

HOUSE No. 4472

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, January 10, 2008.

The joint committee on Housing, to whom was referred the petition (accompanied by bill, Senate, No. 18) of Brian A. Joyce, John P. Fresolo, Edward M. Augustus, Jr., Bruce E. Tarr and other members of the General Court for legislation relative to affordable housing bond bill; and the petition (accompanied by bill, House, No. 2030) of Kevin G. Honan, and others financing the production and preservation of housing for low and moderate income residents, reports recommending that the accompanying bill (House, No. 4472) ought to pass.

For the committee,

KEVIN G. HONAN.

The Commonwealth of Massachusetts

In the Year Two Thousand and Eight.

AN ACT FINANCING THE PRODUCTION AND PRESERVATION OF HOUSING
FOR LOW AND MODERATE INCOME RESIDENTS.

1 *Whereas*, The deferred operation of this act would tend to defeat
2 its purpose, which is to authorize forthwith the financing of the pro-
3 duction and preservation of housing for low and moderate income
4 citizens of the commonwealth and to make related changes in certain
5 laws, therefore it is hereby declared to be an emergency law, neces-
6 sary for the immediate preservation of the public convenience.

*Be it enacted by the Senate and House of Representatives in General
Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. To provide for a capital outlay program to reha-
2 bilitate, produce and modernize state-owned public housing devel-
3 opments; to preserve the affordability and the income mix of
4 state-assisted multifamily developments; to support home owner-
5 ship and rental housing opportunities for low and moderate
6 income citizens of the commonwealth; to stem urban blight
7 through the implementation of housing stabilization programs; to
8 support housing production for the elderly, disabled and homeless;
9 and preservation of housing for the elderly, the homeless, low and
10 moderate income citizens of the commonwealth, and people with
11 disabilities; and to promote economic reinvestment through the
12 funding of infrastructure improvements, the sums set forth in
13 section 2, for the several purposes and subject to the conditions
14 specified in this act, are hereby made available from the General
15 Capital Projects Fund, subject to the laws regulating the disburse-
16 ment of public funds.

1 SECTION 2.

**EXECUTIVE OFFICE OF
HEALTH AND HUMAN SERVICES.**
Office of the Secretary.

homeowners with blindness or severe disabilities in making modifications to their primary residence for the purpose of improved accessibility or to allow such homeowners to live independently in the community; provided, that said secretary shall take all steps necessary to minimize such program's administrative costs; provided further, that such loan guarantees shall be available on the basis of a sliding scale that relates homeowner's income and assets to the cost of home modifications; provided further, that interest subsidies shall be means-tested and may be for 0 interest loans pursuant to income standards developed by said secretary; provided further, that the repayment of any such loans may be delayed until the sale of the principal residence by any such homeowner; provided further, that persons residing in any development covered by section 4 of chapter 151B of the General Laws shall not be eligible for said program unless the owner can show that the modification is an undue financial burden; provided further, that said secretary shall consult with the Massachusetts commission for the blind and the Massachusetts rehabilitation commission in developing the rules, regulations and guidelines for such program; provided further, that nothing herein shall give rise to enforceable legal rights in any party or an enforceable entitlement to services; provided further, that nothing stated herein shall be construed as giving rise to enforceable legal rights or enforceable entitlement to any services; and provided further, that said secretary shall submit quarterly reports to the house and senate committees on ways and means and the joint committee on housing detailing the status of the program herein established

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4000-8200

For state financial assistance in the form of loans for the development of community-based housing for the mentally ill and mentally retarded; provided, that said loan program shall be administered by the department of housing and community development through contracts with authorities which shall be limited to housing authorities and redevelopment authorities duly organized and existing in accordance with chapter 121B of the General Laws, the Massachusetts Housing Finance Agency, a body politic and corporate entity established by chapter 708 of the acts of 1966, as amended, the Community Economic Development Assistance Corporation, a body politic and corporate entity established by chapter 40H of the General Laws, as amended, and the Massachusetts Development Finance Agency, a body politic and corporate entity established by section 24 of chapter 289 of the acts of 1998; provided, that said loan issuing authorities may develop or finance said community-based housing, or may enter into subcontracts with non-profit organizations established pursuant to chapter 180 of the General Laws or organizations in which such non-profit corporations have a controlling financial or managerial interest; provided, however, that said department shall take due consideration of a balanced geographic plan for such community-based housing when issuing said loans; provided further, that

said department shall take due consideration of development of a balanced range of housing models by prioritizing funds for integrated housing as defined by the appropriate state housing and service agencies including but not limited to; the department of housing and community development, the Massachusetts rehabilitation commission, the department of mental health, and the department of mental retardation in consultation with relevant and interested clients, their families, advocates, and other parties as necessary; provided further, that loans issued pursuant to this item shall be subject to the following provisions: (1) said loans shall be limited to not more than 50 per cent of the financing of the total development costs; (2) said loans shall be issued only when any contract or agreement for the use of said property for the purposes of such housing provides for repayment to the commonwealth at the time of disposition of the property an amount equal to the commonwealth's proportional contribution from the Facilities Consolidation Fund to the cost of the development through payments made by the state agency making the contract; (3) said loans shall only be issued when any contract or agreement for the use of said property for the purposes of such community-based housing provides for the recording of a restriction in the registry of deeds or the registry district of the land court of the county in which the affected real property is located, for the benefit of the said departments, running with the land, that the land be used for the purpose of providing community-based housing for eligible individuals as determined by the departments of mental health and mental retardation; provided, that the property shall not be released from such restrictions until the balance of the principal and interest for the loan is repaid in full or until a mortgage foreclosure deed is recorded; (4) said loans shall be issued for a term of up to 30 years during which time repayment may be deferred by the loan issuing authority unless at the end of any fiscal year, cash collections from all sources in connection with a community-based housing project, except for contributions, donations, or grant moneys, exceed 105 per cent of cash expenditures on behalf of said project, including debt service, operating expenses, and capital reserves, in which event such excess cash shall be paid to the commonwealth within 45 days of the end of said fiscal year, payable first to interest due hereunder and thereafter to principal advanced pursuant to said loan, provided, that if on the date said loans become due and payable to the commonwealth an outstanding balance exists, and if, on such date, the department of housing and community development, in consultation with the executive office of health and human services, determines that there still exists a need for such housing and that there is continued funding available for the provision of services to such development, said department may, by agreement with the owner of the development, extend the loans for such periods, each period not to extend beyond 10 years, as the department determines; provided, how-

ever, that the project shall continue to remain affordable housing for the duration of the loan term, as extended, as set forth in the contract or agreement entered into by the department; and provided further, that, in the event that the terms of repayment detailed in this item would cause a project authorized by this item to become ineligible to receive federal funds which would otherwise assist in the development of that project, that commissioner may waive the terms of repayment which would cause the project to become ineligible; (5) interest rates for said loans shall be fixed at a rate, to be determined by the director of the department of housing and community development in consultation with the treasurer of the commonwealth; (6) expenditures from this item shall not be made for the purpose of refinancing outstanding mortgage loans for community-based housing in existence prior to the effective date of this act; (7) community-based housing projects developed pursuant to this act shall not be refinanced during the term of any loan issued pursuant to this item unless and until the balance of the principal and interest for such loan is repaid in full at the time of such refinancing; provided, that said community-based housing projects may be refinanced if such financing would result in a reduction of costs paid by the commonwealth; provided further, that any such refinanced loan shall be due and payable on a date no later than the date on which the original loan was due and payable, except in accordance with subsection (4) of this item, or is necessary to effect extraordinary repairs or maintenance to be approved by the commissioners of mental retardation, or mental health, as appropriate, and the director of the department of housing and community development; (8) said loans shall be provided only for projects conforming to the provisions of this act; and (9) said loans shall be issued in accordance with a facilities consolidation plan prepared by the secretary of health and human services, reviewed and approved by the director of housing and community development and filed with the secretary for administration and finance and the house and senate committees on ways and means; provided further, that no expenditures shall be made pursuant to this item without the prior approval of the secretary for administration and finance; provided further, that the department of housing and community development, the department of mental health and the Community Economic Development Assistance Corporation may identify appropriate financing mechanisms and guidelines for grants or loans, from this item, to promote private development to produce housing, provide for independent integrated living opportunities, write down building and operating costs, and to serve households at or below 15 per cent of area median income for the benefit of department of mental health clients; provided further, that not more than \$10,000,000 may be expended from this item for a pilot program of community-based housing loans to serve mentally ill homeless individuals in the current or former care of said department of mental health; provided

