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DUTY TO SERVE

Climate Resiliency Incentives in LIHTC Qualified Allocation Plans

Duty to Serve | July 2022

Executive Summary

Between 1980 and 2021, the United States experienced 323 large-scale natural disasters that resulted in over $2.1 trillion of damage.[1] With the increasing severity and cost of disasters comes an increased focus on climate resiliency[2] of the existing housing stock and new construction.

In our 2021 Duty to Serve report, *Resiliency Efforts in Affordable Multifamily Housing*, we examined climate resiliency and how public and private programs can improve climate resiliency of affordable housing. In this report, we take a deeper look at how climate resiliency measures are factored into the federal Low-Income Housing Tax Credit (LIHTC) program, which supports the development and rehabilitation of affordable housing.

The LIHTC program administers tax credits to affordable housing projects through each state's Qualified Allocation Plan (QAP). The scale of the program is expansive: Since 1987, the LIHTC program has financed 3.6 million affordable units.[3] State QAPs influence these properties by incentivizing a variety of public policy priorities, such as climate resiliency. Researching the provisions in LIHTC QAPs can provide insight on how to increase resiliency for low-income renters while maintaining affordability. A property with resilient improvements and design has a greater likelihood of withstanding a natural disaster. This allows more residents to remain safe in their homes and lowers the risk of tenant displacement and the need for temporary housing. In this report, we analyze all 50 states and Washington, D.C.'s LIHTC QAPs[4] and identify different resiliency approaches that 1) mitigate the effect of disasters (hazard-resistance) and/or 2) bolster recovery efforts (recovery) after disasters occur. References in this paper to 'state QAPs' or 'states' pertain to all 50 states and Washington D.C.

In our research, we consolidate and synthesize information from LIHTC QAPs with the intention of identifying emerging trends on climate resiliency for affordable multifamily properties. We focus on identifying the two types of resiliency incentives mentioned in QAPs: hazard-resistant[5] provisions (or "proactive" approaches) and recovery provisions (or "reactive" approaches). This research can serve as a tool for policymakers and stakeholders who are looking to increase property resiliency in support of low-income renters. Through this consolidation, we found:

- Most QAPs include provisions that address climate resiliency through a variety of policy mechanisms:
    - 32 have hazard-resistant provisions.
    - 27 have recovery provisions.
    - 17 have both provision types.

[1] https://www.ncei.noaa.gov/access/billions/summary-stats
[2] For purposes of this paper, the terms "climate resiliency" and "resiliency" are used interchangeably.
[3] https://www.novoco.com/notes-from-novogradac/creating-nhtc-expanding-lihtc-could-finance-nearly-1-million-affordable-homes-help-address-inflation
[4] We sought the most recent QAP available at the time of our research. Some QAPs applied to 2022, but for others the most recently available applied to prior years.
[5] A hazard-resistant building code is a code with "provisions that provide a minimum level of building protection against natural hazards." See p. 21 of Building Codes Save: A Nationwide Study, FEMA, November 2020. In our paper, hazard-resistance applies more broadly than it does in FEMA's 2020 paper.

- In the QAPs, we identified the following hazard-resistant measures across four disaster types:

	Drought/Water Conservation	Wildfire	High Winds/ Hurricane	Flooding
Provision Types	Drought-tolerant landscaping Water-efficient fixtures Irrigating with reclaimed greywater	Firewise USA® design principles[6] encouraged in areas susceptible to wildfires Window coverings must be provided, which may include fire-retardant drapes or blinds	Backup systems for power and access to potable water Storm doors, storm windows and storm shelters	Prohibiting or penalizing construction in a 100-year floodplain Building elevation requirements if in a floodplain Mandated compliance with the National Flood Insurance Program (NFIP)

- QAPs with disaster-recovery provisions include incentives to rehabilitate or rebuild affordable housing after disasters, either through set-asides (or pools), Community Development Block Grant (CDBG) program funding, scoring rules and/or a basis boost.

