



CHAPA Housing Briefs

August 4, 2014

State Updates

Massachusetts 2013-2014 Legislative Session Ends

Just after 1:00 am on August 1, the Legislature adjourned for the 2013-2014 formal legislative session. CHAPA would like to thank Speaker Robert DeLeo, Senate President Therese Murray and the entire Legislature for their work to enable thousands of families, persons with disabilities, and seniors that struggled to keep a roof over their head to now have access to safe, affordable housing. Notable affordable housing accomplishments from this legislative session include: passage of the \$1.4 billion housing bond bill; passage of public housing reform legislation; \$25 million for the Brownfields Redevelopment Fund; and increased funding for many affordable housing programs, including \$23 million in increased funding for the Massachusetts Rental Voucher Program over the last two budgets. While this biannual deadline marks the end of debate on most legislation until next year, noncontroversial bills without any legislative opposition are still able to pass in informal sessions for the remainder of the year.

The last day of the legislative session brought the passage of major public housing reform legislation and an economic development bill with funding for housing programs and new tools for gateway cities. Both bills are now before the Governor, who has ten days to sign the bills into law.

Public Housing Reform Heads to Governor's Desk

After holding multiple hearings and meetings across the state with all stakeholders, the Housing Committee produced significant public housing reform legislation. The bill moved quickly through the Legislature. Over the course of two weeks, the bill passed the House and Senate; had differences reconciled through a conference committee; and received final passage through both chambers on the last day of formal sessions.

Upcoming Events

October 28, 2014

CHAPA's 47th Annual Dinner - To learn more or to sponsor the Annual Dinner, [click here](#).

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



The bill strengthens accountability and transparency, capital planning, tenant participation in housing authority decisions and training, and creates a pilot program to test innovations and maximize economies of scale.

Major provisions include:

- Performance based monitoring for all housing authorities. Benchmarks, developed jointly by DHCD and stakeholders, will address capital and operating program criteria and governance activities. The bill allows DHCD to appoint a chief financial and administrative officer for chronically poor performing housing authorities.
- Annual planning required for all housing authorities. The plans will be available for public review and subject to public hearings.
- Required annual audits with a requirement to change auditors after five years unless waived by DHCD.
- Tenant representation on every housing authority board with election procedures to be created by DHCD. Technical assistance will be made available to board members, tenant organizations, and other tenants.
- Mandatory training for all board members every two years.
- New guidelines for Executive Director contracts. DHCD will have authorization to review all contracts and will be required to review contracts worth more than \$100,000 per year.
- Annual resident surveys.
- Centralized Application and Waitlist to be developed within one year.
- Capital Assistance Teams will be created to help housing authorities with capital planning, maintenance and repair planning, and technical assistance. Any housing authority can participate. However, participation will be required for all housing authorities with fewer than 500 state-aided units.
- Regional Innovation Program will create four regional housing authorities to implement innovative management and rehabilitation programs while maximizing economies of scale. Three of the four regional housing authorities will be comprised of at least seven local communities with collective portfolios of at least 750 units. One regional housing authority will bring together at least 10 communities with a collective portfolio of 250 to 700 state units.

Economic Development Bill with Funding for Housing Programs Advances to Governor's Desk

Also on its way to the Governor for his signature is a significant **economic development bill** that includes several housing and community development programs.

Key provisions of the legislation include:

- \$10 million for the Brownfields Redevelopment Fund. The signing of this bill into law would bring total funding this session to \$25 million when combined with \$15 million included in a supplemental budget passed earlier this year. \$25 million will allow stalled projects to move forward and keep the Fund operating for two more years.
- Doubling of the Housing Development Incentive Program (HDIP) to \$10 million and the removal of the 50 unit per development cap. These changes will increase the effectiveness of HDIP, which was created in 2012 to expand the diversity of housing stock and promote economic development in Gateway Cities.
- Creation of the Gateway Cities Transformative Development Fund capitalized at \$16 million. The Fund would revitalize and support residential, commercial, and institutional development as well as promote collaborative workspaces in Gateway Cities.
- \$3 million for the Housing Preservation and Stabilization Trust Fund (HPSTF). HPSTF, created through the FY14 budget, provides DHCD with flexibility to fund new initiatives, create housing, and provide resources to respond to urgent needs. DHCD has spent its first \$10 million on creating supportive housing units (\$7 million), supplementing HomeBASE household assistance to help more families avoid or exit the shelter system (\$2 million), and providing funding for the Secure Jobs Initiative (\$1 million).



