



**Testimony
Before the
Joint Committee on Housing
May 16, 2017
Joseph Kriesberg
President & CEO, Mass. Association of CDCs**

Good morning Chairman Boncore, Chairman Honan and members of the committee. Thank you for the opportunity to testify today about the role Community Development Corporations and other non-profits play in our affordable housing eco-system and our ideas for how that system could be improved.

MACDC represents all 60 state certified CDCs in Massachusetts as well as 30 other non-profit organizations that share our mission of expanding economic opportunity to families and places across the Commonwealth. MACDC Members have long been engaged in addressing the need for affordable housing . Over the past three years, CDCs collectively have created or preserved over 5,000 homes, including the development of almost 3,000 homes in residential and mixed-use projects. At the same time, CDC housing efforts go beyond real estate development to include housing rehabilitation programs that address everything from outstanding code violations to accessibility improvements to septic repairs; lead paint abatement; homeownership education; foreclosure prevention and assistance to families in accessing and maintaining rental housing.

In 2016 alone, CDCs helped almost 8,000 first-time homebuyers, helped over 1,500 families at risk of foreclosure stay in their homes, and helped over 10,000 renter households maintain their homes or find new homes. In addition, CDCs assisted over 11,000 residents improve their homes' energy efficiency, ranging from more efficient appliances and light bulbs to upgraded heating systems.

The affordable housing system is generally viewed as a way to provide low income families, seniors and individuals with an essential human need – shelter. And indeed, it is. Thousands of households across the Commonwealth today benefit from the financial security provided by having a home that they can afford thanks to local, state and federal programs. At the same time, our housing system is not just about the people who live in these homes. Housing policy impacts the entire community and our entire Commonwealth in countless ways. What we build, what we don't build, and where we do it, has lasting impacts on the nature of our neighborhoods and communities and the quality of life for all residents – not just the residents of the subsidized housing itself. Moreover, affordable housing policy impacts educational attainment, health outcomes, public safety, energy consumption, sprawl, racial and economic inequality and more. So, my first message to the committee is to think about housing in this broader context. Yes, pay close attention to who the housing is serving

directly, but also think about these broader impacts and the opportunities they present to leverage our public investment for maximum public benefit.

As community developers, we advocate for a community-driven approach to affordable housing, that is responsive to local needs, desires, and markets. We want to serve individual households as well as the broader community. As a result, we think about how we can use housing market interventions to help improve the quality of life in lower income and economically struggling areas, while expanding access and opportunity in higher income areas. We seek to leverage these programs to create more racially and economically diverse neighborhoods where housing can serve as a platform to broader opportunities.

I am confident that my colleagues who are joining me today will provide the Committee with extensive detail about the many housing challenges we face as a Commonwealth. I won't take your time to repeat the grim statistics and sad stories. Rather, I will focus on how we can achieve these broader goals that I have discussed and to do that we need a comprehensive set of affordable housing tools, programs and policies.

- 1. Massachusetts needs to preserve and produce a diverse stock of affordable rental housing in every city and town:** We believe that the state needs to provide adequate funding so we can preserve and produce deed restricted, long-term affordable housing units in every community across the state. A key element of that strategy is for the state to provide direct subsidies through tax credits, bond programs and operating dollars to make housing affordable to lower income households. There is no short cut and no alternative to investing the necessary resources. The affordable housing bond bill pending before this committee is essential to ensuring that the state can continue to provide adequate capital dollars for both public housing modernization and for the preservation and production of privately owned affordable housing. The state's low income housing tax credit and historic tax credit are also key tools and we need to fully fund MRVP so we can serve families that would otherwise be at risk of homelessness.

In addition to providing adequate funding for these programs, we also need to examine how we spend these dollars. Over the past 10-15 years, the state has allocated a growing share of these dollars to provide gap funding for Low-Income Housing Tax Credit deals. The steady increase in both development costs and operating costs have forced DHCD to provide more and more "gap funding" to make the deals work. As a result, the state has lost the ability to use these dollars for other projects such as homeownership development, smaller scale rental housing, housing rehab programs and moderate income housing (61% AMI to 80% AMI).

The Baker Administration has taken an important step in addressing this issue by launching the Community Scale Housing Initiative earlier this year. This program will fund rental developments between 5 and 20 units and provides more flexibility with respect to creating mixed income developments. This program will be particularly

useful in lower density rural and suburban areas and in Gateway Cities. We need to make sure this program is sustained for several years with adequate funding to enable developers to create a solid pipeline of projects.

