for Investing in Areas of High Opportunity and Preserving Existing Housing in Low-Income Neighborhoods. The Supreme Court's recent ruling in "Texas Department of Housing and Community Affairs v. Inclusive Communities Project" has affirmed the importance of "two reasonable approaches a housing authority should follow in the sound exercise of its discretion in allocating tax credits for low-income housing." These approaches include investing housing credits in areas of high opportunity and using them to preserve existing affordable housing in low-income neighborhoods. As Justice Kennedy wrote in the Opinion of the Court, "The Fair Housing Act (FHA) does not decree a particular vision of urban development; and it does not put housing authorities and private developers in a double bind of liability, subject to suit whether they choose to rejuvenate a city core or to promote new low-income housing in suburban communities."

North Carolina's QAP includes language preventing the use of tax credits in areas of minority and low-income concentration, absent a community revitalization plan. The Trust supports efforts to combat explicit and implicit discrimination in housing. However, it is important that NCHFA

National Preservation Initiative

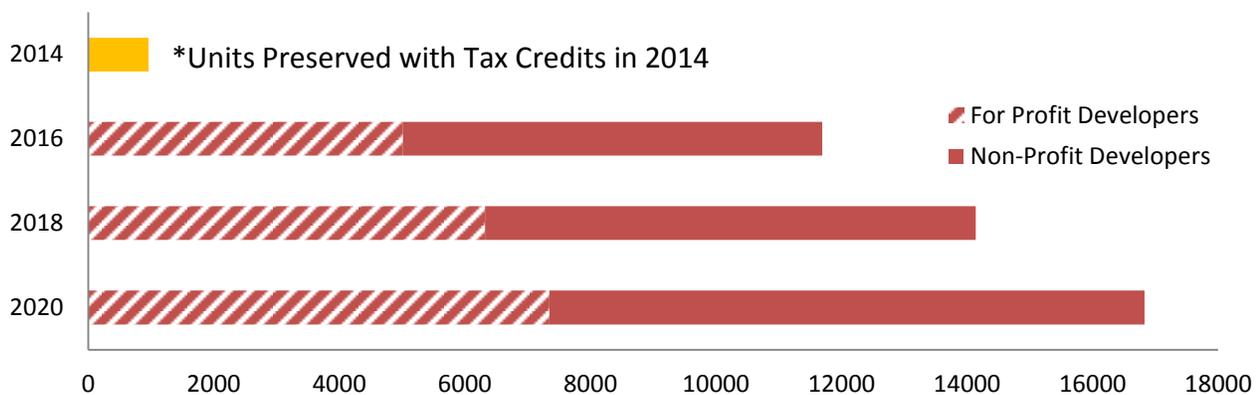
continue striving to promote access to high opportunity communities AND ensure that residents who choose to remain in neighborhoods currently experiencing distress and concentrated poverty have access to housing resources and investments that improve their housing.

Balancing the creation of new affordable housing in areas of opportunity and rehabilitating housing in distressed areas is the best way to create and maintain sustainable, economically vibrant, and healthy communities. The preservation and rehabilitation of existing affordable housing can promote housing choice by:

- Acting as a vital tool for revitalization by catalyzing investment and development in distressed neighborhoods serving racial minorities;
- Preserving affordable housing in existing communities, enabling households who choose to stay in their neighborhoods to do so.

According to the National Housing Preservation Database, there are over 10,000 federally subsidized units with contracts up for renewal in North Carolina over the next year:

Federally-Subsidized Units with Contracts up for Renewal



In so far as those units are located in distressed areas, the current language in North Carolina’s QAP restricts efforts to preserve this crucial affordable housing. While the Trust appreciates the range of preservation mechanisms in North Carolina, such as the Housing Trust Fund, we believe it is important to keep all avenues for reinvestment open, with or without a community revitalization plan. The trust strongly suggests that North Carolina reduce barriers for rehabilitation projects that seek to reinvest in distressed areas, or exempt preservation projects from the concentration eligibility criteria.

As you consider these recommendations, you can explore how other states are approaching each of these issues in their Qualified Allocation Plans by searching PrezCat (www.prezcat.org), an online catalog of state and local affordable housing preservation policies. We would be also be happy to work with you to flesh out some of these ideas, and identify options that work best for the preservation of affordable housing in North Carolina.

It is important for housing choice that states balance tax credit allocations between new construction and preservation/rehabilitation. The preservation of existing housing can help

preserve and revitalize existing communities. The National Housing Trust urges the NCHFA to continue its support for sustainable communities and the preservation of North Carolina's existing affordable housing by exempting preservation projects from the concentration eligibility criteria in your final 2016 QAP.

Thank you for the opportunity to comment on this important issue in the State of North Carolina.

Sincerely,

A handwritten signature in black ink that reads "Michael Bodaken". The signature is written in a cursive, slightly slanted style.

Michael Bodaken
President