



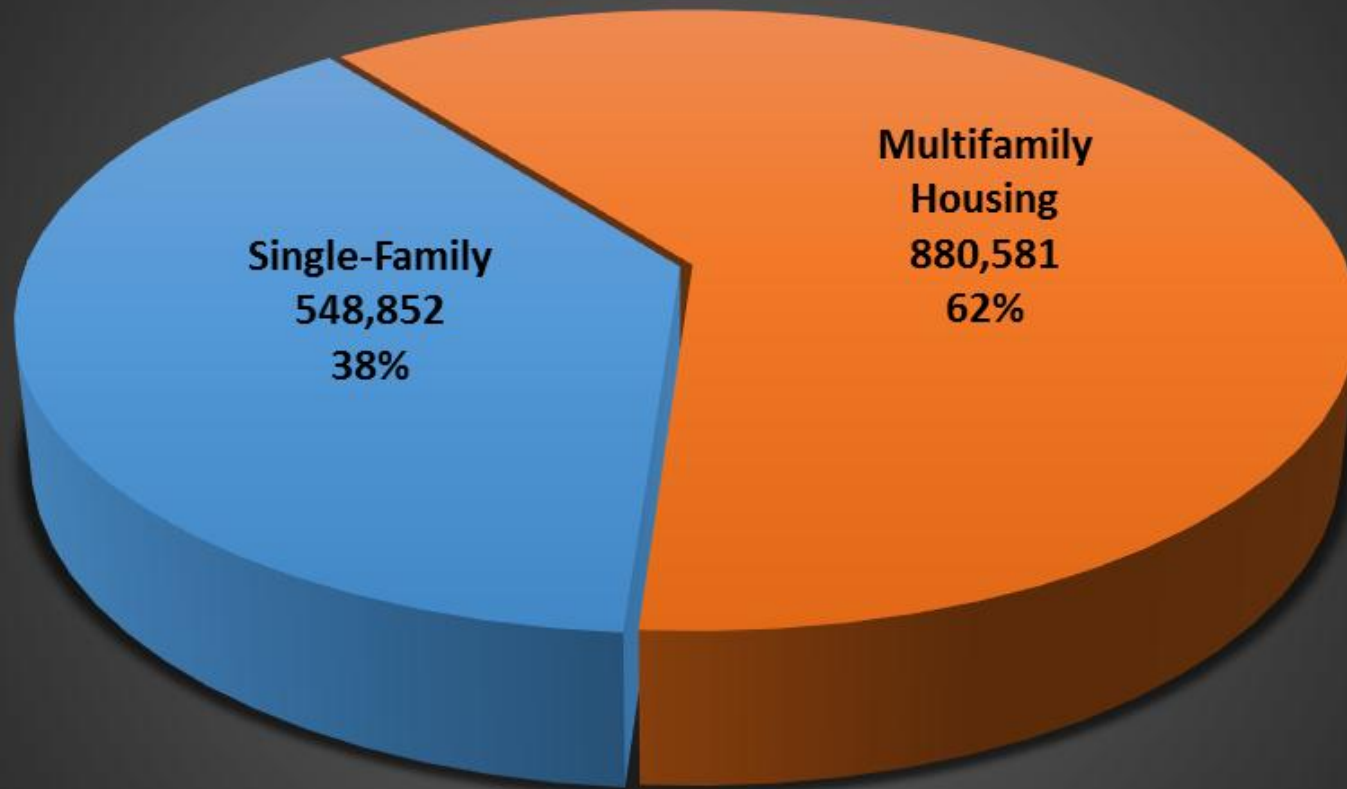
Preservation of Affordable Housing Stock



