



Affordable Homes At Risk

How Many of California’s Affordable Rental Homes Have Converted to Market Rate? How Many are Still at Risk?

LOSING CALIFORNIA’S SUBSIDIZED AFFORDABLE HOMES¹

CURRENTLY AT RISK	
<p>7,350</p> <p>Affordable homes may no longer be affordable as soon as next year</p>	<p>33,910</p> <p>Affordable homes are at risk of losing affordability in the next 10 years</p>

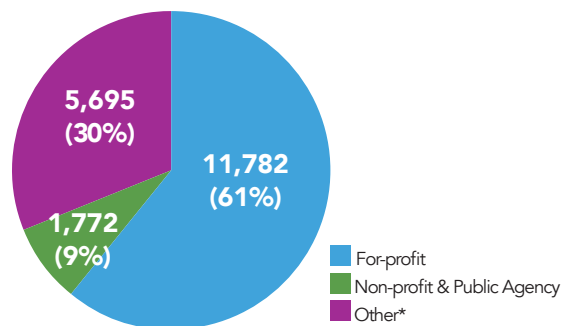
Between 1999 and 2023, California has **lost 19,249 affordable homes** (see Figure 2) due to expiring regulatory restrictions on government-assisted multifamily developments and owner decisions to opt out, sell, or allow their properties to convert to market rate.

The California Housing Partnership analyzed the ownership structure of affordable housing developments that lost their affordability between 1999 and 2023 and found that **61%** (11,782 affordable homes) were owned by for-profit entities (see Figure 1).

California’s lower income renters are served primarily by two types of affordable homes, this report features federal-, state- and locally-subsidized multifamily properties (aka “affordable housing”) governed by regulatory agencies, The Partnership assesses the second type, the less defined, less well studied “naturally-occurring” (NOAHs) or “unsubsidized affordable housing” in a separate report.

For more policy information, please contact our Director of Advocacy, Mark Stivers at mstivers@chpc.net.

FIGURE 1: Loss of Affordable Rental Homes by Ownership Type, 1999-2023



*“Other” includes Single Asset, Limited Dividend, or Unknown owner. Source: California Housing Partnership Preservation Database, March 2024.

WHAT CAN STATE LEADERS DO?

The following are ways that state leaders can provide the tools necessary for local governments and nonprofit, mission-driven housing organizations to effectively preserve existing affordable homes in California:

1. Aggressively enforce the State Preservation Notice Law and strengthen it by passing [AB 2926 \(Kalra\)](#).*
2. Expand funding available for affordable housing entities to purchase at-risk developments.
3. Create incentives for the owners of at-risk developments to sell to affordable housing entities.



Roadmap Home 2030

The Roadmap provides a bold vision for solving California’s affordable housing challenges. **Learn more at roadmaphome2030.org**

*For details on the State Preservation Notice Law, visit hcd.ca.gov/policy-research/preserving-existing-affordable-housing.shtml

WHAT HAS BEEN LOST?