[6] Firewise USA® is a series of best practices to help make a structure less likely to be damaged from fire or wildfire. Examples of these best practices include using fire-resistant siding, such as brick or plaster, and limiting the amount of flammable vegetation that is 0 -100 feet from the structure.

How States Incentivize Climate Resiliency through LIHTC QAPs

One of the most popular vehicles for funding affordable multifamily housing is through the LIHTC program. The program provides multifamily property owners with dollar-for-dollar reductions in federal taxes via tax credits, which are then sold to obtain project funding. In exchange for the credits, the property must maintain rent and income restrictions for 30 years or more.[7] Oftentimes, building these properties would not be economically feasible without LIHTC funding. The LIHTC program does more than just create affordable housing and preserve affordability — it allows states to focus on policy priorities by influencing property characteristics.

Every year the federal government allocates these credits based on each state's population. Tax credits are therefore limited — and highly sought after.[8] Although there are some federal requirements that all LIHTC properties must meet, states have broad authority to decide which of their values and priorities are used to select which property proposals receive LIHTCs. As a result, each state has a ranking system for choosing the projects that receive tax credits. The basic requirements, priorities and criteria for choosing LIHTC properties are outlined in each state's QAP, which is typically created by each state's Housing Finance Authority (HFA).

While all QAPs are required to outline how each HFA chooses to award LIHTCs, states have discretion regarding the weight they give to different property traits and features. These weights are structured around several categories: eligibility requirements, points scoring, credit set-asides and basis boosts.

First, there are minimum eligibility requirements that apply to every application and must be met for the HFA to consider the application. For example, the Nevada QAP requires that all new construction projects have water-efficient shower heads, bath faucets and toilets that meet the WaterSense®[9] standard or equivalent.[10] Other examples can range from minimum accessibility requirements at a property to restrictions on where a project can be sited based on economics, environmental conditions or other factors.

Second, QAPs use a scoring system that awards points based on their own rubric, with the highest scoring properties receiving tax credits. Additionally, scoring may build on the minimum eligibility requirements. Using the previous water-efficiency example, a QAP may have minimum water-use requirements while also awarding points for water-efficiency features that go beyond the minimum. Such is the case for the 2022 Nevada QAP, which in addition to its basic water-efficiency minimums, also

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[7] Terms of restrictions are as follows: 20% of units at 50% area median income (AMI) or 40% of units at 60% AMI, or at least 40% of the units must be occupied by tenants with an average income of no more than 60% of AMI and no units have tenants with an income greater than 80% of AMI.
[8] There are two types of LIHTC: 9% and 4%. The 9% credits are the most sought after and the type we refer to in this paper.
[9] WaterSense is an EPA-sponsored standard for water efficiency in typical water fixtures: https://www.epa.gov/watersense/about-watersense
[10] 2022 Nevada QAP, p. 42, under "Final 2022 QAP": https://housing.nv.gov/Programs/LIT/QAP/Qualified_Allocation_Plan/

awards points for xeriscape landscaping, the practice of designing landscapes to reduce or eliminate the need for irrigation.[11,12]

The third category is set-asides, which are minimum thresholds on the amount of funding the HFA allocates to a specific property type. For example, there is a federal set-aside that requires at least 10% of all tax credit funds be awarded to properties with nonprofit sponsors.[13] In Oklahoma, the HFA elected to exceed this minimum by setting aside 15% of their funds for nonprofit sponsors.[14] Set-asides are a potent way of prioritizing and incentivizing a certain type of property characteristic.

Fourth, basis boosts allow projects to receive more tax credits. The amount of funding a project can receive is based on certain qualifying project costs. The basis boost grants a percentage increase in qualifying project cost, thus granting the project a higher credit allocation. Basis boosts are frequently granted for federally mandated priorities, such as building in a Difficult Development Area or Qualified Census Tract.

These four methods for encouraging particular property characteristics interact with one another; scoring may build off minimum eligibility requirements and is typically done within set-aside groups, with projects in each set-aside competing for the most points.

