



# Affordable Homes At Risk

## Preservation Challenges & Opportunities

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Monday, April, 13, 2026 | Zoom

# Welcome & Overview

*Matt Schwartz*

*CEO, California Housing Partnership*



# Agenda

- **CHP's Affordable Homes At-Risk Reports**
  - Subsidized Homes Overview
  - Unsubsidized Homes Overview
- **Case Studies in Preservation**
  - Preserving Unsubsidized Properties: Burbank Housing
  - Preserving Existing Affordable Properties: Self-Help Enterprises
- **Policy Solutions**
- **Q&A** *(you may submit questions via Q&A function in Zoom throughout all presentations)*



**AT-RISK REPORT**

# **Subsidized Affordable Homes**

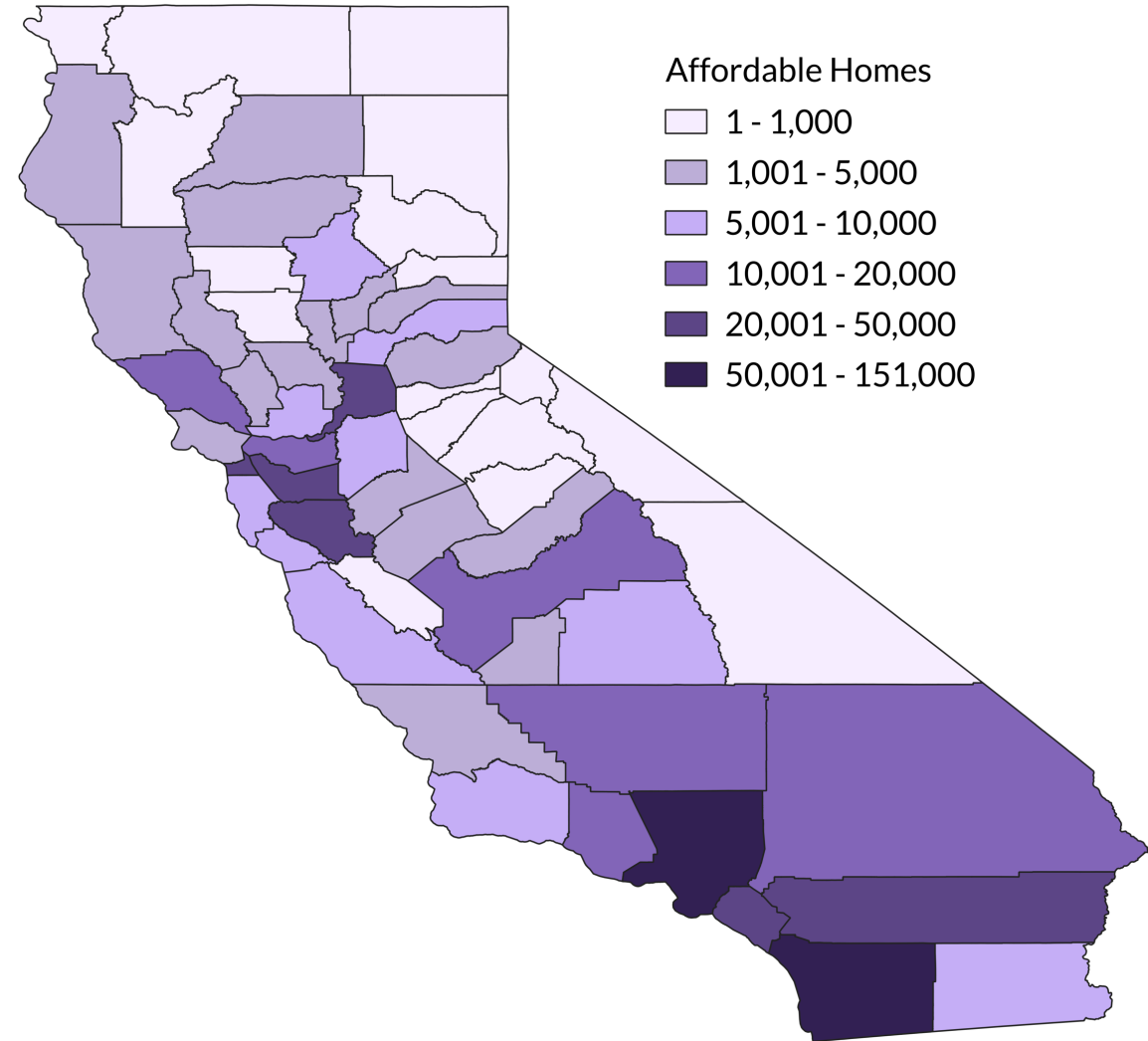
*Danielle M. Mazzella*

*Associate Research Director, California Housing Partnership*

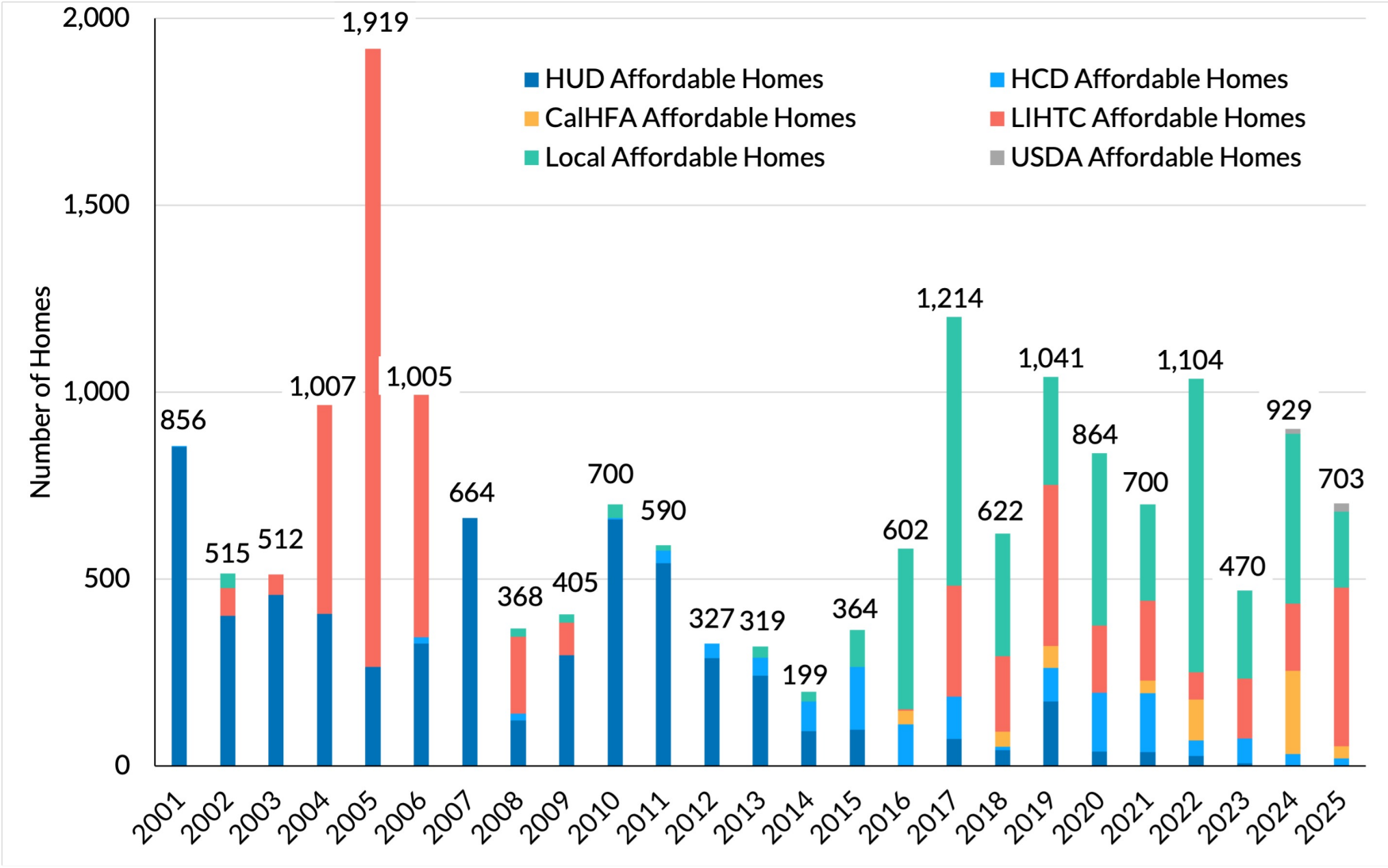


# Subsidized Rental Housing Statewide

RISK LEVEL	DEVELOPMENTS	AFFORDABLE HOMES
Very High	139	6,082
High	386	26,291
Moderate	310	14,182
Low	8,106	547,500
<b>Total</b>	<b>8,941</b>	<b>594,055</b>

