

**HOUSE . . . . . No. 3653**

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**The Commonwealth of Massachusetts**



CHARLES D. BAKER  
GOVERNOR

OFFICE OF THE GOVERNOR  
COMMONWEALTH OF MASSACHUSETTS  
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KARYN POLITO  
LIEUTENANT GOVERNOR

*April 24, 2017*

To the Honorable Senate and House of Representatives,

I am pleased to submit for your consideration “An Act Financing the Production and Preservation of Housing for Low and Moderate Income Residents.” Last May, our administration released a five-year capital budget plan that included a \$1.1 billion commitment to affordable housing production and preservation, and to state-aided public housing. This legislation is a vital step in implementing that plan, which represents an 18% increase over Fiscal Year 2016 capital funding levels.

Affordable housing is a prerequisite to building a compassionate, inclusive and more prosperous Commonwealth. We need to not only maintain and improve our existing public and affordable housing stock, but also foster the development of new affordable housing, particularly in our Gateway Cities.

In 2013, the Commonwealth enacted a \$1.4 billion housing bond bill to fund programs to rehabilitate and modernize public housing and support affordable housing opportunities for our residents. Just under \$259 million of housing-related capital authorization from the 2013 legislation remains uncommitted. This legislation provides an additional \$1.287 billion in additional capital authorization, creating more than \$1.5 billion in combined capacity to support affordable housing over the coming years. These new capital authorizations are spread over ten areas:

- \$600 million in new capital authorization to make capital improvements across the over 45,000 units of state-aided public housing
- \$240 million in new capital authorization for a total of \$345 million for the Affordable Housing Trust Fund to support private affordable housing development
- \$127 million in new capital authorization for a total of \$150.5 million for the Housing Stabilization and Investment Trust Fund to support preservation, new construction and rehabilitation projects
- \$100 million in new capital authorization for the Housing Innovations Trust Fund to support innovative and alternative forms of rental housing for residents who need extensive support services
- \$60 million in new capital authorization for the Facilities Consolidation Fund to provide financing for community-based housing in rental developments for clients of the Departments of Developmental Services and Mental Health
- \$50 million in new capital authorization for the Public Housing Demonstration Program to encourage housing authorities to pursue innovative, market-driven strategies and leverage private resources
- \$38 million in new capital authorization for a total of \$99.5 million for the Capital Improvement and Preservation Trust Fund to help preserve affordable housing for which affordability restrictions would otherwise expire
- \$38 million in new capital authorization for community based housing for people with disabilities
- \$22 million in new capital authorization for a total of \$57.5 million for the Home Modification Loan Program to provide loans to make access and safety modifications to the homes of persons with disabilities
- \$12 million in new capital authorization for a total of \$45 million for supporting development that creates residential units and mixed used developments in neighborhood commercial areas

In addition to providing capital authorization for these vital programs, this legislation also allows for continued use of the Housing Development Incentive Program and Low-Income Housing Tax Credit at current levels for additional five-year periods rather than cutting these programs in half in 2019 and 2020 respectively. These programs are integral to promoting market-rate housing development in Gateway Cities and affordable housing development across the Commonwealth.

Finally, this legislation reforms and updates a number of provisions governing local housing authorities. Three highlights of these reforms are:

- By streamlining procurement laws and public bidding requirements, we can reduce unnecessary bureaucracy and promote public-private partnerships that leverage our capital expenditures with additional investment from the private sector.
- By authorizing local housing authorities to retain the proceeds from the sale or long term lease of public housing property and use those proceeds to build, maintain or preserve public housing, we can incentivize those authorities to pursue private investment to supplement public funds
- By allowing local housing authorities to borrow against their funding streams, we can reduce maintenance backlogs while lowering development costs

This housing bond bill will help strengthen our communities through the preservation and creation of affordable housing. I urge your prompt enactment of this legislation.

Finally, in accordance with Section 3 of Article LXII of the Amendments to the Constitution, the bill includes my recommendation for the terms of the bonds to be issued thereunder to raise funds for the capital authorizations set forth in the bill. Specifically, the term of bonds issued pursuant to Section 2 of the bill shall be issued for a maximum term of years not exceeding 30 years.

Sincerely

Charles D. Baker,  
*Governor*

# HOUSE . . . . . No. 3653

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Message from His Excellency the Governor recommending legislation relative to financing the production and preservation of housing for low and moderate income residents.

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## The Commonwealth of Massachusetts

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In the One Hundred and Ninetieth General Court  
(2017-2018)  
\_\_\_\_\_

An Act financing the production and preservation of housing for low and moderate income residents.

*Whereas*, The deferred operation of this act would tend to defeat its purpose, which is to authorize forthwith the financing of the production and preservation of housing for low and moderate income citizens of the commonwealth and to make related changes in certain laws, therefore, it is hereby declared to be an emergency law, necessary 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 rehabilitate, produce and  
2 modernize state-aided public housing developments; to preserve the affordability and the income  
3 mix of state-assisted multifamily developments; to support home ownership and rental housing  
4 opportunities for low and moderate income citizens; to stem urban blight through the  
5 implementation of housing stabilization programs; to support housing production for the elderly,  
6 disabled and homeless; to preserve housing for the elderly, the homeless and low and moderate  
7 income citizens and people with disabilities; and to promote economic reinvestment through the  
8 funding of infrastructure improvements, the sums set forth in section 2, for the several purposes  
9 and subject to the conditions specified in this act, are hereby made available subject to the laws  
10 regulating the disbursement of public funds.