DHCD Awards \$83.6 million for Rental Housing

On July 7, DHCD **announced** the award of \$83.6 million in state and federal tax credits, bond bill and other funding to 24 affordable housing projects across the state. The funding will create or preserve 1,328 units of housing and over 2,000 jobs.

Massachusetts getting \$25 million for Consumer Relief under Citibank Settlement

On July 14, the Justice Department **announced** a \$7 billion **agreement** with Citibank to resolve pending and certain potential future federal and state civil claims related to Citibank's actions prior to 2009 in the securitization and sale of mortgage backed securities. Of Citibank's \$4.5 billion in cash payments, Massachusetts will receive \$45.7 million. The Attorney General's office plans to use about \$15 million for direct consumer relief and \$6.5 million to offset losses to the state pensions system, with the rest going to the Commonwealth. Massachusetts is also to receive at least \$10 million for consumer relief under Citibank's \$2.5 billion obligation, which is spelled out in a settlement **Annex**.

DHCD to Assess Accessibility Needs in State Public Housing

DHCD plans to conduct a Facility Condition and Accessibility Assessment of state public housing this summer, to update the assessments conducted in 2006 and 2010. As outlined in a June **notice** (2014-12) to housing authority executive directors, the information will be used to calculate future LHA formula funding. In addition, this assessment will include a "limited broad assessment" of where the portfolio may be deficient in meeting accessibility requirements and to locate and quantify the order of magnitude need for accessibility improvements.

Federal Updates

Julian Castro Sworn in as New Secretary of HUD

On July 28, Julian Castro, previously the mayor of San Antonio, was **sworn in** as the 16th Secretary of the U.S. Department of Housing and Urban Development. Castro was confirmed by the Senate (71-26) on July 9 and succeeds Shaun Donovan who was confirmed as the Director of the Office of Management and Budget on July 10.

HUD Continuing Resolution for FY2015 Likely

Analysts now predict that Congress will pass a short-term continuing resolution for HUD at FY2014 funding levels, to start the FY2015 year. While the House approved a FY2015 appropriations bill for Transportation, Housing and Urban Development (THUD) on June 10, consideration by the full Senate of the bill approved by the Senate Committee on Appropriations has not occurred. In late June, Senate Majority Leader Reid pulled consideration of a “minibus” which combined three appropriations bills, including THUD, after disagreement over the extent to which amendments could be offered. Analysts now think progress before October 1 unlikely.

The House and Senate proposals differ significantly; the Senate provides more funding for several programs (see **chart**), while the House bill includes several new harmful general provisions, including capping all Section 8 payment standards absolutely at 120% of FMR, making it difficult to provide reasonable accommodations and to use vouchers in high cost areas, and forbidding the use of funds appropriated in the bill to repay other HUD or FHA-insured loans, potentially derailing preservation transactions, including those financed under the Rental Assistance Demonstration program.

House Budget Chair Ryan Proposes Testing Consolidation of Housing Programs as part of Anti-Poverty Plan

On July 24, Representative Paul Ryan (R-WI) **released** a **discussion draft** of an “anti-poverty plan” (Expanding Opportunity in America) which, among other things, would consolidate numerous means-tested programs, including HUD’s largest programs, into a pilot “opportunity block grant” program that would give a “select number” of states more flexibility in how they use the funds. The funding to be consolidated into the grant include TANF, SNAP, LIHEAP and Weatherization, Public Housing, the Housing Choice Voucher and Section 8 Project-Based Rental Assistance programs, CDBG, RHS Rural Rental Assistance, the Child Care and Development Fund and WIA Displaced workers.

