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Laying the Groundwork for a National Preservation Catalog:

*Findings on Subsidized Housing Data Collection Efforts
at the National Level*

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Introduction

Essential to assuring that all Americans have access to safe, decent and affordable housing is preserving the housing stock that the nation's lowest income families can afford. In order to preserve housing that is currently affordable to low income individuals through federal assistance, advocates need to know if and when these units are at risk of losing their subsidized status as a result of an expiring contract, mortgage prepayment, foreclosure, demolition, disposition, or any other reason. To this end, the National Low Income Housing Coalition (NLIHC) proposes the creation of a National Preservation Catalog, defined as a detailed database of federally subsidized rental properties restricted to low income households. NLIHC's concept of a preservation catalog requires that it be:

- **Comprehensive:** The catalog must include all federally subsidized housing units, specifically project-based Section 8 projects, FHA insured mortgages under Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR), Sections 202 and 811 projects, Low Income Housing Tax Credit (LIHTC) projects, HOME projects, Section 515 Rural Development rental housing, and public housing (see Appendix A for descriptions of these programs). Geographic coverage must be nationwide.
- **Integrated:** The catalog must contain only one record for each assisted property that includes information on all subsidies that make it affordable. This criterion necessitates a unified database rather than one for each program.
- **Locally monitored:** Inherent in the vision of a preservation catalog is the creation of linkages between the assisted properties and local project monitors who could confirm or correct data from the publicly available files and notify the database administrator of indicators of potential changes in a project's status. Though the monitors would not necessarily be directly engaged in preserving at-risk units, these grass-roots linkages would ensure the accuracy of the data and facilitate the identification – and ultimately the preservation – of at-risk projects. Monitors and catalog administrators would be trained to quickly refer the project to local and national organizations that will undertake preservation projects. In this way, a preservation catalog is not just a means of better identifying, quantifying and protecting housing resources, but becomes a mechanism to organize advocates for preservation.
- **Preservation-oriented:** Since the catalog will be used to preserve affordable housing by serving as an early warning system for at-risk projects, its design must reflect this purpose. Clear presentation of affordability period information, such as Section 8 contract expiration dates and mortgage maturity dates, as well as indicators of increasing risk of loss such as failing REAC scores,¹ are necessary to facilitate this function.

This research note describes the findings of NLIHC's examination of current efforts to collect affordable housing data *at the national level*.² The purpose is to identify potential data sources and partners.

No organization currently maintains or is pursuing a national preservation catalog, as defined above. However, there are groups whose data collection efforts can be organized into the following four categories: 1) federal agencies, 2) nonprofits with value-added or proprietary data, 3) groups with innovative ideas for supporting or hosting these kind of data, and 4) groups actively engaged in building capacity for local-level data collection. What follows is a discussion of each category, including identification of promising initiatives within each category and the possible contributions of each to a national preservation catalog. A summary of the findings is provided in Table 1.

¹REAC stands for Real Estate Assessment Center and is an office at HUD that tracks the financial and physical status of public and multifamily assisted housing (www.hud.gov/offices/reac/).

²Many state and local agencies have similar efforts. See for example Wardrip, 2006.

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Table 1: Summary of Findings

| Organization* | Project name | Units included | Nationwide effort | Integration of multiple sources | Local participants | Public preservation tool |
|-----------------|--|--|-------------------|---------------------------------|--|--------------------------|
| HUD | Program databases | Project-based Section 8, subsidized FHA mortgages, Sections 202/811, and LIHTC | Yes | No | Local offices and PHAs | No |
| HUD | Picture of Subsidized Households | Public housing, project-based Section 8, subsidized FHA mortgages, Sections 202/811, and LIHTC | Yes | Yes | Local offices and PHAs | No |
| USDA | Preservation Information Exchange | USDA | Yes | No | Local USDA offices | Yes |
| NLIHC | National Preservation Catalog Project | Select HUD, LIHTC, USDA | Yes | Yes | Pilot projects in four states include a range of local stakeholders. | Future |
| NHT | None | Select HUD, LIHTC, USDA | Yes | Yes | NA | Yes |
| LISC | Affordable Housing Preservation Initiative | Select HUD | Yes | Yes | LISC Offices | No |
| Socialserve.com | Varies by client | Varies by client | No | Yes | Local clients and landlords | No |
| DataPlace | None | Project-based Section 8 file from 2004 | No | No | NA | Yes |

* Also discussed in this paper are the Urban Institute's National Neighborhood Indicators Partnership and the Brookings Institution's National Infrastructure for Community Statistics. While they are interesting as potential partners or models for an eventual national preservation catalog, they are not included in this table because they do not currently maintain data on the subsidized housing stock.

