



Preservation Working Group – 2025 Policy Priorities

Need for Affordable Housing Preservation

The United States is facing a housing affordability and shortage crisis, especially for extremely- and very low-income people, and now more than ever, there is a crucial need for more housing to support a robust economy and accommodate the needs of a growing population of older adults. However, many existing affordable homes are being lost due to expiring affordability agreements, deteriorating physical and financial conditions, or weather disasters. Building new homes will not be enough to combat the housing supply shortage if much of the existing housing stock physically deteriorates or loses financial viability to remain affordable. Preservation must not be overlooked. It allows families to stay near their jobs and communities, and supports the needs of employers who depend on a stable workforce.

Preserving affordable housing is much less expensive than building new, with per unit costs up to 45 percent less than new construction.¹ Preservation leverages prior public and private investments in affordability by extending the life of homes we've already created. It's also faster— an affordable home that is renovated and preserved can be available to families in need of housing in a fraction of the time it takes to build new housing. To make a tangible difference in the fight to increase affordable housing for American workers, older adults, people with disabilities, and others, preservation must be prioritized in tandem with new construction.

The Preservation Working Group is a national coalition comprised of affordable housing owners, developers, advocates, tenant associations, and state and local housing agencies dedicated to the preservation of multifamily housing for low-income families. Together, we seek to address threats to preserving our nation's housing stock. We accomplish this by advocating for strong state, local, and federal program administration and resources, and identifying and sharing best practices that protects, enhances, and preserves existing multifamily affordable rental homes.

We are pleased to offer the following recommendations focused on actions needed to help preserve existing affordable housing.

Legislative Priorities

1. Expand the Low-Income Housing Tax Credit (Housing Credit), our nation's most important resource for affordable housing preservation by:
 - a. Passing the Affordable Housing Credit Improvement Act, which would substantially increase the amount of Housing Credits available to preserve affordable housing.

¹ https://www.lincolnst.edu/app/uploads/legacy-files/pubfiles/reina_wp18vr1.pdf





NATIONAL PRESERVATION WORKING GROUP

- b. Exempting Housing Credit transactions for the preservation of existing affordable homes from state Private Activity Bond caps.
 - c. Enhancing the use of the Housing Credit for preservation, including a clear option for nonprofit sponsors to purchase these properties at the statutory minimum price at the end of their affordability periods.
 - d. Permitting funding for a supportive services reserve account to qualify as eligible basis under Housing Credit for permanent supportive housing and other properties serving vulnerable populations, such as elders and people with disabilities. These funds would support the provision of resident services and support activities at these properties.
2. Enact legislation that would expand the investor base for preservation transactions, specifically those owned by nonprofit housing organizations.
3. Reform the Opportunity Zone tax incentive so it can facilitate affordable housing preservation.
4. Provide full funding for HUD and USDA's project-based and tenant-based rental assistance programs, to ensure owners have the necessary resources to sustain their housing and to protect residents from displacement. This should include funding to implement recently authorized rent adjustments for struggling HUD-assisted properties.
5. Include an appropriation for the Rental Assistance Demonstration to support the preservation of public housing and HUD-assisted properties in need of recapitalization.
6. Pass the Rural Housing Service Reform Act so the USDA has additional preservation authorities to maintain their legacy financed affordable housing stock as affordable.
7. Provide sufficient resources for the HOME Investment Partnerships program, so more flexible affordable housing resources are available, including for rental housing preservation.
8. Ensure sufficient resources for HUD and USDA to administer their affordable housing programs and meet preservation transaction timelines.
9. Develop legislative solutions to increasing insurance costs, which are having a disparate impact on affordable housing properties and are a growing preservation threat.²

Federal Housing Agency Priorities

1. Streamline federal housing programs to reduce redundancies and save costs for mission-based owners. This ensures as much resources as possible go towards preservation. We recommend:
 - a. Aligning administration of HUD rental housing programs under a new Office of Rental Housing to simplify compliance and oversight. In addition, develop federal performance

² <https://www.nmhc.org/globalassets/advocacy/comment-letters/2024/2024-06-10-housing-affordability-coalition-letter-on-insurance.pdf>



NATIONAL PRESERVATION WORKING GROUP

- metrics for closings and other preservation transactions, especially with Housing Credit timelines.
- b. Coordinate with state housing finance agencies to eliminate redundant transaction reviews and physical and compliance inspections for HUD-assisted Housing Credit properties.
 - c. Eliminating redundant “previous participation” reviews for owners already approved in the same calendar year. Currently, the same owner must be reviewed for each transaction, sometimes with multiple program-level reviews on a single transaction.
 - d. Clarifying that affordable housing should not be subject to Build America, Buy America (BABA) requirements, since housing developments are private residences, unlike more public infrastructure projects. BABA requirements increase costs and project timelines, hindering preservation deals.
 - e. Streamlining the process and requirements for Section 8(bb) transfers of Section 8 Project-Based Rental Assistance from one property to new or renovated properties. Ensure the transfer process does not result in the loss of assistance for the families who were assisted at the initial property and that owners receiving the subsidy have the experience, capacity and commitment to provide high quality affordable housing over the long-term.
 - f. Reforming HUD’s environment review regulations and provide categorical exclusions for properties that have received previous federal assistance.
2. Continue the FHA-Federal Financing Bank Risk-Sharing initiative to enhance financing resources for preservation.
 3. Protect and reinforce use restrictions that prevent premature exits from the Housing Credit program, including actions which limit Qualified Contract abuse, and protections for nonprofit and public entities that have a first purchase option.
 4. Ensure that the nation’s housing finance system maintains its obligation to preserve affordable rental housing while providing liquidity, favorable terms, and reasonable interest rates for affordable multifamily housing.
 5. Continue transfers from the government-sponsored enterprises – Fannie Mae and Freddie Mac – to the National Housing Trust Fund and Capital Magnet Fund.
 6. Preserve and increase the use of Medicaid funding to support service provision at affordable housing properties. Expand proven cost-effective practices which enable residents to remain stably housed, reducing the need for costly medical interventions and/or nursing home care.
 7. Utilize existing authority to address serious deficiencies at existing affordable housing properties, including poor physical condition and financial distress.
 8. Fully enforce all aspects of the Fair Housing Act.