



CHAPA Housing Briefs

February 19, 2014

State Updates

Governor Files FY2015 budget

Governor Patrick filed his budget proposal on January 22nd. The budget largely maintains housing programs at FY2014 levels. The Massachusetts Rental Voucher Program (MRVP), the Alternative Housing Voucher Program (AHVP), the Tenancy Preservation Program (TPP), and the Housing Consumer Education Centers (HCECs) were level funded in the Governor's proposal. Reductions were proposed for the Public Housing Operating Subsidy (\$100,000 reduction), RAFT (\$500,000 reduction), and Home and Healthy for Good (\$200,000). In addition, the Governor proposed reducing HomeBASE by \$34.6 million, which reflects the end of the temporary rental assistance program within HomeBASE in FY2014. The House will file their budget proposal in April followed by the Senate in May. See the CHAPA FY2015 budget analysis [here](#).

Legislature Partially Restores Funding for Brownfields

The Legislature included \$15 million for the Brownfields Redevelopment Fund in the supplemental budgets passed by both the House and the Senate last week. The bill awaits final action in both the House and Senate, with a conference committee possible. The Brownfields Redevelopment Fund has been depleted since April 2013. CHAPA is working with legislative leaders and a large coalition led by the Massachusetts Smart Growth Alliance to recapitalize the Brownfields Redevelopment Fund at \$60 million before the Legislature recesses on August 1st.

CHAPA thanks Speaker Robert DeLeo, Senate President Therese Murray, House Ways and Means Chairman Brian Dempsey, Senate Ways and Means Chairman Stephen Brewer, Representative Antonio Cabral, Representative Jeffrey Sanchez, and Senator Benjamin Downing for their leadership and commitment to recapitalizing the Brownfields Redevelopment Fund. See the letter [here](#) that was circulated by Representative Cabral and Senator Downing in support of recapitalizing the Fund.

Upcoming Events

March 10, 2014:

CHAPA Young Professionals Brown Bag Lunch Series: Learning from the Pacific Northwest - A discussion on Shared Housing

June 11-12, 2014 :

Save the date for the eighth annual Massachusetts Housing Institute

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



www.chapa.org

Legislature Makes Changes to RAFT

Both the House and Senate included a change to RAFT in the FY2014 supplemental budgets passed by the House and Senate last week. The change allows 50% of the funds to be spent on families whose incomes are up to 50% of the area median income. New language in the FY2014 budget required 90% of funds be used to help families below 30% of the area median income. While the intention was to ensure that lowest income families receive the most amount of assistance, DHCD reached the cap for families earning between 30% and 50% AMI (between \$25,450 and \$42,350 for a family of three in the Greater Boston area) in December, resulting in the turning away of families whose housing could more easily be stabilized in high cost areas. The change passed by the Legislature adjusts the targeting cap, but does not change eligibility for RAFT.

Joint Committee on Ways & Means Begins Budget Hearings

As the House and Senate get to work on their FY2015 budget proposals, the Joint Committee on Ways and Means is hearing from the Administration and the public on the spending needs of each agency and department. The Committee will hear from the public on March 7th at 10:00 am at the State House in Gardner Auditorium. See a full list of hearings [here](#).

State Agencies Adopt 3-Bedroom Policy to Address Bias against Families with Children

In response to the State's recently completed Analysis of Impediments to Fair Housing, which identified "development patterns that disparately impact and limit housing opportunities for families with children," five state housing agencies (DHCD, MassHousing, MassDevelopment, the Massachusetts Housing Partnership and CEDAC) have executed an **interagency agreement** requiring that at least 10% of the units in "affordable housing developments" have 3 or more bedrooms if the development is funded, assisted or approved by any of these agencies. The policy will apply to developments that will have units eligible for inclusion on the Subsidized Housing Inventory. (It excludes age-restricted housing, assisted living, supportive housing for individuals, single room occupancy and other developments for which the policy is not appropriate for the intended residents.) Agencies can waive the policy for small projects (< 10 units) or under certain other circumstances. The agreement will

apply to all projects for which a Chapter 40B Project Eligibility Letter is issued on or after March 1st and to all other developments funded, assisted or approved by one of these agencies on or after May 1st.

Median Single Family Home Price Rose 10% in Massachusetts in 2013

In a recent **press release**, the Warren Group reported strong sales volume and price gains in 2013 in Massachusetts relative to 2012. The median single family price for the year (January through December) was \$320,000 and the median condominium price was \$296,000, up 10.3% and 7.1% relative to 2012. Single family sales volume rose by 4.8% relative to 2012 and condominium sales volume rose by 6.8%.

