



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Tina Brooks, Undersecretary

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**GOVERNOR PATRICK ANNOUNCES STATE TO RECEIVE \$4.5 MILLION FROM
MACARTHUR FOUNDATION TO PRESERVE AFFORDABLE RENTAL HOUSING**

*Investment expected to leverage \$150 million to keep 9,000 homes affordable in
Massachusetts*

With the prospect of losing more affordable apartments to higher rents as a growing number of subsidized long-term mortgages expire, Governor Deval Patrick today announced that the John D. and Catherine T. MacArthur Foundation will award Massachusetts \$4.5 million to preserve the long-term affordability of existing privately owned multi-family rental housing.

Massachusetts is facing a potential loss of subsidized rental housing that will affect nearly 41,000 families over the next 10 years. This award is expected to leverage more than \$150 million -- primarily in private investment -- for a statewide loan fund to preserve affordable rental homes for an estimated 9,000 families, or more than 20 percent of the rental housing now at-risk of being lost. Massachusetts is the 5th most expensive rental housing market in the nation, an increasing problem that has only been exacerbated by the loss of unsubsidized rental housing due to foreclosures.

“In these challenging times, we must use every available resource to preserve affordable rental housing for hard-working residents throughout Massachusetts,” said Governor Patrick. “We are grateful to the MacArthur Foundation for helping us in our ongoing efforts to ensure long-term, stable housing opportunities for wage earners on all income levels.”

Specifically, the Massachusetts Department of Housing and Community Development will implement the state’s MacArthur Foundation award. A \$1 million grant will go to the Community Economic Development Assistance Corporation (CEDAC) to support an interagency working group to coordinate local, state and federal housing preservation activities, and establish an early warning system to identify properties that are at risk of market rate conversion. The group will formulate a plan and establish priorities for allocating public resources to keep those developments affordable. CEDAC is a quasi-public community development finance institution created in 1978 to provide technical assistance, pre-development lending, and consulting services to non-profit organizations.

The MacArthur Foundation will also target \$3.5 million in program related investments, or low-cost loans, to support a \$150 million *Massachusetts Preservation Loan Fund* for predevelopment and acquisition financing for preservation projects. Financing is available to for-profit and non-

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profit developers who demonstrate a feasible plan to acquire the properties and preserve them as affordable for a minimum of 30 years.

“Massachusetts leads the nation in having the most units of affordable housing per capita, but these are at risk if we do not act now. The foundation’s recognition of Massachusetts’ leadership role is welcome,” said Congressman Barney Frank. “As Chairman of the Financial Services Committee, I am very pleased with the work Governor Patrick and his housing officials have accomplished so far, and I am confident they will continue to provide the resources to maintain this vitally important affordable housing.”

“For many years, the goal of home ownership in the U.S. has been emphasized and as a country we lost sight of the value of rental housing in a balanced national housing policy,” said MacArthur President Jonathan Fanton. “We now have an opportunity to reset the policy agenda, restore rental housing to its proper place, and reshape the policy environment so that it both encourages rental housing preservation and makes it easier to do. State and local governments are at the forefront of this effort, showcasing innovation and trying fresh approaches.”

The MacArthur Foundation’s announcement today is part of a \$32.5 million nationwide award to a total of 12 states and cities nationwide. In addition to Massachusetts, the states include Iowa, Florida, Washington, Vermont, Pennsylvania, Oregon, Ohio, Minnesota, and Maryland, as well as the cities of Denver and Los Angeles.

CEDAC will partner with the Massachusetts Housing Investment Corporation (MHIC) to create the loan fund. MHIC is a private non-profit entity founded in 1990 by a consortium of banks and other corporate investors to fill a critical gap in meeting the credit needs of affordable housing developers and owners who are unable to get financing for certain projects from traditional lenders. Through its relationships with state and local funders, MHIC will provide up to \$100 million of loan fund capital for acquisition loans of preservation transactions. Other capital sources for the loan fund are expected from local banks and lending institutions as well as DHCD, CEDAC and the City of Boston.

“This MacArthur Foundation award will help Massachusetts keep thousands of units affordable for families over the next 10 years as we put systems in place to best identify and implement policies and actions to prevent further affordable housing losses,” said Roger Herzog, CEDAC Executive Director.

“We’re excited to be partnering with the Patrick Administration and CEDAC to meet this critical need,” said Joe Flatley, President of Massachusetts Housing Investment Corporation (MHIC). “MHIC looks to build on its track record of financing the preservation of affordable housing, and through this initiative effectively assembling the resources to ensure that this housing is responsibly preserved.”

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