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Massachusetts
SENIOR ACTION
Council

Testimony Before the Joint Housing Committee

May 5, 2009

Massachusetts Senior action Council is a democratic grassroots senior run organization committed to empowering seniors and others to act collectively to promote the rights and well being of all people, especially vulnerable seniors.

MSAC is committed to addressing the problem of expiring use housing because it poses a particular threat to the senior community. This threat is not only to the current residents but also to the seniors who will need this housing in the future. An estimated 85% of the current households in expiring use housing are either seniors or people with disabilities. Furthermore, there are approximately 9 seniors waiting for every occupied unit of affordable senior housing and of course we are all aware the senior population is growing dramatically as the baby boomers enter their senior years. With all this said the potential loss of affordable units through expiring use could lead to a real crisis in housing for the senior community.

MSAC continues to support *An Act Preserving Publicly Assisted Affordable Housing* as filed by Representative Honan and Senator Tucker. As the co-chairs of this committee know, we were part of the coalition which spent countless hours last year trying to craft legislation acceptable to various interests that would preserve affordable housing in danger of converting to market rate housing and displacing low income residents. The result was this compromise bill which the Senate passed unanimously in July 2008 and which was reported out favorably by the House Committee on Ways and Means but was not voted on because the session ended. We urge that this bill (as well as an identical bill submitted by Representative Alice Wolf) be passed by the legislature during this session.

We emphasize that this bill is compromise legislation. It does not contain the protection we had sought for subsidized housing and its tenants when the owners decide to convert to market rate housing. However, it does provide some tools to preserve at-risk housing when the owner decides to sell the property by giving the Department of Housing and Community Development the right of first refusal, and it does contain some tenant protection through modest notification requirements and modest rate increases for tenants who don't qualify for federal assistance. We oppose very strongly any attempts to weaken these limited protections.

Our primary concern in the struggle to preserve affordable subsidized housing is the welfare of seniors and the disabled who are residents of at-risk housing developments. We will continue to support the strongest possible legislation. We support communities seeking the right to deal with at-risk housing through Home Rule petitions. And we would support legislation such as the Enabling Act which would give cities and towns the right to act without the need for filing such a petition. For now, however, we fully support the bill as filed by Representative Honan and Senator Tucker.

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Massachusetts Coalition for the Homeless
A statewide membership organization dedicated to ending homelessness

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May 4, 2009

Senator Susan Tucker, Chair
Representative Kevin Honan, Chair
Joint Committee on Housing
State House
Boston MA 02133

Dear Chairwoman Tucker, Chairman Honan, and Members of the Joint Committee on Housing:

I am writing on behalf of the Massachusetts Coalition for the Homeless to express our support for Senate Bill 666/House Bill 3573, **An Act Preserving Publicly Assisted Affordable Housing.** The Coalition is a statewide membership, advocacy, and direct service organization created in 1981, dedicated to eradicating homelessness for families and individuals here in Massachusetts. In order to move closer to our goal, preservation of existing affordable housing resources is critical.

With an estimated 24,000 units of affordable housing currently at risk of being converted to market rate, and 40,000 units at risk by the end of this year, we cannot afford to sit by idly as precious resources evaporate through expiring use. That is why we are grateful for your leadership in preventing expiring use and, to you, Chairwoman Tucker and Chairman Honan, for filing Senate Bill 666 and House Bill 3573.

As you know, Senate Bill 666 and House Bill 3573 would:

- Require owners to give advanced notice (12 and 24 months) to tenants and the state before affordability restrictions are terminated;
- Give the state (or its designee) the right of first refusal when an owner voluntarily chooses to sell their property, and thus provide an opportunity to preserve affordability of the building forever; and
- Provide limited tenant protections for a period of three years for low and moderate-income residents who not eligible for other protections.

Preserving publicly assisted affordable housing must be a key strategy in our efforts to prevent and end homelessness. In the past year, we have witnessed a meteoric rise in the number of households experiencing homelessness. The most recent numbers from the Department of Transitional Assistance (DTA) showed that 2,763 families were sheltered through the Emergency Assistance (EA) program. In addition, an estimated 3,200 individuals are receiving shelter through DTA. While the number of families and individuals in shelter represent only a tiny fraction of the total population of people experiencing or at imminent risk of homelessness, the shelter census numbers highlight the need to protect and preserve existing affordable housing resources. As the Commonwealth struggles to rapidly re-house and stabilize households currently experiencing homelessness, we know that existing resources are insufficient to meet current demand; by adding tens of thousands of households to the ranks of those who housing insecure, we will never reach our shared goal of ending homelessness.

I would like to sincerely thank you for this opportunity to express our support for An Act Preserving Publicly Assisted Affordable Housing. We look forward to more opportunities to work collaboratively with the Joint Committee on Housing and the full Legislature to find creative short-term and long-term solutions to homelessness in the Commonwealth.

Sincerely,

Robyn Frost
Executive Director

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C H A P A

Citizens' Housing and Planning Association, Inc.

Citizens' Housing and Planning Association (CHAPA) Testimony in Support of S. 666 and H. 3573, *An Act Preserving Publicly Assisted Affordable Housing.*

May 5, 2009

Submitted By:

Amy Anthony
President and CEO, Preservation of Affordable Housing, Inc.
Board Member and Past President, CHAPA

Dear Chairman Honan, Chairwoman Tucker and Members of the Committee:

Thank you for the opportunity to testify here today. For the record, my name is Amy Anthony and I am President and CEO of Preservation of Affordable Housing (POAH), Inc. I also serve on the Board of Directors for Citizens' Housing and Planning Association and am testifying in support of H. 3573 and S. 666.

Since its founding in 2001, POAH has purchased and renovated some of America's most 'at risk' rental housing. Currently, POAH owns more than 6,400 apartments in 49 developments in 9 states and the District of Columbia. On average, the incomes of residents in POAH housing are only 30 to 50% of median.

Preserving expiring use affordable housing is absolutely critical to meeting the housing needs of low income residents. Between now and December 31st, 2019, over 41,000 units of Massachusetts affordable housing have affordability restrictions that are at risk of expiring. Much of this housing is likely to remain affordable under the current scheme of incentives to renew affordability restrictions. However, without a legislative response, we will lose many valuable affordable units. The proposed legislation will increase the likelihood that an owner will make a preservation choice, whether through a sale or a renewal of affordability.

Some of the residents in these expiring use properties will receive enhanced Section 8 vouchers if their subsidies are terminated. Other will be displaced. In either case, the Commonwealth will lose much-needed affordable housing. With today's construction costs and permitting difficulty, we will simply not be able to replace the lost units with new developments.

The Tucker/Honan legislation addresses complex expiring use policy challenges by establishing a regulatory framework to preserve expiring use affordable housing. Last year, the bill passed the Senate unanimously and was reported favorably from Housing Committee and the House Ways and Means Committee. The package was put together in consultation with a broad group of affordable housing advocates, the Patrick Administration, legal service representatives, for profit and non-profit property owners, CHAPA and the Massachusetts Association of Community Development Corporations, working in collaboration with Housing Committee Co-Chairs.

The compromise legislation provides the Department of Housing and Community Development with a right of first refusal to purchase these properties with local, non-profit, and private sector partners like POAH and preserve them as affordable. Property sales that preserve affordability will be exempt from this process. In addition, the bill contains notification requirements and modest tenant protections.

These tools will be an effective part of a comprehensive approach to preserving affordable housing in Massachusetts. The MacArthur Foundation Grant awarded to Massachusetts this year will help fund DHCD, CEDAC and the current expiring use advisory committee to study the at-risk inventory and understand which developments may be converted to market rate in advance of a serious threat. The grant will also catalyze a new acquisition fund.

In order to preserve affordable properties, owners will also have access to federal tools and incentives, and funding from the 2008 housing bond bill. A right of first refusal is the missing component to the policies already in place to effectively utilize these strategies as part of a comprehensive approach to preserve those properties that are most valuable to the Commonwealth.

In conclusion, CHAPA and POAH strongly support H. 3573 and S. 666 and request its favorable recommendation from the Committee and prompt passage. The bill is a practical approach that will create significant opportunities to preserve affordable housing. I am happy to answer any questions about our experience preserving affordable housing and the potential impact of the legislation. We look forward to working with the Legislature to meet our expiring use challenges and thank you for your leadership and support.

S666/H3573
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Homes FOR FAMILIES

Campaign for Housing, Education and Jobs

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Testimony of Diane Sullivan,
Policy Advocate with Homes for Families,
before the Joint Committee on Housing
May 5,2009

Homes for Families is a statewide, social change organization with the mission of ending family homelessness Massachusetts. I am here today to demonstrate my support of **Senate Bill 666** and **House Bill 3573**, *An Act Relative to Preserving Publicly Assisted Affordable Housing*. Thank you for this opportunity to participate in this public hearing.

An observation was recently made by Nan Roman, President of the National Alliance to End Homeless during a visit to Massachusetts. She indicated that historically during periods of economic recession, there is a lag time between the economic downturn and an increase in homelessness. Ms. Roman noted that the number of homeless families in Massachusetts spiked well before the recession hit, causing serious red flags to this national watch dog organization.

When we consider why our homeless population has exploded here in the Commonwealth, we would be remiss to not factor in the loss of the approximately 15,300 federally and state-funded units of housing lost since 1996, primarily due to the maturity of these subsidies.[1] Yes, the economic and foreclosure crises have undoubtedly contributed to the increased number of homeless, yet, again, these numbers across the Commonwealth were steeply increasing **before** these crises hit.

The next decade presents a further challenge with the threat of the loss of close to 17,000, additional units of federally and state-funded housing.[2] Already, our stock of affordable housing does not come close to matching the need. As of January 2008, the statewide waitlist for Section 8 alone was more than 56,250 households long, and growing. The Massachusetts Senior Action Council reports that "there are already 9 seniors waiting for every occupied unit of affordable housing." Many homeless families residing in shelter are reporting that their responses to submitting applications are informing them that their wait can be as long as ten years.

In addition, our still fragile homeless system already cannot accommodate all of those that are truly in need of this resource of last resort. The recent debates over regulation changes to the family shelter system are a clear indicator of that fact. Our collective goal

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[1] Achtenberg, Emily, *Maturing Subsidized Mortgages: The Next Frontier of the Expiring Use Crisis*, 2009.
[2] Achtenberg, 2009.

of ending homelessness in this great Commonwealth will never be realized while we continue to fail to protect the most vulnerable amongst us – those who often do not understand the complexity of these policy decisions.

We must take the steps to ensure that we preserve every single unit of affordable housing that we have before us. Should we fail to do so, we are harming our low income seniors, disabled and families, and ultimately, our communities.

I would like to thank the chairs of this committee, Senator Susan Tucker and Representative Kevin Honan; your attention and commitment to these matters are very much appreciated. I encourage this committee to continue to press forward on the issue of expiring use by reporting out favorably on this piece of legislation. I ask that you continue educating your colleagues and advocating for full passage of this legislation in your respective chambers. You have both an airtight moral and economic argument.

If I can be of any assistance, please call 617.227.4188 or email me at dsullivan@homesforfamilies.org. Thank you.

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BAHC
Beverly Affordable Housing Coalition, Inc.

May 4, 2009

Representative Kevin Honan
Senator Susan Tucker
State House, Room 38
Boston, MA 02133

Re: S.617: Statewide Enabling Act to Save Affordable Housing

Dear Senator Tucker and Representative Honan:

On behalf of the Beverly Affordable Housing Coalition, I am writing to urge your support for S.617 "Statewide Enabling Act to Save Affordable Housing." Our organization develops quality affordable housing in Beverly and advocates for the creation and preservation of affordable housing on the North Shore. This Act would give communities a reasonable opportunity to preserve thousands of units of existing affordable housing stock and prevent the potential conversion and displacement of many vulnerable low-income families.

In Beverly, we have closely examined this issue in the process of monitoring several expiring-use properties. If any one of these large housing developments went market rate, Beverly would instantly fall far below the minimum 10% affordable housing stock threshold, and hundreds of families in Beverly alone would be displaced. As we work to continue developing affordable housing during these challenging economic times, this Act is a critical component in ensuring that our work is not hampered by the rapid loss of existing affordable housing stock.

Please support this important Act sponsored by Senator Fred Berry.

Respectfully,

Mickey Northcutt
Executive Director

CC: Senator Fred Berry
✓Representative Mary E. Grant
Mass Alliance of HUD Tenants

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MISSION STATEMENT
The Beverly Affordable Housing Coalition, Inc. is dedicated to increasing the availability of quality housing for low to moderate-income families and individuals in Beverly.

The Center for Social Policy
McCormack Graduate School
at UMASS BOSTON

CSP Working Paper # 2009-8

MATURING SUBSIDIZED MORTGAGES: THE NEXT FRONTIER OF THE EXPIRING USE CRISIS

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MATURING SUBSIDIZED MORTGAGES: THE NEXT FRONTIER OF THE EXPIRING USE CRISIS

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Prepared for

The Center for Social Policy,
University of Massachusetts Boston

The Boston Tenant Coalition

April 28, 2009

This analysis was made possible with data provided in part by the Community Economic Development Assistance Corporation (CEDAC).

Financial support was provided in part by the Hyams Foundation.

The views expressed herein are not necessarily those of CEDAC, the Hyams Foundation, the University of Massachusetts Boston, or the Boston Tenant Coalition.

EXECUTIVE SUMMARY

Over the next decade, close to 17,000 units in 130 federally- and state-financed developments in Massachusetts could be lost as affordable housing as they reach the end of their 40-year subsidized mortgage terms. The maturing mortgage crisis represents the latest challenge to the privately-owned subsidized housing stock, its lower income residents, and the communities where these developments are located.

Since 1987, some 6,700 net affordable units have been lost as owners have prepaid their subsidized mortgages or opted out of their rental subsidy contracts. While Massachusetts has also had a strong track record in subsidized housing preservation, recent experiences with maturing mortgage properties--including the loss of more than 800 affordable units at 3 Boston developments--suggest that new approaches will be needed in the future.

The study reveals some of the characteristics of this housing that pose special challenges for preservation and tenant protection, as well as the unique benefits that make these developments especially worth preserving.

- While fewer than half the units have project-based rental subsidy, their rents are generally affordable to very low income households--a unique benefit offered by 40-years of budget-based rent regulation. Without additional project-based subsidy, it will be very difficult to preserve the current occupancy profile of the housing in the future.

- Many maturing mortgage properties are located in strong market neighborhoods where they are vulnerable to conversion pressures. Outside the major cities, the loss of an existing subsidized property will often put the municipality out of compliance with Chapter 40B.

- Since Enhanced Vouchers (tenant-based rental subsidy) are not directly authorized when a subsidized mortgage expires, there is a substantial risk of tenant displacement. Even with Enhanced Vouchers, the unique role currently played by many of these properties in preserving racial and economic diversity in their communities will be lost upon tenant turnover.

- While 20% of the units are at immediate risk (through 2010), 50% will not reach mortgage maturity until at least 2015. These properties provide a significant opportunity for cost-effective "preemptive" preservation.

To address these challenges, state legislation is needed to provide, at a minimum, a meaningful Right of First Offer and a Right of First Refusal to DHCD (or its designee) when a subsidized property is offered for sale, including adequate tenant protections (S. 666/ H. 3573). Additionally, adequate state resources should be targeted to facilitate the acquisition and preservation of at-risk properties on a timely basis, and to permit qualified community-based non-profit purchasers to compete on a level playing field with private buyers. To promote cost-effective preservation, MassHousing should permit high-risk subsidized properties to refinance prior to mortgage maturity, in exchange for extended affordability restrictions. Finally, federal legislation is needed to permit owners to project-base Enhanced Vouchers and to expand the scope of Enhanced Voucher eligibility.

MATURING SUBSIDIZED MORTGAGES: THE NEXT FRONTIER OF THE EXPIRING USE CRISIS

I. Introduction

Over approximately the next decade, close to 17,000 affordable housing units could be lost in Massachusetts as their federally- and state-subsidized mortgages mature, terminating all associated use and affordability restrictions. Most of this housing, developed 30-40 years ago under various federal and state mortgage subsidy programs, is only partially assisted with project-based Section 8 rental subsidy; but 100% of the units are affordable due to budget-based (and tiered) rent restrictions.

To the extent that the properties have Section 8 assistance, the maturing mortgage crisis overlaps with larger crisis of expiring Section 8 subsidy contracts. However, the unique characteristics of this housing (rent and occupancy structure, community context, and regulatory constraints) pose special risks and challenges for public policy. In particular, the partial nature of project-based Section 8 assistance makes it more difficult to preserve this housing. There is also a substantial risk of tenant displacement since Enhanced Vouchers are not directly authorized when a subsidized mortgage matures. Even with Enhanced Vouchers, the unique role currently played by many of these properties in preserving racial and economic diversity in their respective neighborhoods and communities will be lost upon tenant turnover.

Inadequate tools and funding currently exist to protect existing tenants and preserve these valuable affordable housing resources. The analysis of the maturing mortgage inventory which follows concludes with proposed legislative and policy initiatives to facilitate constructive solutions to this new expiring use challenge.

II. Historical Background

The earliest subsidized mortgage properties were developed in the mid-1960s under the HUD Section 221(d)(3) Below-Market Interest Rate (BMIR) program, utilizing direct government loans. Later, interest subsidies were provided to private lenders under Section 236, with some projects insured by HUD and others financed directly by MassHousing. MassHousing also financed a number of properties under the state's Chapter 13A interest subsidy program.

Occupancy of these units was limited to low and moderate income families with initial incomes at or below 80% or 95% of area median (for 236/13A and BMIR projects, respectively). Rents were budget-based, including a fixed limited-dividend allowance. Many for-profit owners were permitted to prepay their 40-year subsidized mortgages "as of right" after 20 years. Others (including non-profits, certain owners who received HUD "flexible subsidy" rehab loans, and owners of MassHousing developments financed after August 1, 1973 or benefitting from subsequent mortgage increases) were subject to prepayment "lockouts" for the full mortgage term.

In the mid-1980s, the "expiring use restriction" (EUR) crisis began with a wave of mortgage prepayments, including a few in Massachusetts. Subsequently, the federal government imposed a prepayment moratorium and developed new preservation initiatives under Title II (ELIHPA) and Title VI (LIHPRHA). These programs provided fair market value incentives to existing owners and purchasers, in the form of increased Section 8 subsidies and HUD-insured second mortgage loans for acquisition, rehab, and equity takeout.[1] In exchange, affordability restrictions were extended: under Title VI, for the remaining useful life of property (or at least 50 years); but under Title II, only for the remaining term of the subsidized mortgage. Between 1987 and 1995, approximately 4,000 subsidized mortgage units in Massachusetts were permanently preserved under Title VI, while another 7,000 units were temporarily preserved under Title II.

In 1996, the federal government restored owners' prepayment rights and defunded the preservation programs. Instead, Enhanced Vouchers were provided to protect eligible low and (in some cases) moderate income tenants at the point of prepayment. Unlike regular vouchers, which are limited to the PHA's payment standard, Enhanced Vouchers are provided at the comparable market rent as long as the tenant chooses to remain in the housing. However, since the Enhanced Voucher moves with the tenant, upon turnover (absent other restrictions) the units are permanently lost from the affordable housing stock.

Since 1996, approximately 15,300 federally- and state-assisted units have been lost in Massachusetts, primarily due to subsidized mortgage prepayments.[2] An estimated 8,600 of these units have retained some degree of affordability--although generally not comparable to the original level--because the projects were sold or refinanced under programs requiring new affordability commitments. The balance of approximately 6,700 affordable units have been permanently lost as affordable housing.

At the same time, the creative use of new federal tools in combination with state and local resources has facilitated the preservation of many expiring use developments. The Section 8 Mark Up to Market program has encouraged the renewal of existing project-based rental subsidy contracts, while supporting new debt financing for acquisition and rehabilitation. For Section 236 projects, HUD's "decoupling" program has allowed the remaining interest subsidy stream to be redirected towards this new financing. In conjunction with these federal initiatives, the Commonwealth has provided Low Income Housing Tax Credits (9% and 4%), tax-exempt bond financing, and gap financing for preservation projects. In particular, the Capital Improvements Preservation Fund (CIPF) is targeted exclusively for the preservation of at-risk existing subsidized developments.

III. Maturing Subsidized Mortgages: New Challenges

[1]Alternatively, under Title VI many non-profit purchasers received direct capital grants.

[2]CEDAC, "Massachusetts Projects with Subsidized Mortgages or HUD Project-Based Rental Assistance," December 2008; updated by Emily Achtenberg.

While Massachusetts has had a strong track record historically in preserving at-risk subsidized housing, recent experience with maturing mortgage properties suggests that circumstances may be changing. Now that the oldest properties are reaching the end of their subsidized mortgage terms, affordable units (with both mortgage and rental subsidies) are being lost at a rate not seen since repeal of the prepayment moratorium in 1995. For example:

- *High Point Village, Camelot Court,* and *Brandywyne Village* are three mixed-income former BMIR developments located in strong market neighborhoods of Boston, that were formerly preserved under Title II. The properties provided a total of 1,084 affordable units, including: 66% very low income units (with project-based Section 8); 24% low income units, and 10% moderate income units. Upon mortgage maturity, the Section 8 contract was renewed only at Brandywyne (266 units). The balance of the Section 8 units (451), and all of the affordable low and moderate income units (367), were converted to market. While eligible tenants (excluding many at High Point who had already moved) received Enhanced Vouchers,[3] a total of 818 affordable units were permanently lost.

