

Chap. 358. AN ACT EXEMPTING THE OFFICE OF TOWN ENGINEER OF THE TOWN OF METHUEN FROM THE PROVISIONS OF THE CIVIL SERVICE LAW.

Be it enacted, etc., as follows:

SECTION 1. The office of town engineer in the town of Methuen shall, upon the effective date of this act, be exempt from the provisions of the civil service law.

SECTION 2. This act shall take effect upon its passage.

Approved May 27, 1970.

Chap. 359. AN ACT INCREASING THE GUARANTY OF THE COMMONWEALTH TO HOUSING AUTHORITIES, MAKING CERTAIN CORRECTIVE CHANGES IN THE LAW RELATIVE TO SUCH AUTHORITIES AND REENACTING BY ROLL CALL VOTE CERTAIN PRIOR PROVISIONS OF LAW.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is, in part, to increase forthwith the guaranty of the commonwealth to housing authorities, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted, etc., as follows:

SECTION 1. The first paragraph of section 15 of chapter 121B of the General Laws, as appearing in section 1 of chapter 751 of the acts of 1969, is hereby amended by inserting after the fifth sentence the following sentence:—In case any officer whose signature or a facsimile thereof appears on any notes, bonds or coupons shall cease to be such officer before the delivery of such notes or bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes as if he had remained in office until such delivery.

SECTION 2. Said chapter 121B is hereby further amended by striking out section 34, as so appearing, and inserting in place thereof the following section:—

Section 34. The commonwealth, acting by and through the department, may enter into a contract or contracts with a housing authority for state financial assistance in the form of a guarantee by the commonwealth of notes or bonds or both of the housing authority issued to finance the cost of a housing project or projects, and annual contributions by the commonwealth. The guarantee by the commonwealth of the notes and bonds of a housing authority shall be executed on each note and bond by the commissioner. It shall be sufficient if the signature of said commissioner upon such instrument is an engraved, printed or stamped facsimile signature, provided that he has, by a writing bearing his written signature and filed in the office of the commissioner of community affairs, authorized his facsimile signature to be placed thereon. The facsimile signature of said commissioner so engraved, printed or stamped thereon shall have the same validity and effect as his written signature. If any such commissioner shall cease to be such officer before the delivery of such instruments, such signature or facsimile shall nevertheless be valid and sufficient for all purposes as if he had remained in office until such delivery.

Each such contract shall contain such limitations as to the development cost of the project and administrative and maintenance costs, and such other provisions, as the department may require. Each project shall be based upon a separate application made to the department and shall be planned to conform, as nearly as possible, to the existing published requirements of the federal government for low-rent or other housing projects, except such requirements as are based upon the cost limitations set forth in federal legislation. A project so planned shall be deemed to provide adequate performance as set forth in section three J of chapter one hundred and forty-three. A housing authority may, with the approval of the department, acquire under the provisions of clause (d) of section eleven for the purposes of a project under this section or section thirty-five any land acquired by a city or town under the provisions of chapter three hundred and seventy-two of the acts of nineteen hundred and forty-six, as amended; provided, that such city or town has not completed construction of a housing project on such land. Each project developed under this section and section thirty-five shall be administered for occupancy in accordance with section thirty-two, except clause (c), and except that for each completed project the authority shall create, beginning in the first year immediately succeeding its issuance of any bonds, a reserve for principal and interest equal to one twelfth of the largest principal and interest payments which will be due on such bonds in any one year thereafter and shall maintain such reserve and increase the same by a similar amount for each of the eleven succeeding years thereafter and maintain each such increase; provided, however, that whenever the amount of the reserve shall equal at least fifty per cent of the total amount so required to be provided, the department may authorize extension of the time for creating such reserve to a period of twenty-four years from the issuance of any bonds and any such reserve shall be maintained and thereafter increased by equal amounts annually during the remaining portion of the twenty-four years; provided, however, that in the event a project is refinanced, there shall be appropriate adjustments made in the reserves required by the foregoing provisions to reflect any change in amounts of principal and interest payable to the end that twelve years after the date of the issuance of the original bonds, or, as soon thereafter as may be practicable, there will have been created and thereafter maintained a reserve equal to the largest amount of principal and interest due in any subsequent year on account of the outstanding bonds issued to finance the project and except that each such project shall be occupied, except as hereinafter provided by veterans and their families, and priority shall be given first to veterans of World War II of low income and to veterans of low income who have served in the active armed forces of the United States at any time between June the twenty-fifth, nineteen hundred and fifty and January the thirty-first, nineteen hundred and fifty-five, both dates inclusive; then to veterans of low income, such low income to be determined from time to time by the department; then to a person without regard to family status who is a veteran and who is fifty years of age or over; then to elderly persons qualifying for housing under the provisions of section forty; then, without regard to

