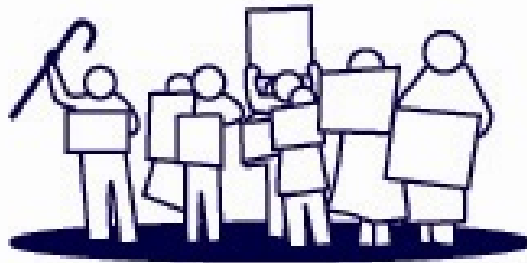


# Expiring Use Handbook



Massachusetts  
**SENIOR ACTION**  
Council



# Table of Contents

1. What is “Expiring Use”
2. How Many Units At Risk & The 40-Year Problem
3. Who Lives There? & What Happens to Residents
4. What Is an Enhanced Voucher
5. Problems With Enhanced Vouchers
6. The Need For More Senior Housing & The State of Elder Homelessness
7. Subsidized Vs. Market Rental
8. An Act to Preserve Publicly Assisted Housing
9. Case Example
10. Things You Can Do
11. Summary Talking Points
12. Sample Phone Script

## What Is “Expiring Use”

**The term “expiring use” refers to privately owned, but publicly subsidized, housing developments that can be converted to market rents when the mortgage is paid off or the subsidy contract expires.**

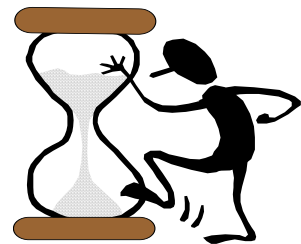
(Most mortgages were for 30 to 40 years).

### **Background:**

The majority of affordable housing in Massachusetts was developed in the 1970’s. These projects were primarily developed by private developers but financed through state and federal subsidy programs. The programs had affordability requirements that limited the rental of some or all of the housing units to households of a certain income level for a set period. In exchange, the owners received significant subsidies.

Many of the mortgages and affordability requirements were for 30-40 years, and so are now reaching the end of their term limits (“expiring”).

Others were able to pre-pay their mortgages after 20 years. **The owners of these properties have the option to not renew their rental assistance contracts, which is resulting in the loss of affordability of these properties.**

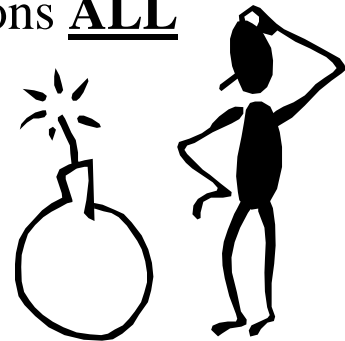


## How Many Units Are At Risk?

- There are over 83,000 privately owned and publicly funded units in Massachusetts and while some of these units are protected by other restrictions (many are still at risk)
- **40,086 units are at risk and have no restrictions**
- **5,416 units have already been lost**

## “The 40 Year Problem”

The “40 year problem” began two years ago. Of the developments that have reached the 40<sup>th</sup> year of their HUD mortgage without other restrictions **ALL** have lost some or all of their affordability.

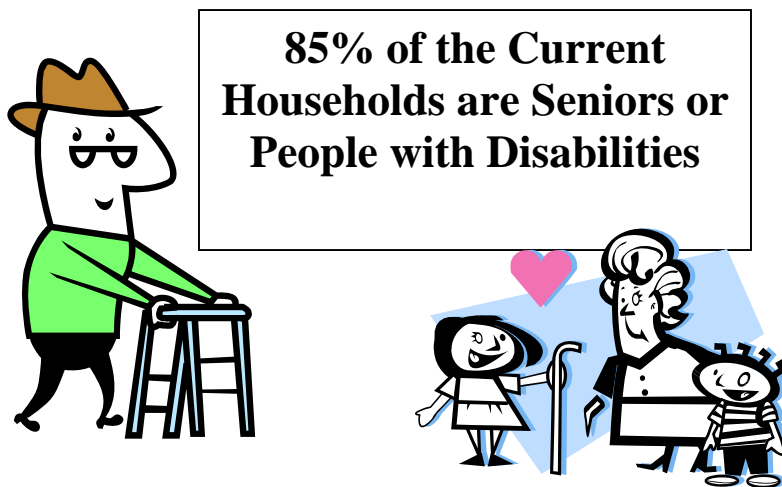


The number of developments that will reach their 40<sup>th</sup> year increases in the next five years.