- *Bradford Apartments* is a 160-unit former BMIR development located in downtown Lawrence that was partially assisted with Section 8 (100 units). Upon mortgage maturity, the Section 8 contract was terminated and rents were increased to market. While eligible tenants (excluding many who had already moved) eventually received Enhanced Vouchers, all 160 units were lost as affordable housing.

  Subsequently, the property was offered as part of a portfolio sale through a national broker. The owner refused to accept offers from local CDC buyers. Fortunately, the successful bidder has received a commitment for tax-exempt bond financing and tax credits, although the financing has not yet closed. With the loss of rental subsidies, however, these units will be substantially less affordable than they were prior to mortgage maturity.

- *Brookline Coop* is a 115-unit former BMIR property in Brookline that was developed as an affordable limited-equity cooperative (with no Section 8 assistance). Upon mortgage maturity, the cooperative converted to condominium ownership with 32 units remaining affordable. Eighty-three affordable units were permanently lost.

Within the past year, several maturing mortgage properties have been offered for sale on a competitive basis through national brokers, similar to the process utilized for

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[3] Enhanced Vouchers were provided at these developments, and at Bradford Apartments, because the owners were eligible to (and did) prepay their subsidized mortgages prior to maturity; see below.

Bradford Apartments. Due to a combination of resource, timing, and regulatory constraints, it has been extremely difficult for local preservation buyers--especially community-based non-profits--to compete successfully in this market-driven system. Even if some units are ultimately preserved, the system encourages underestimation of property expenses and rehab needs and inflation of bid prices which is detrimental to the housing and increases the cost of preservation.

IV. Analysis of the At-Risk Maturing Subsidized Mortgage Inventory

A closer look at the maturing subsidized mortgage inventory reveals some of the characteristics of this housing that will make preservation (and tenant protection) extremely challenging, as well as the unique benefits that underscore the value of its preservation.

General Characteristics

The analysis is based on 130 projects, containing 16,800 BMIR, 236, and 13A units,[4] whose mortgages will expire by the end of 2020, placing their existing affordability at risk.[5] Two-thirds of the developments, containing 60% of the units, are financed by MassHousing. The remaining one-third, containing 40% of the units, are or were HUD-insured.

Sixty percent of the units are financed under Section 236, while 25% are 13A units and the remaining 15% are BMIR units. Twenty developments (containing 5,300 mortgage subsidy units) are Title II properties that were previously preserved but are again at risk.

Fifteen projects (containing 1,850 units) appear to be owned directly by non-profits. As demonstrated by the Brookline coop example above, non-profit owners are not immune from market or development pressures. Additionally, many non-profit projects suffer from disinvestment and require substantial recapitalization and renovations. Accordingly, this housing is also considered to be at-risk.

Only 44% (7,344) of the mortgage subsidy units are additionally assisted with project-based rental subsidy. Of these, two-thirds (4,899) are Section 8 and the balance

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[4]Another 1,660 market units in these developments, including some with project-based rental assistance, do not benefit from mortgage subsidy and are not considered in this analysis.

[5]Subsidized mortgage projects previously preserved (with new restrictions expiring after 2020) are not included. These are mostly Title VI preservation projects, Low Income Tax Credit projects with long-term restrictions (allocations made in 1990 or later), and projects receiving other types of state financing tied to extended affordability. Also not included are projects whose mortgage subsidies were previously lost through prepayment or maturity (regardless of whether some affordable units were retained by other means).

have rent supplement or RAP subsidies[6], which effectively terminate with the mortgage. Section 8 contracts (which can be renewed, extended, and, in many cases, "marked up to market") cover only 29% of the mortgage subsidy units, and are concentrated in 49 developments. Eighty-one of the 130 developments (62%) have no project-based Section 8 at all. Especially to the extent that non-Section 8 units are occupied by very low and lower income tenants (see below), this discrepancy poses a significant challenge for preservation of the housing and for tenant protection.

Rents/ Affordability/ Income Mix

Budget-Based Rents. While only a portion of the units are assisted with project-based rental subsidy, rents in the non-assisted units[7] generally appear to be quite affordable. This is a legacy of 40 years of budget-based rent regulation.

In 27 projects for which non-assisted unit rent data was readily available, the median/ average rent was 65% of FMR.[8] This rent level is generally affordable to households earning less than 50% of area median income, at 30% of income. Accordingly, the non-assisted units in many maturing mortgage properties appear to constitute a resource for serving very low income and lower income households without rental subsidy--a unique benefit offered by this historically regulated, non-speculative housing stock. Anecdotal evidence suggests that many of these units are occupied by tenants with even lower incomes, paying more than 30% of income for rent.

Tiered Rents. The 20 Title II projects have a "tiered" rent structure for unassisted units, based on their historical occupancy profiles, which is designed to preserve mixed affordability levels. In many Title II projects, the occupancy profile--which owners are required to maintain "to the extent practicable"--reflects substantial low/moderate income diversity. At the same time, owners are not precluded from serving additional lower income households and must accommodate tenants whose incomes decline by reallocating them to lower profile (and rent) subtiers. As indicated by the following example of a suburban Title II property within Greater Boston (which was recently offered for sale), unassisted units in these projects may be currently serving a lower income population than the historical profile suggests:

	Historical Profile	Current Profile

[6]These more limited forms of rental subsidy are typically found in developments financed by MassHousing. Most owners of HUD-insured projects were able to convert their rent supplement contracts to project-based Section 8 some years ago.

[7]Throughout this report, "non-assisted" or "unassisted" units refers to units with mortgage subsidy but without project-based rental assistance.

[8]In one development where rents exceed the FMR, all units are rent-assisted.

Very Low: <50% (S8)[9]	27%	27%
Very Low: <50% (non S8)	-	26%
Low 1: 51-60%	16%	8%
Low 2: 61-70%	18%	7%
Low 3: 71-80%	11%	9%
Mod 81-95%	27%	23%
Total	100%	100%

Vouchers. Finally, since the below-market rent structure in subsidized mortgage properties (both Title II and non-Title II) is typically well below the FMR/PHA voucher payment standard, very low income households with mobile vouchers are readily accommodated. Anecdotal evidence suggests that many of these developments have substantial occupancy by voucher-holders.

Location/ Community Context

Location. At-risk maturing mortgage properties are dispersed throughout the state, with more than 40% of the units located in cities and towns inside Greater Boston. Many projects appear to be situated in strong market areas, both suburban and urban (e.g. within the City of Boston, in the South End, Hyde Park/Roslindale, and Fenway neighborhoods), where they are a key source of economic and racial diversity and are vulnerable to market conversion pressures.

40B Compliance. Outside the major cities, many properties are located in cities and towns that barely meet, or fall below, the 10% affordable housing requirement under Chapter 40B. In these localities, maturing mortgage properties constitute a significant proportion of the 40B affordable housing stock (e.g. 42% in Brewster, 57% in Lincoln, 53% in Medford). The loss of these properties will make it much more difficult for the municipality to achieve or maintain 40B compliance.[10] In contrast to new 40B projects, which are often controversial, these existing developments have long been accepted as part of the neighborhood fabric.

A significant number of properties have Chapter 121A tax contracts which typically include low and moderate income use restrictions. However, since these contracts were executed when the projects were first developed and expire after 40 years, their relevance

[9] In Title II projects, all units occupied by very low income tenants at the time of preservation received project-based Section 8 subsidy.

[10] Under current 40B rules, 100% of the units in a rental development that is at least 25% affordable to households with incomes at or below 80% median are counted towards the 10% requirement. Termination of the affordability restrictions or subsidy contract generally causes the development to be removed from the 40B inventory, with some exceptions.

diminishes as mortgage maturity approaches. A few properties have zoning or existing 40B restrictions which may prove more useful.

At-Risk Dates

Mortgage Subsidies. In general, HUD BMIR and 236 mortgages are maturing now through 2014. MassHousing 236 and 13A projects, built later and with longer mortgage terms, will mature starting in 2012 through 2020.

Twenty-one projects containing 20% (3,500) of the mortgage subsidy units are at immediate risk. This category covers projects with mortgages maturing before the end of 2010, including several large Title II properties in and around Boston (e.g. Georgetown, Cummins Tower, Battles Farm). It also includes several prepayment-eligible (EUR) projects that are not subject to prepayment lockouts and can terminate their subsidized mortgages and restrictions *at any time* (e.g. Cambridge Court, Macarthur Terrace, Harborview Towers).[11]

Another 35 projects containing 30% (4,800) of the mortgage subsidy units have mortgages that will reach maturity through 2015. The remaining 74 projects, containing half (8,500) of the units will reach maturity through 2020. While these properties are not immediately at risk, they may present important opportunities for preservation (see below).

Rental Subsidies. Eighteen percent of the rental subsidies are at risk through 2010, 33% through 2015, and 48% through 2020. For Section 8 units, the at-risk dates generally track the mortgage expiration dates (except for EUR projects, where the Section 8 contract is at risk on its own expiration date, e.g. Harborview Towers). In projects subject to prepayment lockouts, if the Section 8 contract expires before the mortgage (e.g. Hope In Action), it is assumed not to be at risk since the owner has little incentive to opt out. This is consistent with the history of Section 8 optouts in Massachusetts to date, which (with some exceptions) have occurred in only conjunction with mortgage prepayments and maturities.

Rent supplement and RAP contracts expire after 40 years or at mortgage maturity/ prepayment, whichever occurs first. In some cases (e.g. Madison Park III), these subsidies will expire before the mortgage matures, creating an unanticipated affordability gap for very low income tenants.

Prepayment Lockouts. With respect to projects that are not immediately at risk due to prepayment lockouts, a critical public policy issue is whether they should be permitted to refinance prior to maturity, in exchange for extended affordability restrictions. This

[11]These EUR projects could have prepaid their mortgages up to 20 years ago but, for any combination of reasons, did not. Some (e.g. Cambridge Court) are clearly located in strong housing markets where there is a substantial incentive to prepay.

could facilitate more cost-effective preservation of the housing, since the value of the property during the lockout period is restricted.

For example, at one extremely valuable Section 236 property in the Greater Boston area which is eight years away from mortgage maturity, current rents for a 3BR townhouse at $1,300 are approximately 50% of market ($2,650). The owner is seeking to sell the property now, and does not intend to wait. The appraised value today (taking into account the remaining period of extended use) is half the projected value on the date of market conversion.

To purchase the property, a preservation buyer will need to prepay and refinance the existing mortgage with tax-exempt bond financing at lower interest rates, which will also generate Low Income Housing Tax Credits. By purchasing today, the buyer will be able to "decouple" and utilize the remaining Section 236 interest subsidy stream, a resource that diminishes each year as mortgage maturity approaches. Prepayment will also trigger Enhanced Vouchers for eligible tenants (see below). In the absence of a viable preservation option, there is a substantial risk that the property will be sold to a speculative buyer in anticipation of future market-rate conversion.

Tenant Protections/ Enhanced Vouchers

Relative to past expiring use situations, tenants in maturing mortgage properties are more vulnerable to displacement because Enhanced Vouchers are not guaranteed. While eligible tenants in any units subject to a Section 8 contract are entitled to Enhanced Vouchers if the owner opts out, the rules for non-Section 8 tenants--who occupy more than 70% of these units--are more complex.

Under current federal law, eligible non-Section 8 tenants can receive Enhanced Vouchers only if the owner is entitled to prepay the mortgage without HUD consent--and does in fact prepay prior to maturity. Projects that received Flexible Subsidy rehab loans may be approved for Enhanced Vouchers at HUD's discretion. HUD would also have to approve the provision of Enhanced Vouchers to Section 236 and Chapter 13A projects that are released by MassHousing from their historical prepayment locks. Certain types of projects, such as those owned by non-profits, require HUD consent to prepay and cannot receive enhanced vouchers.

In approximately 25% of the maturing mortgage subsidy units (located in 26 properties), eligible tenants could receive Enhanced Vouchers if the owner agreed to prepay. In another 62% of the units (located in 82 properties), Enhanced Vouchers could be available with HUD consent (and MassHousing prepayment approval, with respect to MassHousing projects). In the remaining 12% of the units (17 projects), Enhanced Vouchers cannot be provided under current law--either because the owner is a non-profit or the subsidized mortgage has already been prepaid.

V. Policy Implications

The challenges posed by maturing subsidized mortgages are occurring in the context of a profound economic and financial crisis when affordable housing resources in

Massachusetts (for both preservation and production of affordable housing) are extremely scarce. At the same time, the growing demand for affordable rental housing, fueled by rising unemployment and mortgage foreclosures, underscores the critical need to preserve existing subsidized housing resources. The Commonwealth's recent $4.5 million award from the MacArthur foundation provides an opportunity to refocus creative attention on preservation. The following proposed legislative, policy, and programmatic measures would greatly enhance opportunities for preservation.

1. Right to Purchase

State legislation is needed to provide, at a minimum, a Right of First Offer and a Right of First Refusal to DHCD or its designee, when a subsidized property is offered for sale. Adequate time frames, public notice provisions, and tenant protections should be included. This is an essential first step to facilitate opportunities for preservation purchases, which cannot be accomplished within the market-oriented national competitive bid system utilized by most sellers. A compromise bill negotiated among owners, advocates, and DHCD passed the Senate last year, has been reintroduced, and should be approved.

2. Preservation Financing

Tax exempt bond financing and associated 4% tax credits, which are currently in plentiful supply, should be made available for preservation transactions on a priority basis. State gap funding specifically targeted for preservation (including CIPF) should be expanded and awarded on a rolling basis, to accommodate the opportunistic nature of preservation transactions. The new Preservation Loan Fund, capitalized in part with MacArthur funding, should be aggressively utilized to facilitate the timely acquisition of at-risk properties pending the availability of permanent financing.

3. Non-Profit Purchasers

Additional measures are needed to allow qualified community-based non-profit purchasers, who are especially disadvantaged in the current financial crisis, to compete on a level playing field with private buyers (both market- and preservation-oriented). These include timely access to adequate predevelopment funds both prior to site control (to develop competitive offers) and after (to secure acquisition and permanent financing). There is also a critical need for a pooled guarantee fund to enable non-profit purchasers to meet investor reserve requirements and secure tax credit equity for preservation transactions in today's challenging market.

4. Prepayment Lockouts

MassHousing should permit the release of prepayment locks on subsidized mortgage properties in exchange for extended, long-term use and affordability restrictions, in order to facilitate cost-effective preservation. This is especially appropriate for properties at high risk of market conversion that are being offered for sale, or for properties requiring substantial rehabilitation. Recapitalizing owners and purchasers benefiting from the release of prepayment locks should be required to renew existing Section 8 contracts and to project-base Enhanced Vouchers, to the extent authorized by federal legislation (see below). State preservation resources should be targeted to these projects on the same basis as projects which are at more immediate risk.

5. Enhanced Vouchers/ Project-Basing

Federal legislation (currently pending in Senate SEVRA) should be enacted to permit owners to project-base Enhanced Vouchers, subject to PHA approval; and with retroactive application to tenants in projects who have already received Enhanced Vouchers. Additionally, owners should have the option of exchanging their Enhanced Vouchers for HUD project-based Section 8 authority, as recently proposed by MassHousing. The scope of Enhanced Voucher eligibility should also be extended more generally to maturing subsidized mortgage projects with prepayment lockouts, in exchange for a requirement to project-base the vouchers. These measures are critical both for preservation and tenant protection.

Maturing Subsidized Mortgages at Risk Table

MATURING SUBSIDIZED MORTGAGES AT RISK

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Project	City	Neighb	Region	Total Units	Mtge Subs Un	Rent Subs Un	S8 Un	Supp, RAP, MRVP Un	Title II Un	EUR Un	S8/ Mtge Subs Un %	Mtge Subs Rent/ FMR	HUD or MH curr	Mortgage Matures
Adams Housing	Adams		West	60	60	35	35	0		60	58%		H	1-Sep-12
HILLCREST VILLAGE	Attleboro		Southeast	100	81	25		25			0%	66%	M	1-Mar-17
CROMWELL COURT	Barnstable		Southeast	124	124	82	82	0	124		66%		M	1-Mar-16
BEDFORD VILLAGE	Bedford		Gr Boston	96	96	19		19			0%		M	1-Mar-18
OAK WOODS	Bellingham		Central	90	90	19		19			0%		M	1-Mar-17
JACLEN TOWER	Beverly		North	100	100	25		25			0%	55%	M	1-Mar-18
NORTHRIDGE HOMES	Beverly		North	98	73	25		25			0%		M	1-Mar-18
144 WORCESTER ST	Boston	S. End	Gr Boston	8	8	1		1			0%		M	1-Mar-19
Amiff Housing*	Boston	Dorchester	Gr Boston	96	96	96	96	0			100%		H	1-Sep-12
BABCOCK TOWER	Boston	Fenway	Gr Boston	213	160			0			0%		M	1-Mar-19
Burbank Apts.	Boston	Fenway	Gr Boston	173	173	67	67	0	173		39%		H	1-Apr-11
BURBANK GARDENS	Boston	Fenway	Gr Boston	52	52	10		10			0%		M	1-Apr-18
Charlesview*	Boston	Allston-Bri	Gr Boston	210	210	200	200	0			95%		H	1-Feb-11
CHARLYSADE APTS	Boston	BeaconHill	Gr Boston	10	3	3		3			0%	68%	M	1-Mar-18
CONCORD HOUSES	Boston	S. End	Gr Boston	181	181	72		72			0%	47%	M	1-Mar-18
CONWAY COURT	Boston	Hyde Pk/ R	Gr Boston	28	28	7		7			0%		M	1-Mar-17
Cummins Towers	Boston	Hyde Pk/ R	Gr Boston	239	239	180	180	0	239		75%		H	1-Jul-10
FORBES BLDG	Boston	Jam Plain	Gr Boston	147	147	37		37			0%		M	1-Mar-19
Fort Hill Gardens	Boston	Roxbury	Gr Boston	40	40	40	40	0			100%		H	1-Aug-11
Georgetowne I	Boston	Hyde Pk/ R	Gr Boston	601	601	429	429	0	601		71%		H	1-Mar-10
Georgetowne II	Boston	Hyde Pk/ R	Gr Boston	366	366	252	252	0	366		69%		H	1-May-12
HARTWELL TERRACE	Boston	Dorchester	Gr Boston	17	17	4		4			0%	74%	M	1-Mar-16
LANDFALL WEST	Boston	E. Boston	Gr Boston	59	59	29		29			0%	53%	M	1-Mar-17
LAWRENCEVILLE	Boston	Roxbury	Gr Boston	149	149			0			0%		M	1-Mar-17
MADISON PARK III	Boston	Roxbury	Gr Boston	120	120	120		120			0%	105%	M	1-Apr-20
MERCANTILE BLDG	Boston	Downtown	Gr Boston	122	85	41		41			0%		M	1-Mar-18
NEWCASTLE/SARANAC	Boston	S. End	Gr Boston	97	97	30		30			0%		M	1-Mar-18
PAUL REVERE COURT	Boston	N. End	Gr Boston	31	31	9		9			0%		M	1-Mar-19
QUINCY TOWER	Boston	Chinatown	Gr Boston	162	162	98		98			0%	69%	M	1-Mar-19
Rutland Housing	Boston	S. End	Gr Boston	45	45	44	44	0		45	98%		H	1-Mar-12
SAINT BOTOLPH	Boston	S. End	Gr Boston	135	130	92	92	0	130		71%		M	1-Mar-16
Tai Tung Village	Boston	Chinatown	Gr Boston	215	215	209	209	0			97%		H	1-Aug-13
TAURUS APARTMENTS	Boston	Dorchester	Gr Boston	38	38	10		10			0%	71%	M	1-Mar-16
THE CHESTER	Boston	S. End	Gr Boston	17	10	4		4			0%		M	1-Mar-18
Warren Hall Trust	Boston	Allston-Bri	Gr Boston	33	33	7		7			0%	47%	H	1-Dec-11
Wayne Apts*	Boston	Roxbury	Gr Boston	349	349	349	349	0			100%		H	1-Jan-15
YEE REALTY	Boston	Chinatown	Gr Boston	12	12	3		3			0%	34%	M	1-Mar-14
CANALSIDE I	Bourne		Southeast	112	112	28		28			0%	66%	M	1-Mar-18
INDEPENDENCE MANOR I	Braintree		Gr Boston	95	95	24		24			0%		M	1-Mar-18
SKYLINE DRIVE I	Braintree		Gr Boston	84	42	21		21			0%		M	1-Mar-13
SKYLINE DRIVE II	Braintree		Gr Boston	108	108	27		27			0%		M	1-Mar-18
SKYLINE DRIVE III	Braintree		Gr Boston	48	36	12		12			0%		M	1-Mar-18
KING'S LANDING	Brewster		Southeast	108	108	26		26			0%		M	1-Mar-17
Battles Farm Village	Brockton		Gr Boston	320	320	202	202	0	320		63%		H	1-Feb-10
CHATHAM WEST I	Brockton		Gr Boston	300	275	75		75			0%	59%	M	1-Mar-17
CHATHAM WEST II	Brockton		Gr Boston	270	202	68	68	0			0%		M	1-Mar-17
BEACON PARK	Brookline		Gr Boston	80	30	20		20			0%	43%	M	*1-Mar-18*
BRISTON ARMS	Cambridge		Gr Boston	154	105	73	73	0	105		70%		M	1-Mar-18
CAMBRIDGE COURT (Fran	Cambridge		Gr Boston	123	92	41		41		92	0%	85%	M	1-Mar-17
Harwell Homes	Cambridge		Gr Boston	56	56	17	17	0			30%		H	1-Nov-12
INMAN SQUARE APTS	Cambridge		Gr Boston	116	116	44		44			0%	79%	M	1-Mar-17
LINWOOD COURT	Cambridge		Gr Boston	45	45	22		22			0%		M	1-Mar-18
NORSTIN	Cambridge		Gr Boston	32	32	7		7			0%		M	1-Mar-12
Macarthur Terrace	Chicopee		West	222	222	55	55	0		222	25%		H	1-May-18
SOLEMAR APTS	Dartmouth		Southeast	200	100	50		50			0%		M	1-Mar-19
ISLAND CREEK WEST - II	Duxbury		Southeast	48	48			0			0%		M	1-Feb-13
EVERETT SQ PLAZA	Everett		Gr Boston	131	130	21		21			0%		M	1-Mar-19
GLENDALE COURT	Everett		Gr Boston	29	29	3		3			0%		M	1-Mar-18
BROWNSTONE GDNS	E. Longmeadow		West	100	100	25		25			0%		M	1-Mar-17
FULTON ST APTS	Fall River		Southeast	28	28	7		7			0%	66%	M	1-Mar-16
RIVERVIEW TOWERS	Fall River		Southeast	200	200	2		2			0%		M	*1-Mar-18*
Meadowbrook	Fitchburg		Southeast	228	228	63	63	0			28%		H	1-Dec-10
Cochituate Home Coop	Framingham		Central	161	161	160	160	0			99%		H	1-Jul-12
EDMANDS HOUSE	Framingham		Central	190	143	112	112	0	143		78%		M	1-Mar-14
GLEN MEADOW	Franklin		Central	288	35			0			0%		M	1-Mar-13
CENTRAL GRAMMAR*	Gloucester		North	80	80	20		20			0%		M	1-Mar-17
CHRISTIAN HILL	Great Barrington		West	40	40	8		8			0%		M	1-Mar-17
ELMWOOD TOWERS	Holyoke		West	152	152	31		31			0%		M	1-Mar-17
HOLYOKE TOWERS	Holyoke		West	122	122			0			0%		M	1-Mar-14

