State Updates

Governor Baker Announces 9C Budget Cuts

On December 6th, Governor Baker announced 9C budget cuts. The Governor cut $98 million from the $39.25 billion state budget in response to softening revenues. These cuts included $53 million in earmarks, $17 million from administrative accounts, $6 million from MassHealth, and $21 million from other areas of the budget to bring spending in line with anticipated revenues.

Governor Baker cut $6 million from housing programs, including $2.4 million from the Massachusetts Rental Voucher Program (MRVP), $500,000 from Housing Consumer Education Centers (HCECs), and $500,000 from Public Housing. Other cuts included $400,000 from the Emergency Assistance family shelter system, $650,000 from the Homeless Individual shelter system, $185,000 from Homeless Programs Administration, and $1.3 million from DHCD Administration.

9C budget cuts are done unilaterally by the Governor and can’t be overridden by the Legislature. However, funding for the cut programs can be restored through a supplemental budget passed by the House and Senate. Speaker of the House Robert DeLeo released a statement calling the cuts premature and is considering a supplemental budget to restore the funds. Senate President Stan Rosenberg said that he looks forward to restoring funds to programs which support our neediest.

For more information on the cuts, including a list of earmarks cut in each housing line-item, please click here.

DHCD Releases Draft of 2017 QAP

The Massachusetts Department of Housing and Community Development (DHCD) posted its Draft 2017 Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit (LIHTC), describing how DHCD plans to distribute the LIHTC in Massachusetts over the next year.
The Draft 2017 QAP includes two significant changes. First, sponsors of senior housing developments must include supportive service for residents. Second, sponsors of preservation projects must conform to a revised preservation matrix and instructions. For a line-by-line comparison between the Draft 2017 QAP and the 2016 QAP, [click here](#).

DHCD will accept written testimony on the Draft 2017 QAP until December 31, 2016. Comments can be directed to: The Department of Housing and Community Development, Low Income Housing Tax Credit Program, 100 Cambridge Street, 3rd floor, Boston, MA 02114.

**DHCD Issues NOFA for the Winter 2017 Rental Housing Funding Round**

DHCD issued a Notice of Funding Availability (NOFA) for the Winter 2017 competition for state rental housing resources. Resources available include federal and state LIHTC, HOME, state bond program funds, and project-based rental vouchers through the Massachusetts Rental Voucher Program (MRVP) and the federal Housing Choice Voucher program.

DHCD will give priority to projects that provide affordable housing for homeless families or individuals. Potential project sponsors must reserve at least 10% of the units for homeless families or individuals earning less than 30% of area median income. DHCD will also promote the development of mixed-income housing work, with a combination of market rate and affordable units.

The deadline for the submission of pre-applications is December 15, 2016. The deadline for full applications of those that were approved during the pre-application process is February 16, 2017.

**State Awards $85 Million in MassWorks Awards**

On November 28, the State announced the award of $85 million in capital funds under the MassWorks program. The grants support infrastructure improvements in 33 communities, many to support downtown revitalization and new housing investment.

**2016 Building Permit Activity Shows Slight Decline Overall, Due to Decline in Multifamily Permits**

According to 2016 Census Bureau estimates, a total of 13,336 housing units were permitted statewide during the first ten months of 2016, down 2% from the January-October 2015 estimate of 13,620 units. The estimated number of one-unit homes permitted in 2016 rose by 12% to 6,364 units, while the number of multifamily units (5+) fell by 14% to 6,295 units. One-unit homes make up 48% of the year to date 2016 units permitted, up from 42% in 2015, while multifamily (5+) units made up 47%, down from 54% during the same period in 2015.

**CHAPA Fall Regional Meetings**

This fall, CHAPA hosted three Regional Meetings across the Commonwealth to meet with housing professionals, advocates, community members, elected officials, and other stakeholders who want to expand access to safe, quality, and affordable housing. In addition to hearing updates on federal and state policy, participants shared housing challenges facing their communities and discussed state policies that could help each community’s efforts to provide affordable housing. To view the presentation, [click here](#).

