



**Council of Large Public Housing Authorities**

455 Massachusetts Avenue, NW, Suite 425

Washington, DC 20001-2621

**Executive Director:** Sunia Zaterman

**phone:** 202.638.1300 | **fax:** 202.638.2364

**web:** [www.clpha.org](http://www.clpha.org)

June 17, 2019

Regulations Division  
Public Finance and Regulatory Analysis Division  
Office of Policy Development and Research  
Department of Housing and Urban Development  
451 7<sup>th</sup> Street SW, Room 8216  
Washington, DC 20410-0500

Re: [Docket No. FR-6155-N-01] Review of HUD Policy in Opportunity Zones

To Whom It May Concern:

The Council of Large Public Housing Authorities (CLPHA) is a non-profit organization that works to preserve and improve public and affordable housing through advocacy, research, policy analysis, and public education. We support the nation's largest and most innovative public housing authorities (PHAs) by advocating for the resources they need to solve local housing challenges and create communities of opportunity. Our members own and manage nearly half of the nation's public housing program, administer a quarter of the Housing Choice Voucher (HCV) program, and operate a wide array of other housing programs.

We appreciate the opportunity to submit comments on Opportunity Zones and are encouraged by HUD's interest in determining the most effective ways for the Department to support private investment in economically distressed areas. PHAs have a significant presence in low-income communities and many own and operate public housing in designated Opportunity Zones, and/or subsidize private landlords in and adjacent to Opportunity Zones. PHAs also have substantial experience leveraging billions of dollars in private capital for the redevelopment and revitalization of public and affordable housing.

Because many of the census tracts that have been seen selected as Opportunity Zones are already undergoing rapid economic and demographic changes, CLPHA is concerned that Opportunity Zones have the potential to displace long-term residents. There is reasonable anxiety among many likely stakeholders that investors will primarily favor luxury or high-end development projects in already gentrifying areas as opposed to affordable housing in chronically disinvested areas, a cycle we fear could exacerbate the challenge of attracting needed investment to economically distressed communities and displace community members already experiencing barriers to local housing affordability.

To address these concerns, we recommend a series of actions, outlined below, that HUD can take to increase the likelihood that investors will use the Opportunity Zone model to develop affordable housing and provide tangible benefits to community residents. Further, we encourage the

Department to view PHAs as key stakeholders in ensuring that Opportunity Zone investments most effectively benefit economically distressed communities and their long-term residents.

**Opportunity Zones should be considered in existing competitive grant programs as appropriate.** We support the idea that HUD include preference points in competitive grant applications such as the Choice Neighborhoods Initiative when the project is located within an Opportunity Zone. This could be accomplished by adding a category within the points structure for a project with an Opportunity Zone designation, with a project being awarded full preference points or zero. Given the current capital gains deferral date of 2026, HUD should also consider expediting reviews of competitive grant applications to ensure that such investments can be maximized while the program remains available.

**Rental Assistance Demonstration (RAD) developments in Opportunity Zones should be streamlined to support blended conversions.** As PHAs contemplate conversion projects that blend RAD with Section 18 Demolition and Disposition projects, there is an opportunity to streamline this process for the many blended projects that are likely to be located within Opportunity Zones. HUD should consider ways to streamline RAD/Section 18 projects to encourage their completion in economically distressed areas.

**PHAs should be allowed to project-base vouchers above the current PBV cap when converted units will be located within an Opportunity Zone.** For many CLPHA members in areas experiencing tight rental markets and rapidly rising rents, PBV conversions are the most effective strategy for preserving affordability, particularly in gentrifying areas. As a key place-based preservation strategy, allowing PBVs above the cap in qualifying census tracts would directly contribute to the goal of local investment in economically distressed areas.

**To maximize the benefits to community residents, HUD should adopt a cross-sector approach to its participation, and leadership, in Opportunity Zones.** The most effective affordable housing programs combine housing assistance with services in health and education through a collaborative model that stabilizes residents and promotes economic mobility. CLPHA and its membership has been a leader in bringing attention to cross-sector work and in helping PHAs to discover best practices for successful service partnerships. Private investors collaborating on low-income housing developments should share a similar vision to ensure the best outcomes for assisted households. We encourage HUD to incorporate a cross-sector approach in every aspect of its participation in Opportunity Zones, including its approach to technical assistance, federal interagency efforts, and evaluation planning.

**HUD should establish an advisory group consisting of industry stakeholders to provide valuable feedback on its role in Opportunity Zones.** Many of the questions posed in this notice would receive important insight from various stakeholders, including PHAs, through a series of national listening sessions, which we urge HUD to schedule as part of its review of policies in Opportunity Zones. The listening sessions should include discussions of how PHAs plan to use the Opportunity Zone model. Many aspects of HUD's role in Opportunity Zones, particularly any future evaluation of the model's effectiveness in generating benefits to economically distressed

communities, would benefit from an advisory group of industry stakeholders that would provide guidance on evaluation and other issues.

Thank you for the opportunity to submit these comments.

Sincerely,

A handwritten signature in black ink that reads "Sunia Zatterman". The signature is written in a cursive style with a long, sweeping underline.

Sunia Zatterman  
Executive Director