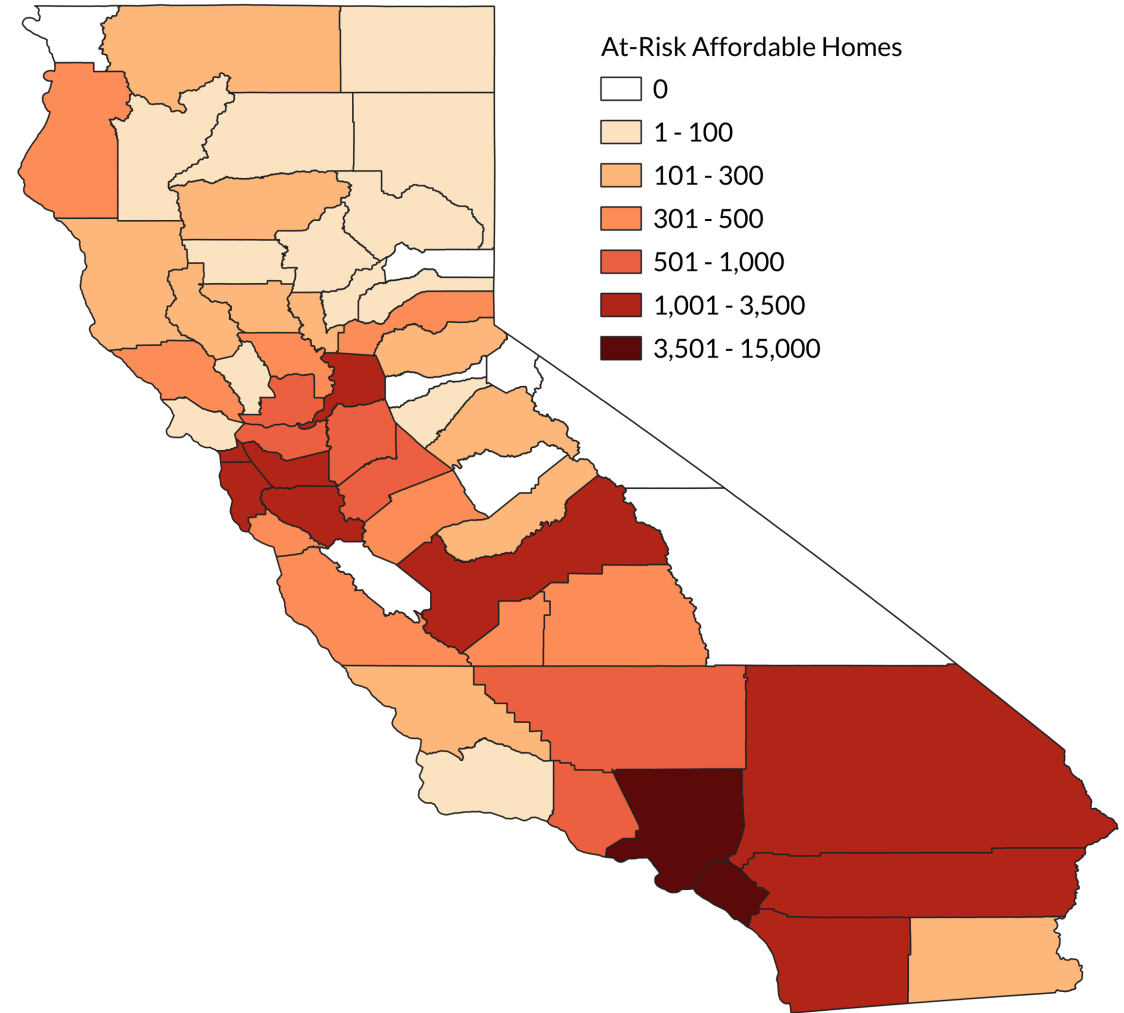


# Lost Subsidized Rental Housing



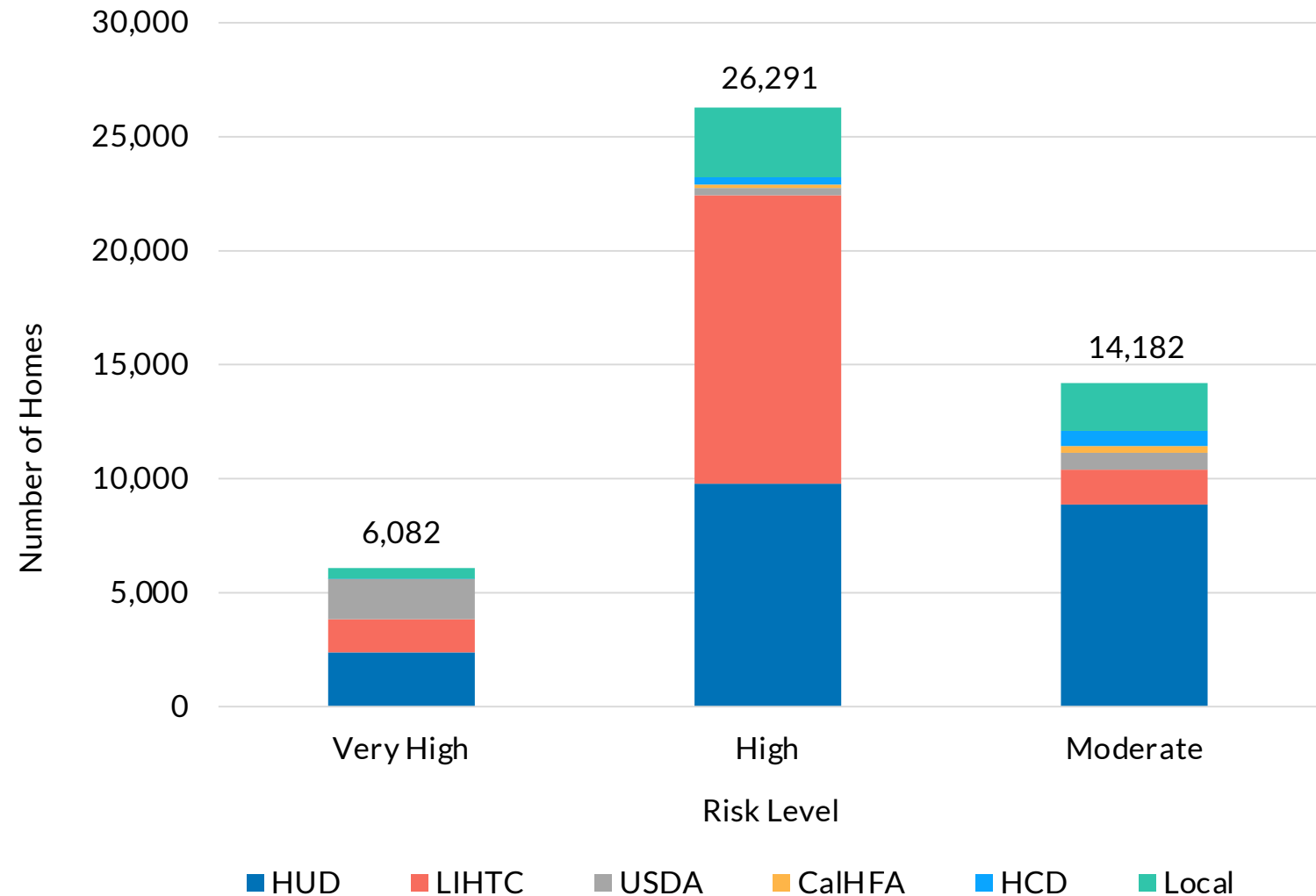
# At-Risk Subsidized Rental Housing

PROGRAM	AT-RISK	LOW RISK
HUD	21,004	38,120
LIHTC	15,663	450,268
USDA	2,815	5,636
CalHFA	454	1,762
HCD	998	21,979
Local	5,621	29,735
<b>Total</b>	<b>46,555</b>	<b>547,500</b>



# Subsidized Rental Housing Statewide

*8 out of 10 homes at risk over the next ten years are subsidized and restricted by HUD and Low-Income Housing Tax Credits.*



