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Housing Those Most in Need

A Roadmap for the Essential Role of Local Housing Authorities

How Massachusetts’ local housing authorities, as community builders, represent the future of caring for the Commonwealth’s most vulnerable residents.
Summary

As elected officials and leading advocates across Massachusetts continue to come together in a shared recognition of housing as a fundamental human right, our state faces a crisis in housing affordability. We reach this crossroads at a time and as a consequence of growing wealth inequality – but also at a moment of unique opportunity as a new administration takes over with a robust budget surplus. However, long-term planning to address the problem of housing affordability presents a problem upon which the future of Massachusetts’ economic competitiveness rests.

While solving the housing affordability crisis will take complex, multi-pronged strategic planning, Massachusetts’ local housing authorities (LHAs) are an essential and key part of any solution. Advancing the mission and achieving the potential of our state’s LHAs is the most certain route to addressing the housing needs of our state’s most vulnerable residents, those for whom there is only the hope for assistance that LHAs deliver when fully supported and integrated into a comprehensive housing strategy.

To achieve that objective, LHAs – collectively through their association, the Massachusetts Chapter of the National Association of Housing and Redevelopment Officials (MassNAHRO) – identify four areas of most urgent need:

- Dramatic increases to both public housing operating subsidy and capital maintenance funding.
- Updating and revising of unduly burdensome statutory and regulatory requirements.
- Improving the Common Housing Application for Massachusetts Programs (CHAMP).
- Preserving existing public housing and development of new affordable housing.

While solving the housing affordability crisis will take complex, multi-pronged strategic planning, Massachusetts’ local housing authorities (LHAs) are an essential and key part of any solution.
Introduction

As rapidly rising housing prices in both home sales and rental markets outpace wage increases, Massachusetts faces an affordability crisis that demands solving in the very near term. The impact of this crisis falls disproportionately on those most vulnerable: seniors, children of families in crisis, and those living with long-term disabilities — populations most often served by local housing authorities across the Commonwealth.

MassNAHRO is a membership association comprised of and representing the 242 local housing authorities serving more than 70,000 residents (nearly 70% of whom are seniors) in approximately 43,000 state public housing residences across our state. In addition to operating state public housing, MassNAHRO’s members administer the Massachusetts Rental Voucher Program (MRVP), federal public housing, the federal Housing Choice Voucher program, offer programming to improve the lives and future opportunities of residents, and drive the development of new affordable housing in their communities.

MassNAHRO prepared this paper to familiarize the incoming Healey-Driscoll administration with the important opportunities available through strong support of local housing authorities, and specifically how LHAs offer effective, efficient, tested, and reliable solutions. LHAs play a pivotal role in relieving the current housing affordability crisis.

Even in the face of inadequate funding, local housing authorities have historically demonstrated leadership and care for those in need by providing a critical safety net for households and individuals with extremely low incomes. No other housing providers do what LHAs do, making them not only the best possible, experienced provider in the best of times, but vitally needed even more so in challenging times, like public health emergencies.

The paper is organized into sections, each covering one of MassNAHRO’s priorities for the coming legislative session. MassNAHRO’s members and staff hope this information is useful as the new administration prepares its first budget, advances its critical focus on housing affordability, and selects the new Secretary of Housing.
Funding

Local housing authorities are essential to the future prosperity of our state. For half a century, LHAs across the Commonwealth have efficiently, effectively, and professionally provided safe, decent, affordable homes to the most vulnerable. No one other than local housing authorities serve our state’s residents of extremely low income (30% or less of AMI), while also providing a lot more, including innovative, cost-effective resident services and programs. No other organizations can do what local housing authorities do as efficiently day in and day out.

For half a century, LHAs across the Commonwealth have efficiently, effectively, and professionally provided safe, decent, affordable homes to the most vulnerable.

