

ATTACHMENT 4

ANALYSIS OF FEDERALLY AND LOCALLY SUBSIDIZED AFFORDABLE HOUSING City of Durham, NC Draft 12-7-15

Summary

- A majority of federally subsidized properties that may expire in 2016 and 2017—which represent more than 75 percent of units with the potential to expire over the next 5 years—are located outside of Central Durham, including Northeast Central Durham (NECD).
- After 2017, while fewer subsidized units may expire, many of these units target older adult populations; loss of these units could create a gap in housing well-suited and affordable for older adults on fixed incomes and with unique mobility challenges.
- More than one-half of the City’s federally subsidized housing relies on LIHTC as its primary source of funding and 63 percent of these properties are owned by for-profit entities.
- The City’s bond subsidized housing portfolio totals 330 units, increasing the total number of units with the potential for loss over the next 5 years by 27 percent. However, determining the potential for loss is difficult, because of lack of information about what, if any, restrictions were placed on these units and the timeline for them.
- Additional analysis may be needed to identify “high-risk” properties, properties that are vulnerable to loss because they have 1) have affordability restrictions that are expiring; 2) owned by a for-profit entity; and 3) located in a strategic location that would support conversion to market-rate use.

What entities own federally subsidized units?

Table 1 summarizes ownership by for-profit and nonprofit entities and Durham Public Housing Authority. For-profit entities own 47 percent of federally subsidized housing units in the City of Durham, followed by the Durham Housing Authority, which owns 31 percent of federally subsidized housing units, and 22 percent owned by nonprofit entities. Map 1 shows the location of these properties throughout the City and Appendix Table 1 provides more detail about them.

	No.	Percent
<i>For profit</i>	2,715	47%
<i>Nonprofit</i>	1,285	22%
<i>DHA</i>	1,803	31%
Total units	5,803	100%

Source: National Housing Preservation Database, www.preservationdatabase.org/nhpd, Accessed November 2015.

What funding sources support federally subsidized units?

Table 2 shows the prevalence of LIHTC to finance affordable housing in the City of Durham: More than one-half of federally assisted units are funded through LIHTC, followed by HUD-insured properties comprising 22 percent of all properties. Section 221d(4) projects are most common among HUD-insured properties, representing more than one-half of them.

	No.	Percent
LIHTC	3,113	54%
Section 8 PRRA	576	10%
Section 202	45	1%
HOME rental assistance	80	1%
FHA-insured properties	1,290	22%
<i>Section 207/223(f)</i>	218	17%
<i>Section 221(d)(4)</i>	677	52%
<i>Section 242</i>	108	8%
<i>Section 232</i>	140	11%
<i>Section 220</i>	212	16%
Sources: National Housing Preservation Database (NHPD), www.preservationdatabase.org/nhpd , Accessed November 2015 and HUD Insured Multifamily Mortgage Database, Accessed November 2015.		
Notes: The City of Durham does not have any projects subsidized under Section 236 or Section 515. Because subsidies often overlap for assisted units, a total number of assisted units by subsidy type or property cannot be calculated. Properties in NHPD and HUD Insured Multifamily Mortgages Database were cross-referenced to account for all Section 221(d)(4) projects.		

What federally subsidized units could expire in the next 5 years?

Without targeted preservation efforts, 1,240 federally subsidized units may reach the end of their affordability periods between 2016 and 2021.¹ Properties with subsidies expiring or reaching Year 15 between 2016 and 2017 represent 77 percent of units in the next 5 years (see Appendix Table 2).

Year 15 refers to the end of the initial compliance period for LIHTC properties. Properties awarded housing credits in 1990 or after must comply with program restrictions for a total of 30 years, subject to certain exceptions.² In North Carolina, these program restrictions are recorded in an “extended use agreement.” Enterprise is currently reviewing the deeds associated with properties expiring in 2016 and 2017 to determine if extended use agreements were recorded for them.

As Map 2 shows, with the exception of three properties owned by The Community Builders—Calvert Place, Main Street Townhomes, and Morning Glory Senior Village—nearly all other properties receiving federal housing subsidies are located outside Central Durham.

