

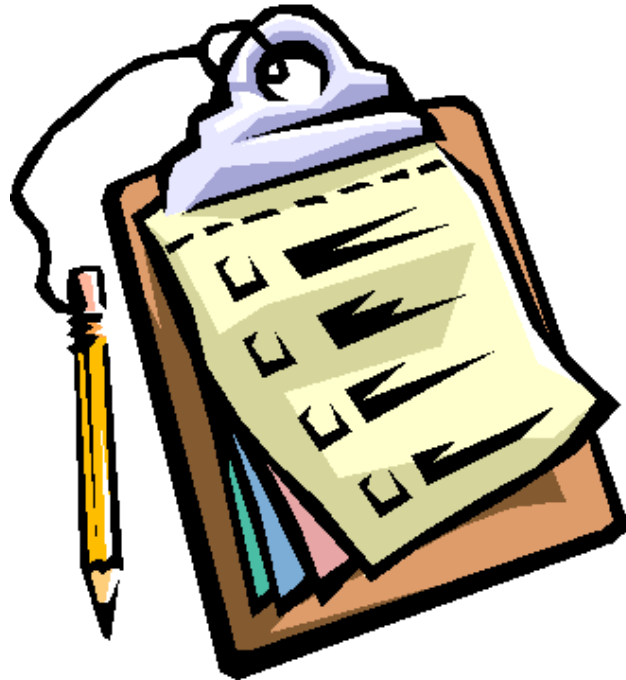


Introduction to Affordable Housing Preservation & Identifying Key Risks in Your Community

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National Housing Law Project
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Agenda

- What is affordable housing preservation?
- Where are the affordable housing preservation risks in my community?



**What is affordable housing
preservation? What is at risk?**

What is affordable housing preservation?

Ensuring the long-term affordability and habitability
of currently affordable housing



Why is affordable housing preservation important?

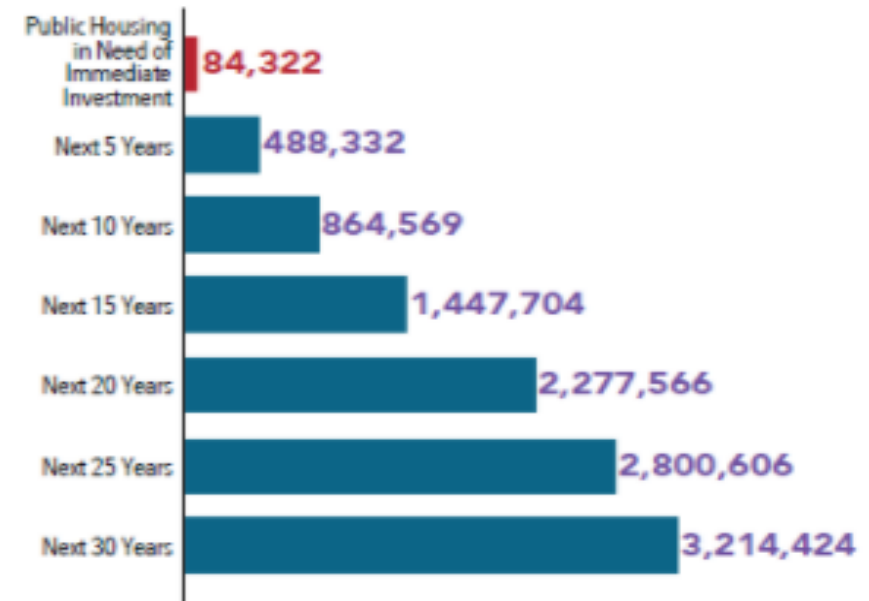
- Nationwide affordable housing crisis
 - 11.5 million extremely low-income tenants competing for a dwindling stock of 3.2 million affordable homes
 - >8 million extremely low income households spend >50% of their income on rent
- For every new *one* affordable home that is built, *two* affordable homes are lost due to poor physical conditions or conversion to more expensiving housing
- Cheaper + more energy efficient to *repair existing* housing than to *construct new* housing
- Loss of affordable homes affects racial and civil equality, education, health, employment, and opportunity



Why is affordable housing at risk?

- Private ownership and management of affordable housing
- Legal structure of federal housing programs
- Gentrifying communities, “hot” markets
- Inadequate federal oversight

PUBLICLY SUPPORTED RENTAL HOMES AT RISK OF LOSS



Nearly one in ten publicly supported rental homes face an expiring affordability restriction in the next five years and 84,322 public housing units are in need of immediate investment*.

