

## **The Lost Properties Inventory: Affordability of Post-Subsidy Rents Shimberg Center for Housing Studies, University of Florida**

The Shimberg Center's [Assisted Housing Inventory](#) (AHI) is an online database of affordable rental developments receiving subsidies from Florida Housing Finance Corporation (Florida Housing), the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture's Rural Development (RD) program, and local housing finance authorities. In exchange for subsidies, the developments are required to comply with tenant income caps and, in most cases, rent limits.

In 2009, the Shimberg Center created the Lost Properties Inventory (LPI) to track formerly subsidized developments that are no longer subject to compliance requirements. Depending on their funding sources, housing developments may exit the assisted housing stock when subsidy-related restrictions expire, owners opt out of renewing rental assistance contracts, or poor financial and physical conditions lead to termination of subsidies or foreclosure. Most LPI properties continue to provide rental housing. Some are converted to condominiums, demolished, or otherwise converted to land uses other than multifamily rental housing. The Center updates the LPI annually, with the last update in June 2018.

Current rents for LPI properties provide insight into what happens when affordability restrictions expire for developments in Florida Housing's portfolio. Do properties continue to offer affordable rents, or do rents rise in the absence of restrictions? To explore this question, the Shimberg Center compared online advertised rents for LPI properties to Florida Housing's rent limits for active multifamily properties. We wanted to see whether these properties would still be considered affordable under current tax credit and SAIL rent restrictions.

We found that current rents in most properties were not affordable at the 60 percent of area median income (AMI) rent limit. In fact, many properties listed rents in excess of 80 percent AMI limits. This brief summarizes our data analysis and findings.

### **Data and Methods**

Florida Housing provides property data to the Center several times a year, including information on subsidies that have become inactive. A property enters the LPI only when all relevant subsidy programs become inactive, indicating that the property is no longer operating under rent and income restrictions.

The LPI includes a total of 135 inactive developments that were previously funded by 9% Housing Credits, 4% Housing Credits, SAIL, or a combination of these. Some of the properties also received funding from other programs such as state or local mortgage revenue bonds, USDA's mortgage programs, or Florida Housing's Guarantee program. The 135 properties are referred to as the "full dataset" below. They previously provided an estimated 13,940 units of affordable housing. Many were early tax credit developments that reached the end of their 15-year affordability periods in the early 2000s. Most were built between 1985 and 1999, which means they are reaching 20-30 or more years of operation.

We searched for the properties online by name and address and found advertised rents for 61 properties on their own websites or on property listing sites such as apartments.com,

apartmentguide.com, and Zillow.com.<sup>1</sup> These are referred to as the “survey sample” below. Table A1 in the appendix shows the characteristics of the full dataset and survey samples.

While the 61 properties found made up just under half of the 135 original properties, they included nearly three-fourths (10,181) of the formerly assisted units. Many of the other 74 properties in the full dataset were small. In other aspects, as Table A1 shows, the 61 survey sample properties were similar to the full 135-property dataset: predominantly family developments in large counties built in the late 1980s or 1990s.

We recorded rents listed for units by the number of bedrooms. For properties that listed rent ranges or multiple floor plans units with a given number of bedrooms, we recorded the minimum and maximum rents for each. The minimum and maximum rents by unit size (0-4 bedrooms) were averaged to estimate a single contract rent by unit size by property. Because most properties require at least some tenant-paid utilities, particularly electricity, we added a monthly estimated utility allowance.<sup>2</sup> This generated an estimated gross rent by unit size for each property. Note that the data collection did not include information about the physical condition of the properties, including whether they had been renovated following their exit from the subsidy programs.

Finally, estimated gross rents for each property and unit size were compared to Florida Housing’s [2018 rent limits](#) by AMI level, county, and unit size. These rent limits generally correspond to 30 percent of income for a household of a given size (corresponding to a number of bedrooms), AMI level, and county. We use these limits rather than the 40 percent affordability standard used in the [Rental Market Study](#) because Florida Housing’s rent limits are the standards that the properties would have to meet if they were still within their compliance periods.

Each unit size/property combination from the survey sample was placed in an affordability level: 0-30%, 30.01-60%, 60.01-80%, or greater than 80% AMI. A property was categorized as “affordable,” “unaffordable,” or “mixed” for a particular AMI level based on whether rents were below Florida Housing’s rent limits. For example, a property with a three-bedroom gross rent in the 30.01-60% AMI range but a two-bedroom gross rent in the 60.01-80% AMI range was categorized as “affordable” at the 80% AMI level, “mixed” at the 60% AMI level, and unaffordable at the 30% AMI level.