**AT-RISK REPORT:**

# **Unsubsidized Affordable Homes**

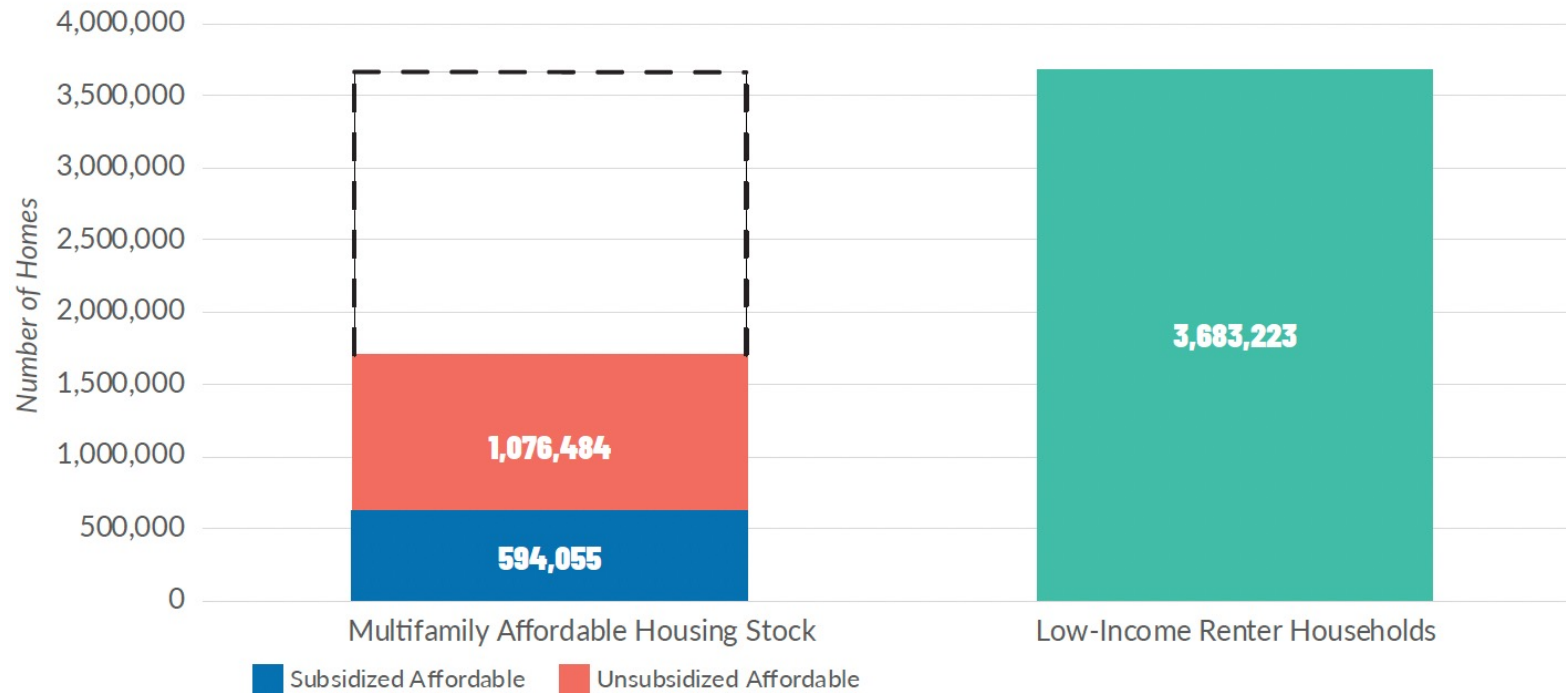
*Matt Alvarez-Nissen*

*Research Manager, California Housing Partnership*



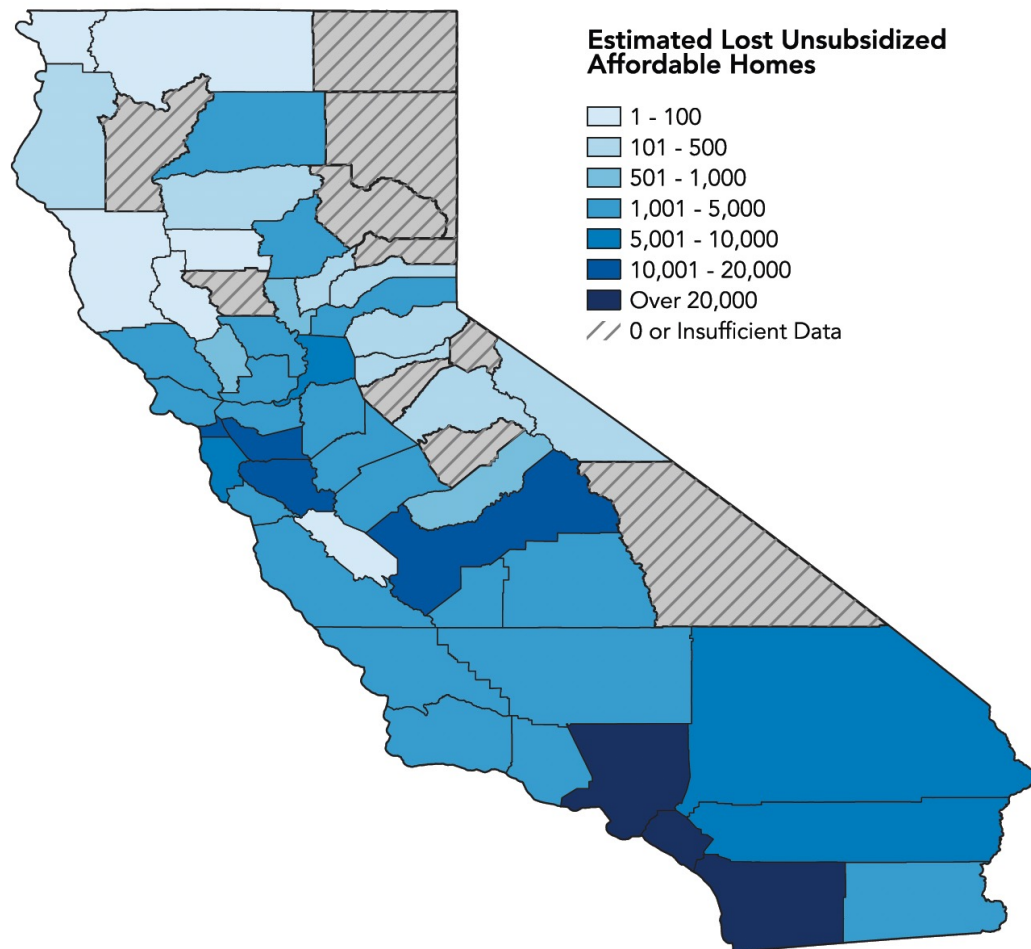
# Unsubsidized Affordable Rental Housing

- About **1.08 million** existing affordable homes in CA are unsubsidized
- Compared to subsidized housing, unsubsidized apartments constitute a significantly larger share of the state's affordable housing stock



Sources: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2025; California Housing Partnership Preservation Database, March 2026; Analysis of 1-year ACS PUMS data (2024) with HUD income levels.

