

Neighbourhoods, local networks and the non-linear path of the expiration and preservation of federal rental subsidies

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Abstract

With the increased demand for urban living by high-income households, sponsors of subsidised affordable housing face significant pressure and incentive to opt out of their subsidies and sell or redevelop. National evaluations of HUD data have illustrated the number and characteristics of buildings lost and the neighbourhoods in which they are located, but little has been done to better understand the specific outcomes, including the events leading up to preservation or loss of the subsidised buildings, how they were preserved or lost and what actors were engaged in the process of preservation. This study examines the ways buildings have been preserved and lost in Washington, DC, USA, to better understand the ways that local and state governments might intervene to preserve housing. I argue that affordable housing preservation is not a simple or linear process. Instead, it requires multisector monitoring, data and tools. First, there are multiple opportunities in which to intervene in the process. Second, data from all parts of the preservation puzzle are critical to the ability to intervene to prevent the loss of affordable housing. Finally, preservation is often a long and complex process that engages multiple actors at several levels, including tenants, organisers, attorneys and agency staff – and most importantly, flexible policies and funding sources.

Keywords

development, displacement/gentrification, governance, housing

摘要

随着高收入家庭对城市生活需求的增加，补贴式经济适用房的资助人面临着选择退出补贴和出售或重建的巨大压力和动力。全国性的住房与城市发展 (HUD) 数据评估显示了失去的建筑物的数量和特征，以及它们所在的居住区，但对于具体的结果，我们尚未做什么了解，包括哪些事件导致补贴式建筑物保存或丧失，它们如何保存了下来或丧失了，保存过程中有哪些参与者。本研究考察了美国华盛顿特区建筑物的保存和丢失方式，以更好地了解当地和州政府为保护住房而采取的干预措施。本文认为经济适用住房的保存不是一个简单或线性的过程。它需要多部门监控、数据和工具。首先，有许多机会干预这个过程。第二，保存工作的各方面数据对于积极干预以防止经济适用住房丢失的能力至关重要。最后，保存通常是一个漫长而复杂的过程，它涉及多个层级的多个角色，包括租户、组织者、律师和代理人员，但最重要的是灵活的政策和资金来源。

关键词

发展、拆迁/绅士化、治理、住房

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Introduction

With the increased demand for urban living by high-income households, sponsors of subsidised affordable housing face significant pressure and incentive to opt out of their subsidies. National evaluations of HUD data through the Opting In, Opting Out Report revealed that the pace of contract opt-outs and terminations of federally subsidised buildings has slowed since 2005, but continues as neighbourhoods are impacted by the conflicting challenges of disinvestment and gentrification. The lost buildings have been largely concentrated in neighbourhoods with increasing or high incomes and in deeply affordable buildings (Ray et al., 2015). To combat these losses, many local and state governments have focused on the preservation of the subsidised affordable stock through public-private partnerships and local funding through bond issues and housing production trust funds (National Housing Trust (NHT), 2012; Scally, 2012). While there have been many studies to address the characteristics of buildings that have been lost, little has been done to better understand the specific outcomes, including the events leading up to preservation or loss and what actors were engaged in the process (Ray et al., 2015; Reina and Begley, 2014).

Washington, DC has a large stock of deeply affordable housing built between 1965 and 1985 that has been threatened as the city gentrifies. Between 2000 and 2015, the population increased by almost 20%, or approximately 13,000 net new residents annually. Since 2011, an average of 4254 units have been permitted annually, mostly

for multifamily housing (US Census). At the same time, DC has lost more than half of its subsidised and unsubsidised affordable units (DC Preservation Network, 2014).

In this article, I go beyond the neighbourhood and building characteristics available through national datasets to better understand: what is the process by which affordable buildings are preserved or lost? This article uses a snapshot of affordable housing preservation and loss in Washington, DC's rapidly changing market to better understand the ways that local and state stakeholders might intervene. I find that affordable housing preservation is not a linear process. Rather, it requires multisector monitoring, data and tools. First, buildings are rarely, if ever, lost without warning. Typically, there are multiple opportunities in which to engage. Second, data from all stakeholders in preservation are critical to preventing the loss of affordable housing. Finally, preservation is often a long and complex process that engages multiple actors at several levels, including tenants, developers, organisers, building owners, attorneys and agency staff – and most importantly, flexible policies and funding sources.

I will first present existing research on affordable housing preservation. I then will discuss methods and data sources with which I investigated these questions, followed by an explanation of the policy and organisational context for the case. Findings from the data will be presented, including quantitative and qualitative illustrations. I will then evaluate these findings in the context of the literature and theory. Finally, I will discuss

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the implications for affordable housing policy development at the state and local levels.

Literature review

As cities have attracted new higher income households, many neighbourhoods have become wealthy, well-amenitised neighbourhoods, with public transportation, grocery stores and access to employment. As a result, the challenge of preserving the affordable housing that does remain is both more critical and more challenging in the face of expensive housing markets and discriminatory rental housing providers (Wyly and DeFilippis, 2008). While opt-outs and expirations of Section 8 of other sources of subsidised housing loss have threatened that stock, the deeply affordable units produced in the late 20th century remain an important source of deeply subsidised housing, representing 20% of the total number of assisted units in the United States (Schwartz, 2015).