DHCD Issues NOFA for Project-Based Homeownership Funds

The Department of Housing and Community Development (DHCD) has issued a **Notice of Funding Availability** (NOFA) for \$4 million in project-based homeownership assistance for two types of "highly ready" projects: (1) new projects in areas of opportunity and (2) neighborhood stabilization projects in Gateway cities or certain other weak market areas. Local matching funds will be required. Pre-applications are due by March 7th, and full applications (on an invitation only basis) will be accepted on April 17th. The Department also anticipates accepting applications on a rolling basis for one or two larger (100+ unit) projects.

CHAPA First Annual Housing Day a Success

Over 150 CHAPA members gathered at the State House on January 29th to advocate for affordable housing programs and to thank the Chairs of the Housing Committee, Representative Kevin Honan and Senator Jamie Eldridge, for all of their work to increase affordable housing opportunities across the Commonwealth. CHAPA Housing Day participants, who represented more than 60 organizations from 57 communities,



met with 70 legislators to discuss funding for housing programs in the budget, recapitalizing the Brownfields Redevelopment Fund, increasing the capital budget for housing programs, and to share successes and updates on the state's Affordable Housing Law. See materials from the Housing Day [here](#). CHAPA thanks Senate President Therese Murray, House Speaker Pro Tempore Patricia Haddad, Senator Jamie Eldridge, and Representative Kevin Honan for speaking at our event.

DHCD Invites Applications for Capital Grants for State Public Housing under HILAPP

DHCD published an [RFP](#) inviting housing authorities to apply for preliminary funding for modernization or redevelopment under the High Leverage Asset Preservation Program (HILAPP). Awards under this RFP will largely support pre-development and technical assistance. HILAPP was developed to help housing authorities address capital needs that can't be met through state formula funding for capital. Eligibility is limited to 414 [developments](#) (about 16% of the total state portfolio) with high capital needs that are located in areas with the highest need for extremely low income housing. Applicants must identify additional potential funding sources and projects; supportive services are encouraged. The deadline for applications is April 1st. The application is posted on DHCD's [Public Housing Notices website](#).

DHCD Issues RFR for Secure Jobs Initiative for Homeless Parents

DHCD issued a Request for Responses ([RFR](#)) in late January for the Secure Jobs Initiative, a program that matches homeless, at risk and recently rehoused families with services to help them overcome barriers to work and connect to jobs that offer career pathways. DHCD will make up to \$1 million available to fund up to five regional Secure Jobs Partnerships between homeless services, workforce development and child care agencies. Responses are due by March 7th at 3:00 p.m. The program is expected to start in late April and run through June 2015, subject to the availability of funding, and builds on the Secure Jobs Connect [demonstration](#) launched with foundation assistance in early 2013 at [five sites](#).

Eviction Prevention in Subsidized Housing Found to Reduce Homelessness

A new report from HomeStart, Inc. - [Ounce of Care](#) - shows that its Court Intervention Project (CIP) to inter-

rupt Boston Housing Authority (BHA) evictions in select cases has been a cost-effective homelessness prevention tool. The program, funded by the Oak Foundation, uses court-based intervention for households with a high probability of homelessness. CIP staff work with the tenants to address the issues underlying the eviction proceeding, resolve arrearages and provide a year of stabilization services.

Between 2010 and 2012, CIP prevented the eviction of 383 households, and 96% remained stably housed a year later. The total program cost of under \$700,000 (including an average intervention cost of \$1,500) saved \$10-15 million in BHA eviction costs and shelter costs.

[The Boston Globe](#) reports that the BHA is now funding a court intervention staff person.

2013 Massachusetts Building Permits for Multifamily Housing Hit Seven Year High

In an [announcement](#) on January 30, the Office of Housing and Economic Development reported that preliminary Census Bureau [estimates](#) of building permits for 2013 in Massachusetts indicate that permits were issued for 7,601 multi-family units (units in buildings with two or more units), the highest number reported since 2006. The figure represents a 50% increase from 2012 (5,019 units) and is more than triple the figure for 2009 (2,346). The Office sees the rise as reflective of the demand for multifamily housing that led the Governor to set a statewide production goal of 10,000 multi-family units a year through 2020. The announcement also discusses the importance of multi-family housing production to support the long term health of the state's economy.

Massachusetts Population Growing, Slightly

According to Census Bureau population [estimates](#) released last month, Massachusetts' population rose by 0.7% between July 1, 2012 and July 1, 2013, reaching 6,692,824. The estimated one year gain was 47,521 persons. About 40% of the gain (about 19,000) was due to natural increase (births in excess of deaths) and about 60% to migration (about 28,500 persons), as the gain in persons moving from other countries offset a small loss (2,800 people) through domestic migration. Natural increase and migration accounted for similar shares of the estimated 3-year gain in state population (2010-2013) of about 145,000 persons. The state's one year growth rate of 0.7% matched the national growth rate, while the 3 year rate (1.97%) was slightly below the national rate (2.2%).