State QAPs include different ways a property can obtain points or gain priority, with climate resiliency measures being one of those features.

[11] p. 24
[12] https://education.nationalgeographic.org/resource/xeriscaping
[13] See p. 61 of https://www.irs.gov/pub/irs-utl/IRC_42.pdf
[14] The Oklahoma 2022 QAP, p. 9., under “2022 Application Instructions”: https://www.ohfa.org/affordable-housing-tax-credits/

State Views of Hazard-Resistance and Recovery

Through our analysis of all 51 QAPs, we identified which QAPs utilize hazard-resistance and recovery provisions: We identified QAPs as having resiliency provisions if they have at least one such provision in their QAP that incentivizes or requires resiliency measures in a definitive, legally binding way (marked as a black 'X' in Table 1b).

We also found language in the QAP that discusses the need or importance of resiliency without stating specific enforceable rules or bonuses (marked as an orange 'O' in Table 1b). For example, the South Carolina QAP states, "housing must be constructed to mitigate the impact of potential disasters [....] in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish."[15] Although such a provision has no additional impact over existing rules outside the QAP, it does indicate the additional attention given at the state level.

Additionally, the weight of QAP provisions varies immensely depending on the priorities of each state. For example, one state may give a larger scoring bonus than another state for the same type of property improvement. Detailed information on which provisions we counted and tracked for our results is shown here.

States can also provide credit through QAPs for projects that are Enterprise Green Communities (EGC) certified. EGC is a national green-building program created with and for the affordable housing sector and contains mandatory and optional hazard-resistant criteria as part of the certification, which are detailed in our analysis below.

Some QAPs award credit for projects that are EGC certified. The EGC criteria[16] does not contain any disaster recovery items; we therefore do not count EGC as a recovery provision. The EGC criteria does contain several items relevant to hazard-resistance, which will be detailed in a later discussion of our findings.

In this report, we first discuss our results for hazard-resistance then for recovery provisions. In each of the two categories, we group the provisions by state priorities and discuss how these groups are incentivized in the QAPs. Our summary findings are presented in the tables below.

Table 1a shows a summary of our national results by provision type. Table 1b shows the state-by-state breakdown of our analysis.

Table 1a: State QAP Climate Resiliency Incentives: Summary of Results

	Hazard Resistance				***Recovery***				
	Eligibility	**Scoring**	**Set-Aside**	**Basis Boost**	**Eligibility**	**Scoring**	**Set-Aside**	**Disclaimer**	**Basis Boost**
# of States	23	18	0	1	4	11	8	13	1
Total # of States	32				27				

[15] The 2021 South Carolina QAP, p. 74: https://www.schousing.com/library/Tax%20Credit/2021/2021%20Qualified%20Allocation%20Plan.pdf
[16] https://www.greencommunitiesonline.org/sites/default/files/2020_green_communities_criteria_checklist.pdf

Table 1b: State QAP Climate Resiliency Incentives: Breakdown of Results

State	*Hazard Resistance*				*Recovery*				
	Eligibility	Scoring	Set-Aside	Basis Boost	Eligibility	Scoring	Set-Aside	Disclaimer	Basis Boost
Alabama		X				X			
Alaska									
Arizona	X	X						X	
Arkansas		X							
California	O			X	X	X			
Colorado	X								
Connecticut	X	X							
Delaware	O								
Florida								X	
Georgia	X						X		
Hawaii		X							
Idaho	X								
Illinois									
Indiana	X							X	
Iowa	X				X		X		
Kansas							X	X	
Kentucky									
Louisiana	X				X		X		X
Maine									
Maryland								X	
Massachusetts	O	X							
Michigan							X		
Minnesota	X								
Mississippi		X							
Missouri	X					X			
Montana									
Nebraska							X		
Nevada	X	X				X			
New Hampshire									
New Jersey		X							
New Mexico								X	
New York					X				
North Carolina						X		X	
North Dakota		X						X	
Ohio	X					X			
Oklahoma	O	X							
Oregon	X					X	X	X	
Pennsylvania		X						X	
Rhode Island									
South Carolina	O	X				X		X	
South Dakota	X	X							
Tennessee							X		
Texas	X	X				X			
Utah								X	
Vermont						X			
Virginia		X							
Washington									
Washington, D.C.	X								
West Virginia	X					X			
Wisconsin		X							
Wyoming	X	X						X	

