HA through the mod ... predetermined either ... ract rents for these un... through MHFA regulation or by contract with the CHA. Under the MRVP, "contract rents" cannot exceed the amount in effect as of October 31, 1992.

The amount of a "project based voucher" is determined in the same fashion as the "subsidy amount" was determined in the former Chapter 707 Program except that in the MRVP, the "tenant portion" is equal to 30%/35% of the tenant's net income depending upon whether or not the tenant pays for heat. There is no allowance for tenant paid utilities and as with the "mobile vouchers", most of the 11 deductions formally allowed under the Chapter 707 Program have been eliminated. The net result was an increased monthly cost to the tenant participant.

According to information received to date, the CHA will no longer be required to perform inspections of apartment which are subsidized through the MRVP. Landlords will be required to obtain certification of compliance with the State Sanitary Code through the local Board of Health and further, the landlord must obtain a Letter of Compliance

7 Suitably engrossed copy to Gov, legisl + EOCD

4/4.

10/19/92
VV/9-0

Resolved that City Council express its serious concern over the elimination of the 4.5 million cut from the 707 program

Resolved That the Cambridge City Council Call on Governor Weld to restore the $4.5 million to the supplemental budget immediately.

CCM-101

City of Cambridge

9.

IN CITY COUNCIL

September 21, 1992

COUNCILLOR WALSH

WHEREAS: Effective on November 1, 1992 the commonwealth's Rental Subsidy Program, Section 707, undergoes a major overhaul with far reaching consequences in Cambridge when it changes its method of payment from certificate to vouchers. With the former, a rental unit is exempt from rent control as the tenant pays 30% of gross monthly income for rent and the Commonwealth pays the remainder which is negotiated by the Cambridge Housing Authority and the owner. With the new voucher system, based on income range and household size, a lump sum rental housing grant is paid by the Commonwealth to the tenant who, in turn pays the balance of the rent whose amount is arrived at by the tenant and the owner without intervention of the Housing Authority. As such, under the voucher system, rental units, previously exempt under the certificate method, would no longer be so and would come under rent control; and

WHEREAS: The voucher mechanism has the potential to create chaos for and casualties among low and moderate income tenants as well as for property owners; now therefore be it

ORDERED: That the City Manager request the Executive Director of the Rent Control Board come before this Council on October 19, 1992 and discuss with the Council the ramifications of this Section 707 change within the City of Cambridge, particularly providing information as to how many rental units would be effected and its impact on providing housing for low and moderate income tenants.

In City Council September 21, 1992.
Adopted by the affirmative vote of nine members.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D. Margaret Drury

D. Margaret Drury
City Clerk

Submitted at 10/19/92 hearing

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON 02133

ALVIN E. THOMPSON
REPRESENTATIVE
28TH MIDDLESEX DISTRICT
CAMBRIDGE

LEGISLATIVE ASSISTANT
MAUREEN TOAL

Committees on
Housing and Urban Development
Public Service
Election Laws

ROOM 39, STATE HOUSE
TEL. 722-2240

MAYOR KENNETH REEVES AND MEMBERS OF THE CITY COUNCIL

I regret that I cannot attend the hearing due to a scheduling conflict and respectfully request that this letter be read into the record.

Dear Mayor Reeves and members of the Cambridge City Council:

Thank you for this opportunity to state, once again, my opposition to the cutbacks to the State 707 rental subsidy program and, more particularly, to the regulations recently released by the Executive Office of Communities and Development.

The cutbacks were initiated by the Governor's budget request. I vehemently opposed the legislation by vote and by lobbying the house leadership. In spite of the efforts of a core group of 707 defenders in the legislature, the Conference Committee approved language that converted the program to vouchers, language that cut utility allowances forcing elderly residents to decide between heat and food; language that gave less than one months notice of rent increase; language that penalizes someone who earns a scholarship trying to improve their education; or who has medical expenses, language that will tax our city inspectional services and reduce the fees our housing authority needs to administer the program.

The Governor took this language which I opposed, and went on to cut another $4.5 million from the 707 line item. In order to stretch the limited funds, EOCD had to establish onerous regulations to cut thousands of people out of the program.

It is critical that we build a coalition to oppose these cuts and to fight, once again, to restore the 707 program. These cuts hurt our tenants and property owners; they drain our city resources and will threaten our tax base and banks.

