

A blue-toned graphic featuring a silhouette of a city skyline with various skyscrapers. Behind the skyline, a bright sunburst effect radiates outwards, creating a pattern of fine, light blue lines that fill the upper portion of the image. The overall background is a gradient of blue, darker at the bottom and lighter near the sunburst.

Preserving Affordable Rental Housing *State and Local Policy Strategies & Practices*

Todd Nedwick
National Housing Trust

Solutions for Working Families Conference 2009

National Housing Trust



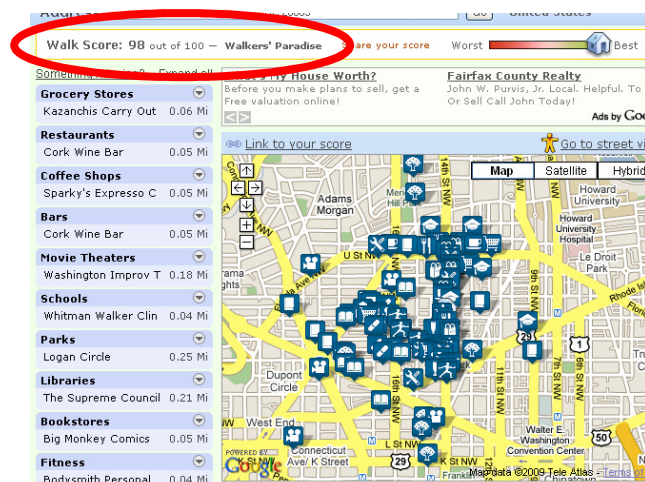
- Committed to safeguarding affordable housing.
- Only national nonprofit engaged in housing preservation through real estate development, lending **and** public policy initiatives.
- The National Housing Trust:
 - Partners with investors to raise capital to buy and renovate affordable apartments. *Preserved 4,800 affordable apartments.*
 - Lends early money to developers to help them purchase and renovate affordable apartments. *Loans have helped preserve 5,000 apartments.*
 - Educates policymakers of the need to dedicate resources towards the revitalization of existing affordable apartments.

What is the preservation of affordable housing?



- When a privately owned, subsidized rental property is preserved, the owner agrees to keep the property affordable.
- This is usually combined with raising new capital to repair the property.
- Often the property is transferred to a new owner committed to the long-term affordability of the property.

R Street Apartments, 124 units of affordable housing in a highly-desirable location in D.C. preserved by NHT/Enterprise



Preservation is the essential first step in solving affordable housing shortage



Stable rental housing is critical to diverse, healthy communities.

3 out of every 10 households rent. It is *stable* housing, not tenure, that is key to providing quality of life benefits.

The supply of affordable apartment homes is decreasing.

Nationwide, the number of affordable apartments declined by 1.5 million between 1995-2005.

New construction alone will not produce enough affordable housing.

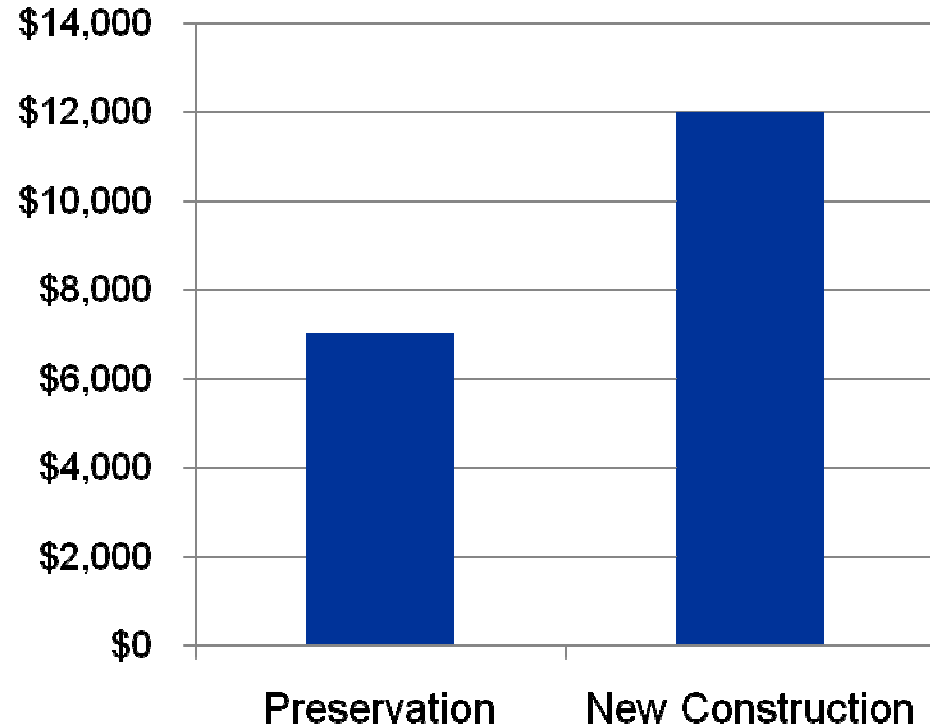
Nationwide, the median asking rent for a newly built apt was \$1,057/mo. in 2005. The housing we need costs about \$450/mo.

