March 16, 2018

The Honorable Jeffrey Sánchez  The Honorable Karen Spilka
House Committee on Ways & Means  Senate Committee on Ways & Means
State House, Room 243  State House, Room 212

RE: FY2019 Budget Priorities for Affordable Housing, Homelessness Prevention, & Community Development

Dear Chairman Sánchez, Chairwoman Spilka and Distinguished Members of the Joint Committee on Ways and Means,

On behalf of Citizens’ Housing and Planning Association (CHAPA), I am writing to ask for your support of our FY2019 budget priorities for affordable housing, homelessness prevention, and community development programs.

CHAPA’s mission is to encourage the production and preservation of housing that is affordable to low- and moderate-income families and individuals and to foster diverse and sustainable communities through planning and community development.

Our testimony represents the budget priorities of the Building Blocks Coalition. The Coalition, hosted by CHAPA, is a group of organizations from across the Commonwealth that come together to advocate for resources that will help every family find a safe, healthy, and affordable place to call home. We represent service providers; affordable housing developers; public housing authorities and tenants; community development corporations; community action agencies; independent living centers; homelessness and childcare advocates; and other organizations concerned about access to affordable housing.

We thank you for your increased investments for critical affordable housing programs in FY2019. However, even with this commitment to address homelessness and increase our affordable housing stock, residents of Massachusetts continue to face significant challenges in obtaining homes that they can afford.
Housing Costs are Too High

Last year, *US News & World Report* ranked Massachusetts #1 in its Best States Overall Ranking. However, in this year’s ranking, Massachusetts dropped to 8th on the list of best states. Among the factors impacting this ranking, Massachusetts ranks 47th in Affordability, 46th in Cost of Living, and 44th in Housing Affordability.

When it comes to affordable housing, Massachusetts has a supply and demand problem. Although new housing is being constructed, the type of housing being built is generally not targeted toward the growing population of low- and moderate-income renters. Permits for multifamily housing have declined in the past year, putting more pressure on the low- and moderately-priced housing stock that does exist. In addition, restrictive zoning in many communities prevents certain types of housing development, exacerbating our high housing costs and housing shortage.

Our housing shortage helps keep Massachusetts in the top ten for least affordable states for renters, with a minimum-wage worker required to work 100 hours per week, or have 2 1/2 full-time jobs, in order to afford a modest 2-bedroom apartment. According to the Joint Center for Housing Studies at Harvard, nearly 50% of all renters in Massachusetts are rent-burdened, paying more than 30% of their income for rent, and more than half of those (or nearly 250,000) are severely rent-burdened, paying more than 50% of their income for rent. Nearly all the severely rent-burdened households are low-income, putting them at greater risk of becoming homeless.

High Housing Costs Limits Our Ability to Reduce Homelessness

Unfortunately, with few opportunities to find an affordable home, many families are left with no place to go. Between 2007 and 2014, Massachusetts experienced a 40% jump in homelessness. Families and children currently make up the largest group who are homeless or at risk of homelessness. Since 2008, Massachusetts has seen one of the largest increases in family homelessness in the nation and is one of only two states, along with New York, where families make up more than half of the shelter population.
those families entering shelter in 2016, almost 20% included two adults. That number was only 8% in 2008.13

Fortunately, through the Legislature’s increased investment in affordable housing and homelessness prevention resources, we have made progress in helping families avoid or exit emergency shelters. In January 2015, over 1,500 homeless families were staying in hotels or motels. Today, because of investments in affordable housing resources, less than 60 families remain in hotels and motels.14 In order to continue this progress, we need to increase our support for these affordable housing and homelessness prevention programs.

When affordable housing demand is high and supply falls short, however, even these additional resources are not enough to meet the needs of the low- and moderate-income households. While we applaud the progress of targeted programs that have reduced veteran homelessness and homeless families staying in motels, about 3,500 families still remain in shelter.15 Additionally, over 107,000 households struggle to hold onto housing as they can wait years for a rental voucher.16

**Affordable Housing Supports Economic Development**

Housing production is also critical to the Commonwealth’s economic prosperity. In order to maintain and grow our economy, Massachusetts needs to attract and retain a robust workforce that will keep our innovation economy competitive. To do this, we need to provide the right housing choices at prices that are affordable for workers and their families. According to the Metropolitan Area Planning Council, we need to build 17,000 new units per year to maintain our existing employment base. Additionally, two-thirds of these new homes need to be multifamily units.17 If we fail to achieve this, Massachusetts risks losing workers to other regions with better housing options. Ultimately, our inability to create affordable homes will impede the growth of our workforce and threaten the Commonwealth’s future economic success.

