CREATION
OF A
NATIONAL PRESERVATION
DATA INFRASTRUCTURE

FINAL REPORT

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Window of Opportunity: Preserving Affordable Rental Housing Initiative

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A national advisory committee for the project provided invaluable assistance throughout this project, from review of the survey questions and findings, to development of the national meeting agenda and consideration of the final recommendations in this report. The project staff particularly appreciates members' attendance and involvement in the national meeting itself.

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- Sheila Freaney, of Florida Housing Finance Corporation coordinated all logistics of the national meeting.
- The Florida Survey Research Center at the University of Florida performed the survey of housing organizations.
- Diep Nguyen, of the Shimberg Center assisted in compiling the results of the surveys, and Douglas White, also of the Shimberg Center, prepared the national infrastructure map.

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EXECUTIVE SUMMARY

Affordability restrictions on the supply of millions of privately owned, affordable rental units financed with federal, state and local programs over the last four decades are ending, and the housing stock is aging and in need of rehabilitation. Government agencies and advocacy groups throughout the U.S. have launched efforts to preserve this housing, but these efforts are hampered by the lack of comprehensive data about the subsidized housing stock. As a result, governments often make ad hoc decisions about preservation of properties that have reached a crisis stage, rather than systematically allocating resources to the types of properties most at risk and providing the most cost-effective and needed types of housing. The lack of access to data can also hinder mission-oriented preservation purchasers. Nonprofit organizations are typically challenged to cobble resources together without much notice and therefore find themselves at a disadvantage when competing with purchasers who have ready access to capital.

In 2006, the John D. and Catherine T. MacArthur Foundation awarded a grant through its *Window of Opportunity: Preserving Affordable Rental Housing Initiative* to Florida Housing Finance Corporation and the Shimberg Center for Affordable Housing at the University of Florida to explore the potential for a *national data infrastructure* to support the preservation of affordable rental housing. In the first phase of the project, the subject of this report, we coordinated a national meeting to discuss the creation of an infrastructure that would allow preservation-related data to be aggregated at the state and national level. The proposed infrastructure will enable policy makers and others to prioritize and track efforts to preserve the rental stock financed through federal, state and locally administered affordable housing programs. While basic data collection in other arenas is often marginalized, the preservation field may be unique in its application and use of data. Practitioners will use data to understand which properties are in need, inform leaders of potential losses and develop programmatic responses.

Two critical findings emerged from this project. First, we determined that a strong base of preservation-related information exists at the federal, state and local level upon which to build a standard data collection effort. Second, policy makers, program administrators and data managers with diverse missions from a variety of organizations across the country strongly agree that a national preservation data infrastructure will be useful to their work.

To begin this project, the Shimberg Center conducted research to determine the current state of preservation-related data collection. Through surveys and expert interviews, the Shimberg Center examined what data are being collected and by whom, the data elements that those involved in preservation believe should be collected, the gaps between the ideal data set and actual data collection, and how these gaps could be bridged. The research uncovered a strong base of preservation-related information upon which to build a standard data collection effort.

Next, with assistance from a national advisory committee, we created an agenda and held a national meeting in Ft. Lauderdale on May 17-18, 2007. The meeting objective was simple – if meeting attendees agreed about the need for a preservation data infrastructure, then they would consider what type of infrastructure would be appropriate to create and the key steps that would be required to implement this concept.

Fifty-two people attended the meeting, representing state housing finance agencies, national and local advocacy- and policy-related organizations, intermediaries, nonprofit developers, the U.S. Department of Agriculture Rural Development (RD), the U.S. Department of Housing and Urban Development (HUD) and other public and private entities interested in preservation issues.

The first day of the meeting was devoted to sharing experiences using preservation data and educating attendees about the issue. The meeting started with a panel of five attendees discussing how they use data for preservation and barriers to accessing needed data.

KEY USES OF DATA FOR PRESERVATION

- To tell us what housing is being lost and where it is located;
- To tell us about the tenants being impacted by potential loss of units – elders, persons with disabilities and others;
- To provide an early warning system of potential loss;
- To conduct informed program and policy design and evaluation;
- To educate decision makers at the local, state and federal levels about these assets through advocacy – to tell the story;
- To show what federal, state and/or local program dollars are going to properties and how these resources often overlap to support a property; and
- To provide information for risk analysis and specific property evaluation for redevelopment purposes.

KEY BARRIERS TO ACCESSING DATA FOR PRESERVATION

- Lack of a unique identifier for each property across data sources means duplicated records when datasets are aggregated;
- Lack of available information on physical property condition and other key indicators;
- Overlap of programs financing each property can mean conflicting program requirements, which are not well reported;
- Limited or out of date tenant data;
- Different perspectives on public access to data, and time consuming federal Freedom of Information Act requests to obtain data;
- Difficulty in aggregating data across programs for each property because of differing data standards as well as conflicting data between databases;
- Lack of resources to update and maintain databases; and
- Limited access to information from federal, state and local agencies.

The rest of the afternoon was focused on discussing key data used for preservation analysis and the challenges of sharing data: integrating datasets, standardizing content in data fields, frequency of updates and public access.

