



HOUSING PRESERVATION NEWS

How to contact us:

MAIN OFFICE

369 Pine Street
Suite 300
San Francisco, CA
94104
Ph: (415) 433-6804
Fax: (415) 433-6805

SAN DIEGO

PO Box 319
113 West G Street
San Diego, CA 92101
Ph: (858) 693-1572
Fax: (951) 506-3997

LOS ANGELES

800 South Figueroa
Street, Suite 760
Los Angeles, CA
90017
Ph: (213) 892-8775
Fax: (213) 892-8776

SACRAMENTO

PO Box 8132
5325 Elkhorn Blvd.
Sacramento, CA
95842
Ph: (916) 683-1180
Fax: (916) 683-1194

INLAND EMPIRE

28545 Old Town
Front Street,
Suite 205
Temecula, CA 92590
Ph: (951) 506-3377
Fax: (951) 506-3997

CHPC's Database of Subsidized Housing

The state legislature and the Governor created the California Housing Partnership Corporation (CHPC) in 1988 to preserve and create affordable housing for lower income households. One of the greatest resources CHPC has to accomplish the preservation portion of our mission is a comprehensive database of federally subsidized housing in the state of California. This newsletter describes several important changes we have made to the database as well as the latest summary of what has been preserved and lost to conversion.

What is in the CHPC Database (and What's Not)

Our database contains information on more than 150,000 federally subsidized apartments throughout the state that are potentially at risk of conversion to market rate. The database contains information not only on the type of units, the amounts and expiration dates of the various subsidies, but also owner and manager contact information. The database is updated on a quarterly basis with information we receive directly from the Department of Housing and Urban Development (HUD). The database does contain information on properties subsidized by the U.S. Department of Agriculture through its Section 515 mortgage and Section 521 Rental Assistance programs but this data is not as complete because USDA does not provide regular updates. The database does not currently contain information on apartments subsidized by state and local programs, although we have a separate database with comparable information on properties financed in the first three years of the Low Income Housing Tax Credit program which are potentially at risk of conversion. We have plans to integrate this information into a single database in the future.

Risk Assessment

Each property in the database is assigned a level of risk of conversion. There are three levels of risk: At-Risk, Lower Risk and Low Risk. Properties are **At-Risk** when they are within five years of the end date of the most valuable subsidy or rent restriction. For example, a property with a Section 8 contract that expires four years from the date of the last update is considered **At-Risk**. Properties are at **Lower Risk** of conversion when their most valuable subsidy or rent restriction is scheduled to terminate within six to ten years of the current date. Properties are **Low Risk** when their subsidies and/or rent restrictions will expire more than 10 years in the future. If a property is owned by a nonprofit organization, the database assumes that the risk of conversion to market is one level lower than it otherwise would be. While this is not always accurate, on average we have found that the risk of conversion is lower when a property is owned by a nonprofit whose mission is typically to maintain the affordability of apartments for lower income households. This risk assessment serves as an early warning mechanism alerting us to properties likely to convert to market. It provides us with an opportunity to work with owners and preservation purchasers to maintain the affordability of these apartments.

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CHPC Preservation Clearinghouse

Elyse Perry,
Coordinator

Phone:
(415) 433-6804 ext. 13

Email:
eperry@chpc.net

Matt Schwartz,
Executive Director

Phone:
(415) 433-6804 ext. 11

Email:
mschwartz@chpc.net

Defining “Lost to Conversion”

Lost to Conversion counts all federally subsidized apartments that have opted out of their Section 8 contracts or lost their Section 521 Rental Assistance. In the case of properties that never had a rent subsidy, those that have prepaid their subsidized mortgages are considered Lost to Conversion. The database does not count as lost those properties that have refinanced their subsidized mortgages but continued their Section 8 or Section 521 Rental Assistance contract. The reason we do not count properties that prepay their mortgages but still have project-based rental assistance contracts as lost is that the prepayment does not cause any loss of affordability since the portion of the rents paid by the tenants is set independently by the project-based rent subsidy contract. In other words, the same people can still afford to live there and there is no threat of displacement caused by the loss of the mortgage. The reality is that owners and purchasers of these properties can save money by refinancing these older mortgages that often carry interest rates higher than the current market.

