

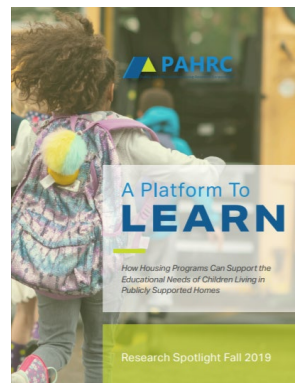


# **Preserving our Affordable Housing: Properties at Risk**

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# About PAHRC

The Public and Affordable Housing Research Corporation (PAHRC) is a nonprofit dedicated to promoting the importance of affordable housing on a national level.



[www.pahrc.org/research](http://www.pahrc.org/research)

# Agenda

Homes at risk  
in North  
Central Region  
(NCR)

Resources to  
support  
preservation  
efforts

PHA  
preservation  
strategies

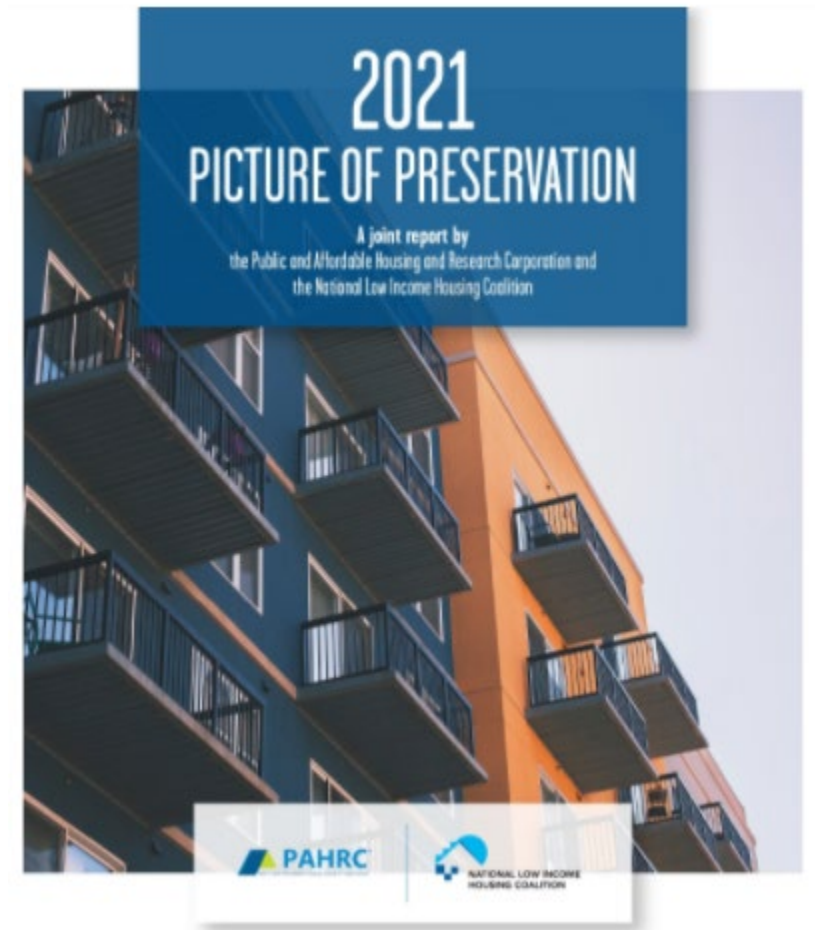
Q&A

# Homes at risk in North Central Region (NCR)

Summary of 2022 Picture of Preservation Report findings

# About the Picture of Preservation Report

- Uses data from the National Housing Preservation Database (NHPD)
- Examines the federally assisted housing stock, preservation risks these properties face, and federal policies that can support affordable housing preservation.
- Access the report at [preservationdatabase.org/reports/picture-of-preservation/](https://preservationdatabase.org/reports/picture-of-preservation/)



# 881 thousand rental homes were supported by federal project-based assistance in the NCR in 2021

## The Federally Assisted Housing Stock

Federally funded project-based subsidy programs included in this report:

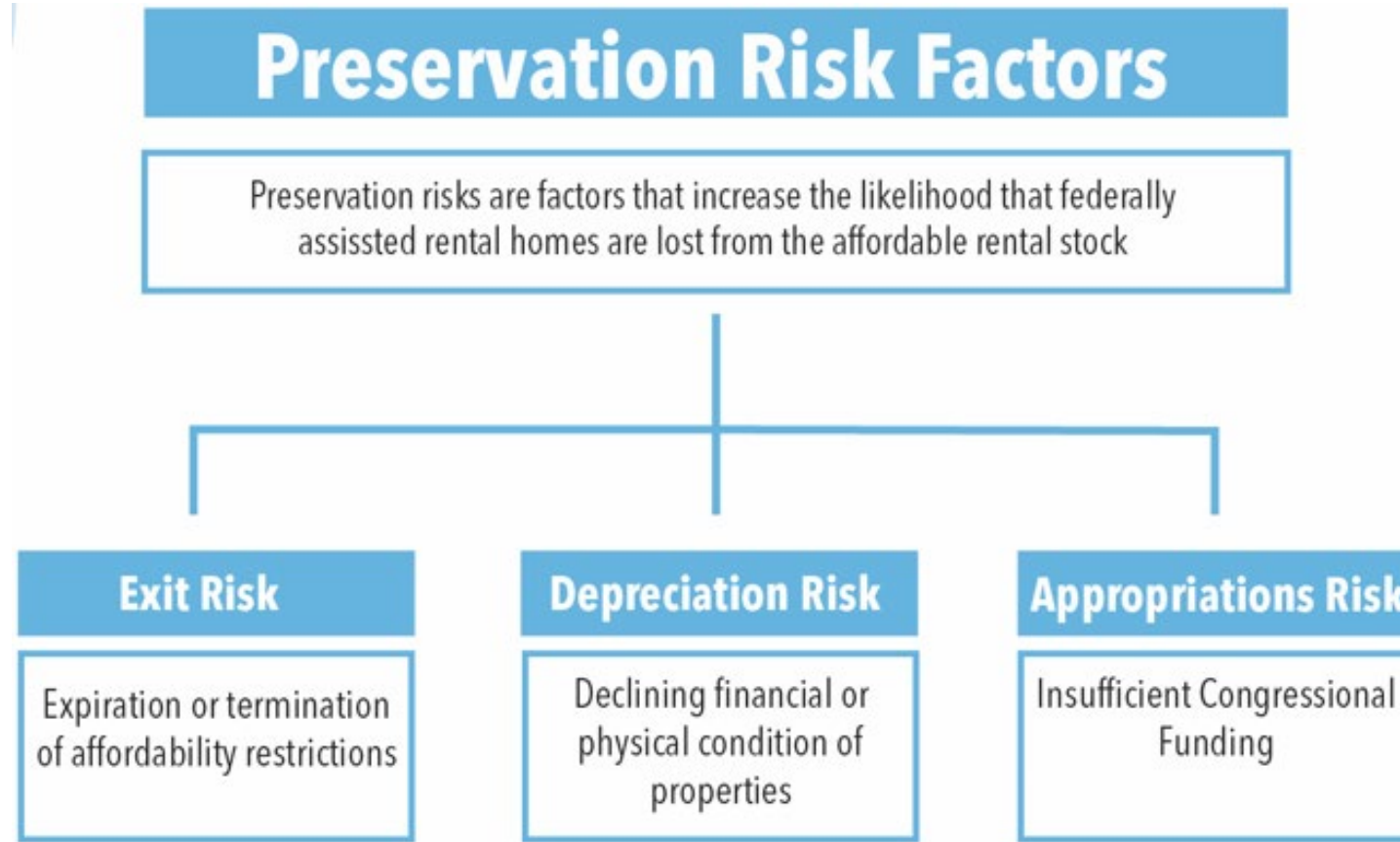
Low Income Housing Tax Credits	Section 8 Contracts*	Public Housing	Section 515	Section 521
381,325	335,357	150,648	77,281	55,659
HOME Assistance	HUD Insured Mortgages	Section 538	Project Based Vouchers	Mod Rehab
42,689	19,712	9,284	20,736**	1,722**