City Council Housing Committee
August 27, 2014

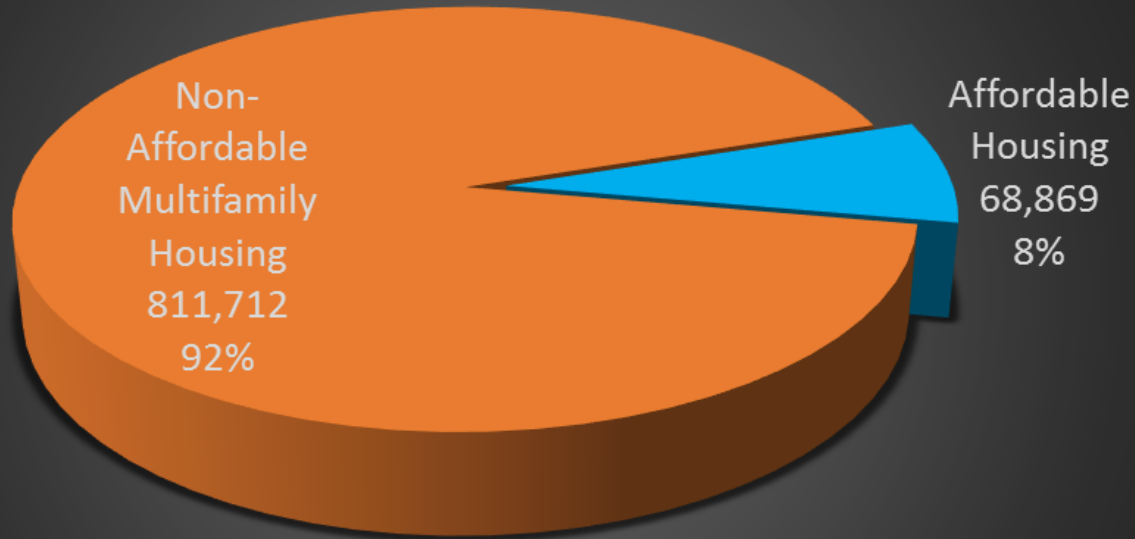
City of Los Angeles Housing Inventory

All Housing Units 1,429,433



■ Single-Family ■ Multifamily Housing

Affordable Housing Inventory



- Approximately 8%
- Located across the City
- Majority owned and operated by private entities
- Financed and assisted by local, State and Federal subsidies
- Homes to many of the City's poorest and most vulnerable residents
- Constantly at risk of expiration/termination

HCIDLA Affordable Housing Database 5/2014

Spectrum of Affordable Housing

8%

Income Restricted

- Conventional loan, public subsidies, and land use incentives
- Tenant eligibility based on a combination of household income, maximum allowable rents, Area Median Income

Rent-Subsidized

- Mostly funded by HUD programs
- Section 8 rental assistance: Project-based, Tenant-based
- Tenant eligibility based on 30% of gross adjusted income

Preservation of Affordable Housing

Today we are focusing on the preservation of this publicly-assisted/restricted affordable housing

- Preservation in this context can be achieved through:
 - Tracking of existing inventory
 - Advocacy
 - Outreach and Education
 - Retention of subsidies/restrictions
 - Financing



Overview of Affordable Housing Inventory

What is At-Risk Affordable Housing?

At-risk Restricted Affordable Housing

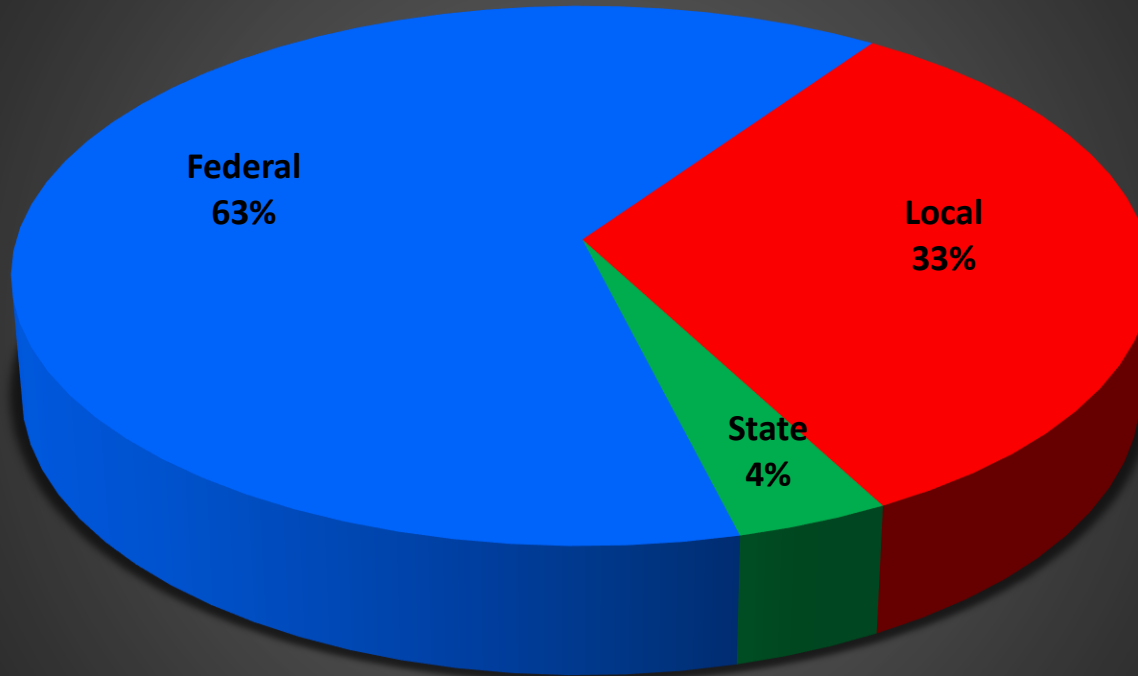
Has received a type of government assistance or incentive under a federal, state and/or local program (or a combination)

