



California
Housing
Partnership

Affordable Homes At Risk

How Many of California's Affordable Rental
Homes Have Converted to Market Rate?
How Many are Still at Risk?

FEBRUARY 2022

California's lower income renters are served primarily by two types of affordable homes: 1) federal-, state- and locally-subsidized multifamily properties ("affordable housing") governed by regulatory agencies, and 2) less defined, less well studied "naturally-occurring" affordable housing (NOAHs) which are becoming an increasing focus for policymakers as upticks in private, for-profit acquisitions further threaten the supply of homes affordable to low-income Californians.

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Losing California's Subsidized Affordable Homes¹

The California Housing Partnership analyzed the ownership structure of subsidized affordable housing developments that lost their affordability between 1997 and 2021 and found that **65%** (13,530 affordable homes) were owned by for-profit entities (see Figure 1). Between 1997 and 2021, California has **lost 20,792 affordable homes** (see Figure 2 on page 2) due to expiring regulatory restrictions on government-assisted multifamily developments and owner decisions to opt out, sell, or allow their properties to convert to market rate.

Currently at risk:

7,053

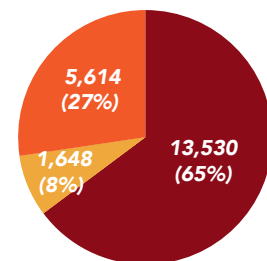
Affordable homes may
no longer be affordable
as soon as next year

32,753

Affordable homes are at
risk of losing affordability
in the next ten years

(See page 3
for details)

**Figure 1 | Loss of Affordable
Rental Homes by Ownership
Type, 1997-2021**



■ For-profit ■ Non-profit ■ Other*

*"Other" includes Single Asset, Limited Divided, Public Agency, or Unknown owner

Source: California Housing Partnership Preservation Database, February 2022.

Quantifying California's Unsubsidized "Naturally-Occurring" Affordable Housing

The Partnership has also identified an approximate number of apartments in the private market can be deemed "naturally" affordable. Either due to age, location, or other market factors, these properties offer rents that lower income households are able to afford. In this analysis, the Partnership defines these as: 1) commercial apartment buildings with five or more units, and 2) half or more of the apartments have rents affordable to households earning 80% or below of the area median income (AMI). Unfortunately, these properties are often targeted for acquisition and conversion by for-profit entities, leading to the displacement of these lower income residents unless the property is preserved by mission-driven nonprofit-controlled organizations with the support and oversight of local government housing agencies.

(See Appendix A for at-risk affordable homes by county.)

NOAHs in California

1.134 million apartments

(In 38,643 apartment buildings)