\*Section 8 includes any property with a project-based Section 8 contract

\*\*This is underestimated due to data censoring

# Preservation risks put federally assisted rental homes at risk of being lost from the affordable housing stock

## Preservation Risks



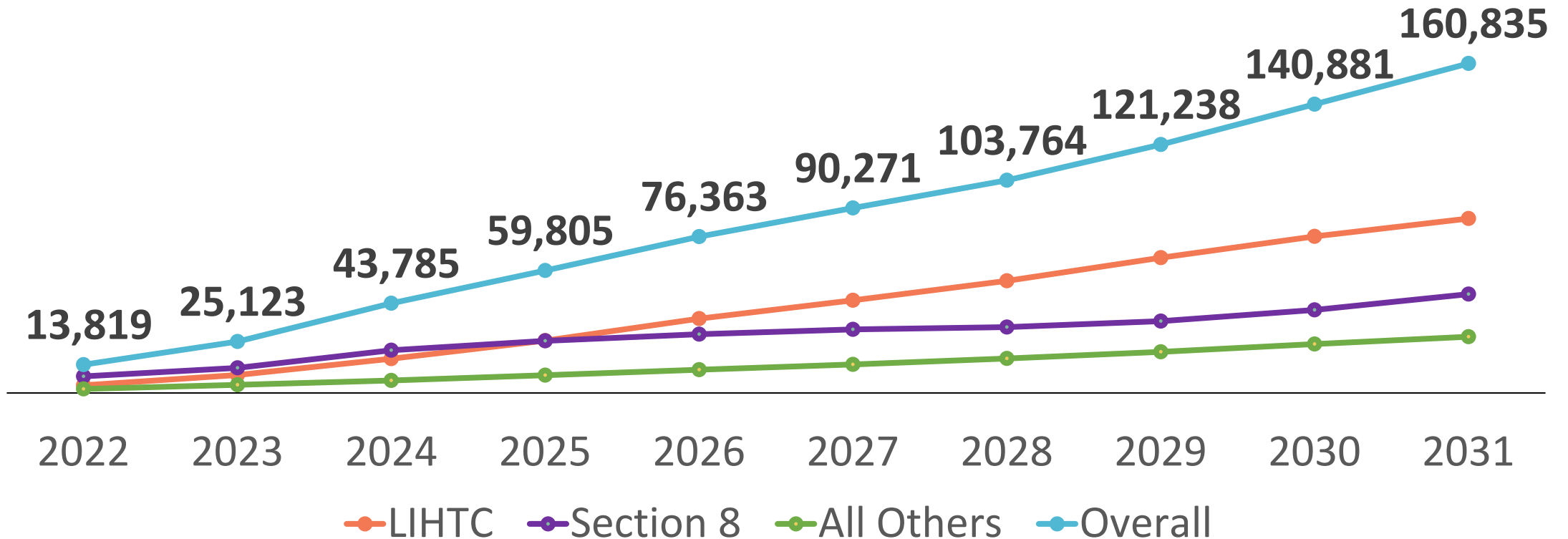
## Poll: What preservation risks are impacting the affordable housing stock in your area?

- Exit risk (expiring affordability restrictions or owner opt out)
- Depreciation risk (deteriorating physical conditions)
- Appropriations risk (lack of funding)

