



COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

CEDAC

# NEWS UPDATE



Spring 2013

## 2012: CEDAC Welcomes a New Board Chair and Affordable Housing Production Advances

Last year, we welcomed a new Board chair to CEDAC: Aaron Gornstein, who was named the Undersecretary for Housing and Community Development early in 2012. Formerly the executive director of the Citizens Housing and Planning Association (CHAPA), Aaron brings a depth of experience into developing affordable housing that has benefitted the Department of Housing and Community Development (DHCD) and CEDAC, as well.

To that end, in 2012, the Commonwealth of Massachusetts saw increased funding for affordable housing production by nonprofit organizations in communities across the state. It was especially gratifying to see DHCD provide funding and tax credits to projects for which CEDAC had previously committed predevelopment and acquisition loans. Even more encouraging is to see the diverse numbers of communities – from Western Massachusetts to the Metrowest region to Cape Cod – seeking resources to build new or preserve affordable housing.

Through two separate funding rounds through 2012, the Commonwealth of Massachusetts announced a total of \$169 million in public financing would go to 59 affordable housing projects, resulting in the creation or preservation of 3,522 units of affordable housing. CEDAC provided important pre-development or acquisition funding to more than a third of these funded developments. This is a reminder that so many non-profit affordable housing developers need early stage financing and technical assistance in order for the system to produce the units the Commonwealth needs to maintain affordability.

Just recently, on February 7th, Executive Office of Housing and Economic Development (EOHED) Secretary Gregory Bialecki announced funding awards from the Commonwealth's fall 2012 rental round, with \$67 million in commitments to 23 developments that will build or preserve a total of 1,326 units of housing (following a commitment of \$105 million from May 2012, which we'll discuss below). Eight projects – more than one third of the developments awarded resources by the state – were given pre-development or



### From the desk of the Executive Director

Dear Friends,

We thought we'd take some time in this first newsletter of 2013 to recap the great accomplishments that the Community Economic Development Assistance Corporation (CEDAC), and our affiliated agencies, achieved in 2012 while also letting you know what we expect to see happen in 2013. In some key areas – greater cooperation among workforce development and community development agencies; more support for public financing of child care facilities; and successes in affordable housing preservation and development – great strides were made last year that we hope to build on this year.

acquisition funding by CEDAC. These included developments in some of the more rural or remote parts of the state, like Easthampton, Williamsburg and Webster, in addition to three projects in Boston and one in Cambridge. Rounding out that list was a development in suburban Watertown, demonstrating the strength of our system to create affordable units in all kinds of communities. Additionally, CEDAC helped DHCD to underwrite commitments to eight projects in the round through the Housing Innovation Fund, Facilities Consolidation Fund, and the Community Based Housing program.

The most recent projects awarded loans and tax credits added to the total number of projects given a boost from the state in 2012. As mentioned above, last Spring, 36 housing developments in 28 communities across the Commonwealth benefited from \$105 million in affordable housing resources and tax credits provided to them by the state. Twelve developments funded by CEDAC were among the projects that received resources from the state for the production and preservation of affordable housing. These included housing to help homeless veterans in Agawam, elderly housing in the Metrowest community of Carlisle, and a large-scale project that preserved more than 800 units of housing in Boston, Brewster, Hudson, and Orleans. Projects in Amherst, Boston, Lowell, Ludlow, Orange, Somerville, Springfield, Stow and Westhampton also received resources.

After enduring the years of the Great Recession, in a period when so many projects were delayed, it is encouraging to see so many nonprofit developers receiving funding commitments that will help move their developments forward. Cities and towns around the state are in need of quality affordable housing, and the community-based nonprofit organizations across Massachusetts are finding creative ways to fill that need. We are pleased to play our part in helping them achieve their goals and we look forward to even more projects advancing in 2013.

### **CEDAC Active Participant in New Supportive Housing Initiative**



In December 2012, a Community Housing and Services Memorandum of Understanding (MOU) was signed by 18 state agencies under the purview of the Department of Housing and Community Development (DHCD), the Executive Office of Health and Human Services (EOHHS), the Department of Correction (DOC), and the Executive Office of Administration and Finance. The MOU is facilitating the creation of a demonstration program that creates up to 1,000 units of permanent supportive housing that includes coordinated operating and capital subsidies, and community-based supportive services.

The Legislature passed and Governor Patrick signed legislation in March 2012 that is helping the Commonwealth of Massachusetts meet this newly-established goal of producing these new units of permanent supportive housing by December 31, 2015. What does supportive housing mean? It means decent, safe, and affordable community-based housing providing residents with supports and services linked to their housing. Households who can benefit from it include, among others, formerly homeless families or individuals, persons with disabilities, elders, and veterans. The new legislation called for increased interagency cooperation and efficiency.