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Federal Resources for Preservation Data

HUD: Program databases. The U.S. Department of Housing and Urban Development (HUD) funds and monitors the vast majority of federally subsidized housing programs but does not disseminate any one product that meets all of the criteria of a preservation catalog as NLIHC defines it. Instead, HUD produces datasets pertaining to some, but not all, of the subsidized housing programs under its purview.

Data. HUD makes datasets publicly available for properties subsidized by project-based Section 8 contracts, subsidized FHA mortgage insurance (Section 236 and Section 221(d)(3) BMIR), Sections 202 and 811 for elderly and disabled populations, and the Low Income Housing Tax Credit (LIHTC) program.³

Dissemination. These datasets are individually available on the HUD and HUDUSER⁴ websites.

Advantages. These files are updated anywhere from monthly to annually, depending on the program. Additionally, with the exception of the LIHTC dataset, they contain unique property identifiers that enable an experienced database developer to create an unduplicated list of properties subsidized through these programs.

Limitations. It is very difficult and time-consuming for the average user to integrate these files into a functional preservation catalog without considerable experience in database management. Additionally, HUD does not publish and regularly update comparable datasets for many important programs like public housing, Section 8 Mod Rehab, project-based vouchers, HOME, HOPWA, and McKinney-Vento homeless assistance programs.⁵

HUD: Picture of Subsidized Households. Periodically, though not regularly, HUD's Office of Policy Development and Research (PD&R) analyzes the program-specific datasets and produces a report called Picture of Subsidized Households (Picture). This HUD product most closely approximates a preservation catalog, but it falls short in several respects.

Data. Picture's project-level file, the most recent version of which is current as of December 2000, includes nationwide data on public housing, project-based Section 8, Section 236 projects, Section 221(d)(3) BMIR projects, Section 202/811 properties, other multifamily assisted projects, and LIHTC developments. Variables include characteristics of projects and units as well as summary data on tenants and the surrounding census tract, a proxy for the neighborhood.

Dissemination. From the HUDUSER website, data users can query the project-level Picture file by geography, program and variable. Data can be viewed online or brought into a Geographic Information System (GIS)⁶ to create maps. The full project-level Picture dataset can also be downloaded and imported into a database for further analysis and tabulation.

Advantages. The major advantage of Picture is that it integrates multiple programs into a single database, a necessary component of any preservation catalog. Also, since this integration presumably occurs with the full cooperation of those most familiar with the data, the data and their integration should be of a high quality.

Limitations. However, Picture has several limitations that restrict its effectiveness for preservation purposes:

³LIHTCs are allocated by the U.S. Department of Treasury to states, which distribute them to developers. Treasury does not collect data on these units, so HUD does.

⁴HUDUSER (www.huduser.org) is a HUD administered external website that makes HUD data and research available publicly.

⁵This does not mean data cannot be accessed for specific projects. For example the HOME program maintains a publicly available project-by-project list of activities, referred to as "Open Activities Reports," <http://www.hud.gov/offices/cpd/affordablehousing/reports/open/>.

⁶GIS software packages allow users to manipulate spatial databases and display information geographically.

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- It fails to include all federal affordable housing programs. Rural housing and tax-exempt mortgage revenue bonds are not included as they are not under HUD's purview, but Picture also omits projects subsidized through HUD's HOME, HOPWA, and McKinney-Vento homeless assistance programs. Additionally, rental housing made affordable through contracts between public housing authorities (PHAs) and property owners, such as Section 8 Moderate Rehabilitation, project-basing of Housing Choice Vouchers, and Shelter Plus Care, are also excluded from Picture.
- Some projects that utilize multiple subsidies are listed multiple times.
- Updates are irregular at best. The current version reflects data that are seven years old. In recent years, there seems to have been little institutional or political pressure to release these data.⁷
- Insufficient data on project location (e.g., address) and affordability periods (e.g., Section 8 contract expiration dates, mortgage maturity dates) limit the data's usability for preservation.