Meeting attendees also discussed the idea of creating a preservation "scorecard." Attendees agreed that a scorecard might be used both to compare states' preservation progress over time and to encourage additional funding by publicizing successes. However, attendees discussed whether it would be possible for a scorecard to be flexible enough to demonstrate the variety of preservation needs across different markets. On one hand, a scorecard could encourage support for preservation among housing professionals and policymakers; on the other hand, a scorecard could be used to punish agencies. This conversation confirmed that additional discussion is required before implementing a scorecard.

In the final part of the meeting, participants developed consensus around issues related to the creation of a national preservation data infrastructure. The group strongly agreed that the creation of some type of infrastructure would be very useful, whether managed by one entity or based on organizations coming to agreement on a set of data standards.

Then participants ranked the key data variables they believed were critical to include in an infrastructure. The top-ranked data variables and groups of variables are listed below.

HIGHLY RANKED DATA VARIABLES FOR A NATIONAL PRESERVATION DATA INFRASTRUCTURE

Extensive Data
- Type of property owner - Targeted demographic population (e.g., elder, homeless) - Unit rents (current) - Physical condition/capital needs – a broad category that includes whatever analysis is available to summarize the condition and deferred maintenance, such as HUD REAC scores, RD ratings, and HFA property analysis - Financial history – this is a broad category that includes multiple variables, such as types and years of funding, mortgage maturity dates, and rent subsidy data - Affordability period – this is a broad category that includes a set of variables, such as mortgage maturity and rent subsidy start and end dates - Targeted tenant incomes
Intensive Data
- Actual tenant incomes - Average rents in surrounding market

The last task was to develop a strategy for the creation of a national preservation data infrastructure. Participants outlined a strategy that calls for selection of an entity to create and manage the national infrastructure; development of national standards that consider federal, state and local data issues; and initial inclusion of available federal data in the infrastructure, with future integration of state and local data. Figure 1 in the full report outlines the strategy in detail, but the strategy can be summarized as follows.

1. Develop a plan to communicate this proposal to and create support for this concept from affordable housing stakeholders.

A Communications Working Group should be created to communicate about and create support for this concept from organizations involved in affordable housing financing, development and advocacy. The objective would be to speak with one voice about the need for and benefits of creating this infrastructure. The group also called for the Communications Working Group to inform Congress about this effort.

2. Develop a framework for the infrastructure that involves a variety of organizations.

For the infrastructure to be successful, a variety of organizations must be encouraged to participate. Development of a communication process to encourage stakeholder involvement in both initial and long term decisions is critical.

3. Develop consensus on content and procedures for a national data infrastructure.

A Technical Working Group would be created for one key purpose: to begin the development of data definitions and standards. This group should be made up of technical experts as well as end users representing a variety of organizations. The group would develop draft data standards and definitions which would be widely distributed for comment by stakeholders before finalizing. Among all the data standards discussed at the meeting, creation of a unique identifier for each property was particularly endorsed by all attendees.

Public access to data was also discussed, and many agreed that any data already part of the public record should be made more readily available to the public through the national infrastructure.

4. Select an entity to implement and manage the National Infrastructure.

This managing entity would be required to have information technology and housing program experience to create and manage the database. Selecting an entity to manage the national infrastructure can only occur once funding is obtained.

5. Implement the National Infrastructure.

Initially the infrastructure would aggregate available data from federal programs into a database according to agreed upon national standards. Over time, the infrastructure would provide national standards to those with state and local property portfolios (e.g., state housing finance agencies and local jurisdictions) to encourage them to modify their databases or create reports that could be aggregated with the national infrastructure. The final step would be to bring other available federal, state and local data into the national infrastructure. This would likely occur over a number of years, with each state and jurisdiction becoming partners in the infrastructure as interest and necessity dictate.

Throughout the two-day meeting, attendees acknowledged that funding and commitment of staff time will be required for the national infrastructure and for ongoing training. The group did not develop recommendations about the sources of such funding, but did suggest that the national infrastructure is such a critical tool that Congress should be approached as a source of funding.

For more information on this effort, visit www.preservation.shimberg.ufl.edu/.

INTRODUCTION

Throughout the nation, the supply of millions of privately owned, affordable rental units financed with federal, state and local programs over the last four decades is decreasing. Affordability restrictions on many units are ending, and the housing stock is aging and in need of rehabilitation. Preserving these affordable rental units is an important step in solving our affordable housing crisis.

Government agencies and advocacy groups throughout the U.S. have launched efforts to preserve at-risk affordable housing through funding and incentives to current and potential owners of assisted properties. However, efforts to preserve properties and to formulate policies to support these efforts are hampered by the lack of comprehensive data about the subsidized housing stock: the numbers and locations of subsidized properties, opt-out dates, property conditions, tenant characteristics, and so forth.

In the absence of this information, governments often make ad hoc decisions about preservation of properties that have reached a crisis stage, rather than systematically allocating resources to the types of properties most at risk and providing the most cost-effective and needed types of housing. The lack of access to data can also hinder mission-oriented preservation purchasers. Nonprofit organizations are typically challenged to cobble resources together without much notice and therefore find themselves at a disadvantage when competing with purchasers who have ready access to capital. Moreover, cities and states cannot gain a clear picture of the housing that has been lost from the inventory over time, nor is success in preserving such housing easy to measure. As noted by the Florida Affordable Housing Study Commission in its 2005 report on preservation:

> *[T]he variety of program requirements and changes within programs make it exceptionally challenging to collect, compare and analyze expiration dates and to predict with accuracy when units will be lost from the affordable housing stock.*

To remedy this lack of information, the John D. and Catherine T. MacArthur Foundation provided a grant through its *Window of Opportunity: Preserving Affordable Rental Housing Initiative* to Florida Housing Finance Corporation and the Shimberg Center for Affordable Housing at the University of Florida to research data needs for preservation and improve national data collection and analysis. To see the complete project description, go to: http://preservation.shimberg.ufl.edu/.