family status, to a person of low income who is permanently and totally disabled and eligible for assistance under chapter one hundred and eighteen D, or blind; then to other persons of low income living in substandard housing; and a housing authority may remodel or reconstruct parts of projects erected under this section to make the same available for occupancy by elderly persons qualifying for housing under the provisions of section forty and such remodeled or reconstructed apartments shall be available for occupancy by eligible elderly persons of low income only to the extent that no eligible veterans apply for such units; provided, that if no eligible veterans or elderly persons of low income apply for such remodeled or reconstructed units, the units shall be made available to other persons of low income living in substandard housing. Notwithstanding the requirement that each project shall be based upon a separate application made to the department, the department may consolidate two or more projects of the same housing authority, for which projects applications have been seasonably made under this section and which projects shall have been approved by the department, into a single project, and may make on behalf of the commonwealth a contract with the housing authority for state financial assistance in respect of such consolidated project superseding any such contract made in respect of any of the constituent projects, and may determine the date of completion of the consolidated project superseding any such date determined in respect of any of the constituent projects and such consolidated project shall be constructed, financed and managed as a single project; provided, that nothing contained in this sentence shall affect the rights of the holders of any notes or bonds outstanding in respect of any of the constituent projects at the time of such consolidation.

If federal assistance for low-rent housing becomes available in any form not applicable to projects under this chapter, the department shall immediately report the circumstances to the general court together with such recommendations for legislation as may be necessary to enable such projects to qualify for such assistance. Upon the availability of federal financial assistance for low-rent housing projects under this section, each housing authority having a contract for state financial assistance shall, upon receipt of written notice from the department, immediately enter into negotiations with the federal government to arrange for federal assistance with respect to any project developed hereunder and for the termination, in whole or in part, of state financial assistance. For any such project the department may order any housing authority (1) to apply for federal financial assistance and (2) upon obtaining the approval of the federal government, to enter into a contract or contracts for federal assistance, and to make such arrangements as are possible to terminate, reduce or subordinate the obligation of the commonwealth to render financial assistance in such amount as is provided by federal assistance. No order of the department shall in any way affect any outstanding obligations of a housing authority or the rights of any holders of notes or bonds. The amount of federal payments shall be used to the fullest allowable extent to meet the payment of principal and interest on all notes or bonds guaranteed by the commonwealth.

After March the thirty-first, nineteen hundred and fifty-three, or such later date as the department shall determine that an acute shortage of housing for veterans constituting a public exigency, emergency or distress no longer exists in a particular city or town, any project, or a part of any project with the land appurtenant thereto, constructed under this section may, with the approval of the department, be sold for the fair market value thereof as determined by the department, but not less than the total of the outstanding obligations of the housing authority with respect to such project if the whole is sold or not less than that percentage of the total outstanding obligations of the authority with respect to such project which the cost of the part sold bears to the total cost of the entire project if a part is sold. Upon the expiration of the period for which the commonwealth is obliged to furnish state financial assistance, and provided the federal government has not become obligated to furnish federal financial assistance, any such project shall be offered for sale and disposed of as soon as is consistent with sound business judgment; provided, that any such sale shall be approved by the department. The Housing Authority Bonds Sinking Fund is hereby established and the state treasurer is hereby designated custodian thereof and he shall administer such fund in accordance with the provisions of chapter twenty-nine. So long as any notes or bonds or both issued by a housing authority to finance the cost of a project under this section or section thirty-five and guaranteed by the commonwealth are outstanding, the proceeds of any sale of such project shall be paid by the housing authority into such fund and shall be expended from time to time by the state treasurer to pay interest and principal of any notes or bonds or both issued by such housing authority to finance such project.