NOAHs + Subsidized Homes

1.638 million apartments

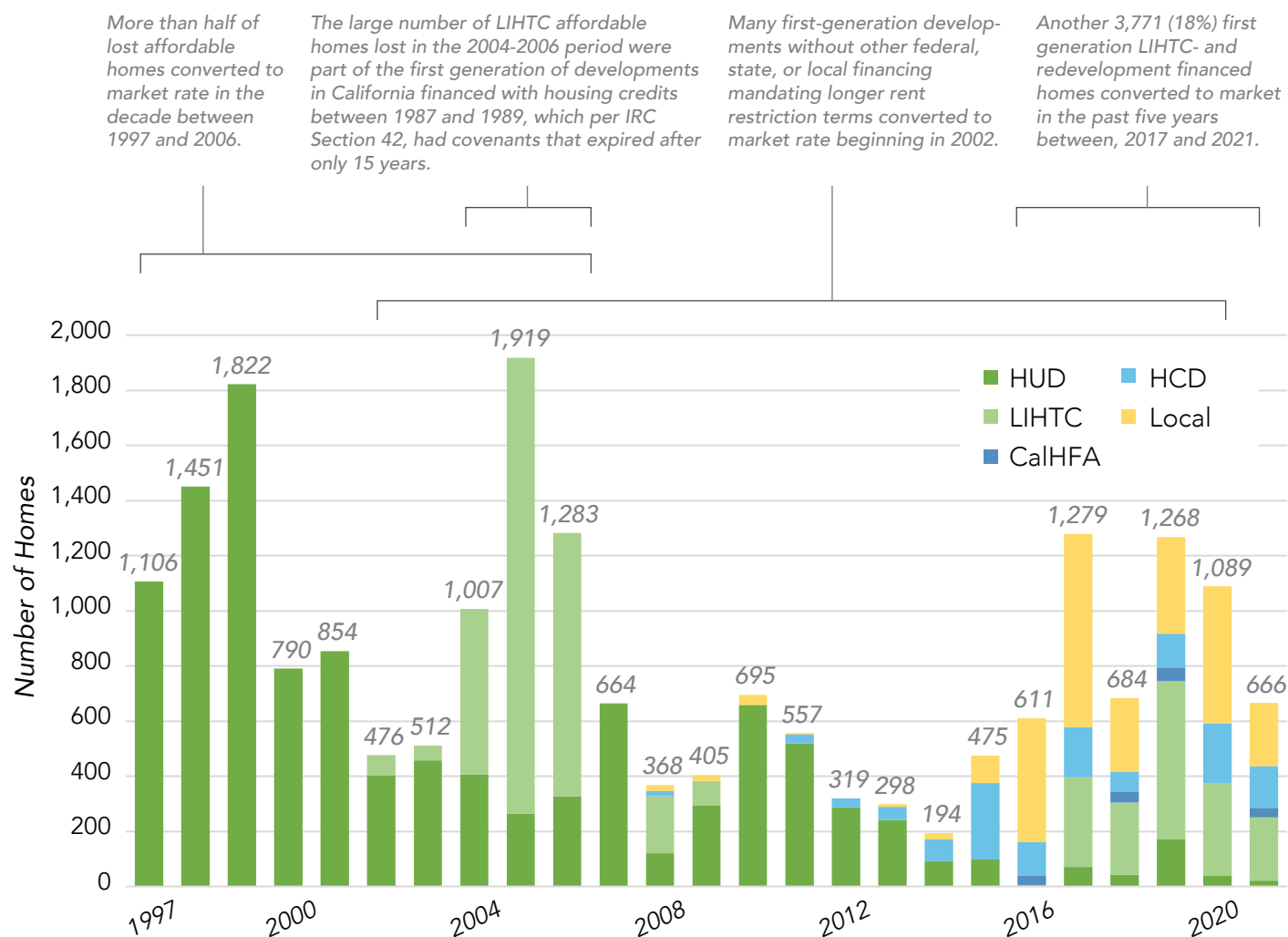
(California's estimated total supply of unsubsidized and subsidized affordable housing)

Lower Income Renters

Meanwhile, California has **2.976 million lower income renter households**.²

WHAT HAS BEEN LOST?

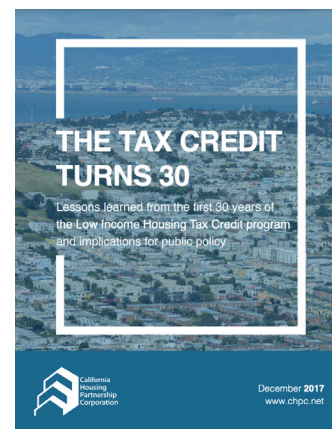
Figure 2 | Loss of Affordable Rental Homes in California, 1997-2021



Source: California Housing Partnership Preservation Database, February 2022.

