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12 STATES AND CITIES TO PRESERVE 70,000 AFFORDABLE RENTAL HOMES WITH MACARTHUR SUPPORT

Chicago, February 26, 2009 – Seizing the opportunity to make needed long-term investments in the face of a weak economy, 12 states and cities are launching innovative projects to preserve more than 70,000 affordable rental homes.

The new projects will assist military families in Maryland, seniors in rural Iowa and Vermont, low-wage workers in Florida and Oregon, and people who have been homeless in Los Angeles. They will promote energy efficiency in Pennsylvania, save distressed buildings in Minnesota, improve management of rental housing in Washington State, and ensure that rental homes are available in gentrifying areas near public transit in Denver.

With the stock of affordable rental housing disappearing at an alarming rate, MacArthur's \$32.5 million investment – \$9.5 million in grants and an additional \$23 million in low-interest loans – will leverage more than \$147 million in other funding. The news was welcomed today by federal, state, and local housing officials across the country.

“These grants have spurred state and local innovation and leadership in the preservation of affordable housing,” said U.S. Department of Housing and Urban Development Secretary, Shaun L. Donovan. “At each grantee site, a representative of HUD has participated in developing the strategies and aligning efforts. It is my goal to make HUD a strong partner at the state and local level. The MacArthur Foundation should be commended for supporting partnerships across the government, private and nonprofit sectors.”

State and local governments in 40 states competed for MacArthur's support, indicating broad, national interest in preserving affordable rental housing. The Foundation's funding for these 12 projects is a part of MacArthur's Window of Opportunity initiative, a \$150 million, ten-year effort to preserve affordable rental homes across the nation. By investing in public sector initiatives such as these, the Foundation hopes to help create a wave of policy reform in cities and states that will make it possible to preserve one million homes this decade.

“For many years, the goal of home ownership has been emphasized in the U.S. and as a country we lost sight of the value of rental housing in a balanced national housing policy,” said MacArthur President Jonathan Fanton. “The end of the housing bubble and a wave of foreclosures have underscored the importance of affordable rental housing. We now have an opportunity to reset the policy agenda, restore rental housing to its proper place, and reshape the policy environment so that it both encourages rental

housing preservation and makes it easier to do. State and local governments are at the forefront of this effort, showcasing innovation and trying fresh approaches.”

Almost all Americans are renters at some point in their lives. Today, about one in three households – home to more than 75 million people – rent their homes, a number that is rising because of the foreclosure crisis and overall weak market for home sales. Yet, the supply of affordable rental homes is shrinking. Over the last decade, more than one million affordable rental homes were lost due to demolition, conversion to condominiums, expiring government subsidies, and rapidly rising rents. An additional one million homes are expected to be lost in the decade ahead. For every affordable home built each year, two are lost. This means there are not enough affordable homes for millions of Americans all across the nation, not simply in urban areas.

Now, while housing prices decline, acquiring multi-family rental properties is becoming more affordable, enabling cities and states to use scarce dollars more efficiently and effectively. The average cost to preserve a home is half that of building a new one. Preserving affordable housing also provides a stimulus to local economies. For instance, each job supported or created through affordable housing development in Oregon generates another one and one half jobs, on average.

“We’re leveraging our mass transit expansion and ensuring that Denver residents of all income levels have access to affordable housing near these critical transportation corridors,” said Denver Mayor John Hickenlooper. “This creates important economic opportunities for our workforce and further strengthens the character and vitality of Denver’s neighborhoods.”

Examples of the 12 creative state and local projects include –

- **Denver** – The City and County will establish a new loan fund for transit-oriented development that preserves affordable rental housing near existing and planned regional public transit stations. This investment will also help residents access job centers throughout the region. The Denver metropolitan area is undergoing the largest expansion in the nation of its public transit system.
- **Maryland** – Military base closures and the related relocation of 40,000 households will increase pressure on rents in eight counties. The State will ensure that rental housing preservation is a key element of the region’s response to the base closures by identifying preservation opportunities and creating a compact among state and local housing leaders to align efforts.
- **Oregon and Portland** – The City and State are expanding the Oregon Housing Acquisition Fund, a revolving loan fund created to finance the purchase of at-risk properties until permanent financing is available. Over the next five years, federal subsidy contracts will expire on 80 percent of Oregon’s privately-owned rental housing. Nearly one-quarter of these homes are located in Portland, where more than 2,700 families are waiting for rental assistance.

- **Pennsylvania** – In the largest such effort in the nation, Pennsylvania will conduct comprehensive energy audits to determine the most appropriate and cost-effective improvements for increasing energy efficiency in rental homes. Results will help reduce anticipated 40 to 60 percent increases in utility expenses in affordable rental housing for some of Pennsylvania’s neediest families.

A summary of all 12 projects follows this release. Additional information about each project, including photos and videos, is available at www.macfound.org/housing/statelocal. The MacArthur Foundation has a long history of commitment to affordable housing. Last year, the Foundation announced a \$68 million investment in foreclosure prevention and mitigation in Chicago. The Foundation also supports a \$25 million research program on how housing matters to families and communities. More information is available at www.macfound.org/housing.

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