- Over 2,500 units in 2010
- Over 6,000 between 2011 and 2015

## Who Lives In These Buildings?

The residents of these developments include families and individuals of low and moderate incomes. The majority of households are seniors or people with disabilities.



## What happens to the current residents if the building is converted?

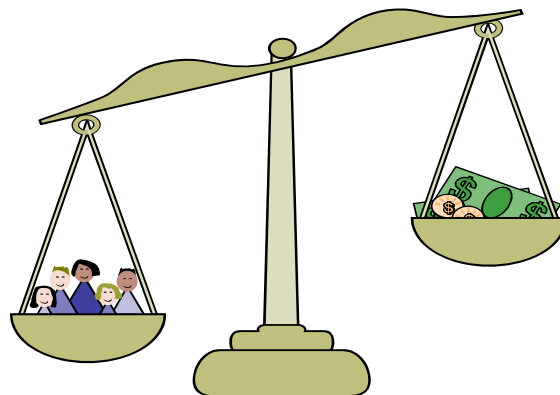
Many of the current residents will be protected by “Enhanced Section-8 Vouchers,” which will help to pay for the increased rents.” However, other residents could face rent increases or displacement.

## What is an Enhanced Voucher?

- An “Enhanced (Section 8) Voucher” is a special voucher available for tenants of expiring use developments to help limit the displacement of tenants due to conversion
- The “enhanced voucher” is able to pay a higher rent than standard section 8 vouchers in the current apartment to help tenants stay in their home. If a tenant moves the subsidy will move with them however, it becomes a standard section 8 voucher and will only pay up to the predetermined rent standard.



### **Tenants are not guaranteed Enhanced Section 8 Vouchers**



## **Problems Enhanced Voucher?**

While Enhanced Vouchers will help many residents from being displaced they also pose problems for the residents and the community.

### **1. Rent calculation is not as good.**

- With an Enhanced Voucher a residents income must decrease by 15% before they are able to have a decrease of rent
- With “Project Based Section 8” residents pay 30% of their income so if their income changes their rent will change as well.

### **2. Risk of Displacement**

- With an Enhanced Voucher residents who are over or under housed may need to leave the development if there is not an appropriate sized unit available
- With a Project Based subsidy residents who are over or under housed are eligible to stay in their apartment until a unit of appropriate size becomes available in their development

**Long-term elderly residents are often the most at-risk of having to move because their children have grown and moved out and now they are “over-housed”**

## **The Growing Need for More Affordable Senior Housing**

**Elders living on the average Social Security payment in Massachusetts cannot make ends meet without subsidies for housing and healthcare.**

- The population of individuals in Massachusetts, over the age of 65, will increase by 37% between year 2000 and 2020 from 860,162 to 1,178,852 individuals (Mass Executive Office of Elder Affairs)
- Currently in the US, there are at least 9 seniors waiting for every occupied unit of affordable elderly housing



## **The State of Elder Homelessness**

- From 1999 to 2002, elder homelessness in Massachusetts increased by over 60%
- Currently, one out of every five people age of 65+ in our state live beneath the poverty line and an estimated 50% of those individuals are homeless (HEARTH).

# What is the difference between subsidized rental and market rental?

## Subsidized:

- **Section 8:** Approximately 75% of expiring use housing is project-based section-8 housing. This means that the residents who meet income requirements pay 30% of their income towards rent and the federal government pays the remainder.
- **Other Subsidies:** Most of the other units have income restrictions and regulated rents.

## Market:

- Market rate rental has no rent restrictions and has no income restrictions
- Market rental does not include any subsidies and the new tenants will have to pay full rents set by the owner.

