



# AFFORDABLE HOMES AT RISK

Preservation Challenges & Opportunities  
Monday, May 13, 2024 | Zoom



# AFFORDABLE HOUSING AT RISK

## Preservation Challenges & Opportunities

Welcome & Overview

Matt Schwartz, CEO

California Housing Partnership

# California Housing Partnership

The California Housing Partnership creates and preserves affordable and sustainable homes for Californians with low incomes by providing expert financial and policy solutions to nonprofit and public partners.

- Created by the state Legislature in 1988
- Board appointed by Speaker, Senate President & Governor
- Private nonprofit, no ongoing state funding
- 44-person staff operating throughout California in partnership with nonprofit and local government housing organizations
- We have helped private and public housing organizations leverage **\$35 billion** in private and public funding to create and preserve **93,000** affordable and **sustainable** homes.
- View our Core Equity Values: [chpc.net/about-us/equity-values](https://chpc.net/about-us/equity-values)

**chpc.net | @CHPCNews**

# AFFORDABLE HOUSING AT RISK

## Preservation Challenges & Opportunities

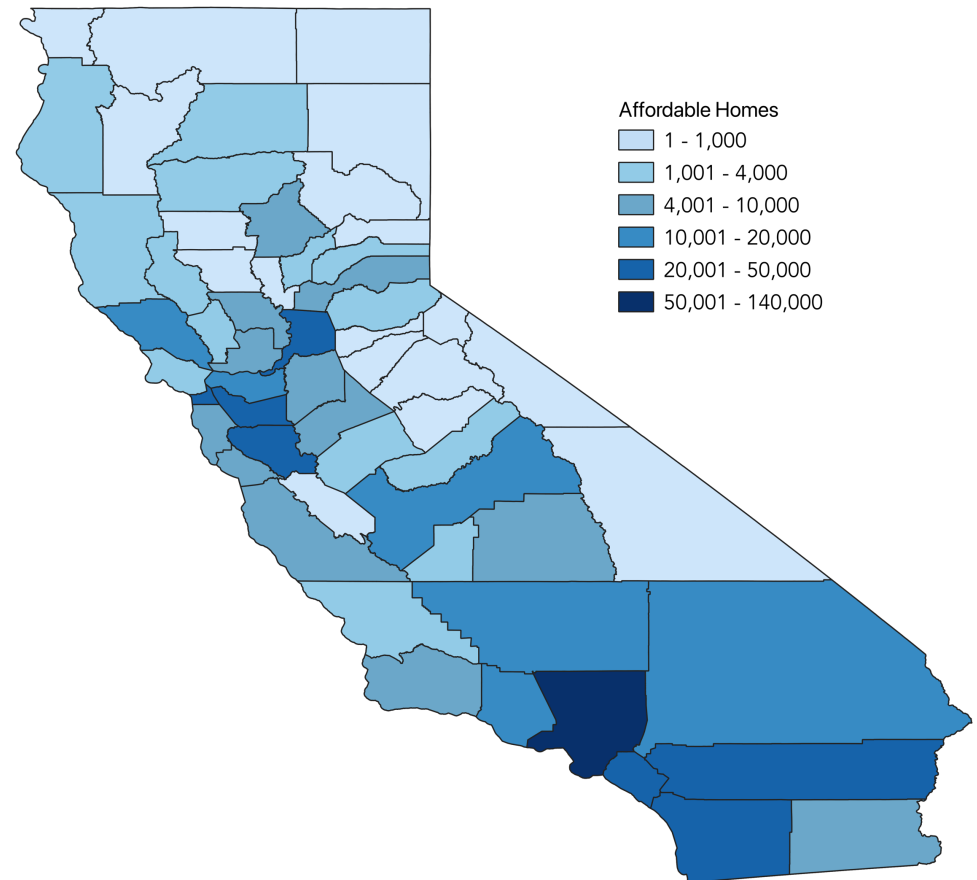
### Subsidized Affordable Housing 2024 Report Overview