Rental restrictions will terminate and/or can be converted within 5 years:

- Termination of a rental subsidy contract (opt-out)
- Prepayment/maturity of a loan, insured mortgage
- Expiration/termination of use restrictions and/or covenants
- A combination these and other factors

Citywide, At-Risk Units Expiring In the Next 5 Years

Total At-Risk Units



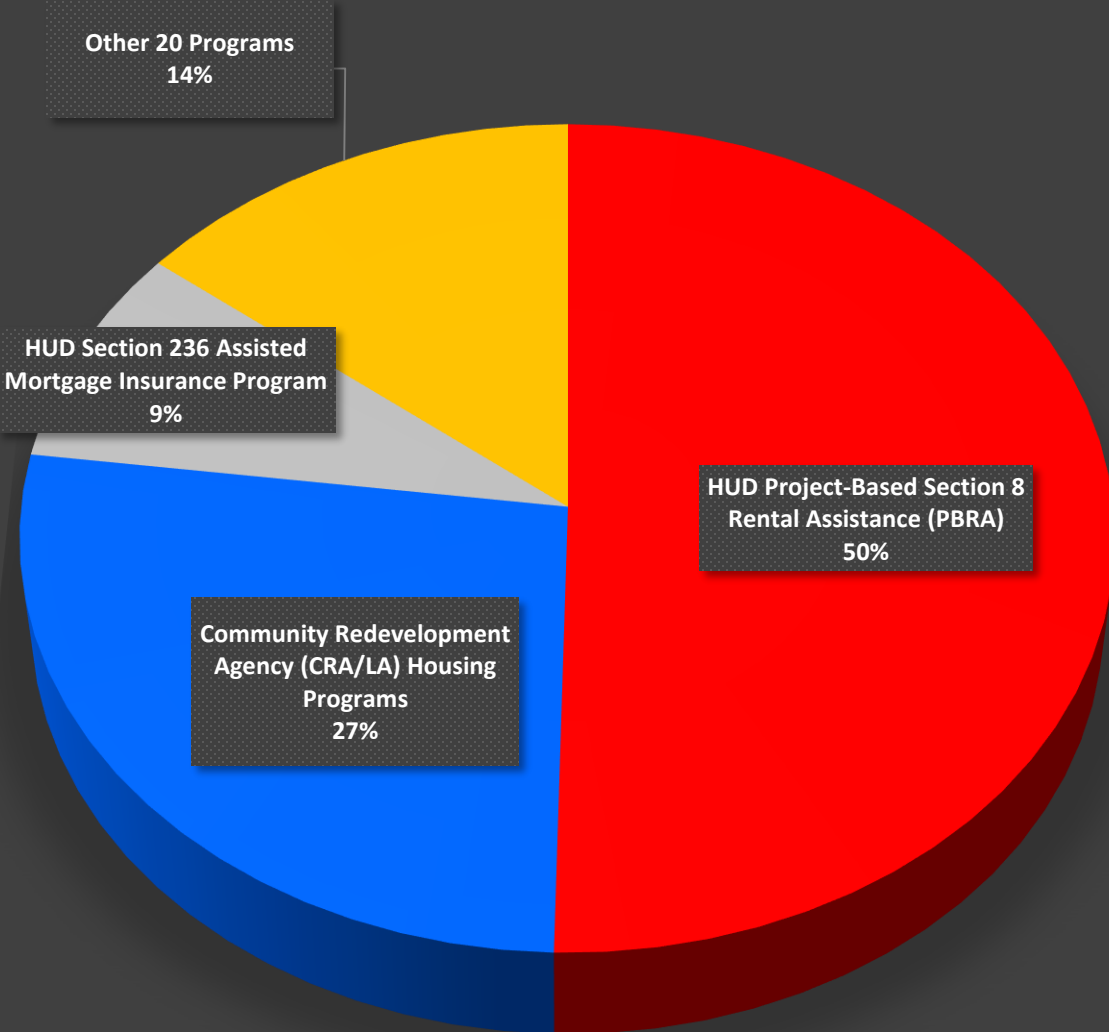
INVENTORY

- ~1,748 Properties
- ~68,869 Units:
 - Federal: 14,748
 - Local: 28,649
 - State: 25,462

AT-RISK

- 472 Properties
 - 15,737 Units:
 - Federal: 9,995
 - Local: 5,136
 - State: 606
- ~4,197 CRA/LA

At-Risk Units by Primary Funding Program



RISKS

- Prepayment or maturity of federally-insured mortgages, expiration and termination of subsidy contracts
- Expiration of covenants and use restrictions of City-funded projects.

At-Risk Units by Council District

Council District	Councilmember	Properties	Affordable Units
1	Cedillo	70	2,506
2	Krekorian	58	1,096
3	Blumenfield	10	936
4	LaBonge	12	607
5	Koretz	6	183
6	Martinez	18	987
7	Fuentes	17	786
8	Parks	54	1,031
9	Price	43	854
10	Wesson	49	1,571
11	Bonin	5	112
12	Englander	14	442
13	O'Farrell	61	2,089
14	Huizar	39	1,840
15	Buscaino	16	697
Total		472	15,737

Why Preserve At-Risk Affordable Housing?



- Rental units with the deepest affordability
- The demand for affordable housing outpaced the supply
- More cost-effective than new construction
- Stabilizes neighborhoods
- Prevents displacement

HCIDLA's Preservation Efforts

Non-Financial Preservation Initiatives

- Affordable Housing Preservation Program (AHPP) - 2004