Given the increasing housing affordability crisis in Massachusetts, additional tools are needed to address the increasing need as more and more households fall behind. Housing authorities are statutorily required to give priority to those experiencing homelessness and those most at risk of becoming homeless. These are the individuals and families whose incomes already qualify as extremely low as a percentage of the area median income. The need for this deep rental subsidy is not going away. It is likely only to increase.

In order to meet that growing need, our state must reconsider its failure to fund local authorities at the level that matches their need. Despite the statutory mandate requiring LHAs be funded to meet their actual need, instead they are funded at a level that barely allows them to function. In the face of the housing affordability crisis, combined with growing economic inequality, our state must dramatically reconsider this approach and begin complying with statute by adopting a strategy of fully funding local housing authorities to meet their actual operational costs.

Additionally, more funds must be allocated for LHAs’ capital needs so that they cannot merely maintain but meaningfully preserve and rehabilitate our public housing portfolio – a $13 billion asset that must not be allowed to continue to operate based upon a funding approach that fails to meet even a fraction of its need. Continuing to fund at a level that allows LHAs to merely and barely get to another year constitutes a historic failure that our state and our society will no longer abide.

Finally, our state’s local housing authorities demonstrate each year that the funding of the resident service coordinator program is money well invested to support and improve the lives and life skills of our residents. Expanding this program has immense downstream economic benefits to the Commonwealth.
Operating subsidy

Over the past seven legislative sessions, MassNAHRO successfully advocated for a 42% increase of LHAs operating subsidy, but these increases bring the current level of funding to only about half of the projected need. In 2022, the legislature approved an FY23 housing authority operating subsidy of $92 million. At that level, the subsidy currently is less than $180 per unit per month ($92 million divided by 43,000 eligible units per month). Our most recent research shows the cost of a shelter is approximately $3,000 per person per month. Shelter care does not provide a stable solution for families and individuals to elevate them out of crisis to lead healthier, productive lives. Long-term care in nursing homes averages more than $11,000 per person per month. While the recent increases supported by the legislature are deeply appreciated, the need published in several reports more than fifteen years ago was $115 million. Adjusting for inflation, that amount now exceeds $175 million per year.

Examined from another perspective, one based on the average Allowable Non-Utility Expense Level (ANUEL) used by the Department of Housing and Community Development (DHCD), the most recent Harvard Cost Model verified against the available MassHousing data at the time and adjusted for inflation, funding of $516 per unit per month is appropriate. This justifies operating support of our state-funded public housing at an annual level of more than $265 million.

The time has come to put the history of underfunding in the past.

By either analysis, continuing to dramatically underfund the Commonwealth’s LHAs significantly hampers their ability to house our state’s most vulnerable individuals and families with the dignity they deserve. The time has come to put the history of underfunding in the past. A dramatic increase to the operating subsidy is needed.

Capital improvements

In addition to robust funding of operations and resident services, Massachusetts has a clear interest in preserving and extending the life of public housing as an asset with a present value exceeding $13 billion. While operating funding can cover routine and emergency maintenance, that does not diminish the need for significant capital investment. The long-term preservation and rehabilitation of public housing comes in the form of capital expenditures. Historically, the Commonwealth has neglected its duty to properly steward, protect, and maintain its significant investment through a consistent pattern of failing to allocate appropriate levels of capital funding to provide LHAs the tools necessary to provide the home that every person deserves.
The solution lies in creating a reliable, long-term solution for the preservation of those residences to extend their useful life into the coming decades.

Massachusetts has a clear interest in preserving and extending the life of public housing as an asset with a present value exceeding $13 billion.

Ideally, funding for capital improvements would be sufficient and predictable annually to allow LHAs to plan accordingly and reliably based upon a long-term schedule of maintenance needs, staying ahead of projects rather than addressing them only when uncertain funding and urgency combine. A well-funded capital reserve account would need to be created to allow LHAs to properly plan their capital improvements and restore and maintain their properties into the future. Creation of a capital reserve account would provide for appropriate maintenance of the state's $13 billion asset, restore the role of the state as good stewards of that asset – an asset that amounts to homes for so many – and extend the useful life of that asset for decades to come.