This report concludes the first phase of the project which was to coordinate a meeting to discuss the creation of a national preservation data infrastructure. The infrastructure would allow data to be aggregated at the state and national level. The overarching goal of this effort is to enable policy makers and others to prioritize and track preservation efforts. The focus of this project has been on the rental stock financed through all federal, state and locally administered affordable housing programs.

To prepare for this meeting, Florida Housing and the Shimberg Center carried out a national survey to identify data used for preservation efforts, evaluate the availability of these data, and identify data problems such as accuracy, frequency of updates and access to the information. The survey results provided the framework for the national meeting agenda. The meeting itself was held on May 17 and 18, 2007, in Ft. Lauderdale.

This report summarizes the meeting deliberations and recommendations. Our work was supported by an active advisory group of national experts who provided critical perspective throughout the project. We held a total of five teleconference calls with the group from August 2006 through July 2007. Advisory members reviewed and commented on draft copies of the survey, made suggestions about whom to survey and whom

to invite to the national meeting, reviewed the survey results and draft report, provided helpful perspective on the national meeting agenda, participated in the meeting itself and reviewed this final report.

PREPARING FOR THE NATIONAL MEETING

The first step in this initiative was to conduct research into the current state of preservation-related data collection throughout the country. Through surveys of 67 housing-related organizations and in-depth interviews with 18 preservation experts, we examined what data are being collected and by whom, the data elements that those involved in preservation believe should be collected, the gaps between the ideal dataset and actual data collection, and how these gaps could be bridged.

Survey respondents were asked to rate the usefulness of 35 preservation-related data variables for which they might collect property-level data. The list included variables related to properties' affordability period, unit characteristics, tenant characteristics, financing and property performance, owner and management characteristics, and market and neighborhood characteristics. Respondents also were asked which of these variables they include in their databases.

Based on the survey responses, the Shimberg Center mapped the extent to which data collectors in each state include these data elements in their databases (Appendix 1 in a separate document provides the full report; the map is provided on page 13 of the report).[1]

THE NATIONAL MEETING

Based on the survey results, we determined that a strong base of preservation-related information exists upon which to build a standard data collection effort. While the initial meeting objective – to hold a preliminary national conversation about the creation of a "national preservation data infrastructure" – remained unchanged, the survey results allowed us to refine our preliminary agenda.

Meeting invitees were told that there was no particular type of infrastructure being advanced for this meeting; rather, the objective of the meeting was to determine first whether the survey was right – whether there is agreement that a national infrastructure is a good idea. If meeting attendees agreed about the need for an infrastructure, the second part of the objective was to consider what type of infrastructure would make sense and what key steps would be required to implement this concept. In short, the objective of the meeting was to develop consensus on the design of an infrastructure that would allow data to be aggregated at the state and national levels with the goal of enabling policy makers and others to prioritize and track preservation efforts. The meeting agenda, including meeting presenters, is provided in Appendix 2 in a separate document.

The meeting was held in Ft. Lauderdale on May 17-18, 2007. Fifty-two people attended the meeting from around the country. Attendees included representatives of state housing finance agencies, national and local advocacy- and policy-related organizations, intermediaries, nonprofit developers, the U.S. Department of Agriculture Rural Development (RD), the U.S. Department of Housing and Urban Development (HUD) and other public and private entities interested in preservation issues. We also found that attendees tended to be involved in one or a combination of three types of work: policy, programs or data management. Appendix 3 provides a list of meeting attendees in a separate document.

[1] This map is a work in progress, reflecting the survey responses received. In some cases, we did not receive a survey response from an agency that may indeed collect data for a state. In other cases, we may not have identified all of the agencies that collect preservation-related data. We encourage additional input so that we can continue to develop a full picture of the current state of data collection throughout the nation.

SETTING THE NATIONAL PRESERVATION LANDSCAPE

The variety of organizations represented at the meeting meant that there was a rich diversity of backgrounds and perspective upon which to build a thoughtful discussion. To ensure that all were prepared for a discussion about creating a preservation data infrastructure, Day One of the meeting was spent educating attendees about the issues. The survey report mentioned above served as the backdrop for the afternoon's sessions.

The meeting started with a panel of five attendees providing perspective on why they need data for preservation purposes and barriers to accessing needed data. Even though these presenters represented a wide variety of data users, they generally agreed on key data uses and barriers, summarized below.

KEY USES OF DATA FOR PRESERVATION

- To tell us what housing is being lost and where it is located;
- To tell us about the tenants being impacted by potential loss of units – elders, persons with disabilities and others;
- To provide an early warning system of potential loss;
- To conduct informed program and policy design and evaluation;
- To educate decision makers at the local, state and federal levels about these assets through advocacy – to tell the story;
- To show what federal, state and/or local program dollars are going to properties and how these resources often overlap to support a property; and
- To provide information for risk analysis and specific property evaluation for redevelopment purposes.

