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Patrick-Murray Administration Announces Funding for Affordable Housing, Jobs and Education

Administration announces annual volume cap allocation

BOSTON—Friday, February 13, 2009 —The Executive Office of Administration and Finance today announced plans to support affordable housing, job creation and student loans through the use of tax-exempt private activity bonds.

The Massachusetts Housing and Finance Agency (MassHousing), the Massachusetts Development Finance Agency (MassDevelopment) and the Massachusetts Educational Financing Authority (MEFA) will each have access to a share of the state's \$918,706,045 volume cap on the issuance of these bonds for the 2009 calendar year. In addition, the Administration is reserving a portion of the 2009 volume cap to finance public housing projects.

Federal law limits the total volume of tax-exempt private activity bonds that may be issued in Massachusetts each year for private entities that are not charitable organizations. The 2009 volume cap, which is based on the state's population, is \$918,706,045, including \$131,932,512 of unused volume cap from 2008 and \$201,956,503 of additional volume cap restricted for affordable housing purposes

allocated to Massachusetts through the Housing and Economic Recovery Act of 2008.

The Administration's 2009 volume cap reservation reflects its strong commitment to the creation and preservation of affordable housing. Volume cap totaling over \$348 million, over a third of all of the available volume cap in 2009, is dedicated to multi-family housing, including \$46.5 million dedicated to public housing. This record level of volume cap for multi-family housing projects will leverage more federal tax credit equity available for such projects, providing significant additional subsidies to fund affordable housing in Massachusetts.

In addition, the Administration is increasing its reservation of volume cap for low-interest loans to income-eligible, first-time homebuyers and for the first time, the ability to refinance as well, to \$150 million, up from \$100 million originally reserved in 2008, responding to the increased demand for safe, low-cost mortgages in today's market environment where low-income homebuyers and homeowners have limited or no alternatives.

Continuing its historic commitment to job creation through the use of tax-exempt private activity bonds, the Administration is increasing its reservation from \$100 million in 2008 to \$150 million of volume cap to provide low-cost financing to small businesses in Massachusetts in 2009.

In 2009, the Administration is reserving triple the amount of 2008, over \$270 million of volume cap for subsidized student loans. This amount reflects a strong commitment to eligible families and to students attending higher education institutions, ensuring that this valuable resource helps those who need it most and those who will be more likely to live and work in Massachusetts.

The 2009 volume cap reservations are as follows:

- \$342 million will be reserved for MassHousing - \$192 million is for multi-family affordable housing projects and \$150 million is for low-interest loans to income-eligible, first-time homebuyers.
- \$260 million will be reserved for MassDevelopment - \$150 million is for economic development projects and \$110 million is for multi-family affordable housing projects.
- \$270,206,045 will be reserved for MEFA for subsidized student loans.
- \$46.5 million will be reserved for public housing projects.

"Through our reservation of the state's 2009 private activity bond volume cap we will generate significant federal subsidies to support affordable housing, job creation and access to education," said Undersecretary of Administration and Finance Jay Gonzalez. "We believe our targeted and balanced use of this critical resource will most effectively leverage it to support economic growth in the Commonwealth."

Through the issuance of tax-exempt private activity bonds, independent authorities collectively provide hundreds of millions of dollars of low-cost financing each year for private projects that serve public purposes. These financings have a significant impact on the well-being of our Commonwealth and its citizens.