USDA: Preservation Information Exchange. Unlike HUD, USDA's Rural Housing Service does not provide any easily downloadable data on the rural affordable housing stock, but it does have a program designed explicitly for preservation. Through the Preservation Information Exchange (PIX), nonprofit organizations and public agencies that work to preserve rural affordable housing may register online to receive alerts when owners request to prepay Section 515 loans or express a desire to sell to a nonprofit organization.

Data. Data are provided on all USDA financed properties whose owner has given notice of prepayment or intent to sell. Variables provided by PIX alerts include property name, address, appraisal value, the date it was listed for sale, the number and characteristics of units, the number receiving either USDA (Section 521) or HUD Section 8 rental assistance, basic and market rents, and owner and Rural Development office contact information.

Dissemination. PIX allows registered agencies to set specific search criteria based on the state in which the property is located, the number of units and the target population. Results are provided as point-in-time snapshots, and criteria can be saved and used to generate lists of qualifying properties delivered by periodic emails.

Advantages. PIX is a unique, valuable resource explicitly targeted to rural housing preservation advocates. An advantage is that the system proactively alerts nonprofits registered with the system to an owner's interest in selling a specific project or prepaying a Rural Development Section 515 loan for that project.

Limitations. Yet, while the information that USDA provides through PIX could be incorporated into a comprehensive preservation catalog, the agency does not provide sufficient data for its entire stock to form the foundation for a catalog of subsidized rural housing.⁸

⁷HUD has announced that the next release of Picture will reflect data current as of December 2004.

⁸Though it does not fit within the context of the datasets of interest as defined in the introduction, it is worth noting USDA does provide limited data on a project-by-project basis at http://rdmfhrentals.sc.egov.usda.gov/RDMFHRentals/select_state.jsp?home=NO

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Potential Nonprofit Sources of Value-Added Data

The organizations listed below are nonprofits that add value to the publicly available HUD datasets through integration, dissemination, or expansion. Of the organizations investigated,⁹ only the work of NLIHC, the National Housing Trust (NHT), and the Local Initiatives Support Corporation (LISC) meet these criteria. They are the organizations that are most actively manipulating HUD-assisted housing data on a national level.

National Low Income Housing Coalition. NLIHC is working with the national HUD datasets mentioned above, testing the feasibility of creating a national preservation catalog through case studies that integrate national and local data and collaboration with other organizations' efforts.

Data. In its first case study, NLIHC focused on properties in Washington, DC. All the properties in the publicly accessible HUD databases were combined with HOME data, public housing projects as reported by the DC Housing Authority, and properties subsidized by DC's Department of Housing and Community Development and the DC Housing Finance Agency. This preliminary preservation catalog was "ground-truthed" by doing a windshield survey of addresses, phone and internet research, and a review by a group of local technical assistance providers convened by the Urban Institute. NLIHC is now working with local community agencies to: craft legislation that would lead to the creation and maintenance of an inventory of subsidized housing in DC; facilitate a regular convening of groups active in housing preservation with the intent of identifying at-risk projects and developing strategies to preserve them; and recruit and organize a system of local project monitors.

In Florida, the second case study, NLIHC created a statewide preservation catalog from the disparate HUD datasets and a list of Section 515 projects provided by the Housing Assistance Council.¹⁰ NLIHC attempted to use the publicly available data to replicate an established catalog of affordable housing developments kept by the University of Florida's Shimberg Center. NLIHC was able to replicate 70% of the assisted properties in the Shimberg Center's catalog, as well as identify some data issues in the established catalog for the Shimberg Center to investigate. This provided considerable insight into the limitations and the value of the HUD and USDA databases. Cooperation with the Shimberg Center is ongoing, and current work includes recruiting a network of project monitors to interact directly with the Shimberg Center's Assisted Housing Inventory in an effort to identify and preserve at-risk stock.

Case studies using differing approaches and partner types are also underway in Washington State and North Carolina. While one focus of these efforts is to gain even more familiarity with the available data, methodologies for linking these catalogs with local project monitors is at the center of this work. Research efforts will also continue in Washington, DC and Florida. By combining the lessons learned from first developing the databases and then vetting and maintaining them through project monitors, NLIHC will be better qualified to make recommendations for "scaling up" these efforts to a national level.