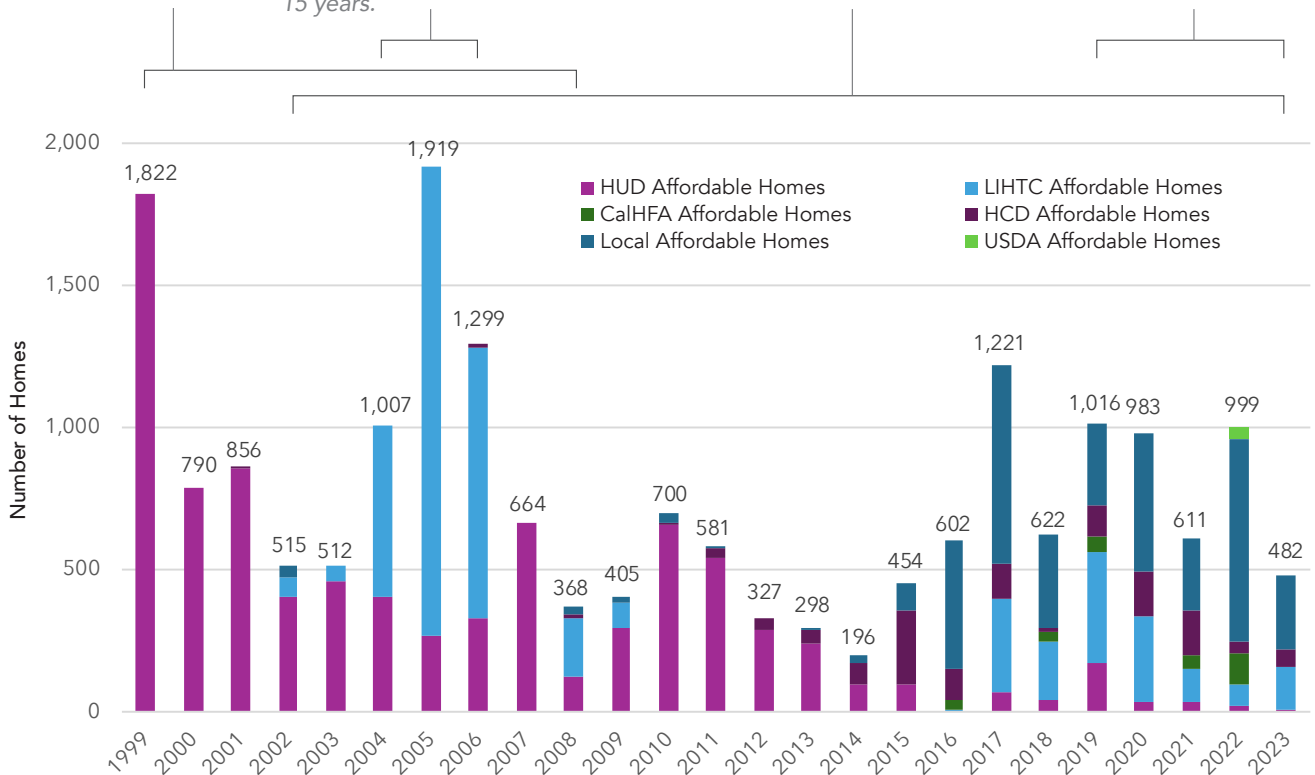
FIGURE 2: Loss of Affordable Rental Homes in California, 1999-2023

More than half of lost affordable homes converted to market rate in the decade between 1999 and 2008.

The large number of LIHTC affordable homes lost in the 2004-2006 period were part of the first generation of developments in California financed with housing credits between 1987 and 1989, which per IRC Section 42, had covenants that expired after only 15 years.

Many first-generation developments without other federal, state, or local financing mandating longer rent restriction terms converted to market rate beginning in 2002.

Another 2,011 (49%) first redevelopment financed and locally restricted homes converted to market in the past five years between 2019 and 2023.



Source: California Housing Partnership Preservation Database, March 2024.

Losing the affordable homes identified as being at risk of conversion would represent a significant loss to residents and the surrounding communities. Given California’s need to produce 1.2 million homes for extremely low-income and very low-income renters over the next decade, it is clear that failing to preserve California’s affordable homes is not an acceptable public policy option and that state and local action is needed (see page 1 for recommendations).²

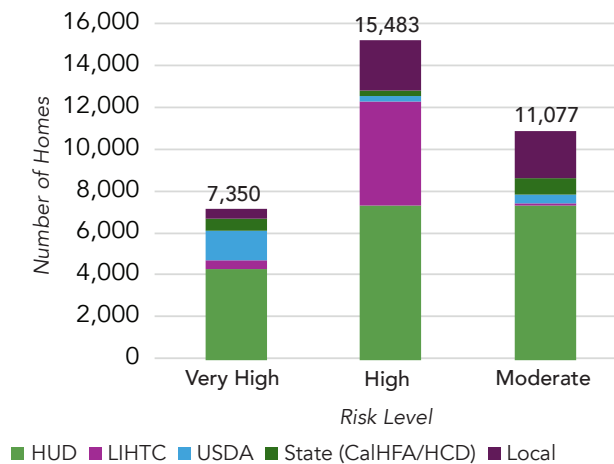
The loss of homes over the last five years has largely been driven by the loss of affordability of locally restricted affordable homes and is also due to a combination of factors including fewer properties having contract being renewed (HUD PBRA) and a throttling down of the ability to use Housing Credits to preserve properties due to an insufficient supply of federal tax-exempt mortgage revenue bonds.

WHAT IS AT RISK OF CONVERSION TODAY?

As a result of steady multifamily affordable housing production and preservation efforts since the 1980s, California now has 554,121 affordable homes (see Table 1).³ Among these, the homes of **33,910** lower income renter households are currently at **very high, high, or moderate risk** of conversion to market rate housing in the next decade (see Figure 3):

- These at-risk homes are located in **50 of California's 58 counties** (see Figure 5 and Appendix A).
- **Nearly 60%** of these homes serve seniors and people with disabilities.

