

CHAPA Housing Briefs

June 14, 2017

State Updates

Upcoming Hearings on CHAPA Legislative Priorities

Many of CHAPA's **Legislative Priorities** have been scheduled for hearings before the state legislature this summer. Please contact Eric Shupin at eshupin@chapa.org if you are interested in testifying or submitting testimony in support of the legislation.

June 20, 10:00 a.m.:

- **H.673 & S.723**, *An Act Relative to Housing Production*
- **H.2237**, *An Act to Address Equal Access to Housing through Local Zoning*
- **H.128 & S.84**, *An Act Relative to Smart Growth Housing Production*

June 27, 10:00 a.m.:

- **H.1536 & S.1531**, *An Act Relative to Low-Income Housing Tax Credits*

July 11, 10:00 a.m.:

- **S.719**, *An Act Relative to the Massachusetts Rental Voucher Program*
- **H.2245 & S.725**, *An Act Relative to Interagency Efforts to Reduce and Prevent Homelessness*
- **H.3020 & S.724**, *An Act Relative to the Economic Mobility and Stability Program*

On July 25:

- **H.675**, *An Act Financing the Production & Preservation of Housing for Low & Moderate Income Residents* (the Housing Bond Bill)

Governor Baker Awards Foreclosure Education & First-Time Homebuyer Counseling Grants

On May 31, the Baker-Polito Administration **awarded** \$1.05 million in grants to fund 20 first-time homebuyer counseling programs and foreclosure prevention education centers throughout the Commonwealth. The Division of Banks administers funding of these grants with fees associated with the licensing of mortgage loan originators. Funded organizations served over 7,700 Massachusetts consumers and homeowners in 2016. Approximately 80 percent of consumers receiving foreclosure counseling are able to successfully remain in their homes.

Massachusetts Senate Passes FY2018 Budget

On May 25, the Massachusetts Senate passed its final FY2018 **budget recommendation**. The \$40.8 billion budget provides strong support for many affordable housing, homelessness prevention, and community development programs. For an overview of proposed funding levels in the House and Senate budgets, please **click here**.

The Senate budget provided the following support for CHAPA's budget priorities:

- **MRVP**: The Senate proposed \$100 million, an increase of \$13.5 million over FY2017, which will support up to 300 new vouchers. The Senate made several program changes including increasing eligibility for MRVP from 50% of the Area Median Income (AMI) to 80% of AMI. The budget also directs 75% of vouchers to be targeted to extremely low-income households who earn only 30% of AMI. These changes address cliff effects by allowing families to increase their incomes without the threat of completely losing their vouchers before they become economically self-sufficient. The budget also authorized the Department of Housing and Community Development (DHCD) to create a voucher



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UPCOMING EVENTS

June 28, 2017

CHAPA Public Housing & Rental Assistance Committee Meeting

June 28, 2017

Young Professionals' Brown Bag Lunch Series: The Working Cities Challenge

July 18, 2017

CHAPA Homelessness Committee Meeting

September 14, 2017

Save the date for CHAPA's Housing Day at the State House

October 26, 2017

Save the date for CHAPA's 50th Annual Dinner!

To view all CHAPA events please visit www.chapa.org/event.

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management system and directed DHCD to distribute new vouchers by August 1, which will help improve the administration of MRVP.

