DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–6155–N–01]

Review of HUD Policy in Opportunity Zones

AGENCY: Office of the Assistant Secretary for Policy Development and Research (PD&R), Department of Housing and Urban Development (HUD).

ACTION: Request for information.

SUMMARY: Consistent with Executive Order 13853, ''Establishing the White House Opportunity and Revitalization Council,'' this document informs the public that HUD intends to maximize the beneficial impact of investment in Opportunity Zones. HUD is reviewing its existing policies, practices, planned actions, regulations, and guidance regarding HUD-administered programs and laws to identify actions HUD can take to encourage beneficial investment, both public and private, in urban and economically distressed communities, including qualified Opportunity Zones. HUD seeks input and recommendations from the public regarding potential agency actions.

DATES: *Comment Due Date:* June 17, 2019.

ADDRESSES: Interested parties are invited to submit comments regarding this request for information. There are two methods for submitting public comments. All submissions must refer to the above docket number and title.

1. Submission of Comments by Mail. Comments may be submitted by mail to the Public Finance and Regulatory Analysis Division, Office of Policy Development and Research, Department of Housing and Urban Development, 451 7th Street SW, Room 8216, Washington, DC 20410–0500.

2. Electronic Submission of Comments. Interested persons may submit comments electronically through the Federal eRulemaking Portal at *www.regulations.gov.* HUD strongly encourages the public to submit ideas electronically. Electronic submission of ideas allows the submitter maximum time to formulate and present the suggestion, ensures timely receipt by HUD, and enables HUD to make the ideas received immediately available to the public. Suggestions submitted electronically through the *www.regulations.gov* website can be viewed by interested members of the public. Members of the public should follow the instructions provided on that site to submit suggestions electronically.

Note: To receive consideration, ideas must be submitted through one of the two methods specified above. Again, all submissions must refer to the docket number and title of the request for information.

No Facsimile Submissions: Facsimile (fax) submissions are not acceptable.

Public review of information received: All information properly submitted for consideration by HUD will be available for inspection and downloading at *www.regulations.gov.* Members of the public without ready access to the internet may request an appointment to review the information submitted by calling the Public Finance and Regulatory Analysis Division at 202–402–2967 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number via TTY by calling the Federal Relay Service at 1–800–877–8339 (this is a toll-free number). An appointment for public inspection and copying of the information must be scheduled in advance and will occur between 8 a.m. and 5 p.m. weekdays at the above address.

FOR FURTHER INFORMATION CONTACT: Daniel Marcin, Economist, Public Finance and Regulatory Analysis Division, Office of Policy Development and Research, Department of Housing and Urban Development, 451 7th Street SW, Room 8216, Washington, DC 20410–0500; telephone number 202–402–2967 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at 1–800–877–8339.

SUPPLEMENTARY INFORMATION:

I. Context: Opportunity Zones and the White House Opportunity and Revitalization Council

The 2017 Tax Cuts and Jobs Act (Pub. L. 115–97) created new tax incentives for investments made in Opportunity Zones to spur economic development and job creation by encouraging long-term investment in low-income communities nationwide. Opportunity Zones are designated census tracts that provide incentives for long-term private sector investment in economically distressed communities. State executives nominated census tracts of communities most in need of private investment to the U.S. Department of the Treasury, which then certified the tracts as Opportunity Zones. The Opportunity Zone designation encourages investment in these certified census tracts by granting investors extensive Federal tax advantages for using their capital gains to finance new projects and enterprises (or substantially improve existing projects and enterprises) located within Opportunity Zones.

Executive Order 13853 created the White House Opportunity and Revitalization Council with the HUD Secretary (or the Secretary's designee) as the Chair. This Executive Order directs the Council to:

(a) Assess the actions each Federal agency can take under existing authorities to prioritize or focus Federal investments and programs on urban and economically distressed communities, including qualified opportunity zones;

(b) Assess the actions each agency can take under existing authorities to minimize all regulatory and administrative costs and burdens that discourage public and private investment in urban and economically distressed communities, including qualified opportunity zones;

(c) Regularly consult with officials from State, local, and tribal governments and individuals from the private sector to solicit feedback on how best to stimulate the economic development of urban and economically distressed areas, including qualified opportunity zones;