Danielle M. Mazzella, Senior Research Manager  
California Housing Partnership

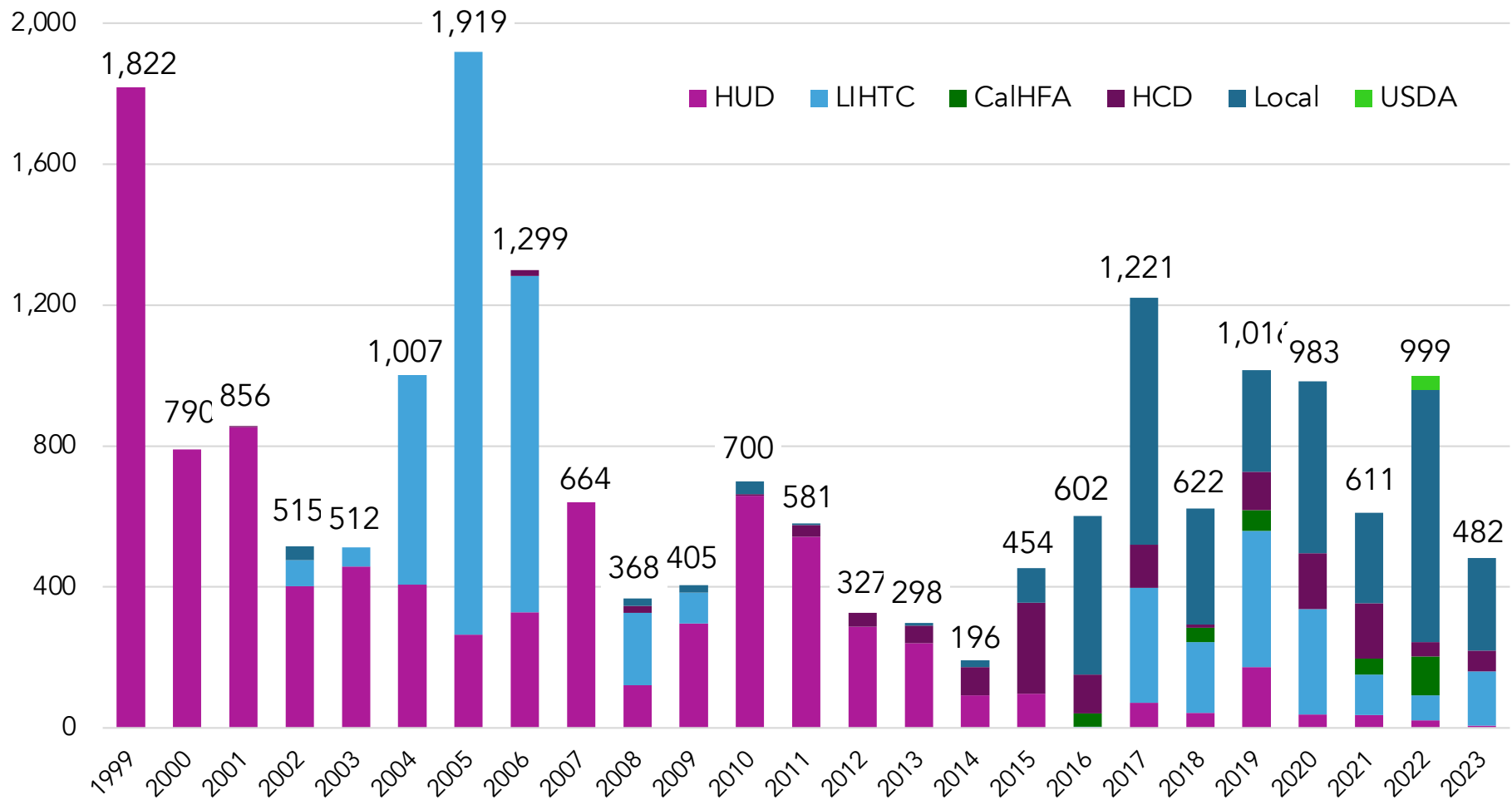


# All Subsidized Rental Housing

Risk Level	Developments	Affordable Homes
Very High	154	7,350
High	315	15,483
Moderate	262	11,077
Low	7,852	520,211
Total	8,583	554,121