The hazard-resistance provisions are enacted through their different incentive types: eligibility requirements, points scoring, set-asides, disclaimers and/or a basis boost. Disclaimers indicate that a state can amend, disregard, modify or withdraw any section of the QAP, including selection criteria, that interferes with an appropriate response.

For hazard-resistance, 23 QAPs had provisions or language on eligibility requirements, 18 had scoring bonuses, zero had set-asides and one had a basis boost (California). Five states have both eligibility and scoring provisions present in their QAPs.

For recovery provisions, we see fewer eligibility and scoring provisions (four and 11, respectively), but also the existence of set-aside and disclaimer provisions (eight and 13, respectively), which were not present in the hazard-resistance category. Below we present detail on different provisions types, how they vary by state and the disasters they seek to address.

Analysis of Hazard-Resistance Provisions

Mitigating the physical impact of natural disasters on multifamily housing can provide greater housing stability for renters. Through our analysis, we found that 32 QAPs contained hazard-resistance provisions or language for the creation or rehabilitation of LIHTC properties. We categorized these QAPs into at least one[17] of several groupings based on the types of provisions they had:

- Water conservation or drought resistance
- Wildfire protection
- Flooding mitigation, management or avoidance
- Storm-resistant building improvements, preparations or backup systems
- EGC certification

[17] Totals may not add up due to some QAPs fitting into more than one category.

Water Conservation or Drought Resistance

In our analysis, we found that eight QAPs contained water-conservation or drought-resistance provisions. An example of a drought provision can be seen in the Arizona QAP, which states that, as a Mandatory Design Standard, each "…. project must use xeriscaping. Internally located lawn areas of minimal size are permitted for specific uses, such as play areas."[18] Comparatively, the QAPs for Nevada (2022) and Wyoming (2021) encourage similar xeriscaping and landscaping measures through scoring bonuses. Other examples in this category include scoring bonuses and eligibility requirements for water-efficient fixtures (South Dakota and Oklahoma). California's QAP was unique in that it granted a 1% basis boost to properties that irrigate with reclaimed water, greywater or rainwater.[19] In Texas, where the total cost of drought has been greater than in any other state,[20] the state QAP provides a hazard-resistance scoring incentive for water efficiency: Properties that include Environmental Protection Agency (EPA) WaterSense or similarly qualified toilets, shower heads and/or faucets in all bathrooms receive points, as do properties that include rainwater harvesting or collection systems.

Water Conservation or Drought Resistance	Arizona	California	Idaho	Nevada	Oklahoma	South Dakota	Texas	Wyoming
Xeriscaping and/or drought-resistant landscaping	X		X		X	X		X
Irrigating with reclaimed water/greywater		X					X	
Water-efficient appliances (esp. WaterSense)				X	X	X	X	

[18] 2022 Arizona QAP, p. 36: https://www.novoco.com/sites/default/files/atoms/files/arizona-lihtc-qap-2022-2023-final-11302021.pdf
[19] 2022 California QAP, p. 83: https://www.novoco.com/sites/default/files/atoms/files/california-lihtc-2021-regulations-06162021.pdf. The language states that properties can irrigate exclusively with reclaimed water or in an amount that "annually equals or exceeds 20,000 gallons or 300 gallons per unit, whichever is less."
[20] https://www.ncei.noaa.gov/access/billions/mapping

Wildfire Protection

There were two QAPs that contained wildfire protection provisions. The California QAP states that project owners must provide window coverings, which "may include fire retardant drapes or blind[s]";[21] and the Arizona QAP contained language on fire protection citing that Firewise design principles are "recommended in areas susceptible to wildfires."[22] Neither of these provisions require that projects must include or benefit from including these items.