11 SECTION 2.

12 EXECUTIVE OFFICE OF HOUSING AND ECONOMIC DEVELOPMENT

13 Department of Housing and Community Development.

14 7004-0039. For a program of loans or grants to assist homeowners or tenants with a  
15 household member with blindness or severe disabilities in making modifications to their primary  
16 residence for the purpose of improved accessibility or to allow those individuals to live  
17 independently in the community or for construction costs to allow for the creation of an  
18 accessory unit, defined as an additional dwelling unit separate from the primary dwelling unit,  
19 for a person with disabilities or an elder needing assistance with activities of daily living;  
20 provided, that up to 10% shall be used for grants to assist landlords seeking to make  
21 modifications for a current or prospective tenant with disabilities, who but for this grant would  
22 be unable to maintain or secure permanent housing; provided further, that the secretary of health  
23 and human services shall take all steps necessary to minimize the program's administrative costs;  
24 provided further, that the program shall be available pursuant to income eligibility standards  
25 approved by the secretary of health and human services; provided further, that the repayment of  
26 the loans may be delayed until the sale of the principal residence by the homeowner; provided  
27 further, that persons residing in a development covered by section 4 of chapter 151B of the  
28 General Laws shall not be eligible for the program unless the owner can show that the  
29 modification is an undue financial burden or that the landlord is participating in the grant  
30 program to maintain or secure housing for a tenant with disabilities; provided further, that the  
31 secretary of health and human services shall consult with the Massachusetts commission for the  
32 blind and the Massachusetts rehabilitation commission in developing the rules, regulations and

33 guidelines for the program; provided further, that nothing in this item shall give rise to  
34 enforceable legal rights in any party or an enforceable entitlement to services; and provided  
35 further, that the secretary of health and human services shall submit quarterly reports to the  
36 house and senate committees on ways and means, the house and senate committees on bonding,  
37 capital expenditures and state assets and the joint committee on housing detailing the status of  
38 the program established in this item.....\$22,000,000

39           7004-0040. For state financial assistance in the form of loans for the development of  
40 community-based housing or supportive housing for individuals with mental illness and  
41 individuals with intellectual disabilities; provided, that the loan program shall be administered by  
42 the department of housing and community development, referred to in this item as the  
43 department, through contracts with the Massachusetts Development Finance Agency established  
44 in chapter 23G of the General Laws, the Community Economic Development Assistance  
45 Corporation established in chapter 40H of the General Laws, operating agencies established  
46 pursuant to chapter 121B of the General Laws and the Massachusetts Housing Finance Agency  
47 established in chapter 708 of the acts of 1966; provided further, that those agencies may develop  
48 or finance community-based housing or supportive housing or may enter into subcontracts with  
49 nonprofit organizations, established pursuant to chapter 180 of the General Laws, or  
50 organizations in which such nonprofit corporations have a controlling financial or managerial  
51 interest or for-profit organizations; provided, however, that preference for the subcontracts shall  
52 be given to nonprofit organizations; provided further, that the department shall consider a  
53 balanced geographic plan for such community-based housing or supportive housing when  
54 issuing the loans; provided further, that the department shall consider development of a balanced  
55 range of housing models by prioritizing funds for integrated housing as defined by the

56 appropriate housing and service agencies including, but not limited to, the department of housing  
57 and community development, the Massachusetts rehabilitation commission, the department of  
58 mental health and the department of developmental services, in consultation with relevant and  
59 interested clients, clients' families, advocates and other parties as necessary; provided further,  
60 that loans issued pursuant to this item shall: (i) not exceed 50 per cent of the financing of the  
61 total development costs; (ii) be issued only when a contract or agreement for the use of the  
62 property for such housing provides for repayment to the commonwealth at the time of disposition  
63 of the property in an amount equal to the commonwealth's proportional contribution from the  
64 Facilities Consolidation Fund to the cost of the development through payments made by the state  
65 agency making the contract; (iii) only be issued when a contract or agreement for the use of the  
66 property for the purposes of such housing provides for the recording of a deed restriction in the  
67 registry of deeds or the registry district of the land court of the county in which the real property  
68 is located, for the benefit of the departments, running with the land, that the land be used to  
69 provide community-based housing or supportive housing for eligible individuals as determined  
70 by the department of mental health and the department of developmental services; provided,  
71 however, that the property shall not be released from such restriction until the balance of the  
72 principal and interest for the loan has been repaid in full or until a mortgage foreclosure deed has  
73 been recorded; (iv) be issued for a term not to exceed 30 years, during which time repayment  
74 may be deferred by the loan issuing authority; provided, however, that if on the date the loans  
75 become due and payable to the commonwealth, an outstanding balance exists and if, on such  
76 date, the department, in consultation with the executive office of health and human services,  
77 determines that there still exists a need for such housing and that there is continued funding  
78 available for the provision of services to such development, the department may, by agreement

79 with the owner of the development, extend the loans for such periods, each period not to exceed  
80 10 years, as the department shall determine; provided further, that the project shall remain  
81 affordable housing for the duration of the loan term, including any extension thereof, as set forth  
82 in the contract or agreement entered into by the department; provided further, that in the event  
83 the terms of repayment detailed in this item would cause a project authorized by this item to  
84 become ineligible to receive federal funds which would otherwise assist in the development of  
85 that project, the department may waive the terms of repayment which would cause the project to  
86 become ineligible; and (v) have interest rates fixed at a rate, to be determined by the department,  
87 in consultation with the state treasurer; provided further, that the loans shall be provided only for  
88 projects conforming to this item; provided further, that the loans shall be issued in accordance  
89 with a facilities consolidation plan prepared by the secretary of health and human services,  
90 reviewed and approved by the department and filed with the secretary of administration and  
91 finance, the house and senate committees on ways and means, the house and senate committees  
92 on bonding, capital expenditures and state assets and the joint committee on housing; provided  
93 further, that no expenditure shall be made from this item without the prior approval of the  
94 secretary of administration and finance; provided further, that the department, the department of  
95 mental health and the Community Economic Development Assistance Corporation may identify  
96 appropriate financing mechanisms and guidelines for grants or loans from this item to promote  
97 private development to produce housing, to provide for independent integrated living  
98 opportunities, to write down building and operating costs and to serve households at or below 15  
99 per cent of area median income for the benefit of department of mental health clients; provided  
100 further, that not more than \$10,000,000 may be expended from this item for a pilot program of  
101 community-based housing or supportive housing loans to serve mentally ill homeless individuals