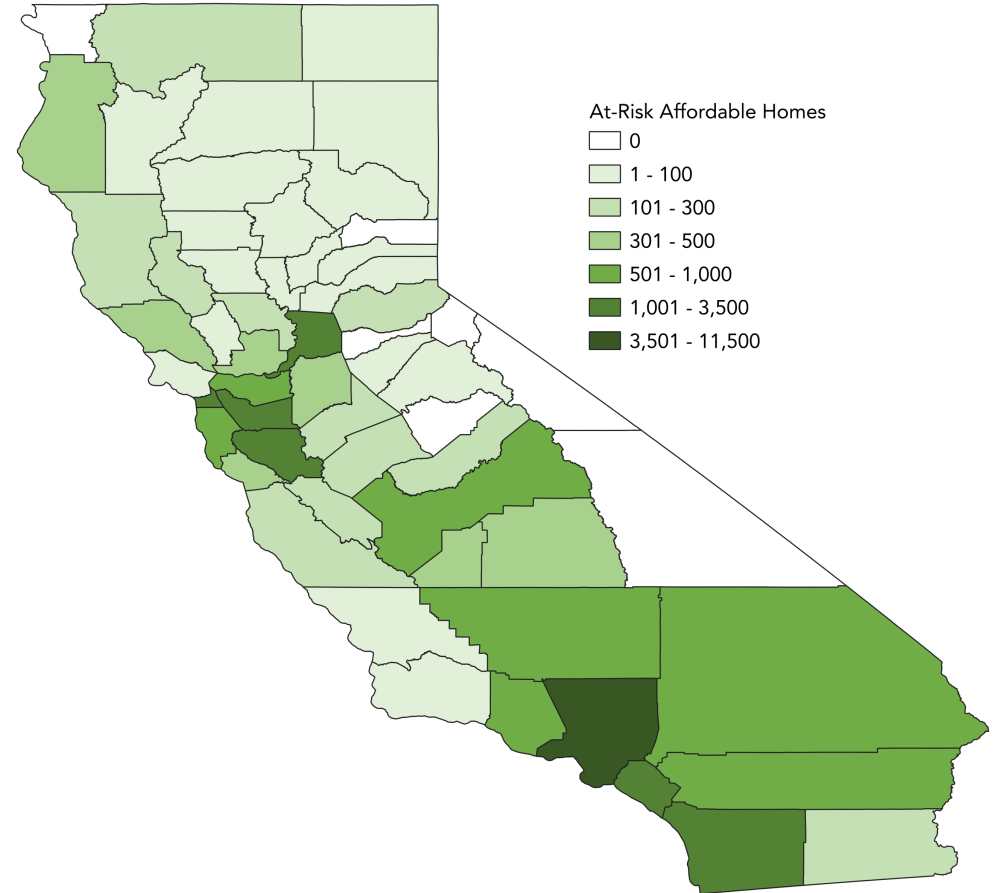


# Lost Subsidized Housing



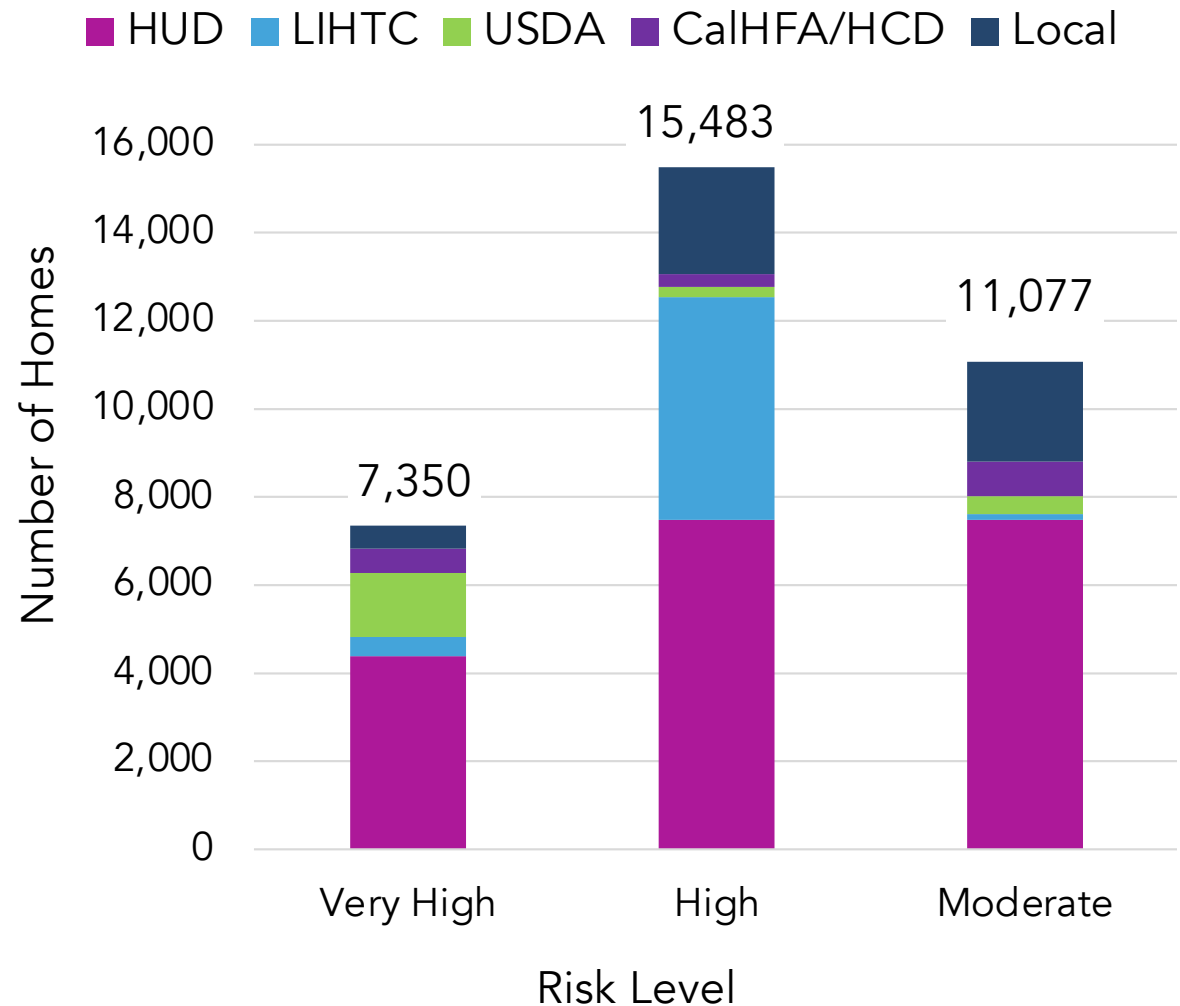
# At-Risk Subsidized Rental Housing

Program	At-Risk	Low Risk
HUD	19,365	39,707
LIHTC	5,605	419,592
USDA	2,099	7,140
CalHFA	636	1,565
HCD	991	22,874
Local	5,214	29,333
<b>Total</b>	<b>33,910</b>	<b>520,211</b>



# At-Risk Subsidized Rental Housing

Nearly  $\frac{3}{4}$  of affordable housing at risk over the next five years were funded through tax credits, HUD PBRA and loans