Wildfire Protection	Arizona	California
Firewise USA® design principles are "recommended in areas susceptible to wildfires"	X	
Window coverings may be fire-retardant drapes or blinds		X

Flood Mitigation, Management or Avoidance

Some of the flood provisions involved prohibiting projects in floodplains, especially 100-year floodplains, unless the project can meet certain flood-mitigation requirements. In Louisiana's case, all projects are required to adhere to specific criteria of the NFIP, even if they are not already in the program.[23] Arkansas was unique in that their QAP deducted points for projects near site topography issues, such as floodplains or wetlands.[24]

Flood Mitigation, Management or Avoidance	Arkansas	Delaware	Iowa	Louisiana	Texas	West Virginia	Wyoming
If a project is located in a 100-year floodplain, finished floor elevation must be one or two feet above the floodplain			X		X	X	
Point deduction for proximity to a floodplain	X						
Mandated compliance with a national flood regulation				X	X		
Encouragement or requirement for locally designed flood mitigation efforts (stormwater management, Low-Impact Development)		X			X		

[21] 2022 California QAP, p. 64: https://www.novoco.com/sites/default/files/atoms/files/california-lihtc-2021-regulations-06162021.pdf
[22] 2022 Arizona QAP, p. 36: https://www.novoco.com/sites/default/files/atoms/files/arizona-lihtc-qap-2022-2023-final-11302021.pdf
[23] Properties must adhere to the NFIP criteria under 44 CFR 60.3, which includes a variety of flood mitigation measures. See p. 15 of the 2022 Louisiana QAP: https://www.lhc.la.gov/hubfs/2022-2023%20QAP%20Final%20as%20of%2007-14-21.pdf
[24] The 2022 Arkansas QAP states there is no limit on the number of points that can be deducted, but that at least two points are deducted if incompatible uses are within 0.3 linear miles of the project. These uses may or may not pertain to the aforementioned floodplains and wetlands. See pgs. 26-27: https://www.novoco.com/sites/default/files/atoms/files/arkansas-lihtc-qap-2022-final-12062021.pdf

Projects are not allowed to be in a 100-year floodplain							X

Storm-Resistant Building Improvements, Preparations or Backup Systems

Four state QAPs contained specific provisions to mitigate against storms and hurricanes. These provisions appear in the form of scoring bonuses for resilient backup power and water systems (Connecticut), as well as scoring or eligibility requirements for storm doors, storm windows or storm shelters/safe rooms (Mississippi, Alabama and Oklahoma).

Storm-Resistant Building Improvements, Preparations or Backup Systems	Alabama	Connecticut	Mississippi	Oklahoma
Storm shelter, storm doors, storm windows	X		X	X
Backup power for critical systems, emergency lighting, access to potable water		X		

EGC Certification

Some state QAPs award credit for projects that are EGC[25] certified. Many states utilize only EGC certification and do not include any provisions for the other abovementioned categories. This EGC-only grouping accounted for 15 QAPs. There were also states that had EGC certification in addition to other provisions that fit into at least one of the categories above: There were five such QAPs. To obtain EGC certification, the project must comply with a checklist of items, some of which are mandatory (M) or can be chosen among a set of additional points opportunities (P) for new construction and substantial/moderate rehab projects. In nearly all the QAPs that have EGC certification considerations, it is presented equally alongside several other green/sustainable building certification options from which developers can choose to either receive additional points or meet minimum requirements.