further, that in implementing said pilot program, said department shall take due consideration of a balanced geographic plan when establishing community-based residences; provided further, that said housing services made available pursuant to such loans shall not be construed as a right or an entitlement for any individual or class of persons to the benefits of said pilot program; provided further, that eligibility for said pilot program shall be established by regulations promulgated by the said department; provided further, that the department of housing and community development is hereby authorized and directed to promulgate regulations pursuant to section 2 of chapter 30A of the General Laws for the implementation of this item, consistent with the facilities consolidation plan prepared by the secretary of health and human services and after consultation with said secretary and the commissioner of the division of capital asset management and maintenance.

Notwithstanding any general or special law to the contrary, within 120 days after the expiration of affordability restrictions on housing assisted under this item, the department of housing and community development or its assignee, who is a qualified developer selected pursuant to the terms of this item under the guidelines of the department, shall have an option to purchase any such housing at its current appraised value reduced by any remaining obligation of the owner upon the expiration of the affordability restrictions. The department or its assignee may purchase or acquire such housing only for the purposes of preserving or providing affordable housing. The department or its assignee shall hold such purchase option for the first 120 days after the expiration of the affordability restrictions. Failure to exercise the purchase option within 120 days after the expiration of the affordability restriction shall constitute a waiver of the purchase option by the department or its assignee. Two impartial appraisers shall determine, within 60 days after the expiration of these affordability restrictions, the current appraised value in accordance with recognized professional standards. Two professionals in the field of multi-unit residential housing shall select each such appraiser. The owner and the department, respectively, shall designate such professionals within 30 days after the expiration of these affordability restrictions. If there is a difference in the valuations provided by the appraisals, the 2 valuations shall be added together and divided by 2 to determine the current appraised value of the property. No sale, transfer or other disposition of such land shall be consummated unless and until either this purchase option period shall have expired or the owner shall have been notified in writing by the department or assignee in question that the option will not be exercised. This option may be exercised only by written notice signed by a designated representative of the department or its assignee, mailed to the owner by certified mail at such address as may be specified in his notice of intention and recorded with the

registry of deeds or the registry district of the land court of the county in which the affected real property is located, within the option period. If the purchase option has been assigned to a qualified developer selected pursuant to this item under guidelines issued by the department, the written notice shall state the name and address of the developer and the terms and conditions of the assignment. Before any sale or transfer or other disposition of any such housing where the department has not previously exercised an option to purchase, an owner shall offer the department or its assignee, who shall be a qualified developer selected pursuant to this section under the guidelines of the department, a first refusal option to meet a bona fide offer to purchase the property. The owner shall provide to the department or its assignee written notice by regular and certified mail, return receipt requested, of the owner's intention to sell, transfer or otherwise dispose of the property. The department or its assignee shall hold such first refusal option for the first 120 days after receipt of the owner's notice of intent to transfer the property. Failure to respond to the written notice of the owner's intent to sell, transfer or otherwise dispose of the property within 120 days after the receipt thereof shall constitute a waiver of the right of first refusal by the department. No sale, transfer or other disposition of such land shall be consummated unless and until either this first refusal option period shall have expired or the owner shall have been notified in writing by the department or assignee in question that the option will not be exercised. This option may be exercised only by written notice signed by a designated representative of the department or its assignee, mailed to the owner by certified mail at such address as may be specified in his notice of intention and recorded with the registry of deeds or the registry district of the land court of the county in which the affected real property is located, within the option period. If the first refusal option has been assigned to a qualified developer selected pursuant to this item under guidelines issued by the department, the written notice shall state the name and address of the developer and the terms and conditions of the assignment. An affidavit before a notary public that he has so mailed this notice of intent on behalf of an owner shall conclusively establish the manner and time of the giving of such notice and such an affidavit, and such a notice that the option will not be exercised, shall be recorded with the registry of deeds or the registry district of the land court of the county in which the affected real property is located. Each notice of intention, notice of exercise of the purchase option or first refusal option and notice that the purchase option or first refusal option will not be exercised shall contain the name of the record owner of the land and description of the premises to be sold or converted adequate for identification thereof and each such affidavit before a notary public shall have attached to it a copy of the notice of intention to which it relates. Such notices of intention shall be duly mailed to

the parties above specified if addressed to them in care of the keeper of records for the party in question. Upon notifying the owner in writing of its intention to pursue its purchase option or first refusal option during this 120-day period, the department or its assignee shall have an additional 120 days, beginning on the date of the termination of the purchase option period or first refusal option period, to purchase the property. Such time periods may be extended by mutual agreement between the department or its assignee and the owner of the property. Any such extension agreed upon shall be recorded in the registry of deeds or the registry district of the land court of the county in which the affected real property is located. Within a reasonable time after request, the owner shall make available to the department or its assignee any information that is reasonably necessary for the department to exercise its rights.....

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4000-8201 For state financial assistance in the form of loans for the development and redevelopment of community-based housing for persons with disabilities who are institutionalized or at risk of being institutionalized, who are not eligible for housing developed pursuant to item 4000-8200 of this act; provided, that said loan program shall be administered by the department of housing and community development through contracts with authorities which shall be limited to housing authorities and redevelopment authorities duly organized and existing in accordance with chapter 121B of the General Laws, the Massachusetts Housing Finance Agency, a body politic and corporate entity established by chapter 708 of the acts of 1966, as amended, the Community Economic Development Assistance Corporation, a body politic and corporate entity established by chapter 40H of the General Laws, as amended, and the Massachusetts Development Finance Agency, a body politic and corporate entity established by section 24 of chapter 289 of the acts of 1998; provided, that said loan issuing authorities may develop or finance said community-based housing, or may enter into subcontracts with non-profit organizations established pursuant to chapter 180 of the General Laws or organizations in which such non-profit corporations have a controlling financial or managerial interest; provided, however, that said department shall take due consideration of a balanced geographic plan for such community-based housing when issuing said loans; provided further, that all housing developed with these funds shall be integrated housing as defined by the appropriate state housing and service agencies including, but not limited to, the department of housing and community development, the department of mental health, and the department of mental retardation in consultation with relevant and interested clients, their families, advocates, and other parties as necessary; provided further, that loans issued pursuant to this item shall be subject to the following provisions: (1) said loans shall be limited to not more than 50 per cent of the financing of the total development costs; (2) said loans shall be issued