## Results

### *Affordability*

**Current rents for most of the formerly subsidized properties would not be affordable by the standards of the Housing Credit and SAIL programs.** Of the 61 properties in the survey sample:

- **49 properties (80%) were unaffordable at the 60 percent AMI limit.** That is, average rents were above the Florida Housing’s 2018 60 percent AMI rent limits for the corresponding unit size and county. Rents for 21 of these properties exceeded Florida Housing’s 80 percent AMI rent limits.

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<sup>1</sup> The websites did not include information about whether rents were current, so some may have changed since they were posted. This was a limitation of collecting data on the Web instead by phone or mail survey.

<sup>2</sup> Utility allowances were based on average allowances for currently active 1990s-era Housing Credit and SAIL properties in the counties with sample properties: \$61 for a studio/efficiency, \$89 for a one-bedroom, \$108 for a two-bedroom, \$130 for a three-bedroom, and \$162 for a four-bedroom.

- **12 properties (20%) had rents affordable at or below the 60 percent AMI limit for at least some unit sizes.** Of these, six properties had average rents below the 60 percent AMI limit for all unit sizes (number of bedrooms). The other six were “mixed” properties with rents for some unit sizes below the 60 percent AMI limit and others above the limit.
- **None of the properties were affordable at the 30 percent AMI limit.**

In dollar terms, the current median 1-bedroom gross rent across the survey sample was \$1,079; median 2-bedroom rent was \$1,149; and median 3-bedroom rent was \$1,415. Table A2 in the appendix compares Florida Housing’s 30, 60, and 80 percent AMI rent limits for 1-3 bedroom units across the sample counties to the range of rents for LPI properties in the survey sample.

One caveat is that higher-rent properties may be more likely to advertise their rents online, both because they have more resources and because they need to market their units more heavily to ensure occupancy. That is, it is possible that the survey sample rents are high relative to rents for properties for which we could not find online data.

However, the affordability findings are very consistent with overall statewide data on the affordability of the multifamily rental stock built at the same time. In 2016, 72 percent of all rental units were unaffordable to households at 60 percent of AMI. For multifamily units built in 1990 or later—the properties most comparable to Florida Housing’s portfolio—84 percent of units were unaffordable at 60 percent AMI.<sup>3</sup>

The current survey results differ from the findings of a previous survey of LPI developments conducted in 2009.<sup>4</sup> In that year, most formerly subsidized properties continued to be affordable at the 60 percent AMI rent limit; as with the current study, however, none were affordable at 30 percent AMI. The new results reflect substantial tightening in Florida’s rental markets from 2009 to the present, which has pushed market rents above the 60 percent AMI level in many neighborhoods throughout the state.

#### *Characteristics of Affordable Properties*

As Table A1 shows, the 13 affordable and mixed properties at the 60 percent AMI level were mostly located in the large counties. Six are in Duval County alone. As with the full dataset and survey sample, most were family properties when they were subsidized, although two of the three former elder properties in the survey sample also continued to be affordable.

Not surprisingly, the locations of the affordable properties reflect weaker neighborhood market conditions. Most of the properties with continued affordability were located in Qualified Census Tracts (QCTs), while most in the survey sample were not. None of the affordable and mixed properties were located in Difficult Development Areas, and only one was in a Florida Housing-designated Geographic Area of Opportunity tract (Table A1).

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<sup>3</sup> Based on Shimberg Center analysis of 2016 1-Year American Community Survey Public Use Microdata Sample (PUMS). Units are classified as multifamily if they are located in structures with at least five units. They are classified as affordable if they cost no more than 30 percent of income for a household at 60 percent of AMI. Severely substandard units and units occupied by student-headed households are excluded.

<sup>4</sup> Andres G. Blanco et al. “Affordability After Subsidies: Understanding the Trajectories of Former Assisted Housing in Florida,” *Housing Policy Debate* 25, no. 2 (2015): 374-394, doi: 10.1080/10511482.2014.941902.

## **Conclusion**

The analysis shows that properties do not necessarily stay affordable once they exit rent restrictions. The rent limits imposed by the SAIL and Housing Credit programs can be considerably lower than rents charged by similar properties without restrictions. Most of the survey sample properties were charging higher rents than would have been allowed under 60 percent AMI limits. Florida Housing's income targets below 60 percent (ELI units, 50 percent AMI units) are particularly important, as very few of the previously subsidized units are now affordable at those rent levels.