Over the past decade, studies have evaluated the factors that threaten the subsidised stock such as: owner opt-outs and prepayments; expiration of the subsidy; and the physical deterioration of the buildings, which can lead to failed inspections and the loss of the subsidy (Blanco et al., 2015; Ray et al., 2015; Wyly and DeFilippis, 2008). Between 2005 and 2015, 8% of all subsidised housing units were lost from the stock, compared to 19% between 1998 and 2004 (Ray et al., 2015). Nationally, there was greater variety in the characteristics of buildings leaving the subsidised pool from 2005 to 2015 than in a study from 1998–2004. This may be due to the volatility of the market during the later period and the growth in advocacy and preservation work done by nonprofit and government actors (Ray et al., 2015; Reina and Begley, 2014). In addition, buildings serving the lowest incomes – such as those with Section 8 place-based subsidies – were less likely to remain affordable after

an opt out, compared to higher income targets that often remained close to the Fair Market Rent (Blanco et al., 2015). This research suggests that not only are buildings in newly gentrifying neighbourhoods most at risk from a subsidy opt-out, but that the poorest households are most vulnerable to displacement.

In response to pressure by advocates, as well as declining federal resources, local and state agencies have made policy changes address preservation (Schwartz, 2015). These changes have included: improvements to notification requirements when an owner opts out of a subsidy; the creation of rights first refusal in the cases of sale or the termination of Section 8 contract; relocation cost mitigation for residents; tax abatements to convince owners to keep the building affordable; local acquisition funds to facilitate preservation; and incentives or set-asides of existing funding sources (Mueller and Schwartz, 2008; National Housing Trust (NHT), 2012; Wyly and DeFilippis, 2008). In addition, cities and states across the country, using the MacArthur Foundation's Windows of Opportunity Initiative, have built capacity, developed local and state policies and collected data to preserve affordable rental housing (Howell, 2017; Schwartz, et al., 2016)¹. These diverse approaches reflect the complexity of the preservation process that requires funding, affordable stock and access to information from a wide variety of actors (Levy et al., 2007). This was one reason why the National Low Income Housing Coalition (NLIHC) also developed a nationwide database of federally subsidised housing as a resource for local activists (National Low Income Housing Coalition, 2017).

Previous research suggests that, while we know the external risk factors for preservation or loss nationwide, we have a limited understanding of the mechanisms through which buildings are preserved at the local level. Given the high level of local and state

Table 1. Reasons for building appearances on the agenda.

Reason for agenda appearance	Explanation	Data source
Expiration Bankruptcy/foreclosure/ termination	Subsidy will expire within one year Building has gone into bankruptcy or has been foreclosed on due to a termination of a subsidy contract	Meeting conveners, HUD data Government agency staff
Missing data	The database lacks information about a subsidy, owner, location or other critical data that may arise from other concerns	All participants
Notice of sale	Residents have received notification under the District's Tenant Opportunity to Purchase Act (TOPA) that the building is up for sale, has applied for a raze permit or will in some way transfer ownership	Organisers, tenants, DC Department of Housing and Community Development
Failing REAC	The building has failed one or more Real Estate Assessment Center inspections required by HUD	HUD staff, tenant organisers/ leaders
Prepayment	The owner has pre-paid their HUD mortgage	HUD staff, conveners
Conditions	The building has significant conditions complaints outside of the REAC inspection process	Tenant organisers, office of the tenant advocate
Opt-out notice	The owner has filed an official notice that (s)he will opt out of the Section 8 contract	DC housing authority, HUD staff, tenant organisers
Other	condo conversion, redevelopment, tenant rights violation	Tenant organisers, office of the tenant advocate

control and knowledge over preservation decisions, this gap requires engagement with practitioners in advocacy, local government and mission-driven development. This article will attempt to fill that gap by investigating the ways buildings in Washington, DC have used and created data and engaged across sectors to improve outcomes for subsidised buildings.

Case study introduction and methods

To analyse how buildings were preserved or lost in Washington, DC, I used a mixed

methods approach. I coded meeting agendas of the DC Preservation Network (DCPN) to create coherent seven-year project narratives. Until 2017, I followed buildings that were on the agenda between 2008 and 2015, but did not add new buildings to the analysis after December 2015. I then recoded the narratives for: the reason for appearing on the agenda, the actors involved, the actions of the DCPN, the date the building came on and off the agenda for each preservation event and how the buildings were preserved or lost. I identified lost properties as those that have been entirely lost from the means-tested, subsidised stock.² Many buildings were on the agenda multiple times or for

many months at a time, but each series of months on the agenda was considered a single event. Reappearances after an issue was resolved were separate events. Table 1 explains the reasons a building was added to the agenda. These data were joined with the DCPN database that includes the name, address, subsidies, number of units, owner and recent REAC scores in the case of project-based Section 8 buildings. The data were then analysed spatially in conjunction with American Community Survey data to illustrate the types of neighbourhoods where buildings were threatened with loss.

I also interviewed 23 residents of preserved subsidised housing and 12 key current or former participants in or conveners of the network to better understand the relationships, activities and other elements that were not captured in the agendas. Finally, I was a participant observer of the network in 2008 and 2009 while employed at the DC Department of Housing and Community Development, and from 2012 to 2015 while conducting research. All interviewee names were changed to protect the privacy of residents and advocates. This qualitative data was triangulated to understand themes in conjunction with the quantitative data. I use representative quotes from these data to illustrate those themes in this article.