- Alternative Housing Voucher Program: The Senate authorized \$5.5 million, an increase of \$900,000 over FY2017.
- Public Housing Reform: The Senate provided \$1,100,000, a \$300,000 increase over the previous year. The Senate also included language to authorize a centralized wait-list for public housing. An amendment sponsored by Sen. Joseph Boncore passed during budget debate, providing the program with the additional \$300,000 and the authorization language.
- Residential Assistance for Families in Transition: The Senate authorized \$18.5 million, a \$5.5 million increase over FY2017.
- HomeBASE: The Senate funded HomeBASE with \$32.6 million, an increase of over \$600,000 from the previous year. The Senate continued a program within HomeBASE that allows families in domestic violence or substance abuse shelters or those participating in sober living programs to access HomeBASE if a family is otherwise eligible. An amendment sponsored by Senator Sonia Chang-Diaz removed the \$300,000 cap on this program. An amendment sponsored by Sen. Vinny deMacedo also reduced the 24-month bar on families who have been terminated from the program to a 12-month bar from the program.
- Foreclosure Prevention Counseling: The Senate proposed \$2.35 million for foreclosure and housing counseling services, level funding the program. An amendment sponsored by Sen. Jamie Eldridge guarantees that at least \$1.3 million will be used for these counseling services.
- Housing Court Expansion: The Senate included language that authorizes the statewide expansion of Housing Court and provides \$1 million for the expansion.
- Housing Consumer Education Centers (HCECs): The Senate authorized \$2.97 million, with \$180,000 from the line-item dedicated to earmarks. Not taking into account the earmarks, this would be \$500,000 more for HCECs over the previous year.
- Unaccompanied Homeless Youth Housing & Services: The Senate included \$2.5 million, an increase of \$500,000 over FY2017.
- Community Preservation Trust Fund: Through an amendment sponsored by Sen. Cynthia Creem, the Senate included an outside section in the budget authorizing a \$25 increase to the recording fee for deeds. This will provide an increased state-match to communities that have enacted the Community Preservation Act.
- Housing Stability and Economic Mobility Memorandum of Understanding: The Senate budget contained an outside section that directs the Secretaries of Housing and Economic Development, Health and Human Services, Labor and Workforce Development, and Education to work together to coordinate services to extremely low income households in order to support housing stability and economic mobility.

The Senate provided level funding for Public Housing Operating Subsidy, the Tenancy Preservation Program, Home & Healthy for Good, and the Mass. Access Affordable Housing Registry (MassAccess).

CHAPA thanks Senate President Stan Rosenberg, Senate Ways and Means Chair Karen Spilka, and Housing Committee Chair Joseph Boncore for their leadership developing the FY2018 Senate budget and providing strong support for affordable housing resources. We also thank all our amendment sponsors, including Sen. Sonia Chang-Diaz, Sen. Cynthia Creem, Sen. Vinny deMacedo, Sen. Eileen Donoghue, Sen. Jamie Eldridge, Sen. Jennifer Flanagan, Sen. Jason Lewis, and Sen. James Welch. Finally, thanks to all the Senators who co-sponsored CHAPA's amendments as well as the entire Senate.

Next Steps in the Budget Process

The FY2018 state budget process now moves to a conference committee, which will reconcile the differences between the House and Senate budget proposals in time for the start of FY2018 on July 1. The members of the Conference Committee are Rep. Brian Dempsey, Sen. Karen Spilka, Rep. Stephen Kulik, Sen. Sal DiDomenico, Rep. Todd Smola, and Sen. Vinny deMacedo. For CHAPA's letter to the conference committee with recommendations for affordable housing, homelessness prevention, and community development programs, [click here](#).

Governor Baker Releases FY2018 Capital Budget

On May 11, the Baker-Polito Administration released its **FY2018 Capital Budget**. The capital budget will be funded through issuing \$2.26 billion in General Obligation Bonds. For an overview of funding for affordable housing, community development, and early education programs, please [click here](#). CHAPA thanks the Baker-Polito Administration for their continued support of affordable housing and community development programs in the capital budget.

DHCD Issues Draft Guidelines for Calculating 40B General Land Area Minimums

DHCD issued **draft guidelines** for calculating the 40B general land area minimum. DHCD has issued these guidelines to increase fairness, improve the efficiency of the application review process, and to ensure consistency with the intent of the regulations for the purposes of calculating whether SHI Eligible Housing is on sites comprising more than 1.5% of the total land area zoned for residential, commercial, or industrial use, pursuant to M.G.L. ch. 40B, § 20.

These guidelines are intended to provide municipal Boards of Appeals and prospective Comprehensive Permit Applicants a clear understanding of the process for calculating the General Land Area Minimum.

DHCD will accept written comments on the draft guidelines through July 5. Comments can be directed to **Marguax Leclair**.



Vince O'Donnell, Esther Schlorholtz, Rachel Heller, Dr. Megan Sandel, and Cindy Rowe met with Congressman Joe Kennedy on May 10 to talk about critical federal programs that produce and preserve homes!

