

2023
BOSTON

**Proactive Preservation
Strategies**

Speaker

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AFFORDABLE HOUSING PRESERVATION

PRIYA JAYACHANDRAN | OCTOBER 2023



Hazel Hill Apartments, Fredericksburg, VA

WHAT IS PRESERVATION?

- Affordability
- Property Conditions
- Climate Impacts

BENEFITS

- Both/And
- Cheaper
- Faster
- Less Environmental Impact
- Limit Displacement





Channel Square, Washington, DC

CHALLENGES

- Competing priorities
- Insufficient subsidy/gap financing
- Limited volume cap
- Pandemic strains
- Light rehabs catching up with us
- Interest rates



Hazel Hill Residents

GLIMMERS OF HOPE

- AHCIA
- Inflation Reduction Act
- Corporate actors

MORE IS NEEDED

- Operating support
- Dedicated preservation funds
- Enterprise capital to mission-based owners



NHT Staff and Residents at Villages of East River, Washington DC

PRESERVATION IN LIHTC

- New resource from NHT examines best practices, trends, and new approaches to preservation in QAPs

- Long-term affordability
- Resyndication
- Qualified contract
- Right of First Refusal

- Additional resources being added!

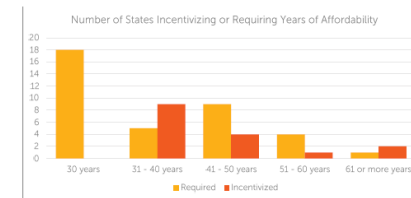
Length of Affordability

Serving the lowest income residents for the longest period of time has always been an important priority of the Housing Credit program. Since 1989, the Housing Credit program has required a minimum of 15 years of compliance and a 15 year extended use period, totaling a minimum 30 years of affordability. After those federally required 30 years, the property can be converted to another use, including market rate housing with much higher rents that are unaffordable to the current residents. Many allocating agencies, however, request longer periods of affordability. Requiring or rewarding developers for keeping properties affordable beyond Year 30 not only provides affordable housing at an individual property for longer, thus serving more low-income families and meeting current needs. It also allows for the cumulative growth of the existing stock of affordable housing in a jurisdiction.

Today, 18 agencies continue to require only the minimum period of 30 years of affordability. However, many HFAs have gone even further, with 35 agencies either incentivizing or requiring a longer affordability period for Housing Credit properties to ensure that this valuable housing stock remains affordable for a longer period of time. These range from 33 years of required affordability in Kentucky to perpetual affordability in Vermont, where all developers receiving 9 percent Housing Credits² are required to commit to permanent affordability. In Washington, D.C., developers committing to permanent affordability are given maximum preference in its 2021 QAP. Several states -- including but not limited to Hawaii, Louisiana, Nebraska and Oklahoma -- award higher points based on the number of additional years that a developer is willing to keep a property affordable. [See Table 1 for more details on these and other states.]

42 YEARS

On average, allocating agencies require or incentivize Housing Credit properties to maintain affordability for 42 years.



² Vermont Housing Finance Agency requires developers receiving 9 percent Housing Credits keep properties affordable into perpetuity. Developers receiving 4 percent credits are only required to keep Housing Credit properties affordable for 30 years.

www.nationalhousingtrust.org

the Housing Credit program allows owners of property to terminate the contract before fulfilling the promised length of use period. After the end of the contract, the property is offered to the market -- a dangerous loophole: the contract, which begins a required to seek a buyer for which a property is offered for sale -- is designed to restore. More often than not, if the property and the HFA is not, per the federal rules, the property to market-rate if affordable housing lost.

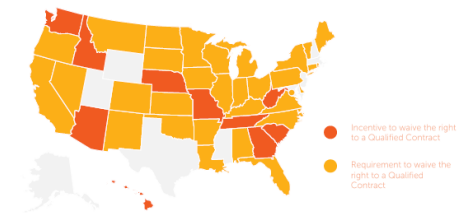
32 OUT OF 53 HFAs

explicitly require an owner receiving Housing Credits to waive their right to a QC.

12 OUT OF 53 HFAs

explicitly incentivize such a waiver by making it more likely that an applicant will receive competitive Housing Credits if they agree to waive their right to a QC.

FIGURE 1: HFAs THAT REQUIRE OR INCENTIVIZE A QUALIFIED CONTRACT



³ Data from the National Council of State Housing Agencies (2023).
⁴ At least two HFAs, Texas and Utah, include a waiver of the QC in a document outside of this analysis, such as a Land Use Record Agreement or State Administrative Code. Those states are not included in this analysis, which is specific to the QAP and accompanying documents.

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A group of four children, two girls and two boys, are looking up towards the camera with joyful expressions. They are wearing colorful clothing. The entire scene is overlaid with a semi-transparent orange filter. The text 'THANK YOU!' is centered over the children in a large, white, bold, sans-serif font.