(d) Coordinate Federal interagency efforts to help ensure that private and public stakeholders—such as investors; business owners; institutions of higher education (including Historically Black Colleges and Universities, as defined by 50 U.S.C. 3224(g)(2), and tribally controlled colleges and universities, as defined by 25 U.S.C. 1801(a)(4)); K–12 education providers; early care and education providers; human services agencies; State, local, and tribal leaders; public housing agencies; non-profit organizations; and economic development organizations—can successfully develop strategies for economic growth and revitalization;

(e) Recommend policies that would:

(i) Reduce and streamline regulatory and administrative burdens, including burdens on applicants applying for multiple Federal assistance awards;

(ii) Help community-based applicants, including recipients of investments from qualified opportunity funds, identify and apply for relevant Federal resources; and

(iii) Make it easier for recipients to receive and manage multiple types of public and private investments, including by aligning certain program requirements;

(f) Evaluate the following:

(i) Whether and how agencies can prioritize support for urban and economically distressed areas, including

qualified opportunity zones, in their grants, financing, and other assistance;

(ii) Appropriate methods for Federal cooperation with and support for States, localities, and tribes that are innovatively and strategically facilitating economic growth and inclusion in urban and economically distressed communities, including qualified opportunity zones, consistent with preserving State, local, and tribal control;

(iii) Whether and how to develop an integrated web-based tool through which entrepreneurs, investors, and other stakeholders can see the full range of applicable Federal financing programs and incentives available to projects located in urban and economically distressed areas, including qualified opportunity zones;

(iv) Whether and how to consider urban and economically distressed areas, including qualified opportunity zones, as possible locations for Federal buildings, through consultation with the General Services Administration;

(v) Whether and how Federal technical assistance, planning, financing tools, and implementation strategies can be coordinated across agencies to assist communities in addressing economic problems, engaging in comprehensive planning, and advancing regional collaboration; and

(vi) What data, metrics, and methodologies can be used to measure the effectiveness of public and private investments in urban and economically distressed communities, including qualified opportunity zones.

II. Overview of Opportunity Zones

There are more than 8,700 Census tracts designated by a Governor or other chief administrative official as Opportunity Zones across all 50 States, the District of Columbia, and five U.S. territories. The following are relevant data and characteristics of the Opportunity Zones and those who reside within Opportunity Zones:

- Nearly 35 million Americans live in communities designated as Opportunity Zones.
- On average, the median family income in an Opportunity Zone is 37 percent below the State median.
- More than one-in-five of all Opportunity Zones have a poverty rate over 40 percent, compared to just over one-in-eight ''low-income communities'' (LICs) and one-in-20 Census tracts nationwide.
- 71 percent of Opportunity Zones meet the U.S. Treasury Department's definition of ''severely distressed.'' [1]
- Life expectancy is on average three years shorter for Opportunity Zone residents than it is nationally.
- Approximately 22 percent of Opportunity Zone adult residents have not attained a high school diploma, compared to 13 percent nationally.

III. HUD-Supported Programs and Initiatives Within Opportunity Zones

Below is a snapshot of HUD's programs and initiatives within Opportunity Zones.[2] These statistics are being provided in order to facilitate the public's thought process—as well as generate ideas and answers to the questions asked later in this request for information—regarding HUD's existing program presence within Opportunity Zones. Most numbers are rounded to the nearest thousand. Where percentages of the total are given, those percentages exclude data for which location is unreliable or misleading.

General

○ 2,394,000 persons living in HUD-assisted housing within Opportunity Zones, representing about 27 percent of residents of HUD-assisted housing.

○ 14 proposed EnVision Center sites inside or within 1 mile of an Opportunity Zone.

Office of Public and Indian Housing (PIH)

○ 371,000 public housing units within Opportunity Zones, representing about 38 percent of the total.

○ 738,000 persons living in public housing within Opportunity Zones, representing about 39 percent of the total.

○ 2,254 public housing developments within Opportunity Zones, or about 33 percent of the national total.

○ 465,000 housing choice voucher (HCV) units within Opportunity Zones, 22 percent of the total.

○ 992,000 persons with HCVs, or 21 percent of the national total, living within Opportunity Zones.

○ 62,000 project-based voucher (PBV) units within Opportunity Zones, which is 32 percent of the total.

○ 116,000 persons living in PBV units within Opportunity Zones, representing 32 percent of the total.

○ 65 Choice Neighborhood Grants—with a total of approximately $571,643,000 in grant funding—from 2010–2016 within Opportunity Zones.[3] These are 68 percent of all Choice Neighborhood Grants and 86 percent of national Choice Neighborhood Grant spending. 46 of these grants were Planning Grants, and the other 19 were Implementation Grants.

