

Accessed 8/4/2014



Goal: Increase the Availability of Affordable Homes

Role: Preserve and Recycle Resources

Policy: Preserve Affordable Rental Homes

What is rental housing preservation?

Rental housing preservation policies seek to ensure the continued, long-term availability of quality affordable rental homes - an essential part of the housing stock for working families, older adults, people with a disability, and others. Preservation of existing rental housing has grown in importance as many former homeowners are now renters due to the foreclosure crisis. Many will remain in rental homes for quite some time as they repair their credit ratings.

Despite the growing need for quality affordable rental homes, across the country, hundreds of thousands of subsidized rentals, affordable to low- and moderate-income households, are at risk of being lost. Millions of unsubsidized rental homes that are affordable to moderate-income families are also at risk of becoming less affordable as rents rise and older properties are either upgraded to serve higher-income families or allowed to deteriorate. According to Harvard University's Joint Center for Housing Studies, in the past decade more than 1.2 million of these units were lost -- to escalating rents or condominium conversions in strong markets, to abandonment and demolition in weaker markets. [1]

There is no single policy that can ensure that affordable rental homes are preserved. Rather, multiple, coordinated and flexible policies are needed to identify properties at risk, provide the resources needed to facilitate the [rehabilitation](#) and/or purchase of target properties, and create the incentives needed to encourage owners to preserve and improve their properties.



Photo credit: Jackson Smith, courtesy of NHT/Enterprise

Hazel Hill Apartments in Fredericksburg, VA, a [project-based Section 8](#) property built in 1971, had twice failed HUD inspections by 2004. As housing prices in the area soared, the owner faced foreclosure and the residents displacement.

The National Housing Trust/Enterprise Preservation Corporation acquired Hazel Hill in 2004 and conducted the renovations needed to save the property. NHT/Enterprise further improved the community's quality of life by developing a resident services and community safety program.

[Visit the Gallery](#) for more information on Hazel Hill.

Why is rental housing preservation important?

Because the health, stability, and economic vitality of our communities depend on a mix of housing options. Nearly all of us are renters at some point in our lives -- whether as a young person, a family moving to a new job opportunity, or a retiree living on a fixed income. Rental homes play an important role in our economy, and are as critical to our nation's infrastructure as highways, transit systems, schools and industry.

The preservation of affordable rental properties allows working families, older adults, and others to live in stable environments and within their financial means. By helping to ensure the continued availability of affordable rental homes, preservation policies help families spend a reasonable amount on rent and utilities, leaving them better positioned to afford basic health and food costs and to save funds: for weathering the unexpected -- loss of employment, medical issues, vehicle repairs, etc.; for expanding their economic opportunities -- savings for education, training, etc.; or for a major purchase -- such as the downpayment on a home. ([Learn more](#) about the importance of preserving and rehabilitating subsidized rental housing for older adults, in particular.)

Preserving existing rental properties helps to conserve billions of public dollars already invested in the affordable rental housing supply. For over 40 years, federal tax policy and housing programs have encouraged private owners and investors to develop millions of rental homes. These homes play a critical role in housing working families. Due to the high costs of construction, the strong competition for land that drives up land prices, limited availability of new federal rental subsidies, and more stringent requirements on private capital, affordable rental homes that are lost are unlikely to be replaced through new construction. In most cases, it is also less expensive to preserve existing affordable rental homes than to build new ones.

From the Forum...

"Preserving affordable rental housing near transit is becoming increasingly urgent. Changing demographic trends, traffic congestion, and high commuting costs are resulting in increasing demand to live near transit. As the market for housing near transit heats up, the threat exists for many affordable apartments to be converted to market rate housing. Are there specific strategies states and localities are adopting to preserve affordable housing near transit?" [See what other people said and sign in to add your response](#)

The HousingPolicy.org Forum is a place to pose questions, exchange ideas, and learn from the experience and expertise of others. This section of the site features interactive forums organized around policy areas, including rental housing preservation.



