Existing Affordable Housing Stock Must Be Preserved

While new construction is greatly needed to boost supply, we must act with a sense of urgency to help developers maintain units for low-income earners before covenants lapse.

Ryan von Weller

We are facing a critical moment in affordable housing. For years, affordable housing developers and advocates have been working tirelessly to provide safe, stable housing for millions of Americans who need it. Now, the expiration of affordability restrictions on thousands of units built decades ago could significantly reduce the available affordable housing stock. Without action, we risk losing a vast portion of our affordable housing stock, and low-income renters may face even greater housing instability.

In Florida alone, the University of Florida's Shimberg Center reports that more than 33,000 publicly assisted rental homes could lose affordability protections by 2034 unless renewed. At the same time, nearly 905,000 low-income renter households in Florida are struggling to afford their housing costs, a gap that new construction alone won't close quickly enough.

While new construction is important, we can't afford to let these existing homes slip away. The loss of these units will be devastating for families and communities already struggling to make ends meet.

Why Preservation Matters

For too long, the conversation about affordable housing has been dominated by new construction. It's true that building new homes is vital, especially in rapidly growing regions. But equally important, if not more so, is the preservation of the affordable housing communities we already have. We cannot overlook the value of maintaining and upgrading existing units to keep them affordable and maintained for future generations.

The expiration of affordability requirements, set decades ago, is an urgent issue. Program rules vary widely by state and by funding source. Federally, Low-Income Housing Tax Credit (LIHTC) properties have a 30-year restricted-use period, with some older pre-1990 allocations governed by only 15 years. States like Florida offer a 50-year affordability period, while others, like California, stretch that to 55 years, and certain jurisdictions use 99-year covenants.

However, as these timelines run out, owners can lawfully exit affordability and turn affordable units into market-rate units unless agreements are extended or recapitalized. The pressure is highest in strong markets where rents have hit record levels.

Despite the high numbers of multifamily completions recently, the inventory of lower-rent units continues to shrink.

Role of Federal Policy in Preservation

We need decisive, aggressive strategies to preserve affordable housing before it's too late. The One Big Beautiful Bill Act (OBBBA) offers some hope. Among its changes that begin this year are a permanent 12 percent increase in 9 percent LIHTC allocations and a permanent reduction of the private-activity bond financing threshold from 50 to 25 percent.

This means developers would only need to finance 25 percent of their project costs with tax-exempt bonds to qualify for 4 percent housing credits, making many more projects financially feasible.

These changes are key because they increase the capital stack available for both new construction and preservation deals, allowing more properties to stay affordable through recapitalization rather than converting to market-rate.

The good news is that preservation is possible, but it requires action now. We should prioritize building an aggressive preservation pipeline, identifying assets with 30- and 40-year affordability requirements early and securing new credits or bonds under the 25 percent test. It's crucial to underwrite long-run capital needs before covenants lapse.

Florida and California's existing 50-year and 55-year affordability frameworks, respectively, can serve as a model for extending affordability across other states.

Partnerships for Long-Term Preservation

We also need to be open to partnerships with mission-aligned owners. By supporting nonprofit or public purchasers and implementing right-of-first-refusal strategies — agreements that give these entities the first opportunity to purchase a property before it is sold to another buyer — we can keep regulated units in the affordable stock. National reporting shows that this approach is a powerful bulwark against the loss of affordable housing.

These partnerships are especially important because nonprofit and public entities are often willing to accept lower returns in exchange for long-term affordability. Expanding acquisition and preservation funds can give these groups the capital they need to compete with private investors when properties come up for sale. Cities and states can also play a key role by offering gap financing, low-cost debt or property tax relief to make preservation deals viable.

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Models such as community land trusts, housing finance agency preservation programs, and mission-driven joint ventures have proven successful in maintaining affordability over decades. Right-of-first-refusal provisions, such as those used in Washington, D.C., and San Francisco, empower tenants, nonprofits or public entities to purchase affordable properties before they're sold on the open market, preventing displacement of residents.

Without Preservation, We Lose Ground

The expiration of affordability restrictions threatens to undo years of hard work and progress. National analyses from Harvard's Joint Center for Housing Studies and the National Low Income Housing Coalition show cost burdens are at or near record highs, creating a persistent shortage for the lowest-income renters. This is evidence that losses from expiring restrictions outpace preservation and new supply at the deeply affordable end. While new construction is necessary, we cannot overlook the importance of preserving what we already have.

We need policies that prioritize preservation, support developers in their efforts to maintain affordable units and ensure that our communities continue to have access to housing they can afford. The OBBBA is a step forward, but it's just one piece of a much larger puzzle.

Without decisive preservation strategies layered on top of new construction, we'll keep losing ground, especially for households at the lowest incomes. Our job is to keep these homes affordable for the long haul by moving early, pairing policy with capital, and making the new federal tools work on the ground.

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