MATURING SUBSIDIZED MORTGAGES AT RISK

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Project	City	Neighb	Region	Total Units	Mtge Subs Un	Rent Subs Un	S8 Un	Supp, RAP, MRVP Un	Title II Un	EUR Un	S8/ Mtge Subs Un %	Mtge Subs Rent/ FMR	HUD or MH curr	Mortgage Matures
JARVIS HEIGHTS	Holyoke		West	200	200			0			0%		M	1-Apr-19
Whiting Farms I	Holyoke		West	119	119			0			0%		H	1-Nov-10
HOPE-IN-ACTION	Lawrence		North	49	49	40		40			0%	60%	M	1-Mar-17
Parkside Apts West	Lawrence		North	146	146	98	98	0	146		67%		H	1-Mar-10
Litchfield Terrace*	Leominster		Central	216	216	209	209	0		216	97%		H	1-Sep-14
RIVERSIDE VILLAGE	Leominster		Central	312	312	193	193	0	312		62%		M	1-Mar-14
INTERFAITH HSG	Lexington		Gr Boston	6	6	2		2			0%		M	1-Mar-17
PINE GROVE VILLAGE	Lexington		Gr Boston	16	16	6		6			0%		M	1-Mar-14
LINCOLN WOODS	Lincoln		Central	125	72	32		32			0%		M	1-Mar-18
First Lowell Rehab	Lowell		North	47	47	9	9	0		47	19%		H	1-Nov-12
LORD MANOR	Lowell		North	94	94	38		38			0%	67%	M	1-Mar-17
HARBOR LOFT APTS	Lynn		North	358	148	210	210	0			0%		M	1-Oct-12
KING'S LYNNE	Lynn		North	441	441	166		166			0%		M	1-Mar-20
Marian Gardens	Lynn		North	94	94	94	94	0			100%		H	1-May-10
ST STEPHEN'S TOWER	Lynn		North	130	130	52		52			0%	52%	M	1-Mar-17
Bryant Terrace	Malden		Gr Boston	108	108			0			0%		H	1-Jun-09
Heritage*	Malden		Gr Boston	209	209	20	20	0			10%		H	1-Oct-12
ACADEMY KNOLL	Marlborough		Central	109	28	81	81	0			0%		M	1-Mar-18
SUMMER HILL GLEN	Maynard		Central	120	108	30		30			0%		M	1-Mar-18
WILKINS GLEN	Medfield		Southeast	103	103	26		26			0%		M	1-Mar-17
Fuller House	Melrose		North	114	114	65	65	0			57%		H	1-May-14
MIDDLEBURY ARMS	Middleborough		Southeast	64	64	16		16			0%	82%	M	1-Mar-18
ROLLING GRN-MILFORD	Milford		Central	304	15	19		19			0%		M	*1-Mar-12*
UNQUITY HOUSE	Milton		Gr Boston	139	139	35		35			0%	57%	M	1-Mar-14
Harborview Towers	New Bedford		Southeast	144	144	88	88	0		144	61%		H	1-Aug-14
UNITED FRONT*	New Bedford		Southeast	200	200	80		80			0%	86%	M	1-Mar-18
HAMLET STREET	Newton		Gr Boston	50	30	20		20			0%		M	*1-Mar-20*
LEEDS VILLAGE APTS	Northampton		West	22	19	5		5			0%		M	1-Mar-18
THE TANNERY	Peabody		North	284	239	84		84			0%		M	1-Mar-18
OAK HILL	Pittsfield		West	61	60			0			0%		M	1-Mar-17
ALGONQUIN HEIGHTS	Plymouth		Southeast	201	201	181	181	0	201		90%		M	1-Mar-19
Mayflower Village	Plymouth		Southeast	100	100			0			0%		H	1-Nov-09
Pontus Meadow (Mayflower	Plymouth		Southeast	58	58	12	12	0			21%		H	1-Apr-13
Fenno House	Quincy		Gr Boston	154	154	31	31	0			20%		H	1-Sep-14
MARTENSEN VILLAGE	Quincy		Gr Boston	12	12	1		1			0%		M	1-Mar-19
Quincy Point Homes III	Quincy		Gr Boston	201	201	109	109	0			54%		H	1-Jan-14
LEBANON HILL	Southbridge		West	116	116	59		59			0%	51%	M	1-Mar-17
BERGEN CIRCLE	Springfield		West			95		95				98%	M	1-Mar-19
BERGEN CIRCLE	Springfield		West	201	201	75	75	0			37%		M	1-Mar-19
Colonial Estates	Springfield		West	500	500	349	349	0	500		70%		H	1-Mar-12
Concord Apts	Springfield		West	104	104	104	104	0		104	100%		H	1-Feb-15
Hill Homes Coop	Springfield		West	90	90	28	28	0			31%		H	15-Jul-15
HUNTER PLACE	Springfield		West	80	80	48		48			0%		M	1-Mar-19
Presidential Courts	Stoughton		Gr Boston	105	105	21	21	0			20%		H	1-Apr-11
Wentworth Manner	Stoughton		Gr Boston	102	102			0			0%		H	1-May-10
Highland Hills	Taunton		Southeast	116	116			0	116		0%		H	1-Sep-10
Taunton Gardens	Taunton		Southeast	128	128	32	32	0			25%		H	1-Aug-13
UPTON INN	Upton		Central	34	34	7		7			0%		M	1-Mar-18
ROCKLEDGE APTS	Wakefield		Gr Boston	60	60	15		15			0%	44%	M	1-Mar-19
BRANDY HILL	Wareham		Southeast	132	132	97	97	0	132		73%		M	1-Mar-16
WOODS AT WAREHAM (Pl	Wareham		Southeast	100	100	78	78	0	100		78%		M	1-Mar-13
COL LOVELL'S GATE	Weymouth		Gr Boston	176	132	45		45			0%		M	1-Mar-18
COLONIAL VILLAGE	Weymouth		Gr Boston	89	89	23		23			0%		M	1-Mar-18
QUEEN ANNES GATE 1	Weymouth		Gr Boston	150	75	56	56	0	75		75%		M	1-Mar-14
Tammy Brook Apts*	Weymouth		Gr Boston	90	90	24	24	0	90		27%		H	1-Jun-09
Union Towers I	Weymouth		Gr Boston	199	199			0			0%		H	1-May-15
Colony Retirement Homes II	Worcester		Central	78	78	18	18	0			23%		H	1-Nov-15
Fruit Sever Merrick	Worcester		Central	132	132	26	26	0		132	20%		H	1-Apr-14
LINCOLN VILLAGE	Worcester		Central	1213	1213	369		369	1213		0%	60%	M	1-Mar-18
Matheson Apts.	Worcester		Central	70	70	65	65	0			93%		H	1-Oct-17
Mountain Village	Worcester		Central	200	200	60	60	0	200		30%		H	1-Jan-10
STRATTON HILL	Worcester		Central	156	156	39		39			0%		M	1-Mar-17
All Units				18,434	16,770	7,722	5,258	2,464	5,286	1,062	29%	65%		
All Mortgage Subs Units					16,770	7,344	4,899	2,445	5,286	1,062	29%			
Percent														
Projects					130	118	49		20	9		27		

MATURING SUBSIDIZED MORTGAGES AT RISK

1 Project	16 RentSubs Expires	17 Mtge Subs At Risk 2010	18 Mtge Subs At Risk 2015	19 Mtge Subs At Risk 2020	20 Rent Subs At Risk 2010	21 Rent Subs At Risk 2015	22 Rent Subs At Risk 2020	23 EV Elig? Yes: If Own Ppays	24 non-S8 Ts w/ Maybe: Agency Consent	25 MtgeSub No Not Elig	26 40B Town AllSubs Un (%)	27 40B % Subs Units In Proj	28 Local Re-strictions	29 NP Mtge Subs Un
Adams Housing	14-Jul-14	60				35		25			7.6%	18.1%	121A, 40B	
HILLCREST VILLAGE	1-Mar-17			81			25		81		7.4%	8.2%		
CROMWELL COURT	31-Oct-16			124			82		42		6.8%	9.1%		
BEDFORD VILLAGE				96			19		96		18.3%	11.2%		
OAK WOODS				90			19		90		9.4%	16.9%		
JACLEN TOWER	1-Mar-18			100			25		100		11.5%	5.4%	x-121A, 40B	
NORTHRIDGE HOMES				73			25		73		11.5%	5.3%		
144 WORCESTER ST				8			1		8		19.9%	0.0%	121A	
Amiff Housing*	31-Dec-15		96			96					19.9%	0.2%		
BABCOCK TOWER				160					160		19.9%	0.4%		
Burbank Apts.	31-Mar-11		173			67		106			19.9%	0.3%		
BURBANK GARDENS				52			10		52		19.9%	0.1%		
Charlesview*	28-Feb-10		210			200				10	19.9%	0.4%	121A	210
CHARLYSADE APTS				3			3		3		19.9%	0.0%		
CONCORD HOUSES	1-Mar-18			181			72		181		19.9%	0.4%	121A	
CONWAY COURT				28			7		28		19.9%	0.1%	121A	
Cummins Towers	1-Jul-10	239			180			59			19.9%	0.5%		
FORBES BLDG				147			37		147		19.9%	0.3%	121A	
Fort Hill Gardens	30-Apr-09		40			40					19.9%	0.1%		40
Georgetowne I	28-Feb-09	601			429					172	19.9%	1.2%		
Georgetowne II	28-Feb-09		366			252				114	19.9%	0.7%		
HARTWELL TERRACE	1-Jan-13			17		4			17		19.9%	0.0%		
LANDFALL WEST	1-Mar-17			59			29		59		19.9%	0.1%		
LAWRENCEVILLE				149					149		19.9%	0.3%		
MADISON PARK III	*1-Oct-15*			120		120			120		19.9%	0.2%		
MERCANTILE BLDG				85			41		85		19.9%	0.2%	121A	
NEWCASTLE/SARANAC				*97*			30		*97*		*19.9%*	*0.2%*	121A	
PAUL REVERE COURT				31			9		31		19.9%	0.1%		
QUINCY TOWER	1-Mar-19			162			98		162		19.9%	0.3%	121A	
Rutland Housing	31-May-12	45				44		1			19.9%	0.1%	121A/LDA	
SAINT BOTOLPH	14-Sep-16			130			92	38			19.9%	0.3%		
Tai Tung Village	30-Sep-10		215			209			6		19.9%	0.4%	121A	
TAURUS APARTMENTS	1-Mar-16			38			10		38		19.9%	0.1%		
THE CHESTER				10			4		10		19.9%	0.0%		
Warren Hall Trust	1-Oct-10		33		7	0				33	19.9%	0.1%		
Wayne Apts*	30-Jun-11		349			349					19.9%	0.7%		
YEE REALTY	1-Aug-12		12			3			12		19.9%	0.0%		
CANALSIDE	1-Mar-18			112			28		112		8.0%	17.9%		
INDEPENDENCE MANOR I				95			24		95		8.8%	8.3%		
SKYLINE DRIVE I			42				21		42		8.8%	7.4%		
SKYLINE DRIVE II				108			27		108		8.8%	9.5%		
SKYLINE DRIVE III				36			12		36		8.8%	4.2%		
KING'S LANDING				108			26		108		5.9%	42.0%		
Battles Farm Village	1-Feb-10	320			202			118			12.8%	7.2%		
CHATHAM WEST I	*1-May-13*			275		75			275		12.8%	6.7%		
CHATHAM WEST II	2-Dec-15			202			68		202		12.8%	6.0%		
BEACON PARK	*1-Mar-18*			30			20		30		7.8%	3.9%	121A	
BRISTON ARMS	31-Jan-10			105			73	32			15.8%	2.2%		
CAMBRIDGE COURT (Franl	*1-Apr-16*	92			41		0	92			15.8%	1.8%	zon	
Harwell Homes	*30-Sep-09*		56			17			39		*15.8%*	*0.8%*		56
INMAN SQUARE APTS	1-Mar-17			116			44		116		15.8%	1.7%	121A	
LINWOOD COURT				45			22		45		15.8%	0.6%	121A	
NORSTIN			32				7		32		15.8%	0.5%		
Macarthur Terrace	30-Apr-19	222					55	167			10.4%	8.7%	121A	
SOLEMAR APTS				100			50			100	8.6%	21.4%		
ISLAND CREEK WEST - II			*48*						*48*		*3.4%*	27.9%		
EVERETT SQ PLAZA				130			21		130		8.2%	10.1%		
GLENDALE COURT				29			3		29		8.2%	2.2%		
BROWNSTONE GDNS				100			25		100		7.9%	23.6%		
FULTON ST APTS	1-Mar-16			28			7		28		11.3%	0.6%		
RIVERVIEW TOWERS				200			2	200			11.3%	4.2%	121A	
Meadowbrook	31-Jan-09	228			63				165		10.4%	13.7%		
Cochituate Home Coop	30-Sep-09		161			160				1	10.8%	5.6%		161
EDMANDS HOUSE	31-Mar-09		143				112	31			10.8%	6.6%		
GLEN MEADOW			35					35			10.3%	27.2%		
CENTRAL GRAMMAR*				80			20		80		7.9%	7.8%	121A	
CHRISTIAN HILL				40			8		40		7.9%	16.3%		
ELMWOOD TOWERS				152			31		152		21.3%	4.4%		
HOLYOKE TOWERS			122						122		21.3%	3.5%	zon	

MATURING SUBSIDIZED MORTGAGES AT RISK

1 Project	16 RentSubs Expires	17 Mtge Subs At Risk 2010	18 Mtge Subs At Risk 2015	19 Mtge Subs At Risk 2020	20 Rent Subs At Risk 2010	21 Rent Subs At Risk 2015	22 Rent Subs At Risk 2020	23 EV Elig? non-S8 Ts w/ MtgeSu Yes: If Own Ppays	24 Maybe: Agency Consent	25 No Not Elig	26 40B Town AllSubs Un (%)	27 40B % Subs Units In Proj	28 Local Re-strictions	29 NP Mtge Subs Un
JARVIS HEIGHTS				200					200		21.3%	5.8%		
Whiting Farms I		119								119	21.3%	3.5%		
HOPE-IN-ACTION	*1-Feb-13*			49		23	17		49		14.5%	1.3%		
Parkside Apts West	30-Apr-10	146			98			48			14.5%	3.9%	121A	
Litchfield Terrace*	30-Sep-09	216			209			7			8.4%	15.1%		
RIVERSIDE VILLAGE	31-Oct-09		312				193		119		8.4%	21.9%		
INTERFAITH HSG				6			2		6		11.3%	0.5%		
PINE GROVE VILLAGE				16			6		16		11.3%	1.3%		
LINCOLN WOODS				72			32			72	10.5%	57.3%		72
First Lowell Rehab	30-Sep-12	47				9		38			9.0%	17.3%	121A	
LORD MANOR	1-Mar-17			94			38		94		13.3%	1.8%	121A	
HARBOR LOFT APTS	7-Sep-12		148				210		148		13.0%	7.9%		
KING'S LYNNE				441			166		441		13.0%	9.8%		
Marian Gardens	31-May-10		94			94					13.0%	2.1%		94
ST STEPHEN'S TOWER	1-Mar-17			130			52		130		13.0%	2.9%	121A	
Bryant Terrace		108								108	11.4%	4.0%	121A	108
Heritage*	30-Apr-23		209				20	189			11.4%	7.8%		209
ACADEMY KNOLL	6-Jul-16			28			81		28		10.5%	7.0%	121A	
SUMMER HILL GLEN				108			30		108		8.1%	33.8%		
WILKINS GLEN				103			26		103		4.8%	53.4%		
Fuller House	30-Apr-09		114			65				49	7.8%	13.0%	40B?	114
MIDDLEBURY ARMS	1-Mar-18			64			16		64		5.0%	17.9%		
ROLLING GRN-MILFORD			15				19	15			7.0%	40.9%		
UNQUITY HOUSE	1-Mar-14		139			35			139		4.7%	32.6%		
Harborview Towers	31-May-09	144			*88*			56			12.2%	2.8%	x-121A?	
UNITED FRONT*	1-Mar-18			200			80		200		12.2%	3.9%	121A	
HAMLET STREET				30			20		30		7.6%	2.1%	121A	
LEEDS VILLAGE APTS				19			5		19		11.7%	1.5%		
THE TANNERY				239			84		239		10.4%	14.5%		
OAK HILL				60			0		60		9.4%	3.1%		
ALGONQUIN HEIGHTS	1-Mar-19			201			181	20			4.4%	23.8%		
Mayflower Village		100							100		4.4%	11.8%		
Pontus Meadow (Mayflower '	31-May-09		58			12			46		4.4%	6.9%		
Fenno House	*30-Sep-08*		154			31				123	10.2%	3.8%		154
MARTENSEN VILLAGE				12			1		12		10.2%	0.3%		
Quincy Point Homes III	31-Aug-13		201			109				92	10.2%	4.9%		201
LEBANON HILL				116			59		116		6.6%	23.4%	121A	
BERGEN CIRCLE	1-Mar-19						95				16.5%	0.0%	121A	
BERGEN CIRCLE	31-Oct-16			201			75		126		16.5%	2.0%	121A	
Colonial Estates	30-Sep-09		500			349		151			16.5%	5.0%		
Concord Apts	28-Feb-13	104				104					16.5%	1.0%		
Hill Homes Coop	30-Sep-09		90			28				62	16.5%	0.9%	x-121A	90
HUNTER PLACE				80			48		80		16.5%	0.8%		
Presidential Courts	30-Sep-09		105			21				84	12.6%	8.0%		
Wentworth Manner		102							102		12.6%	7.7%		
Highland Hills		116						116			8.0%	6.3%		
Taunton Gardens	30-Sep-09		128			32			96		8.0%	7.0%		
UPTON INN				34			7		34		8.5%	19.1%		
ROCKLEDGE APTS	1-Mar-19			60			15		60		7.4%	8.2%		
BRANDY HILL	29-Feb-16			132			97		35		7.0%	21.7%		
WOODS AT WAREHAM (PI	31-Aug-09		100				78	22			7.0%	16.4%		
COL LOVELL'S GATE				132			45		132		8.1%	9.6%		
COLONIAL VILLAGE				89			23		89		8.1%	4.9%		
QUEEN ANNES GATE 1	31-Oct-08		75				56		19		8.1%	8.2%		
Tammy Brook Apts*	1-Jun-09	90			24			66			8.1%	4.9%		
Union Towers I			199							199	8.1%	10.9%	x-121A; 4	199
Colony Retirement Homes II	30-Sep-09		78			18				60	13.6%	0.8%	121A	78
Fruit Sever Merrick	31-May-09	132			*26*			106			13.6%	1.4%	121A	
LINCOLN VILLAGE	1-Mar-17			1,213			369	1213			13.6%	12.7%		
Matheson Apts.	31-May-09			70			65			5	13.6%	0.7%	121A	70
Mountain Village	31-Dec-09	200			60			140			13.6%	2.1%		
STRATTON HILL				156			39		156		13.6%	1.6%		
====================	==========	=======	=======	=======	=======	======	=======	======	=======	======	=======	======	=======	=======
All Units		3,431	4,852	8,487	1,427	2,601	3,694	3,091	7,377	1,403				1,856
All Mortgage Subs Units Percent		20.5%	28.9%	50.6%	18.5%	33.7%	47.8%	26.0%	62.1%	11.8%				
Projects		21	35	74	12	30	80	26	82	17			38	15

SOURCES:

CEDAC Database of Massachusetts Projects with Subsidized Mortgages or HUD Project-Based Rental Assistance (12/8/08)
DHCD Chapter 40B Subsidized Housing Inventory (SHI) (9/9/2008)
HUD Section 8 Database (12/08)
HUD Insured Multifamily Mortgage Database (9/30/08)
HUD Terminated Multifamily Mortgage Database (9/30/08)
HUD Section 236 Active Projects Database
HUD Maturing Subsidized Mortgages Database
HUD Low Income Housing Tax Credits Database (1/2008)
MA Expiring Use Restriction Projects: At Risk, Prepaid, Preserved - Emily Achtenberg (2/03)
MassHousing Benedict Maturity Dates (1/09); FOA Database (10/23/08)

NOTES

(1) HUD and MassHousing projects currently financed under Section 221(d)(3) BMIR, Section 236, and/or Chapter 13A whose subsidized mortgages and affordability restrictions will expire by the end of 2020. Does not include projects previously preserved (with restrictions expiring after 2020), or projects whose mortgage subsidies have been terminated through prepayment or maturity (whether or not some affordable units were retained by other means.