only when any contract or agreement for the use of said property for the purposes of such housing provides for repayment to the commonwealth at the time of disposition of the property an amount equal to the commonwealth's proportional contribution from this item to the cost of the development through payments made by the state agency making the contract; (3) said loans shall only be issued when any contract or agreement for the use of said property for the purposes of such community-based housing provides for the recording of a restriction in the registry of deeds or the registry district of the land court of the county in which the affected real property is located, for the benefit of the said departments, running with the land, that the land be used for the purpose of providing community-based housing for eligible individuals as determined by the Massachusetts rehabilitation commission or other agency of the executive office of health and human services; provided further, that the property shall not be released from such restrictions until the balance of the principal and interest for the loan is repaid in full or until a mortgage foreclosure deed is recorded; (4) said loans shall be issued for a term of up to 30 years during which time repayment may be deferred by the loan issuing authority unless at the end of any fiscal year, cash collections from all sources in connection with a community-based housing project, except for contributions, donations, or grant moneys, exceed 105 per cent of cash expenditures on behalf of said project, including debt service, operating expenses, and capital reserves, in which event such excess cash shall be paid to the commonwealth within 45 days of the end of said fiscal year, payable first to interest due hereunder and thereafter to principal advanced pursuant to said loan; provided further, that if on the date said loans become due and payable to the commonwealth an outstanding balance exists, and if, on such date, the department of housing and community development, in consultation with the executive office of health and human services, determines that there still exists a need for such housing, said department may, by agreement with the owner of the development, extend the loans for such periods, each period not to extend beyond 10 years, as the department determines; provided, however, that the project shall continue to remain affordable housing for the duration of the loan term, as extended, as set forth in the contract or agreement entered into by the department; and provided further, that, in the event that the terms of repayment detailed in this item would cause a project authorized by this item to become ineligible to receive federal funds which would otherwise assist in the development of that project, that commissioner may waive the terms of repayment which would cause the project to become ineligible; (5) interest rates for said loans shall be fixed at a rate, to be determined by the director of the department of housing and community development in consultation with the treasurer of the commonwealth; (6) expenditures from this item shall not be made for the purpose of refinancing

outstanding mortgage loans for community-based housing in existence prior to the effective date of this act; (7) community-based housing projects developed pursuant to this act shall not be refinanced during the term of any loan issued pursuant to this item unless and until the balance of the principal and interest for such loan is repaid in full at the time of such refinancing; provided further, that said community-based housing projects may be refinanced if such financing would result in a reduction of costs paid by the commonwealth; provided further, that any such refinanced loan shall be due and payable on a date no later than the date on which the original loan was due and payable, except in accordance with subsection (4) of this item, or is necessary to effect extraordinary repairs or maintenance to be approved by the commissioners of the Massachusetts rehabilitation commission or other agency of the executive office of health and human services, as appropriate, and the director of the department of housing and community development; (8) said loans shall be provided only for projects conforming to the provisions of this act; and (9) said loans shall be issued in accordance with an enhancing community-based services plan prepared by the secretary of health and human services, in consultation with the director of housing and community development and filed with the secretary for administration and finance and the house and senate committees on ways and means; provided, that no expenditures shall be made pursuant to this item without the prior approval of the secretary for administration and finance; provided further, that the department of housing and community development is hereby authorized and directed to promulgate regulations pursuant to section 2 of chapter 30A of the General Laws for the implementation of this item, consistent with the enhancing community-based services plan prepared by the secretary of health and human services and after consultation with said secretary and the commissioner of the division of capital asset management and maintenance.

Notwithstanding any general or special law to the contrary, within 120 days after the expiration of affordability restrictions on housing assisted under this item, the department or its assignee, who is a qualified developer selected pursuant to the terms of this item under the guidelines of the department of housing and community development, shall have an option to purchase any such property at its current appraised value reduced by any remaining obligation of the owner upon the expiration of the affordability restrictions. The department or its assignee may purchase or acquire such housing only for the purposes of preserving or providing affordable housing. The department of housing and community development or its assignee shall hold such purchase option for the first 120 days after the expiration of the affordability restrictions. Failure to exercise the purchase option within 120 days after the expiration of the affordability restriction shall constitute a waiver of the purchase

option by the department or its assignee. Two impartial appraisers shall determine, within 60 days after the expiration of these affordability restrictions, the current appraised value in accordance with recognized professional standards. Two professionals in the field of multi-unit residential housing shall select each such appraiser. The owner and the department, respectively, shall designate such professionals within 30 days after the expiration of these affordability restrictions. If there is a difference in the valuations provided by the appraisals, the 2 valuations shall be added together and divided by 2 to determine the current appraised value of the property. No sale, transfer or other disposition of such land shall be consummated unless and until either this purchase option period shall have expired or the owner shall have been notified in writing by the department or assignee in question that the option will not be exercised. This option may be exercised only by written notice signed by a designated representative of the department or its assignee, mailed to the owner by certified mail at such address as may be specified in his notice of intention and recorded with the registry of deeds or the registry district of the land court of the county in which the affected real property is located, within the option period. If the purchase option has been assigned to a qualified developer selected pursuant to this item under guidelines issued by the department, the written notice shall state the name and address of the developer and the terms and conditions of the assignment. Before any sale or transfer or other disposition of any such housing where the department has not previously exercised an option to purchase, an owner shall offer the department or its assignee, who shall be a qualified developer selected pursuant to this item under the guidelines of the department, a first refusal option to meet a bona fide offer to purchase the property. The owner shall provide to the department or its assignee written notice by regular and certified mail, return receipt requested, of the owner's intention to sell, transfer or otherwise dispose of the property. The department or its assignee shall hold such first refusal option for the first 120 days after receipt of the owner's notice of intent to transfer the property. Failure to respond to the written notice of the owner's intent to sell, transfer or otherwise dispose of the property within 120 days after the receipt thereof shall constitute a waiver of the right of first refusal by the department. No sale, transfer or other disposition of such land shall be consummated unless and until either this first refusal option period shall have expired or the owner shall have been notified in writing by the department or assignee in question that the option will not be exercised. This option may be exercised only by written notice signed by a designated representative of the department or its assignee, mailed to the owner by certified mail at such address as may be specified in his notice of intention and recorded with the registry of deeds or the registry district of the land court of the county in which the affected real property is

located, within the option period. If the first refusal option has been assigned to a qualified developer selected pursuant to this section under guidelines issued by the department, the written notice shall state the name and address of the developer and the terms and conditions of the assignment. An affidavit before a notary public that he has so mailed this notice of intent on behalf of an owner shall conclusively establish the manner and time of the giving of such notice and such an affidavit, and such a notice that the option will not be exercised, shall be recorded with the registry of deeds or the registry district of the land court of the county in which the affected real property is located. Each notice of intention, notice of exercise of the purchase option or first refusal option and notice that the purchase option or first refusal option will not be exercised shall contain the name of the record owner of the land and description of the premises to be sold or converted adequate for identification thereof and each such affidavit before a notary public shall have attached to it a copy of the notice of intention to which it relates. Such notices of intention shall be duly mailed to the parties above specified if addressed to them in care of the keeper of records for the party in question. Upon notifying the owner in writing of its intention to pursue its purchase option or first refusal option during this 120-day period, the department or its assignee shall have an additional 120 days, beginning on the date of the termination of the purchase option period or first refusal option period, to purchase the property. Such time periods may be extended by mutual agreement between the department or its assignee and the owner of the property. Any such extension agreed upon shall be recorded in the registry of deeds or the registry district of the land court of the county in which the affected real property is located.

Within a reasonable time after request, the owner shall make available to the department or its assignee any information that is reasonably necessary for the department to exercise its rights.....

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Department of Housing and Community Development.