KEY BARRIERS TO ACCESSING DATA FOR PRESERVATION

- Lack of a unique identifier for each property across data sources means duplicated records when datasets are aggregated;
- Lack of available information on physical property condition and other key indicators;
- Overlap of programs financing each property can mean conflicting program requirements, which are not well reported;
- Limited or out of date tenant data;
- Different perspectives on public access to data, and time consuming federal Freedom of Information Act requests to obtain data;
- Difficulty in aggregating data across programs for each property because of differing data standards as well as conflicting data between databases;
- Lack of resources to update and maintain databases; and
- Limited access to data from federal, state and local agencies – while some agencies have made good faith efforts to provide data access, there is not a system-wide culture of data sharing with outside entities. Rather, access to data from public agencies is often based on relationships with one or more individuals in those agencies. This must change in order to create a national infrastructure.

DATA NEEDED FOR PRESERVATION EFFORTS

After the panel was finished, the survey results were presented to meeting participants to outline the current state of the art of preservation data. This included key data variables that were rated highly important for preservation purposes. While respondents gave high ratings to a wide variety of variables, those that provide direct clues to affordability restrictions were particularly valued. Examples include the presence of project-based rental subsidies, the period of affordability, and end dates for rent subsidies.

We suggested that preservation data fall into two general categories: "extensive" and "intensive." "Extensive" data elements are those basic elements that are more likely to be available on a whole portfolio and are the data that help agencies narrow down a list of subsidized properties to those most likely to be lost to the affordable housing inventory. Funders, developers and advocates perform extensive data collection in order to identify target properties for preservation, set subsidy allocation priorities and characterize the scope of preservation needs in a local area or state.

"Intensive" data elements are generally more detailed sources of information, such as individual property loan documents, that enable agencies to determine the complete set of factors that might affect the potential for market-rate conversion or loss through deterioration. While extensive data provide the skeleton or framework of the problem, intensive data provide the flesh that helps public agencies allocate appropriate levels of subsidy, preservation-focused developers acquire at-risk properties, and tenants and their advocates determine whether legal restrictions prevent properties from being removed from the affordable housing inventory.

The data session also highlighted two examples of best preservation data management practices, the California Housing Partnership Corporation and the Boston-based Community Economic Development Assistance Corporation.

The **California Housing Partnership Corporation** (www.chpc.net) maintains a California-wide database of multifamily housing that is federally funded under HUD and RD programs. While the organization's database does not currently contain information on apartments subsidized by state and local programs, CHPC is planning to pursue data collection efforts to include this content. The purpose of the database is to identify properties at risk of loss and to develop project-specific strategies for preservation and tenant support. The database is updated on a quarterly basis with information from HUD on the current status of HUD administered rental subsidies and subsidized mortgages insured by the Federal Housing Administration. The rural housing data are generally less complete, because USDA does not provide regular updates.

Each property in the database is assigned a level of risk of conversion to market rate housing:

- At-Risk – If within five years of the end date of the most valuable subsidy or rent restriction ("most valuable" = the funding with the deepest subsidy);
- Lower Risk – If within six to ten years of the end date of the most valuable subsidy or rent restriction; and
- Low Risk – If expiration is more than 10 years from today.

If a property is owned by a nonprofit, the database assumes that the risk of conversion to market is one level lower than it otherwise would be. One-page aggregate summaries can be downloaded in PDF format for each county and for the entire state with the number of developments and units in the inventory by program, the number of developments and units that are at risk, and the number of prepaid and opt-out properties. Data on individual projects can only be obtained by emailing requests to CHPC, but are only disclosed to entities with a mission of preservation.

Boston's **Community Economic Development Assistance Corporation** (www.cedac.org) has prepared a database of properties in Massachusetts that have or had HUD project-based rental assistance and/or state or federally subsidized or insured mortgages. The data are pulled from the HUD online datasets and obtained through MassHousing. All data are imported into Microsoft Access with a record for each property. Data variables include property address information, funding programs, funding expiration dates, and, where applicable, local use restrictions. A version of the database is publicly available online in PDF format. The focus is on properties that are at risk of

leaving the inventory by the end of 2010, but CEDAC also reports on properties that have already been lost, properties that have been preserved until 2011 or later, and properties not considered at risk of loss by 2010.

SETTING NATIONAL DATA STANDARDS

We ended the afternoon by focusing on the challenges of aggregating existing databases together to develop a more comprehensive picture of preservation need and priority. There are four key challenges: integrating datasets, standardizing content in data fields, frequency of updates and public access.

Integrating Datasets – Differences exist across housing programs and data collectors that can impede the integration of data on a single property from different sources. This requires extensive time, generally through phone calls to program managers and/or property managers, to unravel differences. Duplicate information also exists, and sometimes there are conflicts in these data (e.g., different "placed in service" dates for a property that has received funding from more than one program). The creation of a unique identifier for each existing property and new properties as they are funded would be a critical first step in smoothing the integration of databases, but to be useful the unique identifier would have to be accepted and implemented nationally, from the federal program level down to the state and local levels.

Data Standardization – Organizations have done little to no work with each other to standardize housing data collection practices for preservation or other purposes. For instance, data for a property that receives federal and state funds are not likely to be available through just one data collector, and it may be difficult to integrate those data together if there are different standards for maintaining individual databases. To standardize data fields across databases would require agreement among federal, state and local data managers/collectors as well as preservation organizations that manage data. This would require discussion about the content for each data field and could provide an overall standard for any entity that publishes preservation data.