<http://preservationdatabase.org/reports/2017-preservation-profiles/>

Types of HUD “Multifamily” Housing Programs

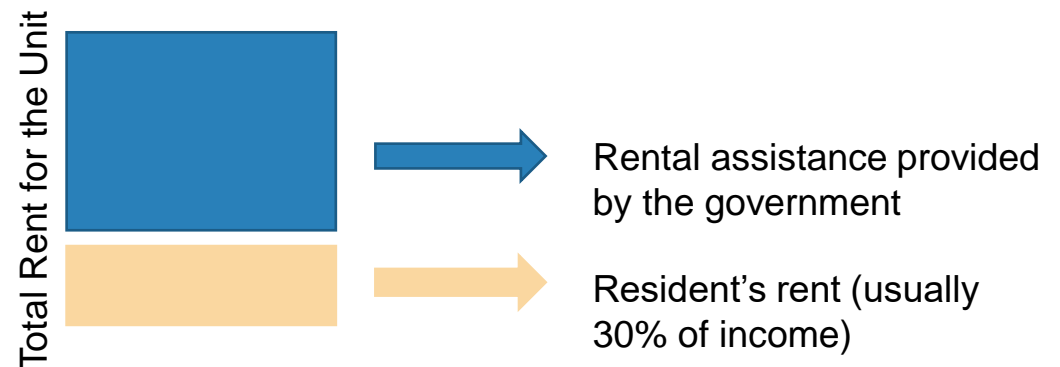
Mortgage Programs

- *Loans and mortgage insurance* (with low interest rates) from HUD to private owners *to build and manage affordable housing*
 - Loans include rent and use restrictions for a certain number of years (~40-50 years)
 - Ex: Section 236 program, Section 202 program



Rental Assistance Contracts

- *Contract* between HUD/public housing authority and private owner to provide *rental assistance* for low-income residents
 - Rental assistance supplements what the resident pays for rent
 - Ex: Project-based rental assistance, project-based vouchers, Moderate Rehabilitation program, Rent Supplement program, Rental Assistance Payment program



Key Preservation Risks

- **Mortgage program risks:**

- *Mortgage maturity*- when an owner fully repays the loan according to the original loan repayment schedule
- *Mortgage prepayment*- when an owner fully repays the loan *before* it was originally scheduled to be paid off
- *Foreclosure*- when the property is closed and sold because the owner has not repaid its loan (“default”) or the property conditions seriously risk the health and safety of the residents

- **Rental assistance contract risks:**

- *Contract “opt out”*- when the owner decides not to renew the rental assistance contract
- *Contract termination*- when HUD terminates the rental assistance contract with the owner because the owner has violated the contract



*Without your help, these risks could result in:
increased resident rents, loss of affordable homes, residents forced to move!*

Equal Justice Works VAHHP Fellows Eligible Properties

“*Certain Project-Based Rental Assistance Properties*: one or more properties subject to Project-Based Rental Assistance contracts, specifically Section 8 contracts, Rent Supplement (Rent Supp) contracts, Rental Assistance Payment (RAP) contracts, or Moderate Rehabilitation contracts where:

- (i) a long-term Project-Based Rental Assistance **contract is expiring within five (5) years**; or
- (ii) a property has received **two consecutive REAC physical inspection scores of less than 60** (and the Project-Based Rental Assistance contract is not yet under abatement), with the most recent REAC score issued on or after the effective date of this Amended IAA; or
- (iii) a property is otherwise **at risk of abatement due to health and safety issues**, as determined by HUD; or
- (iv) a property is converting to Project-Based Rental Assistance under the **Rental Assistance Demonstration (RAD)** program Component 1 or Component 2; or
- (v) the owner of a property has submitted a request to HUD to **prepay the mortgage** such that the prepayment would trigger the issuance of preservation vouchers to tenants of non-assisted units, as determined by HUD.”

Where are the preservation risks in my community?

Where are the risks in my community?

National Housing Preservation Database (NHPD)

HOME

ABOUT

DOCUMENTATION

REPORTS

RESOURCES

LOGIN

REGISTER

IMPACTFUL AFFORDABLE HOUSING DATA AT YOUR FINGERTIPS

The NHPD is the only de-duplicated source for comprehensive data on the publicly supported housing property inventory. Tailor the data to your community to help preserve your local assets or explore national data to better understand the need for affordable housing and the dynamics of the publicly supported housing market.