Preservation is Cheaper, Faster and Easier than New Construction



- As a strategy, rehabilitating and maintaining existing housing is often more cost-effective and politically feasible than building new affordable housing.
- Preserving an existing apartment can cost as much as half the cost of new construction.
- Preservation and rehabilitation of affordable housing takes approximately half the time of new construction.

Tax Credits Allocated Per Unit in 2007



Preserving affordable housing is inherently energy and resource efficient.



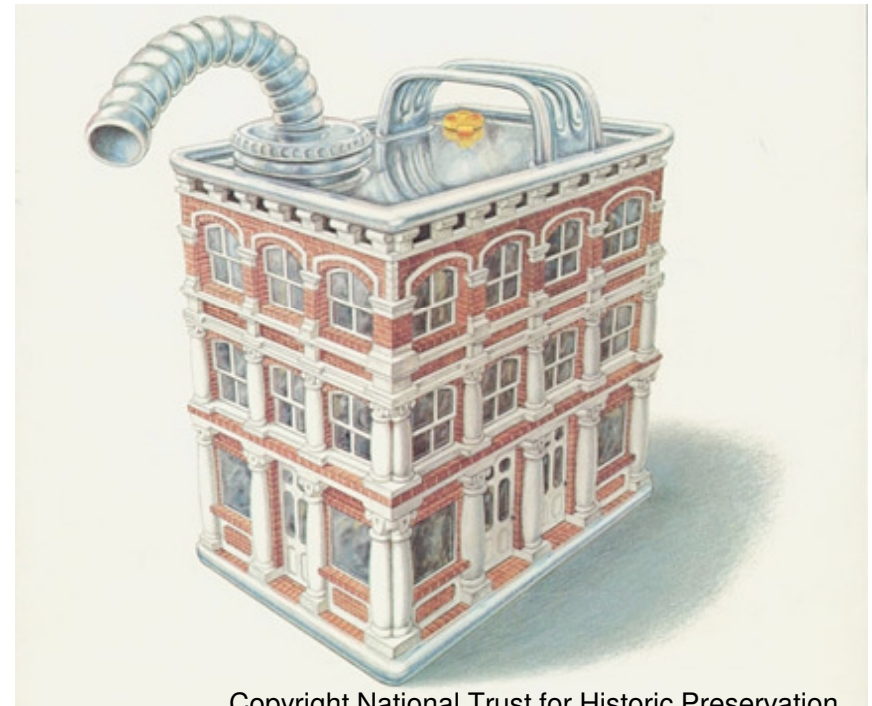
- **Building Reuse.** It produces less waste and uses less new materials and energy than new construction.

- **Infrastructure.** It does not require new utility or transportation infrastructure.

- **Green space.** It does not require developing more land.