Federal Updates

Senators Ask the FHFA to Start Funding the National Housing Trust Fund

In late January, 33 senators, including Senators Warren and Markey of Massachusetts, sent a [letter](#) to Federal Housing Finance Agency (FHFA) Director Mel Watt asking him to end the suspension of contributions to the National Housing Trust Fund (NHTF) and to the Capital Magnet Fund. The NHTF would provide block grants to states for affordable housing, especially for extremely low income households.

HUD Says PHAs will receive 99% of the Funding Needed for Section 8 Housing Choice Vouchers

HUD advised public housing agencies (PHAs) in a letter sent on January 28 that it expects the agencies will receive 99% of the funding they need to cover Housing Assistance Payment (HAP) contracts. Administrative fees will be funded at 75%, up from 69% in FY2013. HUD intends to use set-aside funds to assist PHAs who need additional funds to prevent terminations.

HUD Issues NOFA for VASH Project-Based Vouchers for Veterans

On February 4, HUD published a Notice of Funding Availability ([NOFA](#)) for Project Based Vouchers (PBV) under the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program. HUD will award approximately \$7 million through this NOFA to support about 1,000 PBV units. The vouchers will enable homeless veterans to access affordable housing with an array of supportive services. The funding comes from a set-aside from the Consolidated and Further Continuing Appropriations Act, 2013 (Public Law 113-6) that provided approximately \$75 million for HUD-VASH vouchers. Applications are due no later than 90 days from the date of the notice.

HUD Hits Cap on Public Housing Conversions under RAD

On January 24, HUD announced that the number of federal public housing and moderate rehabilitation units receiving preliminary approval for conversion to project-based rental assistance under the Rental Assistance Demonstration ([RAD](#)) program had just about reached the program cap of 60,000 authorized by Congress. HUD has posted [two status lists](#) – one of applications for the first 60,000 units and a second of all applications in excess of the first 60,000. By December 31st, there were 115,644 units on the second list. HUD is continuing efforts to persuade Congress to raise the cap by 90,000 units to 150,000 (efforts to raise the cap in its FY2014 budget failed). Only one Massachusetts PHA is on the approved list (Cambridge for 1,155 units) and only one on the post-60,000 wait list (Holyoke for 105 units).

HUD Expands Eligibility for Tenant Protection Vouchers for Certain Expiring Use Properties

HUD issued a revised Notice ([PIH 2014-04](#)) that expands eligibility for tenant protection vouchers for projects that have a use restriction that expired in FY2012 (October 1, 2011-September 30, 2012) and are also located in a low-vacancy area. The previous notice (PIH 2013-08) inadvertently made projects applying for TPV ineligible if they were in the process of pre-paying their FHA-insured or HUD-held primary mortgage at the time of their application. The new notice extends eligibility to projects if they prepaid on or after June 14, 2013 and prior to February 4, 2014.

Expiration of Foreclosure Debt Forgiveness Tax Exemption Creates Uncertainty

As reported recently in the [Boston Globe](#), a provision

in the federal tax code exempting homeowners from paying income taxes on forgiven mortgage debt expired on December 31, 2013. Bills ([H.R. 2994/S. 1187](#)) to extend this tax provision, as well as bills to extend 50 others, failed in 2013, caught in larger tax reform debates. Most observers expect extension legislation to pass sometime this year retroactive to January 1.

HUD Requests Comments on Metro Areas to Include in 2015 American Housing Survey

On February 4, HUD issued a [request for comment](#) on which 30 metropolitan areas it should include in its 2015 American Housing Survey (AHS) and why. The AHS is a valuable tool for housing research as it collects data on a number of variables not included in the American Community. The Boston metro area was included in the 2007 and 2013 surveys. Comments are due no later than April 7th.



Recent Research & Reports

2014 Assets and Opportunity Scorecard Released with State by State Rankings

The Corporation for Enterprise Development (CFED) recently issued its **2014 Assets and Opportunity Scorecard** on the financial status of U.S. households. Overall, it found that 44% of all households, 25% of middle income households, and 61% of households of color are “liquid asset poor,” with savings of less than \$5,900. The scorecard ranks states on outcome measures in five areas (financial assets and income, businesses and jobs, health, education, and housing/homeownership). It also ranks states on their use of policies to increase financial security and opportunity (a useful **policy resources** section provides information on which states are using specific policies and how). **Massachusetts** ranked 11th in outcomes, 17th in policies and 50th (of 51) in **disparity in homeownership** rates by race. The report notes that it is more difficult to improve outcomes in states with high levels of income inequality, a high cost of living and substantial demographic diversity.

