

35,785 Affordable Homes in California At-Risk of Conversion Due to Expiring HUD Rent Subsidies and Maturing Mortgages Over Next 5 Years

Editor's Note:

Each year the California Housing Partnership uses data from our [Affordable Housing Preservation Clearinghouse](#) to present an annual summary of the U.S. Department of Housing and Urban Development's (HUD) subsidized housing at risk of loss of affordability in California. The California Housing Partnership collects and analyzes data from HUD and the state to assess risk of conversion to market rate for HUD-subsidized housing in California based on a number of factors and uses it to inform our own policy advocacy work in Sacramento and Washington, D.C. The California Housing Partnership is actively working with HUD, California's Department of Housing and Community Development (HCD), local governments, and nonprofit affordable housing developers to preserve this housing.

Privately Owned Federally Assisted Housing in California

Seventy-five percent (75%) of California's privately owned HUD-assisted rental housing in California is supported by the [Section 8 project-based rental assistance \(PBRA\) program](#). Section 8 PBRA provides landlords with market rents while ensuring that residents pay no more than 30% of their incomes toward rent. Homes with [Section 236 or 221\(d\)\(3\)](#) subsidized loans without the benefit of Section 8 PBRA contracts are especially at-risk and are described further in the section below on Expiring Subsidized Mortgages.

Program	Type	Properties	Rent-Assisted Units	Total Units in Properties	% of Total Units
Section 8 only	Multifamily	962	77,984	89,575	66%
Sec. 8 + Sec. 202/811	Senior/Disabled	266	16,672	16,868	12%
Sec. 8 + Sec. 515	Rural	45	2,123	2,224	2%
Sec. 8 + Sec. 236 or 221(d)(3)	Multifamily	46	3,593	4,337	3%
PRAC/202 or PRAC/811	Senior/Disabled	416	15,609	16,005	12%
Sec. 236/221(d)(3) BMIR only		0		0	0%
Other Rent-assisted or Insured mortgage properties		83	1,733	6,811	5%
Total		1,818	117,714	135,820	100%

What's At Risk (1): Expiring Rental Assistance Contracts

Over the next decade, hundreds of project-based rental assistance contracts in California will expire without assurance of renewal by the private landlords who own assisted properties, potentially ending the subsidies that ensure affordable housing for thousands of low-income families in the state. In the next five years, 31,515 apartments with Section 8 PBRA in 499 properties are at-risk of conversion to market rate. These properties also contain another 4,270 apartments that do not receive PBRA but are often providing housing to low income households and also may be at-risk.

S8 Rent Subsidy Loss Risk Level	Contract Expiration	Properties	Rent Assisted Units	Total Units	Percent of Total Units
At-Risk	Within 5 years	499	31,515	35,785	27%
• Very High Risk	- Within 1 year	226	12,866	15,471	12%
• High	- In 2 to 5 years	273	18,649	20,314	15%
Moderate Risk	5-10 years	70	5,251	5,760	3%
Low Risk	Over 10 years	1,209	80,948	91,814	69%
Total		1,778	117,714	133,359	100%

From 2011 to 2015, California lost 1,230 Section 8 apartments to owner decisions to opt-out of their HUD rental assistance contracts. While this figure implies that the state will not lose the majority of the 35,785 at-risk units, there is still a strong likelihood of significant loss without action at state and local levels. The conversion of an average of 246 apartments in each of the last five years - nearly five apartments per week - represents the loss of an irreplaceable resource for vulnerable extremely low-income (ELI) renters in high-cost California rental markets. A majority of residents of HUD-assisted properties are ELI renters earning 30% or less of are median income who are also elderly and/or disabled.[1]

HUD Rental Assistance Opt Outs and Terminations 2011-2015			
County	Number of Properties	Rent Assisted Units	Total Units
Butte	1	8	8
Kern	1	26	34
Los Angeles	14	296	318
Orange	1	6	6
Riverside	1	0	48
San Bernardino	1	30	160
San Diego	8	471	749
San Francisco	1	13	13
Santa Clara	1	15	15
Santa Cruz	1	27	27
Sonoma	1	48	48
Tulare	1	9	48
Ventura	1	97	130
Yolo	2	184	240
Total	35	1,230	1,844

What's At Risk (2): Expiring Subsidized Mortgages

The current wave of expiring mortgages represents those properties developed under the 236 and 221(d)(3) BMIR HUD subsidized mortgage programs that are now reaching the end of

their original 40-year term of affordability. Residents living in "unassisted" units in these properties, shown in red in the table below, face the highest risk of losing their homes without federal or state intervention.

Mortgage Expiration Risk Level	Properties	Assisted Units	Unassisted Units	Total Units
2016	9	1,027	259	1,286
2017	6	261	195	456
2018	1	104	0	104
2019	0	0	0	0
2020	0	0	0	0
Total Maturing Mortgages	16	1,392	454	1,846

HUD-Subsidized Properties and At-risk Units by County

The California Housing Partnership provides analysis of HUD subsidized and at-risk properties by county and by city. This data is intended to help local governments and affordable housing advocates prioritize at-risk properties for preservation. Cities, Counties, and non-profit preservation-oriented organizations can contact the California Housing Partnership for detailed lists of the properties in their jurisdictions.

[**Click here to view HUD subsidized properties and at-risk units by county**](#)

Please also see [HUD's Notices, Rules, and Regulations webpage](#) and the [California Housing Partnership's Preservation webpage](#).

Note: *The California Housing Partnership has recently made extensive efforts to match properties across datasets covering different state and federal funding sources for affordable housing in California. This effort has allowed us to better identify older HUD-funded properties that have been recapitalized using Low Income Housing Tax Credits (LIHTC) and adjust the risk of conversion to market rate to account for the extended affordability restrictions resulting from the use of LIHTC equity. Because of this improvement we are now able to better pinpoint the risk of conversion to market more accurately. As a result, the number of HUD properties we deem to be at-risk has decreased from last year.*

[1] California Rental Assistance Facts. Center on Budget and Policy Priorities. December 2012. <http://www.cbpp.org/files/4-13-11hous-CA.pdf>

PRESERVATION SERVICES FOR NONPROFIT AND LOCAL GOVERNMENT STAFF

The California Housing Partnership provides financial technical assistance and training to help nonprofit and government agencies build and preserve affordable homes for California families and seniors. For more information, please contact our Housing Preservation and Policy Research Manager, James Pappas, at jpappas@chpc.net or 415-433-6804 x 320.

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