(5) Includes market rate units without mortgage subsidy (some have rental assistance).

(9) SUPP = Rent Supplement. RAP = Rental Assistance Payments. MRVP= Massachusetts Rental Voucher Program.

(10) Preserved under the original federal preservation program (ELIHPA/ Title II). Affordability restrictions expire at the end of the original subsidized mortgage term.

(11) Immediately at risk: the subsidized mortgage can be prepaid at any time without HUD/ MassHousing consent.

(20, 21, 22) In projects subject to prepayment lockouts, the Section 8 units are presumed to be at risk when the mortgage matures (or when the subsidy contract expires, if later). In EUR projects, the Section 8 contract is at risk as soon as it expires. Rent supplement and RAP contracts expire after 40 years or at mortgage maturity/ prepayment, whichever is first.

(23) Eligible to prepay as of right. Includes EUR and previously preserved Title II projects. If the subsidized mortrgage is still in place (i.e. has not already been prepaid) and the owner prepays prior to mortgage maturity, eligible tenants in occupancy on the prepayment date will receive Enhanced Vouchers.

(24) May be eligible to prepay, and receive Enhanced Vouchers, with MassHousing and/or HUD consent. Includes MassHousing-financed 236 and 13A projects with prepayment lockouts and some projects with HUD Flexible Subsidy loans.

(25) Ineligible to prepay or to receive Enhanced Vouchers. *Includes projects with presumed non-profit ownership or with subsidized mortgages known to have been previously prepaid. Note: The Heritage in Malden* is an exception, due to special legislation.

(26) Per DHCD Chapter 40B Subsidized Housing Inventory (9/9/08).

(29) Presumed to have non-profit owner/ mortgagor, based on available information.

* Preservation transaction pending (not closed).

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Statement of
Christopher Cotter, Housing Director
City of Cambridge, Massachusetts
Before the Joint Committee on Housing
on
Senate No. 666 and House No. 3573
"An Act Preserving Publicly Assisted Affordable Housing"

May 5, 2009

My name is Christopher Cotter. I am the Housing Director for the City of Cambridge. Thank you for the opportunity to present testimony in support of House Bill No. 3573/Senate Bill No. 666, "An Act Preserving Publicly Assisted Affordable Housing."

Today you will hear from a wide range of stakeholders about the need for legislative tools to enable and facilitate the preservation of affordable housing. The impact of losing affordable housing units during a period of diminishing public subsidies and escalating housing costs is significant. It is increasingly difficult for us to create new affordable rental housing given the lack of available Section 8 subsidies, rising development costs, and the scarcity of available sites in built out cities like Cambridge. The thousands of publicly-assisted affordable rental housing units in Cambridge are a critical component of the City's affordable housing stock. It is therefore essential that we protect our existing stock of affordable rental units.

Despite the current downturn in the real estate market, the need for affordable housing has never been greater. In a recent survey of rental units in Cambridge, the median advertised market rent for a two-bedroom apartment was $2,500. Two adults earning the state minimum wage would each need to work 120 hours each per week in order to afford this rent. Many working families are paying well over 30%, and oftentimes more than 50% of their household income for rent and housing expenses. A lack of affordable rental units can lead to families being forced to live in substandard units, overcrowded conditions, and ultimately homelessness.

The City of Cambridge has successfully facilitated agreements with a number of expiring use projects resulting in the extension or permanent preservation of affordability.

Despite these successes, the reality is that over time hundreds of units remain at risk. While we have successfully extended the affordability of many units, protecting the affordability of the other units will remain a continual challenge, particularly in high-cost cities such as Cambridge. These privately-owned developments represent a wide range of housing options, often housing very low-income families. Any reduction in the affordable rental stock will put pressure on already scarce housing resources and will have a significant impact on the Cambridge community. We need to ensure that municipalities and other stakeholders have the tools to ensure that these units will remain an available affordable resource.

The proposed legislation, House No. 3573 and Senate Bill No. 666, would provide DHCD and municipalities notice and rights to preserve existing affordable properties. Among the many challenges in preserving these units, the need for prior notice and sufficient time is crucial to facilitating preservation with owners who are interested in selling. The notification requirement will allow DHCD and municipalities to begin working with owners, tenants, funders and other stakeholders at least 24 months prior to any termination of affordability restrictions. Equally importantly, the provision of a right of first offer and right of first refusal will ensure that the preservation buyers will have a seat at the table and be able to ensure the continued affordability of the housing when financially feasible.

Each community has different needs and resources. We support legislation that allows municipalities (or other stakeholders) to adapt agreements to their own community needs and individual project constraints. It is important that new regulations allow municipalities to respond quickly to sellers but provide sufficient time for agreements to be reached. An equitable and efficient process ensures that more owners of expiring use properties will seek to work proactively to preserve affordability.

In closing, the creation and preservation of affordable housing is a longstanding priority of the Cambridge City Council, the City Administration, and Cambridge residents. We are dedicated to protecting the affordability of units in our existing stock while we continue to work to create new affordable units. The housing market in Cambridge remains strong, keeping rents high and vacancy rates low. In this environment, it is more important than ever to focus on strategies for preserving existing affordable housing resources and discouraging conversion to market-rate housing. Requiring owners to provide notice, and providing rights of first offer and refusal to agencies charged with protecting affordability will greatly increase the chances that all stakeholders – tenants, owners, and the community – will find mutually acceptable outcomes. The legislation before you will give us those tools.

Thank you for your time.

Mass Alliance of HUD Tenants

c/o 42 Seaverns Avenue/Jamaica Plain/MA/02130
t: 617-267-2949/ f: 617-522-4857 maht@saveourhomes.org

News Advisory

Tenants to Blast Windfall Profits Paid to Wealthy Owners, Urge Passage of No-Cost Bills to Save Their Homes Instead

For Release: Tuesday, May 5, 2009
Contact: Michael Kane 617-233-1885

WHAT: Tenants from buildings across the state at risk of losing federal subsidies will call on lawmakers to adopt no-cost legislation to "Save Our Homes" at a Joint Committee on Housing hearing.

WHEN: Tuesday, May 5th, 2009 *Press briefing: 10:00 a.m. Hearing starts at 10:30 a.m.*

WHERE: Room A-1, Statehouse Annex

DETAILS: Across Massachusetts, more than 5,800 apartments subsidized by the federal government have lost their affordability as owners convert to market rents. 24,546 more remain at risk by 2012. Some owners, such as Beacon Properties at the 967 family Georgetowne Houses in Hyde Park, say they might retain affordable housing, but only if the federal, state and city governments pay huge subsidy "bonuses" to them in exchange—up to $40 million in State and City subsidies at Georgetowne alone, and at least $200 million dollars statewide.

The Mass Alliance of HUD Tenants (MAHT), which represents the 83,000 families in HUD subsidized housing statewide, is seeking passage of several bills that would ***permanently preserve these homes as affordable housing at NO COST to the State or local government.*** The Statewide Enabling Act (H3689 and S 617) and several Home Rule Petitions (Boston, New Bedford, Quincy, Salem and Lowell) would allow cities to regulate rents when federal "use restrictions" expire, and to require renewal of federal Section 8 subsidy contracts under a program that would actually pay more money to landlords, though from federal funds.

In the absence of these bills, owners like Beacon's Howard Cohen will be able to pocket hundreds of millions of State and City funds as the price to keep buildings affordable, or else destroy affordable housing by raising rents at the expense of low income tenants. Owner Bill Kargman of First Realty Management has already done this at High Point Village in Roslindale, Brandywyne in East Boston, Mountain Village in Worcester and several other developments. Together, just these two Boston based owners, who originally invested very little of their own money in these heavily subsidized developments, stand to make hundreds of millions of dollars in unearned windfall profits. (Neither owner would be covered by the "Right of First Refusal" bills filed by Joint Committee Co-Chairs Rep. Kevin Honan and Sen. Susan Tucker, since neither is offering their buildings for sale.)

"The public was rightly outraged when 3,000 AIG employees were paid $165 million in federal funds for 'retention bonuses' last fall," commented MAHT Director Michael Kane. "Yet just two individuals stand to make *more* than that as a State financed windfall profit, or else extract the same amount by gouging higher rents from low income tenants. The legislature should allow cities to save these homes at no cost by limiting taxpayer subsidized 'retention bonuses' paid out to super wealthy landlords." Kane noted that like AIG executives, Kargman and Cohen have merely benefited from being at the right place at the right time.

Leaders from more than 30 MAHT groups in Boston, Worcester, New Bedford, Salem, and other cities will be available for interviews at the statehouse. Tenants from the 967 family Georgetowne development in Hyde Park will be on hand to protest their wealthy owner's recent Notice to convert the property to market rents. Georgetowne's owner is also expected to attend the hearing.

TENANT INTERVIEWS AND PHOTO OPPORTUNITIES available 10:00 a.m. to 1:00 p.m.

Mass Alliance of HUD Tenants

Joint Housing Committee Hearing
Tuesday, May 5, 2009
10:30 a.m.

Tenant and Community Panels in Support of No-Cost Legislation to Save Affordable Housing

Statewide Enabling Act to Save Affordable Housing (H3689, S 617)
Boston, New Bedford, Salem, Quincy and Lowell
Home Rule Petitions to Save Affordable Housing

Overview: Need for No Cost Bills to Save Housing and Stop Millions in "Retention Bonuses" to Wealthy Owners

Michael Kane, Executive Director, NAHT; Director, MAHT
Susan Bonner, Mass Union of Public Housing Tenants
Dennis Heaphy, Disability Policy Consortium
Grace Ross, former candidate for Governor

Impact of Landlord Opt Out Notice at Georgetowne Houses (967 families in Hyde Park)

Barbara Miller, Georgetowne Tenants United
Lucy Burgos, Georgetowne Tenants United
Lorraine Laufield, Georgetowne Tenants United

No Cost Legislation Helps Save Housing, Promotes Nonprofit Transfers

Clifton Sims, Treasurer, Mass Alliance of HUD Tenants
Ellie McCarthy, Secretary, Mass Alliance of HUD Tenants
Jean Wassell, Amy Lowell Tenants Association, Boston
Robert Menard, Rosedale Street Tenant Association, Dorchester
Shalia McCormick, West Morton Street Tenants Association, Mattapan

Community Development Corporations in Support of No Cost Legislation to Save Affordable Housing

David Price, Nuestra Comunidad Community Development Corporation, Roxbury
Jean Pinado, Madison Park Development Corporation, Roxbury
Jean Dubois, Dorchester Bay Economic Development Corporation
Mimi Turchinetz, Southwest Boston Community Development Corporation

First Realty Management Buildings Systematically Converted, Need Protections

Ronda Jackson and Elaine Marin, High Point Families United, Roslindale
Representative, Brandywyne Tenants Association, East Boston
Gwen Damon and Howard Golick, Camelot Tenants United, Brighton

Other Buildings Already Converted Need Protections

Mauricio Paredes and Paul Davis, Waverly Tenants Association, Brighton
David Reno, President, Piano Craft Guild Tenants Association

(over)

North Shore Panel

Kathleen Burke, Salem Affordable Housing Trust Member
Barbara Walcott, President, Fairweather United Tenants Association, Salem
Sherry Mounger, Peabody Fairweather Tenants Association

New Bedford Panel

Rep. Anthony Cabral
Armando Lopes, Rockdale West Tenants Association, New Bedford; MAHT Board
Donna Paiva, Rockdale West Tenants Association, New Bedford; MAHT Board

Other Cities Need Protections

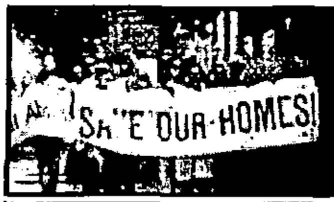
Tina Bourassa, Washington Heights Tenants Association, Worcester
Nick Parker, Nehoiden Affordable Glen, Needham; 15 Equity Residential Properties
Jose Nieves, Lowell Sun Tenants Association, Lowell

Others to Testify in Support:

Rep. Frank Smizik, Lead Sponsor, Statewide Enabling Act (H3689)
Rep. Alice Wolf, Co-Sponsor, Statewide Enabling Act
Rep. Mike Rush, Chair, Boston Delegation
Rep. Bruce Ayers, Quincy
Rep. Mary Grant, Beverly

Sen. Fred Berry, Lead Sponsor, Statewide Enabling Act (S 617) (statement)

Evelyn Friedman-Vargas, Director, Department of Neighborhood Development, City of Boston
Boston City Councilors (statement)



Mass Alliance of HUD Tenants

42 Seaverns Avenue Jamaica Plain, MA 02130
617.267.2949 maht@saveourhomes.org

May 2009

For the past 12 years, the Mass Alliance of HUD Tenants (MAHT) has led the fight for legislation to preserve affordable housing for the 27,000 families facing expiration of the federal HUD subsidy contracts on their multifamily apartment buildings. *In the last session, the Joint Committee on Housing reported out only a "Right of First Refusal" bill, which has been refiled by Sen. Tucker and Rep. Honan in 2009 as S 666/H 3573. These bills would allow the state or cities to purchase at full market value any subsidized building where owners are offering the buildings for sale in a manner that ends federal subsidies.*

Here's why S 666/H 3573 is an inadequate response to the "expiring use" crisis:

- ***S 666 will affect only a small fraction of the state's at-risk housing.*** The bill would only apply to HUD buildings offered for sale, ***not*** to the vast majority of at-risk buildings where the owners are simply converting to market rent and are not selling. At present, there is ***not a single building*** in Massachusetts that would be affected by the bill.

- ***S 666 will have no affect on current buildings where owners are converting*** to market (Georgetowne in Hyde Park in March 2010, Tammybrook in Weymouth in spring 2009, and several thousand more units owned by Bill Kargman/First Realty Management or Howard Cohen/Beacon Properties.

- Even if a building were offered for sale and were covered by the bill, ***a City or nonprofit buyer would have to come up with full market purchase price within 6 months,*** today costing above $165,000 per unit. Neither the City nor the State have the resources to assemble tens of millions of dollars for this purpose today—$160 million to buy Georgetowne, for example, if it were up for sale.

- ***S 666 will do nothing for most of the 5,800 apartments already converted*** to market, such as High Point Village in Roslindale, Camelot Court in Brighton, or Brandywyne in East Boston.

- ***An owner-dominated Task Force drafted this bill*** with ***no*** representatives of organized HUD tenants! The Mass Alliance of HUD Tenants, the nation's leading HUD tenant union which has preserved more than 9,700 at-risk apartments through tenant organizing since 1983, was not involved.

- ***S 666 represents a capitulation to a small handful of wealthy corporate owners*** who continue to benefit from windfall profits at the taxpayers expense. The original Tucker-Honan bill, which MAHT supported because it covered all at-risk properties, was watered down at the insistence of Beacon Properties which now will not be covered by the bill as it converts 967 apartments to market rents. (In the end, Beacon did not support even this bill and helped with its defeat).

Action Needed: Pass the Enabling Act to Save Affordable Housing or Home Rule Petitions to Save Our Homes!

Is there a way to save 100% of the units at Georgetowne, Tammybrook, Mountain Village and 27,000 other apartments at risk through 2012? *Yes!*

In addition to S 666/H 3573, the legislature can pass legislation to allow cities and towns the right to do more, if they choose. **The Enabling Act to Save Affordable Housing (H 3689 or S 617)** would "enable" any city or town to save affordable housing. **The related Home Rule Petitions (HRPs)** would do the same, for the five cities that have filed them **(Boston, H 3812; Salem, S 618; New Bedford, H 3810; Quincy, S 655; and Lowell, HD 3776).** These local option bills save at-risk apartments at **NO COST to the State or localities** by allowing cities to:

- Require renewal of expiring Section 8 contracts, preserving low income units while allowing owners to increase their profits under HUD's Mark Up to Market Program
- Prevent conversion of affordable apartments to condominiums
- Allow cities to restore affordable rents in the 5,800 apartments which have already been converted to market rents
- Promote sale at market rates to nonprofits who pledge to keep the property affordable, when they are able to assemble the funds
- Regulate rents as federal regulations expire, at no cost to towns or the state

In recent years, Joint Committee on Housing leaders have said that the local option bills do not have the votes to pass. But the Statewide Enabling Act has passed both houses before, several times in the Senate. **This year, Rep. Frank Smizik has re-filed the Enabling Act in the House with 38 co-sponsors, and Majority Leader Fred Berry has refilled it in the Senate with 9 co-sponsors, including two Republicans.** Five cities have refiled Home Rule Petitions, with unanimous support from their Mayors and City Councils.

More importantly, the climate for passage has changed. Neither the cities nor the State can afford to spend huge sums to buy at-risk developments like Georgetowne for $160 million, in the event one were offered for sale.

The "deregulation" mania of recent decades has been replaced by a growing conviction that modest regulations are needed to curb market excess, such as the enormous windfalls made by subsidized housing owners who put up very little of their own funds, but now stand to reap enormous gains because they happened to be at the right place at the right time. The Enabling Act/HRPs will allow these owners more modest extra windfalls, paid by HUD through Section 8 subsidy increases, while limiting excessive gains at the expense of moderate income tenants and affordable housing.

Mass Alliance of HUD Tenants

General Summary of Home Rule Petitions to Save Affordable Housing

filed by Boston (H3812); Salem (S 618); New Bedford (H 3810); Quincy (S 655); Lowell (HD 3776)

May 5, 2009

Section 1: Declares the bill to be in the Public Interest

Section 2:
A. States intention to regulate the class of 'governmentally-involved housing,' and defines what that is (for the most part, privately-owned multifamily residential apartment buildings that receive subsidies and/or mortgage insurance from the U.S. Department of HUD). Also creates 'official body' in each city that chooses to adopt these protections to put a ceiling on rents in "former governmentally involved" buildings whose federal protections have expired since July 1994 (or later dates in some bills) in these buildings, but providing "fair net operating income" (i.e., regulated profit) to owners, taking into account operating costs and debt service. Each bill establishes a per unit threshold below which buildings are not covered, and exempts from coverage publically owned housing and privately owned buildings that receive only Section 8 vouchers or city/CDBG subsidies. The bills vary slightly in coverage, effective date of regulation, and per unit threshold.

B. Provides eviction protections (within HUD guidelines)

C. Prevents conversion to condos, unless City grants permission

D. Requires owners to seek out and accept government subsidy programs which maximize affordability, such as HUD's Mark Up to Market subsidy program for project-based Section 8.

E. Establishes City's right to regulate income levels and occupancy for this housing

F. Provides for the City to make exceptions to promote affordability, and promotes sale to tenant groups or nonprofits who agree to maintain current residents' income profile

G. Gives City the authority to hold hearings and make ordinances to regulate this class of housing

H. Provides for rights of aggrieved parties to appeal decisions of the 'official body.'

Section 3: Penalties for violation

Section 4: Provides that if any part of this law is found to be invalid, the other parts are still in effect

Section 5: This section exempts "governmentally involved" buildings regulated by each bill from the provisions of MGL Chapter 40P, the bill which repealed general rent control in 1995. Chapter 40 P said cities were to compensate landlords if rents are regulated.