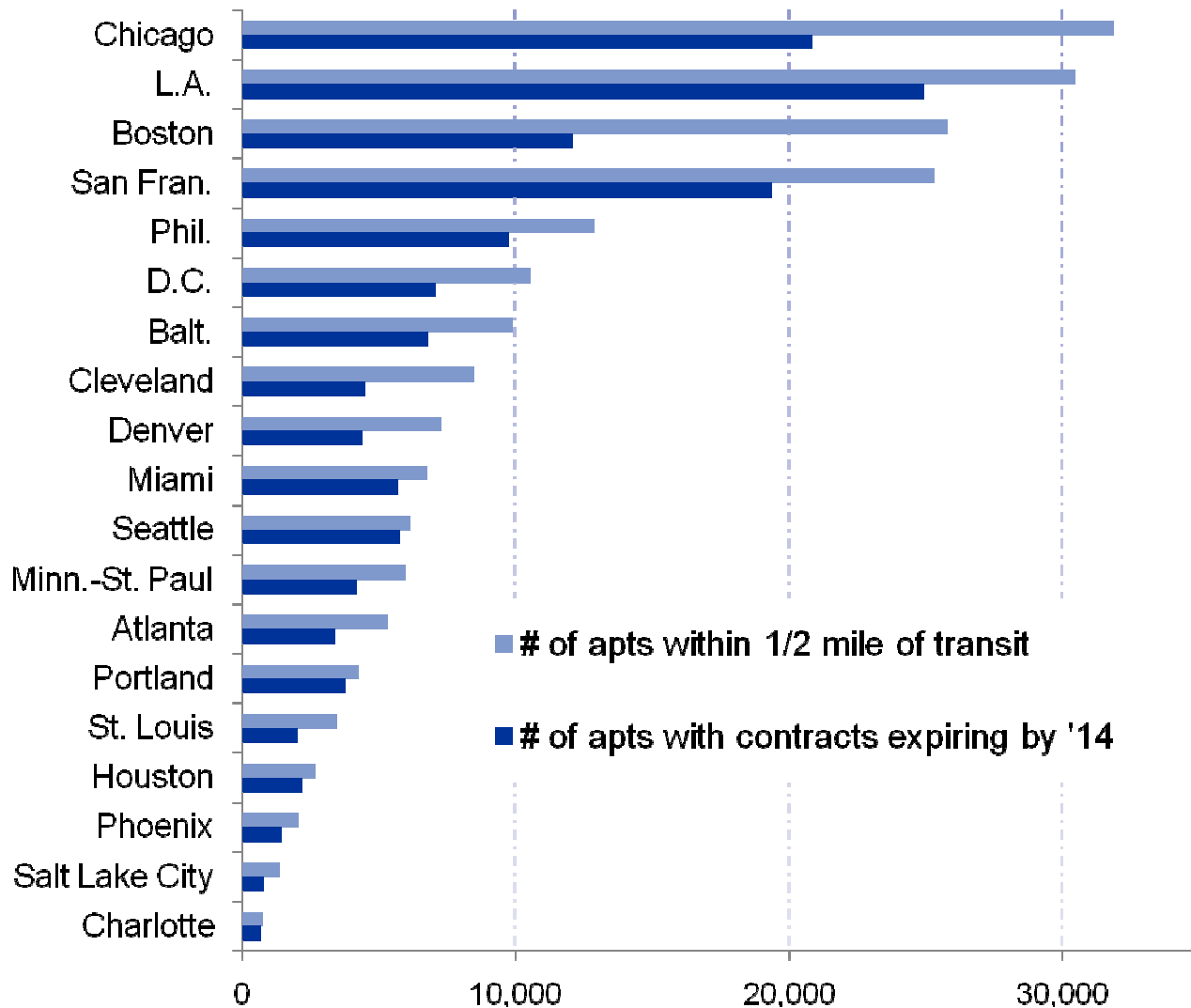
- **Household energy use.** There are many ways to integrate green technology and methods into rehab

- **Jobs:** Shovel Ready



Copyright National Trust for Historic Preservation

Many affordable apts near transit may be at risk.



Findings

- More than 250,000 affordable apts within 1/2 mile of transit.
- 70% of affordable apts within 1/2 mile of transit are covered by contracts expiring by 2014.



