

PRINCIPLES FOR RESPONSIBLE HOUSING INVESTMENTS

Prior to making an investment, whether direct or through a commingled fund (a fund which includes investments from different investors), the North Carolina Treasurer shall determine if that investment will be used to acquire housing in North Carolina.

If it is determined that the investment will or may be used to acquire housing in North Carolina, the Treasurer shall take steps to determine its housing investment will not negatively impact North Carolina residents, such as by driving up rents, displacing tenants, or squeezing out homebuyers.

In order to ensure that its investment will not negatively impact the North Carolina housing market, the Treasurer should require that the owner of any property in which the North Carolina Retirement System is invested, whether directly or through a commingled fund, commit to:

1. Adopting Just Cause Eviction Protections for all of its tenants, which prevents arbitrary, retaliatory, or discriminatory evictions by establishing that landlords can only evict renters for specific reasons, such as failure to pay rent. Tenants cannot be evicted for failure to pay fees.
2. Capping annual rent increases (including fees) at a maximum of 3%.
3. Eliminating excess charges and fees, such as administrative fees, non-refundable pet fees, and fees for mandatory use of utility billing programs. Ending automated fees and providing recourse to remove or pause incorrectly levied fees within 24 hours of receiving a complaint.
4. Meeting habitability standards for every property, with near-immediate turnaround for emergencies and 72 hours for non-emergencies.
5. Paying all costs of relocation, including refunding security deposits and fees, in cases where uninhabitable conditions push tenants to relocate.
6. Hiring management staff that reflect the community and are qualified, respectful, available, and responsive to tenants' needs, and are able to communicate in tenants' primary language.
7. Recognizing tenant associations and tenant unions, including meeting with them on a regular basis and engaging in good faith negotiations

8. Negotiating a grievance procedure with tenants to address issues of health and safety in a timely manner and without retaliation.
9. Providing right of first purchase to tenants when selling a home or portfolio.
10. Making public a list of all residential rental properties owned or managed by the entity that receives the investment, including corresponding manager and LLC owner.

The Treasurer shall also ensure, prior to investment, that the entity has no or few instances of major habitability issues anywhere in its portfolio, and that no government lawsuits or major lawsuits concerning these issues exist.

The Treasurer shall conduct quarterly monitoring to ensure compliance with the above. If the investment manager is found to have breached compliance with the aforementioned standards, all future investment with the firm shall be halted.