¹ The National Housing Preservation Database (NHPD) represents a national attempt to track the number of federally subsidized properties across a range of programs, including LIHTC and HOME, and HUD insurance. The database does not attach expiration dates to public housing units, assuming these units are affordable in perpetuity. It also assumes a 15-year affordability period from the start date of LIHTC properties. The database does not calculate total assisted units to avoid double-counting, as many units benefit from multiple subsidies. Total units should be understood as an estimate for subsidized units rather than an absolute number of total subsidized properties. The data from the NHPD was last updated in April 2015. To determine properties to target for preservation, properties expiring in the next 5 years were analyzed using the latest end date to determine if income restrictions would still apply to a property even after the earliest subsidy attached to the property expires.

² See North Carolina Housing Finance Agency, “Extended Use Period Policies.” Available at <http://www.nchfa.com/rental/My15.aspx>. Accessed November 2015.

Table 3. Properties with federal subsidies expiring or reaching LIHTC Year 15 in 2016 or 2017

Property name	Number of units	Ownership type	Funding source	Earliest expiration
ARC / HDS DURHAM CO GH #6	7	Nonprofit	Section 8 PBRA - PRAC/811	Feb 2016
Forest Glen Apartments	92	For profit	LIHTC	Dec 2016
Lakemoor Apartments	160	For profit	LIHTC	Dec 2016
Naples Terrace Apartments	159	Nonprofit	LIHTC	Dec 2016
Alston Village Apartments	173	For profit	LIHTC	Dec 2017
Falls Pointe at The Park	204	For profit	LIHTC	Dec 2017
Lakeside Gardens	160	For profit	LIHTC	Dec 2017
Total units: 955				
Source: National Housing Preservation Database, www.preservationdatabase.org/nhpd , Accessed November 2015.				

As Table 3 shows, nearly all properties with subsidies with potential to expire in either December 2016 or 2017 were financed using LIHTC and owned by for-profit entities. The notable exception is a group home operated by ARC/HDS and funded through the Section 811 Supportive Housing for Persons with Disabilities program. This property currently has a project rental assistance contract (PRAC) that subsidizes its operating costs; under PRAC Section 811, residents pay 30 percent of their adjusted income toward rent and PRAC makes up the difference between rental income and operating costs.³

Even though fewer units with subsidies have the potential to expire between 2018 and 2021, 7 of these properties target elderly persons, which could leave a gap in housing well-suited and affordable for older adults. Thirty of these units are supported with Section 8 project-based rental assistance under Section 202 (Supportive Housing for the Elderly), which provides capital and operating fund to nonprofits to develop and manage senior housing.

What units has the City subsidized through local bonds and what is their potential for loss?

Conversations during Enterprise’s October 2015 site visit suggested affordable housing projects were subsidized using local bonds, beginning in 1990. Based on a city-compiled inventory of bond-funded projects, the City has invested \$12.6 million in as many as 898 affordable housing units, many serving special needs populations (e.g., persons with HIV/AIDS or recovering from substance abuse) or households with extremely low incomes.

However, of these 898 properties, some properties also previously received or currently receive federal subsidies, are owned by an entity where long-term affordability is assumed (e.g., Durham Housing Authority or Durham Community Land Trust), or did not have any bond units recorded in the inventory (although they received bond funds).

Excluding these properties to isolate properties that only received bond funds, this inventory totals 330 units and nearly \$3 million of bond funding. Of these 330 units, at least 130 units in 7 individual properties are owned by for-profit entities.⁴ Woodland and Associates owns 80 of these units across three properties, followed by Murdoch Place with 32 units in one property (See Appendix Table 3).

A review of this inventory with City staff in November 2015 suggests that many of these properties—regardless of ownership—may be in need of additional funding, especially for maintenance or rehabilitation. Staff cited at least one for-profit owner that approached the city for additional funds for

³ <http://www.preservationdatabase.org/programdesc.php>

⁴ This figure could be as high as 236 units. Two properties—Springwood Park (100 units) and Mangum Arms (6 units)—did not have owners associated with them in the inventory provided by the City. Ownership type (nonprofit, for-profit, etc.) was determined during a review of the bond-funded inventory with City staff in November 2015.

“modernization,” while two nonprofit owners have attended City-sponsored workshop for its annual action plan, indicating interest in receiving federal housing funds.