THANK YOU!



NCSHA Annual Conference

Boston, MA

October 16, 2023





By the Numbers

20,000+

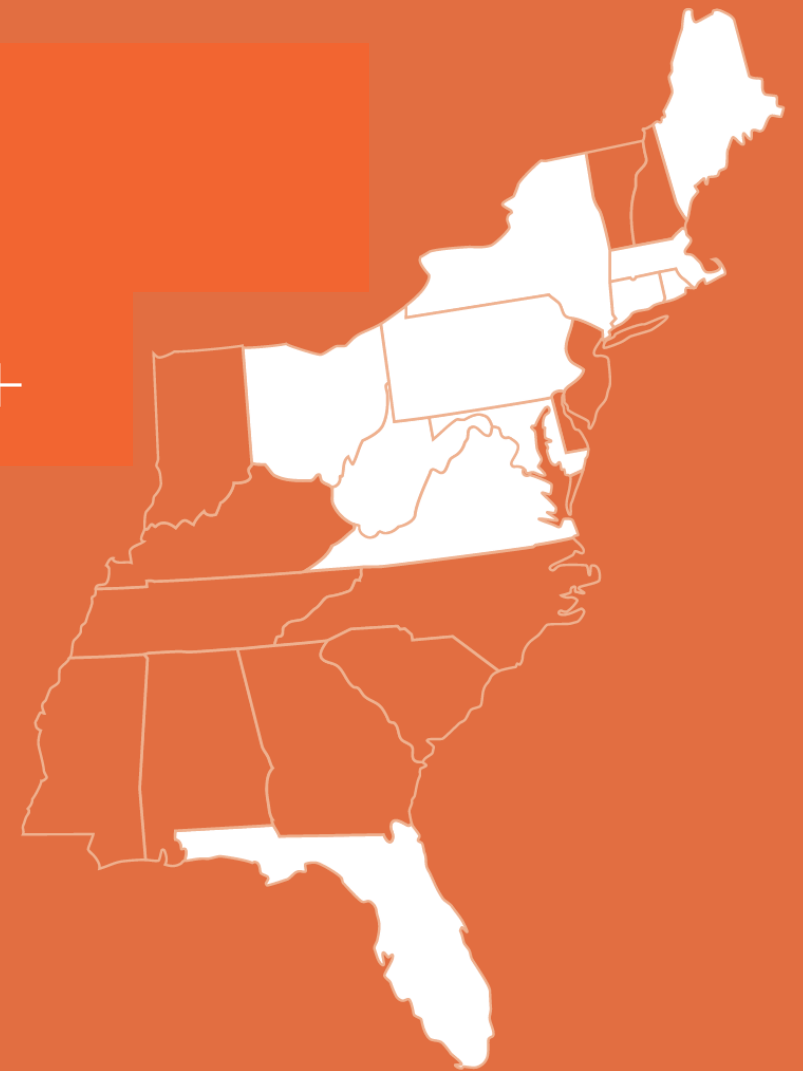
HOMES

160+

LOCATIONS

12

STATES



AVERAGE AGE OF PROPERTIES IN OUR PORTFOLIO

4.5 Years!



BAYSTATE PLACE Springfield, MA

- 346 apartments
- Families
- Year Built: 1974 (49 Years)
- State LIHTC
- \$100,000 per unit



RICHFORD ARMS

Erie, PA

- 106 apartments
- Seniors 62+
- Year Built: 1928 (95 Years)
 - Building Rehab: 2022
- Support from Erie Insurance
- 9% deal

CAMDEN STREET APARTMENTS

Boston, MA

- 72 apartments
- Families
- Year Built: 1949 (74 Years)
 - Building Rehab: 2019
- State Public Housing to federal PBV's
- Historic property and credits



LENOX APARTMENTS

Boston, MA

- 285 apartments
- Families
- Year Built: 1949 (74 Years)
 - Building Rehab: 2019
- Federal public housing
- Historic property and credits



SOUTHWOOD SQUARE

Stamford, CT

- 315 apartments
- Families
- Year Built: 2002 (21 Years)
- Mixed income
- HOPE VI to early RAD

MONTEREY PLACE

New Haven, CT

- 245 apartments
- Families
- Year Built: 2000 (23 Years)
- 100% public housing
- HOPE VI to early RAD