Frequency of Updates – Information about property conditions can become dated quickly if it is not updated regularly. The various federal program databases are updated on differing schedules, from every 60 days to less than once a year, and in some cases updates are incomplete. The frequency of updates also varies among state databases. The survey prepared for this project found that 30 percent of data collectors surveyed update their data less than one time per year, including agencies who do not update the data on a regular basis at all. In addition, many find it difficult to find publicly available property data, and some existing databases are hard to understand by lay people. If we are concerned about providing useful information to address at risk properties, maintaining current information on each property, including sales data, is critical. Many experts believe that finding the money and staff time to keep property data current is one of the greatest challenges in compiling a useful preservation database. The issue of resources was cited as a barrier throughout the national meeting.

Public Access to Data – While many agencies collect highly detailed information about properties, they often use this information internally and limit public access that would allow others to analyze preservation risks. The preservation data survey found that approximately half of data collectors indicated that their databases were open to the public. Most of the other data collectors restrict access to some or all organizational employees, members or select external groups. Some organizations do not make their full databases public, but do provide information or summary reports upon request. In many cases, getting access to a database is more based on the quality of the personal relationship with the agency staff or organization-to-organization relationship. State housing finance agencies expressed concern about data being used in some cases as a weapon against the agencies themselves. The overarching question is, what level of quality (i.e., assurance of accuracy) must be reached before making data publicly accessible? Again, finding the resources to maintain a high quality database is a big challenge.

EVALUATING THE USEFULNESS OF A PRESERVATION SCORECARD

That evening, meeting attendees reconvened to discuss how to measure preservation success and the idea of creating a preservation "scorecard" for this purpose. Meeting participants discussed indicators to consider when measuring preservation success. The majority of indicators of preservation success identified by the group fall into three categories:

- Need – comparing the number of affordable units available and the number of units preserved to those at risk of conversion in a particular market;
- Participation – government leadership, public awareness and involvement, and resources committed to preservation efforts; and
- The comparison of preservation to new construction in terms of cost, leveraging, efficiency and environmental impact.

Attendees also considered the purposes of a scorecard and agreed that a scorecard might be used both to compare states' preservation progress over time and to encourage additional funding by publicizing successes. However, attendees discussed whether it would be possible for a scorecard to be flexible enough to demonstrate the variety of preservation needs across different markets, such as built out urban areas versus rural communities. In addition, some transactions are very complex, while others are more simple.

On one hand, the group agreed that a scorecard could support a "culture of preservation." Moreover, documenting best practices in a scorecard could foster competition and replication of successful programs among states, and successful examples could be used to leverage additional resources.

On the other hand, some participants expressed concern about the scorecard being used as a weapon to beat up agencies. In particular, some state housing finance agency representatives pointed out the broadness of their missions (to finance the development of a variety of housing types, e.g., homeownership, new construction, supportive housing – in addition to preservation transactions), while the sole mission of many organizations at the meeting was oriented to preservation. These representatives expressed concern that a preservation scorecard, if not done right, could portray agencies with a broader mission as derelict in their duties, when in fact the agencies and their states may be targeting other housing goals such as homeownership.

Participants noted that there are regional and categorical differences which cannot be measured with a "one size fits all" tool. Any scorecard effort will require consensus on standard measurable definitions of preservation success by market or region. The group also agreed that the audience for the scorecard must be clearly defined, as well as who and what elements are to be measured. A preservation scorecard should be less oriented to how well or poorly a state or organization has done, and more focused on best practices to encourage preservation. The evening's conversation confirmed that additional discussion on this topic is required before implementing a scorecard.

REPORTING ON THE STATE OF PRESERVATION RISK ANALYSIS

On Day Two of the meeting, Shimberg Center staff presented preliminary findings of their research on data being used nationally for preservation risk analysis. They summarized the various methodologies being used to evaluate properties that are at risk of being lost to the inventory and provided a preliminary list of typical risk data variables based on their research (Appendix 4 – Separate Document).

Not surprisingly, the Center's findings indicate that key data variables critical to risk analysis and preservation are similar to those identified by the survey and at this meeting. Broad-based risk assessment tends to be based on the following key, extensive risk variables:

- Year of subsidy or use restriction termination;
- Type of ownership (non-profit, for profit);

- Strength of local housing market as measured by appreciation rate, project rent to Fair Market Rent, area poverty rate and/or county median income to state median income;
- Number of units; and
- Target population (e.g., family, elderly, persons with disabilities).

More intensive risk assessment tends to be based on the following key risk variables:

- Financial condition (revenues and expenses, loan-to-value, debt coverage ratio);
- Age of property and physical condition;
- Capital needs and availability of reserves;
- Vacancy rate;
- Unit type by bedrooms;
- Type of rental assistance and number of assisted units;
- Exit tax liability; and
- Capacity and portfolio of owner.

Center staff noted that extensive risk assessment can be a useful tool to flag at-risk properties, but in order to achieve preservation on the ground the extensive assessment must be followed up by intensive analysis and direct contact with the property owner. Since capital needs are not typically identified through extensive analysis, a caveat of extensive risk assessment is that properties that are not flagged could still be at risk if they have a high need for capital improvements.

