

***The Building Blocks Coalition
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Boston, MA 02108
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August 11, 2011

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

Dear Governor Patrick,

The Building Blocks Coalition is a group of affordable housing and homelessness prevention advocates that work together to increase affordable housing opportunities across Massachusetts. We are contacting you to request that the FY2012 capital budget allocate investments for affordable housing at funding levels provided in the FY 2009 capital budget: \$193 million. As you know, affordable housing production and preservation is critical to the Commonwealth's economy and quality of life. Massachusetts housing costs are among the highest in the country, with the Greater Boston area hosting the fifth most expensive rents of any metropolitan area in the nation and an unhealthy vacancy rate of just 4%¹. Overall state rents are the sixth highest in the nation². The Commonwealth has not kept pace with demand and had the 4th lowest rate of housing construction in the last decade, in part because of reduced state investment. Additional state funding will create jobs and much-needed affordable housing.

State-Assisted Public Housing Assets (*Public Housing Modernization - \$100 million*)

The Patrick-Murray Administration has made progress reversing years of public housing neglect. However, public housing modernization and public housing operating subsidies are still below what is necessary to provide adequate maintenance. Families and seniors in state public housing are living with broken door and window locking mechanisms, windows that do not open or cannot be seen through, broken floor tiles and rotten subfloors, plumbing leaks, railings with balustrades that are broken or spaced too far apart, and many other maintenance problems. Housing authorities have been forced to take units offline because they don't have sufficient funding to address these problems.³ On July 21st, DHCD released a new Public Housing Notice 2011-07, *Updates to the Online Vacancy Ledger System*. This notified housing authorities about changes to DHCD's reporting system in order to improve access to more precise data about vacancies. Our hope is that this will facilitate better information that will enable DHCD to educate legislators about the true extent of the problem in order to lay the foundation for the necessary capital dollars needed to preserve public housing.

Because we are at the **brink** of losing more units, it is absolutely critical that local housing authorities receive sufficient public housing modernization funding. The stock already has over \$1.7 billion worth of building systems that are at the end of or past their expected useful life. It is critical that the Commonwealth not lose additional units available to extremely low income households at a time when homelessness is at record levels.

¹ *Rents hit a record high in Hub area*, Jennifer McKim, Boston Globe, July 25, 2011

² National Low Income Housing Coalition 2011 *Out of Reach* Report.

³ DHCD reported that as of September 30, 2010 there were 1,606 state public housing units had been vacant for more than 60 days in 177 out of 242 housing authorities which submitted vacancy data.

Capital Investment to Promote Public-Private Affordable Housing Partnerships (*Affordable Housing Trust, Housing Stabilization Fund - \$60 million, Housing Innovations Fund - \$9 million*)

The Commonwealth's public-private partnerships to develop affordable housing are critical to the long-term economic prospects of the Commonwealth and to addressing housing instability for low income households. Our diverse workforce requires housing options available at a range of incomes.

There were over 50 affordable rental developments that had been permitted by local governments but were denied in the latest DHCD funding round due to lack of funding. These new developments would create over 2,500 units of affordable housing and 2,600 construction-related jobs. In addition to these developments, the Commonwealth has also received two Hope VI public housing revitalization awards that require state funding or the Commonwealth will have to return \$44 million in federal funding to HUD.

The SoftSecond Loan Program also requires an allocation of \$2.5 million in Housing Stabilization Funds to continue to operate because it was not funded in this year's operating budget. SoftSecond has been remarkably successful in achieving stable homeownership opportunities for low and moderate income homebuyers. The median household served to date earns only 58% of Area Median Income and yet the program delinquency rate is low, comparable with prime fixed-rate mortgages in Massachusetts. The program is also extremely cost efficient; the average public investment of \$5,300 leverages \$185,000 in private mortgage financing for each homebuyer. Because of these factors, it is a valuable tool for returning foreclosed properties to productive uses by providing affordable and safe financing to purchasers.

Affordable Housing Dedicated to Persons with Disabilities (*Facilities Consolidation Fund, Community Based Housing, Home Modification Loan Program - \$18.5 million*)

Developing and remodeling housing that is affordable and available to persons with disabilities also requires significant investment. Consistent with the Administration's Community First Olmstead plan and several court settlements, persons with disabilities require opportunities to live in their own communities and should not be segregated. The costs for providing community-based housing opportunities for persons with disabilities are far less expensive than institutionalization and nursing homes. Furthermore, providing additional housing opportunities for persons with disabilities is a legal requirement under the March, 2008 Rolland settlement under the Hutchinson brain injury survivor settlement. Fortunately, there are developments ready to advance with funding to support the Olmstead plan and Administration responsibilities. The applicant pipeline for Home Modification, Community-based Housing and Facilitates Consolidation Fund projects outpace available funding.

Preserving Affordable Housing (*Capital Improvement and Preservation Fund - \$5 million*)

The Patrick-Murray Administration has wisely placed a priority on preserving existing affordable housing. Preservation is fiscally responsible and a loss of affordable housing will exacerbate the lack of supply of affordable rental housing. The Capital Improvement and Preservation Fund (CIPF) is a critical resource to help fund the pipeline of projects that need to be recapitalized to be successful.

Federal Budget Implications

Recent federal budget decisions will greatly impact the Commonwealth's affordable housing challenges and the state needs to offset some of the cuts to avoid further housing challenges. The FY2011 Final Continuing Resolution reduces spending for many housing programs. The HOME Investment Partnership Program was cut 12% and Community Development Formula Grants were reduced by 16.4%. The Section 202 Housing for the Elderly Program and Section 811 Housing for Persons with Disabilities Program were

both cut over 50%. These are just a few examples of many difficult cuts. If the Commonwealth doesn't address some the impact by increasing capital funding for housing above the FY11 funding level of \$168 million, efforts to make housing more affordable and revitalize communities will suffer severe setbacks.

Thank you for considering these recommendations as you determine the FY2012 capital budget. We appreciate your support and leadership in promoting affordable housing.

Sincerely,

Thomas Callahan
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Sean Caron
Director of Public Policy, Citizens Housing and Planning Association

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Christopher T. Norris
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CC: Lt. Governor Tim Murray, Secretary Jay Gonzalez, Secretary Greg Bialecki, Undersecretary Scott Jordan