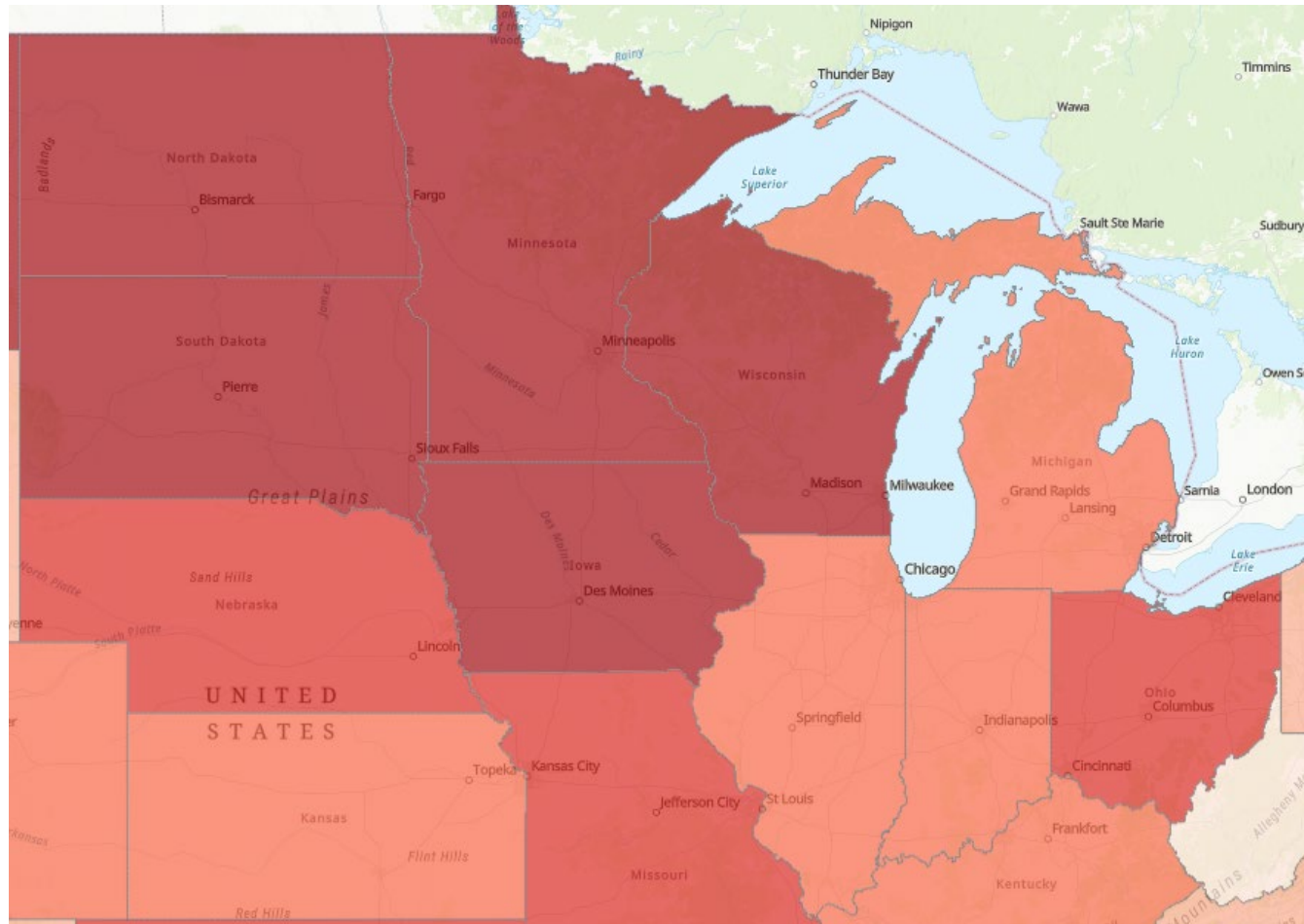


# Affordability restrictions are set to expire for 160,835 federally assisted homes in the NCR in the next ten years

Federally Assisted Homes with Affordability Restrictions Expiring by 2031

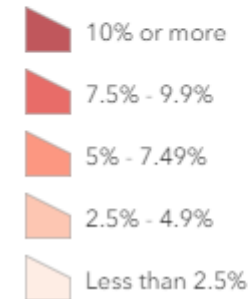


# The percentage of the federally assisted housing stock set to expire is the highest in MN, IA, and WI



**Percent of Federally Assisted Homes with Affordability Restrictions Expiring in Next Five Years**

Percent of Federally Assisted Homes with Affordability Restrictions Expiring in Next Five Years



# Property and neighborhood factors can increase exit risks for homes with affordability restrictions expiring in the next five years in the NCR