Boston Tenant Coalition

14 Beacon Street, Suite 606, Boston, MA 02108
Phone (617) 423-8609/Fax (617)523-1847
Kathy@bostontenant.org Maga@bostontenant.org
www.bostontenant.org

H4298
lav

October 28, 2009

The HonarableTherese Murray
Senate President
State House – Room 330
Boston, MA 02133

RE: An Act to Preserve Publicly Assisted Affordable Housing
House Bill No. 4298 (formerly House Bill No. 4132)

Dear Senate President Murray:

As you may know, the House just passed the above-referenced bill, which will help preserve "expiring use" and other governmentally assisted affordable housing. **We are now writing you to urge <u>swift passage</u> by the Senate of this bill.**

For several years, the Boston Tenant Coalition (in collaboration with other advocacy groups and the Housing Committee Co-Chairs, Senator Susan Tucker and Representative Kevin Honan) has worked hard to seek passage of a bill providing for advance notice, tenant protections, and the right of first refusal to be exercised by the Department of Housing and Community Development when an owner chooses to sell the government assisted property. This is critical tool to help address the looming loss of expiring use and other affordable housing and its devastating effect on tenants and communities. Enclosed is a copy of a fact sheet.

This past summer, the Senate passed Senate Bill 2097 which is now Senate Bill No. 2111, "An Act to Preserve Publicly Assisted Affordable Housing." The bill just unanimously approved by the House is similar to the Senate version. We support both versions of the bill, but in the interest of swift passage of one of these bills, we urge you to support the House version and to do whatever you can to ensure its passage by the full Senate tomorrow or as soon as possible.

Thank you for your consideration of this request. If you have questions and/or want additional information, please feel free to contact me or our legal representatives, Ann Jochnick at Greater Boston Legal Services (at (617) 603-1656).

Sincerely yours,

Kathy Brown

Kathy Brown
Coordinator
Boston Tenant Coalition

Enc.
Cc: Ann Jochnick
Senator ~~Tucker~~
~~Representative Honan~~

Boston Tenant Coalition

Greater Boston Legal Services ... and Justice for all

MACDC

Massachusetts Senior Action Council

Preserve Affordable Homes

Massachusetts could lose thousands of affordable homes in the next three years

- Tens of thousands of privately owned apartments in Massachusetts are made affordable through time-limited state and federal subsidies. They are known as "expiring use" buildings.
- Since 1998 more than 5,000 of these affordable apartments have been converted to market rate rents.
- In the next three years the subsidies could end for over 23,000 of these affordable homes.
- Approximately 85% of the residents in "expiring use" buildings are seniors or younger people with disabilities.
- Massachusetts' communities cannot afford to permanently lose this important source of affordable housing.

State legislation can help preserve these affordable homes.

The above groups support the prompt passage of *An Act to Preserve Publicly Assisted Affordable Housing* (S. 2111 and H. 4132) sponsored by the Joint Committee on Housing. These bills would:

- Require owners to give a two year and then one year notice to tenants and local and state governmental entities before they terminate long term affordable use restrictions or contracts.

- Help local governments, non profits, and other preservation buyers to purchase these properties at fair market value with a commitment to keep the homes affordable to existing residents and other lower-income households.

- Provide limited protections for low-income tenants who do not receive other protections when the affordability restrictions end.

The Department of Housing and Community Development would be responsible for implementing the bill and ensuring compliance. The bill will provide an additional tool that can be used to help preserve these homes. However, it does ***not require*** any state spending.. The legislation will compliment other on-going efforts at the state and federal level to provide new resources for these properties.

Pass the *Act to Preserve Publicly Assisted Affordable Housing*

(S. 2111 and H. 4132)

EPISCOPAL CITY MISSION
Reaching out for social justice. Coming together for community.

S666
H3573
fav

Testimony before the Joint Committee on Housing in Support of S. 666 and H. 3573,
An Act Preserving Publicly Assisted Affordable Housing
Sponsored by Representative Kevin Honan and Senator Susan Tucker

Submitted May 5, 2009 by

EPISCOPAL CITY MISSION

Dear Chairman Honan and Chairwoman Tucker,

Thank you for allowing me the opportunity to testify. My name is Dr. Ruy O. Costa and I am the Executive Director of Episcopal City Mission. I am here to offer my support for Senate Bill 666 and House Bill 3573, *An Act Relative to Preserving Publicly Assisted Affordable Housing*. Episcopal City Mission strongly supports preserving affordable housing. The Tucker/Honan legislation is a critical step in addressing expiring use affordable housing.

Episcopal City Mission has addressed the needs of the homeless since its incorporation in the early 1840s. As a General Partner in the Morville House in the Fenaway, ECM provides affordable housing to low income elderly and disabled tenants since the 1970s. Thousands of units of affordable housing have been built in the Greater Boston with ECM's assistance.

Over the next two years, 28,000 units of affordable housing are at-risk of becoming market-rate housing no longer affordable to low income families. The risk of having properties' affordability restrictions expire threatens the progress our communities have made in providing stable housing for low income families, elders and people with disabilities. The Department of Housing and Community Development's market study estimates that the Commonwealth already has a shortage of 55,000 homes available to extremely low income residents. If we lose additional affordable housing, this will make it even more difficult to reduce homelessness and poverty caused by the current lack of housing affordability.

The Tucker/Honan preservation bill would provide the Department of Housing and Community Development with a critical opportunity to preserve affordability in an equitable way. If enacted, this legislation would give DHCD or its partners the ability to exercise a right of first refusal to purchase properties to preserve these homes for low income households. In addition, the notification provisions and tenant protections are extremely important to prevent displacement. We believe the framework is carefully crafted and will serve as a tremendous tool for the good of our neighborhoods and families.

138 Tremont Street, Boston, MA 02111 t: (617) 482-4826 f: (617) 338-5546 w: episcopalcitymission.org

We also understand that the issue of expiring use has been debated in the State House for well over a decade. This proposal signifies a compromise that balances the interests of both property owners and tenants. While we prefer that tenants and the units they occupy receive maximum protection, we believe in this compromise and respectfully encourage you to pass this legislation this year before we lose additional affordable homes.

Thank you for your consideration of this important legislation and for your leadership in expanding and preserving affordable housing.

Sincerely,

Dr. Ruy O. Costa
Executive Director
Episcopal City Mission
138 Tremont Street
Boston, MA 02111
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UU MASS. ACTION NETWORK

... UNITARIAN UNIVERSALIST
VOICES FOR JUSTICE

May 5, 2009

Chairman Tucker and Members of the Committee,

Thanks you for this opportunity to speak today. My name is Nancy Banks and I am the Executive Director of the Unitarian Universalist Massachusetts Action Network and represent Unitarian Universalists throughout the Commonwealth of Massachusetts. I am also a resident of Acton.

Our faith as Unitarian Universalists calls us to speak for the homeless. In 1988, recognizing the inherent worth and dignity of every human being, we as Unitarian Universalists passed a resolution holding that access to affordable, habitable housing is a fundamental right in a just society. It is a right that was earlier recognized in the passage of the Universalist Declaration of Human Rights in 1948 by the United Nations General Assembly. *Article 25 states that "Everyone has the right to a standard of living* adequate for the health and well-being of himself and of his family including food, clothing, housing and medical care…" In passing our resolution, Unitarian Universalist were further called to work to establish, strengthen, and fund programs to assist low-income individuals, families, and the homeless on local, state, provincial, and national levels. In Massachusetts, UU Mass Action has worked to expand Homeless Prevention programs and increase the number of affordable housing units.

The right to affordable housing, which has been a challenge in Massachusetts in good economic times, is at a crisis stage. Unitarian Universalist churches throughout the state including Fitchburg, Barnstable, Worcester, Wayland, Sherborn, (to name just a few) join with other faith groups to provide shelter and services to homeless families and individuals. While we applaud and support these churches for reaching out to those in need and doing this critical work, interim shelter is not a solution. Long-term use of interim shelters imposes significant stress on the family and potentially causes long-term and costly damage to the integrity of the family unit.

Why housing in the face of so many needs? Simply because housing is the building block to meeting the range of family and individual needs. A member of my own congregation who works with the homeless in Boston brought to my attention, the Housing First model. This model recognizes that the first step towards stability is to meet the housing and treatment needs of the chronically homeless. Housing should not be a reward for good behavior, but rather the foundation for all other services. Housing security is not only a basic right, but provides the basis to begin treating and addressing family and individual needs. Today we are not only ignoring the foundation for rehabilitation of the chronically homeless but also creating a new population who may themselves become chronically homeless due to the extreme stress of being homeless.

We urge the committee to support S666 as a step towards preserving the precious units of affordable housing in the Commonwealth. We cannot afford to give up a single unit and further disrupt lives.

Thank you

76 WILLOW STREET, ACTON, MA 01720,
UUMASSSACTIONNETWORK@VERIZON.NET, 617.835.5426

RE: Senate Bill No. 2799

The Boston Globe

Founded 1872

P. STEVEN AINSLEY *Publisher*

MARTIN BARON *Editor* RENÉE LOTH *Editor, Editorial Page*

CALEB SOLOMON *Managing Editor/News*

FRIDAY, JULY 25, 2008

Housing in the House

OVER MANY months, tenant activists and real estate interests have hashed out a compromise to keep thousands of low-income tenants in their homes. The House should recognize the accomplishment in the final days of the formal session by passing a so-called "expiring use" housing bill.

By 2010, tenants in roughly 20,000 below-market-rate apartments statewide could be shown the door by landlords who prepay their subsidized mortgages from the federal Department of Housing and Urban Development or abandon rent subsidy programs upon expiration of HUD contracts. The stakes are especially high in suburban towns where expiring use apartments make up much of the stock of low-cost housing.

The Senate did its part last week by passing a well-conceived bill to preserve publicly assisted housing. The bill, sponsored by Senator Susan Tucker of Andover, gives the state Department of Housing and Community Development the right of first refusal to purchase the publicly assisted housing developments. State designees — nonprofits, for-profit companies, or municipalities — could then buy the developments and extend below-market-rate rental agreements far into the future. Another important component of the bill would require expiring use landlords to give 24 months notice to tenants and state housing officials before terminating below-market-rate leases.

Preserving affordable apartments is a lot more sensible and cheaper than building new ones, argues Tucker, who co-chairs the Legislature's Housing committee.

Prior attempts by tenant advocates and real estate representatives to tackle this problem ended only in recriminations. The House should jump at this chance to protect constituents from Newton to North Adams.

GREATER BOSTON
LEGAL SERVICES
...and justice for all

CONTENTS

Materials for the May 5, 2009 Hearing
before the Joint Committee on Housing

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Boston Tenant Coalition

Greater Boston Legal Services
... and justice for all

MACDC

Massachusetts SENIOR ACTION Council

Preserve Affordable Homes

Massachusetts could lose thousands of affordable homes in the next three years

- Tens of thousands of privately owned apartments in Massachusetts are made affordable through time-limited state and federal subsidies. They are known as "expiring use" buildings.
- Since 1998 more than 5,000 of these affordable apartments have been converted to market rate rents.
- In the next three years the subsidies will end for over 24,500 of these affordable homes.
- Approximately 85% of the residents in "expiring use" buildings are seniors or younger people with disabilities.
- Massachusetts' communities cannot afford to permanently lose this important source of affordable housing.

State legislation help can preserve these affordable homes.

The above groups support the prompt passage of *An Act to Preserve Publicly Assisted Affordable Housing* (S. 666 and H. 3573) filed by Senator Susan Tucker and Representative Kevin G. Honan that would:

- Require owners to give a two year and then one year notice to tenants and local and state governmental entities before they terminate long term affordable use restrictions or contracts.

- Help local governments and non profits to purchase these properties at fair market value as a way to keep the homes affordable to existing residents and other lower-income households.

- Provide limited protections for-low-income tenants who do not receive other protections when the affordability restrictions end.

The Department of Housing and Community Development would be responsible for implementing the bill and ensuring compliance. Passage of this bill will provide an additional tool that can be used to help preserve these homes. The legislation will compliment other on-going efforts at the state and federal level to provide new resources for these properties.

Pass the *Act to Preserve Publicly Assisted Affordable Housing*

(S. 666 and H. 3573)

MATURING SUBSIDIZED MORTGAGES: THE NEXT FRONTIER OF THE EXPIRING USE CRISIS

Emily Achtenberg
Housing Policy & Development Consultant

Prepared for

The Center for Social Policy,
University of Massachusetts Boston

The Boston Tenant Coalition

April 28, 2009

This analysis was made possible with data provided in part by the Community Economic Development Assistance Corporation, (CEDAC).

Financial support was provided in part by the Hyams Foundation.

The views expressed herein are not necessarily those of CEDAC, the Hyams Foundation, the University of Massachusetts Boston, or the Boston Tenant Coalition.

EXECUTIVE SUMMARY

Over the next decade, close to 17,000 units in 130 federally- and state-financed developments in Massachusetts could be lost as affordable housing as they reach the end of their 40-year subsidized mortgage terms. The maturing mortgage crisis represents the latest challenge to the privately-owned subsidized housing stock, its lower income residents, and the communities where these developments are located.

Since 1987, some 6,700 net affordable units have been lost as owners have prepaid their subsidized mortgages or opted out of their rental subsidy contracts. While Massachusetts has also had a strong track record in subsidized housing preservation, recent experiences with maturing mortgage properties--including the loss of more than 800 affordable units at 3 Boston developments--suggest that new approaches will be needed in the future.

The study reveals some of the characteristics of this housing that pose special challenges for preservation and tenant protection, as well as the unique benefits that make these developments especially worth preserving.

- While fewer than half the units have project-based rental subsidy, their rents are generally affordable to very low income households--a unique benefit offered by 40-years of budget-based rent regulation. Without additional project-based subsidy, it will be very difficult to preserve the current occupancy profile of the housing in the future.

- Many maturing mortgage properties are located in strong market neighborhoods where they are vulnerable to conversion pressures. Outside the major cities, the loss of an existing subsidized property will often put the municipality out of compliance with Chapter 40B.

- Since Enhanced Vouchers (tenant-based rental subsidy) are not directly authorized when a subsidized mortgage expires, there is a substantial risk of tenant displacement. Even with Enhanced Vouchers, the unique role currently played by many of these properties in preserving racial and economic diversity in their communities will be lost upon tenant turnover.

- While 20% of the units are at immediate risk (through 2010), 50% will not reach mortgage maturity until at least 2015. These properties provide a significant opportunity for cost-effective "preemptive" preservation.

To address these challenges, state legislation is needed to provide, at a minimum, a meaningful Right of First Offer and a Right of First Refusal to DHCD (or its designee) when a subsidized property is offered for sale, including adequate tenant protections (S. 666/ H. 3573). Additionally, adequate state resources should be targeted to facilitate the acquisition and preservation of at-risk properties on a timely basis, and to permit qualified community-based non-profit purchasers to compete on a level playing field with private buyers. To promote cost-effective preservation, MassHousing should permit high-risk subsidized properties to refinance prior to mortgage maturity, in exchange for extended affordability restrictions. Finally, federal legislation is needed to permit owners to project-base Enhanced Vouchers and to expand the scope of Enhanced Voucher eligibility.

MATURING SUBSIDIZED MORTGAGES: THE NEXT FRONTIER OF THE EXPIRING USE CRISIS

I. Introduction

Over approximately the next decade, close to 17,000 affordable housing units could be lost in Massachusetts as their federally- and state-subsidized mortgages mature, terminating all associated use and affordability restrictions. Most of this housing, developed 30-40 years ago under various federal and state mortgage subsidy programs, is only partially assisted with project-based Section 8 rental subsidy; but 100% of the units are affordable due to budget-based (and tiered) rent restrictions.

To the extent that the properties have Section 8 assistance, the maturing mortgage crisis overlaps with larger crisis of expiring Section 8 subsidy contracts. However, the unique characteristics of this housing (rent and occupancy structure, community context, and regulatory constraints) pose special risks and challenges for public policy. In particular, the partial nature of project-based Section 8 assistance makes it more difficult to preserve this housing. There is also a substantial risk of tenant displacement since Enhanced Vouchers are not directly authorized when a subsidized mortgage matures. Even with Enhanced Vouchers, the unique role currently played by many of these properties in preserving racial and economic diversity in their respective neighborhoods and communities will be lost upon tenant turnover.

Inadequate tools and funding currently exist to protect existing tenants and preserve these valuable affordable housing resources. The analysis of the maturing mortgage inventory which follows concludes with proposed legislative and policy initiatives to facilitate constructive solutions to this new expiring use challenge.

II. Historical Background

The earliest subsidized mortgage properties were developed in the mid-1960s under the HUD Section 221(d)(3) Below-Market Interest Rate (BMIR) program, utilizing direct government loans. Later, interest subsidies were provided to private lenders under Section 236, with some projects insured by HUD and others financed directly by MassHousing. MassHousing also financed a number of properties under the state's Chapter 13A interest subsidy program.

Occupancy of these units was limited to low and moderate income families with initial incomes at or below 80% or 95% of area median (for 236/13A and BMIR projects, respectively). Rents were budget-based, including a fixed limited-dividend allowance. Many for-profit owners were permitted to prepay their 40-year subsidized mortgages "as of right" after 20 years. Others (including non-profits, certain owners who received HUD "flexible subsidy" rehab loans, and owners of MassHousing developments financed after August 1, 1973 or benefitting from subsequent mortgage increases) were subject to prepayment "lockouts" for the full mortgage term.

In the mid-1980s, the "expiring use restriction" (EUR) crisis began with a wave of mortgage prepayments, including a few in Massachusetts. Subsequently, the federal government imposed a prepayment moratorium and developed new preservation initiatives under Title II (ELIHPA) and Title VI (LIHPRHA). These programs provided fair market value incentives to existing owners and purchasers, in the form of increased Section 8 subsidies and HUD-insured second mortgage loans for acquisition, rehab, and equity takeout.[1] In exchange, affordability restrictions were extended: under Title VI, for the remaining useful life of property (or at least 50 years); but under Title II, only for the remaining term of the subsidized mortgage. Between 1987 and 1995, approximately 4,000 subsidized mortgage units in Massachusetts were permanently preserved under Title VI, while another 7,000 units were temporarily preserved under Title II.

In 1996, the federal government restored owners' prepayment rights and defunded the preservation programs. Instead, Enhanced Vouchers were provided to protect eligible low and (in some cases) moderate income tenants at the point of prepayment. Unlike regular vouchers, which are limited to the PHA's payment standard, Enhanced Vouchers are provided at the comparable market rent as long as the tenant chooses to remain in the housing. However, since the Enhanced Voucher moves with the tenant, upon turnover (absent other restrictions) the units are permanently lost from the affordable housing stock.

Since 1996, approximately 15,300 federally- and state-assisted units have been lost in Massachusetts, primarily due to subsidized mortgage prepayments.[2] An estimated 8,600 of these units have retained some degree of affordability--although generally not comparable to the original level--because the projects were sold or refinanced under programs requiring new affordability commitments. The balance of approximately 6,700 affordable units have been permanently lost as affordable housing.

At the same time, the creative use of new federal tools in combination with state and local resources has facilitated the preservation of many expiring use developments. The Section 8 Mark Up to Market program has encouraged the renewal of existing project-based rental subsidy contracts, while supporting new debt financing for acquisition and rehabilitation. For Section 236 projects, HUD's "decoupling" program has allowed the remaining interest subsidy stream to be redirected towards this new financing. In conjunction with these federal initiatives, the Commonwealth has provided Low Income Housing Tax Credits (9% and 4%), tax-exempt bond financing, and gap financing for preservation projects. In particular, the Capital Improvements Preservation Fund (CIPF) is targeted exclusively for the preservation of at-risk existing subsidized developments.

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[1]Alternatively, under Title VI many non-profit purchasers received direct capital grants.

[2]CEDAC, "Massachusetts Projects with Subsidized Mortgages or HUD Project-Based Rental Assistance," December 2008; updated by Emily Achtenberg.

III. Maturing Subsidized Mortgages: New Challenges

While Massachusetts has had a strong track record historically in preserving at-risk subsidized housing, recent experience with maturing mortgage properties suggests that circumstances may be changing. Now that the oldest properties are reaching the end of their subsidized mortgage terms, affordable units (with both mortgage and rental subsidies) are being lost at a rate not seen since repeal of the prepayment moratorium in 1995. For example:

- *High Point Village, Camelot Court,* and *Brandywyne Village* are three mixed-income former BMIR developments located in strong market neighborhoods of Boston, that were formerly preserved under Title II. The properties provided a total of 1,084 affordable units, including: 66% very low income units (with project-based Section 8); 24% low income units, and 10% moderate income units. Upon mortgage maturity, the Section 8 contract was renewed only at Brandywyne (266 units). The balance of the Section 8 units (451), and all of the affordable low and moderate income units (367), were converted to market. While eligible tenants (excluding many at High Point who had already moved) received Enhanced Vouchers,[3] a total of 818 affordable units were permanently lost.

- *Bradford Apartments* is a 160-unit former BMIR development located in downtown Lawrence that was partially assisted with Section 8 (100 units). Upon mortgage maturity, the Section 8 contract was terminated and rents were increased to market. While eligible tenants (excluding many who had already moved) eventually received Enhanced Vouchers, all 160 units were lost as affordable housing.

  Subsequently, the property was offered as part of a portfolio sale through a national broker. The owner refused to accept offers from local CDC buyers. Fortunately, the successful bidder has received a commitment for tax-exempt bond financing and tax credits, although the financing has not yet closed. With the loss of rental subsidies, however, these units will be substantially less affordable than they were prior to mortgage maturity.