The proceeds of any sale of such project in excess of the total of all obligations of the housing authority with respect to such project shall, after the payment of all notes or bonds or both issued by the housing authority to finance the cost of such project, be paid to the city or town in which such project is located and to the commonwealth. The respective payments to such city or town and the commonwealth shall be proportional to the contributions theretofore made by such city or town and the commonwealth toward the development and maintenance of such project, as determined by the department. In determining the contributions of a city or town, the department shall include the amounts which the city or town would have received if such project had not been exempt from taxes, betterments and special assessments, less any amounts paid by the housing authority to the city or town in lieu of such taxes, betterments and special assessments. Payments to the commonwealth hereunder shall be paid into the state treasury and shall be credited to the General Fund.

The provisions of sections one to forty-four, inclusive, except section thirty-three shall, as far as apt, be applicable to projects developed under this section and under section thirty-five and to housing authorities while engaged in developing and administering such projects; provided, that whenever the phrases "federal government" or "federal legislation" are used in said sections one to forty-four, inclusive, they shall also mean the commonwealth or laws of the

commonwealth, as the case may be; and that whenever the words "low-rent housing project" or "projects" are used in said sections they shall also mean a state-aided project under this section and section thirty-five.

The following provisions shall be applicable to each contract for state financial assistance under this section and section thirty-five:—

(a) A housing authority may sell temporary notes or bonds or both to finance a project; provided, that the total amount outstanding at any one time, exclusive of any notes or bonds or both which may be issued for refunding purposes, shall not be in excess of the cost of the project as approved by the department. Any such notes or bonds, whether original or refunding, may at any time be refunded through the issue and sale of notes or bonds hereunder but in no event for a term more than forty years after completion of the project, as determined by the department.

Notwithstanding the provisions of section seventeen the payment of the principal of, and interest on, all such notes or bonds or both shall be guaranteed by the commonwealth, and the full faith and credit of the commonwealth is hereby pledged for any such guarantee; provided, that the total amount of notes or bonds or both so guaranteed shall not exceed two hundred and twenty-five million dollars, in the aggregate, for all projects constructed under this section and section thirty-five, exclusive of any such notes or bonds or both which may be issued for refunding purposes.

No housing authority shall sell or offer for sale any such notes or bonds without receiving from the department approval of the amount, the term, the time of sale, the amortization schedule and other conditions of sale which the department may deem relevant in connection with the sale of such notes or bonds. Except as otherwise provided in this paragraph, the amortization schedule for any bonds issued hereunder shall provide for payment of principal and interest combined in substantially equal amounts during each year that any of said bonds remain outstanding. Bonds may be issued for a maximum period of forty years from the completion of the project as determined by the department or for any portion of such period as may remain at the time of issue of said bonds. Bonds may be issued for less than the maximum period permitted hereunder under an amortization schedule which provides for the payment of a larger amount of principal and interest in the last year any such bonds remain outstanding than in the prior years, in which event the amortization schedule for such bonds shall provide (1) for payment of principal and interest combined during each year except the last in amounts which are not less than the amounts which would be required by an amortization schedule for bonds bearing the same rate of interest and issued for the maximum period permitted; and (2) for the payment of the entire balance of such bonds in such last year. In the event bonds are issued for less than the maximum period permitted hereunder with a large amount of principal and interest payable in the last year as hereinbefore provided, the amount of principal and interest payable in said last year shall be disregarded in computing the requirements for the reserve under the first paragraph of this section. In the event notes are issued to finance or refinance a completed project, such notes shall be

payable not later than twenty-four months after such issuance and (1) such notes shall be permanently retired at the maturity thereof in an amount at least equivalent to the amount of retirement of bonds which would have been required by an amortization schedule for bonds issued for the maximum period permitted hereunder and bearing interest at the rate of two and one half per cent per annum, adjusted to the nearest month where notes are issued for a period other than one year; and (2) a reserve for principal and interest shall be created and maintained beginning in the first year immediately succeeding the issuance of such notes, equal to one twelfth of the largest principal and interest payments which would become due in any one year thereafter, if such bonds had been issued, and such reserve shall be increased by a similar amount for each succeeding year; provided, however, that after June the fourteenth, nineteen hundred and sixty-three, all such reserves whether theretofore or thereafter created, and the maintenance and increase thereof, shall be governed in all respect solely by the provisions of the first paragraph of this section as if such bonds had been issued. Anything herein to the contrary notwithstanding, the failure of any amortization schedule of bonds or retirements of notes approved by the department to meet the foregoing requirements shall not affect the validity of bonds or notes issued hereunder.

