



**NATIONAL
PRESERVATION
WORKING GROUP**

September 18, 2024

**The Honorable Julia R. Gordon
Assistant Secretary for Housing / Federal Housing Commissioner
U.S. Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410**

Dear Commissioner Gordon:

On behalf of the National Preservation Working Group (PWG), thank you for the opportunity to comment on HUD's proposal to require developers seeking a new allocation of Low Income Housing Tax Credits (Housing Credits) to waive the qualified contract (QC) option on those properties as a condition of accessing Federal Housing Administration (FHA) Multifamily loan insurance programs and Risk Share transactions. As you know, we are in the middle of a housing crisis, with a shortage of 7.3 million rental homes affordable and available to renters with extremely low incomes.¹ Meeting this need necessitates a dual pronged approach that includes both constructing new affordable housing and preserving what we already have. Closing the QC loophole is one important policy change that will protect the long-term affordability of these rental homes.

About the national Preservation Working Group

PWG is a national coalition of housing owners, developers, advocates, tenant associations, state and local housing agencies, and others dedicated to the preservation of multifamily housing for low-income families. PWG seeks to address threats to our nation's affordable housing stock – including expiring rental assistance, conversion to market rate use, deteriorating physical and financial conditions, increasing climate risk, and inequitable housing policies – and advance solutions to protect these homes and the people who live in them. In doing so, we seek to ensure that this housing remains safe, affordable, and accessible to low-income households into the future. We advocate for strong federal, state, and local program administration and increased resources, identify and disseminate best practices, and share information that protects, enhances, and

¹ National Low Income Housing Coalition, The Gap: A shortage of Affordable Homes, March 2024.
<https://nlihc.org/gap>





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preserves existing multifamily affordable rental homes to foster agency for residents. You can learn more about PWG and its members [here](#).

Comments on Proposal to Close the QC Loophole

As mission-driven affordable housing stakeholders, we appreciate the steps HUD is taking to protect thousands of units of rental housing from being lost from the affordable stock every year by closing the QC loophole and support the new Housing Notice. While this effectively eliminates the QC option for properties receiving a new allocation of Housing Credits, many older properties maintain the ability to exercise the QC option, putting these properties at risk of exiting the program after as little as 15 years. To safeguard these properties, we ask HUD to expand and strengthen its proposal by preventing owners from accessing FHA Multifamily rental and Risk Share insurance if they exercise the QC option on older properties, on which they have not previously waived the option, after December 31, 2024. While the current notice incentivizes owners of *future* properties to waive the QC option, this recommendation would mitigate the continued loss of *existing* affordable properties, too.

Again, thank you for the opportunity to comment on the recently posted Housing Notice regarding the QC loophole in the Housing Credit program. We look forward to working with HUD to advance solutions for crisis-level affordable housing supply and homelessness interventions that address our country's worst case housing needs. Please direct any questions to Laura Abernathy, Senior Director of Housing Policy with the National Housing Trust (labernathy@nhtinc.org). We look forward to our continued partnership.

Sincerely,

The National Preservation Working Group

