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New Research by CEDAC Shows that Far Fewer LIHTC Units Are at Risk of Losing Affordability than Predicted

Study Argues that More than 13,000 Units Will Remain Affordable After 2030

BOSTON (February 26, 2020) – A new research paper put out today by the Community Economic Development Assistance Corporation (CEDAC) shows that far fewer units in the Commonwealth financed through the Low Income Housing Tax Credit (LIHTC) program are at risk of losing their affordability status than predicted.

The study looked at 228 projects - 15,679 units – that went into service in Massachusetts from 1990 through 2000. Beginning in 1990, the LIHTC program required a minimum of 30 years of affordability, so policymakers and researchers have expressed concern that a significant number of those units will be converted to market-rate housing beginning this year. CEDAC’s analysis found that roughly 86 percent of the 15,679 LIHTC units in this cohort are subject to some form of longer term affordability restriction and will not be at risk for market conversion before December 31, 2030. The research is available at CEDAC’s website.

“This is extremely good news since it means that at least 13,466 of these LIHTC units will continue to be a resource for low-income families and individuals until sometime after 2030,” said Bill Brauner, CEDAC’s Director of Housing Preservation & Policy and the author of the study. “It’s understandable that researchers – including the New England Public Policy Center, the research arm of the Federal Reserve Bank of Boston, were sounding the alarm on these units, but our analysis indicates that the vast majority of these apartments will maintain their affordability going forward.”

The study also looks at what mechanisms are being used to preserve affordability for these developments and makes some recommendations on recapitalizing the housing stock. While most of these units are in no danger of market-rate conversion, the projects are nearing 30 years in age and will need to be recapitalized for maintenance and repairs.

“Preserving affordable housing is a high priority for the Commonwealth’s housing sector, and it’s important for policymakers and others to understand where we need to focus,” said Roger Herzog, CEDAC’s Executive Director. “While it is good news to know that most of these
LIHTC-financed units will maintain their affordability, we must keep working to preserve the thousands of units throughout the Commonwealth that remain at risk for other reasons.” //End

About CEDAC

CEDAC is a public-private community development finance institution that provides financial resources and technical expertise for community-based and other non-profit organizations engaged in effective community development in Massachusetts. CEDAC’s work supports two key building blocks of community development: affordable housing and early care and education. CEDAC is also active in state and national housing preservation policy research and development and is widely recognized as a leader in the non-profit community development industry. For additional information on CEDAC and its current projects, please visit www.cedac.org.