



September 1, 2016

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

**Re: North Carolina Draft 2017 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 draft comments on NCHFA's draft 2017 Low Income Housing Tax Credit Draft Qualified Allocation Plan (QAP). The Trust supports the inclusion of a 10% rehabilitation set-aside, and encourages NCHFA to maintain it in the final 2017 QAP. The Trust would also like to offer the following comments for your consideration:

- *Balance Incentives for Areas of High Opportunity vs Preserving Existing Low-Income Housing; and*
- *Consider using Local Energy Companies.*

***Balanced Incentives for Investing in Areas of High Opportunity and Preserving Existing Housing in Low-Income Neighborhoods.*** The Supreme Court's 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.

National Preservation Initiative

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 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.

**The Trust supports a balanced approach of investing in all communities, and recognizes that may often mean preserving at-risk housing even in areas that do not have a formal community revitalization plan adopted by the local government or are located in a low-income concentrated neighborhood. The preservation of affordable housing can itself be an important generator of investment and revitalization within a distressed community.**

According to the National Housing Preservation Database, there are over 12,000 federally subsidized units with contracts up for renewal in North Carolina over the next year. In so far as those units are located in distressed areas, the current language in NCHFA's draft QAP restricts efforts to preserve this crucial affordable housing. **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.**

*The Trust also encourages NCHFA to partner with North Carolina's utilities to make energy-efficiency programs more accessible to affordable, multifamily developments.* A majority of states implement utility-funded energy efficiency programs designed to help owners invest in efficiency repairs and improvements, yet lack the capacity or expertise to effectively reach the community of affordable housing owners and developers. We recommend NCHFA work with utility companies in the state to improve energy efficiency programs and help owner's access utility-sponsored energy efficiency resources.

Energy is often the highest variable cost in affordable housing, materially affecting both owners and residents. Increasing energy efficiency in affordable rental housing is a cost-effective approach to lower operating expenses, maintain affordability for low-income households, reduce carbon emissions, and create healthier, more comfortable living environments for low-income families. **The Trust encourages NCHFA to partner with North Carolina's utilities to make energy-efficient programs more accessible to affordable, multifamily developments.**

## **Conclusion**

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](http://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 2017 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, flowing style.

Michael Bodaken  
President