FIGURE 3: Affordable Rental Homes At Risk in California



Source: California Housing Partnership Preservation Database, March 2024.

FIGURE 4: At-Risk Homes by Program Type

57% HUD (expiring project-based rental assistance contracts and/or maturing mortgages)

17% LIHTC (expiring regulatory agreements)

15% Local (expiring regulatory agreements)

6% USDA (maturing mortgages)

3% HCD (expiring loans/grants)

2% CalHFA (maturing loans)

CONVERSION RISK LEVELS

The California Housing Partnership analyzes conversion patterns among the state's stock of subsidized affordable rental housing to identify which homes are most at risk of converting to market rate. Each affordable development shares the following characteristics: 1) No known overlapping subsidies extending affordability; 2) not owned by a stable, mission-driven nonprofit organization. They are then categorized into one of the following groups based on when affordability restrictions end:

VERY HIGH <1 Year In less than one year.

HIGH 1-5 Years In one to five years.

MODERATE 5-10 Years In five to ten years.

LOW 10+ Year Affordability restrictions extend beyond ten years, or the development is owned by a stable mission-driven nonprofit organization.

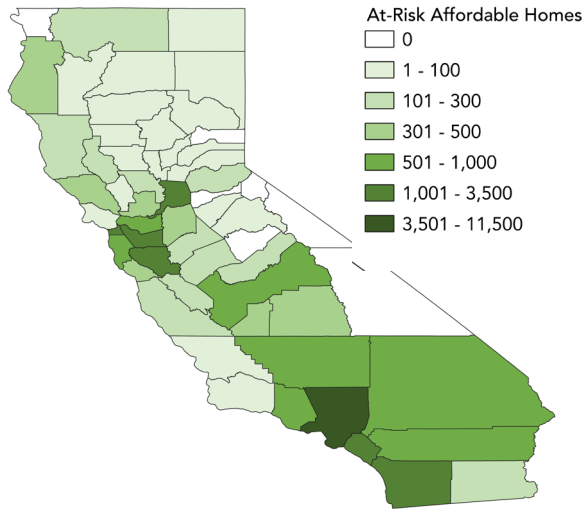
TABLE 1: Affordable Rental Homes Risk Assessment by Program⁴

	VERY HIGH	HIGH	MODERATE	LOW	TOTAL
HUD	4,392	7,485	7,488	39,707	59,072
LIHTC	436	5,050	119	419,592	425,197
USDA	1,440	243	416	7,140	9,239
CALHFA	254	84	298	1,565	2,201
HCD	310	204	477	22,874	23,865
LOCAL	518	2,417	2,279	29,333	34,547
TOTAL	7,350	15,483	11,077	520,211	554,121

Source: California Housing Partnership Preservation Database, March 2024.

GEOGRAPHIC DISTRIBUTION OF AT-RISK HOMES

FIGURE 5: Number of At-Risk Affordable Rental Homes Within Each County of California



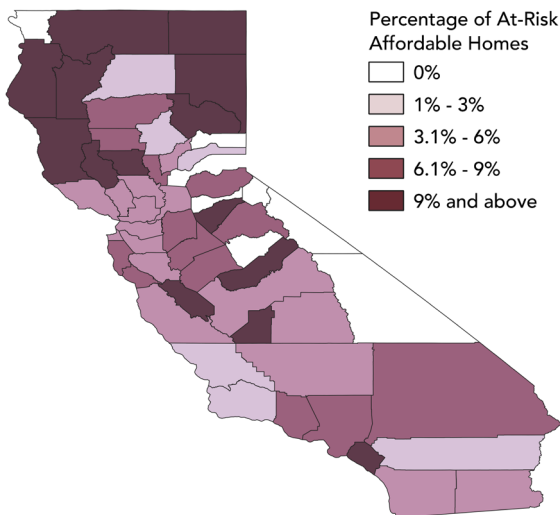
Source: California Housing Partnership Preservation Database, March 2024.

Most Populous Counties Ranked by Number of At-Risk Homes

1	Los Angeles	11,427
2	Orange	3,256
3	San Diego	2,138
4	Santa Clara	1,947
5	Sacramento	1,302
6	Alameda	1,027
7	San Bernardino	924
8	Ventura	846
9	Riverside	693
10	Fresno	670
11	Kern	598
12	Contra Costa	576

Nearly 3/4 of California's at-risk homes are located in these 12 counties.