Dissemination. Preliminary preservation catalogs for the District of Columbia and Washington State are available in PDF format at www.preservationcatalog.org and through NLIHC's website. The data from the Florida and North Carolina case studies are available upon request.

Advantages. NLIHC's intensive state-by-state approach is laying the groundwork for an eventual national preservation catalog that is firmly and systematically established. These experiences and the resulting data are being disseminated widely.

⁹NLIHC also interviewed Stewards of Affordable Housing for the Future, Volunteers of America, NeighborWorks America, and Enterprise Community Partners. They do not collect data on the universe of assisted housing units, but through technical assistance, lending and project development are "plugged into" extensive networks of affordable housing providers. Some maintain databases of assisted projects with which they are affiliated. These databases and additional information available through their networks could supplement data on the federal stock, and their contacts could potentially act as project monitors by identifying actions by landlords that could affect project affordability.

¹⁰The Housing Assistance Council (HAC) is a national nonprofit organization that has been helping local organizations build affordable homes in rural America since 1971. As part of their work they have a long standing program of providing research and data analysis services to the federal government and others. It was in this capacity that HAC obtained these data.

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Limitations. The limitation is that the project remains a research effort, focused on evaluating different approaches, and is proceeding state-by-state.

National Housing Trust. NHT is a national nonprofit that preserves Section 8 project-based housing through redevelopment and lending. NHT also provides policy advocacy. NHT's online database is the only current effort by a non-government entity to maintain publicly accessible, comprehensive data on subsidized housing throughout the U.S.

Data. NHT analyzes and posts data on the assisted housing stock for all 50 states and the District of Columbia on the following programs: project-based Section 8 for contracts expiring through 2012, including information on FHA-insured mortgages; USDA Section 515; Low Income Housing Tax Credits; Sections 202 and 811; and Section 8 Moderate Rehabilitation¹¹.

Variables related to preservation for HUD projects include owner/management type and contact information, contract status, expiration/maturity date, interest rate, unpaid balance and mark-to-market status. The Section 515 data contain ownership information but lack data related to the period of affordability. The Section 8 information is current as of February 2007, and the mortgage information is current as of March 2006.

Dissemination. The data are publicly accessible in PDF or Excel format and are disaggregated by program for each state.

Advantages. NHT's efforts are the closest to meeting NLIHC's criteria for a preservation catalog

Limitations. NHT's project is not comprehensive because it does not include data on public housing, HOME-subsidized projects and properties with Section 8 contracts expiring after 2012. Furthermore, unlike NLIHC's vision of a preservation catalog, information for each program is provided in a separate file rather than integrated into one comprehensive database.

Local Initiatives Support Corporation. Through its Affordable Housing Preservation Initiative, LISC helps nonprofit community development organizations acquire and preserve affordable housing. LISC also advocates for government policies that preserve America's affordable housing stock.

Data. While LISC does not collect national level affordable housing data of its own, it maintains an Excel spreadsheet that integrates basic information from HUD data sources, including information on subsidized mortgages, rental subsidies and Mark-to-Market mortgage restructuring assistance.¹² LISC is making an initial foray into supplementing HUD data with additional information for projects and areas in which it is actively involved.

Dissemination. LISC does not make this data publicly-accessible because it cannot vouch for its accuracy, and it prefers to help its partners develop the capacity to access and use the data themselves. However, LISC will share the data upon request.

Advantages and Limitations. While LISC's efforts are generally consistent with the development of a national preservation catalog, they do not cover all programs, specifically excluding public housing and HOME.

¹¹Data on Section 8 Moderate Rehabilitation consist of no more than unit-level addresses and were not yet accessible on NHT's website as of December 2007.

¹²The Mark-to-Market program was established by the Multifamily Assisted Housing Reform and Affordability Act of 1997. The program makes it possible for multifamily properties to restructure their HUD-assisted mortgages when Section 8 contracts expire, serving as an inducement for owners to renew Section 8 contracts while realigning rent ("marking down to market") where annual adjustments included in the initial contract and financing pushed project rents above market rents.

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An Infrastructure for Preservation Efforts

Although Socialserve.com and DataPlace are different kinds of projects, they are grouped together here because both currently collect and disseminate data that would appear in an eventual preservation catalog and both have a platform and infrastructure for organizing, maintaining and disseminating these data on a nationwide basis. They are interesting both as models and as potential partners.