House Democrats Introduce GSE Reform Bill

Despite general pessimism about the likelihood that housing finance reform legislation will be passed this year, legislative proposals continue. On July 10, Representatives John Delaney (D-Md), John Carney (D-De) and Jim Himes (D-Ct) introduced *the Partnership to Save Homeownership Act (H.R. 5055)*. The bill would wind down Fannie Mae and Freddie Mac, revoking their charters but allowing them to be sold and recapitalized. It would replace them with a new system of government-insured mortgage backed single- and multi-family securities, which would be run through Ginnie Mae. The private sector would take a minimum 5% first loss position, with other 95% shared by Ginnie Mae and a private insurer *pari passu*. As detailed in the sponsors’ **summary**, the bill would also spin off the GSEs’ multifamily businesses. Like the Johnson-Crapo bill in the Senate, it establishes a 10-basis-point fee for affordable housing (National Housing Trust, Capital Magnet and Market Access Funds) but applies it to the Federal Housing Administration (FHA) as well, raising an estimated additional \$750 million a year for NHTF compared to the Senate proposal. Ginnie Mae would also have a duty to serve underserved markets.

78 Members of Congress Ask FHFA to Start Payments to National Housing Trust Fund

On July 21, 78 members of the House of Representatives submitted a **letter** to Mel Watt, Director of the Federal Housing Finance Agency (FHFA), asking him to end the suspension of payments by Fannie Mae and Freddie Mac to the National Housing Trust Fund. Five of Massachusetts' representatives signed the letter (Capuano, Clark, Kennedy, Lynch and McGovern). Background on the issue can be found in a recent **article** by the National Low Income Housing Coalition (NLIHC).

Treasury Seeks Comment on How to Reinvigorate Private Label Mortgage Securitization

On June 26, the U.S. Treasury **announced** an effort "to engage the public in a discussion of key challenges, potential solutions and appropriate processes to encourage private capital to play a larger role in taking mortgage credit risk outside of government-supported channels." The announcement included eight specific topics on which it seeks comment, including understanding current obstacles to growth. The formal **request for comment** was also published in the Federal Register on June 30 and comments are due no later than August 8.

HUD/Treasury Announce Initiative to Reduce Housing Finance Agency (HFA) Multifamily Loan Costs

On June 26, HUD and the U.S. Treasury **announced** a new initiative under which the Federal Financing Bank will finance multifamily mortgages insured under the FHA-HFA Risk Sharing program. According to the announcement, this initiative will significantly reduce the interest rate for affordable multi-family housing compared to the cost of tax-exempt bonds under current market conditions. As detailed in a **HUD/Treasury Q&A**, the Administration has urged Congress to pass legislation that would permit Ginnie Mae to securitize Risk-Sharing loans, but Congress has not acted. The FFB initiative provides an alternative, interim route to achieve the same policy goal.

HUD Issues Proposed Rule for Section 8 Consortia

On July 11, HUD published a **proposed rule** intended to encourage PHAs to establish consortia for the purpose of administering Housing Choice Vouchers by offering another organizational model (a "single ACC consortium") which is administratively easier. It would allow multiple PHAs to become a single PHA with one jurisdiction, one PHA plan, one fiscal year, one set of reporting and audit requirements, a centralized waiting list and a single set of policies. PHAs could still operate other programs such as public housing separately. Comments are due by September 9, 2014.



HUD Issues Revised Rule on Project-Based Vouchers

On June 25, HUD issued its **final rule** incorporating changes to the project-based voucher program authorized by the Housing and Economic Recovery Act (HERA) in 2008. The final rule includes a number of changes from the proposed rule HUD published in May 2012, reflecting **comments** submitted by a number of state and national groups. Among other things, HUD withdrew its proposed change to the definition of “existing housing” but indicated in the June 25 notice that redefinition is still under review. Summaries of the some of the recommendations that were and were not adopted are available **here** and **here**.

HUD Streamlines Process for Small PHAs to Convert their Public Housing Portfolios to Vouchers

On June 18, HUD issued a notice (**PIH 2014-14**) about a new streamlined process for small PHAs (less 250 federal public housing units) interested in converting their entire public housing portfolio to housing choice vouchers. The notice makes 1,000 tenant protection vouchers available first-come, first-serve to PHAs that apply to convert by September 30, 2014.

Other News

California Funds Affordable Transit-Oriented Development with Cap-and-Trade Revenue Setaside

California housing advocates won a new funding source for affordable housing this year, after successful arguing that **affordable transit-oriented housing is an effective climate change strategy**. Gov. Jerry Brown signed a budget with new language setting aside at least 10% of the state’s total cap-and-trade program revenue for equitable transit-oriented development. The budget allocates \$130 million for fiscal year 2014-2015. Going forward, 20% of the ongoing annual revenue will go to fulfil regional sustainable communities strategies, with at least half going toward affordable housing located near transit.



