Policy objective: Preserving the existing stock of market affordable rental housing

Dedicated affordable rental housing is a critical part of the overall housing stock. However, most lower-income households live in homes that are affordable by virtue of their age, condition, location, or other characteristics.

These “market affordable” homes do not receive a government subsidy that lowers rents and are not otherwise subject to a regulatory agreement that controls both rents and tenant incomes. Preserving as much as possible of the market affordable stock can be an important objective of any local housing strategy.

Accomplishing this objective is particularly challenging in areas where housing demand is pushing up rents faster than incomes are rising. Owners of properties that have been charging affordable rents will want to maximize the value either by selling their property or by raising rents to create more cash flow. In the former case, the market price for the property will likely be based on the maximum rents that the market can support, meaning the new owner will then need to raise rents in order to justify the cost of acquisition.

Under these circumstances, the most durable way to preserve affordability for existing and future tenants is to subject properties to regulatory agreements that legally restrict both the level of rents as well as cap the incomes of new tenants or buyers.[1] Typical local laws that regulate rents, whether rent control or rent stabilization, have not preserved the affordability of the units or kept them available to lower income households over the long run. Strong regulatory agreements, however, can do both by turning these units into dedicated affordable rental housing with limited ability to raise rents and restrictions on tenant incomes, at least at the time of move-in. Such agreements can be made with the current owner or ownership can be transferred to a for-profit or not-for-profit owner who is comfortable complying with government regulations and willing to forgo the full potential to increase rents to the level the market will bear.

The conversion of market affordable units to dedicated affordable units will likely require up front subsidies to compensate the owner for foregoing charging market-rate rents or to provide the buyer of the property with sufficient capital to pay the market price for the property and make any necessary repairs and capital improvements. As with any dedicated affordable units, government may need to provide ongoing subsidies if rents will not be allowed to rise sufficiently to cover increases in operating...
costs and to pay for replacement of major systems.

A second approach is to provide education, outreach and low-cost financial assistance to owners of older housing units to help them operate profitably. The aim here is to slow down the pace of neighborhood change by encouraging the existing owners of non-luxury housing units to continue to operate their older units rather than selling the property to someone who plans to do a gut rehab or demolish and rebuild luxury rental or condominiums. This approach is most suitable for neighborhoods with modest levels of cost pressures, rather than red hot neighborhoods. It can also be useful for buying time until other strategies are put in place to create more dedicated affordable housing. However, this approach will not prevent all rent increases, and may not work in some neighborhoods and markets, but it allows a city, town or county to impact a much larger share of the affordable stock than the strategy of converting market affordable to dedicated affordable housing.

The Policy Library has a variety of tools that can be used to preserve the affordability opportunities provided by market affordable rental housing.

I. Create and preserve dedicated affordable housing units
Logic/mechanism:
Preserving the long-term affordability of market affordable units may require converting them into dedicated affordable housing units.

In cases where the existing owners lack interest necessary to maintain the property as affordable over the long-term, housing departments can work to arrange an ownership transfer as part of the process of preserving the affordability of the property.

Specific policies:
Provide subsidies or other incentives to compensate the owner for entering into a strong regulatory agreement or to support the acquisition and operation of moderate-cost rental units to ensure their ongoing operation as affordable rentals.

Establish demolition taxes and condo conversion fees that discourage the loss of affordable rentals (but also generate revenue that can be used to replace affordable housing lost to these activities.)

Create preservation inventories that include market affordable properties as well as dedicated affordable rentals to enable early identification of affordable rental buildings that are for sale.

IV. Protect against displacement and poor housing conditions
**Logic/m机制:**
帮助租户在可负担住房中购买其建筑或帮助。
规范所有者提高租金的能力或出售其建筑的能力。

慢下来改变社区的步伐，使所有者更难赶走按时支付账单的房客，将租赁性质的财产转换为共管公寓，并允许房地产资产恶化。这些相同的政策也可以提供杠杆，鼓励所有者接受监管协议或出售给那些愿意的人。

帮助现有业主操作其较旧的建筑，以盈利的方式，减慢较旧开发项目以较低租金取代高价共管公寓或豪华租赁住房的速度。

**Specific policies:**
采用优先购买权政策，使租户有权在业主决定退出可负担性计划时购买其建筑。

根据州法规，地方行政区可能能够使用多种工具来调节租金，包括租金管制。

慢下来改变社区的步伐：
- 要求驱逐必须有正当理由
- 保护居民免受共管公寓转换
- 建筑规范的建设性执行，促进合规。

**Combining policies to preserve the existing stock of market affordable rental housing**

政策在示例中可以结合使用，如前两个情景所示，通过强有力的监管协议来保存市场可负担租赁单位，从而转化为专门的可负担单位。

两个情景概述了类似政策，但保持市场可负担租赁单位的成本可能因社区市场租金水平以及业主对租赁房产期望的租金途径而异。市场租金越高，获取房产或鼓励房东接受强烈监管限制的租金和收入要求为新租户的成本越高。差额越大，政府维持单位可负担的可能性越高。

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The third scenario illustrates an approach for helping slow the pace of neighborhood change by helping existing owners operate their older buildings profitably.

The owner of Property A is looking to sell her property at a price that reflects rents higher than currently being charged. The tenants, fearing large rent increases, petition the local government to help them or a mission-oriented not-for-profit to buy the building. In order to ensure the on-going economic viability of the building, the government will likely need to provide low cost loans or grants to supplement the amount of the purchase price that can be covered from private-sector financing. On-going operating subsidies, such as tax exemptions or abatements, might also be required if the rental income will not be able to cover the costs of operating and maintaining the building. Rental income can also be enhanced by providing housing choice vouchers to tenants with incomes too low to be able to afford even the rent levels that have been preserved.

For Property B, the owner is not looking to sell but wants to upgrade the property so he can raise rents and increase the building’s cash flow/bottom line. In this case, the jurisdiction provides a 15-year property tax abatement to the current owner, in exchange for an agreement by the owner to keep rents affordable and make the units available upon turnover to low- and moderate-income households.

Property C is failing economically, even in the face of an adequate rental market, and the owner is struggling to raise capital in the private market to make the repairs/upgrades/system replacements necessary for the property to be sustainable. To encourage the existing owner to effectively maintain the property, rather than selling to a developer that will tear it down and build a luxury condominium, a city-funded nonprofit organization works with the owner to identify options for accessing capital and to build the skills needed to manage the property successfully. While the city is not willing to provide substantial financial assistance to an owner without obtaining a regulatory agreement related to the income and rents of future tenants, the technical assistance provided by the nonprofit, together with an introduction to a new funder, provides sufficient assistance to enable the owner to bring the property up to code with only a modest rent increase.

1. Similarly, the continued availability of affordable homeownership opportunities will likely diminish in a rising sales price environment as home prices rise as owners look to maximize the value of what is often their primary source of wealth.

2. Some localities give tenants a right of first refusal when an owner looks to sell a rental property.