Enterprise/ULI Study Suggests Ways to Control Affordable Housing Development Costs

Enterprise and the Urban Land Institute (ULI) issued a report in January, **Bending the Curve: Solutions to Expand the Supply of Affordable Rentals**, examining cost drivers in affordable housing development and recommending actions that could reduce costs. Suggestions include financing projects through a participation structure or real estate investment trust, moving from percentage of total cost fee structures, making current financing sources more flexible (e.g. granting 4% credits for sources other than tax-exempt bonds) and creating new products, including products to facilitate the acquisition of currently unsubsidized multifamily housing.

NPR Highlights Housing Partnership Network (HPN) Launch of REIT to Tackle Affordability

On February 11, National Public Radio **profiled** the non-profit **Housing Partnership Equity Trust**, a “social purpose real estate investment trust” (REIT) launched last year with an investment of \$100 million from major financial institutions, the MacArthur Foundation and the Ford Foundation, and sponsored and operated by the Housing Partnership Network. It provides a way to act quickly on opportunities to acquire affordable multifamily properties (subsidized or not) without having to wait for public financing. The Trust is working with 12 nonprofit housing providers nationwide.

State of America’s Children 2014 Reports Record Number of Poor Children

The Children’s Defense Fund’s recent annual **report**, the State of America’s Children 2014, finds that childhood poverty reached a record level in 2012 (one in five or 16.1 million), while government safety net programs lifted another 9 million children from poverty. Children of color, who will make up a majority of the nation’s children by 2019, remain disproportionately poor, and the number of public students who are homeless has risen by 73%, compared to pre-recession levels. It calls for “a quality early childhood continuum of care from birth through age 5 so that every child, regardless of the circumstances of birth or lottery of geography, is ready for school” and has a fair start. The report includes a wealth of state level data on child population, poverty, family structure and income, housing status and participation in nutrition, early education, health insurance and other programs.

Issue Brief Examines Boston NSP Impacts on Neighborhood Revitalization

A new Issue brief from the Federal Reserve Bank of Boston examines the impact of the federal Neighborhood Stabilization Program (NSP) nationally, and in particular in Boston, on neighborhood conditions and suggests federal policy implications. **How the Boston Case can Inform Neighborhood Stabilization Policy** found that Boston properties assisted with NSP funds were slower to be rehabilitated than other REO properties and that the investment had little impact on block physical or social conditions. The author notes that NSP targeted neighborhoods had multiple problems that superseded the impact of the property intervention. Based on the data and Interviews with neighbors, the author recommends that programs intended to achieve neighborhood stabilization (improved physical and social conditions and higher property values) require greater community engagement upfront, use a broader strategy based on a comprehensive neighborhood needs assessment and use appropriate outcome measures.

Joint Center issues Case Studies on the Role of Investors in Foreclosure Purchases

The Joint Center for Housing Studies at Harvard issued **five papers** this month looking at the role of investors in the purchase of foreclosed properties neighborhoods. They include case studies in four market areas with varying market characteristics and conditions, including **Boston**, and examine investor financing sources, post-purchase behavior and the impact of the Neighborhood Stabilization Program (NSP). Boston was the only case with a large number of multifamily properties. The Boston study found that in Suffolk County, Investors accounted for 44% of purchases, and while most investors were small (1-3 properties), the 7% purchasing 10 or more properties accounted for one-half of all investor acquisitions.

PRRAC Study Looks at How States Can Use QAP to Create Balance in the Location of LIHTC Developments

A new **study** from the Poverty and Race Research Action Council (PRRAC), *Creating Balance in the Locations of LIHTC Developments*, examines the role of state Qualified Allocation Plans (QAPs) in influencing the location of Low Income Housing Tax Credit (LIHTC) projects. It notes that while the LIHTC program provides an opportunity to create housing in locations where it is more difficult to use vouchers, most tax credit projects are sited in neighborhoods and communities with a large stock of subsidized housing. Seeking balance now is important as the coming wave of recapitalization needs as existing projects hit year 15 will increase demand for credits in the traditional locations. Based on a review of QAPs in 36 states, including Massachusetts, it recommends states use a more rigorous “concerted community revitalization plan” requirement for projects in lower income, lower asset locations, including preservation projects. It also recommends steps HUD and states can take to reduce barriers to the use of tax credits in low poverty areas with access to quality schools, jobs, and other neighborhood assets.