# Lost Unsubsidized Rental Housing



- About **268,000 homes** lost affordability
- Unsubsidized apartments have mostly been lost in the Bay Area and Southern California, as well as Sacramento and Fresno Counties
- Nearly half of lost homes are in higher opportunity neighborhoods

Source: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2025.

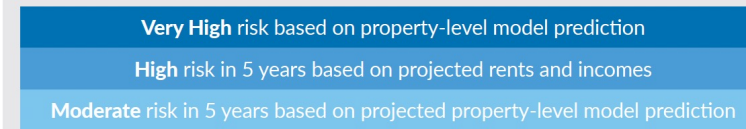
# At-Risk Unsubsidized Rental Housing

- Of an estimated 1,076,484 unsubsidized affordable homes, **78,133** are currently at **very high risk** of losing affordability imminently
- **354,332 to 433,166** homes are at **high or moderate risk** of losing affordability in five years
- Highest concentrations of at-risk homes in Southern California and the Bay Area

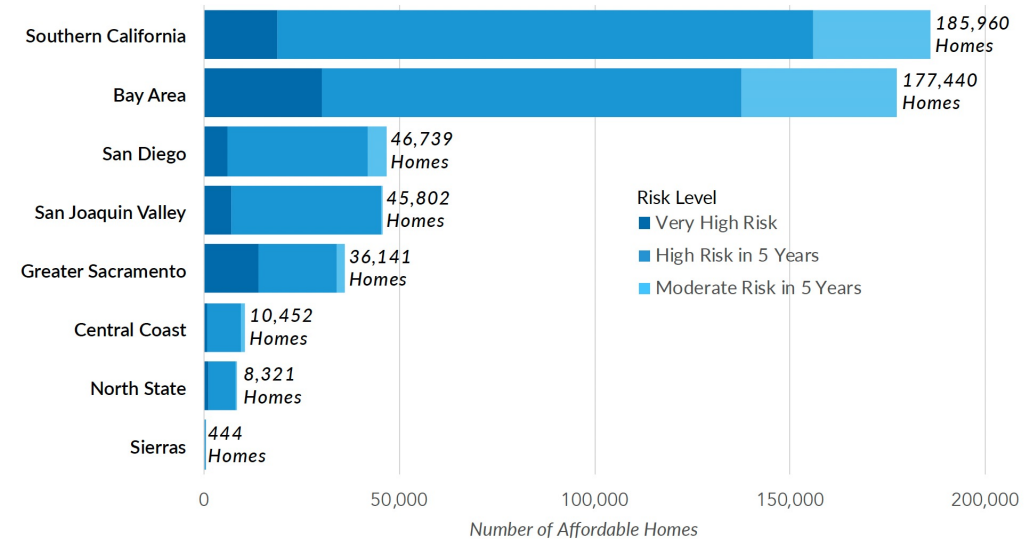
## UNSUBSIDIZED AFFORDABLE HOUSING RISK MODEL

The California Housing Partnership analyzes conversion patterns among the state's stock of unsubsidized affordable housing to identify which homes are most immediately at-risk of losing their affordability. While previous versions of this report relied on a tract-level risk index, for the first time the Partnership is able to identify immediate risk and project future risk at the property-level for every identified unsubsidized affordable housing property in the state using our Unsubsidized Affordable Housing Risk Model.<sup>14</sup>

The risk categories are as follows:

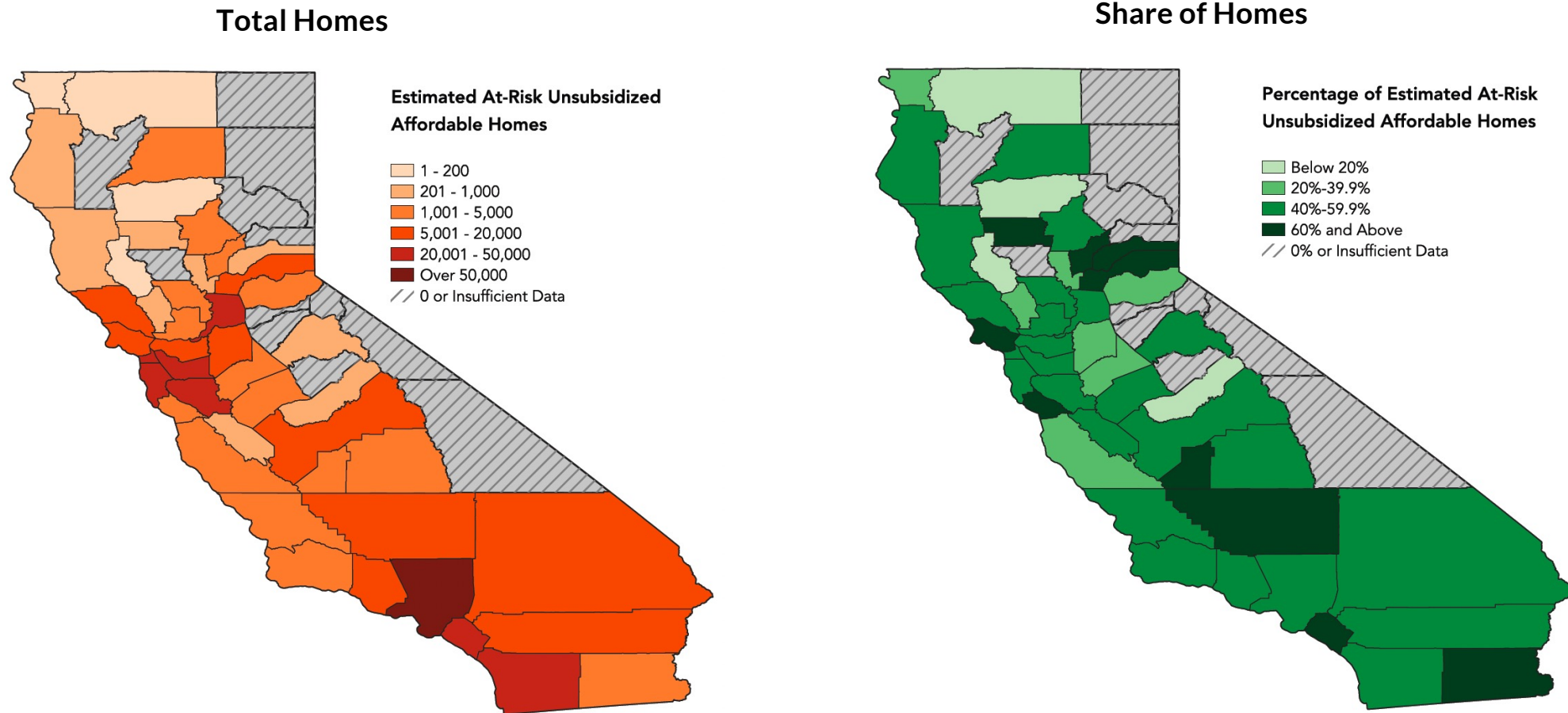


## At-Risk Unsubsidized Affordable Housing by Region



Source: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2025.

# At-Risk Unsubsidized Rental Housing



Source: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2025.

## CASE STUDY

# Healdsburg Four Scattered Site Project

*Moderator:*

*Heather Bromfield*

*Associate Director, Preservation–Northern California, Enterprise Community Partners*

*Presenter:*

*Rich Wallach*

*Senior Director of Housing Finance & Business Development, Burbank Housing*



# Healdsburg Scattered Site Project



## Project Inception

- In early 2019, the City of Healdsburg in Northern Sonoma County, known mostly as one of Sonoma County's best known and loved wine valley towns, reached out to Burbank to help them preserve Monte Vina, a 23-unit property on the market at risk of being converted to "second home" units.
- We would combine this with a Burbank owned project, a 51-unit complex out of the initial 15-year compliance period, considered to be in reasonable condition but could benefit from recapitalization.
- Within a few weeks, the City also learned of two additional properties available by the same seller. The City offered to tie up all three properties, provide sub debt assistance to acquire, which enticed Burbank to conduct due diligence and fully evaluate moving forward on a 90-unit project.



*Monte Vina Apartments, pre-rehab*

# Healdsburg Scattered Site Project



## Evaluation and Underwriting

- Next steps included detailed scoping of rehab costs of all three properties as well as what was expected to be a more limited scope for Canyon Run.
- A more detailed certification of incomes to determine whether there were residents over 80% AMI's that needed to be permanently relocated to allow qualified tenants to live there and have all units be tax credit compliant. Eight tenants were found to be over 80% at the three NOAH acquisitions
- Initial estimates of total rehab costs ranged from \$7.3-8.4m +10% owner's contingency. When completed, that number would almost double!



*Piper Apartments*

# Healdsburg Scattered Site Project



## Major Issues throughout the project

- Complex underwriting challenges which caused a major hiccup right before closing
- Temporary relocation challenges in a tourist-centric economy including managing on site vacancies to minimize cost and inconvenience
- Permanent Relocation for both over 80% income and 60-80% income tenants
- Scope creep and challenges with Building depts including triggers to force enhanced scope



*University Apartments*

# Healdsburg Scattered Site Project



## Lessons Learned

- Don't delay on tenant income certifications
- Destructive testing
- Expect the unexpected
- Choose contractors wisely, especially on complicated projects
- Overcommunicate with your tenants. Don't spare them your challenges
- Engage the entire team on solutions
- Don't entirely depend on your consultants- question everything
- Never assume appearances are what is behind the walls



*Monte Vina, nearing completion*

# Healdsburg Scattered Sites Financing



Sources	Amount	Share
Tax Credit Equity	\$18,590,106	38%
JPMC Permanent Loan (Tranches A&B)	\$9,900,000	20%
Seller Carryback Loan	\$8,631,707	17%
Deferred Developer Fee	\$4,108,033	8%
City of Healdsburg (Canyon Run)	\$2,485,652	5%
City of Healdsburg (Monte Vina, Piper, University)	\$1,772,515	4%
Sonoma County HEAP loan	\$1,067,194	2%
Burbank Housing Loan	\$819,142	2%
Income from Operations	\$731,385	1%
Sonoma County HOME Loan	\$477,092	1%
Sonoma County CDBG Loan	\$430,873	1%
RCAC Loan	\$300,000	1%
CalHFA School Facility Fee Reimbursement Prog Loan	\$108,120	0%
<b>Total</b>	<b>\$49,421,819</b>	

# Healdsburg Scattered Sites - Uses



Uses	Amount	Share
Acquisition Costs		
Monte Vina	\$7,000,000	14%
Canyon Run	\$11,000,000	22%
University	\$2,200,000	4%
Piper	\$2,100,000	4%
Hard Costs (Rehab)	\$14,121,609	29%
Soft Costs	\$12,370,872	25%
Financing	\$629,338	1%
<b>Total</b>	<b>\$49,421,819</b>	
<b><i>Total cost per unit</i></b>	<b><i>\$549,131</i></b>	

# CASE STUDIES

## State & Federal Preservation Programs in Action

*Moderator:*

*Lauren Maddock*

*Senior Director, Financial Consulting-Portfolio Recapitalization*

*California Housing Partnership*

*Presenter:*

*Betsy McGovern-Garcia*

*Vice President, Self-Help Enterprises*





Self-Help Enterprises has worked together with low-income families to build and sustain healthy homes and communities since 1965. The pioneer and leading provider of mutual self-help housing in the United States, SHE's efforts today encompass a range of endeavors to build better homes and communities for farmworkers and other hard-working families.