## Exit Risk

Profit minded  
owners  
58%

Strong housing  
markets  
19%

Non-renewable  
subsidies  
62%

Lack of recent  
capital  
investment  
80%

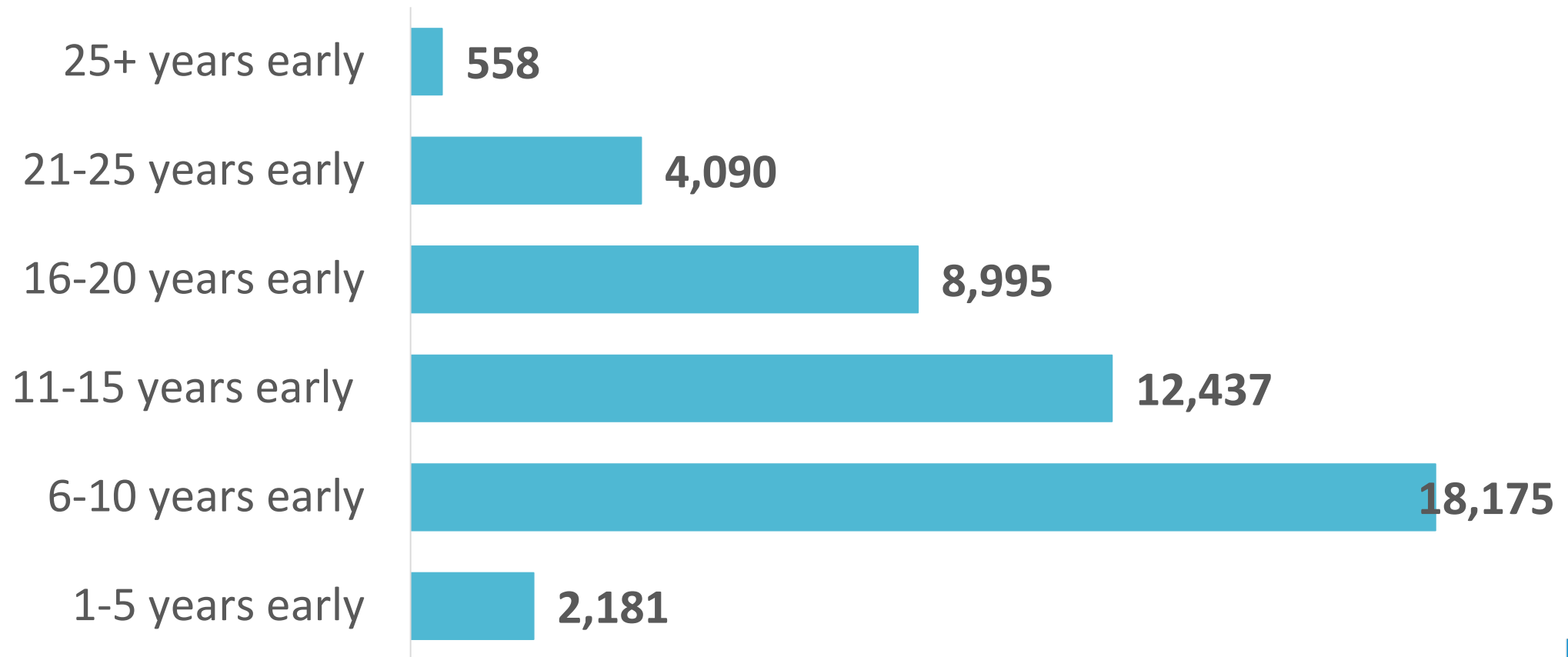
Weak housing  
market  
59%

Failing REAC  
inspection  
3%

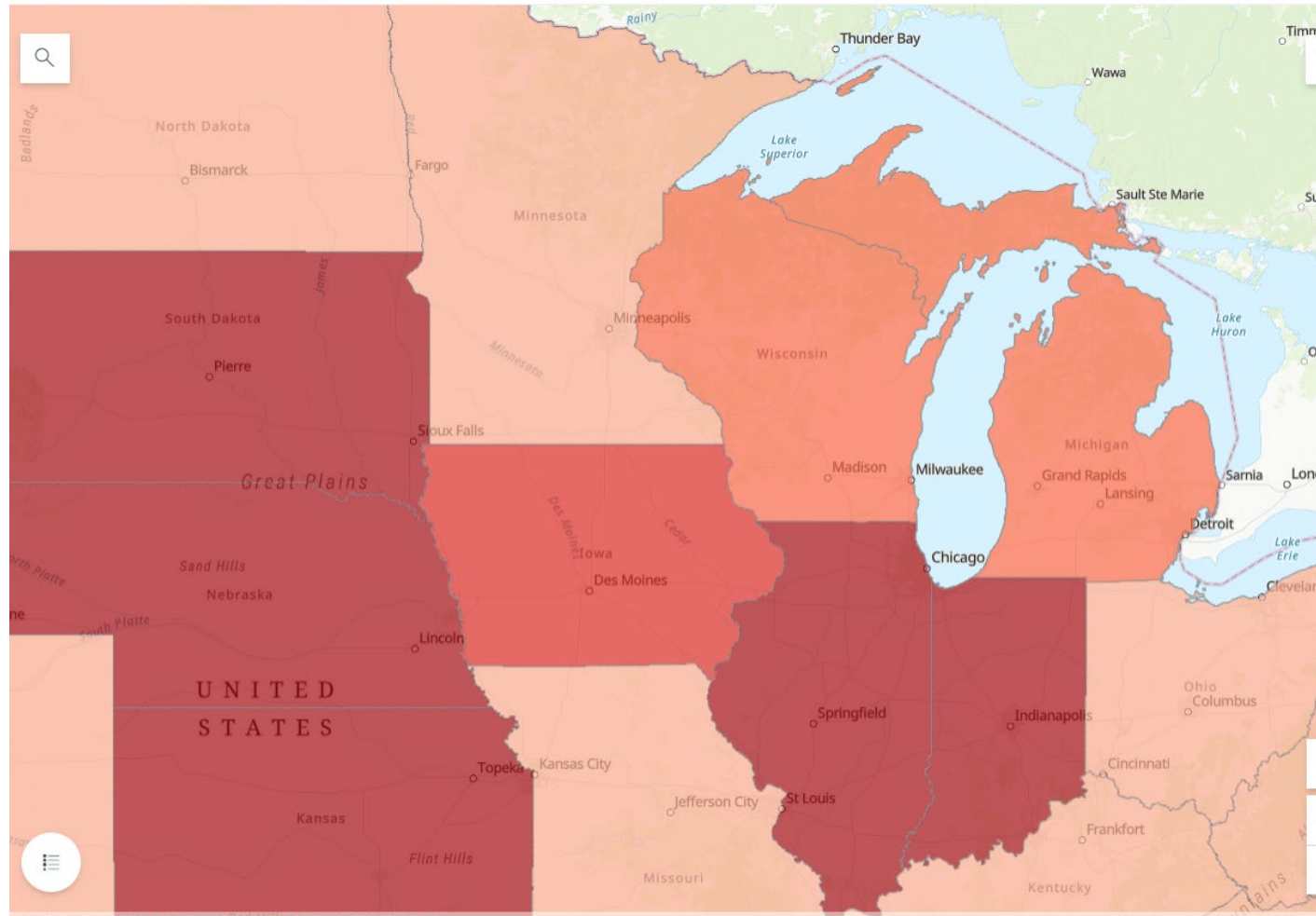
# Approximately 46,435 homes awarded a LIHTC subsidy since 1990 lost their affordability restrictions early in the NCR

## The Loss of Federally Assisted Homes

*Number of LIHTC assisted homes that lost their affordability restrictions early*