For more information and lessons learned from the first 30 years of the LIHTC program, see the Partnership's publication, [The Tax Credit Turns 30](#). The Partnership's 2017 comprehensive analysis of conversion rates for first generation LIHTC properties finds that 30 percent of affordable homes in developments created by for-profits were converted, compared to 4 percent among those built and owned by nonprofits.³

Losing the affordable homes identified as being at risk of conversion would represent a significant loss to residents and the surrounding communities. Given California's need to produce 1.2 million homes for extremely low-income and very low-income renters over the next decade, it is clear that failing to preserve California's affordable homes is not an acceptable public policy option and that state and local action is needed (see page 5 for recommendations).⁴



WHAT IS AT RISK OF CONVERSION TODAY?

CONVERSION RISK LEVELS

The California Housing Partnership analyzes conversion patterns among the state's stock of subsidized affordable rental housing to identify which homes are most at risk of converting to market rate. Each affordable development shares the following characteristics: 1) No known overlapping subsidies extending affordability; 2) not owned by a stable, mission-driven nonprofit organization. They are then categorized into one of the following groups based on when affordability restrictions end:

Very High <1 Year

In less than one year.

High 1-5 Years

In one to five years.

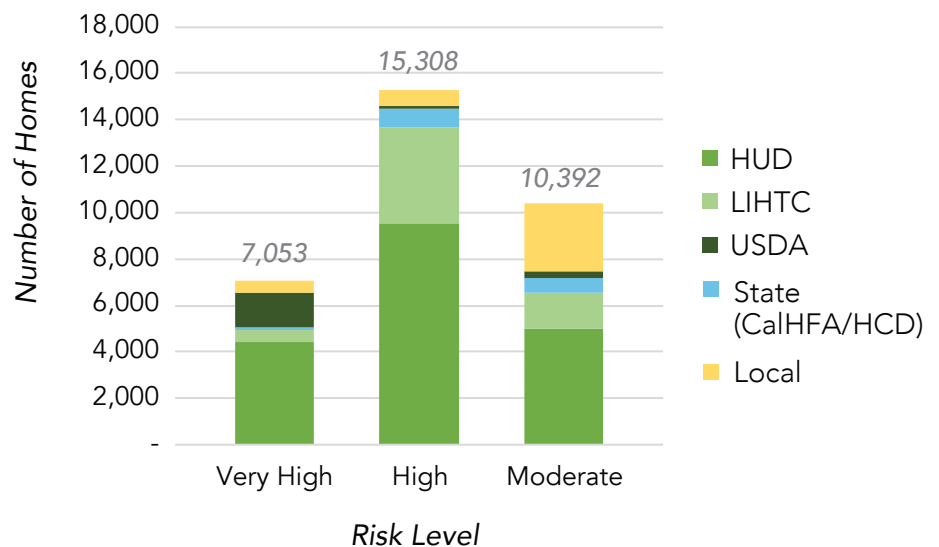
Moderate 5-10 Years

In five to ten years.

Low 10+ Years

Affordability restrictions extend beyond ten years, or the development is owned by a stable mission-driven nonprofit organization.

Figure 3 | Affordable Rental Homes At Risk in California



Source: California Housing Partnership Preservation Database, February 2022.

As a result of steady multifamily affordable housing production and preservation efforts since the 1980s, California now has 504,872 affordable homes (see Table 1).⁵ Among these, the homes of **32,753** lower income renter households are currently at **very high, high, or moderate risk** of conversion to market rate housing in the next decade (see Figure 3):

- These at-risk homes are located in **49 of California's 58 counties** (see Figure 5 and Appendix B).
- **Over 40%** of these homes serve seniors and people with disabilities.