Meeting participants suggested that the number of variables used for this purpose be limited and that some factors cannot be assessed or predicted. Attendees recommended additional evaluation of property owners to understand their capacity. In particular, owner analysis should examine whether they own multiple properties, whether owner and manager are the same and whether the owner may choose to opt out rather than continue to work with the bureaucracy, thereby taking a larger portfolio out of the affordable system. Another factor suggested for evaluation is the interplay of requirements of multiple programs subsidizing a property and the impact of various expiring affordability periods on the property.

BUILDING CONSENSUS ON THE CREATION OF A NATIONAL INFRASTRUCTURE

Day Two's agenda was structured as a series of discussions to come to consensus around questions related to the creation of a national preservation data infrastructure. Five alternatives for a possible infrastructure were presented to the group that provided a range of possibilities, from no change at all to a highly organized structure:

1. I like the way things are – I am not interested in standardizing preservation data;
2. I don't think standards are necessary, but I do need better access to data from data collectors;
3. It would be useful to have data standards so that preservation data could be aggregated at the national level. I am willing to put standards in place so that my data can be used by someone else;
4. It would be useful to have data standards so that preservation data could be aggregated at the national level. We also need satellite data collectors to aggregate data from different sources and make this information more accessible; and
5. We need one data collector gathering standardized local, regional and state information and aggregating it at the national level.

Each attendee was asked to vote for the alternative that would provide the necessary level of infrastructure to ensure that preservation data could be aggregated and shared to meet policy and program objectives. Several attendees expressed difficulties in voting for an alternative before questions were answered about implementation, such as which programs would be part of such a database, what level of public access

would be allowed or required, and where the resources would be obtained to develop and maintain such an infrastructure.

The group was encouraged to think of this decision as a straw poll to narrow the discussion rather than a final decision that could not be changed. Ultimately, participants were comfortable with the objective of this exercise and voted for their preferred alternatives. The votes ranged across Alternatives 3-5. The majority of those who voted (22 out of 44) chose the third alternative; another 12 chose the fourth alternative, and 10 chose the fifth alternative.

In the ensuing discussion, several of the local government representatives indicated resistance to the idea of a national infrastructure, questioning what usefulness the concept would have at the local level. They questioned whether the creation of a national infrastructure would marginalize local data systems already in place and what need they would have for data from areas outside their jurisdictions. Several state housing finance agency representatives wondered about their states' exposure as they provide more access to their data. They also expressed concern about their ability to change data systems that were already under development and into which a significant investment had already been made. Others saw the national effort as a useful cover for local and state exposure. Moreover, the group talked about the need to ensure that individual data collectors maintain control over their own data while creating a reasoned approach to integrating data nationally to make it more useful.

In the end, the group strongly agreed that the creation of some type of infrastructure would be very useful, whether managed by one entity or based on organizations coming to agreement on a set of data standards.

BUILDING CONSENSUS ON DATA NEEDED AT THE NATIONAL LEVEL FOR PRESERVATION EFFORTS

To prepare for this discussion, the group reviewed survey findings on the first day of the meeting to examine the data variables considered to be of high importance in preservation efforts. On the second day, we proposed to the group that the national infrastructure mainly target "extensive" data elements – that is, those variables that are more likely to be available on a whole portfolio. We added that, while the focus of the infrastructure should be on extensive data, other data variables might be considered so critical that they should be prioritized for inclusion in an infrastructure. The group was provided with a list of data elements that had been ranked as essential for preservation purposes in the survey. Participants were given an opportunity to add variables they believed to be critical to include in an infrastructure.

The group did not spend time defining each variable, because to do so would have required just the type of discussion about data standards that will be required later as the infrastructure is implemented. However, we did take time to ensure that each attendee had a general understanding of the data elements. Then each participant was given ten votes to choose the data elements she or he believed were the most important to include in a national data infrastructure.

In summary, meeting attendees placed the highest priority on the data variables or groups of variables listed below. While we expected participants to use their votes to choose ten separate variables, many spontaneously voted based on how they use data for preservation. In some cases, groups of variables are used together to understand the risk of losing a property from the affordable stock, so some attendees voted for whole categories of variables instead of individual elements. The group's choices show us that there are certain individual variables, such as "type of owner" and "targeted population," that are valuable on their own. Other variables are part of a broader story, such as those in the financial history category. For these, we need a set of variables, because the interplay of this information tells the story more capably than one data element alone.

TABLE 1. HIGHLY RANKED DATA VARIABLES FOR A NATIONAL PRESERVATION DATA INFRASTRUCTURE

Extensive Data
- Type of property owner - Targeted demographic population (e.g., elder, homeless) - Unit rents (current) - Physical condition/capital needs – a broad category that includes whatever analysis is available to summarize the condition and deferred maintenance, such as HUD REAC scores, RD ratings, and HFA property analysis* - Financial history – this is a broad category that includes multiple variables, such as types and years of funding, mortgage maturity dates, and rent subsidy data (* for some variables) - Affordability period – this is a broad category that includes a set of variables, such as mortgage maturity and rent subsidy start and end dates - Targeted tenant incomes
Intensive Data
- Actual tenant incomes - Average rents in surrounding market *

Note: Variables with an "*" were cited by data collectors to be included in less than half of databases surveyed for this project.

These data priorities generally coincide with responses in the survey carried out by the Shimberg Center at the beginning of the project. Those with an asterisk (*) were reported by survey respondents to be included in less than half of their databases. Most frequently, survey respondents cited the lack of availability of data from their sources when explaining why they did not collect a variable they deemed important. The full list of data variables, along with the voting results, is provided in Table 2.