Policy and organisational context

The DCPN was created by NLIHC in 2007 with support from the MacArthur Foundation's *Windows of Opportunity* initiative. In 2010, it was transferred to a partnership between the local Coalition for Nonprofit Housing and Economic Development (CNHED) and the Urban Institute. The network meets monthly, and it includes tenant organisers, legal service providers, intermediary lenders, mission-driven developers, city agency staff and local HUD office staff. They discuss buildings at

risk of loss from the affordable housing stock at the building level, combining subsidy data from HUD and local housing agency sources with on-the-ground knowledge of the participants, including conditions, funding, opt-outs, legal concerns, building sales and other tenant concerns. The participant-produced data is added to the monthly agenda, including how it was preserved or lost, future monitoring and policy recommendations based on that case and others.

Washington, DC has several additional financial and legal tools used for preservation. The first is the District's unique Tenant Opportunity to Purchase Act (TOPA) that gives tenants the right of first refusal when their buildings are for sale. Thus, tenant organisations can purchase their buildings to become cooperatives or condominiums, or they can assign their collective right to purchase to a developer that will follow their directives in terms of affordability and design. The District also uses Community Development Block Grant (CDBG) funds to support tenant organisers and attorneys who assist tenants in the complex process of creating a tenant organisation, securing the financing to purchase the building and managing the building in the long term. Third, Washington, DC has a significant stock of Section 8 housing throughout the city – particularly in the areas of the city that are currently experiencing rapid gentrification. As a result, the District ranks fourth among large counties in the number of deeply affordable units per household earning less than 30% of the Area Median Income (Leopold et al., 2015). Finally, DC has local funding support through its Housing Production Trust Fund (HPTF), which has been tied to the deed and recordation taxes in the District since 2007 and has been supplemented to reach US\$100 million per year since 2015.

The city's rapidly moving housing market and continued inequality have made

Table 2. Snapshot of DCPN events, 2008–2015.

Outcome	Total events	Total units	Average months on the agenda	Buildings by number of times on the agenda		
				1	2	3 or more
Lost	20	2775	16.5	14	3	3
Preserved	161	21,372	12.4	68	69	24
Short-term renewal	43	4832	12.7	5	19	19
Ongoing	19	1701	20.5	11	7	1

preservation efforts increasingly difficult. Since 2000, the District has added more than 100,000 net new residents, or a 19% increase (American Communities Survey, 2015; US Census, 2000, 2010). Growth was a result of a 48% growth in the white population and a 7.8% decline in the African American population. Although the number of extremely low-income households remained steady between 2000 and 2013, the number of units available and affordable to them decreased by 15% (Leopold et al., 2015), a reflection of the doubling of median rents in the same period citywide. At the same time, median household income increased by 22%, in spite of the virtually stagnant incomes of the city's African American population (US\$40,677) and a 27% increase in white income (US\$115,890) (American Communities Survey, 2015; US Census, 2000, 2010).

Overview of buildings on the DCPN agenda

Between 2008 and 2015, there were 161 buildings on the DCPN agenda, representing 21,480 units, or 51% of all subsidised buildings in the District. Many of these buildings were on the agenda multiple times, meaning that there were 243 individual events on the agenda over the seven-year period. In that period, 20 buildings, or 2775 units, were lost. Table 2 shows the outcomes of buildings that were on the agenda from 2008 to 2015. To simplify the analysis, I evaluated four broad

categories of outcomes: Lost, Preserved, Ongoing (or still on the agenda) and Short-term renewal (a subsidy renewal of five years or fewer). Preservation typically occurred through a standard renewal of more than five years or through a refinance and rehabilitation, followed by long-term renewal. The notable exceptions are buildings on the agenda due to a failing REAC score. Preservation in that case is most often passing a new inspection that often requires small repairs, rather than a redevelopment. The bulk of the events resulted in preservation, and those that were preserved were on the agenda for fewer months than the other categories. More than 40% of all properties on the agenda have been on the agenda for more than a year, and half of all lost buildings were on the agenda for more than a year. Almost 80% of the buildings that became at risk due to a termination or foreclosure remained on the agenda for longer than a year, and 60% of the buildings that were part of a redevelopment or had a tenant rights violation remained on the agenda for more than a year.

As illustrated in Figure 1, the majority of the buildings on the agenda were located in the gentrifying neighbourhoods in the south and east of the District. More than 60% of these units were located in low-poverty neighbourhoods in Wards 1, 2 and 6. The remaining 36% were located in Wards 7 and 8. This reflects the overall location of subsidised buildings in the District and the