Figure 4 | At-Risk Homes by Program Type

58%	HUD (expiring project-based rental assistance contracts and/or maturing mortgages)
19%	LIHTC (expiring regulatory agreements)
13%	Local (expiring regulatory agreements)
6%	USDA (maturing mortgages)
3%	HCD (expiring loans/grants)
2%	CalHFA (maturing loans)

Table 1 | Affordable Rental Homes Risk Assessment by Program⁶

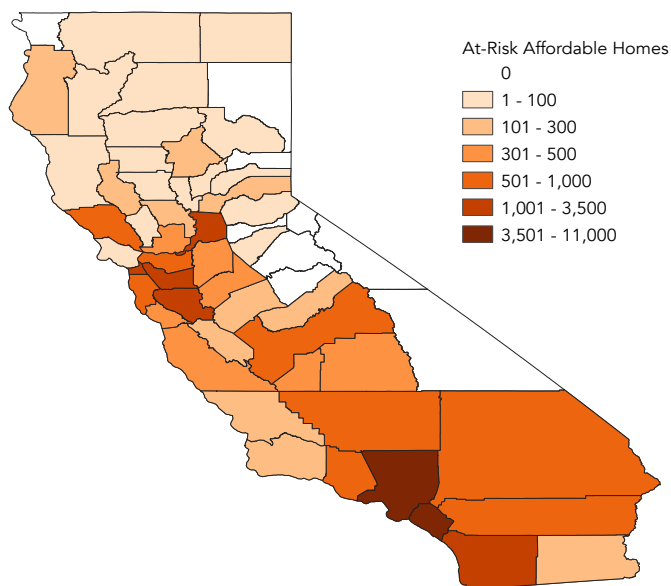
	Very High	High	Moderate	Low	Total
HUD	4,446	9,535	5,023	42,304	61,308
LIHTC	490	4,140	1,503	392,362	398,495
USDA	1,511	145	289	7,214	9,159
CalHFA	93	328	244	1,842	2,507
HCD	5	463	410	11,404	12,282
Local	508	697	2,923	16,993	21,121
Total	7,053	15,308	10,392	472,119	504,872

Source: California Housing Partnership Preservation Database, February 2022.

GEOGRAPHIC DISTRIBUTION OF AT-RISK HOMES

In this report, "at-risk homes" are defined as affordable homes with very high, high and moderate risk of losing affordability in the next 10 years.

Figure 5 | Number of At-Risk Affordable Rental Homes within each County of California



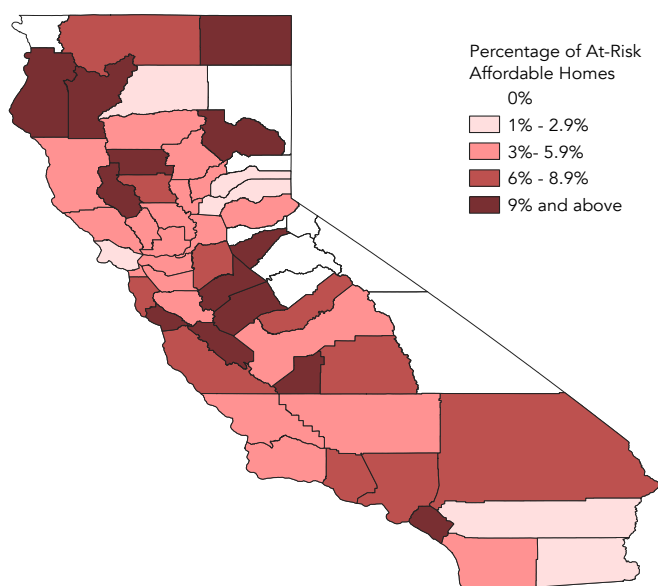
Source: California Housing Partnership Preservation Database, February 2022.

Most Populous Counties Ranked by Number of At-Risk Homes

1	Los Angeles	10,698
2	Orange	3,516
3	Santa Clara	1,963
4	San Diego	1,724
5	San Francisco	1,608
6	Alameda	1,182
7	Sacramento	1,002
8	San Bernardino	926
9	Fresno	719
10	Riverside	570
11	Kern	568
12	Contra Costa	524

3/4 of California's at-risk homes are located in these twelve counties.

Figure 6 | Percentage of At-Risk Affordable Rental Homes within each County of California



Source: California Housing Partnership Preservation Database, February 2022.

