

**FY 2010 State Budget Priorities for Housing
Building Blocks Coalition
February 11, 2009**

Massachusetts Rental Voucher Program (7004-9024)

Final FY 09: \$33.047 million

House One FY 2010 Proposal: \$35.8 million

FY 10 Request: \$35.8 million

MRVP helps low income tenants pay their rent in private apartments at an average cost of approximately \$600 per month, much less than the \$3,500 average cost of one month in emergency family shelters. The program requires \$35.8 million to continue to serve the 5,100 families, persons with disabilities and elders with vouchers this fiscal year due to rising rents, loss of income, and the loss of one-time off-budget funding that filled the FY 2009 gap. This funding level is grossly insufficient to meet the demand caused by foreclosures, the economic crisis and continued unaffordable rents, which have contributed to over 2,650 families in homeless shelters. In fact, it is insufficient to support turnover when voucher-holders move on to market rate housing or pass away, so the program will shrink modestly at a \$35.8 million appropriation. However, CHAPA recognizes the budget crisis and has limited our FY 2010 funding request to program maintenance and not expansion.

Public Housing Operating Subsidy (7004-9005)

Final FY 09: \$66.5 million

House One FY 2010 Proposal: \$71.2 million

FY 10 Request: \$71.2 million

With the administration's and the legislature's support, the FY 2009 line-item for public housing operating subsidies was increased. 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 for this account would more accurately reflect LHA expenses and a reasonable increase to the non-utility expense levels.

Housing Consumer Education Centers (part of 7004-3036)

Final FY 09: \$1.85 million

House One FY 2010 Proposal: \$1.85 million

FY 10 Request: \$1.85 million

The Housing Consumer Education Centers provide education, outreach and counseling to consumers. The Centers have a variety of services and materials for tenants, first-time homebuyers, homeowners and owners of small rental properties. Studies conducted by Freddie Mac of over 40,000 mortgages conclude that homebuyer counseling substantially reduces the risk of delinquency and foreclosure. This is a cost-effective way to create and preserve homeownership, financial stability and self-reliance

Residential Assistance for Families in Transition (7004-9316)

Final FY 09: \$5.5 million

House One FY 2010 Proposal: \$5.5 million

FY 10 Request: \$5.5 million

RAFT provides families with up to \$3,000 in flexible funds to help them to stay housed or move into their next home. With this assistance, many families that have stable income but experience unexpected challenges are able to avoid homelessness and other housing difficulties without further subsidy. DHCD should continue to find cost-saving methods such as its work to negotiate debt forgiveness and repayment plans with utility companies so that allocated funds will be available for more families.

SoftSecond Mortgage Program (7004-2475)

Final FY 09: \$5.75 million

House One FY 2010 Proposal: \$2.5 million

FY 10 Request: \$2.5 million plus language to clarify ability to use Housing Stabilization Funds

Since 1990, the SoftSecond program has served more than 12,000 low and moderate-income first time home buyers in 278 Massachusetts cities and towns. No other mortgage product offers the affordability of the SoftSecond program. The program has helped to stabilize communities by encouraging owner occupancy and keeping delinquency rates extremely low. As of October, 2008, the delinquency rate for the program was 2.2 %, which is less than half of other mortgages made in Massachusetts, despite consistently serving households earning below sixty-five percent of the median income statewide. CHAPA supports the House One proposal to reduce the SoftSecond appropriation but fill the gap with a one-time use of capital funds from the Housing Stabilization Fund that requires a language.

Alternative Housing Voucher Program (7004-9030)

Final FY 09: \$4 million

House One FY 2010 Proposal: \$4 million

FY 10 Request: \$4 million

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. The legislature provided a modest increase for the program over the past two fiscal years, and DHCD has taken steps to increase the usefulness of the vouchers.

Foreclosure Prevention Counseling (7006-0011)

Final FY 09: \$2 million

House One FY 2010 Proposal: \$2 million

FY 10 Request: \$2 million plus language change

CHAPA supports at least \$2 million for foreclosure prevention counseling originally created through Ch. 206 of the Acts of 2007. Unfortunately, will continue to feel the effects of sub-prime lending, a softening housing market, and a struggling economy throughout 2009. The Ch. 206 counseling grants, funded through recurring revenue from the licensure of mortgage loan originators, have helped counselors to achieve the best possible outcome for struggling homeowners. In addition, we propose expanding the allowable uses to conducting outreach regarding the rights of tenants in foreclosed properties.

Get the Lead Out (7004-1966)

Final FY 09: Funded through recaptured revenue from home sales no longer available

House One FY 2010 Proposal: Outside section to permit funding transfer

FY 10 Request: Language to permit funding transfer from under-utilized Septic program

Get the Lead Out, administered by *Mass Housing*, provides low and no interest loans for households to remove lead paint from their homes. It critical for the Commonwealth to be able to provide safe housing for families by funding lead paint abatement because much of our housing stock predates 1978, when lead paint was banned from housing. Since 2002, the program has been able to subsist on revenue captured when homes that received loans are sold for a profit. This year, the program requires funding because the recurring revenue is insufficient to support continued operation. CHAPA supports a language change to permit *Mass Housing* to receive loan payments immediately so the program does not rely on home sales to recapture the funding awards to make the program more self-sufficient. We also support a language change to allow DHCD to transfer under-utilized capital funds for septic removal to fund *Get the Lead Out*.