7004-0021	For the capitalization of the Affordable Housing Trust Fund, established by chapter 121D of the General Laws.....	220,000,000
7004-0022	For the purpose of state financial assistance in the form of grants or loans for the housing stabilization and investment program established pursuant to section 6 of this act and awarded pursuant only to the criteria therein; provided, that not less than 25 per cent of the amount appropriated in this item shall be used to fund projects which preserve and produce housing for families and individuals with incomes of not more than 30 per cent of the area median income, as defined by the United States Department of Housing and Urban Development; provided, that if the department has not been able to meet the spending allowable under the bond cap for this program, at the end of each year following the effective date of this act, the	

	department shall be allowed to award the remaining funds to projects that serve households earning more than 30 per cent of the area median income, as defined by said United States Department of Housing and Urban Development.....	125,000,000
7004-7011	For the purposes of state financial assistance in the form of grants for projects undertaken pursuant to clause (j) of section 26 of chapter 121B of the General Laws; provided, that contracts entered into by the department for such projects may include, but shall not be limited to, projects providing for renovation, remodeling, reconstruction, redevelopment, and hazardous material abatement, including asbestos and lead paint, and for compliance with state codes and laws and for adaptations necessary for compliance with the Americans with Disabilities Act, so called, the provision of day care facilities, learning centers and teen service centers and the adaptation of units for families and persons with disabilities; provided further, that priority shall be given to projects undertaken for the purpose of compliance with state codes and laws or for other purposes related to the health and safety of residents; provided further, that funds may be expended from this item to make such modifications to congregate housing units as may be necessary to increase the occupancy rate of such units; provided further, that the department, in consultation with housing authorities, may establish a program to provide predictable funds to be used flexibly by housing authorities to provide for capital improvements to extend the useful life of state-assisted public housing; and provided further, that not less than 25 per cent of the amount appropriated in this item shall be used to fund projects which preserve and produce housing for families and individuals with incomes of not more than 30 per cent of the area median income, as defined by the United States Department of Housing and Urban Development; and provided further that a capital reserve account shall be administered by the department	500,000,000
7004-XXXX.	For the purposes of state financial assistance in the form of grants for a 5 year demonstration program, administered by the department of housing and community development, to demonstrate cost effective revitalization methods for state-aided family and elderly-disabled public housing that seek to reduce the need for future state modernization funding; provided, that housing authorities with chapter 200, chapter 705, or chapter 667 state-aided housing developments, so called, shall be eligible to participate in said demonstration program; provided further, that said department shall establish a 7 member advisory committee whose members shall include the director of the department or his or her designee, 1 representative selected by Citizens' Housing and Planning Association, 1 representative selected by the Massachusetts Chapter of the National Association of Housing and Redevelopment Officials, 1 representative selected by the Massachusetts Union of Public Housing Tenants, and 3 additional members chosen by said department to pro-	

vide advice and recommendations to the department regarding regulations to implement said demonstration program; provided further, that grants shall be awarded on a competitive basis; provided further, that the regulations shall require that housing authorities selected demonstrate innovative, replicable solutions to the management, marketing or capital needs of state-aided family and elderly-disabled public housing developments and contribute to the continued viability of the housing as a resource for public housing eligible residents; provided further, that the regulations shall encourage proposals that demonstrate regional collaborations among housing authorities; provided further, that the regulations shall encourage proposals that propose new affordable housing units on municipally owned land, underutilized public housing sites, or other land owned by the housing authority; provided further, that the department may exempt recipients of demonstration grants from requirements in chapter 7 and chapter 121B of the General Laws upon a showing by recipients that such exemptions are necessary to accomplish the effective revitalization of public housing and will not adversely effect public housing residents or applicants of any income who are otherwise eligible; provided further, that the department may provide to recipients of demonstration grants such additional regulatory relief as is required to further the objectives of the demonstration; provided further, that funds shall be made available for technical assistance provided by the Massachusetts Housing Partnership Fund or the Community Economic Development Assistance Corporation to recipients of demonstration grants and for evaluation of the demonstration; provided further, that the department shall promulgate regulations to implement this item within 90 days of the effective date of this act; provided further, that the department shall report to the house and senate committees on ways and means and the joint committee on housing on the progress of the demonstration within 90 days after regulations are promulgated and annually thereafter.....

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7004-7012 For the purpose of state financial assistance in the form of community development action grants to be awarded pursuant to section 57A of chapter 121B of the General Laws; provided, that notwithstanding the provisions of section 57A of chapter 121B, any eligible city or town may designate a community development corporation organized in accordance with the provisions of chapter 40F of the General Laws to act on their behalf; provided, further, that not less than \$2,000,000 of the amount authorized for expenditure in this item shall be used for projects in seriously distressed areas having a significant amount of vacant land or buildings, as defined by the department; provided, further, that the projects funded from this item shall be consistent with the principles of smart growth, so-called, as defined by the department

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7004-7013	For the purpose of state financial assistance in the form of grants or loans for the Housing Innovations Fund Program established pursuant to section 5; provided, that not less than 25 percent of the amount appropriated in this item shall be used to fund projects which preserve and produce housing for families and individuals with incomes of not more than 30 percent of the area median income, as defined by the United States Department of Housing and Urban Development	75,000,000
7004-7015	For the purpose of state financial assistance in the form of grants or loans for the Capital Improvement and Preservation Fund for expiring use properties established pursuant to section 7	100,000,000
7004-7016	For the purpose of providing financial support for developing residential housing units within neighborhood commercial areas including, but not limited to, those areas designated as Main Street areas; provided however, that the developments may include projects which have residential units above commercial space and shall be located in areas characterized by a predominance of commercial land uses, a high daytime or business population or a high concentration of daytime traffic and parking; provided further, that the department shall give priority to developments for which municipalities have adopted a housing tax increment financing plan in an urban housing center tax increment financing zone pursuant to section 60 of chapter 40 of the General Laws; provided further, that \$15,000,000 of the amount authorized for expenditure in this item shall be used to fund transit-oriented housing developments in proximity to public transit nodes; provided further, that eligible activities for transit-oriented development shall include planning grants, financing subsidies and environmental assessment; and provided further, that not less than 50 per cent of the beneficiaries of such housing in projects assisted by this item shall be persons whose income is not more than 80?per cent of the area median income as defined by the United States Department of Housing and Urban Development	30,000,000

1 SECTION 3. To meet the expenditures necessary in carrying
2 out section 2, the state treasurer shall, upon request of the
3 governor, issue and sell bonds of the commonwealth in an amount
4 to be specified by the governor from time to time but not
5 exceeding, in the aggregate, \$1,255,000,000. All bonds issued by
6 the commonwealth, as aforesaid, shall be designated on their face,
7 Housing Production, Preservation, Modification and Neighbor-
8 hood Development Loan Act of 2008, and shall be issued for a
9 maximum term of years, not exceeding 30 years, as the governor
10 may recommend to the general court pursuant to Section 3 of

11 Article LXII of the Amendments to the Constitution; provided,
12 however, that all such bonds shall be payable not later than June
13 30, 2042. All interest and payments on account of principal on
14 such obligations shall be payable from the General Fund. Bonds
15 and interest thereon issued under the authority of this section
16 shall, notwithstanding any other provisions of this act, be general
17 obligations of the commonwealth. An amount not to exceed 2 per
18 cent of said authorizations may be expended by the department of
19 housing and community development for administrative costs
20 directly attributable to the purposes of this act, including costs of
21 clerical and support personnel. The director of housing and com-
22 munity development shall file an annual spending plan with the
23 fiscal affairs division, the house and senate committees on ways
24 and means, the joint committee on bonding, capital expenditures
25 and states assets and the joint committee on housing which
26 details, by subsidiary, all personnel costs and any administrative
27 costs charged to expenditures made pursuant to this act.

1 SECTION 4. The state treasurer may borrow from time to time
2 on the credit of the commonwealth such sums as may be neces-
3 sary for the purpose of meeting payments authorized by section 2
4 and may issue and renew from time to time notes of the common-
5 wealth therefor bearing interest payable at such time and at such
6 rates as shall be fixed by the state treasurer. The notes shall be
7 issued and may be renewed 1 or more times for such terms, not
8 exceeding 1 year, as the governor may recommend to the general
9 court in accordance with Section 3 of Article LXII of the Amend-
10 ments to the Constitution, but the final maturities of such notes,
11 whether original or renewal, shall be not later than June 30, 2013.
12 Notes and interest thereon issued under the authority of this
13 section shall be general obligations of the commonwealth.