Office of Housing

○ 337,000 project-based rental assistance (PBRA) units within Opportunity Zones, or 27 percent of the national total.

○ 548,000 persons living in PBRA units within Opportunity Zones, or 27 percent of the total.

○ 2,400 Multi-Family (MF) housing properties with Federal Housing Administration (FHA) mortgage insurance within Opportunity Zones, representing 21 percent of multifamily housing properties with FHA mortgage insurance.

○ $14,755,260,000 in unpaid principal balance for MF properties with FHA mortgage insurance within Opportunity Zones, for 17 percent of the national total.

○ 617,000 FHA-insured Single-Family properties within Opportunity Zones, or 8 percent of the total.

○ $75,353,474,000 in unpaid principal balance for Single-Family properties with FHA mortgage insurance within Opportunity Zones, or 6 percent of all Single-Family unpaid principal balance.

○ 536 healthcare facilities with FHA mortgage insurance in Opportunity Zones, representing 12 percent of all such facilities.

○ $4,017,448,000 in unpaid principal balance for healthcare facilities with FHA insurance in Opportunity Zones, representing 12 percent of the total unpaid principal balance on FHA-insured mortgages on healthcare facilities.

○ Almost one-third of Rental Assistance Demonstration (RAD) Component 1 conversions fall within Opportunity Zones.

Office of Community Planning and Development (CPD)

○ Over 1,200 cities, urban counties, States, Puerto Rico, and U.S. Territories received over $3,000,000,000 in Community Development Block Grant (CDBG) funding each year between fiscal years 2014 and 2019. Since all communities can potentially receive CDBG funding, either directly from HUD or through their respective State government, funds could be used to

[1] ''Severely distressed'' generally means a poverty rate of 30 percent or a median family income no greater than 60 percent of the area benchmark. See *The State of Socioeconomic Need and Community Change in Opportunity Zones,* Economic Innovation Group (Dec. 2018). *https://eig.org/opportunityzones/communitychange.*

[2] These statistics are current as of December 17, 2018.

[3] Grant is counted if the target area contains the center of one or more Opportunity Zone Census tracts.

assist activities and projects in Opportunity Zones nationwide.

○ There are 600 outstanding Section 108 guaranteed loans with an outstanding loan balance of $1,250,000,000 for community and economic development projects nationwide. Under the Section 108 Loan Guarantee Program, CBDG grantees nationwide have approximately $14 billion in available borrowing capacity that could potentially be deployed in Opportunity Zones.

○ Approximately $84,000,000,000 in Community Development Block Grant—Disaster Recovery (CDBG–DR) funds has been awarded since 2001 to help cities, counties, and States recover from Presidentially-declared disasters. Nearly half of this amount has been awarded in response to disasters occurring between 2015 and 2017. Since CDBG–DR assistance may fund a broad range of recovery activities, these funds could be used in eligible disaster-impacted Opportunity Zones.

○ 256,000 HOME Investment Partnerships Program (HOME) housing projects completed—with a total of approximately $2,853,095,000 in grant funds expended—from 1996–2018 within Opportunity Zones.

Office of Field Policy and Management (FPM)

○ There are 186 Opportunity Zones within HUD's 14 Urban Promise Zones.

○ An approximate numerical breakdown of Opportunity Zones throughout HUD's 10 regions:

Region I: 344
Region II: 683
Region III: 741
Region IV: 2,529
Region V: 1,339
Region VI: 1,043
Region VII: 341
Region VIII: 272
Region IX: 1,194
Region X: 278

IV. Purpose of This Request for Information

HUD has determined that it should undertake a substantive review of existing policies, practices, planned actions, regulations and guidance regarding HUD-administered programs to identify actions HUD can take to encourage beneficial investment in urban and economically distressed communities, including Opportunity Zones, while continuing to fulfill its mission to create strong, sustainable, inclusive communities and quality affordable homes for all. In conducting this review, HUD believes that it would benefit from the information and perspectives of State, local and tribal officials, experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole. HUD is, therefore, requesting information to guide and enhance this review.

