

President's Corner

Some things never get old. Sharing time with friends, enjoying a great meal, going for a walk with your four-legged friend and simply being with family you love. Sadly, the reality is that most things *do* get old; this is especially true in our housing world.

It seems just like yesterday that residents were touring our newest 667-5. It turns out that “yesterday” was actually 30 years ago and our “new” building was not very new at all. I then



thought of our 667-1 that is turning fifty this year. The kitchens and bathrooms there were already 20 years-old when the “new” building opened in 1989.

About ten years ago, we started to utilize the Capital Planning System and the Formula Funding Program. LHAs could now count on receiving multi-year awards to plan for their most urgent building preservation needs through a proportional needs-based share of bond capital. We were finally going to be able to begin the process of preserving our portfolio!

Initially, we all celebrated with the thought that there was now a mechanism to receive a consistent stream of funding to protect and preserve our State Public Housing portfolio. When the awards first started, we were able to address some of the smaller projects that we never had the funds to accomplish: new sidewalks, new roofs, new heating systems and many other successful projects. Our annual award increased almost every year and most recently topped over \$225,000. While the annual funding is known, it still

falls far short of preserving our portfolio. We are now looking at kitchen and bathroom replacements at our 50-year-old building. At a cost of over \$1,000,000, this project will take over five years to fund and will not allow us to touch the other large projects in the pipeline.

While people celebrate the fact that Public Housing will never expire, the reality is that most of our developments have actually already done so. The Chelmsford Housing state portfolio has expired components that exceed \$8 million, not including the funding for architects, engineers, administrative costs, compliance funds for asbestos and other items such as failed sewer lines. Our actual need is closer to \$10.4 million and, to arrive at this number, we would need over 45 years of our current formula funding award to complete these projects.

In reviewing the data in DHCD's Capital Planning System (using costs from over five years ago), there is a documented need for over 1.4 billion dollars. Again, this does not account for architects, engineers, remediation of hazardous materials, administrative costs, etc. Using current figures and incorporating all of the associated costs mentioned above brings the total needed to preserve our State Public Housing Portfolio to over \$2 billion. Currently, \$45 million is dedicated to formula funding and the balance is set aside for larger scale initiatives like HILAPP and MODPhase. In 2017, 22 agencies applied for set-aside funding, and four agencies moved forward with MODPhase awards. As of 2019, DHCD has awarded \$53 million towards HILAPP and estimates the awarding of another \$8 million.

Agencies are receiving less than 5% of the actual annual amount needed to preserve their developments for the most vulnerable residents of the Commonwealth. As an industry, we must begin to investigate all opportunities to preserve our portfolio. Do some agencies reposition their developments through a voluntary program? Do some agencies build new units on surplus land that may generate additional resources? Do we redevelop our sites with greater density to generate additional revenue? Sadly, I do not see the bond cap increasing to \$500 million a year for the preservation of our public housing. While that would be amazing and would preserve the portfolio as it stands today, the reality is we must begin to explore all options that protect our residents, our community and the investments made by the Commonwealth. I encourage all agencies to understand what their current capital needs are per the DHCD Capital Planning System and to determine if the current system and funding will preserve their developments.

Some things never get old. Talking to our peers about the lack of adequate funding to staff our agencies and provide the necessary supportive services, explaining to residents why their requests for improvements cannot be made in the timeframe requested, and worrying about the future of our public housing.

I look forward to continuing this discussion with our membership, our residents, DHCD, our legislators and stakeholders.

(Reprinted from the September/October 2019 edition of the Massachusetts NAHRO newsletter.)