

Bill Summary:

Housing Bond Bill¹

H. 4594

Passed by the House, March 12th, 2008

Currently before the Senate Committee on Ways and Means

Summary

The 2007-08 housing bond bill will authorize a \$1,275,000,000 five year capital plan for at least \$200 million in bond spending per year in general obligation bonds.

Sections 1, 2 & 6. Programs for new bond authorization include:

1. **\$500 million for the modernization of state assisted public housing.** In July, 2007, the Joint Housing Committee's special subcommittee on public housing made findings on the need for about \$1 billion in modernization and repair funds for public housing. This authorization could be "front-end loaded" in the 5 year capital plan by taking care of the worst case housing first.
2. **\$220 million for the affordable housing trust fund.** The fund, administered by MassHousing, was recently reauthorized in 2005 for \$100 million, and it is one of the state's most flexible housing programs. Increasing the current authorized amount would help meet existing demand for these funds in a predictable manner.
3. **\$125 million for the housing stabilization funds.** Provides deferred grants or loans to non-profits, for-profits or municipalities for homeownership, purchase, preservation or rehabilitation of distressed properties. This fund was reauthorized along with the housing trust fund in 2005. Thought to be a municipally friendly fund because of the required sign off by municipalities, this fund is the flexible sister to the housing trust fund and has sufficient demand for this five year capital plan. New to this fund is a "weak market" homeownership program. This program will focus funds on producing homeownership opportunities in areas with low rates of homeownership, vacant buildings or high concentrations of assisted housing.
4. **Other housing production, preservation and infrastructure programs include:** a \$50 million public housing demonstration program; \$40 million for the Facilities Consolidation Fund; \$75 million for the Housing Innovations Fund; \$30 million for transit oriented development; \$55 million for the Community Development Action Grants; \$100 million for the Capital Improvement Preservation Fund; \$50 million for Home Modification and \$30 million for Community Based Housing for people with disabilities.

¹ An Act Financing the Production and Preservation of Housing for Low and Moderate Income Residents.

Sections 3 and 4. Massachusetts low income housing tax credit expansion.

Created in 1999, the Massachusetts low income housing tax credit awards credits to investors in multi-family rental projects that meet strict affordability requirements. It encourages private investment in affordable housing and allows developers to finance part of the cost of the development with equity invested by local corporations and individuals, thereby reducing the amount of debt financing and helping to keep rents low.

Originally established for five years, in 2004, the General Court extended the Massachusetts low income housing tax credit program for five more years. The program now has seven years of success, resulting in over 2,300 affordable homes. Recognizing that success, this bill removes the year 2010 sunset clause and increases the amount of credits awarded from \$4 million annually to \$10 million annually.

Sections 5. HIF, HSF & CIPF added to the General Laws

Inserts Housing Innovations Trust Fund, Housing Stabilization and Investment Fund, and Capital Improvement and Preservation Fund into the General Laws Ch. 121E, Ch. 121F and Ch. 121G.

Section 7. Option to Purchase

Establishes an option to purchase properties that have affordability restrictions that expire under CBH and FCF projects funded pursuant to this bond bill.

Section 8. Capital Plan.

Requires the administration to file a yearly capital plan with the General Court.

Section 9. Deauthorization

Deauthorizes bond-funded authorizations from previous housing bond bills that are unexpended 90 days after the effective date of this act.