

February 10, 2017

Internal Revenue Service
Attn: CC:PA:LPD:PR (Notice 2016-77)
Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

RE: Notice 2016-77 | Concerted Community Revitalization Plan

Via E-Mail to Notice.Comments@irs.counsel.treas.gov

On behalf of The Philadelphia Association of Community Development Corporations (PACDC) we thank you for the opportunity to comment on the prospective guidance clarifying the requirement of § 42(m)(1)(B)(ii)(III) regarding the meaning of Concerted Community Revitalization Plan. PACDC is a membership association of more than 120 organizations in Philadelphia dedicated to equitable neighborhood revitalization. We are dedicated to advocacy, policy development and technical assistance for community development corporations and other organizations in their efforts to rebuild communities and revitalize neighborhoods.

We commend The Department of Treasury and The Internal Revenue Service (the "Service") for seeking comments regarding proposed guidance to clarify the preference provided in §42(m)(1)(B)(ii)(III) regarding Low Income Housing Tax Credit ("LIHTC") projects that contribute to a Concerted Community Revitalization Plan ("CCRP") and are located in a Qualified Census Tract ("QCT"). This required preference encourages strategic investment to revitalize low income communities while helping to avoid further unjustified concentration of affordable housing in economically depressed areas. We agree with the Service's Notice 2016-77 that in order for a CCRP to be meaningful it must contain more components than the LIHTC project itself.

There are many competing interests to balance with any approach to a national definition of a CCRP in the LIHTC program. Amongst the most important factors to consider are (1) the need to recognize that a CCRP may include more than infrastructure by addressing the service needs of community residents including vulnerable populations, (2) the extent to which the plan will help to prevent displacement and preserve access to housing choice for low income individuals, and (3) guarding against the possibility of a 'hostile' CCRP designed to impede the development of LIHTC housing in a gentrifying QCT or otherwise.

Guidance from the Service will help bring uniformity to the implementation of this preference and may have profound impacts on the siting of LIHTC housing. Such guidance on CCRP must permit sufficient local flexibility to ensure the CCRP process can be responsive to the needs of a community's population as well as its infrastructure, and dynamic enough to

prevent the CCRP process from being perverted to serve as a barrier to the development of affordable housing.

Rather than attempt to create rigid guidelines as to what does or does not constitute a valid CCRP, we recommend the Service make clear that it is the allocating agency's responsibility to independently evaluate the legitimacy of a CCRP and a proposed project's contribution to such CCRP. The Service can and should provide guidance to allocating agencies about factors that should be considered when making this independent determination. We believe that by considering the following factors, allocating agencies will be well situated to make informed decisions responsive to local conditions:

- The extent to which the CCRP is comprehensive, and provides a clear timeline and measurable outcomes for implementation.
- The extent to which the CCRP is responsive to the service needs of the community's residents including but not limited to healthcare needs, residential supportive services, access to public benefits, or education.
- The extent to which the CCRP involves expanding community access to infrastructure resources such as transportation, open spaces, commercial amenities, and housing.
- The extent to which the CCRP addresses displacement and encourages economic diversity.
- The extent to which the CCRP involved community input, including but not limited to adoption of the Plan by a local unit of government, participation of local community organizations, or evidence of resident input meetings.
- The extent to which the CCRP involves commitments of non-LIHTC public or private resources that contribute to the Plan.
- The extent to which the CCRP is of sufficient size and scope to have a significant and lasting positive impact on the community.
- The extent to which the CCRP complies with applicable civil rights laws and is responsive to the local jurisdiction's Affirmatively Furthering Fair Housing obligations.

In addition to evaluating the CCRP itself, allocating agencies should exercise their independent judgment about the proposed LIHTC project's contributions to the CCRP including:

- The extent to which the proposed LIHTC project involves the coordination of the Project's amenities with the community's needs identified in the CCRP.
- The extent to which the proposed LIHTC project will provide residents access to public amenities as may be described in the CCRP.
- The extent to which the proposed LIHTC project will contribute to the economic diversity of the community or strengthen economic opportunity in a distressed community.

By providing allocating agencies with guidance on factors to consider when evaluating a CCRP and a proposed LIHTC project's contribution to it the Service can maintain the historically successful approach of allowing allocating agencies to adapt the LIHTC program to best serve its jurisdiction while ensuring the requirements of the Code are observed. The Service should make clear that if an allocating agency engages in good faith consideration of these factors its conclusion about the CCRP will be considered in compliance with §42(m)(1)(B)(ii)(III) and not subject to further review by the IRS.

Respectfully,

Rick Sauer, Executive Director, Philadelphia Association of Community Development Corporations

John Chin, Executive Director, Philadelphia Chinatown Development Corporation

Carrie Rathmann, Director of Strategic Partnerships, Habitat for Humanity Philadelphia

Janet Stearns, Vice President of Real Estate, Project HOME

Verna Tyner, President, Tioga United

Andrew Frishkoff, Executive Director, Local Initiatives Support Corporation, Philadelphia

Chris Paul, Vice President of Development, Diamond & Associates

Mark Schwartz, Executive Director, Regional Housing Legal Services