Most Populous Counties Ranked by Percentage of Affordable Homes that are At-Risk

1	Orange	13.1%
2	Los Angeles	8.9%
3	San Bernardino	6.3%
4	Santa Clara	5.8%
5	San Francisco	5.4%
6	Kern	5.2%
7	Fresno	4.8%
8	Alameda	4.3%
9	San Diego	4.0%
10	Sacramento	3.8%
11	Contra Costa	3.4%
12	Riverside	2.7%

See Appendix B for more data on at-risk affordable homes by county.

ECONOMIC & SOCIAL BENEFITS ALSO AT RISK

The conversion of any affordable home to market-rate means the potential loss of housing and economic stability for the low-income resident(s) living in the home. These **32,801 at-risk homes**, a precious and limited resource in our state, provide benefits ranging from relief from housing instability to improvements in health, childhood cognitive development, lifetime earnings and increased local economic activity.⁷

- Low-income residents living in affordable housing in California on average save **\$530 per month**—or **\$6,360 per year**—when compared to paying local market rents.⁸ For residents in high cost coastal communities, rent savings can be much higher – for example, upwards of **\$1,000 per month** for residents within the San Francisco Bay Area. These savings help put food on the table, pay for transportation and health-care costs, and enable families to take advantage of more educational and workforce development opportunities.⁹

Affordable housing also generates substantial economic activity that extends beyond its residents and into surrounding communities and regions.

- The creation and operation of today's affordable homes in California supports **312,000 jobs** annually, creates more than **\$12 billion in wages and business income** annually, and generates nearly **\$3.5 billion in annual tax revenue**.¹⁰

SOCIAL & ECONOMIC BENEFITS (2020\$) ⓘ

Household Rent Savings ⓘ

\$530 PER MONTH

Total Rent Savings ⓘ

\$3,416,000,000 PER YEAR

Lifetime Earnings Boost ⓘ

\$47,000 PER CHILD HOUSED

Pediatric Health Savings from Living in a Lower Poverty Community ⓘ

\$361,000,000 PER YEAR

Medical Cost Savings from Reduction in Pediatric Asthma ED Visits ⓘ

\$2,000,000 PER YEAR

Medical Cost Savings from Reduction in Severe Obesity and Diabetes ⓘ

\$109,000,000 PER YEAR

GHG Emission Reductions from Proximity to Transit ⓘ

364,000 MTCO₂E PER YEAR

GHG Emission Reductions from Proximity to Jobs ⓘ

436,000 MTCO₂E PER YEAR

Jobs Supported ⓘ

312,110 PER YEAR

Wages and Business Income Generated ⓘ

\$12,052,000,000 PER YEAR

State and Local Taxes Generated ⓘ

\$3,458,000,000 PER YEAR

<https://affordablehomes.chpc.net/>

WHAT CAN STATE LEADERS DO?

The following are ways that state leaders can provide the tools necessary for local governments and nonprofit, mission-driven housing organizations to effectively preserve existing affordable homes in California:

- 1) Aggressively enforce the State Preservation Notice Law.
- 2) Expand funding available for affordable housing entities to purchase at-risk developments.
- 3) Create incentives for the owners of at-risk developments to sell to affordable housing entities.

Please contact our Director of Legislative & Regulatory Advocacy, Mark Stivers, at mstivers@chpc.net for more information or visit roadmaphome2030.org.



