



March 5, 2014

His Excellency Deval Patrick
Governor of the Commonwealth
Massachusetts State House
Boston, MA 02133

RE: FY 2014 Capital Plan

Dear Governor Patrick,

Thank you for reaffirming the Commonwealth's commitment to affordable housing by signing the \$1.4 billion housing bond bill into law. Your continued support for affordable housing will help provide safe and stable homes; create jobs; and strengthen our communities for years to come.

As you know, the Commonwealth continues to face a housing crisis with more than 4,000 of our most vulnerable families living in shelters and motels. In addition, more than 229,000 Massachusetts renters pay more than 50% of their monthly income for housing, putting them at risk of housing instability and homelessness. In order to provide these families and individuals with more permanent places to live, work, and send their children to school, Massachusetts must increase its support for affordable housing at all levels, with more resources targeted for families and individuals with extremely low incomes.

With the passage of the \$1.4 billion housing bond bill, we must take this opportunity to increase support for affordable housing this year through an increase to the FY'2014 Capital Budget. While we thank you for consistent funding, we respectfully request a mid-year increase to the FY'2014 cap to \$232 million to create more affordable housing opportunities for low-income families and individuals.

State-Assisted Public Housing Assets
Public Housing Modernization – \$100 million

The Public Housing Modernization Program budget should be increased from \$90 million (including the AHTF funds for public housing) to \$100 million in FY'14 to help address capital improvement needs and return off-line units to productive use. An increase in capital funding for public housing modernization will help address the \$1.5 billion backlog in capital needs in approximately 46,000 state-assisted public housing apartments across 242 cities and towns.

These funds will help to provide homes for over 200,000 of our most vulnerable, extremely low-income residents and to create jobs for construction and maintenance workers.

Unfortunately, turnover of vacant public housing units remains a problem. At any given time, more than 1,000 state funded public housing units are off-line and remain vacant for over 60 days. We appreciate that your Administration has made decreasing unit vacancy rates a priority through programs like the Vacancy Re-Occupancy initiative. Each of these units represents an opportunity to house another extremely low-income family, the elderly, or the disabled. By increasing the bond cap for state-assisted public housing, you will help move more families out of shelters and motels and into safe and stable housing.

Capital Investment to Promote Public-Private Affordable Housing Partnerships
Housing Stabilization Fund (HSF) –\$27 million; Housing Innovations Fund (HIF) – \$15 million; Commercial Area Transit Node Housing Program (CATNHP) – \$10 million

The Commonwealth's public-private partnerships to develop affordable housing are critical to addressing housing instability for extremely low income households. The AHTF, HSF, HIF, and CATNHP all help address the oversubscribed pipeline of affordable rental development proposals that are forced to wait too long for commitments of state resources. Fully supporting these programs will allow high quality development proposals to proceed to construction with a commitment from state bond programs to fill gaps in financing. Homes built by these programs are desperately needed by a growing number of families and individuals that are paying unsustainable percentages of their income towards rent as housing costs rise. An increase in bond funds for these programs would reap rewards for extremely low income families and trades-people in need of work.

The HIF, for example, currently includes \$26.6 million in its development pipeline. By increasing funding for HIF to \$15 million, more housing can be built for our most vulnerable residents, including homeless individuals, households in need of transitional housing, and survivors of domestic violence.

As residents search for housing they can afford, there are homes across the state that have been abandoned and are dilapidated because of foreclosures. HSF helps state and local governments, nonprofits, and developers work together to return distressed properties to good condition, providing new housing opportunities, and stabilizing property tax rolls. In addition, there is a provision within HSF to encourage homeownership in weak markets across the state, which is an important tool for revitalizing these great cities. An increase in HSF to \$27 million will help promote homeownership and address the oversubscribed pipeline of affordable rental development proposals.

In November 2012, your Administration announced the Compact Neighborhood Program. Your initiative encourages well-planned housing developments near jobs, transit, and city and town centers. The CATNHP program, which offers financial assistance to developments in neighborhood commercial areas and those near transit nodes, aligns with the Compact Neighborhood Program. Increasing funding for CATNHP to \$10 million will help realize your goal of creating 10,000 multi-family housing units per year, create new opportunities for

working families, and spur economic development in communities across the Commonwealth. In addition, new language within the bond bill allows for assistance to be used for the commercial spaces within mixed use buildings. This is an important tool in creating smart growth and compact neighborhoods.