102 in the current or former care of the department of mental health; provided further, that in  
103 implementing the pilot program, the department shall consider a balanced geographic plan when  
104 establishing community-based residences; provided further, that the housing services made  
105 available pursuant to such loans shall not be construed as a right or an entitlement for any  
106 individual or class of persons to the benefits of the pilot program; provided further, that  
107 eligibility for the pilot program shall be established by regulations promulgated by the  
108 department; and provided further, that the department shall promulgate regulations pursuant to  
109 chapter 30A of the General Laws for the implementation, administration and enforcement of this  
110 item, consistent with the facilities consolidation plan prepared by the secretary of health and  
111 human services and after consultation with the secretary and the commissioner of the division of  
112 capital asset management and

113 maintenance.....  
114 \$60,000,000

115 7004-0041. For state financial assistance in the form of loans for the development and  
116 redevelopment of community-based housing or supportive housing for persons with disabilities  
117 who are institutionalized or at risk of being institutionalized and who are not eligible for housing  
118 developed pursuant to item 7004-0040; provided, that the loan program shall be administered by  
119 the department of housing and community development, referred to in this item as the  
120 department, through contracts with the Massachusetts Development Finance Agency established  
121 in chapter 23G of the General Laws, the Community Economic Development Assistance  
122 Corporation established in chapter 40H of the General Laws, operating agencies established  
123 pursuant to chapter 121B of the General Laws and the Massachusetts Housing Finance Agency  
124 established in chapter 708 of the acts of 1966; provided further, that the agencies may develop or

125 finance the community-based housing or supportive housing or may enter into subcontracts with  
126 nonprofit organizations established pursuant to chapter 180 of the General Laws or organizations  
127 in which such nonprofit corporations have a controlling financial or managerial interest or for-  
128 profit organizations; provided, however, that preference for such subcontracts shall be given to  
129 nonprofit organizations; provided further, that the department shall consider a balanced  
130 geographic plan for such community-based housing or supportive housing when issuing the  
131 loans; provided further, that all housing developed with these funds shall be integrated housing  
132 as defined by the appropriate state housing and service agencies including, but not limited to, the  
133 department, the executive office of health and human services and the Massachusetts  
134 rehabilitation commission in consultation with relevant and interested clients, clients' families,  
135 advocates and other parties as necessary; provided further, that loans issued pursuant to this item  
136 shall: (i) not exceed 50 per cent of the financing of the total development costs; (ii) be issued  
137 only when a contract or agreement for the use of the property for the purposes of such housing  
138 provides for repayment to the commonwealth at the time of disposition of the property in an  
139 amount equal to the commonwealth's proportional contribution from community based housing  
140 to the cost of the development through payments made by the state agency making the contract;  
141 (iii) only be issued when a contract or agreement for the use of the property for the purposes of  
142 such community-based housing or supportive housing provides for the recording of a deed  
143 restriction in the registry of deeds or the registry district of the land court of the county in which  
144 the real property is located, for the benefit of the departments, running with the land, that the  
145 land be used to provide community-based housing or supportive housing for eligible individuals  
146 as determined by the Massachusetts rehabilitation commission or other agency of the executive  
147 office of health and human services; provided, however, that the property shall not be released

148 from such restrictions until the balance of the principal and interest for the loan has been repaid  
149 in full or until a mortgage foreclosure deed has been recorded; (iv) be issued for a term not to  
150 exceed 30 years during which time repayment may be deferred by the loan issuing authority;  
151 provided, however, that if on the date the loans become due and payable to the commonwealth,  
152 an outstanding balance exists and if, on that date, the department, in consultation with the  
153 executive office of health and human services, determines that there still exists a need for such  
154 housing, the department may, by agreement with the owner of the development, extend the loans  
155 for such periods, each period not to exceed 10 years, as the department shall determine;  
156 provided, however, that the project shall continue to remain affordable housing for the duration  
157 of the loan term, including any extensions thereof, as set forth in the contract or agreement  
158 entered into by the department; provided, however, that in the event the terms of repayment  
159 detailed in this item would cause a project authorized by this item to become ineligible to receive  
160 federal funds which would otherwise assist in the development of that project, that department  
161 may waive the terms of repayment which would cause the project to become ineligible; and (v)  
162 have interest rates fixed at a rate, to be determined by the department, in consultation with the  
163 state treasurer; provided further, the loans shall be provided only for projects conforming to this  
164 item; provided further, that the loans shall be issued in accordance with an enhancing  
165 community-based services plan prepared by the secretary of health and human services, in  
166 consultation with the department and filed with the secretary of administration and finance and  
167 the house and senate committees on ways and means, the house and senate committees on  
168 bonding, capital expenditures and state assets and the joint committee on housing; provided  
169 further, that no expenditure shall be made from this item without the prior approval of the  
170 secretary of administration and finance; and provided further, that the department shall

171 promulgate regulations pursuant to chapter 30A of the General Laws for the implementation,  
172 administration and enforcement of this item, consistent with the enhancing community-based  
173 services plan prepared by the secretary of health and human services after consultation with the  
174 secretary and the commissioner of capital asset management and  
175 maintenance..... \$38,000,000

176 7004-0042. For the capitalization of the Affordable Housing Trust Fund, established in  
177 section 2 of chapter 121D of the General  
178 Laws..... \$240,000,000