Successful Preservation Strategies



Data Collection and Analysis

- Identify “at risk” affordable housing
- Assess resource needs

Policy and Program Coordination

- Align program requirements to support preservation
- Breakdown agency silos

Outreach and Technical Assistance

- Improve capacity of preservation-minded organizations
- Work with owners to understand their plans

Dedicated Funding for Preservation

- LIHTC and housing trust fund set asides
- Public-private funds for predevelopment, acquisition

Commitment to Sustainability

- Incentives for green preservation
- Integrate affordable housing preservation into TOD

Oregon's Housing Acquisition Project



- Formed a team of high level housing industry experts from the public, nonprofit, and private sectors to meet regularly- every two months or so.
- Created a complete database of properties at risk of conversion.
- Linking interested sellers of properties with preservation-oriented buyers, provide technical assistance to buyers, and refer buyers to development consultants.
- Raising the profile of preservation in the advocacy community and moving it towards the top of the policy agenda.
- *Visit the HousingPolicy.org Preservation Forum for more information.*

www.preserveoregonhousing.org

Preservation Partners in Oregon:

Many partners are working to preserve Oregon's affordable housing. The Network for Oregon Affordable Housing (NOAH) coordinates the Oregon Housing Acquisition Project.

Click [here](#) for a description of the partnership efforts in Oregon.

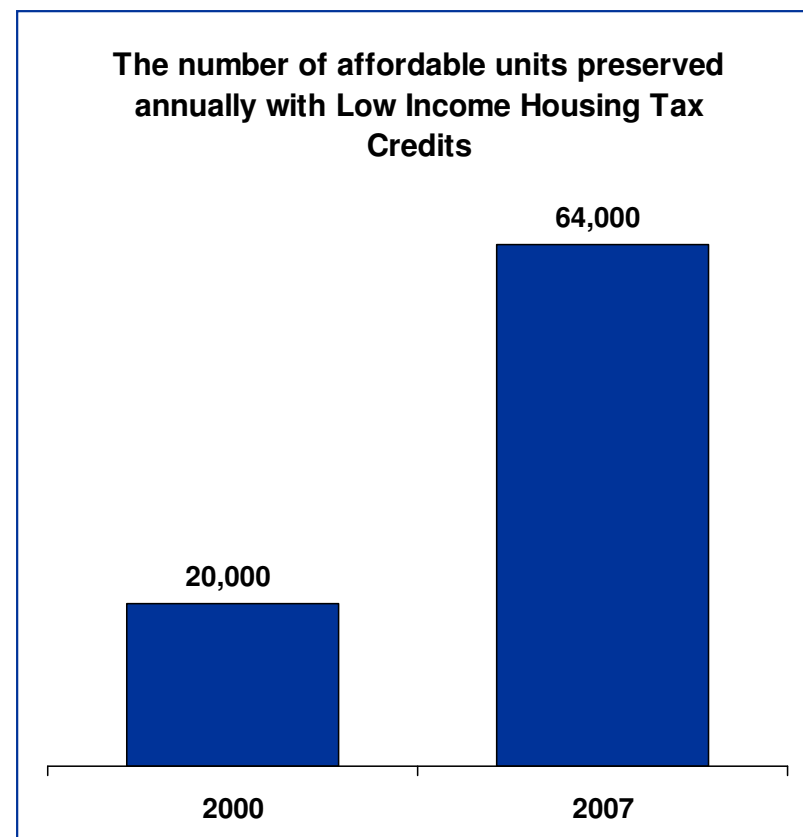
Partners in the project include:

[Oregon Housing and Community Services](#)
[Enterprise Community Partners](#), Portland Office and Green Communities Initiative
[Meyer Memorial Trust](#)
[Network for Oregon Affordable Housing](#)
[Oregon Housing Alliance](#)
[Community Alliance of Tenants](#)
[City of Portland, Bureau of Housing and Community Development](#)
[US Department of Housing and Urban Development, Oregon Field Office](#)
[US Department of Agriculture, Rural Development Division, Oregon Office](#)
[Community Development Law Center](#)
[Neighborhood Partnership Fund](#)