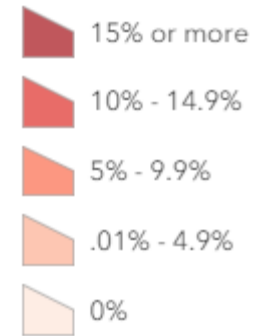


# The portion of the LIHTC assisted housing stock lost early is highest in IL (18%), IN (22%), and OH (16%)



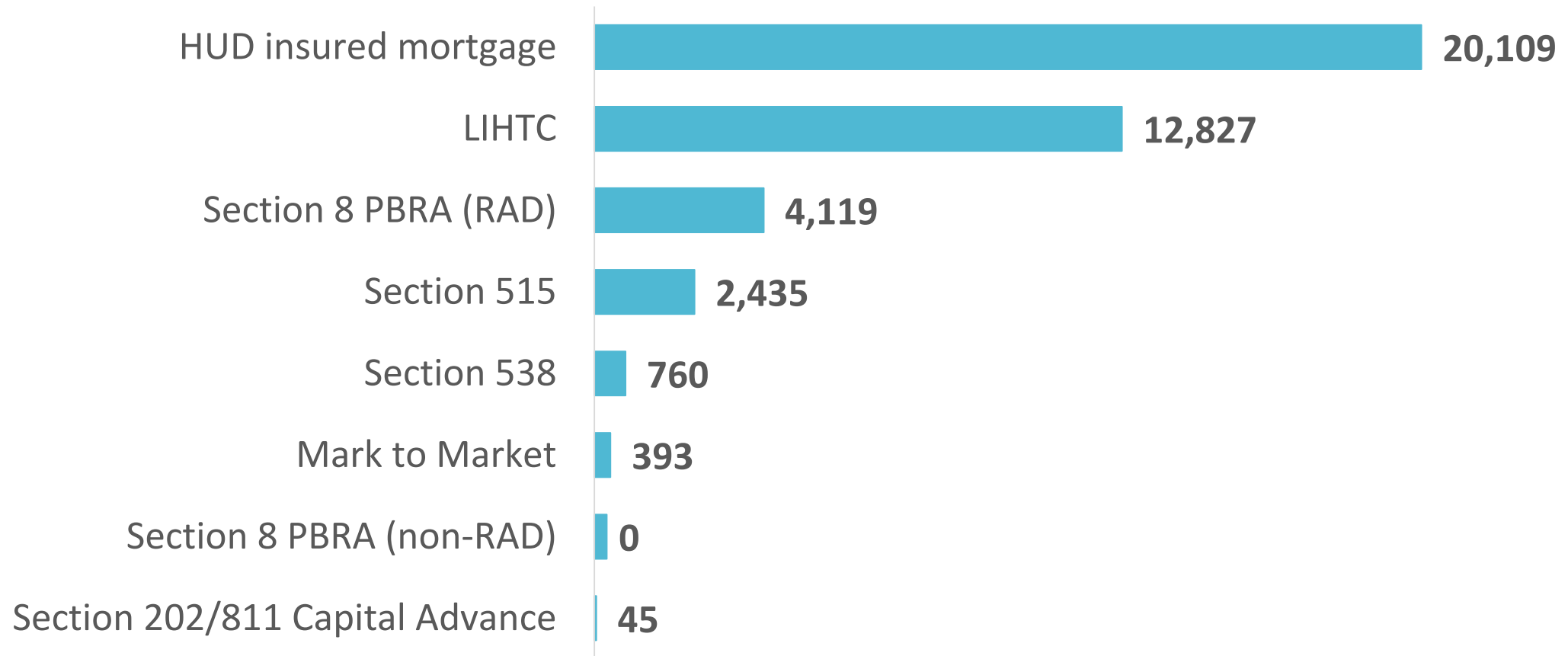
## Percent of LIHTC Assisted Units Lost

Percent of LIHTC Assisted Units Lost



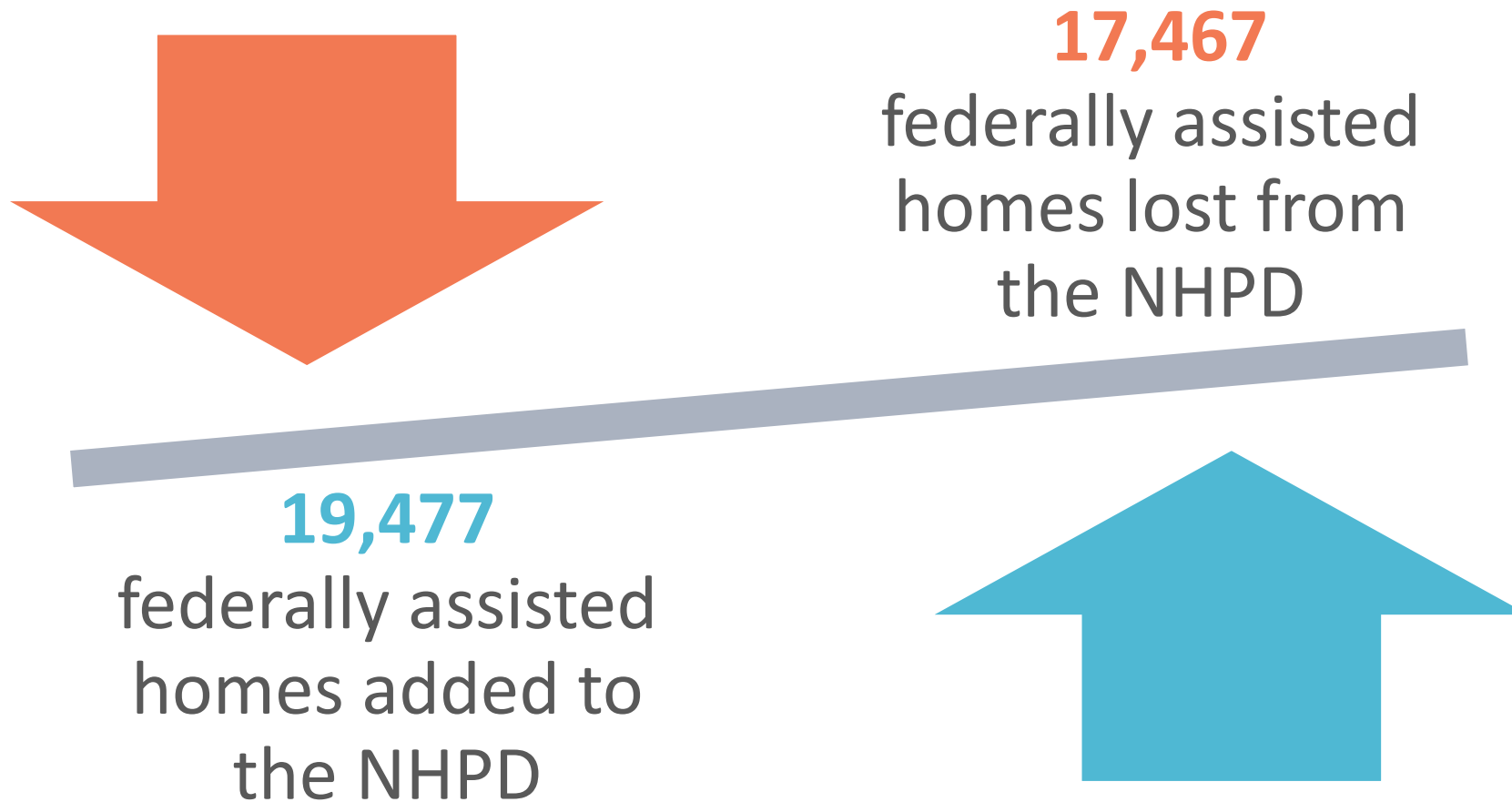
# At least 48,055 federally assisted homes in the NCR were preserved in recent years using federal resources

*Number of homes recently preserved using federal resources*



# Between 2020 and 2021, there was a net gain of 2,010 affordable homes added to the NHPD in the NCR

Trends in Preservation

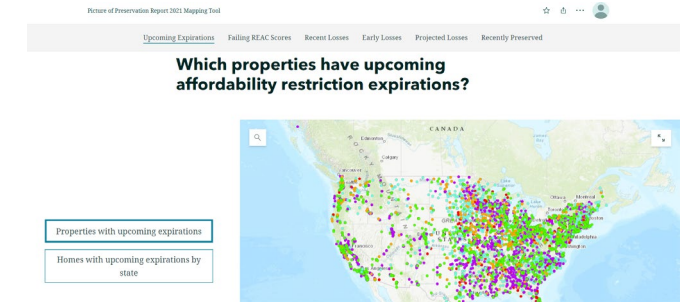


# Resources to Support Preservation Efforts



# Picture of Preservation Report 2021 Mapping Tool

This tool helps you search for properties impacted by preservation risks in your area and answers the following questions:



Which properties have upcoming affordability restriction expirations?

How many homes have failing Real Estate Assessment Center (REAC) scores?

