



July 13, 2016

**Honorable Julian Castro, Secretary  
U.S. Department of Housing and Urban Development  
451 Seventh Street, SW  
Washington, DC 20141**

**RE: Designation of Regional Moving To Work Demonstration**

Dear Secretary Castro;

We are writing on behalf of the Boston (BHA) and Cambridge (CHA) Massachusetts Housing Authorities to petition the Secretary per the authorization in Section 239 of Title II, Division L of the Consolidated Appropriations Act, 2016 (P.L. 114-113), to enter into direct discussions to receive a Regional Moving To Work (MTW) designation for our agencies through CHA's existing MTW participation. Both of our PHAs have met to discuss the benefits of such a designation for low-income families and seniors in our community; it offers an extraordinary opportunity to address a range of housing and service needs that cannot be met without the program flexibility offered by MTW. We believe that the BHA/CHA plan described below is exactly what Congress intended through this regional authorization and also that it offers significant opportunities for HUD to advance its national policy priorities by joining with us, particularly through a strong evaluation component involving partnerships with local institutions and researchers that no other region in the country can match.

Both Boston and Cambridge face an unprecedented housing and economic opportunity crisis that, without immediate intervention, will result in significant loss of public and other affordable housing units as well as lost opportunities by low and moderate income households for meaningful participation in the economic growth taking place in this region. The statistics supporting this concern are staggering. More than 28% of renter households pay greater than 50% of household income for housing, which HUD itself defines as "worst case housing needs". The average Fair Market Rent for a two bedroom apartment requires an annual household income of nearly \$60,000 to remain affordable while the median household income of renter households is below \$33,000. Rents and the cost to purchase housing in virtually every segment of the Boston/Cambridge region are escalating rapidly with no sign of abatement. This is

occurring when there is the threat of further loss of publicly assisted housing due to reduced capital and operating subsidies and expiring affordability restrictions. Thousands of public housing units are now in their sixth, seventh, and even eighth decade of development life without a sufficient form of public subsidy to address capital needs and insure preservation. Income inequality between households within the region is increasing, causing further social and economic isolation and continued flight on the part of many households, especially the working poor as work force housing ceases to be available. In short, it is critical that we act now and use the tools Congress has made available in order to protect and foster the economic opportunity and fair housing goals which HUD is rightly promoting.

We are all well aware that both Boston and Cambridge have a tradition of fierce local pride and independence, but also have a shared value structure to provide decent affordable housing and economic opportunities to all our residents and to ensure healthy communities which maintain a social strength through diversity. This extraordinary venture will therefore cover a full range of regional strategies and cooperation while also maintaining independent governance and operating structures for both agencies. We believe each agency brings a special set of interdependent and compatible management systems and programs that will help ensure the success of this venture. It is for these reasons we are embarking on a unique rebuilding and a leveraging of private resources to create new communities in such locations as Charlestown. In this BHA community, we intend to replace approximately 1,000 units of public housing with a new neighborhood of more than 3,000 units of high end market rental, for sale, work force, and low income project based assistance housing. Such efforts as these along with housing choice will be compromised in the future without the flexibility and opportunities offered through a regional MTW model. CHA has embarked on a portfolio-wide Rental Assistance Demonstration (RAD) conversion which will touch 2,130 units at completion, as well as 401 units in other Project-Based Voucher (PBV) redevelopments. CHA is facing new challenges from shrinking tax credit availability for its Phase 2 RAD and pending PBV projects. Collaboration with the BHA may provide a path to resolving this challenge. Only the latitude provided by MTW made the Cambridge RAD conversions work in this market. With a regional approach, both agencies may look for a common ground on redevelopment opportunities, jointly or independently, using MTW to further our mutual goal of preserving public and assisted housing units, developing new affordable housing opportunities, and promoting housing choice.

We believe that by properly structuring programs that promote housing choice we can target initiatives which mitigate some of the “root causes” of income inequality that plague the region. As a part of the above efforts and the goals and strategies discussed below both Boston and Cambridge are committed to participating in the Creating Moves To Opportunities (CMTO) demonstration and subjecting its efforts to

the rigorous evaluation that is currently in the process of being developed. Cambridge has already expressed its interest but with this regional demonstration both agencies will commit to work to a) target efforts as a part of redevelopment strategies to improve low opportunity neighborhoods, b) develop strategies to provide access to opportunity neighborhoods and c) work regionally throughout the Boston/Cambridge metropolitan area to further choice and mobility. These objectives are fully consistent with each of the major goals that we believe are achievable as a result of this innovative and extraordinary regional demonstration. Accordingly, the three key goals that this regional MTW designation are expected to achieve are discussed further below.