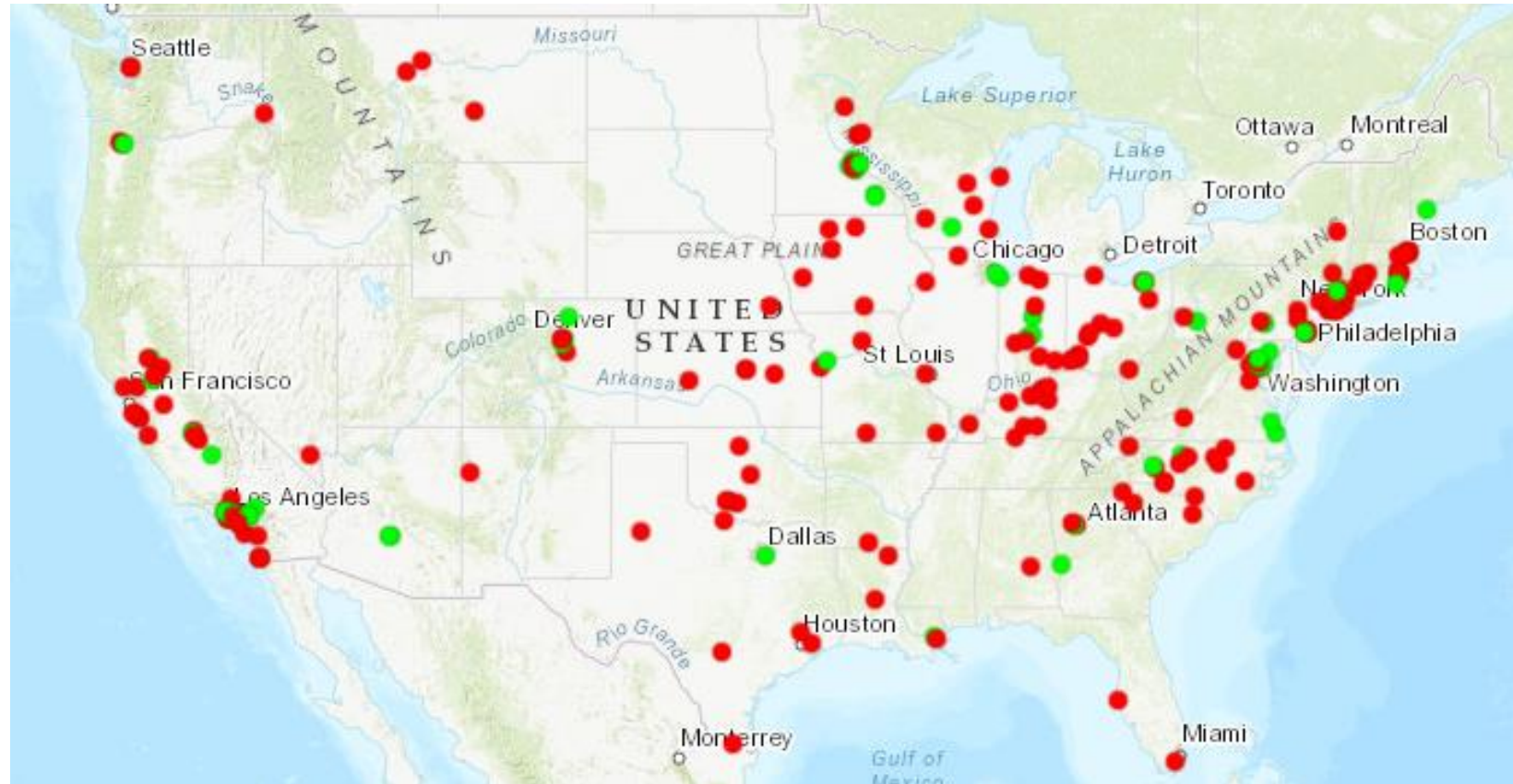
Learn More

<http://nhpd.preservationdatabase.org/>

National Housing Preservation Database

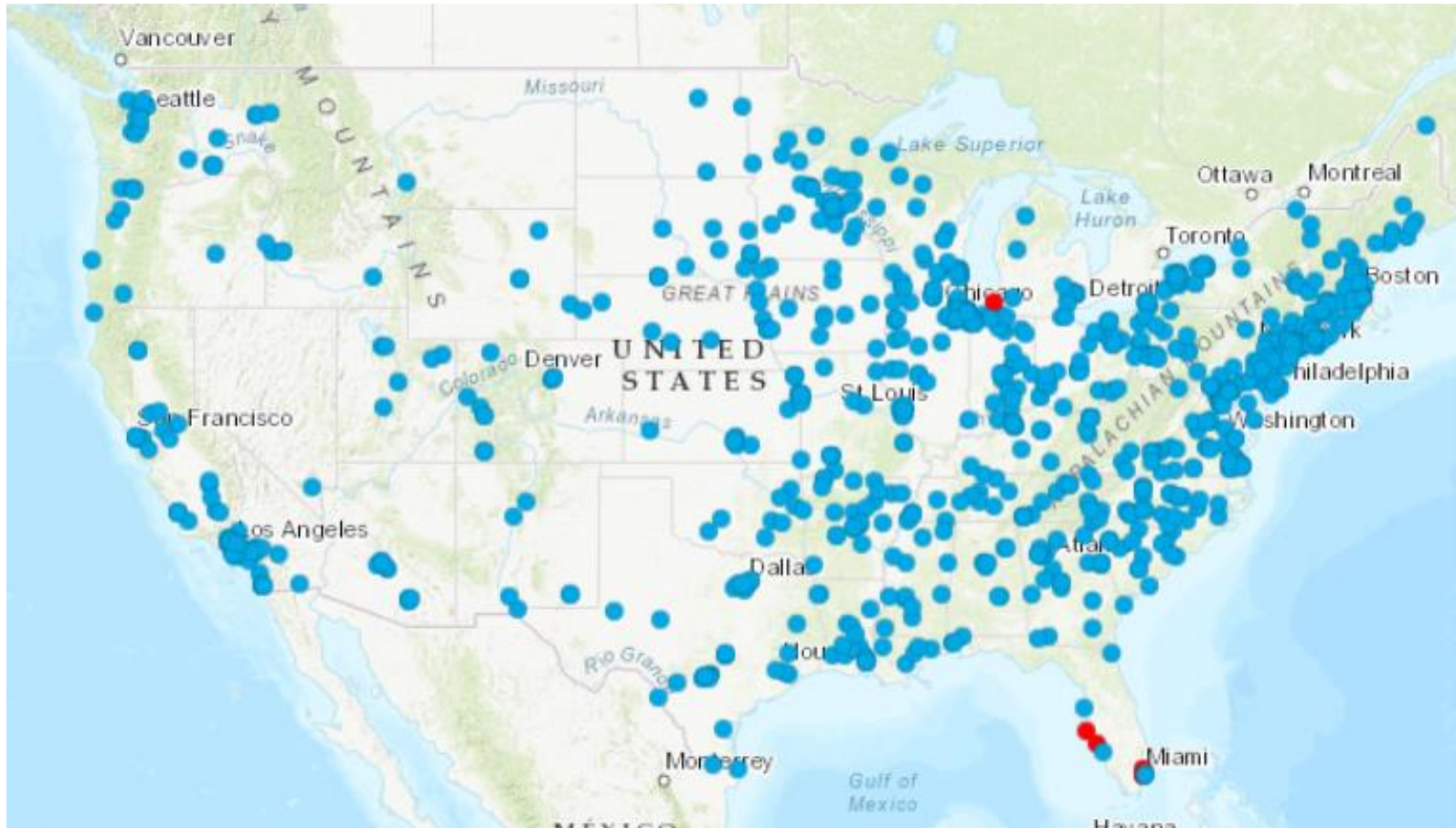
Can filter by:

- “Subsidy end date”
- “Property receives Section 8 contract”
- “Property receives HUD insured mortgage”
- City, state, county



NHPD Mapping Tool: properties with HUD maturing mortgages before 12/31/28

National Housing Preservation Database



NHPD Mapping Tool: properties with Project-Based Section 8 contracts that will expire within 5 years

National Housing Preservation Database State Preservation Profiles



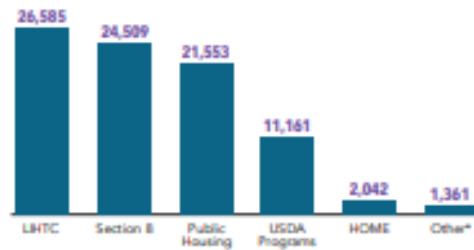
2017 PRESERVATION PROFILE



KENTUCKY

The US Department of Housing and Urban Development (HUD) and the US Department of Agriculture (USDA) programs play an important role in providing affordable homes to extremely low-income (ELI) families across the state. Many of the publicly supported homes, however, face expiring contracts and are at risk of becoming unaffordable to the state's lowest-income families.

