



Developing an Early Warning System to Save At Risk Affordable Housing

It is possible to develop a framework for identifying subsidized properties that are at risk. Recently, two empirical studies have identified a number of characteristics similar among properties that have left the federally assisted stock. According to a January 2006 HUD study, properties with rents below market rates and in locations with relatively low poverty rates were shown more likely to opt-out. In addition, Older Assisted properties, properties owned by for-profits, and properties located in neighborhoods with higher median incomes, higher median rents, and lower vacancy rates were also more likely to opt-out. Family-designated properties with two- and three-bedroom units were also more likely to opt-out than elderly/disabled-designated properties with smaller unit sizes.

The same HUD study found that properties lost to foreclosure or enforcement “were in neighborhoods with the lowest median incomes and homeownership rates, and in neighborhoods with the highest vacancy and poverty rates of the groups of properties examined.”

A GAO analysis of Section 8 contract terminations published in April 2007 confirmed much of HUD’s findings. In addition, the GAO study found that partially subsidized properties (properties with a less than 50 percent Section 8 subsidy

level) had a higher percentage of opt-outs than fully subsidized properties.*

Examples of task forces set up to identify at risk housing include:

Cook County Preservation Compact. Real estate, finance, philanthropic, nonprofit and governmental leaders have joined forces to stem the loss of affordable rental housing. Included in the effort is a data clearinghouse that will analyze and regularly share information with government agencies, communities, interest groups, and nonprofit and for-profit developers of affordable rental housing. It will use the data to provide early warning of properties at risk of leaving the affordable rental stock. More information: <http://chicago.uli.org>.

Neighborhood Partnership Fund. In Oregon, NHT worked with the Neighborhood Partnership Fund to convene key stakeholders regularly- every two months or so- to clarify roles and responsibilities. The establishment of a centralized notification system that will alert mission oriented organizations when a property is at risk is one goal of the task force. The Oregon Department of Housing and Community Services has taken responsibility for identifying properties more or less at risk of loss. For more information visit <http://www.tnfp.org/>.

Possible Indicators to Consider when Assessing At Risk Affordable Housing



*The studies are: Econometrica, Inc. and Abt Associates, Inc. (2006). *Multifamily Properties: Opting In, Opting Out and Remaining Affordable*. Washington, D.C.: HUD Office of Policy Development and Research, pg. viii; Government Accountability Office (2007). *Project-Based Rental Assistance: HUD Should Update Its Policies And Procedures to Keep Pace with the Changing Housing Market*. Washington, D.C.: GAO, pgs. 13-22.