DEVELOPING A NATIONAL PRESERVATION DATA INFRASTRUCTURE STRATEGY

The final work of the meeting was to develop a strategy to create a national preservation data infrastructure and develop recommendations for next steps. The vision outlined at the meeting includes a multi-step process for developing standard data content and collection procedures and setting up a national infrastructure.

A particularly striking aspect of this final discussion was that, over the course of the second day, the group changed its mind about the most useful structure to implement and maintain a national infrastructure. In the early part of the day, fully half of voting attendees chose an infrastructure in which standards would be developed and implemented by individual data collectors rather than a single entity that would manage the infrastructure. Later in the day as the group discussed a strategy for implementing the infrastructure, attendees gravitated to the latter model, developing preliminary criteria for the entity that would manage the infrastructure. As one member said, having a managing entity in place would actually lead to a quicker, more manageable implementation of the infrastructure. Some state HFA representatives indicated support for this concept, because they would not be responsible for providing preservation data to the public, a resource-intensive and sometimes politically uncomfortable position.

We noticed an interesting tension at the meeting between some attendees who maintained that the federal HUD and RD program data were the only data of concern for preservation needs and other attendees who argued that inclusion of state and local data would be critical to implementation of a successful infrastructure effort. The project staff and advisory group believe that this latter approach is critical – a national preservation data infrastructure must, in the long run, ensure that data standards are in place at the federal, state and local levels to allow property data to be aggregated for use by policy makers.

Table 2. PRIORITIZED DATA FOR INCLUSION IN A NATIONAL PRESERVATION DATA INFRASTRUCTURE

Subject Category	Votes	Extensive/National Infrastructure	Intensive/Local Collection	Votes
Owner/ Management Information	20	Type of owner (FP/NP, limited dividend corporation)	Owners with interest in selling properties	13
			Contact information for owner	5
			Company history	
			Name of management company	
			(2 GENERAL VOTES FOR THE ENTIRE CATEGORY ABOVE)	
Housing Characteristics	10	Unit mix (number of bedrooms/bathrooms)	Building/construction type	
Financial History	13	Types and years of funding	Financial structure detail	2
	6	Mortgage maturity date	Operating expense ratio or net operating income	7
	10	Presence/absence and type of rent subsidies	Debt level	2
	5	Date of eligibility for mortgage prepayment or opt-out	Operating reserve level	3
	4	Mortgage default	Replacement reserve level	6
	1	Rent subsidy abatement	Tax benefits accruing to owner	
	(18 GENERAL VOTES FOR THE ENTIRE CATEGORY ABOVE)		Exit tax or phantom income concerns	5
Affordability Period	18	Number of assisted units	Federal, state or local restrictive covenants on land use	9
	3	Period of affordability		
	6	LURA/EUA end date		
	15	Rent subsidy contract start and end date		
	1	Request for rent subsidy contract renewal submitted to HUD		
	8	Notice of opt-out or termination provided to tenants or funder		
	(23 GENERAL VOTES FOR THE ENTIRE CATEGORY ABOVE)			
Tenant Characteristics	24	Targeted tenant population (e.g., elderly, disabled, family)	Tenant demographic characteristics (e.g., household size, race, ethnicity)	4
	17	Targeted tenant incomes	Tenant economic characteristics (e.g., employment rates, public assistance use)	
			Actual tenant incomes	20
			(1 GENERAL VOTE FOR THE ENTIRE CATEGORY ABOVE)	
Market Characteristics	25	Current unit rents	Market value of property	5
	5	Occupancy rate	Average rent in surrounding market	21
	5	HUD Fair Mkt Rent in surrounding market	Area poverty level	
	3	Census tract	Area crime rate	
	1	Congressional district	Proximity to other affordable rental properties	1
			Section 8 utilization or turn-back rates for market	
			(1 GENERAL VOTE FOR THE ENTIRE CATEGORY ABOVE)	
Physical Condition	19	Summary of capital needs and deferred maintenance	Full extent of capital needs and deferred maintenance	5
	13	OMHAR, REAC, or Mark-to-Market status for HUD; C or D rating for RD properties	Construction and rehabilitation history	1
			(1 GENERAL VOTE FOR THE ENTIRE CATEGORY ABOVE)	

Note: In some cases, meeting attendees chose to vote for a whole category of data variables, such as Financial History, asserting that the variables in these categories work together to provide the necessary risk assessment information for preservation. These "general votes" are summarized at the bottom of each category as received.

In the end, the strategy outlined at the national meeting reflects the selection of an entity to create and manage the national infrastructure; development of national standards that consider federal, state and local data issues; and initial inclusion of available federal data in the infrastructure, with future integration of state and local data. Figure 1 outlines the key points and decisions about the strategy, including initial criteria for selection of an entity to manage the infrastructure and thoughts about developing content and procedures for the infrastructure. Figure 2 provides a schematic showing how the proposed groups and stakeholders can work together to implement this strategy.

Funding and commitment of staff time will be required for the national infrastructure. In the long run, to ensure that data efforts across the nation are complementary to this preservation data infrastructure, funding will also be required for ongoing training. Throughout the two-day meeting, attendees acknowledged that funding is critical to enhancement of data efforts across the board, particularly a national infrastructure. The group did not develop recommendations about the sources of such funding, but did suggest that the national infrastructure is such a critical tool that Congress should be approached as a source of funding.