Determining the potential for loss among these units is difficult to gauge, because of the lack of information about what, if any, restrictions were placed on these units and the timeline for them. Additionally, the last documented monitoring inspection for many of these properties were in 2000 or 2001, and the city’s inventory suggests many others never received a monitoring inspection. Keeping these properties affordable and in a state of good repair may be beneficial to the City, as they increase the City’s subsidized housing portfolio with potential for loss in the next five years by nearly 27 percent— from 1,230 units to 1,560 units.

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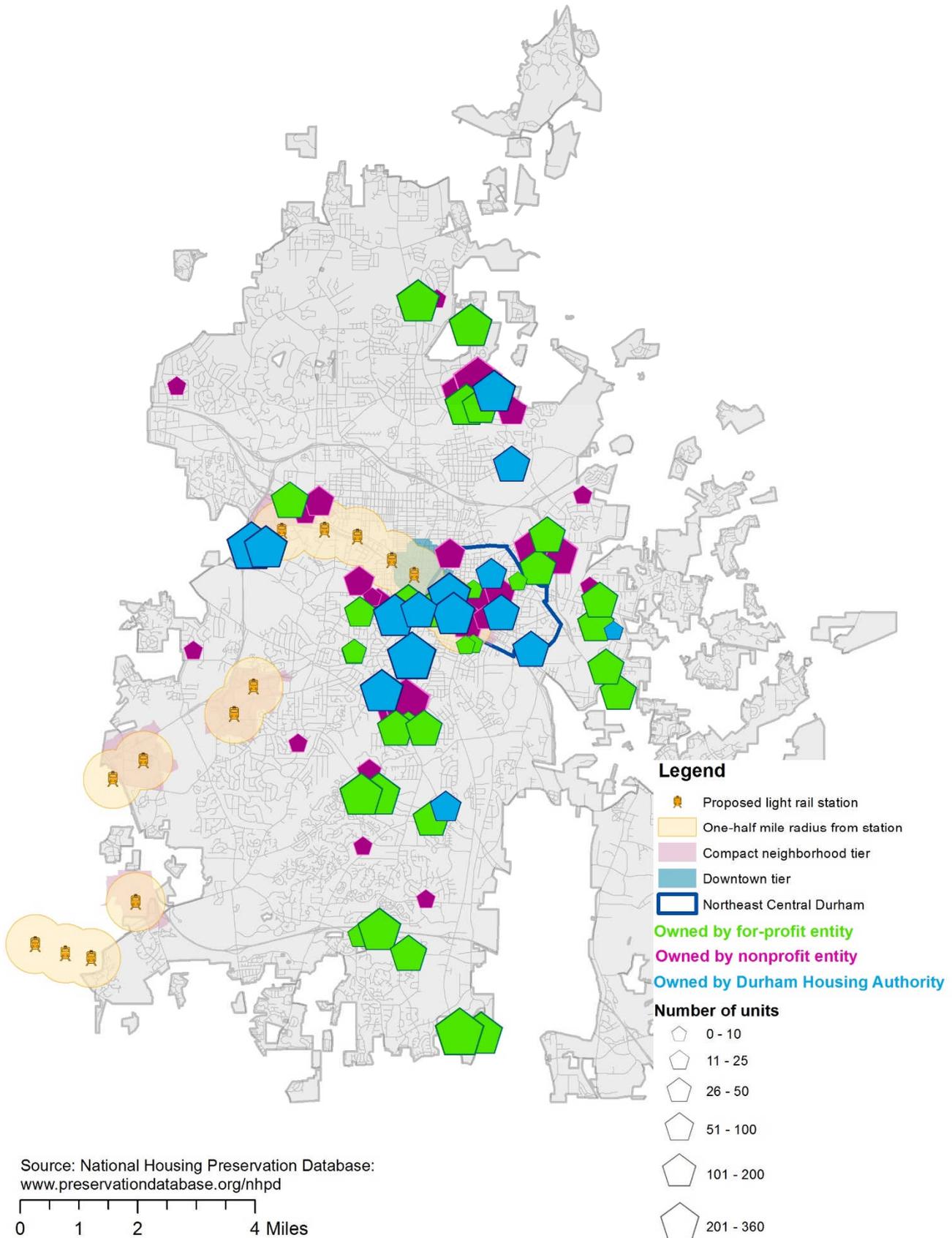
Appendix Table 1. Federally and locally assisted properties by ownership, City of Durham, NC				
Property name	Total units	Property owner	Received local bond funding	Potential to expire (2016–2021)
Properties owned by for-profit entities				
Alston Village Apartments	173	NRP Alston Village, LLC		X
Cambridge Village	83	Cambridge Village, LP		
Carver Pond Apartments	160	Allied Affordable Housing/Carver Pond I LP		
Carver Pond Apartments II	96	Allied Affordable Housing/Carver Pond I LP		
Crestview Apartments	65	Crestview Associates Limited Partnership North Carolina	X	
Durham Hosiery Mill	151	Durham Hosiery Mill, LP		
Falls Pointe at The Park	204	NRP Alston Village, LLC		X
Fiske Street Apartments	2	Fiske Associates	X	
Forest Glen Apartments	92	Fore Grandview Forest, LP		X
Foxridge Apartments	92	NHC Partnership 5, LP		
Greens of Pine Glen Ph II	16	Greens Of Pine Glen, LP & Atlantic Development, LLC		
Greens of Pine Glen Townhouses	152	Greens Of Pine Glen, LP & Atlantic Development, LLC		
Harrell-Smith Apartments	3	Mathison Associates, LP	X	
Harrell Apartments	4	Mathison Associates, LP		
Hopkins Street Apartments	4	Elaine S. Westbrook		
JFK Towers	178	GMF-JFK Towers, LLC		
Lakemoor Apartments	160	Lakemoor, LP		X
Lakeside Gardens	160	Lakeside Gardens, LP		X
Lynnhaven Apartments	75	QNP Lynnhaven, LLC		
Magnolia Pointe Apartments	156	Magnolia Pointe, LP		
Morehead Hills Apartments	108	Morehead Hills Senior Apartments, LP		
Mutual Manor Apartments	18	Manor Associates, LP	X	
Oakley Square Apartments	100	Oakley Square, LP		
Pendleton Townhomes	88	Pt Durham, LP		X