**1) Greater Housing Choice** – Housing choice will be a significant component of the MTW Regional designation as it is intended that BHA and CHA will collaborate on a set of housing counseling programs designed to assist households in identifying options for obtaining affordable housing or remaining in existing housing as they choose. This initiative, as well as others described below, is designed to address the goal that HUD has recently launched to deepen the duty to Affirmatively Further Fair Housing in more meaningful ways, in light of local conditions and needs. Exploring housing counseling, incentives, other approaches (such as project basing more units in opportunity areas), and providing services on a regional level will make opportunities to families less dependent on where the family lives or is able to rent. Coaching and other supports provide significant value that is missing in the current voucher climate, where even voucher holders who can find an available unit may not have the support structure to advance economically or make other choices related to educational opportunities for children and adults. BHA voucher holders may find opportunities in higher opportunity neighborhoods within Boston or outside of Boston. Many CHA voucher holders are currently renting in Boston, and would benefit from enhanced support before and after their move. Redevelopment activities in the region being driven by both BHA and CHA are expected to generate significant numbers of additional housing units along with the preservation or replacement of public housing (through mixed finance and/or project based assistance). Households will be provided with a balance of choices in housing options as it is intended that there will be rental and homeownership opportunities available. With a strong housing market and a history of successful mixed income communities in this region, it is expected that a program approach that promotes low income and work force housing along with market rate housing (which cross subsidizes to some extent other units) is both realistic and achievable.

**2) Closing the Income Gap -** Addressing Income inequality will be an important element of our MTW partnership. It is well documented that the income inequality that exists between many minority and non-minority households is defined by a lack of equity due to differences in levels of homeownership. In the Northeast, the Boston and Cambridge areas have consistently had very high housing prices while having a dwindling supply of work force affordable housing. Again, it will be a key aspect of the MTW Program to promote housing choice targeted toward households that can, with counseling and support, attain homeownership, participate in the local economy through employment, apprenticeship, and other training and job-preparation activities, and have the opportunity to reduce the income inequities caused by lack of owning a home. In addition, we will also support eligible families who choose to relocate to “promise” neighborhoods. This too will be beneficial in reducing income inequality.

**3) Preservation of Existing Low Income Housing** – Low-income housing will be preserved through the flexibility offered by the MTW block grant funding approach and the ability to tailor housing assistance to meet local community needs. For example, nearly 900 units over the next four years are expected to be lost due to the expiration of local rental assistance subsidies. However, these units can be preserved in an economic and efficient manner using a locally developed block grant supported rental assistance program enabled through MTW participation. Other preservation efforts such as these, along with RAD and related initiatives, will be possible using the flexibility afforded under the MTW Program. Access to private capital is essential as there is nearly a \$1 billion backlog in capital needs for public housing in the region. Failure to address these pressing circumstances will inevitably disproportionately impact minorities through reduction in affordable alternatives. Preserving housing in existing neighborhoods is part of the larger regional strategy that would work in tandem with advancing both economic and geographic mobility for families. Both CHA and the BHA believe that we must preserve and protect our existing assets, but we must do this in light of recent research regarding opportunity and options for low income families.

Applying a regional MTW approach to the Boston/Cambridge area provides some of the richest opportunities in the nation in terms of access to education, health care and transportation - all suitable to the creation and maintenance of mixed income and diverse communities. Regardless, with the current housing crisis and price escalation in both the homeownership and rental markets, there is an increasing danger that without regional MTW flexibility and responsible public intervention there will be growing impediments to family housing options for both those of low and moderate incomes. This situation, if not

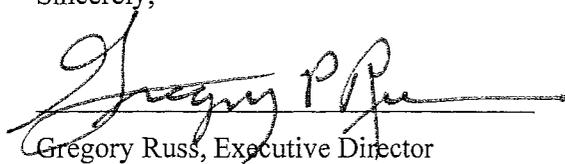
addressed, will result in further economic and social stratification throughout both cities. It is a regional problem that requires regional cooperation and mutual assistance.

Given the strategic location the two communities share and the links between the cities in terms of transportation, BHA and CHA are in a strong position to benefit from a regional MTW initiative. *Significant efficiencies* will be achieved given the location and the capabilities each agency has in terms of providing housing and related services. The political boundaries have little to do with the shared economic and cultural amenities residents of both communities enjoy. Improvements in the delivery of assistance, counseling, effective mobility and choice, procurement and shared resident services delivery are but a few of the many efficiencies possible and inherent in this regional MTW Program and approach.

We have given significant thought to how administratively and financially this regional structure can work within the statutory authorization while affording a strong evaluation process to measure success. There is a clear ability using the Cambridge MTW Agreement to maintain the integrity of the two agencies while working through a regional structure and MTW approach. Further, we intend to create an evaluation committee with highly regarded professionals, community representatives and academicians to assure we are effectively measuring the success of our efforts both qualitatively and quantitatively.

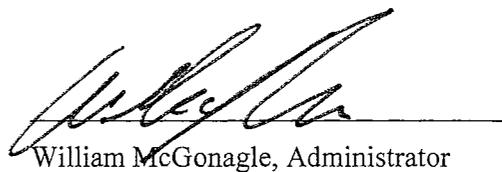
Given the urgency and significance of this request for a Regional MTW Designation, we stand ready to meet with you at any time to discuss next steps. In the meantime, if you should have any questions or desire any additional information, please do not hesitate to contact us.

Sincerely,



Gregory Russ, Executive Director

Cambridge Housing Authority



William McGonagle, Administrator

Boston Housing Authority

CC: Lourdes Castro-Ramirez, Principal Deputy Assistant Secretary  
U.S. Department of Housing and Urban Development