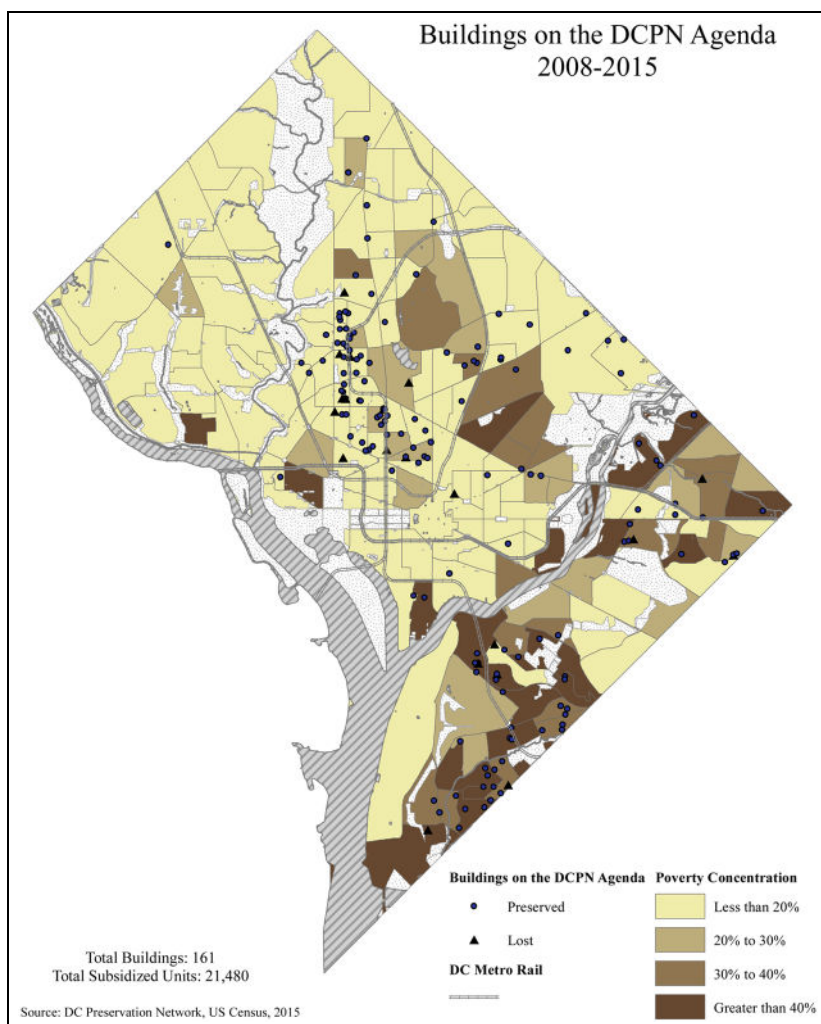


Figure 1. Map of buildings on the DCPN agenda, 2008–2015.

patterns of redevelopment. The bulk of these were constructed using older subsidies such as Section 8, HUD 202 Mortgages or HUD 236 Mortgages. However, a handful of buildings had Low Income Housing Tax Credits entering their second 15 years of affordability.

Table 3 illustrates all DCPN events by the reason for their appearance on the agenda and outcome. While all buildings with subsidies that expire within six months are added

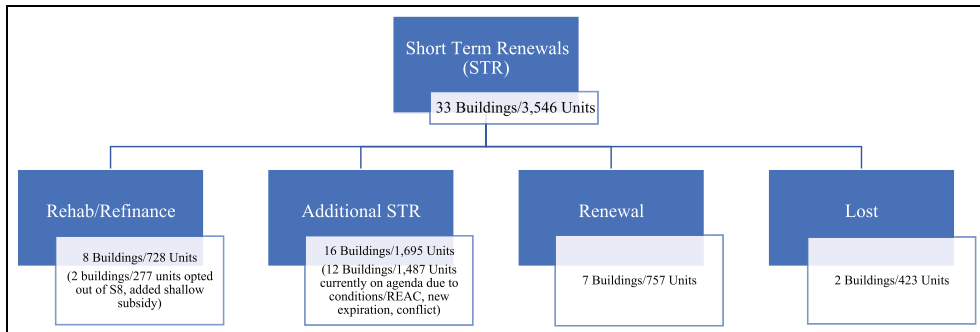
to the agenda, many of their subsidies are automatically renewed for greater than five years. Although almost half the buildings were on the agenda due to an expiring subsidy, expiring subsidies only represented three lost. In interviews and observation, an expiring use alone was rarely a concern among participants. Lost buildings came on the agenda primarily due to forced terminations (six buildings, 1185 units) Notice of Sale (three buildings, 594 units) and Missing

Table 3. Reasons for appearance on the agenda for DCPN events by outcome, 2008–2015.

	Lost		Preserved		Short-term renewal		All outcomes*	
	Percent	Units	Percent	Units	Percent	Units	Percent	Units
Bankruptcy/foreclosure/termination	42.7%	1185	4.6%	979	-	-	7.9%	2430
Expiring use	7.4%	205	42.7%	9135	76.7%	3707	44.9%	13,779
Missing data	9.4%	262	8.9%	1896	2.2%	108	7.8%	2394
Notice of sale	21.4%	594	8.8%	1877	-	-	8.2%	2503
Failing REAC	0.0%	-	17.5%	3747	7.1%	342	13.9%	4251
Conditions	0.0%	-	4.8%	1036	-	-	4.6%	1396
Opt-out notice	6.5%	179	0.0%	-	-	-	0.6%	179
Prepayment	0.0%	-	0.6%	129	-	-	0.4%	129
Other	12.6%	350	12.0%	2573	14.0%	675	11.8%	3619
All reasons	100%	2775	100%	21,372	100%	4832	100%	30,680

Notes: *This column includes buildings that are categorised as 'ongoing' in the data.

Source: DCPN data.

**Figure 2.** Pathways for short-term renewals.

Data (three buildings, 262 units). Many of the buildings that were on the agenda for reasons other than expiring subsidies often came with more than one issue. Often a secondary issue arose when the building was discussed at the meeting.