Federal Updates

President Releases FY2018 HUD Budget Proposal – Deep Program Cuts, Higher Tenant Rents

On May 23, the Administration released its FY2018 federal budget request, which would cut the HUD appropriation by 15% relative to the FY2017 budget. While the Administration's proposal is widely deemed "dead on arrival," it reveals policy directions the Administration would like to pursue.

Among other things, the **proposed HUD budget** would zero out HOME and CDBG, eliminate the National Housing Trust Fund, cut capital and operating funding for public housing by 68% and 11% respectively, and underfund rental assistance renewals. It would offset some of the public housing and rental subsidy cuts through tenant rent increases. For more details on the budget proposal, see detailed analyses by **NLIHC**, **NHC**, and **Novogradac**.



Rachel Heller introduced Congresswoman Katherine Clark, who spoke in support of the Low Income Housing Tax Credit and all HUD programs at Housing Advisory Group's Congressional Forum on June 7.

HUD Proposes Changes to Method for Calculating Fair Market Rents (FMRs)

On May 26, HUD published a **notice** in the Federal Register, seeking public comment on three changes in the way it estimates Fair Market Rents for the coming year. Currently, it uses five-year American Community Survey (ACS) data on two-bedroom rents to estimate a base rent, it updates that using a "recent mover adjustment factor" based on one year ACS data, and then it trends forward using local or regional Consumer Price Index (CPI) one-year changes in gross rent and a nationally forecasted trend factor. HUD proposes to adopt a stricter definition of statistically valid data. If data fails that test, HUD would use 3-year data for the base estimate, all-bedroom sizes for the two-bedroom data used to calculate the recent mover factor (and if still needed, data from a larger geography). It also proposes to use zip code tabulation area (ZCTA) gross rent data, instead of rent ratios, to calculate small area FMRs. Comments are due no later than June 26.

HUD Publishes Revised Renewal Funding Inflation for FY2017

On June 8, HUD published a **notice** in the Federal Register outlining how it will calculate renewal funding needs (before pro-ration) for the Housing Choice Voucher program for FY2017. The notice is effective June 19. NAHRO praised HUD's decision to change its method this year to use projected (forward-looking) rents and tenant incomes, rather than historical data.

HUD Issues National Housing Trust Fund Guidance for FY2017

Although the FY2017 state allocations have not yet been published, HUD posted a **notice** on May 31 outlining the procedures states must follow in developing their FY2017 Allocation Plans. The plans will be due to HUD no later than August 16.

FHFA Requests Comments on GSE Proposal to Serve Underserved Markets

On May 8, the Federal Housing Finance Agency published a **request for public comment** on the Underserved Markets three-year plans of Fannie Mae and Freddie Mac. By law, the GSE must develop such plans as part of a larger "Duty of Serve" obligation. Comments are due no later than July 10. The plans will go into effect on January 21, 2018. The plans address proposed actions for affordable housing preservation, rural housing markets, and the manufactured housing market.

Fannie Mae to Raise Debt-to-Income Allowed for Borrowers to 50%

Fannie Mae recently **announced** revised underwriting standards, effective July 29, including an increase in the allowed borrower debt-to-income (DTI) ratio. The new standards are intended to increase the number of households that can qualify for a non-FHA mortgage, though many first time buyers may still not qualify. As detailed in an **article** in the Washington Post, the change is based on a study of high DTI borrowers over the past 15 years, many with high down payments or significant financial reserves. Borrowers will still have to meet credit score and other Fannie Mae requirements.



Recent Research & Reports

New Jersey Qualified Allocation Plan (QAP) Revisions Boosted Awards Outside Areas of Concentrated Poverty

A new **study** by New Jersey Futures, *Assessment of the New Jersey Low Income Housing Tax Credit Program*, has found that state revisions to its QAP in 2013 led to major increases in awards to projects located outside of qualified census tracts (QCTs). QCTs have poverty rates at or above 25% or median incomes at or below 60% of AMI. The share of credits allocated to projects in QCTs fell from 51.5% in 2005-2012 to 20.5% from 2013-2015. The changes also raised the share of awards to projects within a half-mile of a transit station from 21% to 98%. The authors attribute the shift away from QCT awards to a 40% cap on the share of credits allocated to projects in targeted urban municipalities and the increase in transit awards to scoring changes.