Socialserve.com. Socialserve.com is a nonprofit organization that has developed and maintains affordable housing locators in 17 states.¹³ An agency, often the state housing finance agency (HFA), reaches out to landlords of affordable units, asking them to volunteer to list their properties with Socialserve.com. The state agency pays Socialserve.com for this service. The agency also often supplies Socialserve.com with a list of subsidized projects with which it is familiar, for example, a list of LIHTC properties. Using email and its own permanently staffed call center, Socialserve.com maintains the accuracy of its listings through regular contact with landlords and property managers.

Socialserve.com also fills a void for some of its clients that lack the in-house database management capacity needed for affordable housing production and monitoring. Some HFAs outsource their database responsibilities to Socialserve.com, forwarding information on new affordable housing developments to the agency. In this way, Socialserve.com functions as a repository for a vast amount of data on affordable housing.

Opportunities. Socialserve.com could contribute to a national preservation catalog in two ways. In terms of infrastructure, the organization has the hardware, software, trained staff and processes for keeping data accurate through regular contact with property managers. Depending on cost, it is possible that Socialserve.com could host a national preservation catalog and maintain its accuracy through correspondence with project monitors rather than property managers. Alternatively, a housing advocacy group with sufficient funds to invest in human and technological resources could use the Socialserve.com model and maintain a national preservation catalog in-house.

Socialserve.com has already accrued a significant amount of information on the affordable housing stock in 17 states. Although agreements with its clients would be required, these data could certainly be aggregated and contribute to the development of a national preservation catalog.

Limitations. Although Socialserve.com actively seeks to update the occupancy status of the units it monitors, preservation of federally assisted housing is not its goal. It also collects data on the private unassisted affordable stock, not the subject of a preservation catalog.

DataPlace. Operated by KnowledgePlex, Inc.,¹⁴ DataPlace is an online repository for publicly available demographic, socioeconomic, and business data with a stated purpose of “serving affordable housing and community development officials” and helping them “make informed decisions.” Data currently available on the website include HUD’s Section 8 Multifamily Assistance and Section 8 dataset (2004), HUD Fair Market Rents (2001-2006), HUD Area Median Family Income (1999-2006), decennial census data (1990, 2000) and data from assorted surveys conducted by the Census Bureau (e.g., CHAS, HMDA, Building Permits Survey, Manufactured Homes Survey, etc.).¹⁵

Opportunities. DataPlace’s potential for hosting and distributing housing preservation data is currently underutilized. The most relevant dataset available currently pertains to a three-year old file from HUD on expiring Section 8 contracts. Given that it is an established resource for people interested in housing issues, DataPlace may be an appropriate forum for the viewing and dissemination of an eventual national preservation catalog.

¹³Information on two of the 17 is accessible online to “authorized agencies,” but not the general public. Information on for-sale housing is available for four states and one metropolitan area within a fifth state.

¹⁴KnowledgePlex, Inc., is now an independent nonprofit that hosts KnowledgePlex.org and DataPlace.org. These websites and their respective services were formerly supported by the Fannie Mae Foundation.

¹⁵Correspondence with DataPlace.org staff indicates that LIHTC data will be available on their website as early as the first quarter of 2008.

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Building Capacity for Local Data Collection and Use

NLIHC reviewed the Urban Institute's "National Neighborhood Indicators Partnership" and the Brookings Institution's "National Infrastructure for Community Statistics" to determine if they were collecting information on the assisted housing stock. While this proved not to be the case, the work of these organizations can help build the foundation for local data collection. Their experiences can inform any project monitor effort that comes out of NLIHC's preservation catalog project. Furthermore, individuals involved in neighborhood-level data collection in one of the Urban Institute's or the Brookings Institution's more active markets could eventually play a role in a project monitor pilot study.

National Neighborhood Indicators Partnership. The Urban Institute launched National Neighborhood Indicators Partnership (NNIP) in 1996 to help local agencies build sophisticated, integrated information systems for tracking neighborhood conditions and informing policy decisions. NNIP provides its partners with technical assistance and training. Data from its partners are assembled into a National Neighborhood Data System that allows for cross-city comparisons, although these data are not publicly available.