1 SECTION 5. The department of housing and community devel-
2 opment, may enter into contracts for state financial assistance in
3 the form of grants or loans by the commonwealth acting by and
4 through the department; provided, however, that grants made
5 pursuant to this section shall be made only to public or quasi-
6 public agencies; provided further, that the department shall admin-
7 ister the Housing Innovations Fund Program for the purpose of

8 facilitating the creation and retention of alternative forms of rental
9 and ownership housing. Such forms of housing shall include, but
10 not be limited to: single room occupancy units; limited equity
11 cooperative housing; transitional housing for the homeless;
12 battered women's shelters; mutual housing; housing acquired by
13 nonprofit entities pursuant to Title II of the National Emergency
14 Low Income Housing Preservation Act of 1987 and Title VI of the
15 National Affordable Housing Act of 1990; employer assisted
16 housing; lease to purchase housing; housing produced pursuant to
17 a court approved receivership; innovative forms of housing which
18 seek to mitigate the adverse impact on housing affordability in
19 communities with high concentrations of college or university
20 students; provided further, that the projects may include joint
21 projects between municipalities or housing development agencies
22 and institutions of higher education designed to create or preserve
23 affordable units within those areas; and other innovative forms of
24 housing; provided, however, that not less than 50 per cent of the
25 beneficiaries of such housing shall be persons whose income is
26 not more than 80 per cent of the area median income as deter-
27 mined from time to time by the United States Department of
28 Housing and Urban Development and not less than 25 per cent of
29 the beneficiaries of such housing shall be persons whose income
30 is not more than 30 per cent of the area median income as deter-
31 mined from time to time by the United States Department of
32 Housing and Urban Development. The department shall give
33 preference to those projects that provide transitional and perma-
34 nent housing for homeless individuals and families and disabled
35 persons. Any such loan program shall be administered by the
36 department through contracts with authorities which shall include
37 housing authorities and redevelopment authorities duly organized
38 and existing in accordance with chapter 121B of the General
39 Laws, and may also include community development corporations
40 duly organized and existing in accordance with chapter 40F of the
41 General Laws, the Massachusetts Housing Finance Agency, a
42 body politic and corporate entity established by chapter 708 of the
43 acts of 1966, nonprofit agencies certified by the United States
44 Department of Housing and Urban Development as community
45 housing development organizations, the Community Economic
46 Development Assistance Corporation, a body politic and corpo-

47 rate entity established by chapter 40H of the General Laws and
48 the Massachusetts Development Finance Agency, a body politic
49 and corporate entity established by chapter 23G of the General
50 Laws. Said organizations may, pursuant to the terms and condi-
51 tions of contracts with the department, directly issue loans for the
52 purposes of the program or may enter into subcontracts with non-
53 profit organizations established pursuant to chapter 180 of the
54 General Laws for such purposes. Loans issued directly or indi-
55 rectly by such organizations shall be subject to the review and
56 approval of the department.

57 Loans issued pursuant to this section shall be subject to the
58 following provisions:

59 (1) such loans shall be limited to not more than 50 per cent of
60 the financing of the total development costs; provided, however,
61 that this limitation shall not apply to loans provided for the
62 creation of battered women's shelters which loans may be pro-
63 vided in amounts up to 80 per cent of the financing of total devel-
64 opment costs; and provided further, that such loans shall not
65 exceed \$2,500,000 per project;

66 (2) such loans shall only be issued when a contract or agree-
67 ment for the use of the property for the purposes of such housing
68 provides for the recording of a restriction in the registry of deeds
69 or the registry district of the land court in the county in which the
70 affected real property is located, for the benefit of said depart-
71 ment, running with the land, that the land be used for the purpose
72 of providing alternative forms of rental and ownership housing.
73 Such property shall not be released from such restriction until the
74 balance of the principal and interest for any such loan shall be
75 repaid in full or until a mortgage foreclosure deed shall be
76 recorded;

77 (3) such loans shall be issued for a term of up to 30 years
78 during which time repayment may be deferred by the loan issuing
79 authority unless, at the end of a fiscal year, cash collections from
80 all sources in connection with such housing, except for contribu-
81 tions, donations or grant moneys, exceed 105 per cent of cash
82 expenditures on behalf of such housing, including debt service,
83 operating expenses, operating reserves and capital reserves. Such
84 excess cash shall be paid to the commonwealth within 45 days of
85 the end of the fiscal year, payable first to interest due under this

86 section and then to principal advanced pursuant to such loan. If,
87 on the date such loans become due and payable to the common-
88 wealth, an outstanding balance exists, such loans may be extended
89 for such periods, each period not to extend 10 years, as the depart-
90 ment determines, provided that the project continues to remain
91 affordable housing as set forth in the contract or agreement
92 entered into for the duration of the project by the department. In
93 the event that the terms of repayment detailed in this section
94 would cause a project authorized by this section to become
95 ineligible to receive federal funds which would otherwise assist in
96 the development of that project, the commissioner may waive the
97 terms of repayment which would cause the project to become
98 ineligible;

99 (4) interest rates for such loans shall be fixed at rates to be
100 determined by the director of housing and community develop-
101 ment, in consultation with the state treasurer;

102 (5) said department shall take due consideration of a balanced
103 geographic plan for such alternative forms of housing when
104 issuing such loans; and

105 (6) housing projects developed pursuant to this act shall not be
106 refinanced during the term of a loan issued pursuant to this section
107 unless the balance of the principal and interest for such loan is
108 repaid in full at the time of such refinancing. Such housing pro-
109 jects may be refinanced if such refinancing would result in a
110 reduction of costs paid by the commonwealth. Any such refi-
111 nanced loan shall be due and payable on a date not later than the
112 date on which the original loan was due and payable, except in
113 accordance with clause (3), or when necessary to effect extraordi-
114 nary repairs or maintenance to be approved by the director of
115 housing and community development.

116 Notwithstanding any general or special law to the contrary,
117 within 120 days after the expiration of affordability restrictions on
118 housing assisted under this section, the department or its assignee,
119 who is a qualified developer selected pursuant to the terms of this
120 section under the guidelines of the department, shall have an
121 option to purchase any such property at its current appraised value
122 reduced by any remaining obligation of the owner upon the expi-
123 ration of the affordability restrictions. The department or its
124 assignee may purchase or acquire such housing only for the pur-

125 poses of preserving or providing affordable housing. The depart-
126 ment or its assignee shall hold such purchase option for the first
127 120 days after the expiration of the affordability restrictions.
128 Failure to exercise the purchase option within 120 days after the
129 expiration of the affordability restriction shall constitute a waiver
130 of the purchase option by the department or its assignee. Two
131 impartial appraisers shall determine, within 60 days after the expi-
132 ration of these affordability restrictions, the current appraised
133 value in accordance with recognized professional standards. Two
134 professionals in the field of multi-unit residential housing shall
135 select each such appraiser. The owner and the department, respec-
136 tively, shall designate such professionals within 30 days after the
137 expiration of these affordability restrictions. If there is a differ-
138 ence in the valuations provided by the appraisals, the 2 valuations
139 shall be added together and divided by 2 to determine the current
140 appraised value of the property. No sale, transfer or other disposi-
141 tion of such land shall be consummated unless and until either this
142 purchase option period shall have expired or the owner shall have
143 been notified in writing by the department or assignee in question
144 that the option will not be exercised. This option may be exer-
145 cised only by written notice signed by a designated representative
146 of the department or its assignee, mailed to the owner by certified
147 mail at such address as may be specified in his notice of intention
148 and recorded with the registry of deeds or the registry district of
149 the land court of the county in which the affected real property is
150 located, within the option period. If the purchase option has been
151 assigned to a qualified developer selected pursuant to this section
152 under guidelines issued by the department, the written notice shall
153 state the name and address of the developer and the terms and
154 conditions of the assignment. Before any sale or transfer or other
155 disposition of any such housing where the department has not pre-
156 viously exercised an option to purchase, an owner shall offer the
157 department or its assignee, who shall be a qualified developer
158 selected pursuant to this section under the guidelines of the
159 department, a first refusal option to meet a bona fide offer to
160 purchase the property. The owner shall provide to the department
161 or its assignee written notice by regular and certified mail, return
162 receipt requested, of the owner's intention to sell, transfer or
163 otherwise dispose of the property. The department or its assignee