Rochelle Manor Apartments	75	Rochelle Manor, LP		
Rockwood Cottages	21	Rockwood Ah-1, LP	X	
Rockwood North	24	Rockwood North, LLC		X
Savannah Place	84	Savannah Place Apartments, LLC		
Stewart Heights	64	Stewart Heights, LLC		
Stewart Square Apartments	63	Stewart Square, LLC		
Trailwood Apartments	44	Greystone Servicing Corporation	X	
Properties owned by nonprofit entities				
ARC Group Home #1	6	ARC/HDS Durham County Housing Corporation #1		X
ARC Group Home #2	6	ARC/HDS Durham County Housing Corporation #2		X
ARC Group Home #3	6	ARC/HDS Durham County Housing Corporation #3		X
ARC Group Home #4	6	ARC/HDS Durham County Housing Corporation #4		X
ARC Group Home #5	6	ARC/HDS Durham County Housing Corporation #5		X
ARC Group Home #6	7	ARC/HDS Durham County Housing Corporation #6		X
ARC Group Home #7	7	ARC/HDS Durham County Housing Corporation #7		
Calvert Place	75	TCB-DVI Calvert Place, LLC		X
Carver Creek Apartments	48	Carver Creek, LP	X	
Emerson Woods Apartments	48	Durham Volunteers of America Elderly Housing, Inc.		
Fitts-Powell Apartments	15	Handicapped Housing Corporation of Durham		
Franklin Village	83	TCB-DVI Holman Homes, LLC		
Glendale Apartments	29	FJS, LP		
LW Reid Home for the Elderly	24	LW Reid Home for the Elderly, Inc.		
Lovett Square	60	Lovett Square, LP	X	
Main Street Townhomes	43	TCB-DVI Main Street Townhomes, LLC		X
Maplewood Square	32	Maplewood Partners, LLC		
Morehead Glen	20	Morehead Glen, LP	X	
Morning Glory Senior Village	25	TCB-DVI Morning Glory, LLC		X
Naples Terrace Apartments	159	Naples Terrace, LP / Silver Street Development		X
New Bethel Homes for the Elderly	45	Crest Street Community Elderly Housing Corporation		
New Blevins House	7	Blevins Too, Inc.		
Preiss-Steele Place	204	Preiss-Steele Place Housing, Inc.	X	
Sherwood Park Apartments	71	Sherwood Park, LP	X	
Stewart Circle Apartments	20	Stewart Circle, LP		
The Ivy Commons	223	The Ivy Commons, LLP		
West Park Apartments	10	West End LP Durham Community Land Trustees		
<p><i>Sources:</i> Ownership and expiration information: National Housing Preservation Database, National Housing Preservation Database, www.preservationdatabase.org/nhpd, Accessed November 2015.</p> <p>Locally subsidized properties: Bond-funded inventory provided by the City of Durham Department of Community Development, November 2015.</p>				