However, while MassNAHRO strongly encourages creation of such an account, the fact remains that the present need constitutes a serious threat to the public housing portfolio and, therefore, the lives of the residents housed there.

With more than 150,000 applicants currently on the statewide waiting list for housing, we cannot allow for even one unit of public housing to go offline due to inadequate funding to make necessary repairs. Fortunately, 2023 represents a unique opportunity to address the current and most immediate needs for capital funding of public housing through a new five-year bond bill and allocation of the remaining federal funds as part of the American Rescue Plan Act of 2021.

The next bond bill

The bond bill of 2018 included $600 million for capital improvements of public housing over five years. Given that the average age of that portfolio is fifty-three years old, and while those funds were not inconsequential, they fell far short of what's necessary to meaningfully preserve and extend the useful life of the properties. The next bond bill is a powerful opportunity to substantially invest in the future and should include a significant, multi-billion-dollar investment in public housing capital improvements to ensure that the portfolio is maintained responsibly and is available for decades to come.

Now is the time to act to ensure public housing’s condition for the residents who depend on it.

decades to come. It is also an opportunity to address the need for new affordable homes by empowering LHAs to develop and build
specifically for the population they serve and reduce homelessness in the same process. Now is the time to act by investing to ensure the future of public housing for the residents who depend on it.

**American Rescue Plan Act (ARPA)**

Of the roughly $5.3 billion dollars Massachusetts received from the federal American Rescue Plan Act of 2021, there remains just under $2 billion unallocated, funds which must be committed before July 1, 2024. Unfortunately, in its ARPA spending proposal of 2021, the previous administration included no funding whatsoever to support public housing. Following a successful campaign by MassNAHRO in 2021, the legislature committed $150 million in ARPA funds to housing authorities, specially targeted on five critical areas of need in public housing. With the commitment of those funds now completed, and thanks to DHCD’s diligent efforts to execute the targeted award of the funds, LHAs have demonstrated that public housing, and particularly in the areas of life safety and climate change resilience, can efficiently and quickly provide the best possible source for spending the remainder of available ARPA dollars. Given the exceedingly tight timeline, along with the success in the initial round, LHAs should be relied upon as a source for the use of the balance of ARPA funding.

**MRVP Expansion**

This past December, MassNAHRO, together with The Boston Foundation, Metro Housing Boston, CHAPA, the Regional Housing Network of Massachusetts, and Tufts University’s Center for State Policy Analysis released a report titled “A Right to Rental Assistance in Massachusetts.” The landmark study proposes expansion of the Mass. Rental Voucher Program (MRVP) to all eligible households across the Commonwealth. The proposal represents a dramatic reimagining of MRVP based upon an acknowledgment of and commitment to a universal right to housing. If adopted even incrementally, universal MRVP could transform housing across Massachusetts by making rental assistance available to everyone who qualifies. MassNAHRO will continue this collaboration as part of a statewide campaign in support of codifying MRVP and expanding it to meet the needs of all qualified residents of the Commonwealth. MassNAHRO additionally sees a clear opportunity in this proposal for LHAs to help address the housing supply problem by committing a portion of any new rental assistance vouchers to the development of new housing by LHAs.
Statutory and regulatory changes

Each legislative session, MassNAHRO supports various bills to update or otherwise revise and improve the statutory and regulatory environment governing LHA operations and management. Whether by introduction of new provisions or amendment of existing ones, these bills often seek to clarify existing language where issues have arisen. MassNAHRO further looks to remove unduly burdensome requirements impacting LHA operations or strategic objectives (particularly for smaller agencies), improve tenant safety and quality of life, and resolve instances where LHAs are placed at any unfair disadvantage, particularly in the area of procurement during the development and redevelopment process.