Which properties have recently been lost from the NHPD?

How many homes lost their affordability restrictions early by state?

How many homes could be lost if current trends continue and preservation efforts aren't expanded?

Which properties have been preserved in recent years?

# Picture of Preservation Need Report

This report helps you understand the number of properties facing preservation risks in your state.



Access the report for your state here:

[IA](#)

[IL](#)

[IN](#)

[MI](#)

[MN](#)

[NE](#)

[OH](#)

[WI](#)

# Affordable Housing Preservation Toolkit

Resources to help you:

Assess you local  
affordable housing  
stock

Recruit partners to  
support affordable  
housing

Encourage property  
owners with expiring  
rent restrictions to  
retain affordability  
commitments

Invest in preserving  
high quality affordable  
housing

Adopt policies that  
promote long-term  
affordability

Access the toolkit for your state here:

[IA](#)

[IL](#)

[IN](#)

[MI](#)

[MN](#)

[NE](#)

[OH](#)

[WI](#)

Request a toolkit for your city or county [here](#)

# The National Housing Preservation Database (NHPD)

- Comprehensive, de-duplicated property-level inventory of federally assisted housing
- 9 federal programs, state funded programs for 6 states
- Downloadable, free for nonprofits.
- Used to understand the federally assisted housing stock and preservation trends and to create preservation strategies
- Available at [www.preservationdatabase.org](http://www.preservationdatabase.org)

# Programs Included

## Included Programs

- Section 8 project-based rental assistance
- Section 202 direct loans
- State HFA funded section 236
- Low income housing tax credits (LIHTC)
- HOME
- Public housing
- HUD insured mortgages (affordable only)
- USDA Section 538
- USDA Section 515
- USDA Section 514
- Project-based vouchers
- Mod Rehab
- State-funded programs for CT, DE, FL, MA, MI, & VT

## Excluded Programs

- State and locally funded programs
- McKinney Vento Permanent Housing
- HOPWA
- Tax-exempt multifamily housing bonds
- Section 516 Farm Labor Housing
- Community Development Block Grants (CDBG)

# Data Included

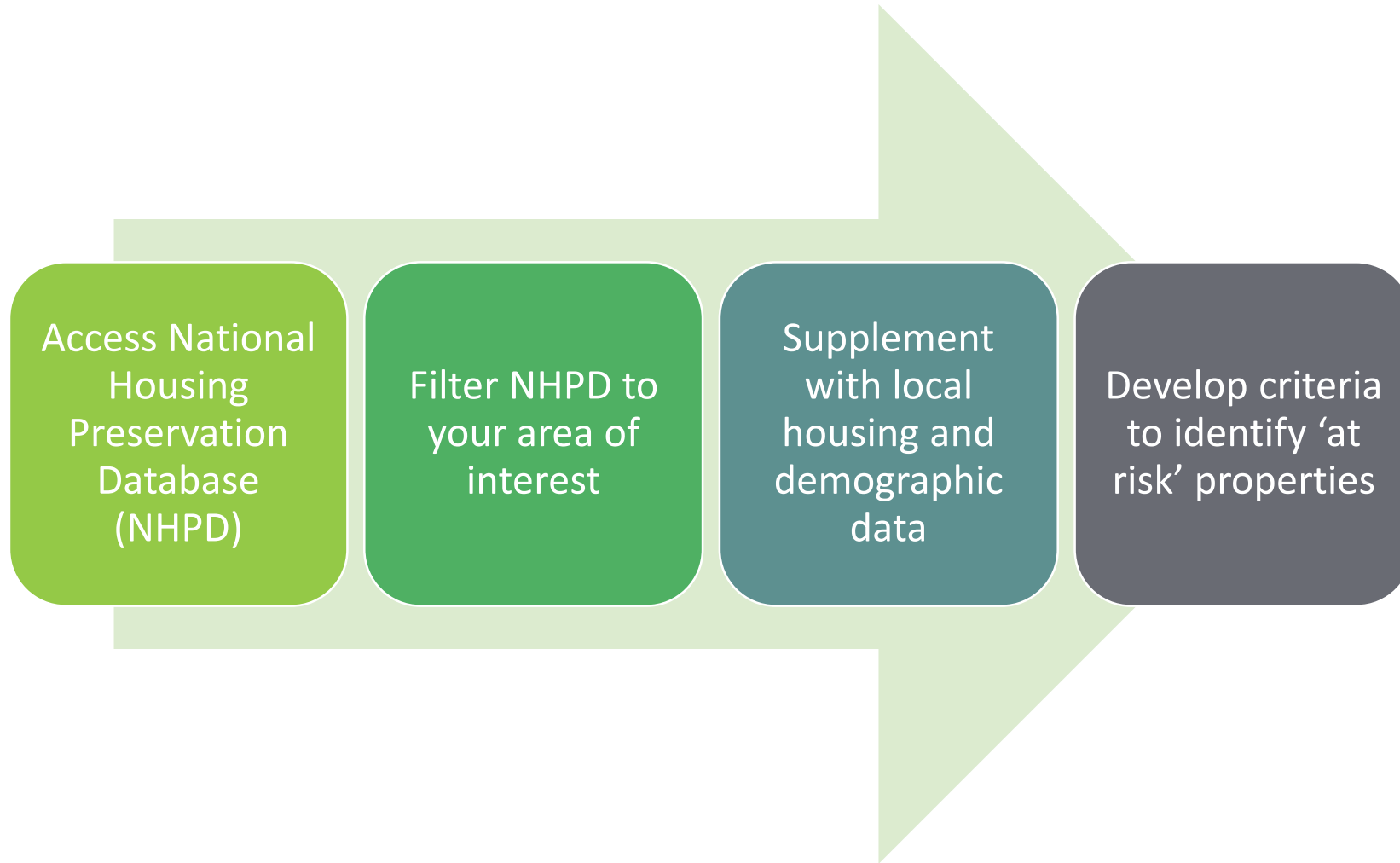
## Property Name

- Property street address
- Geographic characteristics
- Total units
- Property owner and type
- Active/inactive subsidies
- Subsidy end date(s)
- Subsidy start date
- REAC score/date
- Target tenant type
- Occupancy rate
- Bedroom unit mix

## Subsidy Name

- Subsidy ID
- Program name
- Manager name and type
- Owner name and type
- Start/end dates
- Unpaid principal balance
- Rent to FMR ratio
- Subsidy status
- Assisted units

# Creating a Local Preservation Inventory



# Local Preservation Databases

## Chicago Rehab Network (IL)

- Section 8 properties throughout IL

## Housing Link (MN)

- Affordable properties funded by federal, state, local, and philanthropic programs in MN