164 shall hold such first refusal option for the first 120 days after
165 receipt of the owner's notice of intent to transfer the property.
166 Failure to respond to the written notice of the owner's intent to
167 sell, transfer or otherwise dispose of the property within 120 days
168 after the receipt thereof shall constitute a waiver of the right of
169 first refusal by the department. No sale, transfer or other disposi-
170 tion of such land shall be consummated unless and until either this
171 first refusal option period shall have expired or the owner shall
172 have been notified in writing by the department or assignee in
173 question that the option will not be exercised. This option may be
174 exercised only by written notice signed by a designated represen-
175 tative of the department or its assignee, mailed to the owner by
176 certified mail at such address as may be specified in his notice of
177 intention and recorded with the registry of deeds or the registry
178 district of the land court of the county in which the affected real
179 property is located, within the option period. If the first refusal
180 option has been assigned to a qualified developer selected pur-
181 suant to this section under guidelines issued by the department,
182 the written notice shall state the name and address of the devel-
183 oper and the terms and conditions of the assignment. An affidavit
184 before a notary public that he has so mailed this notice of intent
185 on behalf of an owner shall conclusively establish the manner and
186 time of the giving of such notice and such an affidavit, and such a
187 notice that the option will not be exercised, shall be recorded with
188 the registry of deeds or the registry district of the land court of the
189 county in which the affected real property is located. Each notice
190 of intention, notice of exercise of the purchase option or first
191 refusal option and notice that the purchase option or first refusal
192 option will not be exercised shall contain the name of the record
193 owner of the land and description of the premises to be sold or
194 converted adequate for identification thereof and each such affi-
195 davit before a notary public shall have attached to it a copy of the
196 notice of intention to which it relates. Such notices of intention
197 shall be duly mailed to the parties above specified if addressed to
198 them in care of the keeper of records for the party in question.
199 Upon notifying the owner in writing of its intention to pursue its
200 purchase option or first refusal option during this 120-day period,
201 the department or its assignee shall have an additional 120 days,
202 beginning on the date of the termination of the purchase option

203 period or first refusal option period, to purchase the property.
204 Such time periods may be extended by mutual agreement between
205 the department or its assignee and the owner of the property. Any
206 such extension agreed upon shall be recorded in the registry of
207 deeds or the registry district of the land court of the county in
208 which the affected real property is located. Within a reasonable
209 time after request, the owner shall make available to the depart-
210 ment or its assignee any information that is reasonably necessary
211 for the department to exercise its rights.

212 The department shall promulgate regulations for the implemen-
213 tation of the housing loan program authorized by this section.

1 SECTION 6. The department of housing and community
2 development may enter into contracts for state financial assistance
3 in the form of grants or loans by the commonwealth acting by and
4 through the department of housing and community development
5 for projects undertaken for the housing stabilization and invest-
6 ment program. The department shall be the sole administrator of
7 the housing stabilization and investment program and shall ensure
8 that funds are distributed in a balanced fashion in urban, sub-
9 urban, and rural areas of the commonwealth with a particular
10 emphasis on the local and regional need for affordable housing for
11 the purpose of undertaking projects to develop and support afford-
12 able housing developments and homeownership affordability,
13 through the acquisition, preservation and rehabilitation of afford-
14 able housing; provided, however, that such program may include
15 assistance for projects to stabilize and promote reinvestment in
16 cities and towns including, but not limited to, acquisition, rehabil-
17 itation and preservation of foreclosed and distressed properties
18 and any other techniques necessary to achieve such reinvestment;
19 provided, further, that not less than \$5,000,000 shall be expended
20 for the production or preservation of housing for people age 60
21 and over. Assistance provided through such program may be made
22 in a manner which qualifies the assistance as a matching contribu-
23 tion under Section 220 of the HOME Investment Partnership Act
24 Title II of the Cranston-Gonzalez National Affordable Housing
25 Act including, in the case of assistance provided in the form of a
26 loan, a commitment to repay such loan to the commonwealth's
27 HOME Investment Trust Fund established pursuant to Section

28 92.5000(o) of the regulations of the United States Department of
29 Housing and Urban Development. Loans may be provided to any
30 agency, department, board, commission, authority or instrumen-
31 tality of the commonwealth or any political subdivision thereof, to
32 housing authorities, nonprofit agencies certified by the United
33 States Department of Housing and Urban Development as
34 community housing development organizations, community
35 development corporations and limited equity cooperative housing
36 corporations established pursuant to chapter 157B of the General
37 Laws. Such recipients may enter into subcontracts to carry out the
38 purposes of such contract with other for-profit or not-for-profit
39 organizations. Prior to providing assistance, the department shall
40 find that:— (1) the housing would not, by private enterprise alone
41 and without government assistance, be available to lower income
42 families and individuals; (2) the amount of assistance appears to
43 be the minimum amount necessary to make the housing develop-
44 ment feasible; (3) with respect to rental housing, the operations of
45 the owner and its articles of organization and by-laws and any
46 changes to either shall be subject to regulation by the department;
47 and (4) the housing shall remain affordable for its useful life as
48 determined by the department. Such housing shall be considered
49 affordable if, during the first 40 years after assistance is first pro-
50 vided, substantially all of the assisted units shall be rented to or
51 owned by families and individuals whose income at initial occu-
52 pancy is equal to or less than 80 per cent of the median income as
53 determined by the secretary of Housing and Urban Development
54 for the federal housing programs and that thereafter such units
55 shall be rented or sold, subject to such restrictions on appreciation
56 as determined by the department to be reasonable and necessary to
57 maintain long term affordability, to families or individuals at
58 incomes at or below 100 per cent of the median income; provided
59 further, that not less than \$10,000,000 shall be expended to stabi-
60 lize and promote reinvestment, through homeownership, in areas
61 the department has determined to be weak markets as indicated by
62 a high concentration of assisted rental housing or low rate of
63 homeownership or low median family income or low average
64 sales prices or high levels of unpaid property taxes or vacant or
65 abandoned buildings, and after making the finding, the director
66 may waive requirements of this section found to be inconsistent

67 with promoting homeownership in weak markets and take other
68 steps necessary to promote homeownership in the weak market
69 including, but not limited to, reducing the length of required
70 affordability to not less than 10 years and permitting the funded
71 property to be purchased by a household whose income at the time
72 of purchase does not exceed 135 per cent of the area median
73 income, adjusted for family size, or both; provided however, that
74 the purchaser must own and occupy the property as his primary
75 residence.

