

## **Affordable Housing Study Reports**

<b>4. Major Affordable Housing Legislation in Massachusetts: Chapter 121B – Local Housing Authorities</b>
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In Massachusetts, legislation enabling local housing authorities (LHAs) derives from the Massachusetts Law, MGL Chapter 121B of 1969, which codified all the previous Massachusetts housing laws from 1935 to 1969. Ch.121B enables all cities and towns in the state to create and operate LHAs. The LHA, working with local officials, is charged with studying housing needs and living conditions in the community, and responding to its findings by providing and managing housing for low-income families and elderly and disabled people.

There are about 253 LHAs in Massachusetts. They currently operate nearly 240,000 state and federal housing units, including both conventional and Section 8. (See Report #10 for details on Section 8.) The Massachusetts Department of Housing and Community Development (DHCD) administers the statewide housing program and some of the federal programs.

LHAs are responsible for accounting and reporting their activity to DHCD. It should be noted that local housing authorities in Massachusetts have been mostly state funded. In other states public housing has been almost totally federally funded.

### **History**

The federal government became interested in the need for decent housing, first after World War I, then in the 1930s, to provide employment and slum clearance during the depression. Local public housing agencies were assigned the responsibility for the administration of these programs in the U.S. Housing Act of 1937. After World War II, with the Federal Housing Act of 1949, Congress first made a commitment to provide decent housing nationally for low-income people and veterans.

After that time the construction of public housing increased significantly, and single, elderly people became eligible. The Federal Housing Act of 1969 placed a ceiling of 25% of income on rents, and gave priority on waiting lists to Aid to Families with Dependent Children (AFDC) welfare recipients and dependents on Social Security.

The Section 8 tenant-based rental assistance housing program was introduced in the U.S. Housing and Community Development Act of 1974. The Department of Housing and Urban Development regulates all the federal housing programs. It currently provides rental assistance to very low-income tenants in privately or publicly owned rental units. The state has a rental assistance program also. Currently there are more than 73,000 state and federal Section 8 households in Massachusetts, the majority being administered by LHAs and the rest by the Massachusetts Department of Housing and Community Development.

### **LHA Powers**

The principal power of LHAs is to administer public housing and voucher programs that serve low-income residents. They do this under regulations of the U.S. Department of Housing and Urban Development, which establishes income guidelines for occupants and fair market rents based on median incomes for each area of the country. HUD also sets the contribution toward rent of occupants (usually about 30% of household income).

LHAs in Massachusetts are given other powers under Ch.121B. They may receive loans, grants and annual contributions from state or federal sources; purchase, lease or hold lands; contract for construction; borrow money; invest in securities; and engage in MGL Ch.121A tax agreements.

LHAs have five board members. In towns, four members are elected, one is appointed by the governor. In cities, four members are appointed by the mayor and city council. One of the appointees represents labor, one represents the residents, two are open to the mayor; and the fifth member is appointed by the governor.

LHAs have to consider a variety of factors in providing housing for their communities. What are the housing needs of their low-income population? Should they provide large or small complexes of rental units, private rental apartments, rental houses, duplexes, or client-owned condos? What land is available? Are there potential developers for affordable housing? Where will they get the funding? The LHAs, the municipal planning departments and others working with them have help in all this. Some communities have developed a Comprehensive Master Plan (E.O.418) using grant money from the state to study the community's housing, as well as open space, economic development, resource protection, and transportation. A Housing Committee made up of a cross-section of residents in real estate, banking, business, urban planning, environmental, etc. may be appointed to lead this effort. The resulting Housing Plan would then be submitted to the DHCD for certification. The Housing Committee may act as advocates and advise on local housing issues such as development and implementation of the Housing Plan, identification of suitable land, funding, and negotiation with developers.

Another possible adjunct to the LHA is a Local Affordable Housing Corporation (LAHC), a non-profit corporation to advance the affordable housing program in a community. The LAHC has the power under law to make financial transactions, buy or sell property, receive contributions, etc., on behalf of the LHA. For example, the LHA may award a grant to the LAHC to be used for a down payment on the purchase of a town house or a condo to be rented to needy families. A mortgage from a local bank may help finance the balance, along with state contributions and client rents.

### **Funding**

There are grants and low-cost loans available for affordable housing. Nonprofit developers may be eligible for grants from the State Housing Trust Fund, which distributes \$20 million a year. The New England Fund has been a federal funding source since 1999. The Massachusetts Housing Partnership and the Citizens' Housing and Planning Association (CHAPA), as well as many local banks, are resources for local housing assistance.

In 1969, just as LHAs were being established, a new law, MGL Ch. 40B, was adopted to provide support and encouragement for the development of affordable housing. While Ch. 40B has been effective in producing affordable housing in the state over the years, it is controversial in that it allows 40B developers to build without regard to local zoning laws. As an alternative to this, under the Local Initiative Program (LIP), the LHA may buy property to add to their program, or participate in voluntary agreements between the developers and the municipality to provide affordable housing components in new or existing developments. The Housing Committee may work with developers to affect these agreements. The LHA may administer the programs for the municipality, advertising and running a lottery to select eligible clients to win the right to buy or rent the affordable property.

However, with no independent source of funds, most LHAs have recently been strapped to maintain the publicly-controlled units they have and must depend on other mechanisms and community groups to initiate new developments.

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