Roadmap Home 2030

For details on the State Preservation Notice Law, visit HCD's website: hcd.ca.gov/policy-research/preserving-existing-affordable-housing.shtml

Appendix A | “Naturally-Occurring” Affordable Housing by County*

County	NOAH Properties	Lower Rent Apartments in NOAH Properties	Total Apartments in NOAH Properties
Alameda	1,975	53,601	60,707
Alpine	-	-	-
Amador	9	246	246
Butte	129	6,166	6,523
Calaveras	-	-	-
Colusa	-	-	-
Contra Costa	652	27,459	30,567
Del Norte	8	577	586
El Dorado	53	1,462	1,475
Fresno	591	28,936	29,741
Glenn	12	472	473
Humboldt	28	1,230	1,279
Imperial	60	2,656	2,745
Inyo	-	-	-
Kern	332	13,612	14,105
Kings	40	2,347	2,416
Lake	16	244	244
Lassen	-	-	-
Los Angeles	18,209	396,853	420,806
Madera	46	1,839	1,881
Marin	295	9,358	9,767
Mariposa	-	-	-
Mendocino	17	506	531
Merced	130	4,470	4,944
Modoc	-	-	-
Mono	6	100	100
Monterey	161	5,653	6,176
Napa	75	1,558	1,660
Nevada	17	546	570
Orange	2,423	118,055	130,865
Placer	64	2,790	2,978
Plumas	-	-	-
Riverside	673	24,893	26,680
Sacramento	1,106	50,355	53,362

Appendix A | “Naturally-Occurring” Affordable Housing by County* (cont.)

County	NOAH Properties	Lower Rent Apartments in NOAH Properties	Total Apartments in NOAH Properties
San Benito	5	83	88
San Bernardino	838	24,949	26,060
San Diego	4,410	130,972	136,439
San Francisco	1,612	37,799	41,928
San Joaquin	367	9,944	10,877
San Luis Obispo	79	2,655	2,806
San Mateo	832	30,183	33,427
Santa Barbara	251	9,557	10,339
Santa Clara	1,569	82,454	94,335
Santa Cruz	106	2,683	2,835
Shasta	77	3,488	3,595
Sierra	-	-	-
Siskiyou	8	187	188
Solano	185	5,374	5,781
Sonoma	314	9,769	10,031
Stanislaus	213	5,443	5,760
Sutter	57	2,366	2,520
Tehama	11	260	261
Trinity	-	-	-
Tulare	119	3,279	3,360
Tuolumne	-	-	-
Ventura	291	9,546	10,725
Yolo	119	4,763	5,150
Yuba	38	1,185	1,264
TOTALS	38,643	1,133,628	1,219,899

*The Partnership defines “naturally-occurring” affordable housing as: 1) commercial apartment buildings with five or more units, and 2) half or more of the apartments have rents affordable to households earning 80% or below of the area median income (AMI). Counties with fewer than five (5) properties in the analysis do not have data shown but are included in the totals.

Source: California Housing Partnership analysis of data from CoStar Group, accessed August 2021.