76 Notwithstanding any general or special law to the contrary,
77 within 120 days after the expiration of affordability restrictions on
78 housing assisted under this section, the department or its assignee,
79 who is a qualified developer selected pursuant to the terms of this
80 section under the guidelines of the department, shall have an
81 option to purchase any such housing at its current appraised value
82 reduced by any remaining obligation of the owner upon the expi-
83 ration of the affordability restrictions. The department or its
84 assignee may purchase or acquire such housing only for the pur-
85 poses of preserving or providing affordable housing. The depart-
86 ment or its assignee shall hold such purchase option for the first
87 120 days after the expiration of the affordability restrictions.
88 Failure to exercise the purchase option within 120 days after the
89 expiration of the affordability restriction shall constitute a waiver
90 of the purchase option by the department or its assignee. Two
91 impartial appraisers shall determine, within 60 days after the expi-
92 ration of these affordability restrictions, the current appraised
93 value in accordance with recognized professional standards. Two
94 professionals in the field of multi-unit residential housing shall
95 select each such appraiser. The owner and the department, respec-
96 tively, shall designate such professionals within 30 days after the
97 expiration of these affordability restrictions. If there is a differ-
98 ence in the valuations provided by the appraisals, the 2 valuations
99 shall be added together and divided by 2 to determine the current
100 appraised value of the property. No sale, transfer or other disposi-
101 tion of such land shall be consummated unless and until either this
102 purchase option period shall have expired or the owner shall have
103 been notified in writing by the department or assignee in question
104 that the option will not be exercised. This option may be exer-
105 cised only by written notice signed by a designated representative

106 of the department or its assignee, mailed to the owner by certified
107 mail at such address as may be specified in his notice of intention
108 and recorded with the registry of deeds or the registry district of
109 the land court of the county in which the affected real property is
110 located, within the option period. If the purchase option has been
111 assigned to a qualified developer selected pursuant to this section
112 under guidelines issued by the department, the written notice shall
113 state the name and address of the developer and the terms and
114 conditions of the assignment. Before any sale or transfer or other
115 disposition of any such housing where the department has not pre-
116 viously exercised an option to purchase, an owner shall offer the
117 department or its assignee, who shall be a qualified developer
118 selected pursuant to this section under the guidelines of the
119 department, a first refusal option to meet a bona fide offer to
120 purchase the property. The owner shall provide to the department
121 or its assignee written notice by regular and certified mail, return
122 receipt requested, of the owner's intention to sell, transfer or
123 otherwise dispose of the property. The department or its assignee
124 shall hold such first refusal option for the first 120 days after
125 receipt of the owner's notice of intent to transfer the property.
126 Failure to respond to the written notice of the owner's intent to
127 sell, transfer or otherwise dispose of the property within 120 days
128 after the receipt thereof shall constitute a waiver of the right of
129 first refusal by the department. No sale, transfer or other disposi-
130 tion of such land shall be consummated unless and until either this
131 first refusal option period shall have expired or the owner shall
132 have been notified in writing by the department or assignee in
133 question that the option will not be exercised. This option may be
134 exercised only by written notice signed by a designated represen-
135 tative of the department or its assignee, mailed to the owner by
136 certified mail at such address as may be specified in his notice of
137 intention and recorded with the registry of deeds or the registry
138 district of the land court of the county in which the affected real
139 property is located, within the option period. If the first refusal
140 option has been assigned to a qualified developer selected
141 pursuant to this section under guidelines issued by the department,
142 the written notice shall state the name and address of the devel-
143 oper and the terms and conditions of the assignment. An affidavit
144 before a notary public that he has so mailed this notice of intent

145 on behalf of an owner shall conclusively establish the manner and
146 time of the giving of such notice and such an affidavit, and such a
147 notice that the option will not be exercised, shall be recorded with
148 the registry of deeds or the registry district of the land court of the
149 county in which the affected real property is located. Each notice
150 of intention, notice of exercise of the purchase option or first
151 refusal option and notice that the purchase option or first refusal
152 option will not be exercised shall contain the name of the record
153 owner of the land and description of the premises to be sold or
154 converted adequate for identification thereof and each such affi-
155 davit before a notary public shall have attached to it a copy of the
156 notice of intention to which it relates. Such notices of intention
157 shall be duly mailed to the parties above specified if addressed to
158 them in care of the keeper of records for the party in question.
159 Upon notifying the owner in writing of its intention to pursue its
160 purchase option or first refusal option during this 120-day period,
161 the department or its assignee shall have an additional 120 days,
162 beginning on the date of the termination of the purchase option
163 period or first refusal option period, to purchase the property.
164 Such time periods may be extended by mutual agreement between
165 the department or its assignee and the owner of the property. Any
166 such extension agreed upon shall be recorded in the registry of
167 deeds or the registry district of the land court of the county in
168 which the affected real property is located.

169 Within a reasonable time after request, the owner shall make
170 available to the department or its assignee any information that is
171 reasonably necessary for the department to exercise its rights.

172 Funds provided for the Housing Stabilization and Investment
173 Program shall give special attention to the preservation of afford-
174 able housing developments which are or were subject to prepay-
175 ment or payment of a state or federally assisted mortgage or
176 which are receiving project-based rental assistance under section 8
177 of the United States Housing Act of 1937, 42 U.S.C.
178 section 1437f, and such rental assistance is expiring or which have
179 received other project based federal or state subsidies which are
180 terminating or have terminated. Property eligible for assistance
181 shall include housing where the prepayment or payment of a state
182 or federally-assisted mortgage or the expiration of federal low
183 income housing tax credits or other federal or state subsidies

184 would lead or has led to the termination of a use agreement for
185 low income housing or in which a project-based rental assistance
186 contract is expiring or has expired. The department, in consulta-
187 tion with nonprofit organizations, the Massachusetts Housing
188 Finance Agency, the Community Economic Development Assis-
189 tance Corporation and the Massachusetts Housing Partnership
190 Fund shall identify those projects at greatest risk of prepayment,
191 payment, termination of subsidies and use restrictions, or non-
192 renewal of rental assistance. Funding priority shall be based on
193 at-risk criteria to be determined by the department of housing and
194 community development and set forth in regulations promulgated
195 by the department.

196 Funds provided herein may be used for grants to cities and
197 towns to assist with the costs of demolishing certain privately-
198 owned vacant and abandoned buildings that have been found to be
199 uninhabitable and not economically feasible to rehabilitate and
200 which the city or town may demolish pursuant to sections 127A
201 and 127B of chapter 111 of the General Laws or sections 6 to 9,
202 inclusive, of chapter 143 of the General Laws and the regulations
203 promulgated pursuant to each of said chapters or which have been
204 taken by the city or town for taxes. Any such demolition shall be
205 undertaken in accordance with a neighborhood revitalization plan
206 adopted by the city or town after a public hearing and after
207 approval by the department which provides for the rehabilitation
208 and development of housing in the areas in which such demolition
209 is being undertaken. The department of housing and community
210 development shall promulgate regulations for the purpose of
211 implementing this section including, but not limited to, grants to
212 cities and towns for demolition of certain vacant and abandoned
213 buildings and procedures for neighborhood revitalization plans.

214 Notwithstanding the restrictions described in this section, funds
215 provided for the Housing Stabilization and Investment Program
216 shall be used for a revolving rehabilitation loan program to sup-
217 port the revitalization of certain abandoned or severely distressed
218 privately-owned residential housing for which a court appointed,
219 nonprofit receiver has been selected pursuant to chapter 111 of the
220 General Laws. Such program may include activities necessary to
221 make essential repairs and to pay operating expenses necessary to
222 maintain habitability of such housing units in order to prevent

223 abandonment and deterioration of such housing in primarily low
224 and moderate income neighborhoods. Such loans may be adminis-
225 tered by the department of housing and community development
226 through contracts with the Community Economic Development
227 Assistance Corporation, a body politic and corporate entity estab-
228 lished in chapter 40H of the General Laws, and through contracts
229 with the Massachusetts Housing Partnership Fund, an instrumen-
230 tality of the commonwealth established in section 35 of
231 chapter 405 of the acts of 1985. The recipients may enter into sub-
232 contracts to administer the purposes of such contracts with other
233 for-profit or nonprofit organizations. The department of housing
234 and community development shall promulgate regulations for the
235 purpose of implementing this section.