Findings

Multiple opportunities to intervene

When buildings were lost from the subsidised stock in DC, there were multiple

opportunities in which to intervene over the years. As discussed previously in Table 2, not all lost buildings on the agenda appeared more than once. However, this was because DCPN did not start until 2007. Of the 161 buildings that were on the agenda between 2008 and 2015, 40.4% were on the agenda more than once, 31.1% were on the agenda twice and 8.7% were on the agenda three times. Repeat appearances were most common among buildings that experienced short-term renewals. More than 85% of buildings that experienced a short-term

renewal were on the agenda more than once – a third were on the agenda more than twice. Figure 2 demonstrates the pathways for buildings that have had one or more short-term renewal. It is notable that 16 of these buildings had future short-term renewals and that, of those, 12 are currently on the agenda with additional threats such as poor conditions or a failing REAC inspection, notices of sale, conflicts in ownership or a new subsidy expiration, meaning that residents in these buildings face ongoing housing instability. Fewer than half of buildings that have had a short renewal have been actively preserved. Eight of these were preserved through a rehabilitation or refinance. For those, a short-term renewal was done while waiting for additional local or federal financing.

Buildings lost after 2010 were lost after at least two distinct appearances on the agenda or under discussion for longer than a year. Although many of the nine buildings lost before 2010 did not have repeat or long-term appearances on the agenda, they had long histories with tenant organisers, city and HUD staff and legal services providers in the preceding five to 10 years before the network started meeting. It is likely that, had DCPN existed, these buildings would have been on the agenda several times. For example, a 1994 article from the *Washington Post* illustrates the ongoing issues with the Geraldine, a 68-unit building located in Southeast Washington. The article reported chronic conditions and threats of eviction by the landlord. While the city government intervened more than once to require some improvements to enable the building to pass inspections, the Section 8 contract ultimately was terminated due to bankruptcy and a failed REAC score after two prolonged appearances on the DCPN agenda in 2008 and 2010 (Harris, 1994).

Starting in 2008, Museum Square One made five separate appearances on the

agenda, and it had a long history with organisers and city agencies six years before that. Located within the original downtown Urban Renewal Area footprint in the Gallery Place/Chinatown neighbourhood, the neighbourhood's large-scale redevelopment in the 1990s and subsequent gentrification in the ensuing 20 years has meant that the building has been under pressure. Museum Square One had a HUD-insured mortgage and Section 8 contract with 302 units, serving Asian and African American seniors. It was on the agenda for conditions complaints, threats to opt out of the contract, failing REAC scores and subsequent refusal to upgrade the building, resulting in 13 years of opportunities for intervention.

In 2015, after pre-paying his mortgage, applying for a raze permit and trying to avoid a sale to the tenants by artificially inflating the price to US\$250 million, the owner opted out of the Section 8 contract, and the tenants were issued enhanced vouchers.³ While tenants are permitted to stay, there has been confusion among tenants who do not know that they can stay, or who have been pressured to leave. Approximately a third of the building's residents have left. The owner has still indicated that he wants to redevelop the 50-year-old property, which will likely result in a final opportunity to engage, but with the diminished number of residents, lost subsidy and high cost of the building, it will be difficult to bring the building back into the subsidised stock. Among city government agencies, Museum Square One represents a missed opportunity. When the mayor introduced her Preservation Strike Force, a task force of high-level stakeholders in affordable housing preservation, in the spring of 2015, she cited the failure of Museum Square One as a driver for proactive policy (Austermulhe, 2015). It acted as a public catalyst for city-wide discussion of preservation.

As Anne, a longtime tenant organiser, explained:

Failed REAC inspections, pre-payment of a mortgage is a sign that they want to get out of the contract ... An owner who's talking about re-developing and a lot of times they talk to HUD about that pretty early [...] the whole expiration date didn't mean anything because you have to have a year before expiration.

As a result, she argues, advocates have to be aware of more than just the subsidy expiration date, but also conditions at the building, conversations with HUD and the financial stability of the building. These additional warning signs offer practitioners multiple opportunities to intervene before owners opt out of their subsidies months or – most often – years later.

The critical role of data

Multi-sector data collection and dissemination was critical to capitalising on opportunities to intervene and disrupt the process of subsidy loss in Washington, DC. When the NLIHC developed the housing preservation database and convened the network, they identified a lack of information about where buildings were located, how – and if – they were subsidised, who lived there and the building conditions. DCPN played a critical role as a platform through which participants could share this information. Building and subsidy expiration data collected through publicly available federal and local sources provided a base from which to begin when there was an expiring subsidy. Participants then provided both clarifications and additional points of departure for preservation threats. HUD participants often provided early REAC scores which tenant organisers used to determine which buildings they should visit. Meanwhile, organisers shared information about conditions or tenant rights violations with the group that could provide a point for city agencies to intervene.

The network also enabled participants to differentiate the threats of the loss of a subsidy from misinformation or missing information. While fewer than 9% of DCPN events were due to missing data, data clarifications resolved almost 17 percent of all events on the agenda. Data clarifications might take the form of determining that an owner had already applied for funding for a building and would not sell the building, or explaining the history of a building such as an ongoing redevelopment. This enabled the DCPN database to become a common source of data for government agencies, nonprofits and lenders to understand the background on buildings, the location of subsidised housing in the city and the buildings that are at risk of being lost. As Elisabeth, a government agency staff member explained:

I'm always thinking 'I hope it's up to date' because then I can make sure I use it for fact basing, so I think that's the other key part about the catalogue was it made sure the facts were all the same.