## Affordable Rental Housing Directory (MI)

- Affordable properties funded by federal, state, local, and philanthropic programs in MI

## Multifamily Properties with OHFA Funding Awards (OH)

- Affordable properties funded by OHFA administered programs in OH



# NHPD Demonstration

[www.preservationdatabase.org](http://www.preservationdatabase.org)

# PHA Preservation Tools

# PHA Preservation Financing Tools

Low Income  
Housing Tax Credit  
(LIHTC)

Project Based  
Vouchers

Choice  
Neighborhoods

Community  
Development  
Block Grants  
(CDBG)

HOME Assistance

National Housing  
Trust Fund

Faircloth-to-RAD

Opportunity Zones

State or locally  
funded programs

Rental Assistance  
Demonstration  
(RAD)

Section 18

Streamlined  
Voluntary  
Conversion (SVC)

## **Poll: Which of the following programs has your agency used to support preservation efforts?**

- Low Income Housing Tax Credit (LIHTC)
- Rental Assistance Demonstration (RAD)
- Section 18
- Faircloth-to-RAD

# Using Faircloth-to-RAD to expand access to deeply affordable homes

- **51,261** units available in North Central region
- **46** PHAs in NCR have 100+ faircloth units available
- PHAs with 1,000 or More Faircloth Units
  - Chicago Housing Authority (IL)
  - Detroit Housing Commission (MI)
  - Cincinnati Metropolitan Housing Authority (OH)
  - Cuyahoga Metropolitan Housing Authority
  - Greater Dayton Premier Management
  - Housing Authority of the City of Milwaukee
  - Peoria Housing Authority
  - Housing Authority of the City of Gary Indiana
- Identify whether your agency has any faircloth units [here](#)

# Using PBVs to preserve affordable housing

## Boston Housing Authority

- Partnered with tenants, advocates, and a property owner to award PBVs to a property facing affordability restriction expirations



Mercantile Wharf

# Developing a preservation plan

San Diego Housing Commission led preservation effort

Led Preserving Affordable Housing in the City of San Diego

- Analyzed properties at risk of loss

Convened an Interagency Preservation Working Group

- Establishes preservation priorities

Convened a Preservation Collaborative Stakeholder Group

- Reaches out to property owners at risk, educates community members about preservation resources, support city's preservation goals through outreach efforts

# Repositioning public housing

Switch funding platforms (RAD: PBV & PBRA)

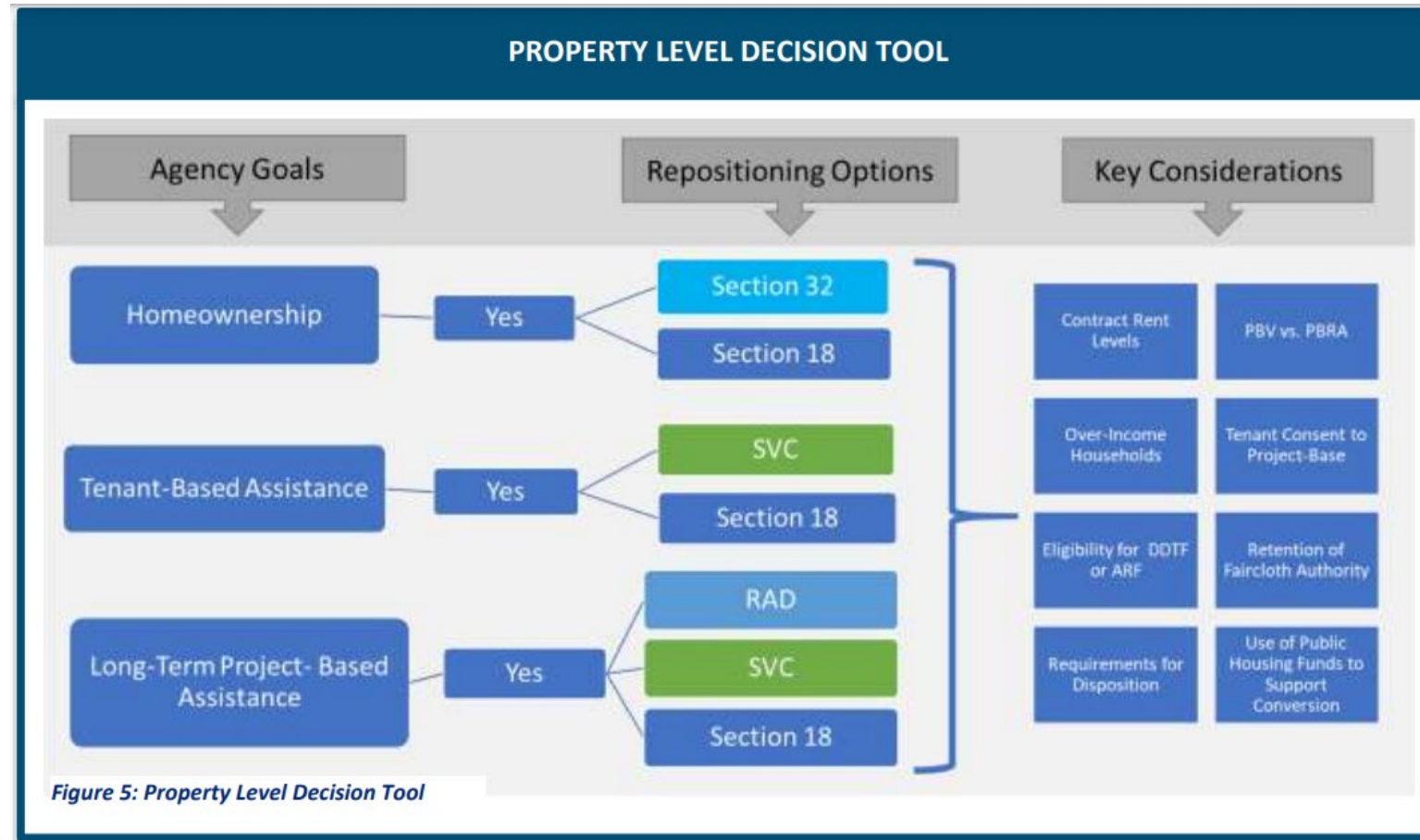
Build or rehab with other funding streams (LIHTC)

Demolish or dispose properties (Section 18, SVC)

Create homeownership opportunities (Section 32)