The Governor recently announced a goal of creating 135,000 new homes in Massachusetts by 2025 as part of his Housing Choice Initiative. Creating affordable housing opportunities must be included as part of that goal and the Housing Bond Bill provides the resources that would help Massachusetts achieve this target.

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13 Id.
14 Mass. Department of Housing and Community Development, Division of Housing Stabilization Data (March 1, 2018).
17 Unlocking the Commonwealth at 4.
Decline of Federal Supports for Affordable Housing

Supporting our state resources for affordable housing is even more important now in light of developments at the federal level. Many of the programs that support housing and community development in Massachusetts are threatened by elimination or dramatic cuts in the federal budget.

In his FY2019 budget proposal, President Trump slashed funding for Section 8 rental vouchers and public housing and eliminated funding for community development resources including the Community Development Block Grant (CDBG) and the HOME Investments program. If enacted, this would put Massachusetts at risk of losing nearly 7,500 rental vouchers, $100 million in funding for public housing, over $90 million in funding for CDBG, and $24 million from the HOME program.18 The President’s budget also eliminates the Low Income Home Energy Assistance Program (LIHEAP), which helps low-income households, including many seniors, pay heat bills to stay warm through the winter.

The federal tax bill signed by President Trump also significantly weakens the federal Low-Income Housing Tax Credit (LIHTC), a successful public-private partnership that has become the foundation for affordable housing development across New England and the nation. While the credit itself is retained, it is weakened due to the corporate tax rate being lowered from 35% to 21%. With less of a demand for tax credits, the value of the Low-Income Housing Tax Credit drops, reducing investments in affordable housing by private investors. In Massachusetts, this means an estimated annual loss of over $64 million in resources raised by LIHTC for producing and preserving affordable housing.19

While Massachusetts cannot make up for all the cuts to federal programs, these developments at the federal level makes increasing support for our affordable housing, homelessness prevention, and community development resources even more critical than ever.

Preserving Our Existing Affordable Housing

Not only does Massachusetts need to create more affordable housing but we also need to preserve the stock we already have. Preserving housing at-risk of losing its affordability restrictions can be more cost effective than new construction. It also supports past investments and protects residents from the risk of displacement living in these homes.

Unfortunately, we are currently at-risk of losing thousands of affordable homes because of expiring affordability restrictions. For example, over the next few years, over 3,300 affordable units built under the 13A program may be lost. These homes are occupied by

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low- and moderate-income households at risk of being displacement because they will no longer be able to afford their rent if it goes to market rate. The state, through MassHousing and DHCD, is working hard to save these units and have already preserved the affordability of thousands of homes. Resources such as the Massachusetts Rental Voucher Program (MRVP), can help preserve this affordable housing.

**Our Requests**

Specifically, we respectfully request for your support of the following programs in the FY2019 budget:

**Massachusetts Rental Voucher Program (MRVP) (7004-9024)**

**FY19 Request: $120 million**

MRVP is the most effective tool to immediately help people who are homeless or at-risk of homelessness find homes they can afford by providing a combination of project-based and mobile rental vouchers. $120 million will increase the number of new vouchers available, help preserve affordable housing developments, and make programmatic fixes that will make vouchers more usable and reduce lengthy lease-up times.

**Alternative Housing Voucher Program (AHVP) (7004-9030)**

**FY19 Request: $7.7 million**

AHVP provides rental assistance to over 500 very low-income households with persons with disabilities. This program furthers the Commonwealth’s goal of providing persons with disabilities choices to live in community-based housing and avoid more costly institutions or homelessness. $7.7 million will provide rental assistance to approximately 800 people, the number of vouchers originally supported by the program in 1995.

**Public Housing Operating Subsidy (7004-9005)**

**FY19 Request: $72 million**

This program supports more than 45,600 state public housing units in Massachusetts. Over three-quarters of public housing residents are elderly or persons with disabilities. Unfortunately, years of underfunding have left many housing authorities struggling to operate and keep apartments in good repair. The additional funds will help housing authorities operate and preserve this valuable resource.

**Public Housing Reform (7004-9007)**

**FY19 Request: $1 million**

This line-item funds the implementation of public housing reform, signed into law in August 2014. These reforms improve governance and operation of local housing authorities by assisting with capital improvements, unit turn over, and creating a centralized waitlist. The reforms also increase tenant participation and promote economies of scale by encouraging collaborations among housing authorities.
Housing Consumer Education Centers (HCECs) (7004-3036)  
FY19 Request: $2.84 million  
This program supports regional housing organizations that offer anyone in the Commonwealth a wide range of resources, including housing search assistance, eviction prevention, and homebuyer and foreclosure counseling. HCECs are also essential to delivering other housing resources, such as RAFT and HomeBASE. $2.84 million will provide HCECs with level-funding and will allow HCECs to avoid losing staff and continue to promote access to safe and sustainable housing.