These partners in the 29 participating cities are primarily community research and policy organizations, many of which are connected to local universities. These organizations collect data for various purposes, including community needs assessments and impact evaluations of social service programs. Each site chooses its own set of indicators on which to focus. Measurements may include statistics on population demographics, economic conditions, quality of life, health, education, crime, education, housing and transportation.

NLIHC has partnered locally in Washington, DC, with a related Urban Institute effort, NeighborhoodInfo DC. With the assistance of local technical assistance providers, this partnership has worked to expand the database from its original focus on the project-based Section 8 stock to include other federally and locally subsidized properties in the District.

National Infrastructure for Community Statistics. National Infrastructure for Community Statistics (NICS), a project of the Brookings Institution's Urban Markets Initiative launched in 2004, represents an effort to use technology to close information gaps and increase investment in urban communities. The project's primary objective is to serve as a forum for the exchange of information collected at multiple scales, providing both national- and local-level data to encourage community revitalization.

NICS is a hybrid of "capacity builder" and "infrastructure provider" in terms of its potential contributions to a national preservation catalog. The data currently available through NICS come primarily from federal government sources, but the program's longer term goals include providing access to community-level data and guiding local groups in developing data collection capacity. Its website discusses both providing the technical assistance for the creation of "local virtual data warehouses" and building the infrastructure to link the warehouses nationally. Fully developed, the former could contribute significantly to the notion of a distributed system of locally-constructed preservation catalogs and associated project monitoring, while the latter could integrate local efforts into a clearinghouse for national data.

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Conclusion

This note summarizes the efforts of national organizations engaged in activities even peripherally related to the development of a national preservation catalog. Although none of the individual efforts of the groups identified here meet NLIHC's definition of a preservation catalog, collectively these groups' experiences, knowledge, and relationships constitute much of what would be required to undertake this important project: comprehensive national data; the capacity to engage and train local housing advocates; and the infrastructure and processes to maintain the data, disseminate it and preserve at-risk projects. NLIHC will integrate the lessons learned in this exercise and look for opportunities for collaboration with these and other groups as it continues to explore the issue of a national preservation catalog.

References

Wardrip, Keith (2006). *An Exploration of State- and Local-Level Subsidized Housing Catalogs: Initial Findings. Research Note #06-03*. Washington, D.C.: National Low Income Housing Coalition.

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Appendix

Description of Selected Federal Housing Assistance Programs¹⁶

Community Development Block Grant (CDBG). Established under Title I of the Housing and Community Development Act of 1974, the CDBG program aims to create viable communities by providing funds to improve housing, the living environment and economic opportunities principally for persons with low and moderate incomes. At least 70% of the CDBG funds received by a jurisdiction must be spent to benefit people with low and moderate incomes. The remaining 30% can be used to aid in the prevention or elimination of slums and blight or to meet an urgent need such as hurricane, earthquake or flood relief. The program is administered by HUD's Office of Community Planning and Development.

CDBG funds can be used for a wide array of activities, including: housing rehabilitation (such as loans and grants to homeowners, landlords, nonprofits and developers), new housing construction by certain neighborhood-based nonprofits, down payment assistance and other help for first-time homebuyers, lead-based paint detection and removal, purchasing land and buildings, constructing or rehabilitating public facilities such as shelters for people experiencing homelessness or victims of domestic violence, making buildings accessible to the elderly and disabled, public services such as job training, transportation, healthcare and child care (public services are capped at 15% of a jurisdiction's CDBG funds), capacity-building for nonprofits, rehabilitating commercial or industrial buildings, and loans or grants to businesses.

Federal Housing Administration (FHA). In the past, FHA provided project-based assistance in the form of a mortgage subsidy. Under the Section 221(d)(3) Below Market Interest Rate (BMIR) mortgage insurance program established under the National Housing Act of 1961, below-market loans were made by private lenders that were purchased in turn by the federal government. Another mortgage insurance program, the Section 236 program, was authorized under the Housing and Urban Development Act of 1968 and combined FHA mortgage insurance on private loans with an interest rate subsidy to effectively lower the interest rate of the mortgage to 1%. In exchange for participating in these programs, owners were required to make units available to moderate and low income families at HUD-approved rents for the term of the mortgage. More than 600,000 units of affordable housing were built under the 221(d)(3) BMIR and 236 programs.