There are some hazard-resistance measures used in the EGC certification. These EGC provisions are as follows:

- Resilient Communities: Multi-Hazard/Vulnerability Assessment (P)
- Sensitive Site Protection (M)
- Ecosystem Services/Landscape (M)
- Surface Stormwater Management (M, P)
- Efficient Irrigation and Water Reuse (M, P)
- Water-Conserving Fixtures (M)
- Advanced Water Conservation (P)
- Access to Potable Water During Emergencies (P)
- Resilient Energy Systems: Floodproofing (P)
- Resilient Energy Systems: Critical Loads (P)

[25] https://www.greencommunitiesonline.org/sites/default/files/2020_green_communities_criteria_checklist.pdf

Analysis of Recovery Provisions

In addition to how a community or property withstands a natural disaster, another strong indicator of resilience is how a community recovers from a natural disaster. Communities across the country have experienced floods, hurricanes, wildfires and droughts. Recovery provisions are important as they help communities rebuild by providing housing to those in need while maintaining affordability. These provisions typically support the creation or rehabilitation of projects in the year(s) following a natural disaster. In several states that are heavily affected by one or more types of natural disasters, provisions exist within the QAP to help properties recover from these disasters.

Just over half of the QAPs (27 out of 51) included recovery provisions in their plans, with 24 having no mention of recovery in response to a natural disaster. Like states that included hazard-resistance provisions in their QAP, states that included recovery provisions did so through a variety of incentive types: eligibility requirements, scoring, set-asides, disclaimers and a basis boost.

Four states have set-asides for housing recovery after a major disaster declaration, including Georgia, Iowa, Louisiana and Michigan. The Iowa Finance Agency has allocated a disaster recovery set-aside of $1,012,000 for projects in counties with presidentially declared disasters. Louisiana is the only state that has a set-aside for tax credits to be used for the recovery of a specific natural disaster; the set-aside is for the rebuilding of properties that were damaged because of hurricanes in 2020. Louisiana has historically experienced among the most economic damage due to severe storms and tropical cyclones.[26] Projects funded by a disaster recovery set-aside must still adhere to other eligibility requirements of a state's QAP.

Twelve states include a potential set-aside or scoring incentive for a disaster recovery response. For example, in Alabama, the state offers a scoring incentive for funds from an Alabama HFA-approved source, such as a USDA Rural Development fund, CHOICE Neighborhood Home fund and a Federal Home Loan Bank for Affordable Housing Programs, which includes the possibility of points for a disaster recovery response. In Nevada, there is a set-aside available for "affordable housing incentives," which includes the possibility of funds to be allocated for projects that have used a Community Development Block Grant for Disaster Recovery (CDBG-DR).

Thirteen states have a disclaimer in their QAPs stating that in the event of a natural disaster, the state HFA can disregard the set-aside and scoring rules in the QAP to allocate disaster recovery assistance where appropriate.

Some of these QAP provisions may seem limited, especially when considering the extent that some states are exposed to these dangers. However, many localities already have their own building regulations aimed at addressing natural disasters specific to their area.

[26] https://www.ncei.noaa.gov/access/billions/events/LA/1980-2021

Resiliency Requirements Outside of QAPs

Although our analysis for this paper was strictly on the rules outlined in QAPs, it is worth noting that LIHTC properties are still subject to state and local laws, regulations and ordinances. Primarily through building codes and some grant programs, these rules may create additional requirements that were not explicitly mentioned in the QAPs but still apply to LIHTC properties. Some QAPs emphasize that LIHTC properties must comply with state and local building regulations, with bonuses granted for efforts that exceed or meet those minimum standards.

Building codes provide a minimum level of statewide safety and building guidance and are often modeled on the International Building Code (IBC), though there is wide variation among states which may then allow local jurisdictions to amend their codes for their more specific needs.[27,28] Although LIHTC properties must abide by local requirements, such requirements are not explicitly captured in all QAPs.

