

Building Blocks Coalition

August 9, 2007

Governor Deval Patrick
Commonwealth of Massachusetts
State House
Boston, MA 02133

Dear Governor Patrick:

As members of the Building Blocks Coalition, we are writing to commend some aspects of your recently released five year capital budget for FY 2008 – FY 2012 and express serious concerns about others.

We recognize that the Capital Budget increases overall funding for housing in FY 2008 compared to FY 2007, due to its significant (and necessary) \$30 million increase in public housing funding. We applaud you for your commitment to the residents and neighbors of these homes, and the cities and towns where they are located. In addition:

- The Affordable Housing Trust Fund (AHTF) goes from \$20M to \$30M;
- The Housing Stabilization Fund goes from \$16M to \$20M; and
- The Preservation Fund (CIPF) goes from \$0 to \$4M.

All of these increases are greatly needed and appreciated. We also acknowledge the significant increase in federal private activity bonds for multifamily housing, which you announced earlier this year. And we greatly appreciate that Secretary O’Connell and Undersecretary Brooks have been strong advocates for affordable housing with regard to the capital budget as well as many other important initiatives.

At the same time, we have four significant concerns with the Capital Budget:

First, the Capital Plan does not provide \$40 million for the AHTF even though you committed publicly on several occasions during the campaign to double funding for this important program. You reiterated this commitment in your FY 2008 budget message in February when you said that “MassHousing will support \$40 million for the Affordable Housing Trust Fund.” We had no reason to suspect that anything had changed in this regard until we saw the Capital Budget released this week. It was explained to us that the \$30 million funding level is based on an assumption that this is the total amount of funds that could realistically be utilized in FY08. The Trust Fund has been an extraordinarily successful program in producing affordable housing and demand for these funds far exceeds their availability. In fact, demand for this program (like most housing programs) is heavily influenced by the level of available funding. If the funds are available, many worthy projects apply; if funds are limited, developers abandon or postpone their projects. We hope that you will reconsider and fund the housing trust fund at the \$40 million level.

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Second, the Capital Budget calls for a decline in state bond funds for housing over the five-year period and a further decrease in total capital resources for housing because funds from MassHousing's reserves may not be available beyond the first two years. Moreover, because the overall bond cap for the state is increasing from \$1.5 billion to \$2 billion over this five-year period, the share of the overall cap available for housing will decline significantly. Since the cost of housing production and preservation is likely to grow over this period, a decline in the percentage of resources available for housing would represent a step backward in our efforts to address the state's housing crisis.

Third, the capital budget cuts the Housing Innovations Fund, the Facilities Consolidation Fund and the Community Based Housing Program. These programs have played a pivotal role in addressing the housing needs of people with disabilities and other vulnerable populations. The housing developed with these programs not only ensures people with disabilities and those who are homeless can live in integrated settings in the community rather than segregated in institutions, but also bring cost savings to the state's operational and Medicaid budgets. We ask that you restore this funding.

Finally, it is our understanding that MassHousing's Priority Development Fund, which provided nearly \$97 million in funding from Mass Housing reserves over the past four years, is fully committed and is not expected to continue. The net result is that total capital funding for privately-owned housing production and preservation will decline from FY 2007 to FY 2008 and will remain at decreased levels for the next four years.

We respectfully request a meeting with you and your housing advisors to discuss these important issues. Thank you for your ongoing support in meeting the housing needs of our state's low and moderate income residents, and expanding the overall supply of housing in the state. We are eager to continue working together to address these issues even more effectively.

Sincerely,

The Building Blocks Coalition

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AIDS Housing Corporation

Bill Henning
Boston Center for Independent Living

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Citizens' Housing and Planning Association

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Massachusetts Affordable Housing Alliance

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Cc: Secretary Daniel O'Connell, Executive Office of Housing and Economic Development
Undersecretary Tina Brooks, Department of Housing and Community Development
Secretary Leslie Kirwan, Executive Office of Administration and Finance