In addition to these mortgage subsidy programs, HUD later provided rental assistance payments to owners for some tenants of 221(d)(3) BMIR and 236 insured properties through the Section 101 Rent Supplement program, authorized by the Housing and Urban Development Act of 1965. Most rent supplement contracts were converted to Section 8 rental assistance in the 1980s, though about 17,000 units are still under rent supplement contracts.

HOME Investment Partnership Program. The HOME program is designed to expand the supply of decent, affordable housing for lower income people. States and localities use the funds for a variety of rental and homeownership activities, such as constructing new units, rehabilitating existing units, offering down payment assistance and providing tenant-based rental assistance. In general, all HOME money must benefit low income people, rents must be affordable and units must remain affordable for a period of time.

Authorized by Congress in 1990, the HOME program is administered by the Office of Affordable Housing Programs in HUD's Office of Community Planning and Development. HOME is a federal block grant to "Participating Jurisdictions," or "PJs" (states and certain localities) that use the funds to provide affordable low income housing. Nationally, since 1992 (as of August 31, 2007) HOME has delivered 804,483 completed physical units and provided 170,530 tenant-based rental assistance contracts.

¹⁶Adapted from NLIHC's 2007 *Advocates' Guide to Housing & Community Development Policy*.

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Low Income Housing Tax Credit (LIHTC). Created by the Tax Reform Act of 1986 and codified at Section 42 of the Internal Revenue Code, the federal LIHTC program is a major resource for the creation and rehabilitation of housing affordable to lower income households. The LIHTC program encourages private individuals and corporations to invest cash in housing affordable to lower income people by providing a tax credit to investors – a dollar-for-dollar reduction in federal taxes they owe on other income. Because tax credits are not meant to provide 100% of the financing, this money is used along with other resources to build new affordable housing or to make substantial repairs to existing affordable housing. The infusion of equity reduces the amount of money a developer has to borrow and pay interest on, thereby reducing the level of rent required to make the project financially feasible.

LIHTC is not a HUD program; rather, it is administered by the Treasury Department’s Internal Revenue Service (IRS). Although housing tax credits are federal, each state has an independent agency (generally called a Housing Finance Agency, or HFA) that decides how to allocate their share of federal housing tax credits.

Project-Based Rental Assistance. The variety of programs referred to as project-based housing assistance make privately-owned multifamily housing affordable to low income families and seniors through a federal subsidy of the mortgage, rental assistance contract or a combination of the two. Today, more than 1.4 million households live in homes with project-based assistance, two-thirds of which include elderly or disabled family members. Even though it is no longer adding to the stock of subsidized units today, preserving the existing stock of “Section 8” project-based units is of particular relevance today.

The Section 8 New Construction and Substantial Rehabilitation program, established under the Housing and Community Development Act of 1974, provided long-term contracts between owners and the federal government that made rents affordable to low income families. Under “project-based Section 8” assistance, as it has come to be known, the federal government entered into 20- to 40-year contracts with property owners to serve low income tenants. More than 800,000 units were developed under this program from 1974 to 1983.

Another form of rental assistance is the Section 8 Moderate Rehabilitation program (“Mod Rehab”), which was designed in 1978 to be an expansion of the rental certificate program and to stimulate moderate levels of rehabilitation to upgrade and preserve the nation’s housing stock. It provides project-based rental assistance for low and very low income residents but, unlike other project-based Section 8, the agreement is between the owner and a local public housing authority.

Currently, no additional units are being produced under these programs. Authorization for the Section 8 New Construction and Substantial Rehabilitation program was repealed by the Housing and Urban-Rural Recovery Act of 1983, and the Section 8 Moderate Rehabilitation program was repealed in 1991. Upon expiration of Section 8 contracts, owners may choose to discontinue (or “opt out”) of their contracts or renew them on a year-to-year basis. Since the mid-1990s, more than 200,000 units of housing with project-based assistance have been lost from the overall portfolio of project-based units as owners have prepaid their mortgages and have opted out of their contracts.

A practice that does have the ability to increase the assisted housing stock, but not the number of assisted families, is the project-basing of Housing Choice Vouchers. HUD grants public housing authorities the flexibility to project-base up to 20% of their allotted voucher funding to rehabilitated or newly-constructed rental units, and housing assistance payments contracts typically run 10 years. Like the Mod Rehab program, arrangements are made between public housing authorities and the landlords.

