



Preservation and Long-term Affordability

Supplement for Listening Session Discussion

This document is intended to provide an overview of key questions, discussions, and changes under consideration relating to preservation of existing housing and long-term affordability.

Broaden “New Supply” to “New Affordability”

Staff propose that “New Supply” be broadened to “New Affordability,” encompassing:

- the production of new units, including demolition and reconstruction
- the rehabilitation and conversion of unrestricted housing to affordable housing

Developments primarily rehabilitating federally assisted housing would be ineligible.

Structure of Preservation Competitions

Preservation Priorities

Staff propose that the primary focus of Preservation Scoring Criteria should be to target:

- Federally-assisted housing (HUD-assisted, USDA-assisted, and Housing Credit properties)
- Properties in difficult to develop rural communities with minimal affordable multifamily housing
- Properties in strong markets at greatest risk of conversion to market-rate housing

Separate Preservation Sub-Competitions: Focus on Geography

The current QAP has separate competitions based on federal subsidy (e.g., Housing Credit properties do not compete with HUD-assisted properties). Staff propose that instead Preservation Set Asides should focus on geography, allowing any federally assisted property to compete within the set aside:

- 9% Preservation Set Asides:
 - Metro Preservation Set Aside (prioritizing market conversion risk)
 - Rural Preservation Set Aside (prioritizing communities with few rental housing options)
- 4%/Bonds Preservation Set Asides:
 - Metro Preservation Set Aside (prioritizing market conversion risk)
 - “Portfolio” Preservation of USDA Housing (as it is in the current QAP)

Broaden the “Preservation” Definition

Staff solicit comments on whether the “Preservation” definition should encompass the redevelopment of existing federally-assisted housing without consideration for construction type, demolition, or changing sites (for current eligibility, see “Preservation” under **(Core Plan) Definitions**).

Amount of Reserved Preservation Funding

DCA solicits comments on whether the amount of credits (and bonds) reserved for Preservation under the 9% round (and 4%/Bonds round) should be reduced, increased, or maintained as is.

Preservation and Long-term Affordability Scoring Criteria

Metro vs Rural Preservation Scoring

Staff propose that other than below, Scoring be the same for both Metro and Rural Preservation:

- Metro Preservation only: Rent Advantage (as is in the current QAP)
- Rural Preservation only: a new Scoring section prioritizing communities with the least federally assisted rental housing units per capita

Qualified Contracts

- Staff propose requiring waiver of the Qualified Contract (QC) right under Threshold
- Staff wish to provide points for applications acquiring properties currently posted for sale in the 12-month Qualified Contract period. However, we recognize the risk that this incentivizes QC requests. DCA solicits comments on whether a Scoring section could be structured to avoid this.

Property Restrictions and Age (Tax Credit Expiration Year)

To better target properties well before the risk of exiting the program at year 30, staff propose that maximum points for Scoring based on tax credit expiration be 10 years prior to expiration, not 5.

Project-based Rental Assistance Contracts

Staff propose points for applications with project-based rental assistance (PBRA) contracts set to expire within 5 years.

Property Condition

The Housing Needs Assessment will recommend prioritizing properties with the greatest capital needs. DCA solicits recommendations on how to effectively capture “greatest capital needs” in Scoring.

Additional Years of Affordability

Staff are considering incentivizing agreeing to an additional 5-10 years of affordability beyond the Extended Use Period.

Criteria Proposed to Apply to both “New Affordability” and “Preservation”

- “Housing Needs” Scoring Criteria (e.g., jobs, population growth, housing cost burden)
- Revitalization/Redevelopment Plans
- Site-based scoring criteria, with a maximum lower than what applies to “New Affordability”

Additional Questions Related to Existing Properties

- Should DCA do more, whether financial resources, policies that strengthen the General Partner (GP) position, or anything else, to assist GPs in buying out Limited Partners after year 15?
- DCA solicits comments on current relocation requirements (“Occupied Developments”)