**6,663**

Homeowners have built their own home



**3,107**

Units of rental housing have been developed



**7,098**

Owner-occupied homes have been repaired



**3,158**

First-time homeowners have been assisted with purchasing a home



**18,377**

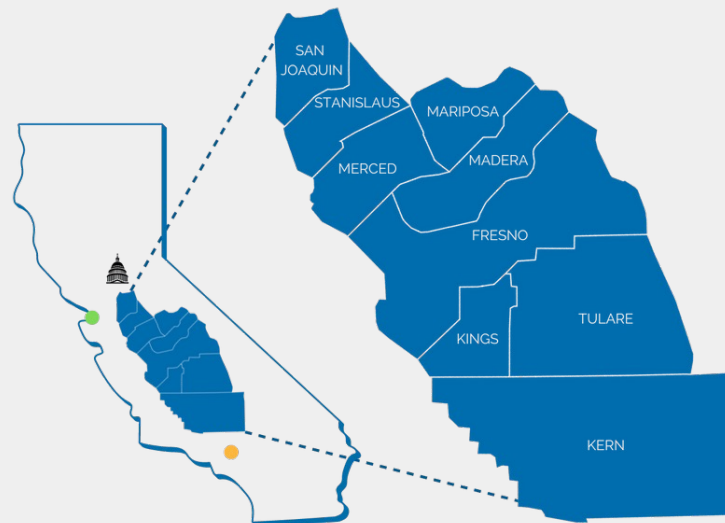
Participants have completed homeownership education

**13,000+**

Households have received water tanks, hauled water, well repairs, or other emergency water solutions

**36,000+**

Individuals in over 60 communities have been assisted with safe drinking water and sanitary sewer infrastructure



**87,000+**  
individuals served since 1965

# Portfolio Reinvestment Program (PRP)

## Round 1



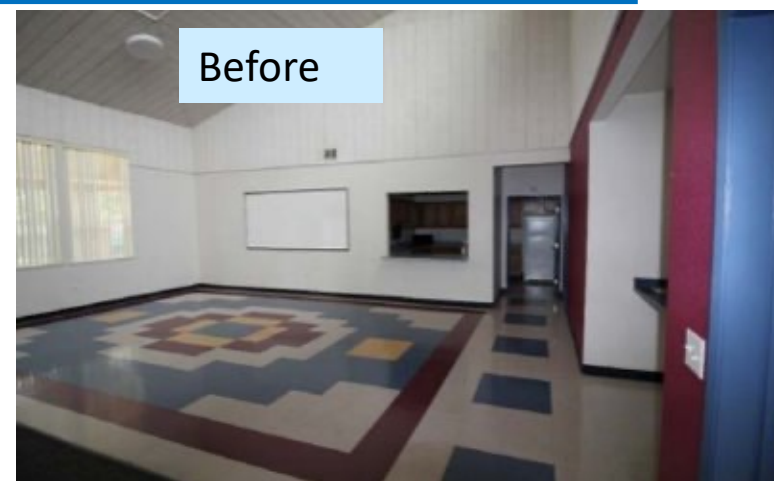
Round 1 eligibility: All HCD regulatory agreements will expire on or before December 31, 2032.

NOFA Issued March 2022.

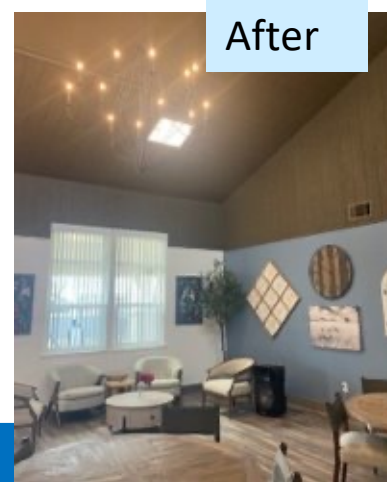
- Casitas Del Sol (Livingston) 36 units
- Goshen Village (Goshen) 64 units
- Villa De Guadalupe (Orosi) 60 units

**Total: 160 units**

- Total Award of PRP: \$25,275,000
- Total Developer Fee: \$3,159,275
- Leveraged \$1,325,286 of Low-Income Weatherization Program (LIWP) funding



Before



After



# HCD Legacy Projects

## *Dinuba Manor (24 units)*



- Original Funding: Rental Housing Construction Program (RHCP)
- HCD requested acquisition for assumed debt with covenant from 1991
- Acquired September 2019 and awarded PRP October 2024 in the amount of \$6,000,000
- 55-year covenant expires 2047 but eligible because "Legacy Program"
- Originally syndicated which allowed grandfathering



# HCD Legacy Projects

## *Mt. Whitney (29 units)*



- Historic hotel built in 1929 that was converted to housing
- HCD requested acquisition for assumed debt
- Original Funding: California Housing Rehabilitation Program (CHRP)
- Acquired April 2022 and awarded PRP November 2024 in the amount of \$6,322,500
- Syndicated tax credits with rehab in 1996 (covenants expire 2051)
- Structural issues, discovered mold in walls, ADA challenges