236 The department shall provide loans to nonprofit developers for
237 the acquisition of property to provide or preserve affordable
238 housing. Such program of loans may be administered by the
239 department of housing and community development through con-
240 tracts with said Community Economic Development Assistance
241 Corporation. Such program may include acquisition, financing
242 and other holding costs, interim management and operating costs
243 and may also be used by said Community Economic Development
244 Assistance Corporation to secure, collateralize or reserve against
245 other financing obtained by said Community Economic Develop-
246 ment Assistance Corporation to support such costs. Not less than
247 50 per cent of the beneficiaries of such housing shall be persons
248 of income not more than 80 per cent of the area median income as
249 determined from time to time by the United States Department of
250 Housing and Urban Development and not less than 25 per cent of
251 the beneficiaries of such housing shall be persons whose income
252 is not more than 30 per cent of the area median income as deter-
253 mined from time to time by the United States Department of
254 Housing and Urban Development.

255 Notwithstanding the restrictions described in this section, funds
256 provided for the Housing Stabilization and Investment Program
257 may be used to support the rehabilitation of owner-occupied 1 to
258 4-family properties and the acquisition and rehabilitation of such
259 properties by persons of low or moderate income. The program
260 may include, but shall not be limited to, direct loans, loan guaran-
261 tees and loan loss reserves; provided, however, that the objective

262 of such program shall include the following: (1) projects shall
263 rely, to the greatest extent possible, on bank financing and other
264 taxable financing to support the costs of such acquisition and
265 rehabilitation; (2) coordinating the delivery of such financing and
266 related rehabilitation services with cities and towns that provide
267 such assistance utilizing federal community development block
268 grants, federal HOME funds, and other resources; (3) expediting
269 and simplifying the process by which home buyers may obtain
270 financial and technical assistance for such acquisitions and reha-
271 bilitation; and (4) ensuring that adequate provisions are in place to
272 assure that rehabilitation is completed in a timely and professional
273 manner and to protect homeowners from excessive acquisition and
274 rehabilitation costs.

275 Notwithstanding the restrictions described in this section, funds
276 provided for the Housing Stabilization and Investment Program
277 may be used for deferred payment second mortgage loans to sup-
278 port the acquisition and rehabilitation or new construction of
279 small multifamily rental properties pursuant to the Permanent
280 PLUS Program to be administered by the department of housing
281 and community development through contracts with the Massa-
282 chusetts Housing Partnership Fund, an instrumentality of the com-
283 monwealth established by section 35 of chapter 405 of the acts of
284 1985. The Massachusetts Housing Partnership Fund shall enter
285 into binding agreements to ensure that at least 20 per cent of the
286 units are affordable to persons whose income is less than 50 per
287 cent of the area median income, at least 40 per cent of the units
288 are affordable to persons whose income is less than 60 per cent of
289 the area median income, or at least 50 per cent of such units are
290 affordable to persons whose income is less than 80 per cent of the
291 area median income, as such incomes are determined from time to
292 time by the United States Department of Housing and Urban
293 Development.

294 Notwithstanding the restrictions described in this section, funds
295 provided for the Housing Stabilization and Investment Program
296 may be used for the purposes of the Soft Second Mortgage pro-
297 gram described in item 3322-8880 of section 2 of chapter 110 of
298 the acts of 1993.

299 Any money received from loan repayments pursuant to this
300 section shall be deposited in the HOME Investment Trust Fund

301 referred to in section 13 of chapter 257 of the acts of 1998 and
302 may be expended by the department solely for the purposes set
303 forth in this section.

1 SECTION 7. The department of housing and community devel-
2 opment may enter into contracts for state financial assistance in
3 the form of grants or loans by the commonwealth acting by and
4 through the department of housing and community development
5 for a Capital Improvement and Preservation Fund for the purposes
6 of preserving and improving existing privately-owned, state or
7 federally assisted housing. Property eligible for assistance shall
8 include housing where the prepayment or payment of a state or
9 federally-assisted mortgage or the expiration of federal or state
10 low income housing tax credits or other federal or state subsidies
11 would lead or has led to the termination of a use agreement for
12 low income housing or in which a project-based rental assistance
13 contract is expiring or has expired. In allocating funds pursuant to
14 this section, preference shall be given to nonprofit organizations
15 and housing authorities seeking to purchase an eligible property.
16 The department, in consultation with nonprofit organizations, the
17 Massachusetts Housing Finance Agency, the Community Eco-
18 nomic Development Assistance Corporation and the Massachu-
19 setts Housing Partnership Fund shall identify those projects at
20 greatest risk of prepayment or non-renewal of rental assistance
21 and shall grant preference in allocating funds pursuant to this
22 section to such developments. The department shall enter into
23 binding agreements to ensure that not less than 50 per cent of the
24 units in such housing shall be occupied and affordable to persons
25 of income of 80 per cent or less of the area median income as
26 determined by the United States Department of Housing and
27 Urban Development and that not less than 10 per cent of such
28 affordable units in such housing is available and affordable to
29 households with income of 50 per cent or less of the area median
30 income as determined by said United States Department of
31 Housing and Urban Development or such greater percentage of
32 units as required by the Massachusetts Housing Finance Agency
33 or the United States Department of Housing and Urban Develop-
34 ment regulations. The department may enter into subcontracts
35 with community development corporations, for-profit organiza-

36 tions or nonprofit organizations to carry out the purposes of such
37 grants and loans and shall enter into contracts with the Massachu-
38 setts Housing Finance Agency, the Community Economic Devel-
39 opment Assistance Corporation and the Massachusetts Housing
40 Partnership Fund. A portion of the funds may be allocated in the
41 form of predevelopment grants or loans from the Community
42 Economic Development Assistance Corporation and the Massa-
43 chusetts Housing Partnership Fund to nonprofit purchasers of such
44 housing. Such housing shall remain affordable for not less than
45 40 years or for such longer period, based upon the useful life of
46 the housing as determined by the department, as may be specified
47 in the applicable recorded restriction at the registry of deeds or the
48 registry district of the land court of the county or district in which
49 the affected real property is located.

50 The department shall promulgate regulations for the purpose of
51 implementing this section.

1 SECTION 8. Subsection (b) of section 6I of chapter 62 of the
2 General Laws, as appearing in the 2006 Official Edition, is hereby
3 amended by striking out paragraph (1) and inserting in place
4 thereof the following paragraph:—

5 (1) There shall be a Massachusetts low-income housing tax
6 credit. The department may authorize annually under this section,
7 together with section 31H of chapter 63, the total sum of:
8 (i) \$10,000,000; (ii) unused Massachusetts low-income housing
9 tax credits, if any, for the preceding calendar years; and
10 (iii) Massachusetts low-income housing tax credits returned to the
11 department by a qualified Massachusetts project.

1 SECTION 9. Subsection (b) of section 31H of chapter 63 of the
2 General Laws, as so appearing, is hereby amended by striking out
3 paragraph (1) and inserting in place thereof the following para-
4 graph:—

5 (1) There shall be a Massachusetts low-income housing tax
6 credit. The department may authorize annually under this section,
7 together with section 6I of chapter 62, the total sum of:
8 (i) \$10,000,000; (ii) unused Massachusetts low-income housing
9 tax credits, if any, for the preceding calendar years; and

10 (iii) Massachusetts low-income housing tax credits returned to the
11 department by a qualified Massachusetts project.

1 SECTION 10. Beginning July 1, 2008, the director of the
2 department of housing and community development shall submit
3 annually to the house and senate committees on ways and means,
4 the joint committee on housing and the joint committee on
5 bonding, capital expenditures and state assets, a capital plan for
6 fiscal years 2009, 2010, 2011, 2012 and 2013 for capital funds
7 authorized by sections 1 to 7 inclusive.