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Internal Revenue Service, PO Box 7604,
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Washington, DC 20410-055

Docket Name: Investing in Qualified Opportunity Funds (REG-120186-18)

To Whom It May Concern,

The National Association of Local Housing Finance Agencies (NALHFA) appreciates the Department of Treasury (Treasury) and the Internal Revenue Service (IRS) for recently releasing a second tranche of much anticipated Opportunity Zones guidance, as this takes us one step closer to seeing projects break ground and begin to serve distressed communities. While we offer no suggestions on the second round of guidance at this time, we would like to take the occasion to illuminate how Opportunity Zones, in conjunction with already effective housing programs, could benefit local distressed communities all over the nation and can help provide some of the necessary safe, decent, and affordable housing which America is exponentially lacking.

NALHFA, founded in 1982, is the national association of professionals working to finance affordable housing in the broader community development context at the local level. As a non-profit association, NALHFA is an advocate before Congress and federal agencies on legislative and regulatory issues affecting affordable housing and provides technical assistance and educational opportunities to its members and the public. Members are city and county agencies, non-profits, and private firms, such as underwriters, consultants, financial advisers, bond counsel, and rating agencies, which help in producing housing from concept to completion.

Local housing finance agencies (HFAs), who we represent, currently manage a variety of affordable housing programs for low- to moderate-income residents and in distressed communities. They have been successful in facilitating public-private partnerships to provide vital funding to multifamily housing developments through programs such as the Low Income Housing Tax Credit (Housing Credit). Local HFAs have also worked with the Department of Housing and Urban Development (HUD) to facilitate grant programs such as Community Development Block Grant (CDBG) and the HOME Investment Partnership Program (HOME) and the Rental Assistance Demonstration (RAD) to assist in efficiently adding essential housing assistance and production to low- to moderate-income families.

Local HFAs are eager to begin layering these already proven effective housing programs into Opportunity Zone communities who desperately need further assistance. NALHFA encourages Treasury to consider producing an additional round of guidance or a final rule on Opportunity Zones including provisions to help provide the necessary regulations to permit HFAs to layer their programs within the Zones to reach deeper levels of affordability.

A priority of the local HFAs, who serve low-income residents, is ensuring that the influx of investment within Opportunity Zones doesn't displace the current residents and small businesses in the community. Opportunity Zones have the potential to build on these programs and to complement the public-private partnerships already in place, but the positive benefits of

Opportunity Zones will only be realized if the investments are targeted to truly serve low-income people and communities. Gentrifying neighborhoods that already have a high rate of poverty creates a higher possibility of the lower-income residents being quickly placed out of the affordability market. Treasury should encourage and regulate financial layering qualified Opportunity Zone investments with other forms of public finance that ensures overall public investments continue to serve a public benefit.

NALHFA is grateful for this opportunity to provide comments to Treasury while they are reviewing their Opportunity Zone guidance. NALHFA and its members are optimistic about the potential for the Opportunity Zones tax incentive to bring together public and private funds in a responsible manner to create strong neighborhoods of opportunity that welcome new residents without displacing existing residents from their communities. We are committed to working with Treasury to ensure that Opportunity Zones are successful in supporting healthy revitalization of distressed communities without displacing existing residents. If you have any questions regarding these comments, please do not hesitate reaching out to me at jpaine@nalhfa.org.

Sincerely,

A handwritten signature in black ink, reading "Jonathan Paine". The signature is written in a cursive, flowing style.

Jonathan M. Paine, CAE
Executive Director
National Association of Local Housing Finance Agencies