Thank you to everyone who attended the meetings and contributed to this important and ongoing discussion. CHAPA will host another series of Regional Meetings in the spring to continue this conversation and hear from as many communities as possible!
Federal Updates

Ben Carson Nominated as Next HUD Secretary

President-elect Trump nominated Dr. Ben Carson to serve as the next Secretary of the U.S. Department of Housing and Community Development (HUD). Dr. Carson, a retired neurosurgeon and early endorser of Mr. Trump after ending his own presidential campaign, has little experience in housing policy or programs and has been publicly critical of the responsibilities of communities to affirmatively further fair housing. For a statement from the National Low Income Housing Coalition on the nomination of Dr. Carson, please click here.

Continuing Resolution May Force Cuts in Vouchers

Because Congress has not passed any appropriations bills for Fiscal Year 2017, HUD and other federal agencies are operating under a continuing resolution (CR), which maintains FY2016 funding levels through December 9 (observers expect another CR - though Republicans disagree on how long it should be). A House Appropriations Committee draft CR issued December 6th proposes extending those levels through April 28, 2017. Absent an increase over current proposed funding levels, however, there will not be enough funding in FY2017 to renew all current housing choice vouchers. A Center on Budget and Policy Priorities (CBPP) analysis estimates that freezing funding at the FY2016 level would leave over 100,000 vouchers unfunded, while the Transportation, Housing and Urban Development (THUD) appropriations bill approved by the Senate Committee on Appropriations (S.2844) would leave 25,000 vouchers unfunded and the House Committee on Appropriations bill (H.R. 5394) even more. The National Low Income Housing Coalition (NLIHC) has posted a budget chart showing FY2016 and proposed FY2017 funding levels for all major HUD programs and USDA housing programs.

Housing Advocates Urge Congress to Enact Full-Year Appropriations Bill for HUD

The Campaign for Housing and Community Development Funding (CHCDF), a coalition of national housing organizations, submitted a letter on November 18 to Congressional leaders urging them to pass a full-year THUD appropriations bill rather than another continuing resolution, noting that the House and Senate committee bills approved this past summer provide increases to a number of critical housing programs.

Tax Reform Debates Create Uncertainty for the LIHTC Program

President-elect Trump’s desire to cut corporate tax rates and Congressional interest in major tax reform has created significant uncertainty for investors and developers participating in the LIHTC program, especially for those with projects in the pipeline. Cutting the top corporate tax rate from 35% to 20% or 15% would significantly reduce the equity credits could raise absent other changes, at a time when states have limited resources to fill the gap given the dramatic cuts to HOME and other programs in recent years. There is also concern that the tax-exempt private activity bond program and associated 4% credits may be eliminated. As detailed in an article by Michael Novogradac and an article in Affordable Housing Finance, there is cautious optimism that the 9% credit will survive, and that any broad tax reform will be phased in over five years.
Recent Research & Reports

Greater Boston Housing Report Card 2016

The Boston Foundation released its annual Greater Boston Housing Report Card last week. The 2016 report details the pressures that population growth has put on rents and home prices both in the city of Boston and the five-county Greater Boston region. It reviews recent housing production accomplishments and the ongoing challenges to producing the estimated 8,200 new units a year needed to meet projected regional growth between 2010 and 2030. It examines the falling homeownership rate, low vacancy rates, the uneven recovery in home prices intra-region, and the role of income inequality in creating particular economic pressures for low income households. It also examines the sustained challenge of family homelessness and neighborhoods of concentrated poverty.

Boston Housing Court Data Report

A new report and summary by Project Hope, HomeStart, and the Dudley Street Neighborhood Initiative provides a wealth of information on eviction trends between 2006 and 2014 in Boston Housing Court, and especially trends from 2011 forward, including trends in subsidized and private housing. The authors report that the number of formal eviction cases has remained largely steady (5,181 in 2014) since 2011, but that the number involving subsidized housing (64% of total cases in 2014) was 12% higher than in 2011, while the number involving private housing fell by 17%. The share of cases that resulted in an execution declined from 40% to 32%; private landlords had the highest rate of execution in 2014 (39%). The median rent owed in 2014 was $1,440 (up 3% from 2011), but for subsidized tenants the median ($1,350) was 46% higher than in 2011. In 2014, only 7% of tenants had any type of legal assistance. The primary reason for eviction filings was rent arrears (79%). The report concludes with recommendations for more upstream investment in eviction prevention and legal assistance.

