Housing Production and Preservation: Rehab

The goal of this program is to maintain and increase the supply of quality affordable rental housing for people who are not well served in the private housing market, by investing in the rehabilitation of residential properties that will be affordable for the long term.

Rehab Needs

Census data shows a continuing gap between the number of households requiring deeply affordable rental housing and the number of low-rent units. The gap is too large to be closed merely by relying on projected increased resources for the Section 8 or Short Term Rent Assistance Programs; although increases in those resources would be welcome, the historical record suggests that the increases would be modest, not at the scale required to meet even current need.

Most multi-family housing projects require additional capital investment to rehab major systems and update cosmetics at 15-20 year intervals, beginning at the time the initial financing is paid off. Without investment, the properties will deteriorate, and become uninhabitable. There are currently a significant number of these properties requiring investment, some market-rate; some subject to short term rent restrictions (i.e. tax credit projects).

Market rate properties: The City can increase its portfolio of affordable rental housing by acquiring and rehabbing these. Any City investment will subject the housing to 60-year affordability.

Projects subject to short-term rent restrictions (e.g. tax credit properties): The City can extend the period of affordability of rent-restricted housing by investing in rehab of these properties.

Rehabs of market rate and rent restricted properties are both quicker and less expensive than developing new housing from scratch.

Note that the rehab of privately-owned properties subject to an affordability and rent-subsidy contract with HUD under the Project-based Section 8 program are covered under the Preservation strategy.

Rehab Program Description

The program finances development of the acquisition and/or rehab of multi-family housing. Any of the financing tools described in the Financing Tools strategy may be used. Funding may be provided in the form of a grant or a loan.

Units may be reprogrammed as permanent supportive housing if there are rent subsidies and services funds available.

Improvements to the infrastructure adjoining the property may also be accomplished under this strategy, particularly if required to provide tenants with a safe path of travel to schools, jobs, transit, parks, full-service grocers and other consumer services.

Rehabs of facilities, such as homeless shelters or food banks, may also be accomplished under this strategy.

Rehab Program Tools
Financing tools.
Long-term affordability contracts.
Properties developed under this strategy are assets that will be managed for the long-term benefit of the community. See the Asset Management strategy.

Project Selection
Projects may be selected through a competitive RFP process. See Housing Development and Finance Tools strategy for description of RFP process. Projects that have already received an investment of City funds may also be referred through the Asset Management Program.

Program Eligibility
Housing projects receiving assistance under this program must be able to document that they will meet the HUD national objective of serving low/moderate income clientele.

Do you want to include some kind of financial prudence standard – e.g.
In evaluating the suitability of a property for rehab, and in determining whether the property is subject to the one-for-one replacement requirement of the Uniform Relocation Act and similar City requirements, PHB will use the following definitions:
Suitable for Rehabilitation: a dwelling is suitable for rehabilitation if the total cost of the rehab, including the cost for lead hazard testing and the removal/abatement of lead hazards, will not exceed 70% of its after-rehab value. A dwelling unit that is rehabilitated under this definition is considered a standard dwelling unit.
Not Suitable for Rehabilitation: a dwelling is not suitable for rehab if the total cost of the rehab, including the cost for lead hazard testing and the removal/abatement of lead hazards, will exceed 70% of its after rehab value. A dwelling unit that meets this definition is considered a substandard dwelling unit. Substandard dwelling units are

deemed not habitable, and are subject to the one-for-one replacement requirements of the Uniform Relocation Act. City statutes may also apply.
(taken from NSP rehab program).

Public facilities or infrastructure improvements receiving assistance under this program must be able to document that they will meet at least one of these HUD national objectives: serving low/moderate income clientele, or location in a low- and moderate income area.

Potential Barriers
Demand for rehab funds exceeds available funding. Other potential barriers are discussed in the Housing Development & Finance Tools strategy.

Partner Agencies and Organizations
See the Housing Development & Finance Tools strategy.

Complementary Local, Regional, and National Efforts
See the Housing Development & Finance Tools strategy.

Geographic Service Areas (including Areas of Low-Income Families and/or Racial/Minority Concentration)
Citywide

Monitoring

A description of PHB's monitoring program is in Section One.