Recent Research & Reports

State of the Nation's Housing 2014

The Joint Center for Housing Studies of Harvard has released its 2014 **State of the Nation's Housing** report, looking at broad trends in the housing market, along with a brief summary of **key facts** and an **interactive map** that enables users to look up quick housing costs stats by region in every state. Trends noted include a continued decline in real median incomes and homeownership rates, and an increasing problem with renter cost burden.

MAPC Issues Policy Agenda for Advancing Equity in Metro Boston

On July 14, the Metropolitan Area Planning Council (MAPC) **released** its **policy agenda** for advancing equity in Metro Boston. The *Agenda* recommends a number of legislative and regulatory priorities based on current equity concerns. The **executive summary** includes several housing recommendations.

Quantifying the Impact of Brownfield Remediation on Property Values

A new study, ***The Value of Brownfield Remediation***, from the National Bureau of Economic Research has found that cleanups under the EPA Brownfields Program had a positive, statistically significant effect on neighborhood housing prices, raising average values by 5 to 32%. The study compares changes in housing prices of homes near brownfield sites relative to changes in home values with sites that were not funded. A good **summary** of the study includes its methodology and findings.

Inclusionary Housing Studies

The National Housing Conference (NHC) has published two new papers on inclusionary zoning, both posted on NHC's **inclusionary zoning** webpage. ***Achieving Lasting Affordability through Inclusionary Housing*** reports on NHC's review of inclusionary housing policies in nearly 500 jurisdictions in 27 states plus the District of Columbia and profiles 20 programs in detail to illustrate how carefully designed programs can create units that remain affordable for generations. Three quarters of the jurisdictions with inclusionary housing policies are in three states: California, New Jersey and Massachusetts. ***Inclusionary Upzoning: Tying Growth to Affordability*** profiles six localities (including Cambridge) that have upzoned and encourage or require the creation of affordable units. All six have or are expected to produce large numbers of affordable units.

Losing Ground

The Massachusetts Audubon Society has issued an update on development and land conservation trends in Massachusetts, ***Losing Ground: Planning for Resilience***. It found that about 38,000 acres of forest or other undeveloped land were lost to development between April 2008 and April 2013 – but this development pace (13 acres/day) was much lower than the rate in 1999-2005 (22 acres/day) and 1985-1999 (40 acres/day). It also found that the state's supply of protected land has grown.

Impact of Homebuilding and Remodeling of the U.S. Economy

An updated study from the National Association of Home Builders, ***Impact of Homebuilding and Remodeling of the U.S. Economy***, provides estimates of the impact of residential construction in the U.S. in 2014. Nationally, it estimates that building 10 apartment units generates the equivalent of 11.3 jobs on average, about \$609,000 in wages and salaries and \$423,830 in taxes.

HUD Publishes Picture of Subsidized Housing, CHAS and Annual LIHTC Database Updates

HUD recently released **Picture of Subsidized Households** data for **2009-2013**, as well as two new Comprehensive Housing Affordability Strategy Strategy (**CHAS**) data sets, including a HUD, including a HUD **query tool** which allows users to look up basic information by geography. HUD also published an updated version of its **Low Income Housing Tax Credit database**, adding properties placed in service in 2012, and an updated **summary table** on the program.

Study Finds Increasing Permanent Supportive Housing reduces Community Rates of Chronic Homelessness

A new **study**, *The Relationship between Community Investment in Permanent Supportive Housing and Chronic Homelessness*, has found that communities that increase their supply of permanent supportive housing experience a reduction in their rate of chronic individual homelessness.

Study Finds Boston Area Ranks High in Walkable Urban Development Potential

A new **report**, *Foot Traffic Ahead: Ranking Walkable Urbanism in America's Largest Metros*, by LOCUS, a coalition of real estate investors within Smart Growth America, advises developers to invest in "walkable urban places," including those in suburbs. It ranked Boston third among all metros currently (behind Washington and New York) and first in terms of future potential. The study identified 37 walkable urban places in the Boston metro, including a number in "gateway" cities.

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