Appendix Table 2. Federally and locally subsidized properties, City of Durham, NC									
Federally subsidized units reaching Year 15 or expiring between 2016 and 2021 ^a									
Earliest expiration	No.	Percent ^b	Property name(s)	Owner type	Subsidies	Rent or Income Ceiling	Unit mix	New/Rehab	
By December 2016	418	3%	<ul style="list-style-type: none"> ARC / HDS DURHAM CO GH #6 (Disabled) Forest Glen Apartments Lakemoor Apartments Naples Terrace Apartments 	<ul style="list-style-type: none"> Nonprofit For profit For profit Nonprofit 	<ul style="list-style-type: none"> Section 8 PBRA - PRAC/811 LIHTC 4% LIHTC 4% LIHTC 4% 	<ul style="list-style-type: none"> Data unavailable 60% AMGI 60% AMGI 60% AMGI 	<ul style="list-style-type: none"> Data unavailable 40 2BR, 13 4BR 58 2BR, 24 4BR 8 1BR, 71 2BR, 10 4BR 	<ul style="list-style-type: none"> Data unavailable New New Rehab 	
By December 2017	537	43%	<ul style="list-style-type: none"> Alston Village Apartments Falls Pointe at The Park Lakeside Gardens (Age restricted) 	<ul style="list-style-type: none"> For profit For profit For profit 	<ul style="list-style-type: none"> LIHTC 9% LIHTC 4% LIHTC 	<ul style="list-style-type: none"> 60% AMGI 60% AMGI Data unavailable 	<ul style="list-style-type: none"> 47 1BR, 61 2BR 72 1BR, 84 2BR Data unavailable 	<ul style="list-style-type: none"> New New Data unavailable 	
By December 2018	6	0.5%	<ul style="list-style-type: none"> ARC / HDS DURHAM CO GH #5 (Elderly) 	<ul style="list-style-type: none"> Nonprofit 	<ul style="list-style-type: none"> Section 8 PBRA - PRAC/202 	<ul style="list-style-type: none"> Data unavailable 	<ul style="list-style-type: none"> Data unavailable 	<ul style="list-style-type: none"> Data unavailable 	
By December 2019	61	5%	<ul style="list-style-type: none"> ARC / HDS DURHAM CO GH #4 (Elderly) ARC / HDS DURHAM CO GH #3 (Elderly) ARC / HDS DURHAM CO GH #2 (Elderly) Main Street Townhomes 	<ul style="list-style-type: none"> Nonprofit Nonprofit Nonprofit Nonprofit 	<ul style="list-style-type: none"> Section 8 PBRA - PRAC/202 Section 8 PBRA - PRAC/202 Section 8 PBRA - PRAC/202 LIHTC 9% 	<ul style="list-style-type: none"> Data unavailable Data unavailable Data unavailable 60% AMGI 	<ul style="list-style-type: none"> Data unavailable Data unavailable Data unavailable 7 1BR, 18 2BR 	<ul style="list-style-type: none"> Data unavailable Data unavailable Data unavailable New 	
By December 2020	194	16%	<ul style="list-style-type: none"> ARC / HDS DURHAM CO GH #1 (Elderly) Calvert Place Morning Glory Senior Village (Age restricted) Pendleton Townhomes (Families) 	<ul style="list-style-type: none"> Nonprofit Nonprofit Nonprofit For profit 	<ul style="list-style-type: none"> Section 8 PBRA - PRAC/202 LIHTC 9% LIHTC 9% LIHTC 4% 	<ul style="list-style-type: none"> Data unavailable 60% AMGI 60% AMGI 60% AMGI 	<ul style="list-style-type: none"> Data unavailable 5 1BR, 47 2BR 21 1BR, 4 2BR 31 4BR 	<ul style="list-style-type: none"> Data unavailable New New New 	
By December 2021	24	2%	<ul style="list-style-type: none"> Rockwood North (Age restricted) 	<ul style="list-style-type: none"> For profit 	<ul style="list-style-type: none"> HOME rental assistance Also received LIHTC, expiring in December 2015. 	<ul style="list-style-type: none"> 60-80% AMGI 20% set aside for 50% AMGI 	<ul style="list-style-type: none"> 17 1BR, 7 2BR 	<ul style="list-style-type: none"> New 	
Total federal units		1,240							
Locally subsidized units (through bond funding)^c									
Undetermined expiration	330	-	Locally bond-funded properties. See Table 5 for list of properties.						
Total local & federal units		1,570							
<p>Sources: Federally subsidized properties: National Housing Preservation Database, www.preservationdatabase.org/nhpd, Accessed November 2015; PolicyMap, LIHTC and HUD Multifamily Housing, www.policymap.com/, Accessed November 2015; Locally subsidized properties: Bond-funded inventory provided by the City of Durham Department of Community Development, November 2015.</p> <p>a. Year 15 refers to the end of the initial compliance period for LIHTC properties. Properties awarded housing credits in 1990 or after must comply with program restrictions for a total of 30 years, subject to certain exceptions.</p> <p>b. Calculated as a percentage of total federal units with their earliest possible expiration between 2016 and 2021.</p> <p>c. For the purposes of this analysis, "locally subsidized projects" are properties that received bond funding from the City of Durham between 1995 and 2015 and meet at least one of the following criteria: 1) do not have any other federal subsidies, including LIHTC, associated with them; 2) are not owned by an entity where long-term affordability is assumed (i.e., Durham Housing Authority or Durham Community Land Trust); and 3) appear on the City's inventory but do not have any bond units associated with them.</p>									