179 7004-0043. For the purpose of state financial assistance in the form of grants or loans for  
180 the Housing Stabilization and Investment Trust Fund established in section 2 of chapter 121F of  
181 the General Laws and awarded only pursuant to the criteria established in said section 2 of said  
182 chapter 121F; provided, that not less than 25 per cent shall be used to fund projects which  
183 preserve and produce housing for families and individuals with incomes of not more than 30 per  
184 cent of the area median income, as defined by the United States Department of Housing and  
185 Urban Development; provided further, that if the department of housing and community  
186 development has not spent the amount authorized under the bond cap for this program, at the end  
187 of each year following the effective date of this act, the department may award the remaining  
188 funds to projects that serve households earning more than 30 per cent of the area median income,  
189 as defined by the United States Department of Housing and Urban Development; provided  
190 further, that the department may expend an amount not to exceed \$10,000,000 to stabilize and  
191 promote reinvestment, through homeownership, in areas the department has determined to be  
192 weak markets as indicated by a high concentration of assisted rental housing, a low rate of  
193 homeownership, low median family income, low average sales prices, high levels of unpaid

194 property taxes or vacant or abandoned buildings, by waiving the requirements of this item and  
195 said chapter 121F, and by subsidizing the purchase price, borrowing costs or costs of renovation  
196 or new construction of 2 to 6 unit residential buildings for a person who shall own the property  
197 and occupy any portion of the property as the person's primary residence for at least 5 years  
198 from the date of purchase; provided further, that if more than 5 years, but less than 10 years,  
199 from the date the owner takes ownership of the property, the owner sells any of the owner's  
200 interest in the property, the new owner shall so occupy 1 unit in the property for a period equal to  
201 the difference between 10 years and the amount of time the first owner occupied the property as  
202 the owner's primary residence; provided further, that if the owner fails to so occupy a unit on the  
203 property or ceases to be the owner of the property as required by this section, the department  
204 shall recoup the value of any subsidy provided to the owner; and provided further, that 10 years  
205 after the owner takes possession of the property pursuant to this item, all restrictions on the  
206 property created by this item shall be  
207 void.....  
208 \$127,000,000

209 7004-0044. For the purpose of state financial assistance in the form of grants for projects  
210 undertaken pursuant to clause (j) of section 26 of chapter 121B of the General Laws; provided,  
211 that contracts entered into by the department of housing and community development for those  
212 projects may include, but shall not be limited to, projects providing for renovation, remodeling,  
213 reconstruction, redevelopment and hazardous material abatement, including asbestos and lead  
214 paint, and for compliance with state codes and laws and for adaptations necessary for compliance  
215 with the Americans with Disabilities Act, the provision of day care facilities, learning centers  
216 and teen service centers and the adaptation of units for families and persons with disabilities;

217 provided further, that priority shall be given to projects undertaken for the purpose of compliance  
218 with state codes and laws or for other purposes related to the health and safety of residents;  
219 provided further, that funds may be expended from this item to make such modifications to  
220 congregate housing units as may be necessary to increase the occupancy rate of those units;  
221 provided further, that the department shall continue to fund a program to provide predictable  
222 funds to be used flexibly by housing authorities for capital improvements to extend the useful  
223 life of state-assisted public housing; and provided further, that not less than 25 per cent of the  
224 funds made available in this item shall be used to fund projects which preserve or produce  
225 housing for families and individuals with incomes of not more than 30 per cent of the area  
226 median income, as defined by the United States Department of Housing and Urban  
227 Development..... \$600,000,000

228           7004-0045. For the purpose of state financial assistance in the form of grants,  
229 administered by the department of housing and community development to demonstrate cost  
230 effective revitalization methods for state-aided family and elderly-disabled public housing that  
231 seek to reduce the need for future state modernization funding; provided, that housing authorities  
232 with state-aided housing developments pursuant to chapter 200 of the acts of 1948, chapter 667  
233 of the acts of 1954, chapter 705 of the acts of 1966, chapter 689 of the acts of 1974 or chapter  
234 167 of the acts of 1987 shall be eligible to participate in the program; provided further, that the  
235 department shall establish a 7-member advisory committee, to consist of the director of the  
236 department or a designee, 1 member selected by Citizens' Housing and Planning Association, 1  
237 member selected by the Massachusetts chapter of the National Association of Housing and  
238 Redevelopment Officials, 1 member selected by the Massachusetts Union of Public Housing  
239 Tenants and 3 additional members chosen by the department to provide advice and

240 recommendations to the department regarding the program; provided further, that the department  
241 may exempt a recipient of grants from the requirements of chapter 7C of the General Laws and  
242 chapter 121B of the General Laws upon a showing by the recipient that such exemptions are  
243 necessary to accomplish the effective revitalization of public housing and will not adversely  
244 affect public housing residents or applicants of any income who are otherwise eligible; provided  
245 further, that the department may provide to recipients of grants such additional regulatory relief  
246 as is required to further the objectives of the program; provided further, that funds shall be made  
247 available for technical assistance provided by the Community Economic Development  
248 Assistance Corporation established in chapter 40H of the General Laws or the Massachusetts  
249 Housing Partnership Fund established pursuant to section 35 of chapter 405 of the acts of 1985 to  
250 recipients of grants and for evaluation; provided further, that the department's regulations for the  
251 implementation, administration and enforcement of this item shall: (i) require that housing  
252 authorities selected demonstrate innovative and replicable solutions to the management,  
253 marketing or capital needs of state-aided family and elderly-disabled public housing  
254 developments and contribute to the continued viability of the housing as a resource for public  
255 housing eligible residents; (ii) encourage proposals that demonstrate regional collaborations  
256 among housing authorities; and (iii) encourage proposals that propose new affordable housing  
257 units on municipally-owned land, underutilized public housing sites or other land owned by the  
258 housing authority; and provided further, that the department shall report to the house and senate  
259 committees on ways and means, the house and senate committees on bonding, capital  
260 expenditures and state assets and the joint committee on housing on the progress of the program  
261 annually.....\$50  
262 ,000,000

