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Comments on Private Activity Bond Allocations January 6, 2010

Good afternoon Secretary Gonzalez, Secretary Bialecki, Undersecretary Brooks and others. My name is Patrick Dober and I am the Deputy Director for Development at the Cambridge Housing Authority. We appreciate very much the Patrick-Murray Administration's support of affordable multifamily housing and state public housing in particular.

Affordable multifamily housing is a critical component of the safety net for our most vulnerable citizens; it generates economic activity and property taxes; it stabilizes neighborhoods hit by foreclosures and it is a locus for social service delivery. For these reasons, we urge the Administration to continue to make affordable multifamily housing a high priority for private activity bonds and for other forms of subsidy. In particular, we ask you to continue to prioritize state public housing, which has been chronically underfunded for decades and which serves extremely low income families. The typical income for a family of four living in CHA housing is below 30% of area median or less than \$27,000 annually for a family of four.

The Cambridge Housing Authority's portfolio of housing has enormous capital repair needs. Our inventory was primarily built in the 1950s and most units have not received capital repairs since then. The total capital needs of our 2,600 unit portfolio exceed \$250 million dollars.

Fortunately, the federal stimulus legislation signed into law in February 2009 is providing the CHA an opportunity to make a dent in our repair needs. We applied for and were awarded \$20 million in stimulus grant funds for the Department of Housing and Urban Development last September. These grants, when combined with private activity bonds and other funds, will allow us to carry out the total renewal of three of our apartment communities in greatest need – two family developments (Jackson Gardens and Lincoln Way) and a senior/disabled development, the Lyndon B. Johnson Apartments (LBJ).

We have submitted applications for Official Action Status to MassDevelopment and the Department of Housing and Community Development (DHCD) for bond financing totaling \$54 million for these three developments. If approved, we project that the \$54 million in bond financing will leverage more than \$77 million in non-state resources including approximately \$33 million in private equity from housing tax credits, \$7 million from the City of Cambridge, \$17 million of the CHA's own capital funds and the \$20 million in federal stimulus dollars.

We strongly support allocations of volume cap to Mass Development and DHCD. The conduit financing that these agencies offer is ideally suited to the CHA's needs. Conduit financing allows our development team to partner with strong private sector lenders to underwrite and market the bonds and achieve the most efficient use of scarce public funding.

We understand that staff at Mass Development and DHCD have preliminarily discussed the CHA's applications and that Jackson Gardens and Lincoln Way, which are state public housing developments, may be allocated bonds from DHCD's 2009 reservation designed for state public housing and that the LBJ development, which is a federal project, may receive its allocation from Mass Development.

The CHA and other housing authorities throughout the Commonwealth have many other state public housing developments in urgent need of rehabilitation. As has been well documented, insufficient state operating and capital subsidies have starved the statewide portfolio of state public housing, particularly the 12,700 units in Chapter 200 family developments. The capital needs are urgent and include extremely inefficient heating systems, water penetration, outmoded apartment sizes and configurations, accessibility issues and life safety issues. Without near term capital infusions, some state public housing developments are truly at risk of being shuttered and dropping out of the Commonwealth's stock of affordable housing. While some state public housing developments are being converted to federal public housing, they will continue to need capital funds due to the long waiting list for federal capital. We encourage the Patrick-Murray Administration and the housing agencies to work with local housing authorities to provide financing for this critically important "preservation" portfolio.

Finally, local housing authorities in the Commonwealth are permitted to issue bonds and the CHA has considered the possibility of requesting our own reservation, to finance our ongoing portfolio needs. Last year we engaged counsel and financing experts to help us study the possibility. We concluded that there could be considerable benefits to the CHA and to the Commonwealth. Our large pipeline of pending projects and our development expertise suggest that the CHA may be well-positioned to make good use of such an arrangement. We look forward to discussing this with you later in the year.