Appendix B | Lost Affordable Homes & Risk Assessment by County

County	Total Affordable Homes (Historic)	Lost Affordable Homes	Total Affordable Homes (Current)	Homes at Risk of Conversion	Very High Risk	High Risk	Moderate Risk
Alameda	28,026	694 (2%)	27,332	1,182 (4%)	91	334	757
Alpine	24	(0%)	24	(0%)	0	0	0
Amador	349	(0%)	349	(0%)	0	0	0
Butte	4,253	129 (3%)	4,124	128 (3%)	0	48	80
Calaveras	211	(0%)	211	43 (20%)	43	0	0
Colusa	567	(0%)	567	50 (9%)	0	0	50
Contra Costa	15,920	443 (3%)	15,477	524 (3%)	0	313	211
Del Norte	458	(0%)	458	(0%)	0	0	0
El Dorado	2,051	(0%)	2,051	70 (3%)	0	0	70
Fresno	16,163	1,068 (7%)	15,095	719 (5%)	430	77	212
Glenn	569	(0%)	569	54 (9%)	0	0	54
Humboldt	1,866	(0%)	1,866	233 (12%)	92	135	6
Imperial	5,071	29 (1%)	5,042	148 (3%)	24	84	40
Inyo	65	19 (29%)	46	(0%)	0	0	0
Kern	11,300	420 (4%)	10,880	568 (5%)	202	172	194
Kings	2,557	146 (6%)	2,411	439 (18%)	248	99	92
Lake	1,351	(0%)	1,351	171 (13%)	121	30	20
Lassen	431	7 (2%)	424	(0%)	0	0	0
Los Angeles	126,928	7,122 (6%)	119,806	10,698 (9%)	2397	5576	2725
Madera	1,933	10 (1%)	1,923	129 (7%)	37	80	12
Marin	2,645	35 (1%)	2,610	56 (2%)	0	56	0
Mariposa	181	16 (9%)	165	(0%)	0	0	0
Mendocino	1,520	38 (3%)	1,482	70 (5%)	0	22	48
Merced	2,874	270 (9%)	2,604	291 (11%)	27	167	97
Modoc	138	(0%)	138	76 (55%)	0	0	76
Mono	106	(0%)	106	(0%)	0	0	0
Monterey	6,630	179 (3%)	6,451	409 (6%)	0	345	64
Napa	2,597	27 (1%)	2,570	91 (4%)	0	0	91
Nevada	1,791	(0%)	1,791	34 (2%)	34	0	0
Orange	28,046	1,137 (4%)	26,909	3,516 (13%)	437	1854	1225
Placer	5,041	42 (1%)	4,999	117 (2%)	80	25	12
Plumas	311	(0%)	311	41 (13%)	0	0	41
Riverside	22,033	606 (3%)	21,427	570 (3%)	143	196	231

Appendix B | Lost Affordable Homes & Risk Assessment by County (cont.)

County	Total Affordable Homes (Historic)	Lost Affordable Homes	Total Affordable Homes (Current)	Homes at Risk of Conversion	Very High Risk	High Risk	Moderate Risk
Sacramento	27,878	1,213 (4%)	26,665	1,002 (4%)	0	661	341
San Benito	861	(0%)	861	292 (34%)	20	272	0
San Bernardino	15,011	285 (2%)	14,726	926 (6%)	211	693	22
San Diego	45,189	2,190 (5%)	42,999	1,724 (4%)	533	721	470
San Francisco	30,936	937 (3%)	29,999	1,608 (5%)	270	446	892
San Joaquin	5,855	218 (4%)	5,637	433 (8%)	192	158	83
San Luis Obispo	3,245	22 (1%)	3,223	165 (5%)	94	0	71
San Mateo	7,262	214 (3%)	7,048	563 (8%)	0	369	194
Santa Barbara	6,124	16 (0%)	6,108	225 (4%)	131	43	51
Santa Clara	34,618	816 (2%)	33,802	1,963 (6%)	316	800	847
Santa Cruz	4,639	432 (9%)	4,207	386 (9%)	129	133	124
Shasta	2,505	144 (6%)	2,361	42 (2%)	42	0	0
Sierra	49	(0%)	49	(0%)	0	0	0
Siskiyou	991	106 (11%)	885	63 (7%)	28	35	0
Solano	6,084	289 (5%)	5,795	318 (5%)	0	170	148
Sonoma	10,000	335 (3%)	9,665	509 (5%)	242	232	35
Stanislaus	4,279	169 (4%)	4,110	381 (9%)	80	179	122
Sutter	998	24 (2%)	974	51 (5%)	51	0	0
Tehama	1,128	(0%)	1,128	55 (5%)	10	45	0
Trinity	94	(0%)	94	64 (68%)	64	0	0
Tulare	6,932	232 (3%)	6,700	467 (7%)	234	65	168
Tuolumne	748	5 (1%)	743	(0%)	0	0	0
Ventura	9,843	336 (3%)	9,507	777 (8%)	0	588	189
Yolo	4,870	312 (6%)	4,558	256 (6%)	0	85	171
Yuba	1,519	60 (4%)	1,459	56 (4%)	0	0	56
TOTALS	525,664	20,792 (4%)	504,872	32,753 (6%)	7,053	15,308	10,392

Source: California Housing Partnership Preservation Database, February 2022.