Appendix Table 3. Bond-funded affordable housing projects, City of Durham, NC

Inventory of Affordable Housing in Durham, NC Built 1990 - 2015 Funded with Bond Dollars Dr4_ses_11.11.2015									
First Appears	Completion Date	Last Noted Mon'g Insp	Project Name	Proj.Address	Max Income Allowed at Entry	Bond \$\$ Invested	# Bond Units	Name of Owner, Developer or Subrecipient	Independent Mgmt. Co. (if any)
00-01	x	x	ACRA	x	<25% AIDS	\$179,002	4	ACRA	x
00-01	2000	2001	CAARE	x	<25% AIDS	\$41,694	1	CAARE, Inc	x
00-01	1993	2000	Clements Duplex	1026 Cornell St	<60%	\$21,000	2	Clements	x
00-01	1993	2000	Cranford Duplex	711 Mallard Ave	<60%	\$21,000	2	Cranford	x
00-01	x	x	Edgemont EDC	x	<40%	\$20,000	56	x	x
00-01	x	x	Mangum Arms (Co)	x	<60%	\$55,124	6	x	x
00-01	x	2015	Maplewood Apts	Maplewood St	<50%?	\$758,000	36	Woodland	x
00-01	x	x	Markham Apts	x	<60%	\$185,738	8	TROSA	x
00-01	x	x	McCormick Apts	x	<60%	\$140,000	14	John McCormick	x
00-01	x	x	Murdoch Place	206 Gray Ave / Cleveland St	<60%	\$225,000	32	Murdoch Place	Interstate Mgmt/M.B.Corp
00-01	x	x	NCCU	x	<60%	\$131,000	9	x	x
00-01	1990	2000	Phoenix House	602 Holloway St	<25% HomelessMen	\$65,000	9	HFNH	x
00-01	2000	x	Rockwood Cottages II	x	<60% Eld	\$334,500	24	Woodland	x
00-01	x	x	South Wood	x	6@25%, 14@60% Eld	\$260,000	20	Woodland	x
00-01	x	1997	Springwood Park	Lynn Rd	<60%	\$250,000	100	x	x
00-01	1998	2001	TROSA	Arnette St	<25% Transitional	\$146,625	4	TROSA	x
00-01	1998	2006	TROSA / Rox	1127-1129 Roxboro St	<25%	\$125,000	3	TROSA	x
					Totals	\$2,958,683	330		
					Avg Investmt / Unit	\$8,966			

Map 1. Federally subsidized properties by owner type, City of Durham, NC



**Map 2. Federally subsidized properties with potential to expire in the next five years
City of Durham, NC**