263           7004-0046. For the purpose of state financial assistance in the form of grants or loans for  
264 the Housing Innovations Trust Fund established in section 2 of chapter 121E of the General  
265 Laws; provided, that not less than 25 per cent of the funds made available in this item shall be  
266 used to fund projects which preserve and produce housing for families and individuals with  
267 incomes of not more than 30 per cent of the area median income, as defined by the United States  
268 Department of Housing and Urban  
269 Development.....  
270 \$100,000,000

271           7004-0047. For the purpose of state financial assistance in the form of grants or loans for  
272 the Capital Improvement and Preservation Trust Fund for expiring use properties established in  
273 section 2 of chapter 121G of the General  
274 Laws..... \$38,000,000

275           7004-0048. For the purpose of providing financial support for developing residential  
276 housing units and mixed use developments that include both residential housing units and  
277 commercial or retail space and are located within neighborhood commercial areas including, but  
278 not limited to, those areas designated as main street areas by providing necessary financial  
279 assistance to the commercial components of these projects; provided, that the developments may  
280 include projects which have residential units above commercial space and shall be located in  
281 areas characterized by a predominance of commercial land uses, a high daytime or business  
282 population or a high concentration of daytime traffic and parking; provided further, that the  
283 financial subsidy for the commercial portion of a project shall not exceed 25 per cent of the total  
284 development cost of the commercial portion of the project or \$1,000,000, whichever is smaller;  
285 provided further, that eligible activities for transit-oriented development shall include, without



286 limitation, planning grants, financing subsidies and environmental assessment; and provided  
287 further, that not less than 50 per cent of the beneficiaries of housing in projects assisted by this  
288 item shall be persons whose income is not more than 80 per cent of the area median income, as  
289 defined by the United States Department of Housing and Urban  
290 Development..... \$12,000,000

291 SECTION 3. To meet the expenditures necessary in carrying out section 2, the state  
292 treasurer shall, upon receipt of a request by the governor, issue and sell bonds of the  
293 commonwealth in an amount to be specified by the governor from time to time but not  
294 exceeding, in the aggregate, \$1,287,000,000. All bonds issued by the commonwealth, as  
295 aforesaid, shall be designated on their face, Financing the Production and Preservation of  
296 Housing for Low and Moderate Income Residents Act of 2017, and shall be issued for a  
297 maximum term of years, not exceeding 30 years, as the governor may recommend to the general  
298 court pursuant to Section 3 of Article LXII of the Amendments to the Constitution; provided,  
299 however, that all such bonds shall be payable not later than June 30, 2052. All interest and  
300 payments on account of principal on such obligations shall be payable from the General Fund.  
301 Bonds and interest thereon issued under the authority of this section shall, notwithstanding any  
302 other provision of this act, be general obligations of the commonwealth. An amount not to  
303 exceed 2 per cent of the authorizations may be expended by the department of housing and  
304 community development for administrative costs directly attributable to the purposes of this act,  
305 including costs of clerical and support personnel. The director of the department of housing and  
306 community development shall file an annual spending plan with the fiscal affairs division, the  
307 house and senate committees on ways and means, the house and senate committees on bonding,  
308 capital expenditures and states assets and the joint committee on housing which details, by

309 subsidiary, all personnel costs and any administrative costs charged to expenditures made  
310 pursuant to this act.

311 SECTION 4. Section 6I of chapter 62 of the General Laws, as amended by section 76 of  
312 chapter 219 of the acts of 2016, is hereby further amended by striking out in paragraph (1) of  
313 subsection (c) the words, “provided further, that no credit shall be authorized related to a project  
314 that receives state financial assistance authorized under section 7A of chapter 244 of the acts of  
315 2002.”

316 SECTION 5. Section 31H of chapter 63 of the General Laws, as amended by section 83  
317 of chapter 219 of the acts of 2016, is hereby further amended by striking out in paragraph (1) of  
318 subsection (c) the words, “provided further, that no credit shall be authorized related to a project  
319 that receives state financial assistance authorized under section 7A of chapter 244 of the acts of  
320 2002.”

321 SECTION 6. Section 1 of chapter 121B of the General Laws, as amended by section 1 of  
322 chapter 235 of the acts of 2014, is hereby further amended by inserting, after the definition of  
323 “Blighted open area,” the following definition:-

324 “Capital funds”, funds advanced by the department to a housing authority under state  
325 legislation financing capital outlays for housing production and/or preservation, including  
326 without limitation state legislation authorizing the issuance and sale of bonds by the  
327 Commonwealth to finance capital expenditures.

328 SECTION 7. Said section 1 of said chapter 121B, as so amended, is hereby further  
329 amended by inserting, after the definition of “Relocation project,” the following definition:-

330 “Replacement units”, low rent housing created to replace an existing housing project that  
331 is demolished or disposed of under subsection (k) of section 26; such units may be included  
332 within a privately owned mixed-income development that also includes dwellings that are not  
333 low rent housing, provided that the use and occupancy of the replacement units is subject to a  
334 binding legal contract and land use restriction under paragraph (7) of subsection (k) of section  
335 26.

336 SECTION 8. Section 11 of chapter 121B of the General Laws, as appearing in the 2014  
337 Official Edition, is hereby amended by adding the following paragraph:-

338 Notwithstanding any general or special law to the contrary, a housing authority, with the  
339 approval of the department, shall have the power to secure indebtedness incurred for the  
340 preservation, modernization and maintenance of one or more of its low-rent housing  
341 developments assisted under section 32 or section 34 of chapter 121B by a pledge of a portion of  
342 capital funds awarded to it for improvements to be carried out pursuant to a department-approved  
343 capital improvement plan in accordance with department regulations governing capital projects.  
344 The department shall promulgate regulations establishing limitations on the percentage of  
345 awarded capital funds that may be pledged to secure indebtedness, describing permitted terms for  
346 borrowing and repayment, and establishing criteria for housing authorities that will be permitted  
347 to incur indebtedness secured by a pledge of capital funds. Any pledge of future year capital  
348 funds under this section is subject to the availability of funds under the department’s capital  
349 spending plan as approved by the Governor for that year. All financing documents related to  
350 future year capital fund amounts must include a statement that the pledging of funds is subject to  
351 the availability of funds under the department’s capital spending plan as approved by the  
352 Governor.

