

**Testimony of Amy S. Anthony
President, Preservation of Affordable Housing, Inc. (POAH)**

**An Act Financing the Production and Preservation of Housing for Low and Moderate
Income Residents**

**Presented to the
Joint Committee on Housing,
Massachusetts General Court
April 4, 2013**

Chairman Eldridge, Chairman Honan, Members of the Joint Committee on Housing, thank you for the opportunity to testify today on the need for the housing programs funded under the Housing Bond Bill.

My name is Amy Anthony. I am President of Preservation of Affordable Housing (POAH), a national housing nonprofit based in Boston. Our mission is to preserve affordable housing which is at risk of losing its affordability - either by conversion to market-rate apartments, or by neglect and deterioration. Since its founding in 2001, POAH has preserved close to 8,000 affordable apartments at 63 properties in nine states and the District of Columbia, including more than 2,600 affordable apartments here in Massachusetts.

We strongly support the new bond bill because it provides essential resources to address the dire shortage of affordable housing in our state. According to the National Low Income Housing Coalition, Massachusetts has a shortage of 159,204 units of affordable extremely low income renters (those households who earn less than 30% of Area Median Income). Clearly, many new units are needed – and I applaud Governor’s goal of producing 10,000 new units a year – but we believe a key first step is to preserve the affordable housing we already have. Preservation is cost-effective; it is environmentally responsible; it supports local jobs; and it promotes investment in existing communities.

The housing programs in the Bond Bill make POAH’s preservation work possible – bridging the gap between the funds we can raise in the private market, and the cost to buy and renovate a property. In most cases, we can combine these key “gap financing” resources with conventional financing and equity from the non-competitive, federal 4% housing tax credit to

preserve units without relying on the very scarce “9%” credit, allowing the state to save those precious resources for more expensive new-construction or redevelopment projects.

Altogether, POAH has leveraged the financing programs funded in the Housing Bond Bill – including the Affordable Housing Trust, the Housing Stabilization Fund, the Capital Improvement & Preservation Fund, the Community Based Housing program, and the Massachusetts Low Income Housing Tax Credit – to preserve thirteen properties totaling 1,847 affordable housing units. Thanks to the Bond Bill housing programs, these units remain available to low-income families and seniors in ten Massachusetts towns, from Salem to New Bedford, from Pittsfield to Boston to Brewster.

To illustrate these programs’ impact, I’d like to cite a few examples:

Last year, we leveraged the State Housing Credit to acquire, renovate and preserve 841 affordable units, including 537 apartments for seniors spread across the high-cost Boston neighborhoods of the South End, West End and Kenmore Square. These at-risk properties have been preserved and renovated primarily using non-scarce 4% federal housing credits and mortgage proceeds; just \$3,400 per unit of state housing credits bridged the financing gap and made the entire transaction possible.

In New Bedford, POAH used the State Low Income Housing Tax Credit as well as the Capital Improvement & Preservation Fund to revitalize what was formerly a high crime housing project into a safe, attractive and welcoming community, creating positive impacts for the surrounding neighborhood.

Using the Affordable Housing Trust Fund, we were able to preserve 252 affordable rental homes in Northampton when the owner made public his intention to convert the apartments to market-rate apartments or condominiums. Given the pastoral setting, large unit sizes and proximity to Northampton's many attractions, it is likely these apartments would have been lost if not for the Trust Fund and CIPF resources provided by the state.

The Capital Improvement and Preservation Fund and Community Based Housing program made possible the acquisition and preservation of Salem Heights in Salem - 283 desperately needed family units in a development which by itself represents 15% of the

city of Salem's privately owned affordable housing supply. POAH collaborated with the various parties to craft an alternative arrangement which relieved the owner of the property while preserving the units as affordable for 100 years. At the time, the city's mayor expressed the belief that the Salem Heights transaction "would be a model for other developments across the country" seeking to ensure long-term affordability of subsidized rental housing.

As the housing market begins to come back, driving market rents sharply upward, the need for affordable housing will only grow. As such - I urge the legislature to maintain, and expand, the housing programs in this bond bill.

I will be happy to answer any questions you may have. Thank you once again for the opportunity to testify.