DATA NOTES & SOURCES

- 1 California Housing Partnership. Preservation Database. February 2022. Website: <https://chpc.net/ta/preservation/preservation-clearinghouse/>. In this report, the term “affordable homes” includes multifamily properties financed, subsidized, or otherwise restricted by the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture (USDA), the California Housing Finance Agency (CalHFA), the California Department of Housing and Community Development (HCD), the Low-Income Housing Tax Credit (LIHTC/“housing credits”) program administered by the California Tax Credit Allocation Committee (TCAC), and local agencies/governments. These properties are logged in the Partnership’s Preservation Database, which includes HUD-subsidized developments, USDA Section 514 and 515 rural developments, developments receiving loans from CalHFA, developments financed with Low-Income Housing Tax Credits, developments subsidized by HCD, and a portion of local governments and agencies. The Preservation Database is updated quarterly with the most complete and available data provided by each agency. The data is then cleaned and duplicate information is removed using both automated processes and manual checks. Every effort is made to ensure the information presented is as precise as possible, however, there may be unanticipated inaccuracies based on the data as processed from federal, state, and local agencies. The California Housing Partnership has included a portion of affordable housing financed or otherwise restricted by local programs into its loss and risk analysis, using as comprehensive data as possible at the time of this report’s preparation.
- 2 California Housing Partnership. Housing Needs Dashboard. August 2021. Website: <https://chpc.net/housingneeds/>. Lower income households include ELI = Extremely Low Income (0-30% AMI), VLI = Very Low Income (30-50% AMI), and LI = Low Income (50-80% AMI).
- 3 California Housing Partnership. “The Tax Credit Turns 30.” December 2017. Website: <https://chpc.net/resources/tax-credit-turns-30/>.
- 4 “California’s Roadmap Home 2030.” March 2021. Website: <https://roadmaphome2030.org/>.
- 5 California Housing Partnership. Preservation Database. February 2022. Website: <https://chpc.net/ta/preservation/preservation-clearinghouse/>.
- 6 The homes captured under the HUD column reflect developments with HUD financing, as well as developments with HUD financing that also have CalHFA, USDA, HCD, and/or local financing or affordability restrictions. The homes captured under the LIHTC column include developments that have housing credits only, as well as LIHTC developments that also have HUD, HCD, CalHFA, USDA, and/or local financing or affordability restrictions. The homes captured under the HCD column reflect developments with HCD financing, as well as developments with HCD financing that also have CalHFA, and/or local financing or affordability restrictions. The homes captured under the USDA column include those with USDA funding only, as well as developments with USDA financing that also have HCD and/or local financing or affordability restrictions. The homes captured under the CalHFA column reflect developments with CalHFA financing, as well as developments with CalHFA financing that also have local financing or affordability restrictions. The homes captured under the local column include those with local funding from former redevelopment agencies or local government and other affordability restrictions.
- 7 California Housing Partnership, 2021. “Methodology Documentation: Quantifying Social and Economic Benefits of Affordable Rental Housing in California.” Website: <https://chpc.net/affordable-housing-benefits-methodology/>.
- 8 California Housing Partnership. Affordable Housing Map & Benefits Calculator. October 2021. Website: <https://chpc.net/datatools/affordablehomes/>.
- 9 See, for example: Jacob, Brian, Max Kapustin, and Jens Ludwig. 2015. “The Impact of Housing Assistance on Child Outcomes: Evidence from a Randomized Housing Lottery.” *The Quarterly Journal of Economics*; and Aizer, et al. 2014. “The Long Term Impact of Cash Transfers to Poor Families.” NBER Working Paper Number 20103.
- 10 California Housing Partnership. Affordable Housing Map & Benefits Calculator. October 2021. Website: <https://chpc.net/datatools/affordablehomes/>.

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