- *Brookline Coop* is a 115-unit former BMIR property in Brookline that was developed as an affordable limited-equity cooperative (with no Section 8 assistance). Upon mortgage maturity, the cooperative converted to condominium ownership with 32 units remaining affordable. Eighty-three affordable units were permanently lost.

Within the past year, several maturing mortgage properties have been offered for sale on a competitive basis through national brokers, similar to the process utilized for Bradford

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[3]Enhanced Vouchers were provided at these developments, and at Bradford Apartments, because the owners were eligible to (and did) prepay their subsidized mortgages prior to maturity; see below.

Apartments. Due to a combination of resource, timing, and regulatory constraints, it has been extremely difficult for local preservation buyers--especially community-based non-profits--to compete successfully in this market-driven system. Even if some units are ultimately preserved, the system encourages underestimation of property expenses and rehab needs and inflation of bid prices which is detrimental to the housing and increases the cost of preservation.

IV. Analysis of the At-Risk Maturing Subsidized Mortgage Inventory

A closer look at the maturing subsidized mortgage inventory reveals some of the characteristics of this housing that will make preservation (and tenant protection) extremely challenging, as well as the unique benefits that underscore the value of its preservation.

General Characteristics

The analysis is based on 130 projects, containing 16,800 BMIR, 236, and 13A units,[4] whose mortgages will expire by the end of 2020, placing their existing affordability at risk.[5] Two-thirds of the developments, containing 60% of the units, are financed by MassHousing. The remaining one-third, containing 40% of the units, are or were HUD-insured.

Sixty percent of the units are financed under Section 236, while 25% are 13A units and the remaining 15% are BMIR units. Twenty developments (containing 5,300 mortgage subsidy units) are Title II properties that were previously preserved but are again at risk.

Fifteen projects (containing 1,850 units) appear to be owned directly by non-profits. As demonstrated by the Brookline coop example above, non-profit owners are not immune from market or development pressures. Additionally, many non-profit projects suffer from disinvestment and require substantial recapitalization and renovations. Accordingly, this housing is also considered to be at-risk.

Only 44% (7,344) of the mortgage subsidy units are additionally assisted with project-based rental subsidy. Of these, two-thirds (4,899) are Section 8 and the balance have rent supplement or RAP subsidies[6], which effectively terminate with the mortgage. Section 8 contracts (which can

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[4]Another 1,660 market units in these developments, including some with project-based rental assistance, do not benefit from mortgage subsidy and are not considered in this analysis.

[5]Subsidized mortgage projects previously preserved (with new restrictions expiring after 2020) are not included. These are mostly Title VI preservation projects, Low Income Tax Credit projects with long-term restrictions (allocations made in 1990 or later), and projects receiving other types of state financing tied to extended affordability. Also not included are projects whose mortgage subsidies were previously lost through prepayment or maturity (regardless of whether some affordable units were retained by other means).

[6]These more limited forms of rental subsidy are typically found in developments financed by MassHousing. Most owners of HUD-insured projects were able to convert their rent supplement contracts to project-based Section 8 some years ago.

be renewed, extended, and, in many cases, "marked up to market") cover only 29% of the mortgage subsidy units, and are concentrated in 49 developments. Eighty-one of the 130 developments (62%) have no project-based Section 8 at all. Especially to the extent that non-Section 8 units are occupied by very low and lower income tenants (see below), this discrepancy poses a significant challenge for preservation of the housing and for tenant protection.

Rents/ Affordability/ Income Mix

Budget-Based Rents. While only a portion of the units are assisted with project-based rental subsidy, rents in the non-assisted units[7] generally appear to be quite affordable. This is a legacy of 40 years of budget-based rent regulation.

In 27 projects for which non-assisted unit rent data was readily available, the median/ average rent was 65% of FMR.[8] This rent level is generally affordable to households earning less than 50% of area median income, at 30% of income. Accordingly, the non-assisted units in many maturing mortgage properties appear to constitute a resource for serving very low income and lower income households without rental subsidy--a unique benefit offered by this historically regulated, non-speculative housing stock. Anecdotal evidence suggests that many of these units are occupied by tenants with even lower incomes, paying more than 30% of income for rent.

Tiered Rents. The 20 Title II projects have a "tiered" rent structure for unassisted units, based on their historical occupancy profiles, which is designed to preserve mixed affordability levels. In many Title II projects, the occupancy profile--which owners are required to maintain "to the extent practicable"--reflects substantial low/moderate income diversity. At the same time, owners are not precluded from serving additional lower income households and must accommodate tenants whose incomes decline by reallocating them to lower profile (and rent) subtiers. As indicated by the following example of a suburban Title II property within Greater Boston (which was recently offered for sale), unassisted units in these projects may be currently serving a lower income population than the historical profile suggests:

	Historical Profile	Current Profile
Very Low: <50% (S8)[9]	27%	27%
Very Low: <50% (non S8)	-	26%
Low 1: 51-60%	16%	8%

[7]Throughout this report, "non-assisted" or "unassisted" units refers to units with mortgage subsidy but without project-based rental assistance.

[8]In one development where rents exceed the FMR, all units are rent-assisted.

[9]In Title II projects, all units occupied by very low income tenants at the time of preservation received project-based Section 8 subsidy.

Low 2: 61-70%	18%	7%
Low 3: 71-80%	11%	9%
Mod 81-95%	27%	23%
Total	100%	100%

Vouchers. Finally, since the below-market rent structure in subsidized mortgage properties (both Title II and non-Title II) is typically well below the FMR/PHA voucher payment standard, very low income households with mobile vouchers are readily accommodated. Anecdotal evidence suggests that many of these developments have substantial occupancy by voucher-holders.

Location/ Community Context

Location. At-risk maturing mortgage properties are dispersed throughout the state, with more than 40% of the units located in cities and towns inside Greater Boston. Many projects appear to be situated in strong market areas, both suburban and urban (e.g. within the City of Boston, in the South End, Hyde Park/Roslindale, and Fenway neighborhoods), where they are a key source of economic and racial diversity and are vulnerable to market conversion pressures.

40B Compliance. Outside the major cities, many properties are located in cities and towns that barely meet, or fall below, the 10% affordable housing requirement under Chapter 40B. In these localities, maturing mortgage properties constitute a significant proportion of the 40B affordable housing stock (e.g. 42% in Brewster, 57% in Lincoln, 53% in Medford). The loss of these properties will make it much more difficult for the municipality to achieve or maintain 40B compliance.[10] In contrast to new 40B projects, which are often controversial, these existing developments have long been accepted as part of the neighborhood fabric.

A significant number of properties have Chapter 121A tax contracts which typically include low and moderate income use restrictions. However, since these contracts were executed when the projects were first developed and expire after 40 years, their relevance diminishes as mortgage maturity approaches. A few properties have zoning or existing 40B restrictions which may prove more useful.

At-Risk Dates

Mortgage Subsidies. In general, HUD BMIR and 236 mortgages are maturing now through 2014. MassHousing 236 and 13A projects, built later and with longer mortgage terms, will mature starting in 2012 through 2020.

[10]Under current 40B rules, 100% of the units in a rental development that is at least 25% affordable to households with incomes at or below 80% median are counted towards the 10% requirement. Termination of the affordability restrictions or subsidy contract generally causes the development to be removed from the 40B inventory, with some exceptions.

Twenty-one projects containing 20% (3,500) of the mortgage subsidy units are at immediate risk. This category covers projects with mortgages maturing before the end of 2010, including several large Title II properties in and around Boston (e.g. Georgetown, Cummins Tower, Battles Farm). It also includes several prepayment-eligible (EUR) projects that are not subject to prepayment lockouts and can terminate their subsidized mortgages and restrictions *at any time* (e.g. Cambridge Court, Macarthur Terrace, Harborview Towers).[11]

Another 35 projects containing 30% (4,800) of the mortgage subsidy units have mortgages that will reach maturity through 2015. The remaining 74 projects, containing half (8,500) of the units will reach maturity through 2020. While these properties are not immediately at risk, they may present important opportunities for preservation (see below).

Rental Subsidies. Eighteen percent of the rental subsidies are at risk through 2010, 33% through 2015, and 48% through 2020. For Section 8 units, the at-risk dates generally track the mortgage expiration dates (except for EUR projects, where the Section 8 contract is at risk on its own expiration date, e.g. Harborview Towers). In projects subject to prepayment lockouts, if the Section 8 contract expires before the mortgage (e.g. Hope In Action), it is assumed not to be at risk since the owner has little incentive to opt out. This is consistent with the history of Section 8 optouts in Massachusetts to date, which (with some exceptions) have occurred in only conjunction with mortgage prepayments and maturities.

Rent supplement and RAP contracts expire after 40 years or at mortgage maturity/ prepayment, whichever occurs first. In some cases (e.g. Madison Park III), these subsidies will expire before the mortgage matures, creating an unanticipated affordability gap for very low income tenants.

Prepayment Lockouts. With respect to projects that are not immediately at risk due to prepayment lockouts, a critical public policy issue is whether they should be permitted to refinance prior to maturity, in exchange for extended affordability restrictions. This could facilitate more cost-effective preservation of the housing, since the value of the property during the lockout period is restricted.

For example, at one extremely valuable Section 236 property in the Greater Boston area which is eight years away from mortgage maturity, current rents for a 3BR townhouse at $1,300 are approximately 50% of market ($2,650). The owner is seeking to sell the property now, and does not intend to wait. The appraised value today (taking into account the remaining period of extended use) is half the projected value on the date of market conversion.

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[11]These EUR projects could have prepaid their mortgages up to 20 years ago but, for any combination of reasons, did not. Some (e.g. Cambridge Court) are clearly located in strong housing markets where there is a substantial incentive to prepay.

To purchase the property, a preservation buyer will need to prepay and refinance the existing mortgage with tax-exempt bond financing at lower interest rates, which will also generate Low Income Housing Tax Credits. By purchasing today, the buyer will be able to "decouple" and utilize the remaining Section 236 interest subsidy stream, a resource that diminishes each year as mortgage maturity approaches. Prepayment will also trigger Enhanced Vouchers for eligible tenants (see below). In the absence of a viable preservation option, there is a substantial risk that the property will be sold to a speculative buyer in anticipation of future market-rate conversion.

Tenant Protections/ Enhanced Vouchers

Relative to past expiring use situations, tenants in maturing mortgage properties are more vulnerable to displacement because Enhanced Vouchers are not guaranteed. While eligible tenants in any units subject to a Section 8 contract are entitled to Enhanced Vouchers if the owner opts out, the rules for non-Section 8 tenants--who occupy more than 70% of these units--are more complex.

Under current federal law, eligible non-Section 8 tenants can receive Enhanced Vouchers only if the owner is entitled to prepay the mortgage without HUD consent--and does in fact prepay prior to maturity. Projects that received Flexible Subsidy rehab loans may be approved for Enhanced Vouchers at HUD's discretion. HUD would also have to approve the provision of Enhanced Vouchers to Section 236 and Chapter 13A projects that are released by MassHousing from their historical prepayment locks. Certain types of projects, such as those owned by non-profits, require HUD consent to prepay and cannot receive enhanced vouchers.

In approximately 25% of the maturing mortgage subsidy units (located in 26 properties), eligible tenants could receive Enhanced Vouchers if the owner agreed to prepay. In another 62% of the units (located in 82 properties), Enhanced Vouchers could be available with HUD consent (and MassHousing prepayment approval, with respect to MassHousing projects). In the remaining 12% of the units (17 projects), Enhanced Vouchers cannot be provided under current law--either because the owner is a non-profit or the subsidized mortgage has already been prepaid.

V. Policy Implications

The challenges posed by maturing subsidized mortgages are occurring in the context of a profound economic and financial crisis when affordable housing resources in Massachusetts (for both preservation and production of affordable housing) are extremely scarce. At the same time, the growing demand for affordable rental housing, fueled by rising unemployment and mortgage foreclosures, underscores the critical need to preserve existing subsidized housing resources. The Commonwealth's recent $4.5 million award from the MacArthur foundation provides an opportunity to refocus creative attention on preservation. The following proposed legislative, policy, and programmatic measures would greatly enhance opportunities for preservation.

1. Right to Purchase

State legislation is needed to provide, at a minimum, a Right of First Offer and a Right of First Refusal to DHCD or its designee, when a subsidized property is offered for sale. Adequate time frames, public notice provisions, and tenant protections should be included. This is an essential first step to facilitate opportunities for preservation purchases, which cannot be accomplished within the market-oriented national competitive bid system utilized by most sellers. A compromise bill negotiated among owners, advocates, and DHCD passed the Senate last year, has been reintroduced, and should be approved.

2. Preservation Financing

Tax exempt bond financing and associated 4% tax credits, which are currently in plentiful supply, should be made available for preservation transactions on a priority basis. State gap funding specifically targeted for preservation (including CIPF) should be expanded and awarded on a rolling basis, to accommodate the opportunistic nature of preservation transactions. The new Preservation Loan Fund, capitalized in part with MacArthur funding, should be aggressively utilized to facilitate the timely acquisition of at-risk properties pending the availability of permanent financing.

3. Non-Profit Purchasers

Additional measures are needed to allow qualified community-based non-profit purchasers, who are especially disadvantaged in the current financial crisis, to compete on a level playing field with private buyers (both market- and preservation-oriented). These include timely access to adequate predevelopment funds both prior to site control (to develop competitive offers) and after (to secure acquisition and permanent financing). There is also a critical need for a pooled guarantee fund to enable non-profit purchasers to meet investor reserve requirements and secure tax credit equity for preservation transactions in today's challenging market.

4. Prepayment Lockouts

MassHousing should permit the release of prepayment locks on subsidized mortgage properties in exchange for extended, long-term use and affordability restrictions, in order to facilitate cost-effective preservation. This is especially appropriate for properties at high risk of market conversion that are being offered for sale, or for properties requiring substantial rehabilitation. Recapitalizing owners and purchasers benefiting from the release of prepayment locks should be required to renew existing Section 8 contracts and to project-base Enhanced Vouchers, to the extent authorized by federal legislation (see below). State preservation resources should be targeted to these projects on the same basis as projects which are at more immediate risk.

5. Enhanced Vouchers/ Project-Basing

Federal legislation (currently pending in Senate SEVRA) should be enacted to permit owners to project-base Enhanced Vouchers, subject to PHA approval, and with retroactive application to tenants in projects who have already received Enhanced Vouchers. Additionally, owners should have the option of exchanging their Enhanced Vouchers for HUD project-based Section 8 authority, as recently proposed by MassHousing. The scope of Enhanced Voucher eligibility should also be extended more generally to maturing subsidized mortgage projects with prepayment lockouts, in exchange for a requirement to project-base the vouchers. These measures are critical both for preservation and tenant protection.

[illegible]

MATURING SUBSIDIZED MORTGAGES AT RISK

1 Project	2 City	3 Neighb	4 Region	5 Total Units	6 Mtge Subs Un	7 Rent Subs Un	8 S8 Un	9 Supp, RAP, MRVP Un	10 Title II Un	11 EUR Un	12 S8/ Mtge Subs Un %	13 Mtge Subs Rent/ FMR	14 HUD or MH curr	15 Mortgage Matures
Adams Housing	Adams		West	60	60	35	35	0		60	58%		H	1-Sep-12
HILLCREST VILLAGE	Attleboro		Southeast	100	81	25		25			0%	66%	M	1-Mar-17
CROMWELL COURT	Barnstable		Southeast	124	124	82	82	0	124		66%		M	1-Mar-16
BEDFORD VILLAGE	Bedford		Gr Boston	96	96	19		19			0%		M	1-Mar-18
OAK WOODS	Bellingham		Central	90	90	19		19			0%		M	1-Mar-17
JACLEN TOWER	Beverly		North	100	100	25		25			0%	55%	M	1-Mar-18
NORTHRIDGE HOMES	Beverly		North	98	73	25		25			0%		M	1-Mar-18
144 WORCESTER ST	Boston	S. End	Gr Boston	8	8	1		1			0%		M	1-Mar-19
Amiff Housing*	Boston	Dorchester	Gr Boston	96	96	96	96	0			100%		H	1-Sep-12
BABCOCK TOWER	Boston	Fenway	Gr Boston	213	160			0			0%		M	1-Mar-19
Burbank Apts	Boston	Fenway	Gr Boston	173	173	67	67	0	173		39%		H	1-Apr-11
BURBANK GARDENS	Boston	Fenway	Gr Boston	52	52	10		10			0%		M	1-Apr-18
Charlesview*	Boston	Allston-Bri	Gr Boston	210	210	200	200	0			95%		H	1-Feb-11
CHARLYSADE APTS	Boston	BeaconHill	Gr Boston	10	3	3		3			0%	68%	M	1-Mar-18
CONCORD HOUSES	Boston	S. End	Gr Boston	181	181	72		72			0%	47%	M	1-Mar-18
CONWAY COURT	Boston	Hyde Pk/ R	Gr Boston	28	28	7		7			0%		M	1-Mar-17
Cummins Towers	Boston	Hyde Pk/ R	Gr Boston	239	239	180	180	0	239		75%		H	1-Jul-10
FORBES BLDG	Boston	Jam Plain	Gr Boston	147	147	37		37			0%		M	1-Mar-19
Fort Hill Gardens	Boston	Roxbury	Gr Boston	40	40	40	40	0			100%		H	1-Aug-11
Georgetowne I	Boston	Hyde Pk/ R	Gr Boston	601	601	429	429	0	601		71%		H	1-Mar-10
Georgetowne II	Boston	Hyde Pk/ R	Gr Boston	366	366	252	252	0	366		69%		H	1-May-12
HARTWELL TERRACE	Boston	Dorchester	Gr Boston	17	17	4		4			0%	74%	M	1-Mar-16
LANDFALL WEST	Boston	E. Boston	Gr Boston	59	59	29		29			0%	53%	M	1-Mar-17
LAWRENCEVILLE	Boston	Roxbury	Gr Boston	149	149			0			0%		M	1-Mar-17
MADISON PARK III	Boston	Roxbury	Gr Boston	120	120	120		120			0%	105%	M	1-Apr-20
MERCANTILE BLDG	Boston	Downtown	Gr Boston	122	85	41		41			0%		M	1-Mar-18
NEWCASTLE/SARANAC	Boston	S. End	Gr Boston	97	97	30		30			0%		M	1-Mar-18
PAUL REVERE COURT	Boston	N. End	Gr Boston	31	31	9		9			0%		M	1-Mar-19
QUINCY TOWER	Boston	Chinatown	Gr Boston	162	162	98		98			0%	69%	M	1-Mar-19
Rutland Housing	Boston	S. End	Gr Boston	45	45	44	44	0		45	98%		H	1-Mar-12
SAINT BOTOLPH	Boston	S. End	Gr Boston	135	130	92	92	0	130		71%		M	1-Mar-16
Tai Tung Village	Boston	Chinatown	Gr Boston	215	215	209	209	0			97%		H	1-Aug-13
TAURUS APARTMENTS	Boston	Dorchester	Gr Boston	38	38	10		10			0%	71%	M	1-Mar-16
THE CHESTER	Boston	S. End	Gr Boston	17	10	4		4			0%		M	1-Mar-18
Warren Hall Trust	Boston	Allston-Bri	Gr Boston	33	33	7		7			0%	47%	H	1-Dec-11
Wayne Apts*	Boston	Roxbury	Gr Boston	349	349	349	349	0			100%		H	1-Jan-15
YEE REALTY	Boston	Chinatown	Gr Boston	12	12	3		3			0%	34%	M	1-Mar-14
CANALSIDE	Bourne		Southeast	112	112	28		28			0%	66%	M	1-Mar-18
INDEPENDENCE MANOR I	Braintree		Gr Boston	95	95	24		24			0%		M	1-Mar-18
SKYLINE DRIVE I	Braintree		Gr Boston	84	42	21		21			0%		M	1-Mar-13
SKYLINE DRIVE II	Braintree		Gr Boston	108	108	27		27			0%		M	1-Mar-18
SKYLINE DRIVE III	Braintree		Gr Boston	48	36	12		12			0%		M	1-Mar-18
KING'S LANDING	Brewster		Southeast	108	108	26		26			0%		M	1-Mar-17
Battles Farm Village	Brockton		Gr Boston	320	320	202	202	0	320		63%		H	1-Feb-10
CHATHAM WEST I	Brockton		Gr Boston	300	275	75		75			0%	59%	M	1-Mar-17
CHATHAM WEST II	Brockton		Gr Boston	270	202	68	68	0			0%		M	1-Mar-17
BEACON PARK	Brookline		Gr Boston	80	30	20		20			0%	43%	M	*1-Mar-18*
BRISTON ARMS	Cambridge		Gr Boston	154	105	73	73	0	105		70%		M	1-Mar-18
CAMBRIDGE COURT (Frank	Cambridge		Gr Boston	123	92	41		41		92	0%	85%	M	1-Mar-17
Harwell Homes'	Cambridge		Gr Boston	56	56	17	17	0			30%		H	1-Nov-12
INMAN SQUARE APTS	Cambridge		Gr Boston	116	116	44		44			0%	79%	M	1-Mar-17
LINWOOD COURT	Cambridge		Gr Boston	45	45	22		22			0%		M	1-Mar-18
NORSTIN	Cambridge		Gr Boston	32	32	7		7			0%		M	1-Mar-12
Macarthur Terrace	Chicopee		West	222	222	55	55	0		222	25%		H	1-May-18
SOLEMAR APTS	Dartmouth		Southeast	200	100	50		50			0%		M	1-Mar-19
ISLAND CREEK WEST - II	Duxbury		Southeast	48	48			0			0%		M	1-Feb-13
EVERETT SQ PLAZA	Everett		Gr Boston	131	130	21		21			0%		M	1-Mar-19
GLENDALE COURT	Everett		Gr Boston	29	29	3		3			0%		M	1-Mar-18
BROWNSTONE GDNS	E. Longmeadow		West	100	100	25		25			0%		M	1-Mar-17
FULTON ST APTS	Fall River		Southeast	28	28	7		7			0%	66%	M	1-Mar-16
RIVERVIEW TOWERS	Fall River		Southeast	200	200	2		2			0%		M	*1-Mar-18*
Meadowbrook	Fitchburg		Southeast	228	228	63	63	0			28%		H	1-Dec-10
Cochituate Home Coop	Framingham		Central	161	161	160	160	0			99%		H	1-Jul-12
EDMANDS HOUSE	Framingham		Central	190	143	112	112	0	143		78%		M	1-Mar-14
GLEN MEADOW	Franklin		Central	288	35			0			0%		M	1-Mar-13
CENTRAL GRAMMAR*	Gloucester		North	80	80	20		20			0%		M	1-Mar-17