It is important that you speak out now. EOCD must hear the painful result of their onerous regulations. The Governor and Leadership need to face the results of their actions.

I will fights for the necessary supplemental budget to restore the $4.5 million which was cut by the Governor. I also ask for your help this next Legislative session. I will be joining the Housing and Urban Development Committee to file legislation to restore the program. Please ask anyone affected by these cuts, tenants, property owners, CDCs, to write to me with their experiences - tell me how the cuts affect our community. The letters should be sent to Representative Alvin E Thompson, State House, Boston, MA 02133. Then call my office to join our coalition to restore the 707 program.

Thank you, Mayor Reeves, for this opportunity to once again state my opposition to the 707 cutbacks. I encourage the continued efforts of all represented here tonight and look forward to hearing from you.

Sincerely,

ALVIN E. THOMPSON
State Representative

AET/ed

M E M O R A N D U M

TO: Robert Healy, City Manager

FROM: Daniel J. Wuenschel, Executive Director DJW

DATE: October 14, 1992

RE: Council Hearing on 10/19 Regarding Changes in the Commonwealth's Chapter 707 Rental Subsidy Program

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The original council order adopted on 9/21/92 requested that the Executive Director of the Rent Control Board attend the hearing. Subsequently, on 10/5/92 the Council requested that the Executive Director of the Housing Authority also attend.

As part of the Housing Authority's participation including my attendance, I felt that the attached narrative prepared by staff of the CHA would be helpful to a more complete understanding of the changes wrought by the Legislature and the State Administration.

BACKGROUND:

The Leasing and Occupancy Department of the Cambridge Housing Authority administers a total of 1,690 subsidized units in both its federal and state programs. The breakdown of this figure is as follows:

940	Section 8 Certificates
156	Section 8 Vouchers
132	Section 8 Mod Rehabs
94	Putnam Square
368	Chapter 707 Certificates

The focus of this narrative is the 368 certificates funded through the former Chapter 707 Rental Assistance Program which was a State Funded subsidy program. This is the only leased housing program administered by the CHA which was impacted by the state's FY 93 budget.

The total number of Chapter 707 certificates administered includes 183 "Scattered Site" certificates and 185 "Project Based" certificates. The difference between the two certificate types is as follows:

"Scattered Site" Certificates:

- issued directly to eligible individual
- utilized anywhere within the City of Cambridge with CHA approval
- contract rent determined by CHA inspector based on a "rent reasonableness" standard

"Project Based" Certificates:

- certificate issued to the apartment not the individual
- includes units regulated by MHFA as well as "mod rehab" units
- "mod rehab" units are units which have undergone substantial renovations by the owner in return for project subsidies
- "mod rehab" units are under contract with the CHA for specific terms with the option to renew
- "project based" vacancies are filled through the 707 waiting list
- rents were predetermined by the Executive Office of Communities and Development or MHFA based on debt service, cost of rehab, improvements, etc.

Regardless of certificate type, the CHA was required to inspect each unit and certify program compliance on an annual basis. Also, each participant of the Chapter 707 Program was required to provide updated financial information as well as family composition data which was then utilized in calculating the "tenant portion" of the "contract rent". Said portion was based on 30% of the tenant's net income less a "utility allowance" for tenant paid utilities. The "subsidy amount" was calculated by subtracting the "tenant portion" from the "contract rent". Thus key terms of the program were as follows:

Contract Rent: Total amount of rent paid to the landlord for a particular apartment. Equal to the "tenant portion" plus the "subsidy amount". For "scattered site" units, this amount was set by the CHA inspector at initial leaseup. For "project based" units, this amount is predetermined by contract or MHFA approval.

Tenant Portion: Is an amount equal to 30% of the tenant's net income. In this case, net income means the tenant's gross income less any number of the 11 possible deductions. The tenant portion fluctuates based on income and is subject to change.

Subsidy Amount: The difference between the contract rent and the tenant portion.

Utility Allowance: A certain sum of money credited to the tenant's portion based on those utilities paid for by said tenant. The exact amount is determined based on a "Utility Allowance Chart" which is prepared by the CHA's Leased Housing Department.

Although this new legislation is by far the most dramatic cost cutting measure applied to the Chapter 707 Program, there have been others:

There has been a rent "freeze" in effect for over two consecutive years. Due to this rent freeze, the CHA has been unable to provide yearly rent increases to "scattered site" landlords regardless of what improvements have been accomplished. This "freeze" however has not affected the ability of MHFA Developments to obtain increases for "project based" units.