# Public housing repositioning decision tree



# Choosing between RAD PBRA and PBV conversions

## Why choose PBRA

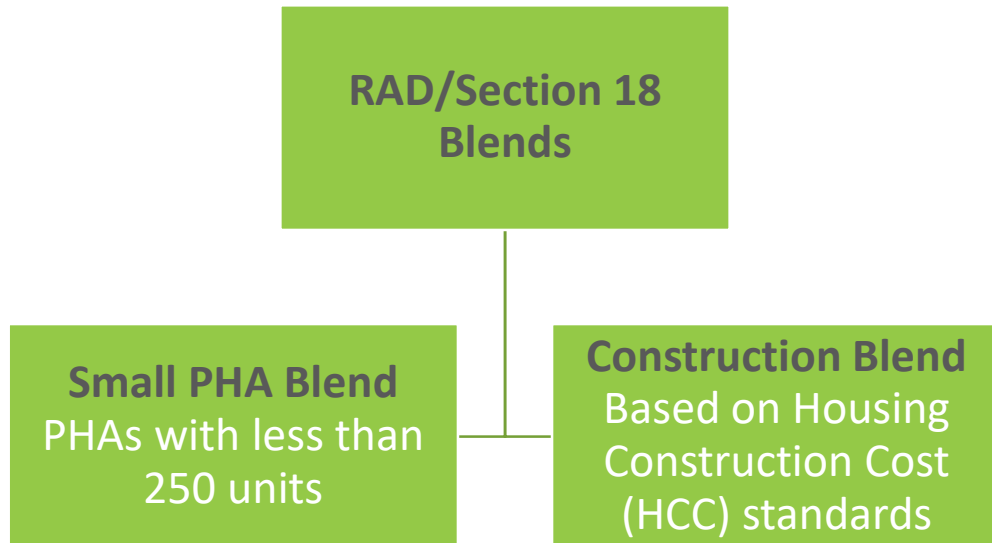
- Higher rent cap (120%+ vs 110%)
- No voucher program
- Familiarity with PBRA
- Site-based management
- Track record of program
- \$100 PUM Opportunity Zone rent boost
- Income mixing more flexible

## Why choose PBV

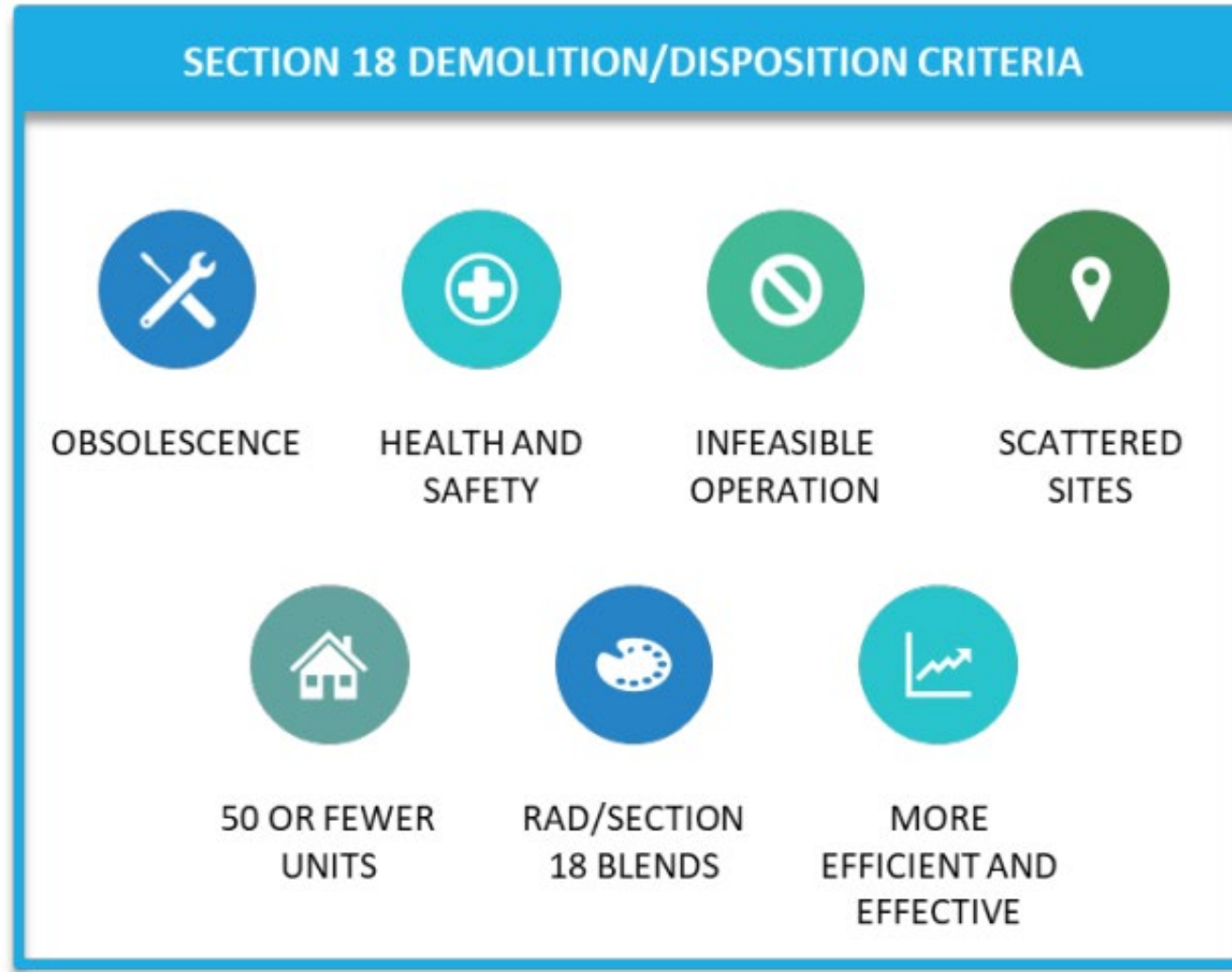
- Admin fees
- Don't like HUD's Multi-Family Program
- Grows the HCV program

# Strategies to supplement RAD rents

- RAD/Section 18 Blends
  - TPV rents often higher
  - Eligible for Asset Repositioning Fees (ARF) and Demolition Disposition Transition Funds (DDTF)
  - Can be automatically converted to PBV
- RAD Rent Boost for PBRA Conversions in Opportunity Zones
- Bundle RAD rents across properties
- Consider the order of RAD conversions
- Supplement with federal or state funding



# Section 18 Demo/Dispo Criteria



# Public Housing Repositioning Guides

By size:

Very  
small

Small

Medium  
and large

General:

Choosing  
between PBV  
and PBRA

# Questions?

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