(b) Each contract for financial assistance or supplementary state financial assistance shall provide that the commonwealth will pay to the housing authority annual contributions; provided, however, that the total amount of annual contributions contracted for by the commonwealth for any one year shall not exceed five million six hundred and twenty-five thousand dollars. Each such annual contribution by the commonwealth to the housing authorities shall be paid by the commonwealth upon approval and certification by the department to the state comptroller.

Each such contract shall contain a provision that the annual contributions shall be used for the payment of interest on, and principal of, notes or bonds or both of the housing authority. The annual contributions for any one project shall be payable in an amount not exceeding two and one half per cent of the cost of the project, as determined by the department, and for the fixed period during which the notes or bonds or both issued to finance the cost of the project or any refunding notes or bonds or both remain outstanding but in no event for more than forty years after the completion of the project, as determined by the department. Each such contract shall provide that whenever in any year the receipts of a housing authority in connection with a project exceed its expenditures for that project, including debt service, payments in lieu of taxes, administration, establishment of reserves and other costs, as determined by the department, an amount equal to such excess, or, in the case of projects under section thirty-five, an amount equal to such portion of the excess as the department shall prescribe, shall be applied, or set aside for application, to purposes which shall effect a reduction in the amount of subsequent annual contributions. The full faith and credit of the commonwealth is hereby pledged to the payment of all annual contributions contracted for by the commonwealth.

In addition to the provisions set forth in the preceding two paragraphs which shall apply to projects completed on or before July the first, nineteen hundred and sixty-six, this paragraph and the following paragraph shall apply to those projects which are completed after that date. Each contract for state financial assistance or for supplementary state financial assistance shall provide that the commonwealth will pay to the housing authority annual contributions; provided, however, that the total amount of such additional contributions contracted for by the commonwealth for any one year shall not exceed one million eight hundred and seventy-five thousand dollars. Each such annual contribution by the commonwealth to the housing authorities shall be paid by the commonwealth upon approval and certification by the department to the state comptroller.

Each such contract shall contain a provision that the annual contributions shall be used for the payment of interest on, and principal of, notes or bonds or both of the housing authority. The annual contributions for any one project shall be payable in an amount not exceeding five per cent of the cost of the project, as determined by the department, and for the fixed period during which the notes or bonds or both issued to finance the cost of the project or any refunding notes or bonds or both remain outstanding, but in no event for more than forty years after the completion of the project, as determined by the department. Each such contract shall provide that whenever in any year the receipts of a housing authority in connection with a project exceed its expenditures for that project, including debt service, payments in lieu of taxes, administration, establishment of reserves and other costs, as determined by the department, an amount equal to such excess, or, in the case of projects under section thirty-five, an amount equal to such portion of the excess as the department shall prescribe, shall be applied, or set aside for application, to purposes which shall effect a reduction in the amount of subsequent annual contributions. The full faith and credit of the commonwealth is hereby pledged to the payment of all contributions contracted for by the commonwealth. The provisions of subdivision (e) of this section shall not apply to projects completed after July the first, nineteen hundred and sixty-six.

In addition to said annual contribution the commonwealth shall, upon approval and certification by the department to the state comptroller, pay, during any fiscal year, an additional annual contribution not exceeding one and one half per cent of the completion cost of such projects or parts of projects which are under temporary financing; provided that said projects or parts of projects have been determined to be completed and eligible to receive such annual contribution by said department; and provided, further, that the combined revenue and subsidy of such projects is insufficient to meet the cost of operation and debt service. Such additional annual contribution shall be in addition to that permitted under the second paragraph of this subdivision. In the case of a consolidated project, such additional annual contribution shall be computed on the basis of the completion cost or costs of the constituent projects or parts of projects under temporary financing. The additional annual contributions authorized under this paragraph shall not in any year exceed one

million eighty-eight thousand five hundred and twenty dollars over and above the five million six hundred and twenty-five thousand dollars already provided for under the first paragraph of this subdivision.

