



OFFICE OF HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

FROM: Carol J. Galante, Deputy Assistant Secretary for Multifamily Housing Programs

SUBJECT: Preservation of affordable housing

DATE: May 12, 2011

Greetings from HUD's Office of Multifamily Housing Programs. We are more than half way through Fiscal Year 2011, and I wanted to take this opportunity to update all of you on some of the exciting work going on to preserve affordable housing. You can expect to hear more regular updates from me on the work we are doing together to develop, manage and protect rental housing for low-income residents. We will provide important policy updates, case studies and shared stories of best practices.

Preserving affordable housing is essential. Over the last 10 years, every time three new affordable housing units are built in the U.S., we have lost two. Our existing stock of affordable housing is a critical resource for families who otherwise would not have access to safe, decent places to call home. Preserving existing housing can also be cost-effective, something that really matters to all of us, particularly today.

Our task is formidable. HUD's portfolio includes more than 22,000 privately owned multifamily properties and more than 1.4 million assisted housing units. Developed up to 40 years ago, many are seeing their original financing supports expire just as major building systems give out, reserves dwindle, and original owners grow fatigued from decades of navigating the federal bureaucracy.

Today, HUD is working with you to tackle these challenges head on. Our Multifamily team, here in HUD Headquarters and in offices throughout the country, is putting in place a flexible menu of preservation programs to enhance multifamily properties and safeguard their affordability over the long term. We know that what is needed for a troubled property in a challenged neighborhood may be very different from what is needed for a well maintained property in a strong housing market. That's why we are working closely with housing owners, tenants, policy advocates, and our committed field staff to develop solutions that work.

I am very proud of what we've accomplished in the first half of 2011. We have issued a series of policy directives to facilitate the repair and recapitalization of older HUD properties, while extending their affordability for current and future generations.

Please, let us know how these tools are working for you – and let us know about the preservation transactions you have completed this Fiscal Year.

· Notice 10-26 allows for the subordination of Section 202 loans as part of a preservation transaction

- Notice 11-04 streamlines the processing of Section 223(a)(7) FHA refinances of HUD properties. We are also working with our office of Affordable Housing Preservation, which is heading up the processing of many of these 223(a)(7) loans to help address our significant FHA loan pipeline.
- Notice 11-03 allows for the combination of efficiency units to reduce vacancies
- Notice 11-05 allows for the deferral of flexible subsidy debt
- Notice 11-08 allows for pension plan contributions for management agent employees that work in multiple sites – a common sense approach to Asset Management that makes good sense for our properties and our industry.

Electronic versions of these policy documents can be accessed on the HUD website at:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/notices/hsg](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg)

We have a number of other reforms in the works for the second half of the fiscal year – reforms that will make our programs more efficient, and that will provide new tools to preserve these critical housing resources. I look forward to our continued work together.

Sincerely,

Carol Galante