- 2. Massachusetts needs a comprehensive and ambitious homeownership strategy:** Massachusetts has the second highest racial homeownership gap in America. We also have some of the highest home prices in the Country, making homeownership increasingly unrealistic for young families across the state. We need a new, comprehensive, ambitious homeownership strategy for the Commonwealth. We already have some of the pieces in place with high quality mortgage products offered by MassHousing and Mass Housing Partnership Fund. We have first class homeownership education system comprised of community based non-profit organizations and city agencies that serves thousands of people each year – and has recently embraced on-line education to serve more people. Unfortunately, we don't have enough homes that are priced at a level that moderate-income families can afford, and we have largely stopped funding the production of new affordable homeownership opportunities. In those places where homes are still affordable, including many of our Gateway Cities, we need to invest in home rehabilitation programs to address poor housing quality and we need to improve overall neighborhood amenities through comprehensive community development.

Unfortunately, we are at risk of taking a step backwards. For the past ten years, the state has funded nonprofit organizations to provide foreclosure prevention and homeownership education programs through the Chapter 206 grant program administered by the Division of Banks. This program – funded through retained revenue from the licensing fees for mortgage lenders – is facing major cuts in FY 2017 and 2018. The Baker Administration has indicated that it is shifting funds away from this program toward administrative and other uses. The legislature needs to step in and provide supplemental funding to save this program in FY 17 and add specific language to the FY18 budget to ensure that the full \$1.3 million is provided to this program each year.

- 3. Massachusetts needs smart growth zoning and land use policies that promote housing development:** We need to make sure that the state's zoning laws encourage housing development in the right locations in every municipality in the Commonwealth while preserving important natural areas. Such policies need to support a significant increase in housing production, especially starter homes, multi-family rental housing and other modestly priced housing. To do this, we need to maintain – if not strengthen – Chapter 40B, adequately fund Chapters 40R and 40S, and enact the Great Neighborhoods zoning legislation currently before the Legislature.
- 4. Massachusetts needs a proactive, comprehensive approach to fair housing:** Massachusetts needs to take seriously the need to affirmatively further fair housing not only by enforcing anti-discrimination laws, but also by adopting policies that

promote mixed-income, racially diverse communities. We believe in a “both/and” approach that seeks to expand opportunities for low-income people and people of color to live in suburban and other high income communities, while also improving the quality of life in lower income neighborhoods where many of people of color currently reside. We reject the notion that the only way to create opportunity for struggling families is to help them move to new places – such a strategy can never be scaled up and therefore is doomed to fail. Opportunity is not a privilege to be allocated, rather it is a birthright that should be available to everyone.

5. **Massachusetts must address poor housing quality in lower income urban and rural communities:** While housing affordability rightfully gets most of the attention in Massachusetts, many communities and families continue to struggle with poor housing quality. Many of our residents live in substandard, unhealthy and even dangerous housing, especially in some rural and Gateway City communities. MACDC believes we need to invest more state resources for housing rehabilitation programs, which have traditionally been funded in large part by federal CDBG funds that are now at risk of cuts. We are pleased that MassHousing has recently made changes to its successful *Get the Lead Out Program*, and note that we need a continued focus in addressing the scourge of lead poisoning in our older housing stock. We are also pleased to see the Attorney General working closely with many municipalities to help put distressed and abandoned properties back to productive use – we need to build upon and expand those efforts. These are cost effective programs that can help improve public health and help children and seniors alike.

6. **Massachusetts needs to help communities facing gentrification and displacement:** While some communities continue to struggle with the fallout from the foreclosure crisis, others are now facing rapid price escalation, gentrification and displacement. While there may be limits to what can be done to slow these trends, we should take those steps we can. Several CDCs, including Allston Brighton CDC, Somerville Community Corporation and Metro West Collaborative Developers, are now undertaking innovative strategies for acquiring existing rental properties so they can limit future rent hikes and ideally turn those homes into permanent affordable housing. The City of Boston has launched a program to support these efforts. Now we need the state to consider how they can do the same.

MACDC and its members appreciate the opportunity to share our thoughts with you today. We are happy to make ourselves available at any time to provide additional information here in the State House or in the many places where we do this work every day. Massachusetts has long been a national leader on affordable housing but we have more work to do. We look forward to doing that work with you in the years to come.