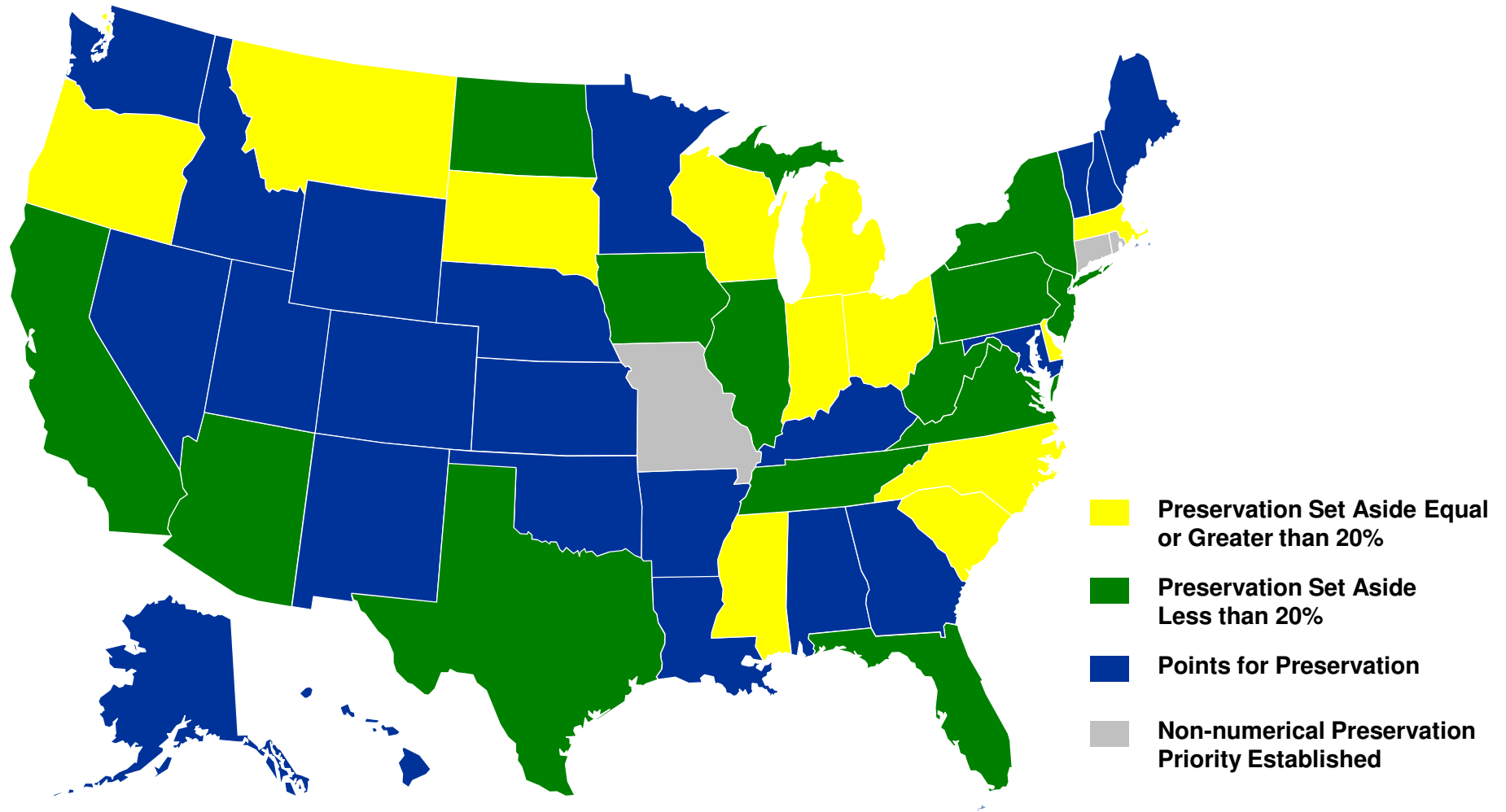
Effective Preservation Strategies: *Dedicated Funding for Preservation*



- State housing agencies are increasingly dedicating resources to preservation
- The Low Income Housing Tax Credit (LIHTC) Program is the single largest source of affordable housing resources.
- Units preserved w/ LIHTCs has increased from **20,000** in 2000 to **64,000** in 2007.
- Additionally, states have 4% tax credits and private activity bonds for preservation.
- Challenge: Investment in tax credits has declined considerably.