(c) The department may enforce any of its orders, rules or regulations or the provisions of any contract between the commonwealth and a housing authority by a bill in equity filed in the superior court or by a petition for a writ of mandamus filed under the provisions of section five of chapter two hundred and forty-nine. In the event of a breach by a housing authority of any provisions of contract between it and the commonwealth relating to a project, the commonwealth, acting by the department, may take immediate possession of the project and retain possession and operate the project in the place and stead of the housing authority, with all the rights and powers of the housing authority, and subject to all of its obligations respecting the possession and operation of the project and the revenues therefrom, until such time as such breach shall have been corrected to the satisfaction of the department.

(d) A housing authority which sells bonds or notes to finance a project under authority of this section, or which has received funds from a city or town under authority of chapter three hundred and seventy-two of the acts of nineteen hundred and forty-six as amended, shall cause an audit to be made of its accounts annually at the close of a fiscal year by the department of the state auditor and a copy of the report of said audit shall be filed promptly with the department.

(e) Any type of housing including one, two and three family dwellings may be constructed under this section notwithstanding the provision that each project shall conform as nearly as possible to the existing published requirements of the federal government for low-rent or other housing projects. In offering for sale residences constructed under this section, preference to potential buyers shall be given whenever reasonably possible as follows: (1) veterans tenants of such residences; (2) all other World War II veterans, as defined in section seven of chapter four; (3) surviving widows and mothers of said veterans of World War II; (4) all other United States war veterans; (5) all other resident citizens of the city or town in which said residences are located; (6) all other citizens of the commonwealth; (7) an urban redevelopment corporation; and (8) all others.

(f) Whenever a housing authority shall determine that land acquired by it under clause (d) of section eleven for the purposes of this section is in excess of or no longer required for such purposes it may, upon approval by the department, sell or otherwise dispose of such land by deed or instrument approved as to form by the attorney general. Funds received from a sale of land as herein provided shall be paid into the Housing Authority Bonds Sinking Fund as provided in this section.

(g) Whenever a housing authority shall determine that any gas, electric or heating distribution system which has been built or acquired for the purposes of this section is no longer required for such purposes, it may, upon approval by the department, sell or otherwise dispose of such gas, electric or heating distribution system, or any part thereof, by deed or instrument approved as to form by the attorney

general. Funds received from a sale of a gas, electric or heating distribution system or any part thereof, as herein provided, shall be paid into the Housing Authority Bonds Sinking Fund as provided in this section.

(h) The department shall promulgate rules and regulations relative to uniform standards for tenant selection which shall establish the order of priority governing the selection of tenants, and a housing authority thereafter shall be bound by such standards in its selection of tenants.

Notwithstanding any of the provisions of sections thirty-five to thirty-seven, inclusive, any housing authority having a contract for state financial assistance may, with respect to any project developed hereunder, and in accordance with the provisions of section fourteen and section thirty, contract with the federal government for financial assistance in accordance with the provisions of federal legislation.

SECTION 3. Said chapter 121B is hereby further amended by striking out section 35, as so appearing, and inserting in place thereof the following section:—

Section 35. The commonwealth, acting by and through the department, may enter into a contract or contracts with the housing authority for supplementary state financial assistance in the form of a guarantee by the commonwealth of any loan made by the housing authority to finance that portion of the cost of the housing project or projects not financed with federal assistance and annual contributions by the commonwealth on that portion of the cost of such project or projects for which no federal contributions are available.

SECTION 4. Said chapter 121B is hereby further amended by striking out section 37, as so appearing, and inserting in place thereof the following section:—

Section 37. For the purpose of avoiding, so far as practicable, during the period of public exigency, emergency and distress now existing on account of the acute shortage of housing in many cities and towns of the commonwealth, the making of persons or families homeless as the result of the demolition of dwelling units on land acquired or to be acquired for the purposes of an urban renewal project, or any other public improvement by the commonwealth, a city or town, or any other public body, the commonwealth acting by and through the department may enter into a contract or contracts with a housing authority, or, in the event an urban renewal agency exists within a city or town, with a housing authority upon request of the urban renewal agency, for state financial assistance in the form of a guarantee by the commonwealth of notes or bonds, or both of the housing authority issued to finance the cost of a relocation project or projects. The guarantee by the commonwealth of the notes or bonds or both of a housing authority shall be executed on each note or bond or both by the commissioner; provided, however, that the total amount guaranteed shall not exceed twenty-five million dollars in the aggregate or the actual cost of the construction of two thousand units, whichever amount is the lesser. Each such contract shall contain such limitations as to the development cost of the project and administrative and maintenance costs, as the department may require. Each project shall be based upon a separate application made to the