Residential Assistance for Families in Transition (RAFT) (7004-9316)  
FY19 Request: $18.5 million  
RAFT helps families who are at risk of homelessness remain housed by providing assistance of up to $4,000 in a 12-month period to help with security deposits, first and last month’s rent, utility and rent arrears. $18.5 million will allow RAFT to continue serving families with children as well as the elderly, persons with disabilities, and homeless and unaccompanied youth, throughout the entire year.

HomeBASE (7004-0108)  
FY19 Request: $35 million  
HomeBASE offers families an alternative to emergency shelter by providing stabilization services and up to $8,000 in financial assistance to pay rent, utilities, security deposits, and other expenses that would allow them to stay in their homes, move, or live with another family. These funds will help further reduce the number of families staying in hotels and motels. In addition to the funds, we also request that families be allowed to renew HomeBASE until their income reaches 50% of the Area Median Income. This will help achieve the program’s goal of ensuring housing stability and preventing a fall back into homelessness.

Foreclosure Prevention & Housing Counseling (7006-0011)  
FY19 Request: $3.65 million  
This line item, funded through retained revenue from mortgage loan originator license fees, supports foreclosure prevention and housing counseling across the Commonwealth. By allowing the Division of Banks to retain more revenue, it can support additional effective foreclosure prevention tools, such as direct advocacy and counseling. We also ask that this line-item be dedicated only to foreclosure and housing counseling to avoid funding HCECs (7004-3036) through this program, as was done in the FY18 budget.

Housing Court Expansion (0336-0003)  
FY19 Request: $2.6 million  
In FY2018, the budget authorized the statewide expansion of Housing Court. This provided everyone in the Commonwealth access to the court, which hears cases involving eviction, code enforcement, and discrimination claims. Providing additional funding for Housing Court as it expands will allow increased access to justice and allow the court to hire additional staff. It will also allow the Tenancy Preservation Program to be offered statewide.
Tenancy Preservation Program (TPP) (7004-3045)  
**FY19 Request: $1.3 million**  
TPP is a homelessness prevention program that works with households with disabilities facing eviction because of behavior related to that disability. In consultation with the Housing Court, TPP works with landlords and tenants to determine if the disability can be reasonably accommodated and the tenancy preserved. In FY17, TPP stabilized 93% of households served by preventing an eviction. Additional funds will allow TPP to serve more persons with disabilities as Housing Court is expanded statewide.

Home and Healthy for Good (7004-0104)  
**FY19 Request: $2.24 million**  
Home and Healthy for Good (HHG) provides housing and supportive services to chronically homeless individuals through a housing first model that is less costly and more effective than managing residents’ homelessness and health problems on the street or in shelter. HHG also supports a pilot program to provide shelter and support services for LGBTQ unaccompanied homeless youths. HHG saves the Commonwealth an estimated annual average of $11,801 per person because of a decreased reliance on other expensive public services once an individual is in permanent supportive housing.

Massachusetts Accessible Housing Registry (MassAccess) (4120-4001)  
**FY19 Request: $80,000**  
MassAccess (www.massaccesshousingregistry.org) works with property managers to market vacant, accessible apartments to help people with disabilities find accessible and affordable housing.

Unaccompanied Homeless Youths (4000-0007)  
**FY19 Request: $4 million**  
This program helps meet the housing and support service needs of unaccompanied youth and young adults, ages 24 and younger, who are experiencing homelessness. Additional funds will provide much-needed resources to further build up a systematic, effective response to unaccompanied youth and young adult homelessness across Massachusetts.

New Lease for Homeless Families (NEW)  
**FY19 Request: $ 250,000**  
New Lease helps find homes for families living in homeless shelters by implementing a preference for these families in affordable housing developments across the state. Through New Lease, homeless families have the opportunity to live in desirable and affordable communities with the supports they need to achieve successful tenancies. A new line-item will help New Lease continue to serve the nearly 300 families the program works with to help find and maintain homes.
Fuel Assistance (NEW)
FY19 Request: $25 million
Prolonged bitterly cold weather and rising heating oil prices have combined to make staying warm this winter a nightmare for tens of thousands of vulnerable households. Particularly at risk are children and seniors across the Commonwealth. $25 million in funding will help low-income households heat their homes so that we can avert a public health and safety crisis.

Thank you for your consideration and for your continued commitment for affordable housing, homelessness prevention, and community development resources.

Sincerely,

[Signature]

Rachel Heller
Chief Executive Officer