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November 18, 2009

Ms. Amy Schectman, Associate Director  
Division of Public Housing and Rental Assistance  
Department of Housing and Community Development  
100 Cambridge Street, Suite 300  
Boston, Massachusetts 02114

Re: Update to CHA's Proposal to Federalize State Public Housing and Request to Use Project Reserves and MRVP Resources to Support Planned Federalization of State Public Housing Portfolio

Dear Ms. Schectman:

This letter provides an update to Cambridge Housing Authority's (CHA's) proposal to federalize a substantial portion of its state public housing program and request your approval to utilize: (1) \$124,000 in reserves to pay for the replacement of defective sprinkler heads at two locations and (2) a portion of the Cambridge Housing Authority's Massachusetts Rental Voucher Program (MRVP) mobile resources to assist state public housing residents who will not qualify for federal public housing assistance due to their immigration status.

#### UPDATE OF PROPOSED PROGRAM

CHA is proposing under the American Recovery and Reinvestment Act (ARRA) to seek HUD approval to federalize a total of 438 units of its state public housing portfolio through the Capital Fund Recovery Formula Funding. The specific developments to be federalize are as follows:

	<u>Current</u>	<u>Proposed</u>
Woodrow Wilson Court (200-1)	69 units	68 units
Manning Apartments (667-1)	199 units	198 units
116 Norfolk Street (667-2)	37 units*	37 units
45 Linnaean Street (667-3)	24 units	20 units
Russell Apartments (667-4)	51 units	51 units
State Elderly Condos (667-5)	5 units	5 units
St. Paul's (667-6/705-2)	21 units	20 units
Willow Street Homes (705-1)	15 units	14 units
State Family Condos/Scattered Site (705-2/3/4)	<u>25 units</u>	<u>25 units</u>
Total	446 units	438 units

\* Please note that CHA's earlier request used incorrect information. The actual number of units at 116 Norfolk Street is 37 units, not the 39 units from the initial request. We apologize for this error, and any confusion it may have caused.

As noted, CHA is proposing to federalize 438 units, rather than the 446 units currently under Contracts for Financial Assistance with DHCD. The proposed seven-unit difference results from the following factors:

- ◆ Woodrow Wilson Court – The one unit difference relates to the original superintendent apartment located in the basement. This apartment was abandoned over 20 years ago, and is no longer an appropriate housing resource.
- ◆ Manning Apartments – The one unit difference relates to an existing superintendent apartment. The superintendent's unit would not be eligible for federal operating subsidy.
- ◆ 45 Linnaean Street – The four-unit difference relates to substandard apartments located in the basement of 45 Linnaean Street. These units, which cannot be accessed by elevator, have historically been very difficult to rent, and have on-going water infiltration issues. One unit requires the resident to be responsible for a sump pump that serves all units.
- ◆ St. Paul's Residence – The one unit difference relates to a very small (under 80 square feet) room that has historically been very difficult to rent, and frequently results in a quick move-out from those tenants.
- ◆ Willow Street Homes – The one unit difference relates to the accessibility improvements being completed at the site as part of the on-going comprehensive modernization. The work required that two units be reconfigured into one to provide the sufficient clearances and turnaround radii required by accessibility codes.

CHA has presented its proposed plans to residents at the affected developments and has held a public hearing relating to the use of the ARRA funds for these purposes. A significant concern of the community regarding CHA's proposal is the impact it will have on families who do not have the required HUD-immigration status. A proposal to address this concern is outlined in further detail below.

#### **REQUEST TO UTILIZE PROJECT RESERVES**

CHA has had a firm complete pre-REAC inspections at the properties proposed for federalization. Most of the findings are being addressed through currently budgeted funds or proposed ARRA-funded work (including the earlier \$1.35 million committed by DHCD in response to our October 28<sup>th</sup> request). However, there was one finding that the CHA has determined cannot be addressed through currently budgeted funds – specifically need to replace defective sprinkler heads at Manning Apartments and 116 Norfolk Street. The estimated cost of this work is \$124,000. We are requesting approval to use funds from project reserves to cover these required improvements.

We have also modified our proposed scope of work that we presented to DHCD on October 28<sup>th</sup> to reflect the findings of the pre-REAC inspections and the proposed use of project reserves. We have also reallocated some of the proposed scope of work and funding allocation to ensure that the other needed work items are addressed through available funds. An updated summary of the scope of work and cost is attached.

## REQUEST FOR DHCD FUNDS TO SUPPORT IMMIGRANT HOUSEHOLDS

As noted earlier, a significant concern of the Cambridge community regarding CHA's proposal to transfer a substantial portion of its state public housing units to the federal public housing program relates to the impact that the transfer will have on immigrant households since the federal public housing program does not allow a housing authority to use any federal assistance to support a household that has no member with the required HUD-immigration status. While the CHA initially estimated that up to 10% of its current households might fall into this category, it now believes the number may be less than 5%.

CHA, given its designation as a Moving to Work Agency, has developed a unique proposal that would allow DHCD and CHA to address the concerns of the community as well as protect the interest of this very vulnerable population. Specifically, the CHA is requesting DHCD's approval to use a portion of its current mobile MRVP program to cover the cost of current and future immigrant households (those without the required HUD status) in federal public housing. CHA's current mobile program consists of 26 vouchers, with 2 of those vouchers used by immigrant households, with an estimated DHCD cost of \$580 per unit month.

CHA is proposing to convert approximately 15 to 20 of the mobile MRVP vouchers, depending upon the families needing assistance due to their immigration status, from the MRVP program to the federal HCV program to free up a state resource to support CHA's federalization efforts of its state public housing portfolio. The MRVP voucher would be used to off-set the loss of federal operating subsidy when a family without the required immigration status remains in the federalized units, either currently or upon turnover.

The CHA is prepared to commit to implement this program with no additional cost to the state beyond its current financial commitment.

## CONCLUSION

A unique opportunity exists to use federal resources to alleviate both the operating and capital obligations of the Commonwealth of Massachusetts. The CHA is developing a plan to transfer 438 units of state public housing to the federal program. However, to accomplish this program, the CHA needs the support of DHCD.

Specifically, the CHA is seeking DHCD approval as follows:

1. To use \$124,000 from project reserves to complete the necessary improvements to transfer the properties to the federal program. The improvements funded by the reserves are needed to allow Manning and 116 Norfolk Street to identified deficiencies from a recent pre-REAC inspection.
2. To convert approximately 15 to 20 of the mobile MRVP vouchers, depending upon the families needing assistance due to their immigration status, from the MRVP program to the HCV program to free up a state resource to support CHA's federalization efforts of its state public housing portfolio. The CHA would then use the available MRVP resources to continue to house existing tenants affected by the federalization, mitigate a potential significant hardship for affected families, and provide a continuing housing resource for

continue to house existing tenants affected by the federalization, mitigate a potential significant hardship for affected families, and provide a continuing housing resource for impacted households in the future. CHA's proposal would not require any additional MRVP financial assistance beyond the current financial requirements.

We look forward to review of our proposals. Please feel free to telephone me at (617) 864-3020 or Terry Dumas of my staff at (617) 520-6263 with any questions or if you require additional information.

Thank you for your consideration.

Sincerely,



Gregory P. Russ  
Executive Director

cc. Deborah Goddard, DHCD  
Chris McClave, DHCD  
Mary-Anne Morrison, DHCD  
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