



Affordable Housing Study Commission Examines Preservation Issues

BY NANCY MULLER

Early in 2005 Florida's Affordable Housing Study Commission took up a comprehensive review of preservation of affordable rental housing. In 2001 Florida Housing Coalition's Melanie Greene began to educate Florida's affordable housing community about preservation. As she explained, the affordable housing stock throughout the nation is aging, and affordability agreements on thousands of units are ending. When the Commission examined the issue of serving extremely low income households last year, it found that many of the nation's oldest units with expiring federal subsidies serve this particular population.



- Demand in hot markets driving prices up, promoting conversion of modestly priced market rate rentals into for-sale condominiums and creating land scarcities;
- Deferred maintenance, especially in weak markets, running properties down;
- Aging property owners who have no easy way to move out of their transactions;
- Capital, which has disappeared out of properties, leaving them without the ability to leverage funding for rehabilitation;
- The American perception that new is better than re-used or rehabilitation;
- Competition between funding for new construction and rehabilitation; and
- The disappearance of federal funding except for FHA insurance and, for the moment, year-to-year rental subsidies.

In addition to older HUD and Rural Development properties, rental units financed through Florida's own programs are now aging and, in some cases, have expiring affordability periods. While 70 percent of the stock financed by Florida Housing Finance Corporation is under ten years old, 20,000 units are over 15 years old and probably in need of some level of rehabilitation. Federally subsidized units are generally older. All of these units have varying affordability periods, some tied to their loan terms, and some, as in the case of many units funded through HUD programs, with project-based rental subsidies that are congressionally appropriated year to year.

Along with expiring affordability periods, the Commission has identified additional preservation pressures:

States are being left to determine how they will manage the lion's share of preserving existing units while also continuing to fund construction of new units to meet population growth. Over the next year the Commission will develop comprehensive recommendations on new financing tools and how to build capacity across the affordable housing delivery system to handle preservation transactions. 

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AFFORDABLE HOUSING STUDY COMMISSION STAKEHOLDERS MEETING

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The AHSC is a 21-member body that studies and makes recommendations on public policy changes to the Governor and Legislature to promote the production, preservation and maintenance of decent affordable housing in Florida. This event gives you an opportunity to learn about the current work of the Commission, and to assist the Commission, its staff, and the administrators by sharing your priorities and ideas. The Commission's 2005 work topic is **preservation**, so you won't want to miss this discussion. Breakfast is included and open to all conference attendees.