353 SECTION 9. Section 16 of said chapter 121B, as so appearing, is hereby amended by  
354 adding the following paragraph:-

355 Notwithstanding any provision to the contrary in this chapter or in any other general or  
356 special law relative to the tax status of real property, where a housing authority sells or transfers  
357 ownership of buildings or other structures on land owned by it to a private entity, including  
358 without limitation a for-profit or charitable corporation, general or limited partnership, or limited  
359 liability company, for the purpose of rehabilitation, repair, development, or redevelopment of  
360 multifamily housing that will contain replacement units as defined in section 1, so much of the  
361 resulting buildings or structures as is restricted for use as replacement units, including associated  
362 common areas, and associated land shall be exempt from taxation, betterments and special  
363 assessments. If replacement units and associated common areas constitute only a portion of  
364 such resulting buildings or structures, the exemption shall be prorated based on the ratio which  
365 the square footage of replacement units bears to the square footage of all other residential or  
366 commercial units within the buildings or structures. The private entity shall pay (i) with respect  
367 to the exempt portion of the buildings or structures and land, a payment in lieu of taxes  
368 consistent with the valuation or other formula generally applicable under this section to the  
369 housing authority's real estate in the city or town in which such real estate is located, or as  
370 otherwise previously agreed upon between the city or town and the housing authority as the  
371 method for computing the payments to be made in lieu of taxes, and using the ratio described  
372 above, and (ii) with respect to the non-exempt portion of the buildings or structures and land, real  
373 estate taxes in accordance with chapter 59 of the General Laws based on the fair cash value of  
374 the non-exempt portion of the buildings or structures and non-exempt portion of the land using  
375 the ratio described above.

376 SECTION 10. Section 26 of said chapter 121B, as so appearing, is hereby amended by  
377 inserting after the word “sale,” in line 91, the following words:- or other disposition.

378 SECTION 11. Said section 26 of said chapter 121B, as so appearing, is hereby further  
379 amended by striking out, in lines 94 to 95, the words “notwithstanding the provisions of clause  
380 (d) or section thirty-four.”.

381 SECTION 12. Subsection (k) of said section 26 of said chapter 121B, as so appearing, is  
382 hereby further amended by striking out paragraphs (1), (2), (3) and (4) and inserting in place  
383 thereof the following 4 paragraphs:-

384 (1) found that all or a substantial portion of such existing housing project or part thereof  
385 requires such substantial modernization or rehabilitation to continue to provide decent, safe and  
386 sanitary housing that, in the judgment of the department, the required substantial modernization  
387 or rehabilitation cannot feasibly be executed by the housing authority pursuant to the provisions  
388 of this chapter;

389 (2) approved the proposed project, including a relocation plan for occupants of the  
390 existing project and a plan to make housing available on the land where the existing project is  
391 situated, in which the number of replacement units restricted as low rent housing for occupancy  
392 by low income persons or families shall be the same as the number of low rent housing units in  
393 the existing housing project or part thereof that is subject to demolition or disposition, unless the  
394 department determines that (A) a shortage of low-rent housing no longer exists in the applicable  
395 city or town, or (B) the reduction in the number of units is necessary to increase the number of  
396 units that are accessible for persons with disabilities, which project may include plans to use a

397 portion of such land for market-rate housing or for a public purpose ancillary to such  
398 development and approved by the department;

399 (3) approved the sale or other disposition and the terms thereof, which shall be at the fair  
400 market value for the proposed reuse unless the department determines that a below-market  
401 disposition would be in the public interest in order to support the continued occupancy of  
402 dwelling units in the new development by families of low income;

403 (4) determined that the availability of funds to the housing authority for such project is  
404 conditioned upon the occurrence of the initial mortgage loan closing for the development of new  
405 or rehabilitated housing on the land where the existing project is situated; and the selection by  
406 the housing authority through a qualifications-based competitive procurement process approved  
407 by the department of a developer best qualified to develop, own and operate the new or  
408 rehabilitated housing on the existing land, for providing for such development of the new  
409 housing within a reasonable time in accordance with department-approved contracts, and for  
410 assuring continued occupancy of the required number of replacement units in the new  
411 development by families of low income in accordance with the requirements of this chapter.

412 SECTION 13. Said subsection (k) of said section 26 of said chapter 121B, as so  
413 appearing, is hereby further amended by adding the following paragraph:-

414 (7) approved a binding legal contract and land use restriction to be entered into by the  
415 transferee of the property in favor of the local housing authority and the department of housing  
416 and community development that requires compliance with chapter 121B of the General Laws  
417 and 760 CMR §§ 4.00 et seq., 5.00 et 2seq. and 6.00 et seq. with respect to the replacement units  
418 in the same manner and to the same effect as if such entity were a housing authority, subject to

419 such regulatory waivers given by the department of housing and community development as may  
420 be necessary to secure financing. The contract shall require compliance in perpetuity unless the  
421 department determines that the project financing requires the use of Federal low income housing  
422 tax credits and that compliance in perpetuity would make it infeasible to comply with Internal  
423 Revenue Service requirements with respect to the low income housing tax credit program.

424 SECTION 14. Said section 26 of said chapter 121B, as so appearing, is hereby further  
425 amended by striking out, in line 242, the words “section or section 34” and inserting in place  
426 thereof the following words:- any provision of this chapter.