- John D. and Catherine T. MacArthur Foundation Grant 2009 – 2013, 2014



MacArthur Foundation Grant (2009 – 2013)

Coordination and development of housing preservation strategies

Enhanced data tracking systems and strategies

Completed an at-risk assessment ranking criteria of expiring HUD housing

Identified HUD-assisted properties for targeted owner outreach and education

Outreached to approximately 8,000 families

Streamlined policies and financing tools

Conducted two citywide Affordable Housing Preservation Summits

Financial Preservation Initiatives

- **Federal: 9,995 At Risk**
 - Refinancing HUD Mortgages & Opting Out of HUD Contract
 - HCIDLA/ HUD Partnership in underwriting & deal flow
- **Local: 5,136 At Risk**
 - Most are expiring CRA/LA Covenants
 - Allocate AHTF to address these
- **Expiring Tax Credits**
 - Recapitalization (Big “P” vs. Little “p”)

Preservation Financing: 2003 - 2013

Affordable Housing Bond Financing Program (AHBP)

- 2,500 units (18 properties) of HUD at-risk housing

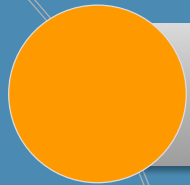
Affordable Housing Trust Fund (AHTF)

- 1,200 units (15 properties) of HUD at-risk subsidized housing.

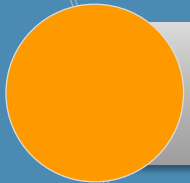
MacArthur Foundation Grant – July 2014

Former CRA/LA Initiative

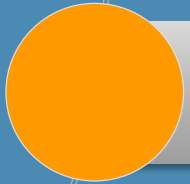
- One-year initiative to develop a proactive and preventive strategy to:



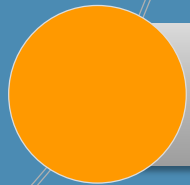
Identify financial and non-financial strategies



Development of a decision-framework



Targeted property owner outreach campaign



Targeted tenant outreach and education