MATURING SUBSIDIZED MORTGAGES AT RISK

1 Project	16 RentSubs Expires	17 Mtge Subs At Risk 2010	18 Mtge Subs At Risk 2015	19 Mtge Subs At Risk 2020	20 Rent Subs At Risk 2010	21 Rent Subs At Risk 2015	22 Rent Subs At Risk 2020	23 EV Elig? non-S8 Ts w/ MtgeSubs Yes: If Own Ppays	24 Maybe: Agency Consent	25 No Not Elig	26 40B Town AllSubs Un (%)	27 40B % Subs Units In Proj	28 Local Re-stric-tions	29 NP Mtge Subs Un
Adams Housing	14-Jul-14	60				35		25			7.6%	18.1%	121A, 40B	
HILLCREST VILLAGE	1-Mar-17			81			25		81		7.4%	8.2%		
CROMWELL COURT	31-Oct-16			124			82		42		6.8%	9.1%		
BEDFORD VILLAGE				96			19		96		18.3%	11.2%		
OAK WOODS				90			19		90		9.4%	16.9%		
JACLEN TOWER	1-Mar-18			100			25		100		11.5%	5.4%	x-121A, 40B	
NORTHRIDGE HOMES				73			25		73		11.5%	5.3%		
144 WORCESTER ST				8			1		8		19.9%	0.0%	121A	
Amiff Housing*	31-Dec-15		96			96					19.9%	0.2%		
BABCOCK TOWER				160					160		19.9%	0.4%		
Burbank Apts.	31-Mar-11		173			67		106			19.9%	0.3%		
BURBANK GARDENS				52			10		52		19.9%	0.1%		
Charlesview*	28-Feb-10		210			200				10	19.9%	0.4%	121A	210
CHARLYSADE APTS				3			3		3		19.9%	0.0%		
CONCORD HOUSES	1-Mar-18			181			72		181		19.9%	0.4%	121A	
CONWAY COURT				28			7		28		19.9%	0.1%	121A	
Cummins Towers	1-Jul-10	239			180			59			19.9%	0.5%		
FORBES BLDG				147			37		147		19.9%	0.3%	121A	
Fort Hill Gardens	30-Apr-09		40			40					19.9%	0.1%		40
Georgetowne I	28-Feb-09	601			429					172	19.9%	1.2%		
Georgetowne II	28-Feb-09		366			252				114	19.9%	0.7%		
HARTWELL TERRACE	1-Jan-13			17		4			17		19.9%	0.0%		
LANDFALL WEST	1-Mar-17			59			29		59		19.9%	0.1%		
LAWRENCEVILLE				149					149		19.9%	0.3%		
MADISON PARK III	1-Oct-15			120		120			120		19.9%	0.2%		
MERCANTILE BLDG				85			41		85		19.9%	0.2%	121A	
NEWCASTLE/SARANAC				97			30		97		19.9%	0.2%	121A	
PAUL REVERE COURT				31			9		31		19.9%	0.1%		
QUINCY TOWER	1-Mar-19			162			98		162		19.9%	0.3%	121A	
Rutland Housing	31-May-12	45				44		1			19.9%	0.1%	121A/LDA	
SAINT BOTOLPH	14-Sep-16			130			92	38			19.9%	0.3%		
Tai Tung Village	30-Sep-10		215			209			6		19.9%	0.4%	121A.	
TAURUS APARTMENTS	1-Mar-16			38			10		38		19.9%	0.1%		
THE CHESTER				10			4		10		19.9%	0.0%		
Warren Hall Trust	1-Oct-10		33		7	0				33	19.9%	0.1%		
Wayne Apts*	30-Jun-11		349			349					19.9%	0.7%		
YEE REALTY	1-Aug-12		12			3			12		19.9%	0.0%		
CANALSIDE	1-Mar-18			112			28		112		8.0%	17.9%		
INDEPENDENCE MANOR I				95			24		95		8.8%	8.3%		
SKYLINE DRIVE I			42				21		42		8.8%	7.4%		
SKYLINE DRIVE II				108			27		108		8.8%	9.5%		
SKYLINE DRIVE III				36			12		36		8.8%	4.2%		
KING'S LANDING				108			26		108		5.9%	42.0%		
Battles Farm Village	1-Feb-10	320			202			118			12.8%	7.2%		
CHATHAM WEST I	1-May-13			275		75			275		12.8%	6.7%		
CHATHAM WEST II	2-Dec-15			202			68		202		12.8%	6.0%		
BEACON PARK	1-Mar-18			30			20		30		7.8%	3.9%	121A	
BRISTON ARMS	31-Jan-10			105			73	32			15.8%	2.2%		
CAMBRIDGE COURT (Frankl	1-Apr-16	92			41		0	92			15.8%	1.8%	zon	
Harwell Homes	30-Sep-09		56			17			39		15.8%	0.8%		56
INMAN SQUARE APTS	1-Mar-17			116			44		116		15.8%	1.7%	121A	
LINWOOD COURT				45			22		45		15.8%	0.6%	121A	
NORSTIN			32				7		32		15.8%	0.5%		
Macarthur Terrace	30-Apr-19	222					55	167			10.4%	8.7%	121A	
SOLEMAR APTS				100			50			100	8.6%	21.4%		
ISLAND CREEK WEST - II			48						48		3.4%	27.9%		
EVERETT SQ PLAZA				130			21		130		8.2%	10.1%		
GLENDALE COURT				29			3		29		8.2%	2.2%		
BROWNSTONE GDNS				100			25		100		7.9%	23.6%		
FULTON ST APTS	1-Mar-16			28			7		28		11.3%	0.6%		
RIVERVIEW TOWERS				200			2	200			11.3%	4.2%	121A	
Meadowbrook	31-Jan-09	228			63				165		10.4%	13.7%		
Cochituate Home Coop	30-Sep-09		161			160				1	10.8%	5.6%		161
EDMANDS HOUSE	31-Mar-09		143				112	31			10.8%	6.6%		
GLEN MEADOW			35					35			10.3%	27.2%		
CENTRAL GRAMMAR*				80			20		80		7.9%	7.8%	121A	

MATURING SUBSIDIZED MORTGAGES AT RISK

1 Project	16 RentSubs Expires	17 Mtge Subs At Risk 2010	18 Mtge Subs At Risk 2015	19 Mtge Subs At Risk 2020	20 Rent Subs At Risk 2010	21 Rent Subs At Risk 2015	22 Rent Subs At Risk 2020	23 EV Elig? non-S8 Ts w/ MtgeSubs Yes: If Own Ppays	24 Maybe: Agency Consent	25 No Not Elig	26 40B Town AllSubs Un (%)	27 40B % Subs Units In Proj	28 Local Re-stric-tions	29 NP Mtge Subs Un
CHRISTIAN HILL				40			8		40		7.9%	16.3%		
ELMWOOD TOWERS				152			31		152		21.3%	4.4%		
HOLYOKE TOWERS			122						122		21.3%	3.5%	zon	
JARVIS HEIGHTS				200					200		21.3%	5.8%		
Whiting Farms I		119								119	21.3%	3.5%		
HOPE-IN-ACTION	*1-Feb-13*			49		23	17		49		14.5%	1.3%		
Parkside Apts West	30-Apr-10	146			98			48			14.5%	3.9%	121A	
Litchfield Terrace*	30-Sep-09	216			209			7			8.4%	15.1%		
RIVERSIDE VILLAGE	31-Oct-09		312				193		119		8.4%	21.9%		
INTERFAITH HSG				6			2		6		11.3%	0.5%		
PINE GROVE VILLAGE				16			6		16		11.3%	1.3%		
LINCOLN WOODS				72			32			72	10.5%	57.3%		72
First Lowell Rehab	30-Sep-12	47				9		38			9.0%	17.3%	121A	
LORD MANOR	1-Mar-17			94			38		94		13.3%	1.8%	121A	
HARBOR LOFT APTS	7-Sep-12		148				210		148		13.0%	7.9%		
KING'S LYNNE				441			166		441		13.0%	9.8%		
Marian Gardens	31-May-10		94			94					13.0%	2.1%		94
ST STEPHEN'S TOWER	1-Mar-17			130			52		130		13.0%	2.9%	121A	
Bryant Terrace		108								108	11.4%	4.0%	121A	108
Heritage*	30-Apr-23		209				20	189			11.4%	7.8%		209
ACADEMY KNOLL	6-Jul-16			28			81		28		10.5%	7.0%	121A	
SUMMER HILL GLEN				108			30		108		8.1%	33.8%		
WILKINS GLEN				103			26		103		4.8%	53.4%		
Fuller House	30-Apr-09		114			65				49	7.8%	13.0%	40B?	114
MIDDLEBURY ARMS	1-Mar-18			64			16		64		5.0%	17.9%		
ROLLING GRN-MILFORD			15				19	15			7.0%	40.9%		
UNQUITY HOUSE	1-Mar-14		139			35			139		4.7%	32.6%		
Harborview Towers	31-May-09	144			*88*			56			12.2%	2.8%	x-121A?	
UNITED FRONT*	1-Mar-18			200			80		200		12.2%	3.9%	121A	
HAMLET STREET				30			20		30		7.6%	2.1%	121A	
LEEDS VILLAGE APTS				19			5		19		11.7%	1.5%		
THE TANNERY				239			84		239		10.4%	14.5%		
OAK HILL				60			0		60		9.4%	3.1%		
ALGONQUIN HEIGHTS	1-Mar-19			201			181	20			4.4%	23.8%		
Mayflower Village		100							100		4.4%	11.8%		
Pontus Meadow (Mayflower V	31-May-09		58			12			46		4.4%	6.9%		
Fenno House	*30-Sep-08*		154			31				123	10.2%	3.8%		154
MARTENSEN VILLAGE				12			1		12		10.2%	0.3%		
Quincy Point Homes III	31-Aug-13		201			109				92	10.2%	4.9%		201
LEBANON HILL				116			59		116		6.6%	23.4%	121A	
BERGEN CIRCLE	1-Mar-19						95				16.5%	0.0%	121A	
BERGEN CIRCLE	31-Oct-16			201			75		126		16.5%	2.0%	121A	
Colonial Estates	30-Sep-09		500			349		151			16.5%	5.0%		
Concord Apts	28-Feb-13	104				104					16.5%	1.0%		
Hill Homes Coop	30-Sep-09		90			28				62	16.5%	0.9%	x-121A	90
HUNTER PLACE				80			48		80		16.5%	0.8%		
Presidential Courts	30-Sep-09		105			21				84	12.6%	8.0%		
Wentworth Manner		102							102		12.6%	7.7%		
Highland Hills		116						116			8.0%	6.3%		
Taunton Gardens	30-Sep-09		128			32			96		8.0%	7.0%		
UPTON INN				34			7		34		8.5%	19.1%		
ROCKLEDGE APTS	1-Mar-19			60			15		60		7.4%	8.2%		
BRANDY HILL	29-Feb-16			132			97		35		7.0%	21.7%		
WOODS AT WAREHAM (PINI	31-Aug-09		100				78	22			7.0%	16.4%		
COL LOVELL'S GATE				132			45		132		8.1%	9.6%		
COLONIAL VILLAGE				89			23		89		8.1%	4.9%		
QUEEN ANNES GATE 1	31-Oct-08		75				56		19		8.1%	8.2%		
Tammy Brook Apts*	1-Jun-09	90			24			66			8.1%	4.9%		
Union Towers I			199							199	8.1%	10.9%	x-121A;	199
Colony Retirement Homes II	30-Sep-09		78			18				60	13.6%	0.8%	121A	78
Fruit Sever Merrick	31-May-09	132			*26*			106			13.6%	1.4%	121A	
LINCOLN VILLAGE	1-Mar-17			1,213			369	1213			13.6%	12.7%		
Matheson Apts.	31-May-09			70			65			5	13.6%	0.7%	121A	70
Mountain Village	31-Dec-09	200			60			140			13.6%	2.1%		
STRATTON HILL				156			39		156		13.6%	1.6%		

MATURING SUBSIDIZED MORTGAGES AT RISK

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Project	City	Neighb	Region	Total Units	Mtge Subs Un	Rent Subs Un	S8 Un	Supp, RAP, MRVP Un	Title II Un	EUR Un	S8/ Mtge Subs Un %	Mtge Subs Rent/ FMR	HUD or MH curr	Mortgage Matures
CHRISTIAN HILL	Great Barrington		West	40	40	8		8			0%		M	1-Mar-17
ELMWOOD TOWERS	Holyoke		West	152	152	31		31			0%		M	1-Mar-17
HOLYOKE TOWERS	Holyoke		West	122	122			0			0%		M	1-Mar-14
JARVIS HEIGHTS	Holyoke		West	200	200			0			0%		M	1-Apr-19
Whiting Farms I	Holyoke		West	119	119			0			0%		H	1-Nov-10
HOPE-IN-ACTION	Lawrence		North	49	49	40		40			0%	60%	M	1-Mar-17
Parkside Apts West	Lawrence		North	146	146	98	98	0	146		67%		H	1-Mar-10
Litchfield Terrace*	Leominster		Central	216	216	209	209	0		216	97%		H	1-Sep-14
RIVERSIDE VILLAGE	Leominster		Central	312	312	193	193	0	312		62%		M	1-Mar-14
INTERFAITH HSG	Lexington		Gr Boston	6	6	2		2			0%		M	1-Mar-17
PINE GROVE VILLAGE	Lexington		Gr Boston	16	16	6		6			0%		M	1-Mar-14
LINCOLN WOODS	Lincoln		Central	125	72	32		32			0%		M	1-Mar-18
First Lowell Rehab	Lowell		North	47	47	9	9	0		47	19%		H	1-Nov-12
LORD MANOR	Lowell		North	94	94	38		38			0%	67%	M	1-Mar-17
HARBOR LOFT APTS	Lynn		North	358	148	210	210	0			0%		M	1-Oct-12
KING'S LYNNE	Lynn		North	441	441	166		166			0%		M	1-Mar-20
Marian Gardens	Lynn		North	94	94	94	94	0			100%		H	1-May-10
ST STEPHEN'S TOWER	Lynn		North	130	130	52		52			0%	52%	M	1-Mar-17
Bryant Terrace	Malden		Gr Boston	108	108			0			0%		H	1-Jun-09
Heritage*	Malden		Gr Boston	209	209	20	20	0			10%		H	1-Oct-12
ACADEMY KNOLL	Marlborough		Central	109	28	81	81	0			0%		M	1-Mar-18
SUMMER HILL GLEN	Maynard		Central	120	108	30		30			0%		M	1-Mar-18
WILKINS GLEN	Medfield		Southeast	103	103	26		26			0%		M	1-Mar-17
Fuller House	Melrose		North	114	114	65	65	0			57%		H	1-May-14
MIDDLEBURY ARMS	Middleborough		Southeast	64	64	16		16			0%	82%	M	1-Mar-18
ROLLING GRN-MILFORD	Milford		Central	304	15	19		19			0%		M	*1-Mar-12*
UNQUITY HOUSE	Milton		Gr Boston	139	139	35		35			0%	57%	M	1-Mar-14
Harborview Towers	New Bedford		Southeast	144	144	88	88	0		144	61%		H	1-Aug-14
UNITED FRONT*	New Bedford		Southeast	200	200	80		80			0%	86%	M	1-Mar-18
HAMLET STREET	Newton		Gr Boston	50	30	20		20			0%		M	*1-Mar-20*
LEEDS VILLAGE APTS	Northampton		West	22	19	5		5			0%		M	1-Mar-18
THE TANNERY	Peabody		North	284	239	84		84			0%		M	1-Mar-18
OAK HILL	Pittsfield		West	61	60			0			0%		M	1-Mar-17
ALGONQUIN HEIGHTS	Plymouth		Southeast	201	201	181	181	0	201		90%		M	1-Mar-19
Mayflower Village	Plymouth		Southeast	100	100			0			0%		H	1-Nov-09
Pontus Meadow (Mayflower V	Plymouth		Southeast	58	58	12	12	0			21%		H	1-Apr-13
Fenno House	Quincy		Gr Boston	154	154	31	31	0			20%		H	1-Sep-14
MARTENSEN VILLAGE	Quincy		Gr Boston	12	12	1		1			0%		M	1-Mar-19
Quincy Point Homes III	Quincy		Gr Boston	201	201	109	109	0			54%		H	1-Jan-14
LEBANON HILL	Southbridge		West	116	116	59		59			0%	51%	M	1-Mar-17
BERGEN CIRCLE	Springfield		West			95		95				98%	M	1-Mar-19
BERGEN CIRCLE	Springfield		West	201	201	75	75	0			37%		M	1-Mar-19
Colonial Estates	Springfield		West	500	500	349	349	0	500		70%		H	1-Mar-12
Concord Apts	Springfield		West	104	104	104	104	0		104	100%		H	1-Feb-15
Hill Homes Coop	Springfield		West	90	90	28	28	0			31%		H	15-Jul-15
HUNTER PLACE	Springfield		West	80	80	48		48			0%		M	1-Mar-19
Presidential Courts	Stoughton		Gr Boston	105	105	21	21	0			20%		H	1-Apr-11
Wentworth Manner	Stoughton		Gr Boston	102	102			0			0%		H	1-May-10
Highland Hills	Taunton		Southeast	116	116			0	116		0%		H	1-Sep-10
Taunton Gardens	Taunton		Southeast	128	128	32	32	0			25%		H	1-Aug-13
UPTON INN	Upton		Central	34	34	7		7			0%		M	1-Mar-18
ROCKLEDGE APTS	Wakefield		Gr Boston	60	60	15		15			0%	44%	M	1-Mar-19
BRANDY HILL	Wareham		Southeast	132	132	97	97	0	132		73%		M	1-Mar-16
WOODS AT WAREHAM (PIN	Wareham		Southeast	100	100	78	78	0	100		78%		M	1-Mar-13
COL LOVELL'S GATE	Weymouth		Gr Boston	176	132	45		45			0%		M	1-Mar-18
COLONIAL VILLAGE	Weymouth		Gr Boston	89	89	23		23			0%		M	1-Mar-18
QUEEN ANNES GATE 1	Weymouth		Gr Boston	150	75	56	56	0	75		75%		M	1-Mar-14
Tammy Brook Apts*	Weymouth		Gr Boston	90	90	24	24	0	90		27%		H	1-Jun-09
Union Towers I	Weymouth		Gr Boston	199	199			0			0%		H	1-May-15
Colony Retirement Homes II	Worcester		Central	78	78	18	18	0			23%		H	1-Nov-15
Fruit Sever Merrick	Worcester		Central	132	132	26	26	0		132	20%		H	1-Apr-14
LINCOLN VILLAGE	Worcester		Central	1213	1213	369		369	1213		0%	60%	M	1-Mar-18
Matheson Apts.	Worcester		Central	70	70	65	65	0			93%		H	1-Oct-17
Mountain Village	Worcester		Central	200	200	60	60	0	200		30%		H	1-Jan-10
STRATTON HILL	Worcester		Central	156	156	39		39			0%		M	1-Mar-17

MATURING SUBSIDIZED MORTGAGES AT RISK

1 Project	2 City	3 Neighb	4 Region	5 Total Units	6 Mtge Subs Un	7 Rent Subs Un	8 S8 Un	9 Supp, RAP, MRVP Un	10 Title II Un	11 EUR Un	12 S8/ Mtge Subs Un %	13 Mtge Subs Rent/ FMR	14 HUD or MH curr	15 Mortgage Matures
All Units				18,434	16,770	7,722	5,258	2,464	5,286	1,062	29%	65%		
All Mortgage Subs Units					16,770	7,344	4,899	2,445	5,286	1,062	29%			
Percent														
Projects					130	118	49		20	9		27		

H 3007
S617
fav

Nuestra Comunidad Development Corporation

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Statement of David Price
Executive Director of Nuestra Comunidad Development Corporation
Public Hearing on Expiring Use Legislation
Massachusetts State House
May 5, 2009

Nuestra Comunidad Development Corporation is here to support the Enabling Act to Save Affordable Housing (H3689 or S617) and the related Home Rule Petitions submitted by Boston (H 3812), Lowell, Salem, New Bedford and Quincy; as well as the "Right of First Refusal" bill filed by Sen. Tucker and Rep. Honan as S 666/H3573.

