



Highlights of [GAO-04-992T](#), a report to the Committee on Financial Services, House of Representatives

MULTIFAMILY HOUSING

More Accessible HUD Data Could Help Efforts to Preserve Housing for Low-Income Tenants

Why GAO Did This Study

The Department of Housing and Urban Development (HUD) has subsidized the development of about 1.7 million rental units in over 23,000 privately owned properties by offering owners favorable long-term mortgage financing, rental assistance payments, or both in exchange for owners' commitment to house low-income tenants. When owners pay off mortgages—the mortgages “mature”—the subsidized financing ends, raising the possibility of rent increases. Based on a report issued in January 2004, this testimony discusses (1) the number and selected characteristics of HUD-subsidized rental properties with mortgages scheduled to mature in the next 10 years, (2) the potential impact on tenants upon mortgage maturity, and (3) the tools and incentives that HUD, the states, and localities offer owners to keep HUD properties affordable upon mortgage maturity.

What GAO Recommends

In its report, GAO recommended that HUD solicit the views of state and local housing agencies to determine what information on HUD-subsidized properties is needed and the most effective format to convey this information. HUD concurred with the report's conclusions and recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-04-992T.

To view the full product, click on the link above. For more information, contact David G. Wood at (202) 512-8678 or WoodD@gao.gov.

What GAO Found

Nationwide, the HUD mortgages on 2,328 properties—21 percent of the 11,267 subsidized properties with HUD mortgages—are scheduled to mature in the next 10 years, but among states this percentage varies significantly: from 7 percent in Alabama, to 53 percent in South Dakota. About three-quarters of these mortgages are scheduled to mature in the last 3 years of the 10-year period. As part of our analysis, we developed a searchable database available on a CD-ROM, showing property-level data for each of HUD's subsidized rental properties scheduled to mature in the next 10 years.

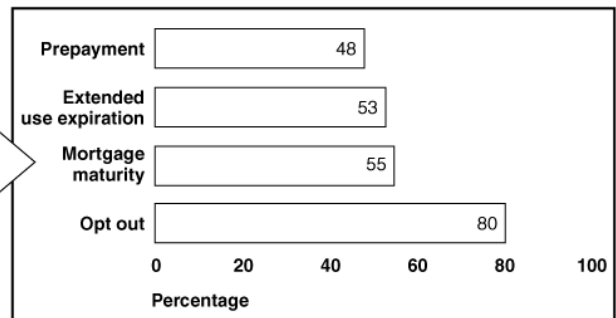
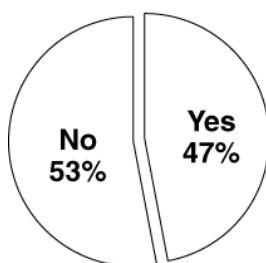
Impacts on tenants depend on tenant protections available under program statutes and regulations, as well as on property owners' decisions about their properties. No statutory requirement exists to protect tenants from increases in rent when HUD mortgages mature, absent the existence of rental assistance contracts or other subsidies. Without tenant protection requirements, tenants in over 101,000 units that do not receive rental assistance may have to pay higher rents or move when the HUD mortgages on these properties mature and rent restrictions are lifted. During the past 10 years, HUD-insured mortgages at 32 properties reached mortgage maturity, and the majority of these properties are still serving low-income tenants.

HUD does not offer incentives to owners to keep properties affordable upon mortgage maturity. While many state and local agencies GAO surveyed offered incentives to preserve affordable housing, they have not directed them specifically at properties where HUD mortgages mature. Most of the agencies do not track HUD mortgage maturity dates for subsidized properties. In addition, although HUD's Web site contains detailed property-level data, some state and local agencies perceive that the information is not readily available.

State and Local Agencies' Efforts to Identify and Track Properties that May Leave HUD Programs

Does your agency identify and track when properties are eligible to leave HUD's housing programs?

For which circumstances does your agency track when properties are eligible to leave HUD's housing programs?



Source: GAO.