The CHA has been unable to reissue "scattered site" certificates as they become available through turnover. These certificates were simply lost and the Chapter 707 rent roll grew smaller each of the past two years.

Effective July 1, 1991 the "tenant portion" went up 2%. This increase brought the portion to 22%/27% depending on whether the tenant was responsible for his heat. Also at this time the Housing Authority was instructed to disallow the tenant's utility allowance. The plan was to again increase the "tenant portion" another 3% to 25%/30%, effective July 1, 1992.

In another state initiated cost cutting measure in October of 1991, Housing Authorities were required to reduce contract rents based on bedroom size to a maximum allowable rent for a Chapter 707 unit. This decrease ranged from $40 to $60 per unit. For example, the maximum "contract rent" for a two bedroom with utilities included was $700/month while under the Section 8 Program (Federal), a two bedroom with utilities included could be as high as $902/month. Although many landlords were understandably upset, no one was displaced at the time of this change and several medical hardship waivers were granted based on combined CHA/tenant efforts.

In June of 1992, EOCD agreed to reverse several provisions of the October 1991 changes due to the settlement of a class action law suit. These changes included the reinstatement of "utility allowances" effective February 1, 1992 which required the CHA to provide retroactive utility reimbursements in some situations. "Contract rents" were not increased back to their previous levels unless a tenant was in danger of displacement. In Cambridge, there were no tenants who fit this category thus the "contract rents" remained at their reduced level.

In July of 1992, as promised, the tenant's portion was calculated at a straight 30% of net income less an allowance for tenant paid utilities.

In the 1993 Fiscal Year Budget, the Legislature eliminated the Chapter 707 Program effective October 31, 1992 and replaced it with a new program to be known as the Massachusetts Rental Voucher Program. This new program is slated to commence November 1, 1992 and is funded at a level which is about 25% below that of the former Chapter 707 Program.

OVERVIEW OF THE MASSACHUSETTS RENTAL VOUCHER PROGRAM:

The first step in the implementation of the Massachusetts Rental Voucher Program (MRVP) was the determination of eligibility. Under the new program, household income (GROSS INCOME) cannot exceed 200% of the federal poverty level which breaks down as follows:

1 Member..............	$13,620
2 Members.............	$18,380
3 Members.............	$23,140
4 Members.............	$27,900
5 Members.............	$32,660
6 Members.............	$37,420

Based on these guidelines, 27 families were originally found ineligible for the new program. Each family was notified of their ineligibility status and scheduled for an informal hearing to discuss their status. Only 10 of the ineligible families attended their informal hearing as scheduled and 5 of these families provided additional information which allowed the CHA to reverse its decision of ineligibility which left a total of 22 families ineligible.

Under the MRVP, Elderly households receiving 707 subsidy are offered a first preference for admission to CHA elderly housing funded by the state's Chapter 667 elderly public housing program. This affected a total of 48 families, including 6 who were found ineligible due to the new income guidelines. Each family was notified by mail of their ability to obtain this first preference and were asked to respond by October 31, 1992.

On October 9, 1992, the CHA was formally notified that specific units allocated to the Department of Mental Health's Residential Services Program would be protected from any changes. This notice affects a total of 67 apartments. These units will be funded as a joint effort between EOCD and DMH. Therefore, the clients residing within these units will continue paying a "tenant portion" which is equal to 30% of their net income less an allowance for tenant paid utilities.

The program handles eligible participants differently than the former Chapter 707 Program. However, the program is still segregated into two completely separate groups:

The first group are those individuals who formerly held "scattered site" certificates. These individuals will now be issued "Mobile Vouchers". The voucher amount will be based on income, geographic location and bedroom size. The income amount utilized in the determination of voucher amount is <u>net</u> income. However, most of the 11 deductions allowed in the former 707 program have been eliminated and there are no allowances for tenant paid utilities. Participants will still be required to report financial and family composition information at least once a year and the amount of their voucher will fluctuate accordingly.

Under the MRVP, individuals who are issued mobile vouchers may utilize them anywhere within the state except 13 communities which are designated as an area where at least 40% of the residents live below the federal poverty level. Once the family relocates to another community, the CHA will no longer administer that voucher.

