

## Notes to CEDAC Expiring Use Inventory Report

March 2018

This report has been prepared by the Community Economic Development Assistance Corporation (CEDAC) based on data from HUD, DHCD, MHP, and MassHousing, as well on prior reports that have been produced by CHAPA and CEDAC. We offer thanks to CHAPA, Emily Achtenberg, Vincent O'Donnell, and Ann Verrilli for their work in developing the original database upon which this report was based.

The report uses updated data from November 2017 to January 2018 depending on the data source. There is sometimes a delay by HUD and other agencies in reporting actual project information. CEDAC will periodically update the data contained in this report.

Please note that purpose of this report is to identify affordable housing developments that may be at risk for loss of affordability. **It does not purport to show all of the affordable housing in a community**, and is substantially less inclusive than the Subsidized Housing Inventory (SHI) that is maintained for 40B use.

The report includes a list of affordable housing developments in Massachusetts that have or had:

- HUD project-based rental assistance (PBA) contracts under the Section 8 program. These PBA contracts include the PRAC, RAP, and Rent Supplement programs, which are reported by HUD along with Section 8 PBA, but do not include the Project-Based Voucher, Section 8 Moderate Rehab, or Section 8 SRO programs;
- Federally insured mortgages under the HUD Section 236 and Section 202 programs as well as the RHS Section 515 program. These mortgages originally imposed affordability requirements (e.g. requiring the owner to limit rental of some or all of the units to households with incomes below a certain level at admission and by limiting rents that can be charged for those units) for the term of the mortgage. Some of these mortgages have reached or will shortly reach their maturity dates and affordability restrictions will terminate upon mortgage maturity.
- Projects financed with federal Low Income Housing Tax Credits.
- This report includes approximately 130 projects financed with mortgages from MassHousing that were not federally insured. The majority of these MassHousing projects were financed through the Section 236 program, the Chapter 13A program, or the SHARP program.

Massachusetts has lost 20,110 subsidized units through prepayments and rent subsidy contract terminations and is at risk of losing 12,950 additional subsidized units by December 31, 2022.

The attached report includes:

- projects that left the affordable inventory (labeled “Lost”) because owners have chosen not to renew their subsidy contracts and/or have chosen to prepay their subsidized mortgages and end affordability restrictions;
- projects that are or may be at risk of leaving the affordable inventory by December 31, 2022 due to prepayment, full mortgage repayment, or contract terminations;
- projects whose affordability has been preserved (until 2022 or later) because of actions taken by their owners;

- projects that are not at risk of leaving the affordable inventory by December 31, 2022, based on continuing affordability requirements to maintain mortgage or rent subsidies on assisted units in the project.

Please note that most Section 8 project-based rental assistance contracts contain language that establishes the risk of contract termination due to the unavailability of federal funding of the Section 8 program. For purposes of this report, PBA contracts with contract expiration dates after 12/31/2022 are not shown as units at risk. To date, there has never been a PBA contract termination due to insufficient congressional appropriations, though this is of course is no guarantee of future congressional action.

This report provides information organized under the following column headings:

**Property Name:** This column provides the name of the project, generally as reported by HUD. In some cases, projects are commonly known by alternative names and we have used these alternative names when possible. Also, projects that refinance sometimes change the project name.

**City:** This column provides the name of the city in which the property is located. Please note that one project, **Fairweather Apartments**, consists of four buildings in four cities, with a total of 321 units (62 in Beverly, 44 in Danvers, 88 in Peabody, and 127 in Salem), though this report follows HUD's procedure of listing all of the units in Salem.

**Project Lost?:** Projects noted as "Lost" have no remaining affordability restrictions. There may, however, be low income residents who continue to reside at the property.

**Total Units:** This column reports the total number of units in the project, including Section 8, other subsidies, and market units.

**Section 8 PBA units:** This column reports the number of units covered by a HUD PBA contract (project-based Section 8, PRAC, Rent Supplement or RAP), as reported by HUD. It does not include Section 8 project-based vouchers as this data is not available from HUD.

**Section 8 expiration date:** This column reports the expiration date for the HUD PBA contract, as reported by HUD. As noted above, there is sometimes a delay in reporting PBA contract renewal activity. There are projects which currently list an expiration date that has already passed. This does not necessarily mean that the owner has opted-out of the contract, and may be due to delayed reporting by HUD.

**Original Subsidy units:** This column reports the total number of units in a project subject to subsidized mortgage use restrictions or Low Income Housing Tax Credits. "Original" number of subsidy units refers to the number of subsidy units prior to any mortgage prepayment, PBA contract termination or resyndication.

**Subsidy Units Lost:** This column reports the number of units formerly covered by a subsidized mortgage restriction which are no longer covered because the owner has prepaid the mortgage or the mortgage has been fully amortized. There are also a few rare instances where an owner has opted out of a Section 8 contract not tied to a subsidized mortgage.

**New Affordable Units:** This column reports the number of units in a project which have been restructured subject to tax credit, tax-exempt bond, or other public subsidy regulatory restrictions. This also includes projects where the owner has agreed to keep some units affordable for a certain number of years under an agreement negotiated with local government.

**Net Units Lost:** This column reports the net decrease in the number of subsidized units in a project by comparing the original number of subsidy units, the subsidy units lost, and the new affordable units.

**Current Units Assisted:** This column reports the number of units currently assisted either by a mortgage subsidy or HUD PBA rental assistance or other binding affordability restrictions.

**Units at Risk Dec. 2022:** This column reports the total number of subsidized units at risk of leaving the affordable housing inventory through mortgage prepayment, fully amortized mortgages, or termination of PBA contracts by 12/31/2022. As noted above we do not consider units with HUD PBA contracts expiring after 12/31/2022 to be at risk, even if the PBA contract is subject to annual appropriations.