FIGURE 6: Percentage of At-Risk Affordable Rental Homes Within Each County of California



Source: California Housing Partnership Preservation Database, March 2024.

In this report, "at-risk homes" are defined as affordable homes with very high, high and moderate risk of losing affordability in the next 10 years.

Most Populous Counties Ranked by Percentage of Affordable Homes that are At-Risk

1	Orange	11.7%
2	Los Angeles	8.2%
3	Ventura	8.2%
4	San Bernardino	6.1%
5	Kern	5.2%
6	Santa Clara	5.1%
7	San Diego	4.6%
8	Sacramento	4.5%
9	Fresno	4.2%
10	Contra Costa	3.5%
11	Alameda	3.4%
12	Riverside	3.0%

See Appendix A for more data on at-risk affordable homes by county.

APPENDIX A: LOST AFFORDABLE HOMES & RISK ASSESSMENT BY COUNTY

COUNTY	TOTAL AFFORDABLE HOMES (HISTORIC)	LOST AFFORDABLE HOMES	TOTAL AFFORDABLE HOMES (CURRENT)	HOMES AT RISK OF CONVERSION	VERY HIGH RISK	HIGH RISK	MODERATE RISK
Alameda	30,948	616 (2%)	30,332	1,027 (3%)	136	238	653
Alpine	24	(0%)	24	(0%)	0	0	0
Amador	349	(0%)	349	(0%)	0	0	0
Butte	4,731	129 (3%)	4,602	80 (2%)	0	0	80
Calaveras	211	(0%)	211	43 (20%)	35	8	0
Colusa	647	(0%)	647	90 (14%)	0	0	90
Contra Costa	16,903	443 (3%)	16,460	576 (3%)	81	182	313
Del Norte	721	(0%)	721	(0%)	0	0	0
El Dorado	2,418	(0%)	2,418	182 (8%)	0	0	182
Fresno	17,044	1,087 (6%)	15,957	670 (4%)	226	334	110
Glenn	625	(0%)	625	54 (9%)	0	54	0
Humboldt	2,085	(0%)	2,085	331 (16%)	92	141	98
Imperial	5,682	29 (1%)	5,653	174 (3%)	24	82	68
Inyo	65	19 (29%)	46	(0%)	0	0	0
Kern	11,829	420 (4%)	11,409	598 (5%)	273	195	130
Kings	2,632	146 (6%)	2,486	423 (17%)	248	137	38
Lake	1,416	(0%)	1,416	278 (20%)	121	30	127
Lassen	431	7 (2%)	424	61 (14%)	0	0	61
Los Angeles	144,933	6,041 (4%)	138,892	11,427 (8%)	2,643	5,418	3,366
Madera	2,002	10 (0%)	1,992	202 (10%)	117	0	85
Marin	2,777	35 (1%)	2,742	12 (0%)	0	0	12
Mariposa	181	16 (9%)	165	(0%)	0	0	0
Mendocino	1,640	38 (2%)	1,602	188 (12%)	0	22	166
Merced	3,238	256 (8%)	2,982	233 (8%)	37	99	97
Modoc	138	(0%)	138	76 (55%)	0	12	64
Mono	277	(0%)	277	(0%)	0	0	0
Monterey	6,894	179 (3%)	6,715	275 (4%)	40	204	31
Napa	2,654	27 (1%)	2,627	92 (4%)	0	8	84
Nevada	1,838	(0%)	1,838	34 (2%)	34	0	0
Orange	28,897	1,102 (4%)	27,795	3,256 (12%)	241	2,521	494

APPENDIX A: LOST AFFORDABLE HOMES & RISK ASSESSMENT BY COUNTY (CONT.)