Defining “Preserved”

We count as “Preserved” those properties that have been acquired by owners with a new regulatory agreement with a government entity that commits them to keeping the apartments affordable to the same income group for at least another 30 years. In the case of properties with project-based rental subsidies, there must be an extension of the rent subsidy contract, typically for 20 years for Section 8 properties, and five years for Section 521 properties.

What’s At-Risk in California

Page three of this newsletter is a summary from CHPC’s database of the federally assisted multifamily housing in California. There are approximately 2,287 properties with 150,205 apartments in the state that have federal mortgage and/or rental subsidies. The mortgage subsidies include 236, 221(d)(3), 202, 811, and 515. Rental subsidies include project based Section 8 and Section 521 Rural Assistance.

As the summary illustrates, there are a large number of properties at-risk of conversion to market rate in California over the next five years. Of the more than 150,000 federally subsidized apartments in California, approximately 16,745 have been converted to market rate, and more than 71,000 are at-risk of being lost to conversion in the next five years.

How You Can Access CHPC’s Data

CHPC acts as a clearinghouse for information on at-risk properties and works to match property owners with preservation purchasers. If you are interested in properties in a specific area, contact Elyse Perry, CHPC’s Preservation Program Coordinator to obtain information from our database. Elyse can be reached at 415-433-6804 ext. 13 or at eperry@chpc.net.

PRESERVATION TRAINING FOR NONPROFIT AND LOCAL GOVERNMENT STAFF

If your nonprofit or local government organization is interested in taking part in a regional training on strategies for financing the acquisition of at-risk housing, please contact our Preservation Program Coordinator, Elyse Perry at eperry@chpc.net or at 415-433-6804x13.

This newsletter made possible with support from:



Federally Assisted Multifamily Housing

Summary of Prepayment Eligible FHA Insured Mortgages and Expiring Section 8 Contracts State of California

Inventory	No. Projects	No. Units	Risk Assessment	No. Projects	No. Units
Section 8 only	1,211	64,091			
Sec. 236/221(d)(3) Mortgages w/ Sec. 8	649	65,277	At Risk	1,082	71,764
Sec. 236/221(d)(3) Mortgages - No Sec. 8	84	6,176	Lower Risk	643	42,983
Sec. 515 Mortgages w/ Sec. 8	31	1,513	Low Risk	289	18,713
Sec. 515 Mortgages & Rental Assistance	203	9,017	Lost To Conversion	273	16,745
Sec. 515 - No Rental Subsidy	74	3,057			
Type Unknown	35	Unknown			
Total Federally Assisted	2,287	150,205	Preserved	277	27,971

At Risk indicates that a property may convert to market rate within 5 years.
Lower Risk indicates that a property may convert to market rate in 5 - 10 years.
Low Risk indicates that a property cannot convert to market rate for at least 10 years.

* Non profit ownership of a property reduces its risk level, i.e., a property owned by a non profit entity will be classified as Lower Risk if it may convert within 5 years.

Section 8 Expirations by Year	Mortgages Prepaid by Year	Section 8 Opt-Outs by Year
1997-2004	19	1,468
2005	35	2,874
2006	60	4,738
2007	28	2,726
2008	36	4,623
2009	31	3,195
2010	14	1,881
2011	2	277
2012	4	327
2013	1	91
2014-later	230	22,200
Total Units	118,309	111,114

All Section 236 and 221 (d)(3) mortgages were eligible for prepayment beginning in 1996.

Prepared by: California Housing Partnership Corporation
Prepared: January 30, 2006

Sources: U.S. Department of Housing and Urban Development, U.S. Department of Agriculture, California Housing Partnership Corporation
Risk assessment is a subjective classification developed by CHPC based on available HUD data. Assessments are intended to help target preservation efforts, but are not necessarily a reliable predictor of a project's likelihood of market-rate conversion.

The information contained herein is intended only for the use of the individual or entity named as the recipient. You are hereby notified that any dissemination, copy or disclosure of this information is prohibited without the express written consent of the Executive Director of the California Housing Partnership Corporation. If you have any questions about this policy, please contact Elyse Perry at CHPC at 415-433-6804 x13 or via email at eperry@chpc.net.