More specifically, state or local policies may require hazard resistance that is not discussed in state QAPs and therefore not captured in our analysis above. For example, Florida has its own code called the Florida Building Code (FBC). Despite no mention of hazard resistance in their 2021 QAP, the FBC is among the most stringent in the country for making buildings more hurricane resistant. Florida's requirements go beyond those of the IBC.[29]

Many QAPs explicitly acknowledge the effect of state and local rules without detailing what those rules are. For example, the 2022 Louisiana QAP simply states that "projects must also meet all local standards for floodplain management."[30,31]

A specific policy tool outside of QAPs is the Coastal Construction Code Supplement, which was developed in 2011 and serves as an addendum to standard building codes. This additional code is focused on mitigating damage from severe weather events. In Alabama, over 70% of coastal jurisdictions (19 of 27 in Mobile/Baldwin Counties) have adopted and currently enforce the Coastal Construction Code Supplement.[32]

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[27] https://ibhs.org/wp-content/uploads/RatingtheStates_2021.pdf
[28] Shows the extent to which states and counties have adopted the recent 2018 IBC/IRC: https://stantec.maps.arcgis.com/apps/MapSeries/index.html?appid=a053ac48343c4217ab4184bc8759c350
[29] The exceptionalism of the FBC is reflected in their requirements for wind testing, sealed roof underlayment and updated wind-speed mapping, see:
https://ibhs.org/wp-content/uploads/RatingtheStates_2021.pdf
https://www.ecf-fl.org/page-403339/9157506
https://www.floridabuilding.org/fbc/thecode/2020_7edition/Roofing_Fact_Sheet-2_column_format052820Final.pdf
https://ibhs.org/public-policy/code-development-activities/
https://www.ecf-fl.org/resources/Documents/ECF%20FBC%20Analysis%20of%20Changes%20-%20Wind%20Load%20-%206%20Pages.pdf
[30] Additionally, all projects located in a national flood hazard zone must meet the NFIP criteria in 44 CFR 60.3. See p.15 of the 2022 Louisiana QAP: https://www.lhc.la.gov/hubfs/2022-2023%20QAP%20Final%20as%20of%2007-14-21.pdf
[31] Another example is Tennessee's QAP, which states that all projects must "comply with all applicable local building codes or State adopted building codes in the absence of local building codes" (p. 37).
[32] Per Smart Home America correspondence on 04/28/2022.

Another resiliency standard outside of QAPs is the FORTIFIED Multifamily™ certification released in January 2022. This certification has standards similar to those of the Coastal Construction Code Supplement. In Louisiana, there are already over a dozen CDBG properties being developed under the FORTIFIED Multifamily standard, thus ensuring that these multifamily properties are built to better withstand severe weather events in the future.

Conclusion

As climatic events become more frequent and more severe, so does their destruction and disruption to affordable multifamily housing. These natural disasters challenge stakeholders to implement preventative measures before a natural disaster happens and to support recovery afterward. Proactive improvements may reduce the need for expensive recovery efforts after a disaster; however, this hazard resistance requires an upfront investment that may normally be unaffordable for low-income housing developments.

Through QAPs, funding affordable multifamily housing with LIHTC can incentivize more resiliency measures. Our analysis shows that over half of all QAPs have at least some proactive hazard-resistant provisions and that 27 have reactive recovery provisions. These provisions can vary by the problems they address, sometimes in alignment with the types of natural disasters expected in those states. Additionally, the strength of these provisions can vary, with some giving more of an incentive than others to implement resiliency measures on LIHTC properties. Though in some ways we are at the beginning of a growing focus on resiliency, our findings in this paper highlight a variety of practical property-level measures that may help properties mitigate disaster risk and improve recovery.

For additional information, contact:
Jessica Shoemaker
Manager
jessica_shoemaker@freddiemac.com

Samantha Lerner
Professional
samantha_lerner@freddiemac.com

Erik Rosenbaum
Professional
erik_rosenbaum@freddiemac.com

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Freddie Mac's 2022-2024 Duty to Serve Underserved Markets Plan is an important component of this work. The Plan describes our integrated, comprehensive and sustainable approach to setting standards and taking action for the benefit of underserved communities across the country. View our 2022-2024 Duty to Serve Plan to learn more.