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October 1, 2019

Speaker Robert DeLeo
Representative Aaron Michlewitz

Senate President Karen Spilka
Senator Michael Rodrigues

RE: CHAPA's FY2019 Supplemental Budget Recommendations for Affordable Housing

Dear Speaker DeLeo, President Spilka, Chair Michlewitz, Chair Rodrigues, and Distinguished Members of the Ways and Means Committees,

On behalf of Citizens' Housing and Planning Association (CHAPA), I am writing to request your support for including critical funding for affordable housing in the FY2019 closeout supplemental budget, H.4067.

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. We advocate for the resources and policies that will help everyone in the Commonwealth have a safe, healthy, and affordable place to call home.

Specifically, CHAPA asks that you include funding for the production of housing for extremely low-income households, down payment assistance to support affordable homeownership, and the recapitalization of the Get the Lead Out program in the supplemental budget.

ELI Housing Production (1595-0508)

Include \$10 million appropriation.

CHAPA asks that you include the \$10 million appropriation to support the production of new homes for extremely low-income (ELI) households as contained in line-item 1595-0508 of the Governor's budget proposal.

Unfortunately, Massachusetts has a statewide shortage of nearly 170,000 homes that are affordable to ELI households, defined as those households earning less than 30 percent of the Area Median Income (AMI).¹ Of the 313,000 ELI renter households in the state, 59 percent are severely cost-burdened, paying more than

¹ The U.S. Department of Housing & Urban Development sets AMIs annually based on metro-area and household size. In Boston, a one-person household is considered ELI if its annual income is less than \$24,900 per year. In Springfield, a one-person household is considered ELI if its annual income is less than \$18,650 per year.

half their income on housing.² This shortage means that less than one home was available and affordable for every two ELI households in Massachusetts.³ These housing cost burdens also mean that families have difficulty meeting other necessary expenses, including food, education and health.

Including this \$10 million appropriation in the supplemental budget will help build new homes that are affordable to our lowest-income residents. As the housing market continues to price out families in need, housing production that focuses on ELI families is critical.

Down Payment Assistance Program (7004-1010)

Include \$10 million appropriation.

CHAPA asks that you include the \$10 million appropriation for down payment assistance to support first time homebuyers as contained in line-item 7004-1010 of the Governor's budget proposal.

The average home price in Massachusetts continues to reach record highs.⁴ Increased home prices not only impact the size of a mortgage but also require higher amounts of savings required for a down payment. To put down 20 percent on a median-priced home in Massachusetts, a buyer must have \$84,000 saved.⁵ Even buyers qualifying for a 3.5 percent down payment would need more than \$14,000 saved plus closing costs. Nationally, a majority of potential homebuyers lacked the savings for a 3.5 percent downpayment on a median-priced home in their areas.⁶ Racial disparities in home ownership and lending also exist in Massachusetts where the gap between black and white home ownership is 33% and 67%, respectively.⁷

Providing \$10 million for this down payment assistance program will help many first time homebuyers purchase their home and will also help reduce the homeownership gap. Investing in down payment assistance programs ensures that first time homebuyers, particularly minorities and those with lower- and moderate-incomes, have the opportunities for homeownership. This will help these households build wealth while also creating stable communities.

² See Nat'l Low Income Hous. Coal., *The Gap: Massachusetts* (Mar. 2019)

<https://reports.nlihc.org/gap/2017/ma>.

³ See Nicholas Chiumenti, *The Growing Shortage of Affordable Housing for the Extremely Low Income in Massachusetts*, New England Pub. Policy Ctr. Reports (2019) <https://www.bostonfed.org/-/media/Documents/Workingpapers/PDF/2019/neppcpr1901.pdf>.

⁴ Crystal Haynes, *Single-family home prices in Mass. Reach record high, report shows*, Boston 25 News (Sep. 25, 2019) <https://www.boston25news.com/news/single-family-home-prices-in-mass-reach-record-high-report-shows/990369724>.

⁵ In June 2019, the Massachusetts Association of Realtors reported that the median home price in Massachusetts was \$420,000. [https://www.marealtor.com/news/blog/the-mar-report-test/2019/06/26/median-price-for-homes-in-massachusetts-over-\\$400k-in-may](https://www.marealtor.com/news/blog/the-mar-report-test/2019/06/26/median-price-for-homes-in-massachusetts-over-$400k-in-may).

⁶ George Masnick, *Why Does Mortgage Debt Continue To Rise Among Older Homeowners*, Joint Center for Hous. Studies (2014) <https://www.jchs.harvard.edu/blog/why-does-mortgage-debt-continue-to-rise-among-older-homeowners/>.

⁷ U.S. Census Bureau, American Fact Finder, *Occupied Housing Units with a householder who is black or African American 2016 American Community Survey 1-year estimate*.

Get the Lead Out Program

Appropriate \$5 million to recapitalize this lead paint remediation program.

CHAPA asks that you appropriate \$5 million to recapitalize the Get the Lead Out Program to support lead paint remediation in homes for low- and moderate-income residents. \$5 million will extend the program for an additional three years and will help to ensure a healthier future for the Commonwealth's children.

The ongoing need for lead paint abatement is a compelling environmental justice and public health challenge and a further impediment to access to fair housing across the state. Lead exposure is linked to serious health problems, including intellectual and behavioral disabilities, lowered IQ, stunted growth, hearing loss, and anemia. Unfortunately, thousands of homes across Massachusetts still contain lead paint. Children are especially at risk and can be exposed to lead in a variety of ways, including through contact with peeling or chipping household paint.

There is no effective treatment for lead poisoning and therefore prevention is necessary. Demand for lead abatement funding in Massachusetts has been expanded as a result of the Department of Health's recognition of the high level of danger associated with lead exposure and subsequent lowering of the threshold at which children are deemed lead poisoned.

The Get the Lead Out Program offers no-interest loans to income-eligible homeowners to remove hazardous lead paint from their homes, with repayment deferred until the home is sold or refinanced. It is administered as a partnership between the Department of Public Health, the Department of Housing and Community Development, and MassHousing.

Get the Lead Out needs to be recapitalized with funding in order for the program to continue offering lead remediation loans. Since the program's creation in 1997, its funding sources have been about \$99 million. Today, all but \$2.1 million has been spent.

CHAPA thanks the House and Senate for its continued investments in affordable housing, homelessness prevention, and community development programs. Thanks also for your leadership and continued support for providing quality, safe, and affordable homes for everyone in the Commonwealth.

Please do not hesitate to contact me with any questions.

Sincerely,



Eric Shupin
Director of Public Policy
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