VI. Specific Information Requested

To assist in HUD's approach to Opportunity Zones, HUD invites ideas and information on the following questions:

(1) How should HUD use its existing authorities to maximize the beneficial impact of public and private investments in urban and economically distressed communities, including Opportunity Zones? For example:

a. What actions can HUD take under existing authorities to prioritize or focus Federal investments and programs on urban and economically distressed communities, including Opportunity Zones?

b. What actions can HUD take under existing authorities to minimize all of the regulatory and administrative costs and burdens that discourage public and private investment in urban and economically distressed communities, including Opportunity Zones?

c. What tools can HUD provide to make local communities, investors and other stakeholders more aware of the full range of applicable Federal financing programs and incentives available to projects located in urban and economically distressed areas, including Opportunity Zones?

d. What polices could HUD implement that would help community-based applicants, including recipients of investments from Qualified Opportunity Funds, identify and apply for relevant Federal resources?

e. What policies could HUD implement that would make it easier for recipients to receive and manage multiple types of public and private investments, including by aligning certain program requirements?

(2) HUD is considering creating an information portal on Opportunity Zones. What types of information should HUD include in such a tool? How can it be made accessible to and most usable by HUD's various stakeholders and customers? If the portal includes information on Federal financing programs and incentives beyond those offered by HUD, what types of information would be most useful to include?

(3) In what ways could HUD structure preference points for Opportunity Zones and incorporate policy objectives in the rating factors for applications in discretionary grant competitions to increase the incentive to invest in Opportunity Zones? In addition, how should HUD prioritize support for urban and economically distressed areas, including Opportunity Zones, in its grants, financing, and other assistance?

(4) What types of technical assistance should be offered through HUD?

(5) What role can HUD play in helping to ensure that existing residents, businesses, and community organizations in Opportunity Zones benefit from the influx of investment and remain the focus of their community's growth moving forward?

(6) How can HUD properly evaluate the impact of Opportunity Zones on communities?

(7) How should HUD interact with other stakeholders to maximize the success of the Opportunity Zone incentive? For example:

a. How should HUD interact with officials from State, local, and tribal governments, institutions, local and regional agencies, businesses, and individuals from the private sector to most effectively encourage beneficial investment in urban and economically distressed areas?

b. How should HUD participate in Federal interagency efforts to help ensure that private and public stakeholders can successfully develop strategies for economic growth and revitalization in urban and economically distressed areas? Stakeholders might include investors; business owners; institutions of higher education (including Historically Black Colleges and Universities, as defined by 50 U.S.C. 3224(g)(2), and tribally controlled colleges and universities, as defined by 25 U.S.C. 1801(a)(4)); K–12 education providers; early care and education providers; human services agencies; State, local, and tribal leaders; public housing agencies; non-profit organizations; and economic development organizations.

c. How should Federal technical assistance, planning, financing tools, and implementation strategies be coordinated across agencies to assist communities in addressing economic problems, engaging in comprehensive planning, and advancing regional collaboration?

(8) How might Qualified Opportunity Fund investments support the goal of ending homelessness?

(9) Are there other aspects of Opportunity Zones that should be considered and are not addressed in this request for information?

Dated: April 11, 2019.

Todd M. Richardson,

General Deputy Assistant Secretary for Policy Development and Research.

[FR Doc. 2019–07682 Filed 4–16–19; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–6147–N–01]

Section 8 Housing Assistance Payments Program—Fiscal Year 2019 Inflation Factors for Public Housing Agency Renewal Funding

AGENCY: Office of the Assistant Secretary for Policy Development and Research, HUD.

ACTION: Notice.

SUMMARY: This notice establishes Renewal Funding Inflation Factors (RFIFs) to adjust Fiscal Year (FY) 2019 renewal funding for the Housing Choice Voucher (HCV) program of each public housing agency (PHA), as required by the Consolidated Appropriations Act, 2019. The notice apportions the expected percent change in national Per Unit Cost (PUC) for the HCV program, 4.00 percent, to each PHA based on the change in Fair Market Rents (FMRs) for their operating area to produce the FY 2019 RFIFs. HUD's FY 2019 methodology is the same as that which was used in FY 2018.

Applicable Date: April 17, 2019.

FOR FURTHER INFORMATION CONTACT: Contact Miguel A. Fontanez, Director, Housing Voucher Financial Division, Office of Public Housing and Voucher Programs, Office of Public and Indian Housing, telephone number 202–402–4212; or Peter B. Kahn, Director, Program Parameters and Research Division, Office of Policy Development and Research, telephone number 202–402–2409, for technical information regarding the development of the schedules for specific areas or the methods used for calculating the inflation factors. Their address is: Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410. Hearing- or speech-impaired persons may contact the Federal Relay Service at 800–877–8339 (TTY). Other than the ''800'' TTY number, the above-listed telephone numbers are not toll free.