HUD Issues Final Rule Making Public Housing Smoke-Free in 18 Months

On November 30, HUD announced the publication of a final rule to implement required smoke-free policies in federal public housing over the next 18 months. The rule was developed with stakeholders and will prohibit lit tobacco products in all living units, indoor common areas, administrative offices, and all outdoor areas within 25 feet of housing and administrative office buildings. HUD Secretary Castro noted that HUD has been encouraging PHAs since 2009 to adopt smoke-free policies and that 228,000 public housing units are already smoke-free. The final rule, when fully implemented, will expand the impact to more than 940,000 public housing units, and reduce fire incidents and health cost. Since 2014, Massachusetts has encouraged PHAs to adopt smoke-free policies in state-aided public housing.

HUD Publishes Final Small Area FMR Rule

In November, HUD announced the publication of a final rule requiring the use of small area fair market rents (SAFMRs) in 24 metropolitan areas where housing choice voucher use is particularly concentrated in high-poverty neighborhoods (none in Massachusetts). To avoid displacement, it limited the mandate to metro areas with rental vacancy rates of at least 4%. However, it allows PHAs in other metro areas to voluntarily use SAFMRs. Mandated metro areas will be required to start using SAFMRs in FY2018. Because SAFMRs are calculated at the zip code level, they are expected to raise payment standards in higher cost areas and possibly reduce them in lower cost areas. As detailed in HUD’s summary of changes from June draft rule, the final rule allows PHAs a number of flexibilities to protect tenants in neighborhoods where FMRs decrease. Use of SAFMRs for project-based vouchers will be optional.
RAFT (2015-2016)
A new report by the Regional Housing Network documents the effectiveness of Massachusetts’ primary homelessness prevention program for families - Rental Assistance for Families in Transition (RAFT). The program, funded at $10.4 million in FY2016, helped 4,065 families avoid homelessness by providing flexible funding tailored to the needs of individual households. It provided an average of $2,536 per family in FY2016, far less than the $36,855 it would have cost to house one family in shelter. Only 5% of the families had received RAFT in the prior year as well. Three-quarters of the families assisted in FY2016 needed help because they were asked to leave their current residence, were doubled up, or were evicted.

Improving the Efficiency of Benefit Delivery
A new summary brief and report from the Urban Institute sheds light on outcomes of state efforts to improve the delivery of food, medical, and child care assistance. It reports on six states (Rhode Island, South Carolina, North Colorado, Idaho, Colorado, and Illinois) that participated in a five-year foundation-funded initiatives (Work Support Strategies). The initiative was created to help modernize and streamline state benefit delivery systems so low-income families can more easily access and keep all the benefits for which they are eligible. The report found that states made progress in delivering benefits faster, reduced client wait times and paperwork and reduced churn in some programs (though changes were hard to document). The new approaches improved delivery without increasing administrative costs, and there appears to be great potential to realize savings through electronic cross-registration for SNAP and Medicaid.
December 2016 marks 20 years since CHAPA launched the Massachusetts Homeownership Collaborative, in conjunction with the Fannie Mae Foundation, several lending institutions, and a small group of homebuyer counseling agencies. We now have over 150 active individual Collaborative participants and 48 agencies with a Collaborative Seal of Approval – who have educated hundreds of thousands of low and moderate income homebuyers over the past 20 years!

Thank you to everyone who came out to celebrate the program’s 20th anniversary on December 1st, and thank you to the Federal Reserve Bank of Boston for hosting!

For more photos from the event, click here. © Jeremiah Sjöberg Photography, LLC 2016