427 SECTION 15. Said section 26 of said chapter 121B, as so appearing, is hereby further  
428 amended by inserting after the words “feasible to”, in line 247, the following words:- maintain or  
429 to.

430 SECTION 16. Said section 26 of said chapter 121B, as so appearing, is hereby further  
431 amended by inserting, in line 251, after the word “demolition,” the following words:- or other  
432 disposition.

433 SECTION 17. Said section 26 of said chapter 121B, as so appearing, is hereby further  
434 amended by striking out, in line 253, the words “as of November 1, 2012” and inserting in place  
435 thereof the following words:- for at least two years.

436 SECTION 18. Said section 26 of said chapter 121B, as so appearing, is hereby further  
437 amended by adding the following subsection:-

438 (q) Notwithstanding any general or special law to the contrary, including without  
439 limitation section 16 of chapter 30B of the General Laws, a housing authority may dispose of

440 property pursuant to this section or section 34 of this chapter to a developer selected by  
441 competitive, qualifications-based procurement without separately soliciting proposals for the  
442 property disposition, provided that the developer procurement declares the property available for  
443 disposition and that, in the case of a disposition of property pursuant to subsection (k), the  
444 number of replacement units required under paragraph (2) of said subsection (k) are provided.  
445 Without limiting the generality of the foregoing:

446 (1) A housing authority shall not be required to determine the value of the property prior  
447 to soliciting proposals for selection of a developer best qualified to develop, own and operate the  
448 new or rehabilitated housing on the land. Prior to disposition of property by deed or other  
449 instrument, the housing authority shall determine the value of the property through procedures  
450 customarily accepted by the appraising profession as valid prior to the sale or other disposition of  
451 the property, and if, with the approval of the department, the housing authority decides to dispose  
452 of the property at a price less than the value as so determined, the housing authority shall publish  
453 notice of its decision in the central register, explaining the reasons for its decision and disclosing  
454 the difference between such value and the price to be received; and

455 (2) A housing authority shall not be required to specify all of the restrictions that may be  
456 placed on the subsequent use of property prior to selecting a developer through a qualifications-  
457 based competitive procurement process, provided that the developer procurement identifies the  
458 minimum number of dwelling units in the new development that must be occupied by families of  
459 low income. In the case of a disposition pursuant to subsection (k), such minimum number must  
460 conform to the requirements of paragraph (2) of subsection (k).



461 SECTION 19. Section 29 of said chapter 121B, as so appearing, is hereby amended by  
462 adding the following paragraph:-

463 Notwithstanding any provision to the contrary in this section or elsewhere in this chapter,  
464 if a housing authority does not own, lease or manage any housing project assisted under section  
465 32 or section 34 of this chapter, the department shall not investigate such housing authority's  
466 budgets, finances, dealings, transactions and relationships or other affairs, nor shall the  
467 department require periodic reporting by any such housing authority. Without limiting the  
468 generality of the foregoing, a housing authority that does not own, lease or manage any housing  
469 project assisted under section 32 or section 34 of this chapter shall not be required to (a) conduct  
470 elections for tenant board members under section 5A, (b) participate in a training program under  
471 section 5B, (c) submit contracts with its executive director to the department for review pursuant  
472 to section 7A, (d) participate in the performance-based monitoring program established pursuant  
473 to section 26B, (e) participate in the regional capital assistance team program established  
474 pursuant to section 26C, (f) prepare and submit an annual plan pursuant to section 28A and this  
475 section, or (g) prepare and submit, or make available, a written report and agreed upon  
476 procedures for review of housing authority financial records pursuant to this section 29.

477 SECTION 20. Section 34 of said chapter 121B, as so appearing, is hereby amended by  
478 striking out the fifth paragraph and inserting in place thereof the following paragraph:-

479 The proceeds of any sale or other disposition of such project in excess of the total of all  
480 obligations of the housing authority with respect to such project shall, after the payment of all  
481 bonds issued by the housing authority to finance the cost of such project and payment of the  
482 costs of the sale or disposition, be retained by the housing authority for the preservation,

483 modernization and maintenance of its public housing assisted under this chapter as approved by  
484 the department, or where the housing authority has no public housing assisted under this chapter,  
485 such proceeds shall be paid to the department to fund capital improvements for the preservation,  
486 modernization and maintenance of state-aided public housing.

487 SECTION 21. Said section 34 of said chapter 121B, as so appearing, is hereby further  
488 amended by striking out the tenth paragraph and inserting in place thereof the following  
489 paragraph:-

490 Whenever a housing authority shall determine that land acquired by it under clause (d) of  
491 section 11 for the purpose of this section is in excess of or no longer required for such purposes it  
492 may, upon approval by the department, sell or otherwise dispose of such land by deed or  
493 instrument approved as to form by the attorney general. If the housing authority is disposing of  
494 such land for purposes of housing development, it may do so in accordance with section 26 of  
495 this chapter. So long as any bonds issued by a housing authority to finance the cost of a project  
496 under this section or section 35 and guaranteed by the commonwealth are outstanding, funds  
497 received from a disposition of land as provided in this chapter shall be applied in accordance  
498 with the fourth paragraph of this section. After the payment of all bonds issued by the housing  
499 authority to finance the cost of such project, funds received shall be applied in accordance with  
500 the fifth paragraph of this section.

501 SECTION 22. Said section 34 of said chapter 121B, as so appearing, is hereby further  
502 amended by adding the following paragraph:-

503 Notwithstanding any general or special law to the contrary, construction and development  
504 activity related to redevelopment of state-aided public housing projects where the land, buildings

505 or structures associated with the housing project have been conveyed or transferred to a private  
506 entity for purposes of completing the redevelopment shall not be subject to any general or special  
507 law related to the procurement and award of contracts for the planning, design, construction  
508 management, construction, reconstruction, installation, demolition, maintenance or repair of  
509 buildings by a public agency, provided that the department shall review and approve the  
510 procurement processes used to undertake this redevelopment in accordance with subsection (q)  
511 of section 26. Nothing in this section shall be deemed to exempt a housing project from sections  
512 26 to 27H, inclusive, of chapter 149 of the General Laws.