NINTH SQUARE New Haven, CT

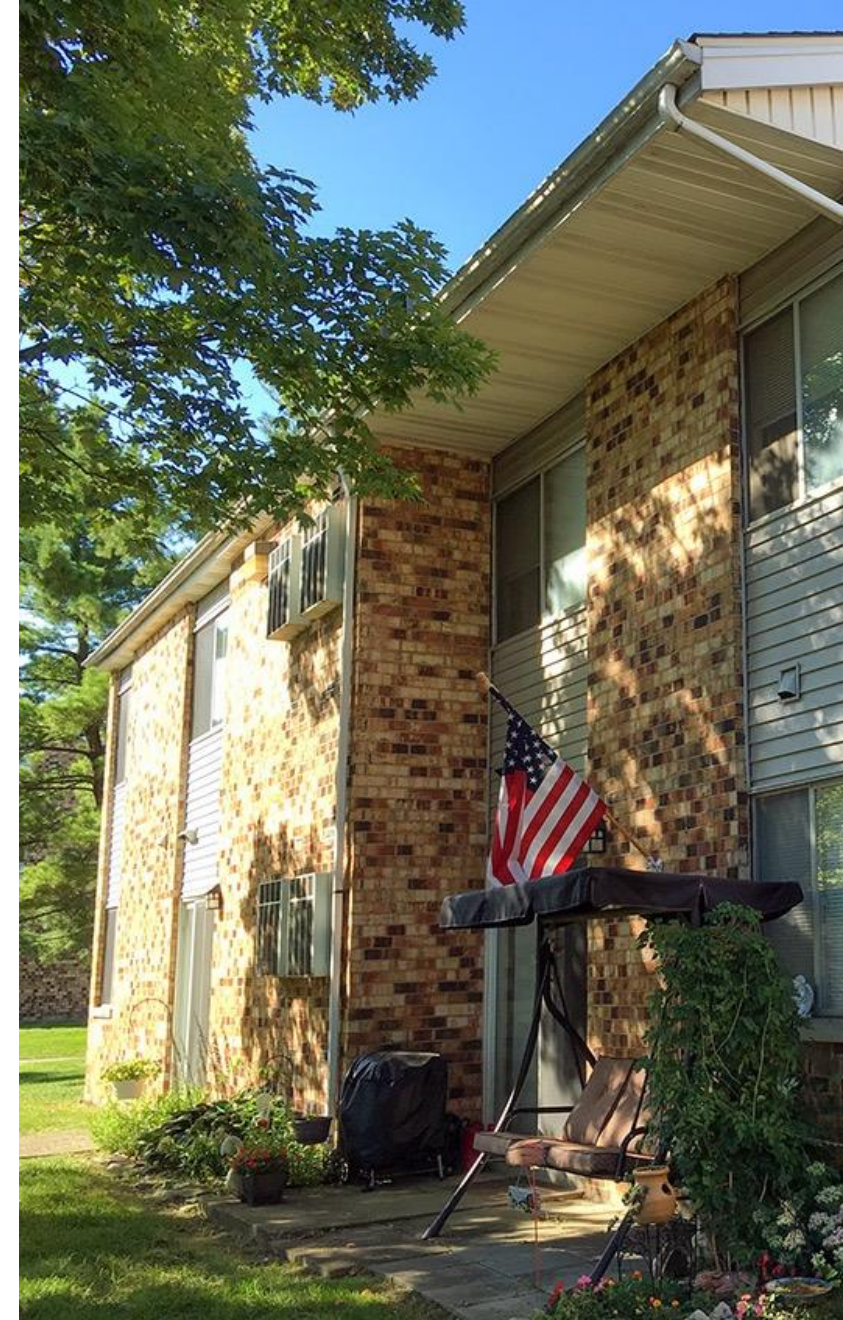
- 335 apartments
- Families
- Year Built: 1900 (123 Years)
 - Building Rehab: 1990 / 2020
- Original 9% + 4% transaction
- Historic, mixed use, mixed income
- Tax deal and financial restructuring

TREEHOUSE AT EASTHAMPTON

Easthampton, MA

- 60 apartments
- Seniors 55+ / Families adopting kids in foster care
- Year Built: 2006 (17 Years)
- Deep energy retrofit to decarbonize





FRANKLIN MANOR

Columbus, OH

- 272 apartments
- Families
- Year Built: 1974 (49 Years)
 - Building Rehab: 2022
- 9% and 4% refinancing
- Added new restricted apartments



MAY BUILDING

Pittsburgh, PA

- 88 apartments
- Families
- Year Built: 1940 (83 Years)
 - Building Rehab: 1977
- Half market, converting to affordable





140 CLARENDON

Boston, MA

- 210 apartments
- Families and homeless households
- Year Built: 1924 (99 Years)
 - Building Rehab: 1995 / 2022
- 100 new PSH units in hotel
- 100% PBS8 with SAFMR

LIVING
WELL by
DESIGN[®]

Building 104 – Charlestown, MA & Commodore Place Apts – Cleveland, OH



Sever Square Apartments – Worcester, MA



TCB Portfolio Preservation Pipeline