CEDAC is pleased to be an active participant in this important new initiative. The agency has extensive experience working on supportive

We expect even more progress in our efforts to strengthen Massachusetts communities in 2013. The Interagency Supportive Housing Working Group, of which I was recently appointed chair, will be making plans this year to meet the Commonwealth's goal of producing 1,000 new units of supportive housing. The Commonwealth Workforce Coalition (CWC) is planning its upcoming 10th Annual Sharing Skills~Building Connections Conference, which will feature a keynote panel with Secretaries Bialecki, Goldstein, and Malone. And the Children's Investment Fund will continue its efforts to work with non-profit early education and out-of-school time providers to assemble the capital necessary to improve the physical environments of these community facilities.

Thank you all for the hard work you do to help build our cities and towns up block by block. Because of you, some of the most vulnerable among us can have access to stable homes, quality child care, and effective job training. We look forward to working with you in the coming year. As always, if you have any questions regarding our programs, please feel free to call me at (617) 727-5944.

Sincerely,

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housing development projects, as it administers three supportive housing capital programs for DHCD - the Community-Based Housing program, which funds the development of integrated housing for people with disabilities with priority for individuals who are in institutions; the Facilities Consolidation Fund, which funds the creation of community-based housing for clients of the Department of Mental Health (DMH) and Department of Developmental Services (DDS); and the Housing Innovations Fund, which provides funding for the creation and preservation of alternative forms of affordable housing – that encourage the development of affordable housing for vulnerable populations including homeless families and individuals. Roger Herzog, CEDAC's executive director, will help lead this ambitious and important interagency effort.

## 2012: A banner year for preserving affordable housing



Major projects preserved, an innovative policy celebrated, and important statistics revealed – 2012 was an important year for affordable housing preservation in Massachusetts. This was the year that confirmed that the innovative Chapter 40T law the state passed in 2009 – just three short years ago – is having a positive impact on communities around the state. Complementing Chapter 40T, the focus on preservation has resulted in a steady stream in the number of affordable units that owners preserved in 2012.

Coordinating with an interagency working group of public agencies, CEDAC tracks data on the number of existing affordable rental units preserved each year in Massachusetts. We are pleased to announce that 2012 represents one of the most successful affordable housing preservation years yet for the Commonwealth of Massachusetts. According to analysis of our data, more than 5,000 units across the Commonwealth were protected in 2012 alone. Even more promising, the data revealed that roughly half of the units saved (2,907) were aided by financial resources from the state agencies, while the other half (2,542) were preserved through long-term Section 8 contract renewals between HUD and private owners. In total, over 60 projects comprising 5,449 units were preserved. This shows the great success Massachusetts has had in aggressively seeking out effective ways to maintain affordability.

Chapter 40T is one of the tools that the state now uses to preserve the stock of existing affordable rental housing. One of the key provisions of 40T provides a right of first refusal to DHCD in the event that a project goes on the market. Proposed sales that will preserve affordability are exempt from this right of first refusal. Since November 2009 when 40T was enacted, approximately 40 sales of affordable projects have taken place. Our data, which is available at our [website](#), demonstrated something remarkable: no affordable housing units have been lost to sale since the enactment of the Chapter 40T law.

Examples of the success of the state's preservation efforts were prominent in 2012. CEDAC celebrated with Homeowner's Rehab, Inc. and the City of Cambridge the inaugural use of the Massachusetts Preservation Loan Fund and Chapter 40T to acquire a building, in order to preserve 25 units at the Chapman Arms in Cambridge. This is the first building in which the Department of Housing and Community Development (DHCD) invoked the right of first refusal provisions in

Chapter 40T. In addition to Chapman Arms, CEDAC worked with Just-A-Start Corporation to preserve the Bishop Allen Apartments in Cambridge and Preservation of Affordable Housing (POAH) in Boston to maintain affordability in six buildings across the Commonwealth. With these three initiatives alone, almost 1,000 affordable units were saved in some of the most expensive markets of the state.

Massachusetts is not out of the woods yet when it comes to preserving affordable units – while zero units have become market rate apartments through sale, we lost more than 1,000 units through market rate conversions by existing owners in 2010 and 2011. There is more work to be done to ensure that families can afford to stay in their affordable homes but the news from 2012 alone is very encouraging.

Chapter 40T celebrated its 3rd anniversary in November 2012. After many years of legislative process, we now have results from the past three years that demonstrate its effectiveness at affordable housing preservation. Congratulations to the Patrick Administration, particularly our partners at DHCD, and the Legislature for enacting this successful state law. We look forward to seeing a similar level of success in preserving affordable homes this year.



### **Children's Investment Fund: Child Care Facilities Upgraded in 2012**



Strong and effective community development is a multipronged effort that includes affordable housing, employment and training opportunities, and high quality education beginning in early childhood. Public awareness of the importance of high-quality early care and education (ECE) and out-of-school time (OST) facilities continues to grow, and Children's Investment Fund saw two key projects move forward during 2012. These include the successful completion of Ellis Memorial's new center in Boston's South End, and ground-breaking for the Learning Center at Bromley Heath, a major project sponsored by Associated Early Care and Education (AECE) in

Jamaica Plain. Both organizations are long-time providers of high-quality educational programming for children in underserved communities. Programs like AECE and Ellis Memorial are vital to the healthy growth and development of children in low-income communities across the state.