However, more than just clarifying questions, preservation of affordable buildings depended on a multi-sector approach to data. In 2013, tenant organisers in Congress Heights reported significant condition issues, including a lack of heat and security in the collection of five buildings that were recently purchased by an investment company with a history of similar behaviour in multiple buildings on the agenda since 2010. With the assistance of organisers, the five buildings created a tenant association and prepared to exercise their TOPA rights when the owner applied for a raze permit to redevelop the property under a Planned Unit Development (PUD) application. Because the zoning board had not notified the DC Department of Housing and Community Development (DHCD), the agency was unaware that the property had a pending PUD application, in

spite of the fact that they owned one of the five parcels. When they learned about it through the network, they wrote a response to the zoning application, and continue to leverage their ownership of the property to prevent the displacement of the extremely low-income and disabled population that lives in 48 units. While this project is ongoing, its continuation is largely due to the information shared during network meetings. Since then, the owner has been cited, sued and threatened with receivership by the city's attorney general, and the City Council has been working to improve the protections for tenants living in poor conditions.

DCPN participants relied on data from multiple sources, including published subsidised housing databases; funding information from agency staff, funders and nonprofit developers; hearsay from the development community; and condition information from tenant organisers and leaders. In addition to clarifying potential threats to affordable housing, the data helped participants create a composite picture of the issues at the subsidised properties and the opportunities to intervene from multiple levels before the buildings could be lost.

Flexible tools to address preservation

Many of the buildings on the DCPN agenda were built in the context of Urban Renewal Plans in the wake of the riots after the assassination of Dr Martin Luther King, Jr. Notably, while Wards 1 and 5 were over-represented in the percentage of buildings on the agenda, they lost far fewer buildings than would be expected, given the percentage on the agenda. This was largely due to the use of the flexible tools such as TOPA, city-funded tenant organising and legal services and the District's Housing Production Trust Fund (HPTF). In the period of 2008

to 2015, more than a quarter of the buildings that had been on the agenda were either rehabilitated with local housing funds or their tenants exercised their rights through the Tenant Opportunity to Purchase Act. Because the tenant associations have the right to decide to whom they sign their rights, they have significant negotiation power in the transaction. Table 4 illustrates the tools used to preserve buildings by the reason for their appearance on the agenda. Long-term renewals, refinance and rehabilitations, data clarifications and passing a subsequent REAC inspection represented 85% of the preservation that occurred.

In 2010, five properties, an entire portfolio of Low Income Housing Tax Credit properties, were put up for sale by their owner. The buildings were located in neighbourhoods across the city. While four were located in neighbourhoods that were still relatively affordable, one building was located in downtown, seven blocks from both Dupont Circle and the White House. When a buyer offered to keep the building affordable, the tenant association used their bargaining power through TOPA to push the buyer to purchase the entire portfolio to maintain affordability. One board member explained, 'We, because of our building being where it is and [...] as many units as it is, was what he wanted. He didn't want to buy the other four buildings which we forced him to do that'.

While the buyer did not upgrade the other four buildings, the purchase enabled the tenants to remain in their buildings and to keep the subsidy. In 2015, the buyer put the buildings up for sale again, and the tenants from all the buildings, now better organised and resourced – and in a far different housing market – had more opportunities. Most selected developers to keep the buildings as rental properties, and one is in the process of becoming a limited equity cooperative. The board president for one of the buildings that

Table 4. Preservation tools by reasons for appearance on the agenda.

	Affordable conversion		5 + year renewal		Data clarification		Refinance and rehabilitate		Passed new REAC		Secondary subsidy		TOPA assigned rights		Other		All preserved	
	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%
Bankruptcy/foreclosure/termination	9	0.5	0	0.0	569	34.5	1019	61.7	0	0.0	23	1.4	0	0.0	31	2	1651	
Expiring use	0	0.0	4466	50.9	1581	18.0	2372	27.0	0	0.0	179	2.0	171	2.0	0	0	8769	
Missing data	0	0.0	0	0.0	1775	93.2	130	6.8	0	0.0	0	0.0	0	0.0	0	0	1905	
Notice of sale	0	0.0	48	4.8	0	0.0	64	6.5	0	0.0	0	0.0	569	57.4	310	31	991	
Failing REAC	0	0.0	274	7.1	0	0.0	366	9.4	3242	83.5	0	0.0	0	0.0	0	0	3882	
Condo conversion	39	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	39	
Conditions	0	0.0	187	20.5	371	40.7	353	38.7	0	0.0	0	0.0	0	0.0	0	0	911	
Redevelopment	0	0.0	0	0.0	235	10.7	181	8.3	0	0.0	250	11.4	0	0.0	1525	70	2191	
Opt-out notice	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	-	
Tenant rights violation	0	0.0	0	0.0	246	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0	246	
Prepayment	0	0.0	0	0.0	0	0.0	129	100.0	0	0.0	0	0.0	0	0.0	0	0	129	
All reasons	48	0.2	4975	24.0	4777	23.1	4614	22.3	3242	15.7	452	2.2	740	3.6	1866	9	20,714	

will remain a rental property explained, ‘we talked to three developers I think, but there was one in particular that was very ... hands on in the neighbourhood and in the building and the tenants before they even considered’. They explained that the new buyer immediately addressed security concerns, created a redevelopment plan that kept the tenants in the building while works were carried out and have promised community services and spaces. The new owners will also use local housing trust fund support to rehabilitate the buildings, including security, deferred maintenance and updates to individual units for energy efficiency.

The buildings preserved in DC’s fast-moving market rely on the structure and size of local funding. While much of the housing funding in the District is distributed through a standard Notice of Funding Availability (NOFA) annually, funding for the purchase of buildings through TOPA can be used outside of that structure to facilitate the rapid response to the need and the prevention of manipulation by owners who could wait until after the NOFA to sell their buildings.

