



Preservation of Affordable Housing

Request for Appropriations in FY10:

- Support sufficient funding for the project-based Section 8 program

Request for Authorizing Legislation:

- Enact comprehensive preservation legislation. Representative Barney Frank (D-MA) and Senator Charles Schumer (D-NY) are expected to introduce comprehensive preservation legislation later this spring. Such legislation must include:
 - A right of first purchase for preservation minded purchasers and a strengthened right of refusal for cities of HUD-owned or HUD-held buildings
 - No preemption of state and local preservation laws
 - Enhanced tenant protections and participation in preservation decisions
 - Flexibility to use project-based Section 8 assistance as needed to preserve properties, including permitting the transfer of such assistance to a new property when needed to maintain the assistance and continuing such assistance when HUD disposes of a property
 - Creation of a public database that can be used by advocates to track assisted properties and support local preservation activities

Issue Summary:

From the mid-1960s to the mid 1980s, the federal government encouraged the development of affordable rental housing through a variety of programs. The government provided financial incentives for the private sector to build and maintain rental housing affordable to low income households. The largest such program is the project-based Section 8 program. This assisted, privately-owned rental housing is located in every part of the country and is critically important to the families that call it home.

As these affordable properties have aged and their restricted use periods come to an end, the federal government needs to take steps to preserve these properties. Since 1995, about 360,000 project-based Section 8 units have been lost to conversion to market rate housing. Annually, another 10,000 – 15,000 units leave this federally subsidized, affordable housing inventory.

Preserving this housing is good policy; it is a cost effective way to invest in our communities. According to the National Housing Trust, it costs approximately 40% less to preserve existing housing than to construct a new one.

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Appropriations

While the American Recovery and Reinvestment Act provided funds to address the gap that had prevented 12-month funding for each project-based Section 8 contract in 2007 and 2008, it is important that Congress provide, as part of the regular appropriations process, the funds needed to fully fund project-based Section 8 contract renewal needs in FY10. Private multifamily housing owners rely on the annual renewal of their project-based Section 8 subsidy contracts. Without stable funding, many of these owners could decide to leave this critical affordable housing program.

Preservation Legislation

Currently, HUD, residents and advocates have a variety of tools they can use to preserve properties, but these tools are incomplete and need to be strengthened.

Housing advocates are hopeful that the following provisions will be included in the forthcoming preservation legislation:

- Where possible, transfers of assisted properties should be made to preservation-minded purchasers including local governments.
- Local preservation laws, including those that provide tenants protections, should not be preempted by Federal law.
- Project-based Section 8 assistance should be maintained wherever possible and, when a property is no longer financially viable, the owners should be permitted to transfer the assistance to another property to ensure a continuation of assisted housing.
- To ensure that advocates have the information needed to identify projects in need of preservation, HUD must also provide subsidy information data for every assisted property in the country.

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