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GOVERNOR PATRICK HIGHLIGHTS 'EXPIRING USE' RENTAL HOUSING LAW, ANNOUNCES \$150M FUND TO PRESERVE LONG-TERM AFFORDABLE HOUSING

New law, leveraging of public/private funds protects tenants

BOSTON – Monday, November 30, 2009 – Standing with housing and community leaders, Governor Deval Patrick today highlighted a law he signed last week to keep publicly-assisted rental properties affordable and announced the roll-out of a \$150 million loan fund leveraged primarily through private dollars to support and secure long-term affordable housing preservation efforts.

“Preserving affordable rental housing keeps our working families strong and our economy strong. By securing and expanding housing opportunities now and over the long-term, we can make a difference in the lives of our neighbors, bolster our communities and maintain Massachusetts on a path toward recovery,” said Governor Patrick.

“By maximizing all available resources, we are working to meet today’s economic challenges head-on by building and preserving affordable housing opportunities for families of all income levels,” said Lieutenant Governor Timothy Murray, chair of the state’s Interagency Council on Housing and Homelessness.

The Governor’s signing of the “expiring use” bill last week creates a regulatory framework to preserve affordable rents in properties where long-term, publicly subsidized mortgages are paid off and affordability restrictions can then expire. An estimated 90,000 units could be affected, with about 17,000 of those units at-risk of losing their affordability through expiring use over the next three years. The legislation establishes notification provisions for tenants within expiring use properties, a right of first refusal for the state Department of Housing and Community Development (DHCD) or its designee to purchase publicly assisted housing, and modest tenant protections for projects with affordability restrictions that terminate.

“Working together with tenants, property owners, preservation experts, and municipalities, the state now has a proactive, comprehensive strategy to permanently preserve more of the Commonwealth’s affordable rental housing stock,” said Senator Sue Tucker. “It is critical, particularly in this economy, that we maintain housing options that are affordable to low income families, seniors, and people with disabilities. Preserving affordable housing is much less expensive than building it new.”

“A strong Commonwealth is built by vibrant communities and stable households. This legislation will allow thousands of seniors, disabled and low income working families to feel the dignity of having a home and the pride of being part of a community,” said Representative Kevin G. Honan. “This legislation represents a collaborative effort between the Legislature, the administration, nonprofits, and the private sector. The tireless efforts of tenants and advocates were vital in creating a strong tool that will have a lasting impact on the lives of so many.”

The Governor also announced a \$150 million preservation loan fund created by the state quasi-public Community Economic Assistance Corp (CEDAC) in partnership with DHCD as they put together a pool of resources to help secure rental developments that are about to lose their expiring use restriction. The program is leveraged through state bond funds along with a \$3.5 million award to Massachusetts from the John D. and Catherine T. MacArthur

Foundation, \$40 million from private lenders, and \$100 million from the Massachusetts Housing Investment Corp (MHIC). MHIC is a private non-profit entity founded in 1990 by a consortium of banks and other corporate investors to fill a critical gap in meeting the credit needs of affordable housing developers and owners who are unable to get financing for certain projects from traditional lenders.

"Enacting this legislation and loan fund helps us to preserve the vibrancy, vitality and rich diversity offered to residents in our cities and towns across the Commonwealth," said DHCD Undersecretary Tina Brooks. "We are grateful for the ongoing support of the Patrick-Murray Administration and the Legislature as well as our partnership with CEDAC for helping us to leverage the public and private resources needed to secure this important preservation loan fund."

"At a time when the economy and the state budget are facing great challenges, it is critical to advance innovative and cost-effective solutions to keep low income families and seniors in affordable homes", said Aaron Gornstein, CHAPA Executive Director. "We commend the Legislature and the Governor for their outstanding leadership in passing a landmark bill that will utilize existing resources and public-private partnerships to preserve affordable rental housing."

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