HUD Releases Updated CHAS Data

On May 26, HUD released updated Comprehensive Housing Affordability Strategy (CHAS) data - custom tabulations by the Census Bureau detailing housing problems, including cost burden, by income bracket, tenure (rent or own), household type, and disability status at multiple geographic levels. The update uses 2010-2014 American Community Survey data. HUD's **CHAS website** includes a look-up query tool for quick access. The new estimate are that over 214,000 very low income renter households in Massachusetts were severely rent-burdened in 2010-2014, paying more than half of their income to wards housing, including over 165,000 extremely low-income renters and over 48,000 renters with incomes at or below 50% of AMI.

National Low Income Housing Coalition Issues 2017 Out of Reach Report

On June 8, the National Low Income Housing Coalition (NLIHC) issued **Out of Reach 2017**, its annual study of the gap between renter incomes and rental costs nationally, by state, and by FMR area. The report calculates the housing wage as the hourly wage a full-time worker requires to be able to afford the rent on a modest two-bedroom apartment at 30% of income. It uses HUD Fair Market Rents (FMRs) as a proxy for going rents. Massachusetts had the sixth highest housing wage among the 50 states plus the District of Columbia at \$27.39, a figure well above the average Massachusetts renter wage of \$19.70 and the state's minimum wage (\$11.00).

How Sustainable Communities Create Resilient People

A new **report** by the Public and Affordable Housing Research Corporation (PAHRC), *How Sustainable Communities Create Resilient People*, provides useful data and evidence on the beneficial impact of housing assistance on the financial security and housing stability of low income households. It reports that only 36% of rent-assisted households moved between 2013 and 2015, compared to 51% of non-assisted very low income renter households. Also, rent-assisted households were more likely to have savings to cushion them against financial shock than unassisted low income families. The report also includes information on trends in the incomes and characteristics of households receiving housing assistance.

Developing a Tool to Prioritize High-Cost and High-Need Homeless Individuals for Supportive Housing

A new **report** by a California non-profit urban research organization, Economic Roundtable, *Prioritizing Which Homeless People Get Housing Using Predictive Algorithms*, describes a “triage tool” (the Silicon Valley Triage Tool) developed to identify the persons most likely to generate cost offsets and savings if provided permanent supportive housing. The tool was developed through analysis and modelling of administrative records for seven county agencies (corrections, mental health, etc.) serving 57,000 chronically homeless individuals, using 38 demographic, service utilization, and clinical variables.

Affordable Housing is Associated with Improved Access to Health Care

A **study** published in **Health Affairs** this month, *HUD Housing Assistance Associated with Lower Uninsurance Rates and Unmet Medical Need*, has found that receiving HUD housing assistance is associated with improved access to health care. The researchers analyzed data on nondisabled adults ages 18–64 who responded to the 2004–2012 National Health Interview Survey and administrative data from HUD for the period 2002–2014 and compared access to care between respondents who were receiving HUD housing assistance at the time of the survey interview (current recipients) and those who received HUD assistance within twenty-four months of completing the survey interview (future recipients). It found that fewer current recipients were uninsured (31.8 %), compared to 37.2% of future recipients and that current recipients had lower rates of unmet need. It may be that the residential and financial stability gained and access to support services play a role in this finding.

Building an Agenda to Reduce Racial Wealth Inequalities in Greater Boston

On May 31, the Federal Reserve Bank of Boston released a **report** outlining strategies to reduce racial wealth inequalities in Greater Boston. The Bank convened a cross-sector group of local leaders to develop a collaborative agenda, building on the Bank’s 2015 *The Color of Wealth* in Boston report. The report recommends a number of initiatives, including actions to increase homeownership opportunities.



On May 25, the **CHAPA Young Professionals Group** explored supportive housing efforts in the Commonwealth with Sara Barcan and Bronia Clifton from Community Economic Development Assistance Corporation (CEDAC) and Ayana Gonzalez from the Department of Housing and Community Development (DHCD).



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On May 15, the CHAPA Young Professionals Group and The Alliance for Racial Equity launched another year of the **Mentoring Program**, a program designed to promote and support a culture of learning and mentoring within the community development field. The 2017-2018 cohort is composed of 24 pairs (48 participants) with various backgrounds in community development.