Ellis Memorial, Boston's first settlement house, was notified that the building housing its infant-toddler center was going to be sold. Consequently the program decided to purchase a vacant building adjacent to its longtime settlement house. The Fund provided a \$2.3 million loan for Ellis Memorial to purchase the building and the center raised an additional \$5+ million in grants and loans to gut and completely renovate the new site. The new center opened in the fall, with bright and attractive space for 186 infants, toddlers and preschool-aged children. Ellis also moved its administrative offices to the third floor of the new building. The new site has been so successful that Ellis Memorial now plans to renovate its original building.

Since 1956, children at AECE's early education site at Bromley-Heath housing development attended preschool in a hot, dark basement, a space chosen for low cost and location rather than suitability. In 2008, AECE began to plan an ambitious new center nearby. The Fund was the first investor, providing predevelopment financing so that AECE could hire architects and other professionals to develop plans for a state-of-the-art new center for up to 175 children from birth to age 8. The project broke ground in November 2012, and is expected to be completed by September 2014. It was very encouraging when, at the groundbreaking event, Secretary Gregory Bialecki of the Executive Office of Housing and Economic Development announced a commitment of \$1,500,000 in Growth District Initiative Grant funding to the Associated project.

Ellis Memorial and AECE are two examples of the importance of affordable capital for ECE and OST projects. These centers -- that serve a high needs population of children and youth with a combination of public subsidies, parent fees, and grants -- do not have cash reserves to invest in their facilities. Yet the quality of the physical environment has a measurable impact on children's healthy development and learning, and staff effectiveness.

In January 2013, three separate pieces of legislation were introduced to secure capital financing to improve ECE and OST facilities in Massachusetts. State Senator Sal DiDomenico (S.69 An Act Establishing an Early Education and Out-of-School time Capital Fund) and State Representative Jeffrey Sanchez (H.476 An Act Relative to Early Education and Out-of School Time Capital Fund) filed bills requesting \$45 million in capital bond financing to fund improvements to ECE and OST facilities statewide. An Act Financing the Production and preservation of Housing for Low and Moderate Income Residents (H.1127) filed by Chairman Kevin Honan and Senator James Eldridge recognized the role that these educational programs play in supporting effective community development, by including similar provisions for financing ECE and OST facilities -- the first time such a far-reaching program was included in an a housing and community development bond bill.



### **Commonwealth Workforce Coalition: Developing New Relationships in 2012**



2012 was a strong year for the Commonwealth Workforce Coalition, where we saw new relationships develop that will support the professional skills of the workforce development system in Massachusetts.

There were a few "firsts" at CWC's "Sharing Skills ~ Building Connections" conference in May 2012. Massachusetts Secretary of Labor and Workforce Development Joanne Goldstein opened the conference with a keynote address to the 400 participants. She was the first Labor Secretary to attend the conference in its nine year

history. The conference also saw the debut of a new workshop called "Pitching Your Services to Employers: A Hands-On Clinic," a "pitch clinic." In mock scenarios, participants practiced cold-calls describing their program's job development services to employers and received on-the-spot critiques from volunteer employer participants. The 2012 program emphasized how organizations can better tap the best practices from across a variety of community partners to help get people back to work.

Plans for the 10th annual "Sharing Skills ~ Building Connections" conference are well underway. Massachusetts Secretary of Housing and Economic Development Gregory Bialecki, Massachusetts Secretary of Labor and Workforce Development Joanne Goldstein, and Massachusetts Secretary of Education Matthew Malone will participate. This year, two Employer Pitch Clinic Workshops will be offered as well as two new workshop tracks on Career Pathways and Coaching & Advising. There is more information on this year's conference, to be held on May 9, 2013, at <https://cwc.cedac.org/2013Conference.html>.

On the city-level, local collaboration and innovation in Chelsea recently caught the attention of the US Department of Labor. In 2012, six Chelsea non-profits launched Chelsea Connect, a program designed to help area families develop and meet employment and financial goals by bringing together several services under one roof. The US Department of Labor awarded a \$3 million Workforce Innovations Grant to support Chelsea Connect in July. US Secretary of Labor Hilda Solis visited Chelsea in August to see the program's success first hand. Chelsea Connect's innovative approach of bringing several resources into one location gives clients easier access to the full spectrum of assistance available. Finding employment and managing household finances can be complicated and the need for additional skills training, language assistance, family stability, and other support adds stress to the situation. Chelsea Connect simplifies the situation for clients and, by bringing together complementary resources, allows for greater results.

For 2013, as part of CWC's grant with the United Way of Massachusetts Bay and Merrimack Valley, CWC Consultant Judith Lorei will conduct group trainings and individualized technical assistance for Chelsea Connect. Chelsea Connect is one of four Financial Opportunity Centers that CWC is working with through this grant. The other program partners are Centerboard in Lynn, Lawrence CommunityWorks, and LIFT in Boston.