# AFFORDABLE HOUSING AT RISK

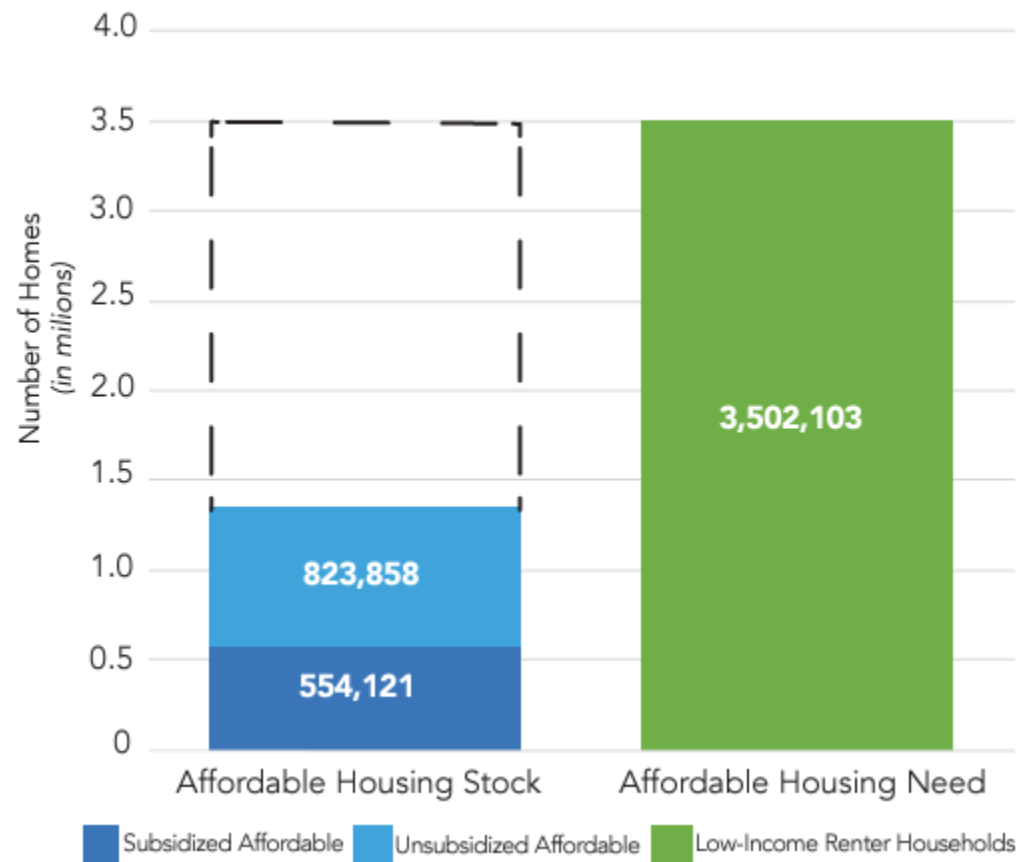
## Preservation Challenges & Opportunities

### Unsubsidized Affordable Housing 2024 Report Overview

Matt Alvarez-Nissen, Senior Research/Policy Associate  
California Housing Partnership

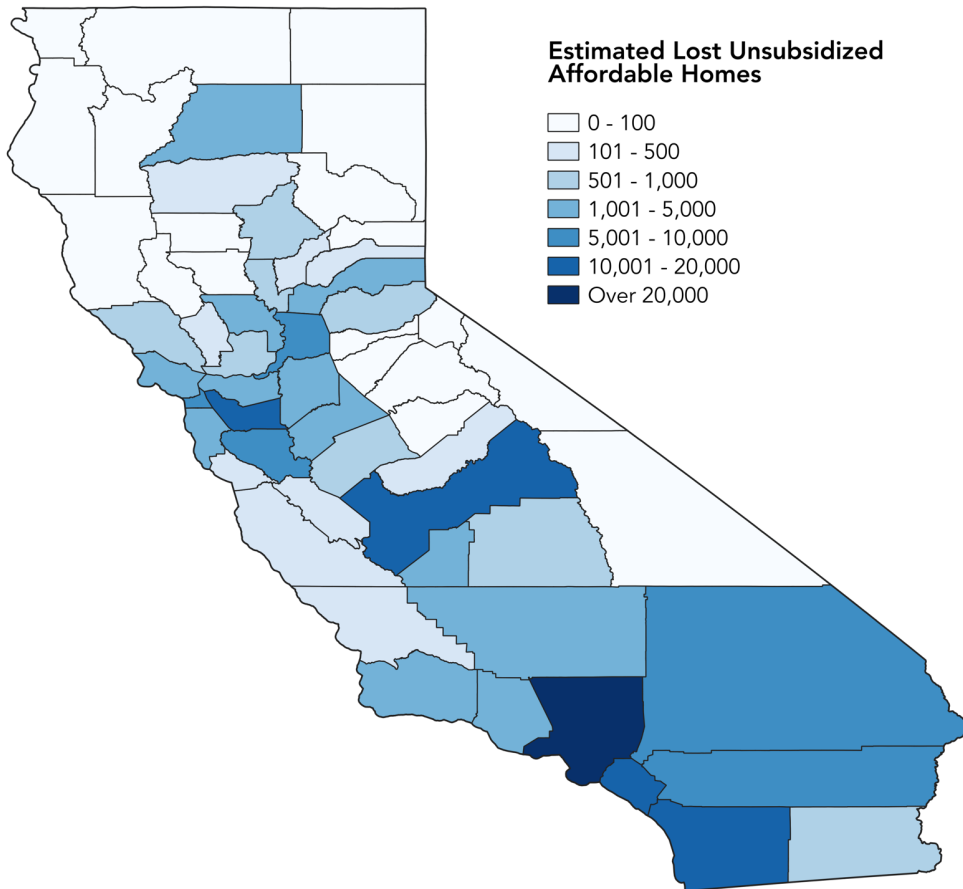
# Unsubsidized Affordable Rental Housing