COUNTY	TOTAL AFFORDABLE HOMES (HISTORIC)	LOST AFFORDABLE HOMES	TOTAL AFFORDABLE HOMES (CURRENT)	HOMES AT RISK OF CONVERSION	VERY HIGH RISK	HIGH RISK	MODERATE RISK
Placer	6,396	42 (1%)	6,354	37 (1%)	25	0	12
Plumas	311	(0%)	311	41 (13%)	0	0	41
Riverside	23,362	606 (3%)	22,756	693 (3%)	0	473	220
Sacramento	29,922	1,118 (4%)	28,804	1,302 (5%)	222	333	747
San Benito	872	(0%)	872	292 (33%)	292	0	0
San Bernardino	15,425	398 (3%)	15,027	924 (6%)	504	293	127
San Diego	48,453	1,994 (4%)	46,459	2,138 (5%)	205	922	1,011
San Francisco	33,434	1,009 (3%)	32,425	1,583 (5%)	398	540	645
San Joaquin	6,013	242 (4%)	5,771	487 (8%)	42	278	167
San Luis Obispo	3,619	22 (1%)	3,597	95 (3%)	26	0	69
San Mateo	8,130	136 (2%)	7,994	577 (7%)	287	174	116
Santa Barbara	6,506	116 (2%)	6,390	100 (2%)	43	51	6
Santa Clara	38,744	589 (2%)	38,155	1,947 (5%)	72	1,446	429
Santa Cruz	4,858	424 (9%)	4,434	344 (8%)	6	211	127
Shasta	2,698	144 (5%)	2,554	42 (2%)	42	0	0
Sierra	49	(0%)	49	(0%)	0	0	0
Siskiyou	991	106 (11%)	885	171 (19%)	0	28	143
Solano	6,287	226 (4%)	6,061	318 (5%)	60	110	148
Sonoma	11,049	428 (4%)	10,621	366 (3%)	217	107	42
Stanislaus	4,424	170 (4%)	4,254	266 (6%)	0	179	87
Sutter	998	24 (2%)	974	86 (9%)	51	0	35
Tehama	1,155	(0%)	1,155	84 (7%)	10	45	29
Trinity	94	(0%)	94	64 (68%)	64	0	0
Tulare	7,373	232 (3%)	7,141	339 (5%)	171	105	63
Tuolumne	748	5 (1%)	743	46 (6%)	0	0	46
Ventura	10,587	246 (2%)	10,341	846 (8%)	180	433	233
Yolo	5,045	312 (6%)	4,733	284 (6%)	85	14	185
Yuba	1,597	60 (4%)	1,537	56 (4%)	0	56	0
TOTALS	573,370	19,249 (3%)	554,121	33,309 (6%)	7,350	15,483	11,077

Source: California Housing Partnership Preservation Database, March 2024.

DATA NOTES & SOURCES

1. California Housing Partnership. Preservation Database. March 2024. Website: <https://chpc.net/ta/preservation/preservationclearinghouse/>. In this report, the term “affordable homes” includes multifamily properties financed, subsidized, or otherwise restricted by the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture (USDA), the California Housing Finance Agency (CalHFA), the California Department of Housing and Community Development (HCD), the Low-Income Housing Tax Credit (LIHTC/“housing credits”) program administered by the California Tax Credit Allocation Committee (TCAC), and local agencies/governments. These properties are logged in the Partnership’s Preservation Database, which includes HUD-subsidized developments, USDA Section 514 and 515 rural developments, developments receiving loans from CalHFA, developments financed with Low-Income Housing Tax Credits, developments subsidized by HCD, and a portion of local governments and agencies. The Preservation Database is updated quarterly with the most complete and available data provided by each agency. The data is then cleaned and duplicate information is removed using both automated processes and manual checks. Every effort is made to ensure the information presented is as precise as possible, however, there may be unanticipated inaccuracies based on the data as processed from federal, state, and local agencies. The California Housing Partnership has included a portion of affordable housing financed or otherwise restricted by local programs into its loss and risk analysis, using as comprehensive data as possible at the time of this report’s preparation.
2. “California’s Roadmap Home 2030.” March 2023. Website: <https://roadmaphome2030.org/>.
3. California Housing Partnership. Preservation Database. March 2024. Website: <https://chpc.net/ta/preservation/preservationclearinghouse/>.
4. The homes captured under the HUD column reflect developments with HUD financing, as well as developments with HUD financing that also have CalHFA, USDA, HCD, and/or local financing or affordability restrictions. The homes captured under the LIHTC column include developments that have housing credits only, as well as LIHTC developments that also have HUD, HCD, CalHFA, USDA, and/or local financing or affordability restrictions. The homes captured under the HCD column reflect developments with HCD financing, as well as developments with HCD financing that also have CalHFA, and/or local financing or affordability restrictions. The homes captured under the USDA column include those with USDA funding only, as well as developments with USDA financing that also have HCD and/or local financing or affordability restrictions. The homes captured under the CalHFA column reflect developments with CalHFA financing, as well as developments with CalHFA financing that also have local financing or affordability restrictions. The homes captured under the local column include those with local funding from former redevelopment agencies or local government and other affordability restrictions.

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