## Appendix

**Table A1. Property Characteristics and Program Information**

Programs, demographics, and assisted unit counts refer to the properties' characteristics while they were still operating under affordability restrictions.

|                                 |                        | Full Dataset |                         | Survey Sample |                         | Affordable or Mixed at 60% AMI |                         |
|---------------------------------|------------------------|--------------|-------------------------|---------------|-------------------------|--------------------------------|-------------------------|
|                                 |                        | Properties   | Formerly Assisted Units | Properties    | Formerly Assisted Units | Properties                     | Formerly Assisted Units |
| <b>Total</b>                    |                        | <b>135</b>   | <b>13,940</b>           | <b>61</b>     | <b>10,181</b>           | <b>12</b>                      | <b>1,232</b>            |
| Programs                        | HC 9%, No SAIL         | 94           | 7,940                   | 35            | 4,941                   | 8                              | 670                     |
|                                 | HC 9% or 4% and SAIL   | 15           | 1,621                   | 7             | 1,025                   | 2                              | 357                     |
|                                 | HC 4%, No SAIL         | 18           | 3,834                   | 16            | 3,713                   | 1                              | not avail.              |
|                                 | SAIL, No HC            | 8            | 629                     | 4             | 502                     | 2                              | 205                     |
| County Size <sup>5</sup>        | Large                  | 83           | 8,760                   | 34            | 5,782                   | 9                              | 1,051                   |
|                                 | Medium                 | 49           | 5,017                   | 28            | 4,399                   | 3                              | 181                     |
|                                 | Small                  | 3            | 163                     | -             | -                       | -                              | -                       |
| Demographic Served <sup>6</sup> | Family                 | 113          | 12,486                  | 56            | 9,767                   | 9                              | 947                     |
|                                 | Elderly                | 6            | 701                     | 3             | 285                     | 2                              | 249                     |
|                                 | Not Available          | 16           | 753                     | 2             | 129                     | 1                              | 36                      |
| Earliest Year Funded            | 1985-1989              | 60           | 3,997                   | 11            | 1,816                   | 1                              | 44                      |
|                                 | 1990-1999              | 60           | 7,652                   | 38            | 6,224                   | 8                              | 911                     |
|                                 | 2000-2003              | 5            | 1,224                   | 5             | 1,224                   | -                              | -                       |
|                                 | Other or Not Available | 10           | 1,067                   | 7             | 917                     | 3                              | 277                     |
| Neighborhood Characteristics    | In QCT                 | 76           | 5,977                   | 26            | 3,531                   | 8                              | 759                     |
|                                 | In DDA                 | 27           | 3,666                   | 10            | 2,719                   | -                              | -                       |
|                                 | In Area of Opportunity | 33           | 4,860                   | 20            | 4,325                   | 1                              | 208                     |

<sup>5</sup> Properties in the full dataset were located in these counties: Large (Broward, Duval, Hillsborough, Miami-Dade, Orange, Palm Beach, Pinellas); Medium (Alachua, Bay, Brevard, Charlotte, Collier, Escambia\*, Indian River, Lake, Lee, Leon\*, Manatee, Marion, Okaloosa\*, Polk, Sarasota, Seminole, St. Lucie, Volusia); and Small (Bradford\*, Hendry\*, Monroe\*). Starred counties had no properties among the 61 "rents available" properties.

<sup>6</sup> The family category includes a combined family/farmworker development. The elderly category also includes properties with a combined family and elderly target population.

**Table A2. Florida Housing Rent Limits Compared to Survey Rents**

Florida Housing rent limits vary across the 21 counties represented in the survey sample. Ranges for the Florida Housing limits refer to the lowest (Marion County) and highest (Broward County) values for each AMI level and unit size.

|                     | 1 BR        |         | 2 BR        |         | 3 BR          |         |
|---------------------|-------------|---------|-------------|---------|---------------|---------|
|                     | Range       | Median  | Range       | Median  | Range         | Median  |
| 30% AMI limit       | \$300-454   | \$360   | \$360-546   | \$432   | \$416-630     | \$498   |
| 60% AMI limit       | \$601-909   | \$720   | \$721-1,092 | \$864   | \$833-1,260   | \$997   |
| 80% AMI limit       | \$802-1,213 | \$960   | \$962-1,456 | \$1,152 | \$1,111-1,681 | \$1,330 |
| Survey sample rents | \$654-1,533 | \$1,079 | \$768-1,773 | \$1,149 | \$905-\$2,273 | \$1,415 |

See the [Income & Rent Limits page](#) on the Florida Housing Data Clearinghouse for a full list of Florida Housing’s 2018 rent limits by county.