When Crosspoint Human services redeveloped New Holland Apartments in **Danville, IL**, the company chose to pursue LEED certification.

[Read the case study](#)

The loss of stable affordable rental homes can mean upheaval in a neighborhood, displacement of long-time residents, and a loss of the community's traditional character - particularly in communities where rents are rising. Well-maintained rental homes that are affordable to working families and others can contribute to neighborhood stability, combat the negative effects of [gentrification](#), and create or preserve diverse, [mixed-income](#) communities. The availability of affordable rental homes may also make it possible for homeowners that have undergone foreclosure to remain in their old neighborhoods as renters, helping to minimize disruptions at school and work. When existing rental homes are well-located near jobs and/or public transit, their preservation can also improve the quality of life of residents and the surrounding community. Families living in such locations tend to depend less on

personal vehicles than families in more remote locations, helping to reduce their transportation costs, energy usage, and commute time. The reduction in car usage also may help to ease congestion and traffic for others in the community. Indeed, preservation is inherently "green" and environmentally responsible. The preservation of existing affordable housing produces less waste and uses less new materials and energy than new construction. [Click here](#) to learn more about the environmental benefits of rental housing preservation.

Where are rental housing preservation policies most applicable?

Rental housing preservation initiatives can be applied in both growing and softening markets. While most rental housing preservation efforts focus on ensuring the ongoing affordability of properties with expiring federal or state subsidies, some communities are deploying resources to preserve unsubsidized affordable rental properties. Each year, a portion of this unsubsidized but affordable inventory is lost due to inadequate maintenance. Other unsubsidized units are lost when owners make substantial upgrades that in turn price the homes out of reach for working families.

Not every property can or should be preserved. Some properties are simply too physically deteriorated or financially unstable to be preserved. But much of the existing rental housing stock can be preserved as a quality, affordable housing resource. Simply put, affordable rental homes play a critical role in the nation's housing stock. It is much more efficient to preserve this resource than to recreate it.

Window of Opportunity

As part of its \$150 million *Window of Opportunity* initiative, the John D. and Catherine T. MacArthur Foundation is investing in state and local programs that will preserve more than 70,000 affordable rental homes in 12 cities and states across the U.S. The programs supported by the initiative represent some of the most innovative efforts in the country, and they are profiled throughout this section of HousingPolicy.org. [Click here](#) to learn more about the *Window of Opportunity* initiative or [skip to details](#) about each of the state and local awardees, announced in February 2009.

In March 2009, the National Housing Conference and the MacArthur Foundation partnered to host *Partners in Innovation: A Dialogue on Federal, State and Local Rental Preservation Solutions*. The symposium brought together the 12 state and local awardees as well as other leaders from across the nation, including US Department of Housing and Urban Development Secretary Shaun Donovan and US Department of Agriculture Secretary Tom Vilsack. [Click here](#) to download the agenda for the March symposium, view photos from the event, or access audio files of remarks by Secretaries Donovan and Vilsack.

[1] Revisiting Rental Housing: Observations from a National Summit. [PDF] April 2007. Cambridge, MA: Joint Center for Housing Studies at Harvard University.

Note: The rental housing preservation section of HousingPolicy.org draws heavily on the experience and work product produced through the Window of Opportunity Initiative, sponsored by the John D. and Catherine T. MacArthur Foundation. The Center for Housing Policy particularly acknowledges our reliance on written materials prepared for this initiative by a Window of Opportunity policy working group that was facilitated by CFED. In addition, we gratefully acknowledge the input and feedback provided for this policy section by Michael Bodaken and Tracy Kaufman of the National Housing Trust, and Michael Torrens (CFED). Please note, however, that the views and opinions expressed on HousingPolicy.org are those of the Center for Housing Policy alone.

Copyright © 2014 Center for Housing Policy. All Rights Reserved