SUPPLEMENTARY INFORMATION:

I. Background

Division G, Title II of the Consolidated Appropriations Act, 2019 requires that the HUD Secretary, for the calendar year 2019 funding cycle, provide renewal funding for each public housing agency (PHA) based on validated voucher management system (VMS) leasing and cost data for the prior calendar year and by applying an inflation factor as established by the Secretary, by notice published in the **Federal Register**. This notice announces the availability of the FY 2019 inflation factors and describes the methodology for calculating them. Tables in PDF and Microsoft Excel formats showing Renewal Funding Inflation Factors (RFIFs) by HUD Fair Market Rent Area are available electronically from the HUD data information page at: *https://www.huduser.gov/portal/datasets/rfif/rfif.html.*

II. Methodology

RFIFs are used to adjust the allocation of HCV program funds to PHAs for local changes in rents, utility costs, and tenant incomes. To calculate the RFIFs, HUD first forecasts a national inflation factor, which is the annual change in the national average Per Unit Cost (PUC). HUD then calculates individual area inflation factors, which are based on the annual changes in the two-bedroom Fair Market Rent (FMR) for each area. Finally, HUD adjusts the individual area inflation factors to be consistent with the national inflation factor.

HUD's forecast of the national average PUC is based on forecasts of gross rent and tenant income. Each forecast is produced using historical and forecasted macroeconomic data as independent variables, where the forecasts are consistent with the Economic Assumptions of the Administration's FY 2019 Budget. The forecast of gross rent is itself based on forecasts of the Consumer Price Index (CPI) Rent of Primary Residence Index and the CPI Fuels and Utilities Index. Forecasted values of these series are applied to the FY 2019 national average two-bedroom FMR to produce a CY 2019 value. A ''notional'' PUC is calculated as the difference between gross rent value and 30 percent of tenant income (the standard for tenant rent contribution in the voucher program). The change between the forecasted CY 2019 notional PUC and the CY 2018 notional PUC is the expected national change in PUC, or 4.00 percent. HUD uses a notional PUC as opposed to the actual PUC to project costs that are consistent with PHAs leasing the same number and quality of units. For more information on HUD's forecast methodology, see 82 FR 26710.

In cases where the FY 2019 FMR is not based on an ad hoc rent survey, the inflation factor for an individual geographic area is based on the annualized change in the area's FMR between FY 2018 and FY 2019. These changes in FMRs are then scaled such that the voucher-weighted average of all individual area inflation factors is equal to the national inflation factor, *i.e.,* the expected annual change in national PUC from CY 2018 to CY 2019, and such that no area has a factor less than one. For PHAs operating in multiple FMR areas, HUD calculates a voucher-weighted average inflation factor based on the count of vouchers in each FMR area administered by the PHA as captured in HUD administrative data as of December 31, 2018.

In 2018, HUD sought comment on potential alternatives to calculate renewal funding inflation factors for areas with an FMR that is based on an ad hoc rent survey (see FR–6099–N–01). In recent years, the use of surveys has resulted in large inflation factors in the first year an ad hoc survey is used in the FMR calculation, followed by much smaller inflation factors even as the underlying survey remains in effect. Commenters generally stressed the importance of including ad hoc surveys in the inflation factor calculation to ensure agencies that face higher per unit costs also receive higher funding. Therefore, HUD is continuing to use its existing methodology of incorporating ad hoc surveys in the calculation of inflation factors. HUD will also track and evaluate the impacts of very large increases in inflation factors.

III. The Use of Inflation Factors

HUD subsequently applies the calculated individual area inflation factors to eligible renewal funding for each PHA based on VMS leasing and cost data for the prior calendar year.

IV. Geographic Areas and Area Definitions

As explained above, inflation factors based on area FMR changes are produced for all FMR areas and applied to eligible renewal funding for each PHA. The tables showing the RFIFs, available electronically from the HUD data information page, list the inflation factors for each FMR area on a state-by-state basis. The inflation factors use the same OMB metropolitan area definitions, as revised by HUD, that are used in the FY 2019 FMRs. PHAs should refer to the Area Definitions Table on the following web page to make certain that they are referencing the correct inflation factors: *http://www.huduser.org/portal/datasets/rfif/FY2019/FY2019_RFIF_FMR_AREA_REPORT.pdf.* The Area Definitions