**After Conversion to Market  
Some Rents Have More  
Than Tripled!  
Increasing From \$600  
a Month to over  
\$2,200 a Month!**



**An Act to Preserve Publicly  
Assisted Housing (Senate Bill 782)  
Lead Sponsor: Sen. Susan Tucker (N. Andover)**

This bill would provide a new tool to preserve the long-term affordability of some “at-risk” properties. S. 782 would give the Department of Housing and Community Development (or its designee) the *Right of First Refusal* to acquire a property when an owner voluntarily chooses to sell. The sale of any such property would be at full market value. This legislation also includes important notice requirements and some additional protections for otherwise unprotected low-income tenants.

**Key Points:**

**Provides notice to residents and public officials.**

- Ensures that residents, local and state government officials are notified before affordability restrictions are terminated.

**Creates limited protections for otherwise unprotected low-income residents.**

- S. 782 would phase in any rent increases, for residents who do not receive other protections such as enhanced vouchers, when a property converts to market-rate.

**Creates opportunities to preserve long-term affordability.**

- Allows for the DHCD (or its designee) to purchase “at-risk” properties when an owner voluntarily chooses to put their property on the market.
- Provides that sales are voluntary and at full market value
- Preserves long-term affordability by ensuring the designated purchaser keeps the building affordable for as long as possible.

## Case Example

First Realty Management, own thousands of units throughout Massachusetts (including Fall River, Boston, Worcester, and others). They have suggested that their intent is to convert all of their developments.

In September of 2006, First Realty converted a 540-unit complex in Roslindale (High Point Village) to market rent. The city, tenants and advocates all tried to preserve long term affordability however First Realty refused.

In December of 2007, First Realty converted Camelot Court, 160-unit development in Brighton. The vast majority of residents are elderly and disabled and although most received enhanced vouchers the development is gone for future low-income seniors.

First Realty's records revealed that with subsidies Camelot Court produced an **annual profit of \$1.3 million**, that's an approximate annual profit of \$8,125 per unit! That apparently was not enough.

This owner has since given the required one-year notice of his intentions to convert another development, Brandywyne Village, with 402 units in East Boston.

## **Things You Can Do to Help Stop Expiring Use**

1. Join Mass Senior Action Council  
**“There is Power in Numbers”**
2. Sign Postcards Supporting Important Legislation to Protect Expiring Units.
3. Spread the Word! Tell Your Family, Friends, and Neighbors.
4. Attend Events Supporting the Effort to Save Affordable Housing.
5. Call Your Representatives and Senators and tell them that you want their support to pass: SB782 and HB 1284 (see other side for sample script).

**Don't Just Take It – Take Charge!**

**Need More Information call  
Mass Senior Action  
617-442-3330**

## Summary Talking Points

- Expiring Use is threatening more than 40,000 units of affordable housing without other restrictions throughout Massachusetts
- The loss due to expiring use is increasing because of the “40 Year Problem”
- 85% of the current households are seniors and people with disabilities
- The senior population and the need for affordable housing for seniors is growing
- There is already 9 seniors waiting for every one unit of affordable housing
- **Pass Senate Bill 782**, which would provide additional tools to preserve some of the at-risk properties, inform residents and government officials, and protect residents.

## Call or Write Your Legislator (Sample Script)

**State House Main #: 617-722-2000**

Hi My name is \_\_\_\_\_. I am a member of Mass Senior Action Council and I live in \_\_\_\_\_. I am concerned about losing affordable senior housing due to expiring use mortgages.

I am asking you to support **Senate Bill 782**, *An Act to Preserve Publicly Assisted Housing*. The Bill would create new tools to preserve some of the at-risk properties, inform residents and government officials, and protect residents.

The senior population is growing and we have to ensure that seniors of today and tomorrow have a safe, affordable place to live. I would appreciate your support on this issue.

**After you make your call, Call Your Organizer and report what your legislator said about this issue.**





**This Handbook was prepared by  
Massachusetts Senior Action Council.  
For more information or to find ways you can get involved  
please call  
Mass Senior Action Council  
(617) 442 - 3330**

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