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## **Testimony on DHCD's FY 2010 Budget**

Sean Caron  
Director of Public Policy  
Citizens' Housing and Planning Association  
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CHAPA appreciates the priority housing has received in the Governor's first two budgets. We are particularly pleased with the additional funding for public housing operating subsidies, which have risen from \$45 million when the Governor entered office to its FY 2009 funding level of \$66.5 million. However, an increase in pressure on the rental market from foreclosures and tightening of credit coupled with our current economic situation have made it increasingly necessary to devote additional resources to affordable housing. To respond to our current housing challenges, CHAPA's budget priorities for FY 2010 include the following:

*Massachusetts Rental Voucher Program:* Last year, CHAPA requested a significant increase in MRVP but the program received a modest increase of \$3.1 million. While this increased funding is important, it falls far short of the need. This year, CHAPA is requesting \$50 million for MRVP. The additional increase in funding is needed for four main purposes:

- To serve new households with tenant based vouchers who are on the waiting lists. This is the quickest and most cost effective way to help families obtain permanent housing. With a shaky economy, it is important that families experiencing housing instability have resources to prevent homelessness.
- To provide new project-based vouchers to developers who agree to set-aside permanent housing units for extremely low income households or those below 30% of area median income. Non-profit and for-profit developers are unable to serve this needy population without both capital and operating subsidies.
- To allow the record number of families currently in shelters to return to stable housing, saving the Commonwealth money on shelter costs, and improving education and health outcomes.
- To adjust the administrative fee to \$40 per unit (from the current \$32.50). The fee has not been raised for several years and has not kept pace with increases in expenses.

*State Public Housing:* CHAPA respectfully requests \$87 million for the public housing operating subsidy, which represents a \$20.5 million increase. With the Administration's and the Legislature's support, the FY 2009 line-item for public housing operating subsidies was increased by \$6.5 million last year and over \$21 million in since FY 2007. However, the subsidy account funding is still shy of where it needs to be to adequately support and maintain this housing resource as documented by the Auditor's report and a study by Harvard University. A funding level of \$87 million would more accurately reflect local housing authority expenses and a reasonable increase to the non-utility expense levels.

*Housing Consumer Education Centers:* CHAPA supports at least \$5 million in funding for the Consumer Education Centers. The Centers provide education, outreach and counseling to consumers and landlords on a range of housing issues. This program has proven to be a cost-effective way to create and preserve homeownership, financial stability and self-reliance.

*Fuel Assistance:* CHAPA is extremely concerned by the potential impact that rising fuel costs have on adding to housing instability and homelessness. Anticipated federal Fuel Assistance funding for the 2008-09 winter currently stands at only \$83 million. Last year it was \$137 million (\$122 from LIHEAP and \$15 from the state). The drop in federal assistance takes place at an inopportune time, with home heating oil estimates near \$5 a gallon for the coming winter. CHAPA supports the Administration and Legislature's effort to fill the void with state fuel assistance to prevent housing instability caused by increase heating costs.

*Supportive Services in Public Housing:* Through the Commission to End Homelessness and Interagency Council on Housing and Homelessness, the Administration has explored models to couple housing assistance with services. The local housing authorities have crafted an innovative program to couple workforce development with public housing in a manner consistent with the Interagency's work. CHAPA urges the Administration to include at least \$5 million in the FY 2010 budget for this purpose to help families gain the job skills they need to move away from public assistance.

*Residential Assistance for Families in Transition:* CHAPA supports \$7.5 million for RAFT, a \$2 million increase from FY 2009. RAFT provides families with up to \$3,000 in flexible funds to help them to stay housed or move into their next home. However, the average award is approximately \$1,800. This additional funding will help provide similar funds to needy single-person households.

*SoftSecond Mortgage Program:* CHAPA supports \$7.5 million for the Soft Second Program. Since 1990, the SoftSecond program has served approximately 10,500 low- and moderate-income first time home buyers in 204 Massachusetts cities and towns. No other mortgage product offers the affordability of the SoftSecond program. Buyers save hundreds of dollars per month on their mortgage payments.

The program has helped to stabilize communities by encouraging owner occupancy and keeping delinquency rates extremely low.

*Foreclosure Prevention Counseling:* CHAPA supports at least \$2 million for foreclosure prevention counseling originally created through Ch. 206 of the Acts of 2007. Unfortunately, it appears we will continue to feel the effects of sub-prime lending and a softening housing market throughout 2009. The Ch. 206 counseling grants have been extremely helpful in providing counseling to achieve the best possible outcome for struggling homeowners.

*Alternative Housing Voucher Program:* CHAPA supports \$4.5 million for AHVP. The AHVP program provides rental assistance to very low-income single persons with disabilities. When the program was created, a commitment was made to serve 800 households; however, funding reductions have prevented this from happening. A modest increase of \$500,000 would assist new households and will help adjust the administrative fee so that is the same as MRVP.

Thank you providing us with the opportunity to submit this testimony. We look forward to working with Administration and Finance and DHCD as the budget process moves forward.