In the upcoming session, MassNAHRO will support a variety of bills, including an update to the minimum tenant rent from the level where it has been frozen for decades, support for a resident apprenticeship program to assist in skill-building, and an allowance for Community Preservation Act funds to be used by LHAs in cases of extraordinary maintenance need, along with other bills.

Clarifying the “MBTA Communities” rule

While MassNAHRO strongly supports the housing choice initiative, including the MBTA Communities zoning mandates, recent enforcement action by DHCD, however well-intended to force municipal compliance, unfairly impacts housing authorities without any statutory or reasonable basis. The effect of DHCD’s attempt at enforcement of the MBTA Communities rule (i.e., to strongarm municipality’s compliance by reducing funding of distinct and independent LHAs) in fact hampers LHAs’ ability to serve vulnerable residents under threat of a 10.63% reduction in subsidy due to the municipal government’s failures. Throughout the latter part of 2022, MassNAHRO repeatedly urged DHCD to reconsider this misguided and unfair approach as counter to the principles of good governance and practice. The Department concedes MassNAHRO’s legal rationale is sound but continues on its course, resulting in certain LHAs suffering a cut in subsidy due to a decision over which they have no control. Absent a change in course in the Department’s statutory interpretation, a statutory fix appears to be the necessary resolution. MassNAHRO hopes this receives broad support.

Improving the state-wide waitlist (CHAMP)

Conceptually, a centralized waitlist simplifies and eases the process for applicants, fills vacant units equitably and efficiently, alleviates significant administrative burdens on LHAs, and helps to reduce homelessness in our communities. As the current system is not fully meeting those objectives, MassNAHRO is committed to helping address the shortcomings associated with the
Common Housing Application for Massachusetts Programs (CHAMP). While MassNAHRO continues to support CHAMP’s overall objective and intent, the fact is that the program is not meeting its intended goals of efficiently screening applicants, filling vacant units, and serving a community’s local residents.

MassNAHRO proposes several fixes:

- Eliminating the applicant’s ability to self-claim priorities and preferences.
- Centralizing all screening and selection functions of the waitlist.
- Adopting a preference to ensure that some local applicants are selected.

**Housing local residents must go hand-in-hand with addressing homelessness.**

Given that each local housing authority was created to serve its citizens, the ability to house local residents must go hand-in-hand with addressing homelessness. Selecting only nonresident emergency applicants could result in a loss of housing authority support from community stakeholders, CPCs, and municipal elected officials. Additionally, failing to balance emergency situations against local residents’ housing needs could result in an accelerated risk of homelessness for locals.
Development

Insofar as local housing authorities manage, own, and operate both public housing and other types of affordable housing, and since they do so as quasi-public not-for-profit entities, LHAs are leaders in the area of community-based housing. Housing authorities are unique among the variety of other options to help address the housing crisis in Massachusetts for a wide variety of reasons and are absolutely essential to solving that crisis, since no other entities provide housing to individuals and families of extremely low income (or “ELI”, i.e. those with annual household incomes below 30% of AMI).

Given the growing economic inequality seen across our society, that group is only going to get larger. Therefore, local housing authorities represent an essential part of our state’s future housing strategy. But along with public housing, LHAs must be developing new residences to meet this growing population and increase the supply of deeply affordable options for those who qualify. Recent data from CohnReznick confirms that LHAs serve a more at-risk population than other “affordable housing” providers.

Unless partnering with LHAs, private “affordable housing” developers, whether for-profit or not, do not typically address the most urgent need and do not provide homes for the ELI population served by local housing authorities. In addition, while LHAs typically reinvest fees derived from the development of new housing using those funds for future projects or otherwise optimizing their use in their properties, private developers tend not to reinvest their developer fees in the same manner.

Whether to reposition portions of their public housing portfolio or to build new residences, local housing authorities serve a population that will otherwise go unserved and utilize a financial model that is wholly unique in the development arena. Even many recently published reports, like the proposal from BPCAction.org, fail to adequately cover the critical role that housing authorities play in responding to the affordability crisis.