States are using 9% competitive tax credits for preservation



Effective Preservation Strategies: *Dedicated Resources for Preservation*



- State/local governments are dedicating scarce resources to affordable housing development/preservation in the form of soft loans, grants, tax relief, and even state and local tax revenue.
- 30 [state housing trust funds](#) support affordable housing preservation. Some states award a preference for preservation.
- Fairfax County, VA dedicates [one penny of the real estate tax rate](#) to the “Penny for Affordable Housing Fund.” Fund solely used for preservation and has helped preserved more than 2,200 affordable apartments in first two years.
- Challenge: Maintaining funding at a time of budget deficits and declining state and local revenue.

Effective Preservation Strategies: *Predevelopment/Acquisition Financing*



- **Problem:** Mission-driven developers need quick access to equity and predevelopment money to hold at-risk properties while they pursue permanent financing and due diligence.
- **Solution:**
 - Create a short term fund that allows mission-driven developers access to cash to hold the property and then seek long term financing to “take out” the short term financing.
 - Non-profit CDFIs: WA and VA.
- **Examples:** [NYC Acquisition Fund](#) awarded Harvard’s 2008 Innovation in American Government Award. Denver is creating a [Transit Oriented Fund](#) that would, among other things, provide short term funding to preserve housing near transit.
- **Challenge:** Limited access to permanent financing.

Effective Preservation Strategies: *Commitment to Sustainability*



- Reducing energy consumption is critical to the financial survival of rental homes, saving taxpayer money, and reducing the impact of energy costs on low income families' budget.
- State and local **resources for green development** include green tax credits, rebate programs, sales and property tax exemptions, loans and grants.
- Every state now incorporates some **green incentives** into its **LIHTC** program.

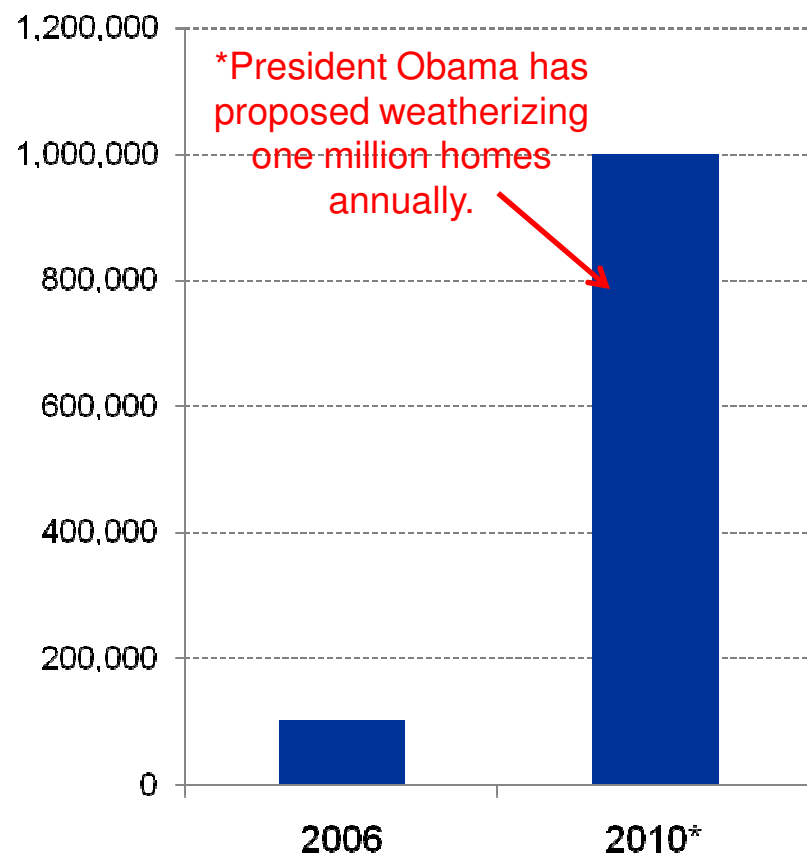
Effective Preservation Strategies:

Why Weatherize Multifamily?



