



March 5, 2018

Dear North Carolina Department of Commerce,

Thank you for the opportunity to submit comments on the designation of Opportunity Zones as defined in the Tax Cuts and Job Creation Act (H.R. 1).

Together, the North Carolina Housing Coalition and the North Carolina Community Development Initiative **urge the Department of Commerce to prioritize the need for accessible, decent, and affordable housing in areas of economic growth in their selection of Opportunity Zones.**

### **Housing Opportunity within Opportunity Zones**

The national demand for rental housing has been on the rise for 12 consecutive years across income levels, and that is true in North Carolina as well. While the U.S. Department of Treasury has yet to write the rules for certifying Opportunity Funds and determining qualifying businesses and eligible properties, the program appears to be an ideal tool for attracting investment in both affordable and market rate housing. In areas of the state where there is a housing gap, particularly where there is job growth, this could be an invaluable tool.

### **Statewide Housing Need**

Nearly 1.2 million families in North Carolina pay more than 30% of their income on housing (cost-burdened) and more than 500,000 families pay more than half (severely cost-burdened). Those needs are more acute in some counties than in others. In the attached spreadsheet you will find:

- Cost-burden data broken down by renters and homeowners;
- Housing affordability data connected to Bureau of Labor Statistics salary data;
- The National Low Income Housing Coalition's 2017 Out of Reach Report that quantifies a housing wage for each county; and
- Eviction and foreclosure rates.

We are also submitting a [mapping tool](#) that documents "housing insecurity." This is a metric that attempts to quantify the most acute need by looking at four data points — percentage of cost-burdened renters; percentage of cost-burdened homeowners; percentage of eviction filings as compared to the number of cost-burdened renters; and the percentage of foreclosures as compared to the number of cost-burdened homeowners.

### **Suggested Framework Criteria That Prioritizes Housing Need**

It is crucial that housing need is a key piece of any framework that the Governor's office uses to select census tracts. That framework should take into consideration:

- Census tracts within counties that have high percentages of cost-burdened renters;
- Census tracts within counties with the highest eviction rates;
- At least 60% of selected census tracts should [be racially or ethnically concentrated areas of poverty \(R/ECAPs\)](#) as determined by the U.S. Department of Housing and Urban Development.

### **Next Steps**

In addition to the selection of census tracts, we also urge the state to establish further programmatic responses to ensure investment capital is attracted to North Carolina's zones. This will require both legislative and administrative action to attract investment in a nationally competitive process as well as ensure equitable development in the designated zones.

We also urge the Governor's office to engage in the rule-making process at the U.S. Department of Treasury once it begins to ensure the maximum investment in housing as well as program accountability.

Thank you for the opportunity to comment on the selection criteria, and we look forward to engaging further. To discuss these comments or ask any questions, please contact Samuel Gunter, Director of Policy and Advocacy at the North Carolina Housing Coalition, [sgunter@nchousing.org](mailto:sgunter@nchousing.org), 919-827-4496.

Sincerely,

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