Public Housing. HUD’s Public Housing program is administered by the Office of Public and Indian Housing (PIH). Public housing was created in the 1937 Housing Act, one of the landmark legislative victories of the New Deal. Public housing is owned and operated by public housing agencies (PHAs) that are chartered by the states in which they operate and are

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governed by locally appointed or elected Boards of Commissioners. There are nearly 14,000 public housing developments operated by 3,050 PHAs containing more than 1.2 million units.

A moratorium on planning and building new public housing was declared in 1974. At that point, housing policy shifted to subsidize the private sector's involvement in affordable housing through the Section 8 program. Federal funds specifically for adding to the public housing stock were last appropriated in 1994, but little public housing has been built since the early 1980s. Federal law capped the number of public housing units at the number each PHA operated on October 1, 1999. The demand for public housing far exceeds the supply. In many large cities, where affordable housing needs are most severe, waiting list times can be up to 10 years.

Section 202 Supportive Housing for the Elderly. The Section 202 Supportive Housing for the Elderly program was enacted to allow seniors to live with dignity by providing assistance with housing and supportive services. It remains an example of a very successful partnership between nonprofit providers, many of them faith-based, and the federal government.

Established under the Housing Act of 1959, Section 202 has gone through various programmatic iterations during its lifetime. Today's Section 202 program provides capital and operating funds to nonprofit organizations that develop and operate senior housing and is HUD's largest directly-funded construction program. There are more than 300,000 Section 202 units serving very low, low and moderate income seniors.

The Section 202 grant program has two components. The first provides capital advance funds to nonprofits for the construction, rehabilitation or acquisition of supportive housing for seniors. These funds can now be augmented by tax credit debt and equity to either build additional units or supplement the capital advance in so-called mixed finance transactions. The second provides rental assistance in the form of Project Rental Assistance Contracts (PRACs) to subsidize the operating expenses of the developments. Residents pay rent equal to 30% of their adjusted income and PRAC makes up the difference between rental income and operating expenses.

Section 515 Rural Rental Housing. Under the Section 515 program, the U.S. Department of Agriculture's (USDA) Rural Development arm (RD) makes direct loans to developers of affordable multifamily rental housing. Since its inception in 1962, Section 515 has provided more than half a million decent rental homes affordable for the lowest income rural residents. Production of new units has almost ceased, however, and many existing units are deteriorating physically or are in danger of leaving the affordable housing stock.

Section 515 provides direct loans at an interest rate of 1%, amortized over 50 years, to finance modest rental or cooperatively-owned housing. Funds may be used to construct new housing or to purchase and rehabilitate existing structures for rental purposes. A substantial share of recent appropriations is used to maintain existing properties with Section 515 mortgages. Congregate housing for the elderly and persons with disabilities and group homes for the developmentally disabled are authorized through special regulations and requirements, but nursing or "special care" homes are not eligible. Funds may also be used to buy and improve land and to provide necessary facilities such as water and waste disposal systems.

Section 811 Supportive Housing for Persons with Disabilities. For the past 30 years, the Section 811 program (and its precursor, the Section 202 Supportive Housing for Persons with Disabilities Program) has provided funding to nonprofit developers seeking to build and operate supportive housing for low income households with the most severe disabilities. A separate and much smaller component of the program funds approximately 14,000 tenant-based rental vouchers.

The capital advance component of Section 811 provides interest-free capital advances to nonprofit sponsors to help finance the development of permanent supportive rental housing such as independent living projects, condominium units and

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small group homes that also offer voluntary support services for people with disabilities. The capital advance can finance the construction, rehabilitation or acquisition (with or without rehabilitation) of supportive housing. The capital advance does not have to be repaid as long as the housing remains available for very low income people with disabilities for at least 40 years. The Project Rental Assistance Contract (PRAC) component of Section 811 is awarded with the capital advance. It covers the difference between the HUD-approved cost of operating the housing (maintenance and repairs, utilities, insurance, etc.) and tenant rents which are set at 30% of income. The five-year PRAC contract is renewable.

The tenant-based rental assistance component of the Section 811 program received appropriations from Congress beginning in 1997. According to the statute, up to 25% of Section 811 appropriations can be used for tenant-based rental assistance.