Expansion of the Low-Income Housing Tax Credit (LIHTC) program or removing the cap for conversion of federal public housing under the Rental Assistance Demonstration (RAD) will benefit a select few but will fail to protect the seniors, veterans, and those ELI households who desperately need to remain housed and deserve to have that protection provided in a way consistent with upholding their dignity. Quite simply, LIHTC does not protect that population most in need. By requiring that the managing entity of a LIHTC development guarantee their investors specific performance with penalties for any failure, LIHTC developments tend to result in a kind of bar for those most likely to be at risk of homelessness. LIHTC is best applied to addressing the housing needs of low-income but not extremely low-income individuals and families. Only local housing authorities meet the needs of those most vulnerable.
Beginning with a strategy firmly rooted in lifting up those suffering most lies at the heart of the Commonwealth’s greatest historic achievements.

Therefore, MassNAHRO recommends that any credible, human-centered approach to solving the housing affordability crisis in our state, must begin with ensuring that the needs of those most at-risk provide the foundational focus. Doing so is the surest way to reducing the overall numbers of individuals experiencing homelessness. Beginning with a strategy firmly rooted in lifting up those suffering most lies at the heart of the Commonwealth’s greatest historic achievements.

To accomplish this, a change in our perspective on the unique value LHAs deliver must occur. LHAs are distinct in the housing industry as locally controlled community builders working in partnership with state and local stakeholders, with the participation and contribution from the residents we serve. Only LHAs meet that important and critically needed definition.

Our state’s LHAs have consistently demonstrated capacity to successfully and expertly innovate to meet head-on the housing affordability crisis. Seeking options for repositioning of state public housing and seeking relief from procurement requirements that add significant cost to the development of new housing are just two of the newer and more pressing areas MassNAHRO members propose. To enhance their role in solving this crisis, LHAs will need increased support and an assortment of new tools, such as:

- Meaningful, “game changing” funding for the preservation and revitalization of legacy public housing without removing those residences from the portfolio. According to CohnReznick estimates, this cost would be approximately $186,000 per unit to extend that residence’s useful life decades into the future.
- The creation of repositioning and redevelopment options to preserve, rehabilitate, and extend the useful life of the public housing portfolio outside of the traditional model.
- Funding for feasibility studies to allow LHAs explore these options.
- Reduction or elimination of impediments to LHA development of new housing or exemptions from procurement mandates that result in significant increases to the costs of such development by LHAs. Home rule petitions are inherently uncertain, financially burdensome, and time consuming, placing LHAs at a competitive disadvantage. The playing field must be levelled.
Conclusion

Any adequate, comprehensive strategy for resolving the current housing affordability crisis facing our state must begin with renewing Massachusetts’ commitment to local housing authorities. MassNAHRO recommends:

- Funding LHAs’ operating subsidy and capital maintenance at levels that result in success, rather than forcing them to continue to “make do”.
- Supporting statutory and regulatory improvements to aid LHAs in their operations and resolve questions that impede that.
- Adopting improvements to the state-wide waitlist.
- Embracing LHAs as the community builders of the future, uniquely positioned to house those most in need by preserving legacy public housing and developing new homes for those of extremely low income across our state.

As our state and our society acknowledge that a safe, decent, affordable place to live is a fundamental human right, one that is vital to the stability of our society and interwoven with the moral fabric of our aspirations, we must build on our commitment to support local housing authorities.

As our state and our society acknowledge that a safe, decent, affordable place to live is a fundamental human right, one that is vital to the stability of our society and interwoven with the moral fabric of our aspirations, we must build on our commitment to support local housing authorities. They are critical to not only solve the pressing issue of housing affordability, but also to the long-term and future interests of building a thriving economy and just community. This requires recognizing our LHAs across the state for what they are: dynamic, efficient, committed, and innovative community builders, housing our most vulnerable citizens.