I am here because the exipring use issue affects thousands of apartments in the neighborhoods served by Nuestra in Boston: Roxbury, Dorchester and Mattapan. According to the database on expiring use properties maintained by CHAPA, from now until 2012, over 500 apartments in Nuestra's neighborhoods are at-risk. When the section 8 contracts for those apartments expire, there are no more restrictions to ensure affordabilty. As the demand for rental housing increases and as the housing maket recovers, by 2012 the owners of these properites will be tempted to let the affordabilty restrictions end and convert themto market-rate apartments, or even to condos. If this occurs, the current residents would be given vouchers and pushed out over time. Valuable affordable housing stock will be lost. The replacement cost for those units will be extraordinarily high, probably over $300,000 to build a new replacement unit. The cost of buying those at-risk units and repairing them will be significnatly lower.

The Act to Save Affordable Houisng provides real protection for the residents of at-risk section 8 housing at no cost to government by allowing Boston and other cities to:

- Require renewal of expiring Section 8 contracts, allowing owners to make generous profits under HUD's Mark Up to Market Program
- Prevent condo conversion
- Allow cities to restore affordable rents in the 5,800 apartments already converted to market rents
- Promote sales to nonprofits like Nuestra who commit to keep the property affordable and to assemble the funds to do so

The Right of First Refusal Bill can be a complement to the Act to Save Affordable Housing and the home rule petitions. Under the First Refusal Bill, when owners offer their expiring use buildings for sale in a way that would eliminate the federal subsidies, the city or state has the right to purchase the properties by matching a private offer. This can be an important fail-safe when owners have gone so far as to put the properties on the market.

Because the two bills can work well together, Nuestra Comunidad supports passage of both the of First Refusal Bill and the Act to Save Affordable Housing. Thanks for your consideration.

Thoughts / Comments to the Committee on
An Act Preserving Publicly Assisted Affordable Housing
2008 Bill No. S 2799
2009 Bill No. ~~TBD~~ S666

S666
fav

Good Morning Senator Tucker and Committee Members.

My name is Channing Wagg. I am a resident of Boxborough, where I have served since 2001 on the Housing Board. I am also a member of St. Matthew's United Methodist Church in Acton and serve as its Mission and Outreach Committee's liaison to the *Advocacy Network to End Family Homelessness*. I appreciate the opportunity to speak before you this morning and to present my thoughts regarding the Bill in question.

We all know that homelessness is detrimental to the well-being of those who experience it. The stress causes increased susceptibility to illness, greatly impedes the ability of children to succeed in school and increases the risk of family member separation.

As an advocate for the homeless and those who are at risk for homelessness, I must state initially that I am reluctant to see any reduction in housing stock that is available at rental rates affordable to those whose income is insufficient otherwise to meet the high cost of housing in the Commonwealth or who can only meet this cost at the expense of foregoing other necessities. Thus, my preference is that the deed restrictions be renewed, if such is possible, on the properties in question even if there is a risk that more residential units will transfer to market rate status in the future.

Hopefully the country's and the Commonwealth's economies will strengthen as time progresses such that the budget can accommodate the larger number of units becoming available in 2019. If it is decided that this is not feasible and the units in question must be subject to loss of deed restriction now then I do support this Bill in general but respectfully recommend that certain particulars be changed as follows:

1. The provision of giving the Commonwealth certain rights of first refusal to purchase be revised, i. e., that the DHCD be given a 120 day period to negotiate purchase of a publicly assisted housing development (instead of 90 days) and a 90 day period for the right of first refusal (instead of 30 days).
2. Rents are to be <u>capped at the lower of</u> the two CPI calculations (All Urban Consumers or Urban Wage Earners and Clerical Workers) plus one-half of one percent (0.5%)

I thank you for your attention.

S666 / H3573
fav

Southwest Boston Community Development Corporation
Serving the communities of Hyde Park and Roslindale

Testimony Before the Joint Committee on Housing in Support of S. 666 and H. 3573,
An Act Preserving Publicly Assisted Affordable Housing
Sponsored by Representative Kevin Honan and Senator Susan Tucker
Submitted May 5, 2009 by
Michael Feloney, Southwest Boston Community Development Corporation

Good morning Chairman Honan, Chairwoman Tucker and members of the Committee. My name is Mike Feloney; I am Executive Director of the Southwest Boston Community Development Corporation, a non-profit organization dedicated to the development and preservation of affordable housing in Boston's Hyde Park and Roslindale neighborhoods. Thank you for the opportunity to offer testimony in support of Senate Bill 666 and House 3573. Thanks also for the chance to submit written testimony today on behalf of Somerville Community Corporation, NOAH in East Boston and Valley CDC in Northampton which like Southwest Boston CDC are members of the Massachusetts Association of CDCs.

Southwest Boston CDC's Board supports both *An Act Preserving Publicly Assisted Affordable Housing* and also the *Statewide Enabling Act*, for which Southwest Boston CDC's board co-chair will offer supporting comments. My goal is to convey the importance of the Tucker-Honan Preservation bill to Hyde Park and Roslindale by focusing on *why* the preservation of expiring use units is a critical issue; *what* the loss of affordable units means to our neighborhoods; and *how* the bill helps community-based groups preserve critically needed affordable housing units.

Simply put, affordable housing with use restrictions is critically important because it is the biggest form of affordable housing in either of the communities we serve. As of 2006, almost 3,000 units of housing in Hyde Park and Roslindale were affordable to low and moderate income households – nearly 10 percent of the total housing stock. The properties making up this total comprise a major source of economic diversity in the neighborhoods we serve, and also are one of the greatest sources of ethnic and racial diversity in either community. In short, housing developed with government subsidies in exchange for long term affordability is a *model of how housing available to low and moderate income households can be developed in a way that fits* – physically and socially – into the fabric of the surrounding community. Housing of this kind and on this scale is, in a word, irreplaceable.

As to what the loss of publicly assisted affordable housing means – the experience of the former High Point Village in Roslindale offers an illustration. Until three years ago, High Point Village served as an example of the kind of housing I just described - a stable, attractive property, in this case located almost exactly between Roslindale Village - a thriving local business district - and Stony Brook Reservation, 475-acres of state-owned public open space. In 2006, High Point Village 'went market' upon expiration of its original mortgage term. Today - despite the presence of so-called enhanced vouchers that enable existing tenants to stay – Stony Brook Commons as it's now known is well on its way to becoming a fully market-rate community.

In discussing how the Tucker-Honan Bill can help, a first point to make is one that will be echoed by others here today – it is not, and is not intended to be, a cure-all. However – the bill would dramatically change the terms under which community-based, nonprofit developers operate, by providing – among other things – critical leverage.

Had the Tucker-Honan preservation bill become law last year, its Right of First Refusal provision would have enabled Southwest Boston CDC – along with community-based organizations in Jamaica Plain and Lawrence – to compete for the chance to acquire three expiring use properties that were put on the market at the same time by their owner. Instead, that owner was able to ignore repeated expressions of interest by community development corporations hoping to preserve affordability on a permanent basis. Ultimately, those properties sold for prices slightly *below* the amount CDCs were prepared to offer – evidence of how an owner who prefers not to deal with non-profit organizations, for ideological, personal or whatever reason, can act against the interests of residents – and apparently against his own economic interests – by ignoring attempts to purchase properties at fair, market value.

A concluding example involves another property in Roslindale that was put on the market late last year, also as part of a larger portfolio sale. While the sale of 28-unit Conway Court was a very small part of a sale opportunity involving 1,400 units state-wide – for its residents, and I believe the Commonwealth, it represented much more. For Conway Court is just the kind of place we want families and individuals of limited means to live: not extravagant by any means, but a sound, stable property located near other housing, close by a range of commercial enterprises, and a rich network of public transit with access to education and employment.

An Act Preserving Publicly Assisted Affordable Housing would have ensured – at a minimum – that long-time residents of Conway Court receive advance notification that the property's affordable status could be affected by a sale, and in the event of a sale would have provided limited but important tenant protections for a period of three years for low-income residents not eligible for other protections. Instead, under existing law, it could simply be sold as part of a much larger transaction – its 28 units, and the households those units have helped support, bundled up like the mortgage products we have all heard so much about -- to be packaged and sold in the name of economic efficiency and financial opportunity.

I use that analogy advisedly, as we all continue to live with the fall-out of practices that treated housing simply as part of larger market-based transactions, with little or no regard for the long-term effect of such an approach. Just as home foreclosures have driven once stable neighborhoods into instability and even abandonment, the unchecked loss of housing affordable through use restrictions promises to transform once stable, diverse neighborhoods into enclaves open only to those, like the residents of today's Stony Brook Commons in Roslindale, who can show proper ID at the entry gates – and have the income to afford admission.

Thank you again for your attention and consideration of this important and timely legislation.

Testimony submitted to the Joint Committee on Housing
Massachusetts State Legislature

Given by:	**Danny LeBlanc, Chief Executive Officer**
	Somerville Community Corporation
RE:	**Support for** ***An Act Preserving Publicly Assisted Affordable Housing***
	S. 666 and H. 3573
Date:	**May 5, 2009**

Thank you for the opportunity to provide written testimony in support of An Act Preserving Publicly Assisted Affordable Housing (S. 666 and H. 3575). During the period from the late 1960s through the mid-1980s or so, approximately 1300 units of affordable rental housing was developed in Somerville, housing we now refer to as "expiring use" housing. These 1300 units constituted the vast majority of new affordable rental housing developed during that period in Somerville as the development of new public housing slowed to a crawl, with the exception of a few new elderly housing developments. You will find this story repeated in many of our communities, I'm sure.

All of these developments were financed with one form or another of use restrictions that have or will expire, usually at the 20 year point. These mechanisms for developing affordable housing, we now know, were fundamentally flawed in their assumption that somehow the need for these publicly-financed resources would magically disappear after 20 years. Today we understand that as our housing market has gotten increasingly tight and overheated, the need for the expiring use affordable housing resources is greater than ever. In Somerville we simply cannot lose any of our 1300 units if we are to succeed in our struggle to maintain a vibrant mixed income community that still has room for our neighbors who need subsidized housing to continue to be our neighbors.

Two illustrations in recent years about the importance of Expiring Use housing in Somerville:

> In 2003, the 12 units at 110 Walnut Street were about to expire. The then owner had already taken significant steps to convert the units to market rate condominiums. In a collaborative effort with the City of Somerville our CDC, the Somerville Community Corporation, was able to persuade the owner to accept a fair market bid from us to purchase the building in order to preserve those 12 units as affordable rental housing in perpetuity. Even after financing, with State and City assistance, a moderate renovation to update the interior units and exterior of the building, the total development cost including acquisition was around $200,000 per unit, much less than the $300,000 or more it costs today to build comparable new rental housing. The lesson here is that preservation of

expiring use housing as affordable is not only good policy, it makes good financial sense as well.

Since 2006, SCC has been engaged in community planning efforts in the eastern half of Somerville. Our East Somerville Initiative in 2006-07, an initiative that involved 350 residents over an 18-month period, identified affordable rental housing among the most significant community needs. Now that we have begun an intensive community planning process along the path of the anticipated Green Line Corridor extension, we are hearing similar concerns. East Somerville has nearly 800 units of Expiring-Use Housing, with "expiration dates" as early as 2010. With all the pressures currently impacting our housing market in Somerville, we know today that these resources will continue to be needed beyond their expiration dates and, we believe, for the known future in Somerville – what we might call, "in perpetuity."

We are asking the legislature to act **this year** to protect the critically-needed affordable housing resources in Somerville and throughout the Commonwealth. The legislation you pass must not only grant appropriate notice and protections to the tenants in expiring use developments, but also grant the legal authority and financial support necessary to municipalities and nonprofit organizations so that we can work with the current owners of these developments to ensure that we are able to keep these affordable housing resources in our communities for the long haul.

On behalf of the Somerville Community Corporation, and with our fellow members of the Mass. Association of CDCs, I implore you to give tenants, nonprofits, and our municipalities the tools we need so that the generation of affordable rental housing that we now call expiring use is not lost for the tenants in our communities who need them today as well as those who will continue to need them in the foreseeable future. Thank you.

TESTIMONY SUBMITTED TO THE JOINT COMMITTEE ON HOUSING
IN SUPPORT OF
SENATE BILL 666 and HOUSE BILL 3573,
AN ACT PRESERVING PUBLICLY ASSISTED AFFORDABLE HOUSING

My name is Philip Giffee. I live in Framingham and am the Executive Director of NOAH, Neighborhood of Affordable Housing in East Boston. We are a CDC that in our first 20 years has focused the majority of our work in East Boston, though we are now developing friendly 40b's within the 495 region from Holliston to North Andover.

I am write briefly but enthusiastically on behalf of Senate Bill 666 and House Bill 3573, an Act sponsored by Housing Chairs Senator Susan Tucker and Representative Kevin Hona designed to preserve some very important publicly assisted housing in communities where I live and where I work. When I co-chaired the Framingham Housing Partnership several years ago, this was one of the first issues we identified. It still needs to be properly addressed and I believe our Town leaders will organize an effective response, which this Act offers.

In East Boston, Brandywyne Village, is a respectable 402 development which is in danger of losing the remaining 250 Section 8 contract supported units beginning one year from now. The ownership is one of the fiercer advocates and negotiators you will face. I am certain you will hear from First Realty Management before the proceedings are closed. Beginning in 1970, they own or manage several thousand units of subsidized housing. I am not here to belittle the firm or their management, which has won awards, but which has also begun to divest its affordable portfolio. Nearly 20 years ago, NOAH worked with tenants, advisors and HUD to curb rent increases and make useful repairs at Brandywyne. The owner was also able to refinance out significant capital. Without this bill, this time around, the units will gradually be lost entirely to the market. They will be lost, and one has to understand this, because HUD invested heavily in rent increases which enabled owners to make needed repairs and keep the capital investment intact. This had been a partnership. Now owners, by right *unless this essential bill is passed,* will forgo the partnership and put their capital demands front and center.

East Boston is a great community where there is an increasing surge of development. Abandoning the Section 8 contract and moving to Vouchers at Brandywyne, or at Beaver Terrace in Framingham where units have already been lost, is a short term answer to increasing cash flow for the owner, but likely the long term death knell to the 250+ subsidized units. It would be interesting to know the amount of subsidy the Federal system has invested in Brandywyne and other developments. Collectively, it has to be in the billions. This critical Act is designed to not only protect the *massive dollar amounts that tax payers have invested* in building and preserving quality workforce housing, but the lives of the vulnerable individuals and families now residing in their homes – and those who would live there in the future.

The Act requires developers to sell to an affected municipality or its designee. It does not require a legal taking or eminent domain. It gives the owners a fair market price. It preserves desperately needed housing for working families in Massachusetts. It is a win-win. Owners can get their cash, and perhaps build more housing, and the tax payers can retain their multi-billion dollar investment which has already subsidized investors to a degree no non-profit could ever imagine.

There *is* a cost to the system in this Act. It requires more public investment in purchasing the housing, no small amount; but the replacement cost for such housing far, far exceeds the investment. None of us can build publicly assisted housing for 250 families at a time anymore. One is lucky if it were 20% of that in one location. Think of a developer showing up at the door of a town proposing a 100% subsidized 40b, even a friendly 40b, with 250 units. Could that be built? In very few places. Would they meet current State criteria for Smart Growth, employer assisted housing support, green technologies, cost per unit of subsidy, housing quality standards, readiness-to-proceed? Probably not.

So the question is, can we afford to do this? The *real answer* is, we cannot afford not to. These developments will remain permanently affordable in the hands of a not-for-profit which is not interested in flipping or maximizing capital. The owners' investment needs will be duly and fairly addressed.

Now is the moment to preserve the very significant public investment taxpayers have made over the past 40 years.

I *strongly* urge the Housing Committee to recommend the passage of Senate 666 and House 3573. Thank You.

Submitted by:

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NOAH
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Testimony Submitted to the Joint Committee on Housing
In Support of
Senate Bill 666 and House Bill 3573
An Act Preserving Publicly Assisted Affordable Housing

By: Joanne Campbell
Executive Director
Valley Community Development Corporation
30 Market Street
Northampton, MA 01060

May 5, 2009

I would like to thank Chairman Tucker, Chairman Honan and members of the committee for conducting this hearing today. My name is Joanne Campbell and I am submitting this written testimony as the Executive Director of Valley CDC in Northampton and as a resident of the City of Northampton in support of Senate Bill 666 and House Bill 3573, *An Act Preserving Publicly Assisted Affordable Housing.*

As both a professional in the housing field and as a resident of Northampton I would like to stress how important it is to preserve existing affordable housing. Valley CDC over its 19 years of housing development has developed or has in development over 150 units of housing. The expiring use property that I will reference in my remarks today is a 252 unit complex which was threatened with conversion to market rentals several years ago.

Meadowbrook Apartments in Northampton was at risk of being converted to market-rate housing but after continual and relentless action by the tenants' association, concerned citizens/organizations, and the City of Northampton, particularly our Mayor, that action was averted with the support of DHCD, MassHousing and others. This 252 apartment complex was preserved as affordable housing in 2005 and is owned and managed by POAH of Boston.

The City of Northampton, a city of approximately 30,000 people, would never have recovered from the loss of that many affordable apartments and they would not have been replaced. Most of the households living there would have been driven out of the area. In addition to the astronomical cost of replacing that many units through new development, we are all aware of a growing tide against development of any kind, not just affordable. I can honestly say that there is no where in Northampton that a 252 unit or even a 100 unit development can happen today. Preservation of existing units eliminates the complicated development process as well as keeps the cost of affordable housing down.

Some might say why not just replace those lost affordable units by having not profits and others develop new sites. Not likely. Suitable sites for development of affordable rental housing are minimal because of several factors, including the lack of available acreage for development and the high cost of existing acreage and buildings because of the high demand in this area. Non-profits are also at a disadvantage when competing with private developers for available land and buildings because of the demands of the public funding process.

Large scale housing developments, whether affordable or market rate are greatly frowned upon now and if we had lost a development like Meadowbrook, the City would most likely never regain those lost units. Development of affordable housing is costly and time consuming and a developer can expect developments to take about four years from start to finish. For example, Valley CDC over the past 5 years has completed four (4) projects with a total of forty-six (46) units. At that pace it would take over 27 years to **replace** the 252 Meadowbrook units and would result in no new units. Preserving existing affordable housing is more cost effective than new construction and good public policy.

Thank you.

fav H3689 S617

MASS. UNION of PUBLIC HOUSING TENANTS

784 Washington Street Suite 504 Dorchester, Mass. 02124 (617) 825-9750

Testimony by Susan H. Bonner, Legislative Committee Chair of Mass. Union of Public Housing Tenants May 5, 2009

Massachusetts Union of Public Housing Tenants, urges you to pass ***H.3689 and S.617 "An Enabling Act to Save Affordable Housing," and*** **five** ***"Home Rule Petitions": Boston H. 3812, Quincy, Lowell, Salem, and New Bedford,*** all of which have been adopted unanimously by their City Councils and filed by their city's Mayors.

"Since 1998, more than 5,000 affordable homes in Massachusetts have been converted to market rents, and 27,000 more families are at-risk in the next five years due to expiration of the federal HUD subsidy contracts on their multifamily apartment buildings. These bills will protect tenants, restore protections for buildings already converted to market rents, save affordable housing, and will cost the public nothing! They will limit owner's windfall profits while ***still*** guaranteeing them a fair rate of return.

Given the current state of our economy, the ever increasing number of foreclosures, and the high shelter costs in Massachusetts, we are desperately in need of affordable housing for **low** and **moderate income** families, seniors, and people with disabilities, who are currently at risk. The windfall profits which large corporate owners have earned over the years, and continue to want is staggering! At some point, the needs of the **"people"** will have to be put before **"profits"**. We need to maintain the same income and rent profiles as required by our current federal contracts. Passing the "Enabling Act" ***H.3689 and S.617,*** would do this at **no cost** to towns or the state.

Having worked for six years Senior Services Agency, I am particularly concerned for seniors living in expiring use developments such as those clients whom I used to serve. I can tell you that a great number of the folks who live in these buildings would not be able to go out to find other accommodations that they would be able afford. And, as a housing commissioner, I can tell you that the local Housing Authorities certainly won't be able to absorb all of those who would be displaced. The case managers at the local Senior Services Agency won't be able to find "affordable" housing for their clients currently housed in these buildings either. Nurses and case managers at any Senior Services Agency will tell you that moving (particularly, under circumstances like these) bring on enormous stress to these tenants, at a time when they can least afford to deal with it.

Again, we ask you to pass ***H.3689 and S.617***, the *"Enabling Act to Save Affordable Housing"*, and the five "Home Rule Petitions" filed by Boston, Lowell, Quincy, New Bedford and Salem.

Thank you for hearing our testimony today.