513 SECTION 23. Section 4 of chapter 708 of the acts of 1966, as most recently amended by  
514 section 45 of chapter 463 of the acts of 2016, is hereby further amended by adding the following  
515 subsection:-

516 (aa) Take any and all actions necessary and appropriate, directly or through an affiliate  
517 or subsidiary entity, (i) to provide contract administration services in or for any state of the  
518 United States of America or the District of Columbia, in connection with any multifamily rental  
519 subsidy program of the U.S. Department of Housing and Urban Development; (ii) to provide  
520 loan servicing services with respect to one- to four-family residential mortgage loans secured by  
521 mortgages on real property located in any state of the United States of America or the District of  
522 Columbia, provided the Massachusetts Housing Finance Agency shall not enter into any  
523 agreement for such loan servicing unless the majority of loans to be serviced are mortgage loans  
524 secured by mortgages on real property located within the Commonwealth; and (iii) to provide  
525 any loan servicing, master servicing, mortgage insurance and other commercial services and  
526 products related to residential mortgage loans in partnership with a governmental or quasi-

527 governmental agency in any state or the District of Columbia; in each case unless and to the  
528 extent prohibited by the laws of any such state or the District of Columbia.

529 SECTION 24. Section 100 of chapter 142 of the acts of 2011, as amended by section 14  
530 of chapter 129 of the acts of 2013, is hereby further amended by striking out the figure “2020”  
531 and inserting in place thereof the following figure:- 2025.

532 SECTION 25. Section 2 of chapter 129 of the acts of 2013 is hereby amended by striking  
533 out the language of item 7004-0039 and inserting in place thereof the following words:-

534 For a program of loans or grants to assist homeowners or tenants with a household  
535 member with blindness or severe disabilities in making modifications to their primary residence  
536 for the purpose of improved accessibility or to allow those individuals to live independently in  
537 the community or for construction costs to allow for the creation of an accessory unit, defined as  
538 an additional dwelling unit separate from the primary dwelling unit, for a person with disabilities  
539 or an elder needing assistance with activities of daily living; provided, that up to 10% shall be  
540 used for grants to assist landlords seeking to make modifications for a current or prospective  
541 tenant with disabilities, who but for this grant would be unable to maintain or secure permanent  
542 housing; provided, that the secretary of health and human services shall take all steps necessary  
543 to minimize the program’s administrative costs; provided further, that the program shall be  
544 available pursuant to income eligibility standards approved by the secretary of health and human  
545 services; provided further, that the repayment of the loans may be delayed until the sale of the  
546 principal residence by the homeowner; provided further, that persons residing in a development  
547 covered by section 4 of chapter 151B of the General Laws shall not be eligible for the program  
548 unless the owner can show that the modification is an undue financial burden or that the landlord

549 is participating in the grant program to maintain or secure housing for a tenant with disabilities;  
550 provided further, that the secretary of health and human services shall consult with the  
551 Massachusetts commission for the blind and the Massachusetts rehabilitation commission in  
552 developing the rules, regulations and guidelines for the program; provided further, that nothing  
553 in this item shall give rise to enforceable legal rights in any party or an enforceable entitlement to  
554 services; and provided further, that the secretary of health and human services shall submit  
555 quarterly reports to the house and senate committees on ways and means, the house and senate  
556 committees on bonding, capital expenditures and state assets and the joint committee on housing  
557 detailing the status of the program established in this item.

558 SECTION 26. Item 7004-0045 of said section 2 of said chapter 129 of said acts of 2013  
559 is hereby amended by striking out the words “5-year”.

560 SECTION 27. Said item 7004-0045 of said section 2 of said chapter 129 of said acts of  
561 2013 is hereby further amended by striking out the words “or chapter 705 of the acts of 1966”,  
562 and inserting in place thereof the following words:- , chapter 705 of the acts of 1966, chapter 689  
563 of the acts of 1974 or chapter 167 of the acts of 1987.

564 SECTION 28. Said item 7004-0045 of said section 2 of said chapter 129 of said acts of  
565 2013 is hereby further amended by striking out the words “chapter 7 of the General Laws”, and  
566 inserting in place thereof the following words:- chapter 7C of the General Laws.

567 SECTION 29. Section 18 of chapter 129 of the acts of 2013 is hereby amended by  
568 striking out the figure “2048” and inserting in place thereof the following figure:- 2052.

569 SECTION 30. Chapter 287 of the acts of 2014 is hereby amended by striking out section  
570 125 and inserting in place thereof the following section:-

571 SECTION 125. Sections 46, 48, 61, and 63 shall take effect on January 1, 2024.

572 SECTION 31. Notwithstanding Section 14 of chapter 29 of the General Laws, to provide  
573 for the continued availability of certain capital appropriations for other than ordinary  
574 maintenance financed by the sale of bonds and notes, the balances of the following appropriation  
575 items and any allocations thereof authorized in section 2 of chapter 129 of the acts of 2013 are  
576 hereby extended through and shall be available for expenditure in the 5 fiscal years following  
577 June 30, 2017 for the purposes and subject to the conditions stated in the authorizations as  
578 appearing in said chapter 129: 3000-0400, 7004-0039, 7004-0040, 7004-0041, 7004-0042,  
579 7004-0043, 7004-0044, 7004-0045, 7004-0046, 7004-0047, and 7004-0048.

580 SECTION 32. Sections 4 and 5 shall be effective for tax years beginning on or after  
581 January 1, 2018.