



Testimony in Support of An Act relative to low-income housing tax credits (H.2540)

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to the
Joint Committee on Revenue
Massachusetts General Court

September 22, 2015

Chairman Kaufman, Chairman Rodrigues, and members of the Committee, my name is David Bryant, and I am the Director of Advocacy for the Massachusetts Association of Community Development Corporations (MACDC). MACDC is an association of mission-driven community development organizations dedicated to working together and with others to create opportunities for people of diverse incomes and backgrounds to access housing that is affordable, to benefit from economic opportunities, and to fully participate in the civic life of their communities.

On behalf of our member organizations, I am testifying in support of H.2540, an Act relative to low-income housing tax credits. This legislation will authorize the use of state low-income housing tax credits to ensure an annual funding stream to maintain the availability of our existing low-income housing stock. In the 1970s, the Commonwealth created the Section 13 A Program, a state rental development program, which provides a debt- service subsidy that reduces the interest rate on an owner's mortgage to 1% in exchange for rental restrictions. In recent years, the Commonwealth has stopped funding the program, and last year HUD disallowed the use of enhanced vouchers to subsidize these properties. This is a Massachusetts problem, and it will require a statewide solution. Over the next five years, as many as 5,000 low-income families are in jeopardy of being displaced from state-subsidized housing when their affordability restrictions come to an end. We applaud the leadership of Rep. Kevin Honan for offering H.2540 and proposing a counter to the threat of losing this scarce affordable housing stock.

The proposed legislation will provide DHCD with a \$15 million annual increase in state low-income tax credits that can be used to preserve affordability at these properties. CDCs and many low-income housing advocates are concerned about the rising costs of rents and the lack of affordable housing options for low- and moderate-income families across the Commonwealth. Massachusetts and, in particular, the Greater Boston region will undergo dramatic population changes over the next 25 years. More than a million workers will retire during this time, and we will need to attract younger workers from other places to sustain and grow our economy. With this shift in demographics and housing needs, the Metropolitan Area Planning Council (MAPC) and other experts have

concluded that we need to build 500,000 new housing units between 2010 and 2040; 87 percent of that projected housing need is in Greater Boston, approximately two-thirds of which should be multifamily housing.

MACDC is working with our partners and public officials to promote comprehensive zoning reform; new tools and policies to spur increased housing production, and additional means to affordable homeownership. At the same time, however, it is vital that we keep the affordable housing that we currently have.

Our members understand the challenges presented by the threat of losing these existing affordable housing units, and, quite frankly, Massachusetts cannot afford to lose these valuable housing assets. CDCs will continue our collaborative work with residents and local officials to retain and redevelop projects with strong local support. Over the years, our members have developed more than 17,000 apartments and hundreds of homeownership units as well as dozens of commercial buildings and green spaces. In 2014 alone, our members built or preserved 1,459 homes and provided 1,284 jobs to local workers in real estate construction projects. This represents 30 different projects and a \$246 million investment. This is a vital contribution to the projected need for 17,000 new housing units in Massachusetts each year over the next two decades.

We urge the committee to report favorably H.2540 and to ensure that thousands of low-income families avoid the risk of dislocation and displacement that would occur if rents were increased substantially to market rates in the coming years.

Respectfully submitted,

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