Under the guidelines for the Mobile Voucher Program, the "contract rent" for the apartment is no longer determined by a CHA inspector. Instead, this figure is negotiated and determined by the tenant/landlord with the maximum amount to be known as the "ceiling rent". This "ceiling rent" is equal to the "Maximum Allowable Rents" for the former Chapter 707 Program. For example, the total rent charged by a landlord for a two bedroom apartment cannot exceed $700/month which includes the amount allocated to the participant's voucher.

The second group of individuals are those participants who reside within "project based" units. These participants will be issued a "project based voucher" which they will be entitled to utilize while residing within their current apartment. This arrangement is the same as formerly found with the Chapter 707 Program in that the subsidy is actually attached to the apartment itself and not the participant. Again, as in the former Chapter 707 Program, "project based vouchers" attach to units which are either regulated by MHFA or units which are under contract with the CHA through the "mod rehab" program. Therefore, the contract rents for these units are predetermined either through MHFA regulation or by contract with the CHA. Under the MRVP, "contract rents" cannot exceed the amount in effect as of October 31, 1992.

The amount of a "project based voucher" is determined in the same fashion as the "subsidy amount" was determined in the former Chapter 707 Program except that in the MRVP, the "tenant portion" is equal to 30%/35% of the tenant's net income depending upon whether or not the tenant pays for heat. There is no allowance for tenant paid utilities and as with the "mobile vouchers", most of the 11 deductions formally allowed under the Chapter 707 Program have been eliminated. The net result was an increased monthly cost to the tenant participant.

According to information received to date, the CHA will no longer be required to perform inspections of apartment which are subsidized through the MRVP. Landlords will be required to obtain certification of compliance with the State Sanitary Code through the local Board of Health and further, the landlord must obtain a Letter of Compliance with respect to the state's lead paint laws. Without this documentation, the CHA will be unable to make voucher payments on behalf of the participant.

Once we remove the ineligible participants from the program, the CHA will have a Massachusetts Rental Voucher Program with a total of 346 vouchers. The breakdown of this number is as follows:

"Mobile Vouchers"	171	Total
	19	DMH Protected
Subject to MRVP Changes	152	
"Project Based Vouchers"	175	Total
	48	DMH Protected
Subject to MRVP Changes	127	

Of the 22 Ineligible families, 12 were former "scattered site" certificate holders and 10 were former "project based" certificate holders.

TENANT IMPACT:

Based on figures which have been calculated by hand, the following tenant impacts are noted:

All "project based" participants saw increases ranging from $0 to $213. The average increase for all "project based" participants was $65 per month. However, all "project based" participants are affected consistently in that each participant's "tenant portion" is calculated in the same fashion.

Under the "mobile voucher" program some participants actually received higher subsidies. Of the 152 total "mobile vouchers", approximately 39 participants received increased subsidies ranging from $5 to $255 per month. The average increase for these individuals totalled $58 per month. The balance of the 152 "mobile vouchers" saw decreased subsidies ranging from $1 to $398 per month with an average of $82 per month. Overall, the combined average decrease in subsidy for all "mobile voucher" participants totalled $45 per month. On review, it is quite evident that EOCD has lumped the bulk of the MRVP funding to the lower income brackets. By doing this, the "working poor" are in effect being penalized for working, in fact this office has taken calls from individuals who have stated that they would be "better off" if they left their employment.

Page 7:

Please note that these numbers are approximations at this time since they are based solely on hand calculations. The Leasing and Occupancy Staff is currently loading new voucher amounts onto the computer and more precise information should be available once this task is complete.

CCM-101

City of Cambridge

44.

IN CITY COUNCIL

October 19, 1992

COUNCILLOR MYERS

WHEREAS: That the City Council express its serious concern over the elimination of the $4.5 million cut from the 707 Program; and be it further

WHEREAS: That the Cambridge City Council call on Governor Weld to restore the $4.5 million to the supplemental budget immediately; now therefore be it

ORDERED: That the City Clerk be and hereby is requested to forward a suitably engrossed copy of this resolution to Governor Weld, the Legislature and the Secretary of EOCD.

In City Council October 19, 1992.
Adopted by the affirmative vote of nine members.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D. Margaret Drury

D. Margaret Drury
City Clerk

NON-CONSENT ORDER #44

F-434

Councillor Myers re: Restoration of the
$4.5 million 707 Program in the
supplemental budget.

InCity Council,

October 19, 1992

Order Adopted