# USDA 515 Properties

## *Preservation Details*

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- Acquired Mariposa Oaks (December 2019) and Valley Oaks (April 2020)
  - Capital stack worked with just a new USDA 515 acquisition loan and 9% credits
- Currently working to preserve 4 additional properties
  - Initiated preservation effort in December 2019 and acquired September 2025
  - Capital stack requires an additional funding source to compete for 9% credits
- Acquired through the sale to non-profit program
  - Two step closing with acquisition by non-profit first
- Assume existing debt and provides new USDA 515 loan for balance of acquisition
- Requires lengthy underwriting and USDA-approved appraisal and Capital Needs Assessment (CNA)
- Rental Assistance in all projects acquired with USDA 515 funds (not decoupling)

# USDA 515 Properties

## Heritage Properties



**Reedley Heritage**  
New USDA loan:  
\$1,941,442  
Tax Credits: : \$2.8M  
Other Sources: \$2M  
HOME  
**# Units: 23**



**Selma Heritage**  
New USDA Loan: \$1,471,393  
Tax Credits: \$3.7M  
Other Sources: Fresno HOME  
\$2M, RCAC CMF \$500,000,  
Sponsor loan \$500,000  
**# Units: 24**



**Exeter Heritage**  
New USDA loan:  
\$1,896,171  
Tax Credits: : \$5.3M  
Other Sources: \$2.2M  
HOME, \$500,000 in  
RCAC CMF  
**# Units: 24**



**Lemoore Heritage**  
New USDA loan: \$1,777,252  
Tax Credits: : \$3.4M  
Other Sources: \$2.2M HOME,  
\$500,000 RCAC CMF  
**# Units: 23**

# Lessons Learned

## *Challenges & Opportunities*

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- Challenge with small projects and barriers to scattered site applications
- Understand your return-to-owner and budget implications with USDA
- Be patient.
- Early and frequent resident communication.
- Consider DISPLACEMENT-projects not previously syndicated cannot grandfather residents; consider income averaging
- Manage relocation-turn units in 21 days
- Understand ADA – targets often not feasible, cause issues with existing residents, may need waivers from all partners
- Beware when you open the walls!
- Need ongoing funding --- PRP and LIWP

# Questions & Contact Information

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Betsy McGovern-Garcia  
Vice President  
(559) 802-1653  
[betsyg@selfhelpenterprises.org](mailto:betsyg@selfhelpenterprises.org)



# Policy Solutions & Opportunities

*Justine Marcus*

*Director of Policy–Northern California, Enterprise Community Partners*

*Natalie Spievack*

*Senior Legislative & Regulatory Affairs Manager, Housing California*

*Tiyasha Watts*

*Associate Director of Policy Advocacy, California Housing Partnership*



## Existing Affordable Housing Preservation Policy Solutions

- [AB 750](#) (**Quirk-Silva**)- Once amended, will authorize HCD to expand access to the Portfolio Reinvestment Program (PRP) to challenged developments at risk of being converted to market rate, and developments that have insufficient access to private or other public resources to complete substantial rehabilitation.
- [AB 2020](#) (**Gabriel**) – Authorizes HCD to allow for excess reserves or operating income to be transferred between affordable housing developments that share the same sponsor or affiliated ownership.
- [AB 2626](#) (**Gabriel**) – Authorizes HCD to waive 0.42% monitoring fee or residual receipt payments.
- [AB 726](#) (**Avila Farias, 2025 – Signed by Governor!**)- Allows for local jurisdictions to include in their annual progress reports (APR) the number of existing affordable housing units rehabilitated.



# Acquisition Preservation Policy Solutions

- [SB 1091](#) (**Caballero**)- Creates the Community Anti-Displacement and Preservation Program (CAPP) at HCD, to fund the acquisition and rehabilitation of unrestricted housing units and attach long-term affordability restrictions.
- [AB 2089](#) (**Ward**) -streamlines compliance for welfare tax exemptions by allowing electronic signatures for exemption paperwork, requiring counties to publish and promptly update clear documentation requirements, mandating earlier release of income recertification forms (by November 15), and protecting affordable housing developers from property tax penalties and interest during construction or periods of delayed exemption status, such as ownership changes.
- [AB 670](#) (**Quirk Silva, 2025 – Signed by Governor!**)- Allows for local governments to report in their Annual Progress Report (APR) each year regarding demolished and replacement units, and to report the number of units in an existing multifamily building that were converted to affordable housing, as specified, for up to 25% of a jurisdiction's regional housing need allocation (RHNA) for lower income units.



# State Budget Preservation Solutions:

- \$200 million for the Portfolio Reinvestment Program (PRP) to prevent conversion of HCD funded affordable housing to market rate housing.
- \$500 million for the Multi-Family Housing Program (MHP) with a \$60 million set-aside for affordable housing facing extreme financial risk due to operation challenges attributed to rising insurance costs.



# \$10 Billion Housing Bond | \$1.3 Billion for Preservation

- [SB 417 \(Cabaldon\)](#) / [AB 736 \(Wicks\)](#):
  - Aiming for November ballot this year
  - Programs included:
    - CalHome
    - CalHFA's Downpayment Assistance Program
    - **Community Anti-Displacement and Preservation Program - \$500 million**
    - Infill Infrastructure Grant Program
    - Joe Serna Farmworker Housing Grant Program
    - Multifamily Housing Program
    - **Portfolio Reinvestment Program - \$800 million**
    - Tribal Housing Grant Program
    - Wildfire prevention and affordable housing construction program (SB 417 only)
- Legislative and electoral path ahead





# Roadmap Home

Powered by Housing California

## Produces/preserves affordable homes

- 3.21- Create Community Anti Displacement and Preservation Program (CAPP).
- 3.22 -Expand the Portfolio Reinvestment Program (PRP)
- 3.23- Implement statewide Tenant Opportunity to Purchase Act (TOPA) and Community Opportunity to Purchase Act (COPA)

# Q&A

*Submit via 'Q&A' button in the Zoom toolbar*