CONCLUSION

Two critical findings emerged from this project. First, we determined that a strong base of preservation-related information exists at the federal, state and local level upon which to build a standard data collection effort. Second, policy makers, program administrators and data managers with diverse missions from a variety of organizations across the country strongly agree that a national infrastructure would be useful to their work.

The next step is to fully develop the road map to accomplish this, including the resources that will allow us to implement a national preservation data infrastructure. For more information on this effort, visit www.preservation.shimberg.ufl.edu/.

Figure 1

CREATION OF A NATIONAL PRESERVATION DATA INFRASTRUCTURE

PROPOSED STRATEGY

1: Develop a plan to communicate this proposal to and create support for this concept from organizations involved in affordable housing financing, development and advocacy

- Create a **Communications Working Group** of interested parties
- The objective is to speak with one voice about the need/benefits of creating this infrastructure and data standards
- Entities contacted should include the National Council of State Housing Agencies, RD, the National Governors Association, HUD, the National Association of Housing and Redevelopment Officials, the National Association of Local Housing Finance Authorities, etc
- Inform Congress of this effort

2: Develop a framework for the infrastructure that involves a variety of organizations

- Involve a variety of organizations to make the infrastructure successful
  - HUD, RD
  - State housing finance agencies
  - Public housing authorities
  - Local housing finance authorities
  - Interested cities
  - National developers
  - Advocates interested using data in their work
  - Tenant groups
- Develop a communication process for initial decisions and ongoing management
- Develop process between initial working groups and ideal entities to be involved to ensure that stakeholders are able to participate and comment on group's work
- Ensure that the national infrastructure includes an ongoing process to communicate with state and local data collectors

3: Develop consensus on content and procedures for a national data infrastructure

- Form a **Technical Working Group** of interested parties that should include technical and analytical experts, as well as end users, to carry out initial work
- The working group will create a proposed framework for the infrastructure and data elements to be included, along with preliminary standards and definitions
- Initial tasks will include:
  - Develop a list of the key information needed from HUD and RD, as well as missing data from the federal databases;
  - Create a unique identifier process;
  - Create draft data standards and definitions;
  - Carry out a formal process to finalize data definitions and standards. Draft definitions and standards must be broadly distributed to stakeholders for comment for public comment; and
  - Finalize these products after public comment
- Data elements
  - Determine the universe of programs that should be included in the infrastructure, starting with more easily available HUD and RD databases

- Agree on data elements to be used in infrastructure, using elements ranked as highly important in this meeting
- Unique identifier – critical to implement across all databases
- Frequency of update
  - Initial standard – each dataset should be updated as often as its primary source (e.g., HUD, RD) updates the dataset; otherwise the infrastructure will always be outdated
    - This will generally be quarterly
    - Consider how to respond to more robust updates, such as the 60 day prepayment data from RD
  - Transparency – i.e., one should know when the available data were last updated
- Public access to data – Is full access the goal?[2]
  - Whatever HUD data are available from HUD and through public records should be publicly available
  - Access to data in the national infrastructure should be free
- Develop common definitions and standards for highly rated data elements that are generally available
- Develop standard, feasible methods to collect data elements that are highly rated but less frequently collected

4: Select an entity to implement and manage the National Infrastructure

- The Technical and Communications Working Groups will develop the criteria by which to choose the managing entity. Initial criteria are:
  - Organization should not take specific policy positions on aspects of preservation or other affordable housing issues, but could be a non-controversial advocate for the general issue of preservation, as well as the need for access to quality data
  - Organization should have information technology technical expertise, including programming knowledge
  - Organization must understand affordable housing programs and have preservation transaction expertise
- Choose and fund an entity to develop and maintain the infrastructure
- Once the entity is in place, maintain an advisory group made up of preservation data contributors and users to work with the infrastructure organization
- Encourage peer-to-peer support for development of national standards within groups of entities such as public housing authorities, state housing finance agencies
- Provide training to promote use of national data standards and involvement in the national infrastructure

5: Implement the National Infrastructure

- Initial focus – aggregate available data from federal programs into the infrastructure, to include:
  - Section 8 and all other available project-based rent subsidy databases
  - Low Income Housing Tax Credits
  - Section 202, 221(d)(3), 236, 811 and other like HUD programs
  - Section 514, 515, 516, 521 and any other RD programs
  - Others as available
- Over time – Create stock reports from the database for use by those interested in preservation. Showcase national standards to those with state and local property portfolios (i.e., funders,

[2] There was no final consensus on this issue at the meeting. The public access strategy included here focuses on particular statements made at the meeting that have the support of the project staff and a number of the members of the advisory committee. More discussion is needed on this issue.

syndicators) to encourage them to create similar databases that can be aggregated with the national infrastructure. Ensure that national data standard development considers, to the extent possible, state and local needs/concerns to promote involvement of these entities in the long term
    - Use the National Council of State Housing Agencies as the organizing entity through which state housing finance agencies begin talking about involvement in this project. Pull a group of these agencies together to discuss and consider steps they must take to be involved
    - Use the National Council of State Housing Agencies model to encourage the National Association of Housing and Redevelopment Officials, the National Association of Local Housing Finance Authorities and others to become similarly involved
- Future goal – bring federal, state and local data into the national infrastructure over a number of years.

Figure 2

Strategy for Establishing a National Preservation Data Infrastructure