

Leveraging Public Housing Resources Bill

An Act leveraging additional resources for local housing authorities

SECTION 1. Section 11 of said chapter 121B, as so appearing, is hereby amended by adding the following paragraph:-

“Notwithstanding any general or special law to the contrary, a housing authority, with the approval of the department, shall have the power to secure indebtedness incurred for the preservation, modernization and maintenance of one or more of its low- rent housing developments assisted under section 32 or section 34 of chapter 121B by a pledge of a portion of capital funds awarded to it for improvements to be carried out pursuant to a department-approved capital improvement plan in accordance with department regulations governing capital projects. The department shall promulgate regulations establishing limitations on the percentage of awarded capital funds that may be pledged to secure indebtedness, describing permitted terms for borrowing and repayment, and establishing criteria for housing authorities that will be permitted to incur indebtedness secured by a pledge of capital funds. Any pledge of future year capital funds under this section is subject to the availability of funds under the department’s capital spending plan as approved by the governor for that year. All financing documents related to future year capital fund amounts must include a statement that the pledging of funds is subject to the availability of funds under the department’s capital spending plan as approved by the governor.”.

SECTION 2. Section 34 of said chapter 121B, as so appearing, is hereby amended by striking out the fifth paragraph and inserting in place thereof the following paragraph:-

“The proceeds of any sale or other disposition of such project in excess of the total of all obligations of the housing authority with respect to such project shall, after the payment of all bonds issued by the housing authority to finance the cost of such project and payment of the costs of the sale or disposition, be retained by the housing authority for the preservation, modernization and maintenance of its public housing assisted under this chapter as approved by the department, or where the housing authority has no public housing assisted under this chapter, such proceeds shall be paid to the department to fund capital improvements for the preservation, modernization and maintenance of state-aided public housing.”.

SECTION 3. Said section 34 of said chapter 121B, as so appearing, is hereby further amended by striking out the tenth paragraph and inserting in place thereof the following paragraph:-

“Whenever a housing authority shall determine that land acquired by it under clause (d) of section 11 for the purpose of this section is in excess of or no longer required for such purposes it may, upon approval by the department, sell or otherwise dispose of such land by deed or instrument approved as to form by the attorney

Commented [E51]: Borrowing Against Capital Funds: Authorizes LHAs, with DHCD approval, to pledge a portion of their capital funds to secure debt, subject to availability under the capital plan.

Because the amount of capital funds available to an LHA in any given year is often less than what is required to undertake urgent capital needs, such as roof replacement across all buildings in a given project, the ability to borrow against a stream of capital funds will allow LHAs to carry out critical projects in a timelier manner, with associated cost savings.

Commented [E52]: Proceeds from Disposition of LHA Property: Allows an LHA to retain the proceeds from the disposition (or sale) of property, after all bonds from the Commonwealth are paid in full. If the LHA has no more public housing after the disposition, proceeds will be paid to DHCD.

In both cases, the funding will be used to address modernization and maintenance needs at state-aided public housing.

An example of this would be if a housing authority wants to sell property, such as a parking garage, it would be able to keep the proceeds from the sale and put this money back into the rehabilitation of other housing authority property.

Commented [E53]: Conforming Change on Disposition of LHA Property: Makes a conforming change regarding the disposition of LHA property in order to implement these provisions.

general. If the housing authority is disposing of such land for purposes of housing development, it may do so in accordance with section 26 of this chapter. So long as any bonds issued by a housing authority to finance the cost of a project under this section or section 35 and guaranteed by the commonwealth are outstanding, funds received from a disposition of land as provided in this chapter shall be applied in accordance with the fourth paragraph of this section. After the payment of all bonds issued by the housing authority to finance the cost of such project, funds received shall be applied in accordance with the fifth paragraph of this section.”.