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Massachusetts Has Preserved 81 Affordable Housing Developments, Totaling More than 12,000 Units, Since the Passage of Chapter 40T

No Unit Has Been Lost to Sale Since Innovative Law Passed in 2009

Urban Institute Data Touts Massachusetts's State and Local Efforts to Preserve Affordable Housing in Recent Report

Boston, Mass. (June 10, 2014) – Massachusetts has preserved 81 existing affordable housing developments, totaling more than 12,000 units, across the Commonwealth since Chapter 40T: An Act Preserving Publicly-Assisted Affordable Housing, became law in 2009, according to data released today by the Community Economic Development Assistance Corporation (CEDAC). CEDAC is a public-private community development finance institution that provides financial resources and technical expertise for community-based and other non-profit organizations engaged in effective community development in Massachusetts. CEDAC's work supports three key building blocks of community development: affordable housing, workforce development, and early care and education.

"Chapter 40T has not only helped to preserve existing affordable housing in Massachusetts by providing innovative tools and an early warning system to monitor units in danger of losing their affordability, the law has also ushered in a climate that values preservation," said Roger Herzog, CEDAC's executive director. "In particular, Governor Patrick's administration and the legislature have worked very hard to create the right incentives to support affordable housing in the state."

These preservation efforts have been successful across Massachusetts. CEDAC's data show that since the passage of Chapter 40T, in the city of Boston 28 projects with a total of 4403 units have been maintained, while another 14 projects with 1863 units have been preserved in the Greater Boston region. In Central Massachusetts, 7 projects with 908 units have been saved, while 7 projects with 1401 units and 12 projects with 1390 units have been preserved in the Northeast region of the state and Western Massachusetts, respectively. Twelve projects with 1302 units have been maintained in the South Coast region. Additionally, a portfolio of 930 units in 10 communities, including Wellesley, Needham, and Sudbury, among others, were also preserved. In 2013 alone, Massachusetts preserved 3,260 affordable units.

"The success of 40T is an indication of Governor Patrick's strong leadership and commitment to housing issues," said Aaron Gornstein, Undersecretary for the Department of Housing and Community

Development. "We continue to effectively use these critical tools to produce and preserve affordable housing across the Commonwealth."

Chapter 40T was passed in response to a crisis that evolved out of the way that many large-scale affordable housing developments were financed in the late 1960s and 1970s. At that time, these apartments were built by private owners utilizing state and federally-funded mortgage programs that connected access to below market rate 40 year mortgages to affordable housing restrictions. Many of those mortgages are reaching maturity in the next several years. With average rents in Greater Boston over \$1,500 per month, residents can see rents in their buildings double when affordability restrictions are ended.

Chapter 40T also gave the state new tools to monitor the affordable housing situation. These tools include expanded notice requirements, a "right of first refusal" to the Massachusetts Department of Housing and Community Development (DHCD) if an affordable housing development is put on the market for sale, and new tenant protections when an owner terminates affordability. Chapter 40T joined other financing programs the state is using to maintain affordable units. The Commonwealth established the \$150 million Massachusetts Preservation Loan Fund, managed by CEDAC and the Massachusetts Housing Investment Corporation, for predevelopment and acquisition financing for preservation projects. In 2009, CEDAC and DHCD also received a grant from the John D. and Catherine T. MacArthur Foundation to help support the state's affordable housing preservation efforts and the preservation loan fund.

The Washington, DC based think tank [Urban Institute](#) recently recognized Massachusetts's efforts to preserve affordability in a favorable light as a part of the solution to the rental crisis facing low income individuals. Researchers Graham MacDonald and Erika Poethig looked at rental housing availability across the country for extremely low income individuals and determined that five of the top ten counties in the United States to have the smallest gap between demand and supply of affordable housing units are in Massachusetts. Suffolk County has the smallest gap overall, with Middlesex, Worcester, Norfolk, and Essex Counties occupying the third, fourth, sixth, and ninth spot respectively. MacDonald and Poethig specifically cite Suffolk County and the region's efforts to preserve affordable housing units as a reason for the smaller gap, writing that the community has "engaged in intensive state and local efforts to preserve existing federally assisted housing that have stemmed the tide of losses."

"In particular, we believe that Chapter 40T's 'right of first refusal' provisions have encouraged for-profit owners of affordable housing developments to work with nonprofit developers, DHCD, municipalities, tenants, and financing agencies to find ways to preserve these important units," said Herzog. "Thanks to 40T many individuals and families who otherwise might have lost their homes are able to stay in quality affordable housing. Overall, the state has made a commitment to preserving affordable housing to help low income families, and Chapter 40T is only one of the many tools the state uses. But it is a critical one."

Among the developments that have utilized Chapter 40T include Putnam Square Apartments and Chapman Arms in Cambridge's Harvard Square. In both case, DHCD worked with the owner, Harvard University, and with a nonprofit designee, Homeowner's Rehab, Inc., to preserve 94 and 25 units of affordable housing, respectively.

"The willingness of the Commonwealth of Massachusetts to put resources into its affordable housing infrastructure has helped the state maintain and preserve a robust affordable housing sector," said Bill Brauner, CEDAC's Housing Preservation Program Manager. "Preservation owners, including nonprofit developers are able to access resources that will help maintain and upgrade these homes."

Last year, Governor Patrick signed H. 3492, An Act Financing the Production and Preservation of Housing for the Low and Moderate Income Residents. The law bill provides a total of \$1.4 billion over 5 years for 11 capital funding programs that directly fund affordable housing developments.

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About CEDAC

CEDAC is a public-private community development finance institution that provides financial resources and technical expertise for community-based and other nonprofit organizations engaged in effective community development in Massachusetts. CEDAC's work supports three key building blocks of community development: affordable housing, workforce development, and early care and education. CEDAC is also active in national housing preservation policy research and development and is widely recognized as a leader in the non-profit community development industry. For additional information on CEDAC and their current projects, please visit www.cedac.org.