

H.4108: An Act Financing the Production and Preservation of Housing for Low and Moderate Income Residents

SPONSORED BY REPRESENTATIVE KEVIN HONAN & SENATOR LINDA DORCENA FORRY



This legislation invests \$1.71 billion through the capital budget in affordable housing over five years, providing critical funding to produce, preserve, and modernize public and affordable housing in communities across the Commonwealth. The legislation also expands and extends the Massachusetts Low Income Housing Tax Credit and the Community Investment Tax Credit and extends the Brownfields Tax Credit and the Housing Development Incentive Program. Specifically, the Housing Bond Bill authorizes the following:

Affordable Housing Trust Fund (AHTF) \$400,000,000

The AHTF is a flexible tool administered by MassHousing to create and preserve affordable housing. It has been used to support of a variety of projects, including permanent and transitional housing for the homeless and for the rehabilitation of public housing. It can serve moderate-income households, up to 110% of the area median income (AMI), though the majority of AHTF projects serve households at 60% AMI. It also supports first time homebuyers through the ONE Mortgage program.

Capital Improvement & Preservation Fund (CIPF) \$125,000,000

CIPF assists in the preservation and improvement of existing privately owned, state or federally assisted affordable rental developments that are at risk of losing their affordability restrictions.

Program Changes: The Housing Bond Bill includes clarifying language to make the program work better with other housing preservation resources.

Commercial Area Transit Node Program \$50,000,000

This program encourages smart growth by producing homeownership and rental housing in mixed-use, commercial areas served by public transit.

Community Based Housing (CBH) \$55,000,000

CBH extends the Commonwealth's goal of providing assistance to persons with disabilities in the least restrictive settings possible. The program provides funding for the development of integrated housing for people with disabilities, including elders, with priority for individuals who are in institutions or nursing facilities or at risk of institutionalization.

Facilities Consolidation Fund (FCF) \$65,000,000

FCF produces community-based housing for clients of the Department of Developmental Services (DDS) and the Department of Mental Health (DMH). Through the fund, DHCD works closely with DDS and DMH to provide housing for people with a wide range of disabilities.

Home Modification Loan Program (HMLP) \$60,000,000

The HMLP helps persons with disabilities and the elderly make renovations to their homes through deferred payment or zero interest loans to ensure they can continue to live at home and avoid placement into more costly institutional settings, such as nursing homes.

Program Changes: The Housing Bond Bill makes several changes -

- Clarifying changes that better aligns the program language with its actual use;
- Clarifying language to explicitly allow the HMLP to be used by families to construct accessory dwelling units for persons with disabilities; and
- Authorizing a grant program to allow landlords to access the HMLP to make renovations to apartments in order to accommodate the needs of disabled tenants.

THE HOUSING BOND BILL RE-AUTHORIZES THE FOLLOWING BOND PROGRAMS:

Program	Authorization
Affordable Housing Trust Fund	\$400,000,000
Capital Improvement & Preservation Fund	\$125,000,000
Commercial Area Transit Node Housing Program	\$50,000,000
Community Based Housing	\$55,000,000
Facilities Consolidation Fund	\$65,000,000
Home Modification Loan Program	\$60,000,000
Housing Innovations Fund	\$100,000,000
Housing Stabilization Fund	\$160,000,000
Public Housing	\$600,000,000
Public Housing Demonstration	\$50,000,000
Early Education & Out of School Time	\$45,000,000
Total	\$1,710,000,000

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Housing Innovations Fund (HIF) \$ 100,000,000

HIF supports the production of innovative and alternative forms of rental housing, including single person occupancy (SPO) units, transitional and permanent housing for the homeless, shelters for survivors of domestic violence, supportive housing for seniors and veterans, and housing for substance abuse recovery. HIF projects almost always feature affordable housing units combined with support services for residents.

Housing Stabilization Fund (HSF) \$ 160,000,000

HSF provides funding for the acquisition, preservation, and rehabilitation of affordable housing, including foreclosed and distressed properties. HSF has helped finance family rental, elderly housing, single room occupancies (SROs), special needs housing, and a mix of homeownership and rental housing.

Program Changes: The Housing Bond Bill changes the weak markets provision within the program to allow it to be used for single family homes as well as multifamily housing. The bill also allows HSF to support homebuyers with student debt in Gateway Cities.

Public Housing \$ 600,000,000

This program helps modernize and rehabilitate our state's public housing stock. It allows local housing authorities to plan for capital improvements, renovations, abatement of hazardous materials, or to remodel homes for persons with disabilities.

Public Housing Demonstration Program \$ 50,000,000

This demonstration program allows public housing authorities to use innovative public housing finance tools to leverage new funds and partners to rehabilitate public housing and reduce ongoing capital costs.

Early Education and Out of School Time (EEOST) \$ 45,000,000

EEOST offers grants to non-profits to help build early education and out of school time program facilities that serve low-income children. It provides flexibility to build or renovate buildings in order to provide children and teachers with safe, healthy environments that support other quality improvement efforts. The program is administered through the Children's Investment Fund at CEDAC and works closely with the Department of Early Education and Care.

Program Changes:

- Increases the percentage of slots for low-income children served by early education programs supported by the program from 25% to 50%; and
- Changes eligibility requirements for the program to allow only those organizations who are currently providing early education and care to low-income children.

Massachusetts Low Income Housing Tax Credit(LIHTC)

The Massachusetts LIHTC awards tax credits to investors in affordable multifamily rental projects. It encourages private investment in affordable housing and allows developers to finance part of the cost of the development with equity invested by local corporations and individuals to help keep rents low. The Housing Bond Bill removes the sunset provision for the program and raises its authorization by \$5 million for a total annual allocation of \$25 million. The additional tax credits will be used for the preservation and improvement of existing affordable housing.

Community Investment Tax Credit (CITC)

The CITC enables local residents and stakeholders to work with and invest in community development corporations (CDCs) to improve economic opportunities for low and moderate income households in communities across the Commonwealth. Over the past three years, this program has generated nearly \$24 million for CDCs across the state, enabling them to deepen their community engagement, create more housing opportunities, and increase their impact. The Housing Bond Bill extends the CITC through 2025 and gradually raises the annual cap from \$6 million to \$12 million.

Brownfields Tax Credit

The Brownfields Tax Credit helps clean up polluted sites in Massachusetts and transform them into places where people can live and work, creating housing and economic development opportunities. The Housing Bond Bill extends the Brownfields Tax Credit for five years.

Housing Development Incentive Program (HDIP)

HDIP provides Gateway Cities with a redevelopment tool to help create affordable and market rate housing, promote neighborhood stabilization, and support economic development through tax credits. The Housing Bond Bill extends the annual \$10 million authorization for HDIP until 2024.

MassHousing Authorization

The Housing Bond Bill authorizes MassHousing to provide services outside of Massachusetts in three ways: (1) contract administration services in connection with any HUD multifamily rental subsidy program; (2) loan servicing for one to four family residential mortgage loans, provided the majority of loans serviced are secured by mortgages on property located in Massachusetts; and (3) loan servicing related to residential mortgage loans in partnership with governmental or quasi-governmental agencies.