Acquisition and operation of moderate-cost rental units overview

Some properties rent at levels affordable to low- or moderate-income households by virtue of their age, their location, the amenities offered, or other factors that influence their rent on the open market, rather than through a government subsidy or restriction.

The buildings may be no-frills, but when maintained in adequate physical condition, they offer an important source of affordable housing for many low- and moderate-income households. Among other households that live in these types of affordable rental properties are those who earn too much to qualify for federal rental assistance programs, cannot find an available subsidized unit, or do not to live in subsidized housing because of personal preference or other concerns (e.g., related to immigration status).

Especially in gentrifying areas, this type of unsubsidized but affordable rental housing is at risk of loss. As market conditions change and neighborhoods become more popular, owners that are not subject to any affordability requirements are free to increase rents or convert developments to condos, resulting in the displacement of lower-income households. To prevent the loss of affordable housing, some city agencies support non-profit partners and/or the local public housing agency in acquiring rental developments and continuing to operate them as lower-cost, unsubsidized rentals. Acquisition costs may be covered using a variety of tools, including municipal bond proceeds, philanthropic donations, and private investment, among others.