- Almost 824,000 of the existing affordable homes in CA are unsubsidized
- Compared to subsidized housing, unsubsidized apartments constitute a significantly larger share of the state's affordable housing stock



Sources: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2023; California Housing Partnership Preservation Database, March 2024; Analysis of 1-year ACS PUMS data (2022) with HUD income levels.

# Lost Unsubsidized Rental Housing



- About **163,094 homes** lost affordability
- Unsubsidized apartments have mostly been lost in the Bay Area and Southern California, as well as Sacramento and Fresno Counties
- Majority of lost homes are in higher opportunity neighborhoods

Source: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2023.

# At-Risk Unsubsidized Rental Housing

- Of an estimated 823,858 unsubsidized affordable homes, **222,190** are currently at **high or very high risk** of losing affordability
- Highest concentrations of at-risk homes in Southern California and the Bay Area

## UNSUBSIDIZED AFFORDABLE HOUSING RISK INDEX

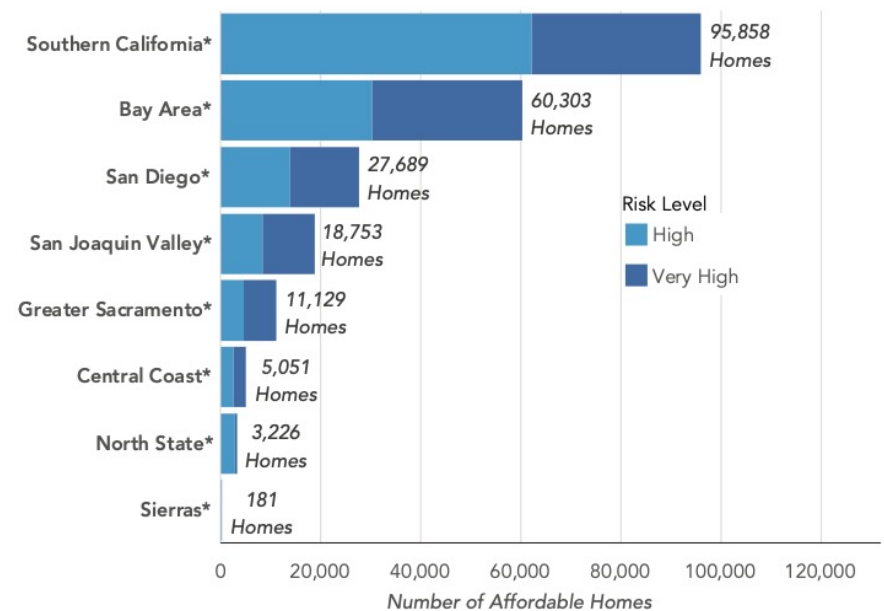
The California Housing Partnership analyzes conversion patterns among the state's stock of unsubsidized affordable housing to identify which homes most at risk of losing their affordability over the near term are located in census tracts with at least high risk levels, as defined by the Partnership's Unsubsidized Affordable Housing Risk Index.<sup>13</sup>

The Index is categorized as follows:

High score between 75–90

Very High score of at least 90

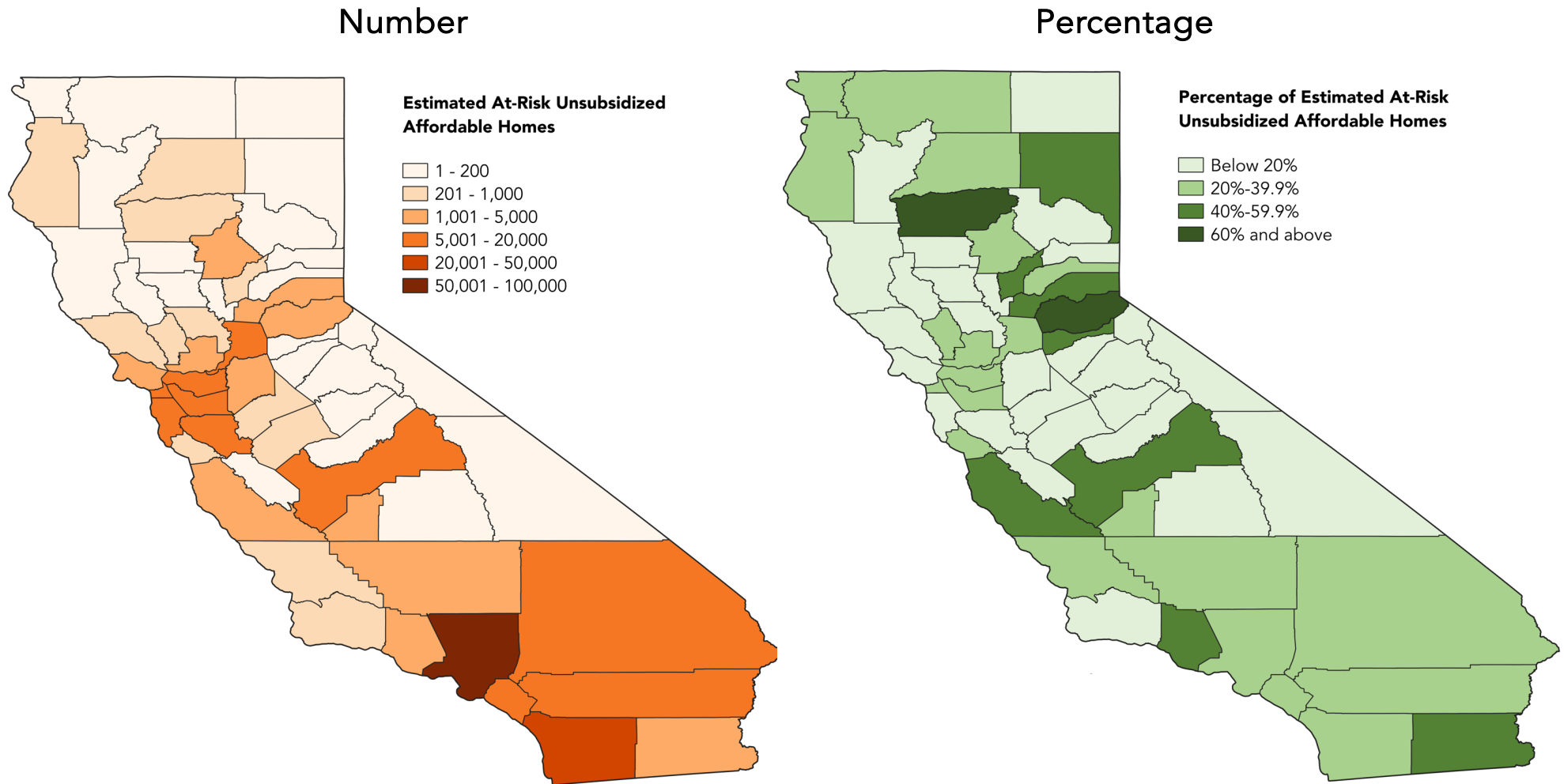
## At-Risk Unsubsidized Affordable Housing by Region



Source: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2023.



# At-Risk Unsubsidized Rental Housing



Source: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2023.

# AFFORDABLE HOUSING AT RISK

## Preservation Challenges & Opportunities

### Case Studies in Preservation

Moderator

Heather Bromfield, Senior Program Director of Preservation, Enterprise

Presenters

Ken Litzinger, CFO, Housing Authority of San Louis Obispo (HASLO)

Development: [Anderson Hotel](#)

Aubra Levine, VP of Real Estate Development, The Unity Council

Development: [36<sup>th</sup> Avenue Apartments](#)

"THE ANDERSON HOTEL"  
IN 1925 (APPROX.)