Increases in local funding have made preservation more realistic in DC. In 2001, through the advocacy of the CNHED and other organisations, the District created a Housing Production Trust Fund with the dedicated funding source of a portion of transfer taxes on all real estate transactions, tying it to the rise in housing costs in the District. Starting in 2015, the mayor committed a total of US\$100 million to the trust fund, and the push to make it a minimum annual amount for the trust fund is on the policy agenda of CNHED and other housing groups (DCDHCD, 2016). In doing this, the District more than doubled its housing resources, exceeding the roughly US\$30 million from HUD programs such as HOME and the Community Development Block Grant and US\$3.6 million in Low Income Housing Tax Credit allocations. Between

2001 and 2015, the HPTF was used to preserve or create more than 10,000 units of housing across the District (DCFPI, 2016). The most recent annual request for proposals selected 13 projects that will create 638 and preserve 460 units of affordable housing (DCDHCD, 2016).

Discussion

This case illustrates important factors in the preservation process that are difficult to capture in broad data from HUD and other sources. Preservation in Washington, DC is a complex process that has been necessarily both labour-intensive and driven by qualitative and quantitative data. Unlike new green field construction of affordable housing, few preservation efforts are the same. They face challenges of the existing conditions of ownership, tenant mobilisation, funding and neighbourhood and building quality. However, given the amount of time to intervene, cities and states may be able to mobilise funding, legal supports and data resources to prevent the loss of affordable housing.

Losing affordable housing in Washington, DC between 2008 and 2015 was rarely a quick process that resulted from just one factor such as an expiring subsidy. As Reina and Begley (2014) suggest, there are external risk factors that can raise red flags for advocates and city government such as deeply affordable buildings and gentrifying neighbourhoods. However, there were also process-related factors that provided indications of risk in Washington, DC. While buildings in changing neighbourhoods with growing conditions complaints were considered at great risk by DCPN participants because of the difficulty of replacement and the rapidity with which owners could dispose of the building, ongoing issues such as repeated short-term renewals and ongoing conditions issues were clearer risk factors. As Anne expressed, and the case of Museum

Square One illustrated, by the time the subsidy is expiring, it is almost too late to intervene. At the point that the owner opts out, he or she has already made financing decisions or has waited long enough to sell the building.

These risks suggest the need for a proactive policy that prioritises the preservation of subsidised housing that engages building owners, tenants, interested city agencies (such as housing and code enforcement) and funders to prevent the loss of the subsidy. While tenant organising has been a positive way to proactively address this from the tenant perspective, translating these risk factors to the city government level will be critical to closing the loop. Currently, the city responds to buildings that come into the process through Notices of Funding Availability (NOFA) and through the tenant purchase process. However, building owners can opt out of their subsidies, raise rents or redevelop properties without triggering TOPA rights, suggesting that the City should proactively engage to convene building owners and management companies, as well as organisers and private funders, when risks are identified to prevent the loss of a subsidy such as at Museum Square One. While this was done in the case of Congress Heights where they had site control, the City's access to information and financing can be an important means of transferring subsidies or preserving the building itself.

First, the complexity of preservation in Washington required information about the market, tenants and buildings, which was acquired through DCPN. This process of information-sharing through DCPN engaged not just executive directors or agency heads but tenant organisers and funders – as well as agency staff working directly with development finance, subsidy renewals and housing choice vouchers. It thus necessitated a data-driven social learning process to be effective (Collins and Ison,

2009). Participants needed to gain both knowledge of buildings such as those in Congress Heights and the relationships necessary to understand the opportunities. This was because, while HUD requires a notification in the case of the opt-out to enable the local Public Housing Authority to issue vouchers to tenants, by that time it is too late to intervene. By creating an early warning system, the DCPN members were able, over the past eight years, to intervene in buildings that would otherwise not have been on the radar for opt-outs or risk. More importantly, the long-term sharing of data in this structured forum has created a trusted process and knowledge base for public and private actors in preservation.

Second, the preservation of affordable housing in Washington, DC required significant funding and legal tools to access the market and act effectively that were in place ahead of preservation needs. Although the District prevented the loss of significant affordable housing resources of the past decade, this was done reactively through the use of TOPA, tenant organisers and the growing local affordable housing resources. The District's proactive funding of tenant organisers and legal service providers to help tenants advocate on their own behalf illustrates the critical importance of tenant mobilisation to preservation (Levy et al., 2007). However, TOPA can be an imperfect tool for affordable housing preservation (O'Toole and Jones, 2009). While it is an example of a mechanism that enables access to expensive housing markets and gives tenants power over the process, it is reactive rather than proactive. It also depends on organised and interested tenants, building owners who play by the rules and city funding that can react quickly. As a result, preservation may require additional backstops developed before they are needed and constant diligence to promote the empowerment of residents. The DC Department of

Housing and Community Development is in the process of developing a preservation unit with a full-time preservation officer to focus the City's resources more closely.