NUMBER OF PUBLICLY SUPPORTED RENTAL HOMES BY PROGRAM

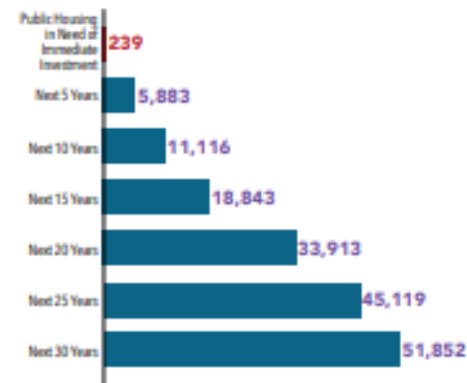


Over one third of the publicly supported rental homes across the state receive Low Income Housing Tax Credits.

*Other includes Section 236 HUD Insured Mortgages, Section 202 Direct Loans, and State Section 236.

Note: Rental units can be supported by multiple programs.

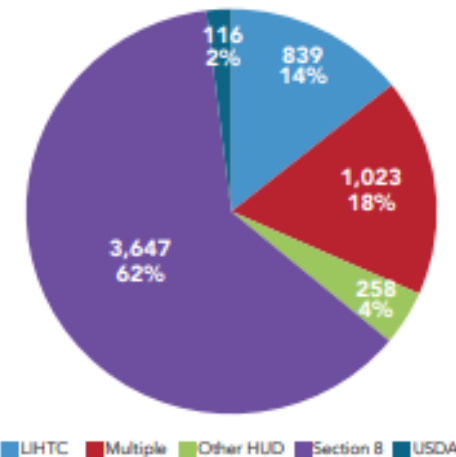
PUBLICLY SUPPORTED RENTAL HOMES AT RISK OF LOSS



Over one-in-twenty publicly supported rental homes face an expiring affordability restriction in the next five years and 239 public housing units are in need of immediate investment*.

* Indicated by a REAC score less than 40.

PUBLICLY SUPPORTED RENTAL HOMES WITH EXPIRING AFFORDABILITY RESTRICTIONS WITHIN FIVE YEARS BY FUNDING STREAM

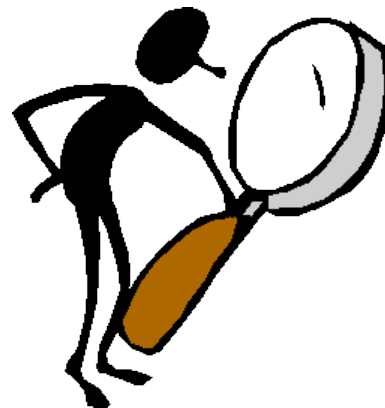


Over three-in-five publicly supported rental homes with expiring affordability restrictions in the next five years are assisted by Section 8 contracts.

KENTUCKY	75,914	107,999	78,912	5,883
	Shortage of rental homes affordable and available for ELI renters	ELI households spending more than half of their income on rent	Number of publicly supported rental homes	Number of publicly supported rental homes with affordability restrictions expiring in next five years

Which federal housing programs apply to the property?

- How do I figure out which federal housing programs apply to a building or unit?
 - National Housing Preservation Database: <http://preservationdatabase.org/>
 - Resident's lease
 - Contact HUD or local housing agency
 - Ask property manager
 - Freedom of Information Act (FOIA) request or state/local public records act request



Additional Resources

Additional Resources

- www.nhlp.org
- National Housing Preservation Database: <http://preservationdatabase.org/>
- *To Preserve Affordable Housing in the United States: A Policy History* by Alexander von Hoffman-
<http://www.jchs.harvard.edu/research/publications/preserve-affordable-housing-united-states-policy-history>
- *The State of the Nation's Housing 2017* by the Joint Center for Housing Studies of Harvard University, http://www.jchs.harvard.edu/research/state_nations_housing
- *Out of Reach 2017 Report* by the National Low Income Housing Coalition, <http://nlihc.org/oor>
- *Don't Get RAD-dled: 30 Minute Trainings for Tenant Advocates on What You Need to Know about the Rental Assistance Demonstration*, National Housing Law Project, <https://www.nhlp.org/webinars/dont-get-rad-dled-30-minute-trainings-tenant-advocates-need-know-rental-assistance-demonstration-rad/>

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Questions?

