



President
Susan Schlesinger

September 26, 2011

Vice Presidents
Jack Cooper
Jeanne Pinado

The Honorable John Kerry
218 Russell Senate Office Building
Washington, D.C. 20150

Treasurer
Joseph Flatley

Clerk
Mary Doyle

Dear Senator Kerry:

Executive Director
Aaron Gornstein

On behalf of Citizens' Housing and Planning Association (CHAPA), I am writing to you about the Joint Select Committee on Deficit Reduction. We are extremely pleased that you are representing our state and the nation on this important committee, which is likely to determine the future of federal assistance and support for years to come. We know that as you approach these discussions, you will keep in mind the need to ensure that our country has the revenue necessary to protect the most vulnerable people in our state, and throughout our nation.

Housing prices in Massachusetts are among the highest in the nation. To afford a two-bedroom apartment at the Fair Market Rent of \$1,209, a full-time worker needs to earn \$23.25 per hour. Right now, minimum wage in Massachusetts is \$8.00. That means a minimum wage worker would need to work at an almost impossible level – 116 hours per week – to afford a two bedroom apartment. This does not even include the elderly, people with disabilities, and others in circumstances in which they are not capable of working. And today, there are more than 95,000 households on our state's Section 8 waiting list, an increase of over 10,000 compared to last year.

Massachusetts is fortunate to have many non-profit organizations, for-profit companies, and government agencies skilled at using federal money to get the maximum impact for people who need housing assistance. In FY2009, Massachusetts received over \$2.9 billion in HUD funds¹ to provide affordable housing, over \$9 million in Rural Housing Service (RHS) grants, and another \$6.9 billion in FHA loan guarantees to help with home purchases and rehabilitation. HUD programs alone assist over 180,000 renter households, including almost 79,000 households (121,000 people)² using tenant-based Section 8 rental assistance, another 64,400 in developments with project-based Section 8 rental assistance and over 35,000 units of federal public housing (3,000+ more units will come online this year through federalization). These programs are critical to efforts to aid the state's poorest households and critical to the State's ability to address homelessness.

¹ U.S. Census, Consolidated Federal Funds Report FY2009

² HUD Resident Characteristics Report as of August 31, 2011

We are also concerned about the many programs which provide communities with funding to ensure that they are safe and vibrant places in which to live. HUD provided 8.5% of all federal aid to state and local governments nationwide in FY2009, ranking third among federal agencies (behind HHS and Transportation).³ Major sources of aid include the Community Development Block Grant (CDBG) program which provides \$98 million (FY2011) in annual formula grants to 37 cities and towns in Massachusetts (\$68 million) and to the State (\$30 million this year) for housing, economic development, public services, social services and planning. The State in turn distributes its grant to dozens of smaller communities through a competitive grant program.

The HOME program provides another \$42 million in direct block grant funding (FY2011) specifically for affordable housing. Ninety-nine (99) communities received \$29 million directly from HUD as entitlement communities or members of HOME consortia and the State received \$13 million to support projects throughout the Commonwealth. Today, affordable housing production and preservation always requires the use of multiple funding sources as spending caps make single source funding impossible and HOME has been critical to the State's ability to leverage federal low-income housing tax credits, other state and federal grant programs and local Community Preservation Act (CPA) funds

Another critical resource for affordable housing production and preservation is the federal Low Income Housing Tax Credit (LIHTC) program, which finances over half of all new affordable units each year. In Massachusetts, the LIHTC has created approximately 32,000 apartments, 50,000 jobs, and \$270 million in state and local revenue. It's critical that this program be preserved so that we can continue to create new affordable rental housing going forward.

Specifically, we ask that you:

- 1) Ensure that the Select Committee gives serious consideration to formulating revenue options which will allow the federal government to continue to keep its social contract with the most vulnerable in our society, and make sure they have adequate and safe housing; and
- 2) Develop a spending plan which will protect our nation's investment in housing and community development programs.

Your long and distinguished record on housing and community development programs is well known to your constituents in Massachusetts. We look forward to working with you to ensure that the federal government continues these important investments in our citizens and our communities.

Sincerely,



Aaron Gornstein
Executive Director

³ U.S. Census Bureau, Federal Aid to States for Fiscal Year 2009, page viii