- Help those most in need. More than 70% of households living in multifamily buildings earn less than \$40,000 a year.
- Helps states meet their required production/job creation goals.
- Properties with long-term use restrictions → low income tenants benefit for longer timeframe.
- Reduces carbon emissions and lowers utility costs; benefits entire families. Multifamily buildings comprise more than 20% of housing units in the U.S.

Homes Weatherized



A View from the States— Promising Best Practices



- States have considerable discretion in implementing the Weatherization program.

- Set Asides for multifamily housing—
 - **Florida** proposing to allocate for 25% for multifamily
 - **Massachusetts** and **Kansas** reserving funds for privately owned subsidized and public housing
 - **Connecticut** targeting state financed public housing
 - **Pennsylvania** housing finance agency is requesting an allocation

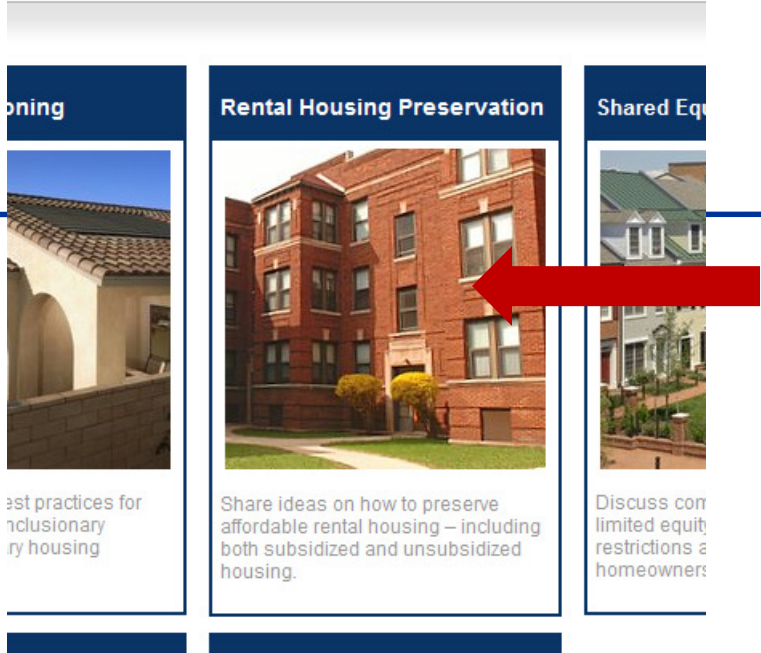
- Modify landlord contributions —
 - **Virginia** and **Kansas** have waived a requirement that multifamily owners match a portion of weatherization costs

For more information:

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Joining the Rental Housing Preservation group:

- Sign in to forum.housingpolicy.org
- Click on the Rental Housing Preservation forum box.
- Click on “Join Rental Housing Preservation” which will appear in the upper right hand corner of the page.



Potential Forum topics



- What opportunities exist to **address financing barriers and enhance funding** for preservation?
- How are states and localities **improving information collection and policy coordination** to preserve affordable housing?
- How are states and localities creating a policy environment that **supports long-term preservation**?
- Discussions about **federal programs/resources** for affordable housing preservation.
- Other timely and relevant topics as posted by participants.

Current “threads”



- How are state and local groups using data to identify at risk housing and conduct outreach to interested buyers? What types of data are proving important for identifying at risk housing?
 - ➔ Oregon Housing Acquisition Project’s approach

- Are there specific strategies states and localities are adopting to preserve affordable housing near transit?
 - ➔ Denver’s TOD acquisition fund
 - ➔ BeltLine Initiative’s plan to use housing trust fund proceeds

Rental Housing Preservation



Share ideas on how to preserve affordable rental housing – including both subsidized and unsubsidized housing.

Join the discussion!!

Thank you!