



# Preservation of Federally Subsidized Project Based Housing in Florida



By Anne Ray

**2011** could shape up to be the biggest year yet for the preservation of affordable rental housing in Florida. Florida Housing Finance Corporation, following through with its strategic plan adopted in 2009, is poised to adopt a 50% set aside of Low Income Housing Tax Credits for the purpose of preserving

federally subsidized housing that serves Florida's most vulnerable populations. The timing is right for preservation. Success stories like the Viridian, publicized by the Florida Housing Coalition and the Sadowski Coalition, shined the spotlight on preservation. The Viridian is a project-based property preserved in 2010 by Sage Partners that saved housing for a population that would otherwise be homeless, while creating hundreds of jobs. Meanwhile, the Shimberg Center and the Florida Housing Coalition are working closely with a statewide group of legal services lawyers funded by the Florida Bar Foundation to preserve project based properties.

These successes come as the Shimberg Center, Florida Housing Coalition, and Florida Housing Finance Corporation complete the second year of a three-year, \$1 million project funded by the MacArthur Foundation to preserve Florida's assisted rental housing. These "assisted" housing developments are owned by for-profit corporations, non-profits or public entities and receive subsidies from

HUD, USDA Rural Development (RD), Florida Housing Finance Corporation, or local housing finance authorities. In return, they provide affordable rental housing for low-income tenants.

As part of the MacArthur project, the Shimberg Center has been collecting data on property and tenant characteristics in Florida's at-risk assisted housing. We have also taken a look at subsidized rental housing lost in Florida in the last two decades. Our research is intended to help affordable housing supporters understand the risks to Florida's assisted housing stock and to provide practical resources for policymakers, developers, and advocates interested in preservation.

## What is Preservation?

Assisted housing comes under threat from two directions. Properties in strong rental markets may be converted to condos or market-rate rentals. Owners of these properties have an incentive to prepay subsidized mortgages or opt out of ongoing rental assistance contracts to end rent and income restrictions. In some cases, these subsidies and rental restrictions are on the verge of expiring regardless of the owner's actions.

On the other hand, weaker properties may be deteriorating physically and financially, threatening their ability to pass funders' inspections and to provide safe and decent housing

for their tenants. More than a third of Florida's assisted housing units are 15 years old or more, and a third of these are more than 30 years old. Without reinvestment, these properties can become physically and financially distressed. We have also heard anecdotally that the owners of aging properties may be ready to retire, or may be small non-profits that are no longer up to the complex task of managing subsidized housing.

Preservation keeps affordable rental housing viable for the long haul. Preservation usually involves transferring the ownership of the property to an entity with the capacity and mission to keep the housing affordable and in good condition. It typically involves bringing in new subsidies to rehab the property, with a commitment to maintain or extend the rent and income restrictions.

The current weak rental housing market has slowed the conversion of assisted housing to market-rate properties, so preservation supporters are increasingly turning their attention to aging and distressed properties. The proposed rules for Florida Housing's set-aside of tax credits require the properties to be preserved to be at least 20 years old, with priority given to properties at least 30 years old.

The proposed rules also prioritize developments with project-based rental assistance from HUD or RD. In these units, tenants pay 30% of their income for rent. HUD or RD pays the owner the difference between that amount and the rent level needed to operate the building. Apartments with project-based assistance provide affordable housing to some of Florida's poorest families and seniors. Average income in Florida's HUD-assisted housing is \$10,000 per year, and tenants pay an average of just \$232 per month in rent.

## Florida's "Lost" Properties

Since 1993, Florida has lost 432 assisted housing properties with over 38,000 affordable rental units. Most of these were early Low Income Housing Tax Credit and mortgage revenue bond developments that are no longer under income and rent restrictions. The state has also lost over 7,000 units of HUD- and RD-subsidized housing during that time, including over 2,000 units with project-based rental assistance.

Our 2009 survey of 227 formerly subsidized complexes found that most were still operating as rental housing, although 48 had been converted to condos and 18 had been demolished,

became vacant, or were converted to mixed use. Of 137 rental properties, just over 60% were providing rents affordable to low-income tenants (defined as tenants with income at or below 60% of area median income). Almost all of the formerly HUD-subsidized developments were providing rents affordable at this level; just over half of the former tax credit and bond developments were. However, none of the properties were now providing rents affordable to tenants with extremely low incomes—those at 30% of area median income or lower.

In 2009 alone, 21 assisted properties with 3,700 affordable apartments exited subsidy programs in Florida. About a third of these developments were foreclosed multifamily properties with state funding. Another third were developments subsidized by HUD and RD's rental assistance programs, including housing for the elderly and persons with disabilities. In all, the state lost over 400 units with project-based rental assistance that year.

## Rental Market Study Highlights Aging Housing

The 2010 Rental Market Study takes a close look at preservation needs of aging properties that are still in the assisted housing stock. The study is produced every three years by the Shimberg Center for Housing Studies at University of Florida on behalf of Florida Housing. Some key findings:

**Florida's affordable rental housing is aging.** Over 1,100 developments with nearly 98,000 affordable rental units in Florida are 15 years old or older. More than 33,000 of these units are in complexes that are 30 years old or older.

**Most tenants in aging affordable housing have very low incomes.** The average tenant income in 30+ year old assisted housing is just \$11,335 per year, or 24% of the area median income (AMI). Tenant incomes in 15-29 year old housing are somewhat higher, but still low. Average tenant income is just \$16,584 per year, or 40% of AMI.