Affordable Housing Dedicated to Persons with Disabilities

Facilities Consolidation Fund (FCF) - \$15 million; Community Based Housing (CBH) - \$10 million; Home Modification Loan Program (HMLP) – \$5 million

The Commonwealth is committed to creating more housing opportunities for the elderly and people with disabilities within the community and ensuring access to support systems that addresses each individual’s diverse needs, abilities, and background. In order to effectively implement the Community First Olmstead Plan and provide meaningful housing choices for persons with disabilities, we request that funds dedicated to providing affordable housing to persons with disabilities and the elderly be increased to \$30 million.

Unfortunately, the application pipeline for these programs outpaces available funding. Currently, the FCF and the CBH programs have a combined \$50 million in their development pipelines. Modest increases in capital programs to expand housing choice for persons with disabilities would make a significant difference in expanding opportunities in the community consistent with the priorities of the Commonwealth.

For example, Massachusetts receives grant funds from the “Money Follows the Person” Medicaid Program to help move people out of nursing homes and into the community. Additionally, Massachusetts was awarded a Section 811 Supportive Housing for Persons with Disabilities grant to develop and subsidize rental housing with supportive services for very and extremely low-income adults with disabilities to allow them to live as independently as possible. To leverage these federal resources, funds from CBH and FCF will be used as capital grants to encourage developers to accept this rental assistance and make units available to persons with disabilities.

Supporting CBH and FCF saves the Commonwealth money. The costs for providing community-based housing opportunities are far less expensive than institutionalization and nursing homes.

Thank you for considering these recommended changes to the FY’14 capital investment plan. Housing costs remain a difficult challenge for hundreds of thousands of families, individuals, and seniors, especially those with extremely low incomes. We appreciate your support and leadership to address these challenges and to enable households to have a safe and stable place to call home.

Sincerely,

Brenda Clement

Executive Director
Citizens' Housing and Planning Association

Emily Achtenberg, Housing Policy & Development Consultant
Mark Alston-Follansbee, Executive Director, Somerville Homeless Coalition
Amy Anthony, President and CEO, Preservation of Affordable Housing
Sean Caron, Chief of Staff, The Community Builders, Inc.
Janelle Chan, Executive Director, Asian Community Development Corporation
Jack Cooper, Executive Director, Massachusetts Union of Public Housing Tenants
Andrew DeFranza, Executive Director, Harborlight Community Partners
Lyndia Downie, President and Executive Director, Pine Street Inn, Inc.
Bob Downing, President, Downing & Company, Inc.
Charles S. Eisenberg, President, Eisenberg Consulting LLC
Ellen Feingold, Hearth, Inc.
Joe Finn, President and Executive Director, Massachusetts Housing and Shelter Alliance
Maureen Fitzgerald, Executive Director, Regional Housing Network of Massachusetts
Peter Gagliardi, Executive Director, HAPHousing
Soni Gupta, Executive Director, Home Funders
Libby Hayes, Executive Director, Homes for Families
Bill Henning, Executive Director, Boston Center for Independent Living
Ann Houston, Executive Director, The Neighborhood Developers
James Keefe, Principal, President, Trinity Financial, Inc.
David Koven, David Koven Consulting
Joe Kriesberg, President and CEO, Massachusetts Association of Community Development Corporations
Judith Liben, Staff Attorney, Massachusetts Law Reform Institute
Peter Munkenbeck, Housing Consultant
Chris Norris, Executive Director, Metropolitan Boston Housing Partnership
Vincent O'Donnell, Affordable Housing Consultant
Emily Rothschild, Development Consultant, Rothschild & Associates
Esther Schorholtz, Director of Community Investment, Boston Private Bank & Trust Co.
Marc Slotnick, President, New England Communities, Inc.
Richard Thal, Executive Director, Jamaica Plain Neighborhood Development Corporation
Eleanor White, President and CEO, Housing Partners, Inc.
Mark Winkeller, Ph.D., Executive Director, Caritas Communities Inc.
John Yazwinski, President and CEO, Father Bill's & MainSpring

CC: Secretary Glen Shor
Secretary Greg Bialecki
Undersecretary Scott Jordan
Undersecretary Aaron Gornstein