Finally, in Washington, local trust fund money, with its dedicated funding source originally tied to the rising costs of real estate, enabled the city's Department of Housing and Community Development to do more than just intervene in the market through TOPA, but to fund deeply affordable housing in the city. Preservation does not always need to conform to a NOFA schedule that enables tenant associations or mission-driven developers to respond to a need or develop a proposal – and much less does it need to have site control, given that it is typically contested in a tenant purchase, reinforcing a need for flexible tools such as funding, laws and technical assistance. Moreover, across the country affordable housing advocates have lobbied for local and state money to fill gaps caused by both declines in federal funding and increased demand for affordable housing resources (Center for Community Change, 2016; Scally, 2012). With the increase over the past two years to US\$100 million annually, DC's trust fund is the largest per capita affordable housing trust fund in the country (Center for Community Change, 2016). This case offers yet another clear example of the need for states and localities to fill gaps for affordable housing funds – particularly given the decades-long decline in federal sources for affordable housing (Mueller and Schwartz, 2008).

Conclusion

Arguably an extreme story of urban change in America, Washington, DC has attracted roughly 1000 net new residents each month since 2012 (Stein, 2015). Rents have more than doubled in neighbourhoods across the city, making the existing stock of subsidised

housing crucial to enabling low-income households to remain close to jobs, schools and neighbourhoods. Analysis of HUD data has illustrated the loss of deeply subsidised affordable housing that has been most concentrated in gentrifying neighbourhoods and in buildings with the deepest subsidies (Ray et al., 2015; Reina and Begley, 2014). However, there has been little opportunity to investigate the timeline, mechanisms and opportunities for intervention in the process of preservation and loss. This article fills that gap using locally-created qualitative data from multiple actors in the preservation process.

The process for opting out of a subsidy is clear: a building owner notifies HUD of his or her intention to opt out, a notification is sent to the city and the city's housing authority issues enhanced vouchers to the tenants who then decide to move or stay. However, this article argues that the pathways to preservation of affordable housing are non-linear and contextual. In fact, their paths are often full of fits and starts, with opportunities and challenges that are not visible in the nationwide HUD data. While this case sheds light on preservation in a fast-moving market with well-organised advocates, local and state jurisdictions must develop their own data and pool knowledge about the risk factors, buildings and tenants.

The DC case suggests that preventing the loss of affordable housing requires a city-wide and context-dependent policy approach that addresses coordination among housing agencies and between housing agencies and planning and enforcement agencies, and the prioritisation of the preservation of existing subsidised buildings. As Congress Heights suggests, the coordination among public and private actors created an opportunity for intervention, while the loss of Museum Square One's 301 units of deeply affordable housing located near transit and amenities illustrates the implications for a lack of

prioritisation of existing subsidies. Although tools like the transfer of existing subsidies from buildings opting out to other buildings and federal funding can support local work, preservation policy must be rooted in local knowledge.

Second, this case suggests that stable, long-term spaces that include a broad base of stakeholders working at multiple scales are one way to collaboratively create and share data that can be used to identify at risk properties early and to act appropriately. The DCPN continues to be a place where diverse actors share data and learn about the processes to preserve affordable housing in the District. It would be difficult to immediately replicate this process in other cities because tenant organisers, typically the information conduit between residents and city government, are not well-funded in other jurisdictions. However, it is worth noting that at the outset of DCPN, the relationships between the city, advocates and organisers were rocky at best. It took almost seven years to build rapport and trust among participants, and those relationships continue to evolve as new challenges arise, new participants join and the landscape around affordable housing in the District changes (Howell, 2017).

Third, preservation in the District relied, in many cases, on the means to access the market for affordable housing. The portfolio of tax credit properties across the city was preserved because the tenants of the most desirable property asserted their rights and pushed a for-profit housing developer with significant LIHTC experience to buy the entire portfolio, preserving the buildings and enabling them to organise for the most recent sale. While TOPA is unique as a policy across the board, other states have implemented rights of first refusal for subsidised properties and have required earlier notification for opt-outs. The primary goal is to

have a means of intervening in the market. Although less aggressive, the combination of data and proactive outreach by stakeholders of subsidised housing may provide a means of early intervention in the process.

Finally, this case offers additional evidence for the importance of local and state funding for affordable housing. The threats to existing affordable housing add a front to the already-heavy demands of new construction of affordable housing. The District currently receives approximately US\$30 million from HUD and another US\$3.6 million in Low Income Housing Tax Credit allocations. By fully funding the HPTF, DC was able to more than double the amount of housing it could preserve as more buildings were threatened, while continuing to create new housing. Just as important as the amount of funding is the ability to create the ways it is spent, the covenants that control affordability and the neighbourhoods in which it is spent. The District's ability to spend money outside of the traditional RFP process, as well as the recent creation of a preservation fund, enable the City to move quickly to preserve buildings in ways that match the city's affordable housing needs and market conditions.

This article makes no specific prescription for preservation in changing cities, as preservation requires in-depth knowledge of housing markets, neighbourhoods and mission-driven developers, along with the funding and opportunity to act. What it does suggest is that state and local government, in partnership with housing providers and lenders, have a critical role in providing access to opportunity beyond supplying vouchers or large-scale redevelopment. The preservation of subsidised housing requires engagement between sectors to develop funding and legal and data resources that proactively seek opportunities to preserve.

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Notes

1. Starting in 2000, the MacArthur Foundation began to support local and state networks focused on the preservation of affordable rental housing. The goal was systemic change in the way affordable rental housing was developed and maintained. The foundation supported initiatives in places such as Chicago, Ohio, Oregon and Washington, DC.
2. This includes buildings that have reverted to rent control because they are no longer means-tested, and buildings where residents remained with individual Housing Choice Vouchers after the subsidy was lost.
3. Enhanced vouchers enable the tenants to remain in their unit, regardless of rent increases, after a subsidy has been lost.

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