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Patrick-Murray Administration Announces Funding for Affordable Housing, Jobs and Education

Administration announces annual volume cap allocation

BOSTON—Monday, February 4, 2008—The Executive Office of Administration and Finance today announced plans to support affordable housing, job creation and student loans through the use of tax-exempt private activity bonds.

The Massachusetts Housing and Finance Agency (MassHousing), the Massachusetts Development Finance Agency (MassDevelopment) and the Massachusetts Educational Financing Authority (MEFA) will each have access to a share of the state's \$585,393,106 volume cap on the issuance of these bonds for the 2008 calendar year. In addition, the Administration is reserving a portion of the 2008 volume cap to finance public housing projects.

Federal law limits the total volume of tax-exempt private activity bonds that may be issued in Massachusetts each year for private entities that are not charitable organizations. The 2008 volume cap, which is based on the state's population, is \$585,393,106, including \$37,163,931 of unused volume cap carried forward from 2007.

The Administration's 2008 volume cap allocation reflects its strong commitment to the creation and preservation of affordable housing. Volume cap totaling \$295 million, over half of all of the available volume cap in 2008, is dedicated to multi-family housing, including \$40 million dedicated to public housing (of which \$22 million is being carried forward from last year for planned public housing projects). The increased use of volume cap for multi-family housing projects and new requirements being imposed by the Administration for volume cap-supported housing projects will ensure that our use of volume cap leverages more federal tax credit equity available for such projects, providing significant additional subsidies to fund affordable housing in Massachusetts.

In addition, the Administration is doubling its allocation of volume cap for low-interest loans to income-eligible, first-time homebuyers to \$100 million, responding to the increased demand for safe, low-cost mortgages in the wake of the problems caused in the housing market by subprime mortgages.

Continuing its historic commitment to job creation through the use of tax-exempt private activity bonds, the Administration is again allocating \$100 million of volume cap to provide low-cost financing to small businesses in Massachusetts.

In 2008, the Administration is allocating over \$90 million of volume cap for subsidized student loans. For the first time, these subsidized student loans will be targeted to income eligible families and to students attending school in Massachusetts, ensuring that this valuable resource helps those who need it most and those who will be more likely to live and work in Massachusetts.

The 2008 volume cap reservations are as follows:

- \$270 million will be reserved for MassHousing - \$170 million is for multi-family affordable housing projects and \$100 million is for low-interest loans to income-eligible, first-time homebuyers.
- \$185 million will be reserved for MassDevelopment - \$100 million is for economic development projects and \$85 million is for multi-family affordable housing projects.
- \$90,393,106 will be reserved for MEFA for subsidized student loans.
- \$40 million will be reserved for public housing projects.

"Through our allocation of the state's 2008 private activity bond volume cap and the new restrictions we are imposing, we will generate significant federal subsidies to support affordable housing, job creation and access to education," said Undersecretary of Administration and Finance Jay Gonzalez. "We believe our targeted and balanced use of this critical resource will most effectively leverage it to support economic growth in the Commonwealth."

Through the issuance of tax-exempt private activity bonds, independent authorities collectively provide hundreds of millions of dollars of low-cost

financing each year for private projects that serve public purposes. These financings have a significant impact on the well-being of our Commonwealth and its citizens.

In 2007, the Administration's allocation of private activity bond volume cap resulted in low-cost financing for over 1,700 affordable housing units, over 1,400 first-time homebuyers, small businesses that created over 440 new jobs and assisted 36,000 students.