**Housing with project-based rental assistance is most at risk.** Two-thirds of the 30+ year old units have project-based rental assistance.

**Nearly half of the oldest units serve elderly tenants.** Over 15,000 elderly housing units statewide are more than 30 years old. Most of these are in HUD-subsidized properties and are owned by non-profits.

**Most of the oldest housing is located in urban areas.** The largest share of 30+ year old housing is located in Duval, Miami-Dade, and Hillsborough counties. Each of these counties has more than 3,000 assisted units that are at least 30 years old (see Map 1).

**Most 15-29 year old housing is located in urban areas too, but there are many smaller properties in rural locations.** Miami-Dade, Orange, and Duval counties have the most 15-29 year old affordable rental units. There are also a number of apartment complexes subsidized by USDA Rural Development built at that time that are scattered throughout the smaller counties (see Map 2).

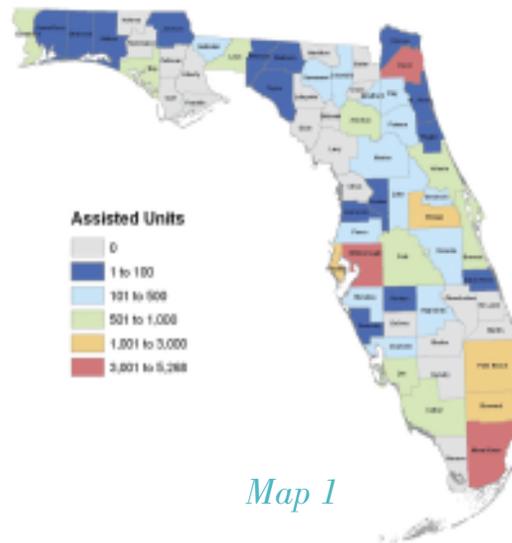
The Rental Market Study also looks at affordable rental developments whose subsidies are set to expire from 2010 to 2017. Most of these are properties with HUD rental assistance contracts expiring during this time: 220 properties with 21,998 units. The rental assistance contracts may be renewed by HUD and the property owner, usually on a year-to-year basis, so the expiration date does not mean the automatic end of rent and income restrictions. Rather, the expiration of the current contract provides the owner an opportunity to opt out of future contracts and associated income and rent restrictions and reporting requirements.

A far smaller number of HUD-subsidized units face a more serious threat: they are subsidized by HUD mortgages that will mature in the next few years, but do not have ongoing rental assistance to protect tenants. Rent limits will end for over 3,000 of these units in Florida between now and 2017.

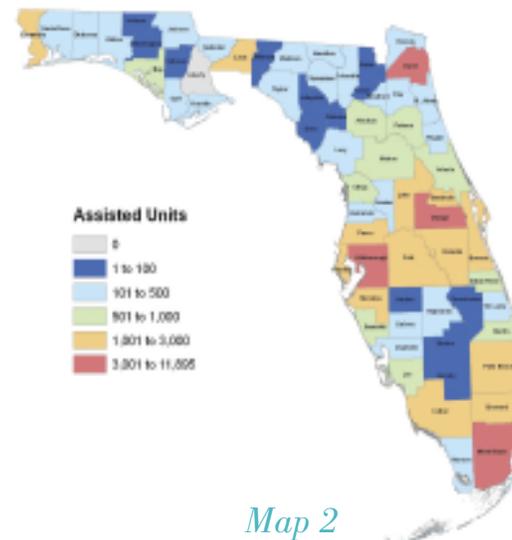
**See the full study online at [www.flhousingdata.shimberg.ufl.edu/shimberg\\_pub\\_presentation.html](http://www.flhousingdata.shimberg.ufl.edu/shimberg_pub_presentation.html).**

## Information Resources for Preservation

The first step to preserving a property is to gather information



Map 1



Map 2

about it. What subsidy programs are involved in the development, and when do they expire? Who owns the property now? How old is it? Does it serve families or elderly tenants?

The Shimberg Center's online Assisted Housing Inventory (AHI) provides quick answers to these types of questions. The AHI is a database of nearly 2,300 affordable rental housing properties in Florida with federal, state, or local subsidies. Users can search the database by city, county or individual property name.

The AHI contains several types of data that are useful for preservation:

- **Basic information:** property address, phone number, owner and management contact information, number of units, year built
- **Subsidy information:** funders, subsidy programs, subsidy expiration dates, number of units with project-based rental assistance, physical inspection scores (HUD properties only)
- **Tenant data:** target population, household incomes, household size, elderly status
- **Risk assessment tools:** Web applications that flag properties at risk of failing (e.g. older properties, failing inspection scores) or of conversion to market rate (e.g. low rents compared to market, in neighborhoods with low poverty levels)

The AHI data is available at [www.flhousingdata.shimberg.ufl.edu/AHI\\_introduction.html](http://www.flhousingdata.shimberg.ufl.edu/AHI_introduction.html). If you need assistance using the AHI, e-mail [fhdc-comments@shimberg.ufl.edu](mailto:fhdc-comments@shimberg.ufl.edu) or call Anne Ray at 352-273-1195. [HNN](#)

---

*ANNE RAY, Researcher with the Shimberg Center, works on the development of the Florida Housing Data Clearinghouse. She has performed research on preservation of assisted rental housing, public housing, housing needs of persons with disabilities, farmworker housing, and the states' implementation of the Low-Income Housing Tax Credit.*