A.R.C. #82-17



# Anderson Hotel



- Built in 1923
- 68 homes
  - Resident population?
- Studios and 1 bedrooms
- Section 8 HAP contract

# Anderson Hotel

## Sources & Uses

Site Acquisition	15,159,831
Relocation - Estimated	3,196,320
Construction/Rehab	37,468,521
Total Project Cost	<u>55,824,672</u>

Homekey - Acquisition	10,500,000
Homekey - Relocation	1,100,000
City of San Luis Obispo	1,700,000
County of San Luis Obispo	2,000,000
Federal Capital Funding Program	2,000,000
HASLO Public Funds Loan	3,599,343
Tax Credit Equity	30,765,329
Commercial Loan	4,160,000
Total Permanent Sources	<u>55,824,672</u>



# 2000 36th Ave, Oakland



- 55 homes
  - Resident population?
  - 1 and 2 bedrooms
  - 1.19 acres
- Built in 1959
- Interior courtyard
- Parking and laundry



# Project Financing



## Development Costs:

- Acquisition: \$11.1 million
- Life & Safety Repairs: \$1.2 million
- Substantial Rehabilitation: \$3.9 million
- Total: \$16.2 million or \$294,000/unit

## Financing Partners:

- Housing for Health Fund: \$60,000/unit
- Bay Area Preservation Pilot: \$68,000/unit
- City of Oakland: \$136,000/unit
- Energy Efficiency Programs: \$16,000/unit



# Challenges

- Understanding the rehab needs
- Lack of resources
- Poor documentation from previous owner
- Welfare tax exemption





# Community Impact



**Environment:** address deferred maintenance, courtyard upgrades



**Physical Health:** health fair, nursing school partnership, after-school programming, food distribution



**Mental Health:** safety enhancements, help large households move into larger units



**Economic:** rent relief, school backpack giveaway, career resources, apply for social services



# AFFORDABLE HOUSING AT RISK

## Preservation Challenges & Opportunities

### Policy Solutions

Moderator

Chione Lucina Muñoz Flegal, Executive Director, Housing California

Panelists

Andrew Dawson, Policy Advocacy Manager, California Housing Partnership

Lila Gitesatani, Staff Attorney, National Housing Law Project

Amiel Leaño Atanacio, Senior Program Officer, State & Local Policy, Enterprise

Mark Stivers, Director of Advocacy, California Housing Partnership

# Preservation Policy Funding Solutions

**Prioritize a \$10 billion affordable housing bond on the November 2024 ballot.**

*Assembly Bill 1657 (Wicks) proposes a \$10 billion bond that would both increase new affordable housing and the preservation of existing subsidized and unsubsidized affordable housing.*

**Establish the Affordable Housing Preservation Tax Credit.**

*AB 1911 (Gabriel) of 2022 would incentivize property owners to voluntarily sell at-risk subsidized and unsubsidized properties to experienced affordable housing organizations who will operate them as affordable housing for low-income households for 55 years by providing the seller a 50% credit against state and federal capital gains taxes otherwise owed.*

# Subsidized Preservation Policy Solutions

- Expand the State Preservation Notice Law by passing AB 2926 (Kalra) requiring owners to accept bona fide offer from preservation buyer or reestablish the rent and income restrictions for the property.
- Aggressively enforce the State Preservation Notice Law.

# Unsubsidized Preservation Policy Solutions

- Enact the Community Anti-Displacement and Preservation Program (CAPP) as proposed in Senate Bill 225 (Caballero), to allow mission-driven affordable housing entities to purchase at-risk unsubsidized affordable developments.
- Provide tenants and community organizations with a first right of offer when rental housing is put up for sale.
- Eliminate the 2030 sunset on, and close remaining loopholes in, AB 1482 of 2019, the statewide rent cap law.
- Collect rental cost data on large and small privately-owned apartments complexes to better understand where additional unsubsidized affordable properties are at-risk.

# REFERENCE LINKS

Preservation Notice Law:

<https://www.hcd.ca.gov/policy-and-research/preserving-existing-affordable-housing>

Welfare Property Tax Exemption:

<https://www.boe.ca.gov/proptaxes/welfarelowinc.htm>

AB1657 Housing Bond Fact Sheet:

<https://chpc.net/wp-content/uploads/2024/05/Fact-Sheet-AB-1657-Wicks-Affordable-Housing-Bond-Act-of-2024.pdf>

Equitable Building Decarbonization Program:

<https://www.energy.ca.gov/programs-and-topics/programs/equitable-building-decarbonization-program>

Partnership Clean Energy Programs:

<https://chpc.net/ta/cleanenergy/>

Housing California Action Center:

<https://www.housingca.org/policy/action-center/>