department, which shall include such evidence of need as the department may require including a statement that the local planning board has been informed as to the location and number of dwelling units of the proposed project. The department shall ascertain and certify the need for each project after determining that there exists in such city or town and its vicinity a period of public exigency, emergency and distress occasioned by an acute shortage of housing; provided, that the department may not approve a project or projects in any city or town for a number of dwelling units in excess of fifty per cent of the number of families to be displaced by an urban renewal project or other public improvement.

A project constructed under this section shall be deemed to provide adequate performance as set forth in section three J of chapter one hundred and forty-three.

After such date as the department may determine that such acute shortage of housing for displaced persons constituting a public exigency, emergency or distress no longer exists, any relocation project acquired, constructed, moved or rehabilitated may, with the approval of the department, be offered for sale at its fair market value and disposed of as soon as is consistent with sound business judgment; provided, that no such sale shall be for less than the total of the outstanding obligations of the housing authority with respect to such project. If the proceeds of the sale of such a project are in excess of the total of all obligations for the housing authority with respect to such project, such excess shall, after the payment of all notes, bonds and other outstanding obligations issued by the housing authority to finance the cost of such project, be paid to the city or town in which such project is located.

Sections one to forty-four, inclusive, of this chapter, except sections thirty-two and thirty-three, shall, as far as apt, be applicable to projects developed under this section and to housing authorities while engaged in developing and administering such projects; provided, that no application for state financial assistance under this section shall be accepted by the department after January the first, nineteen hundred and sixty-five.

An authority shall not acquire land for the site of a relocation project by eminent domain under chapter seventy-nine or chapter eighty A, or by purchase, gift or otherwise, unless such land is entirely or almost entirely unoccupied by inhabited dwellings; provided, however, that an authority may acquire a completed dwelling or a group of dwellings for a relocation project if acquisition of such does not involve their demolition. The total number of dwelling units to be created in any one city or town in connection with relocation projects, for which state assistance may be granted, shall not exceed two per cent of the total of dwelling units in such city or town as reported by the United States census of nineteen hundred and fifty.

The following provisions shall be applicable to each contract for state financial assistance under this section and section thirty-five:—

(a) A housing authority may sell temporary notes or bonds or both to finance a relocation project; provided, that the total amount outstanding at any one time, exclusive of any notes or bonds or both which may be issued for refunding purposes, shall not be in excess of

the cost of the projects as approved by the department. Any such notes or bonds may be refunded through the sale of similar notes or bonds, but in no event for a term more than as determined by the department. Notwithstanding the provisions of section seventeen, the payment of the principal of, and interest on, all such notes or bonds or both shall be guaranteed by the commonwealth and the faith and credit of the commonwealth is hereby pledged for any such guarantee; provided, that the total amount so guaranteed shall not exceed twenty-five million dollars in the aggregate. No housing authority shall sell or offer for sale any such notes or bonds without receiving from the department approval of the amount, the term and the time of sale. The net income of the project, after operating charges and expenses as approved by the department, shall be applied annually in reduction of the outstanding indebtedness of the housing authority in relation to the project. In case any funds become available for the payment of any bonds, notes or other obligations issued or incurred in connection with a relocation project before such obligations are due, and the holders of any such obligations are not willing to accept present payment thereof, such funds shall be held by the authority until such obligations are due and then applied to the payment thereof and in the meantime shall be invested only in securities legal for the investment of funds of savings banks.

(b) Upon the completion or acquisition of a project by a housing authority, it shall be maintained and operated by such authority. In the operation or management of relocation projects, an authority shall at all times observe the following requirements with respect to rentals and tenant selection:—

(1) It shall rent to a tenant dwelling accommodations consisting of the least number of rooms which it deems necessary to provide safe and sanitary accommodations to the proposed occupants thereof without overcrowding, in accordance with a rent schedule approved by the department. Such rent schedule shall be arranged so as to be sufficient, in the opinion of the department, to pay all of the costs of maintaining and operating the project, including a reasonable allowance for depreciation, and may, in the discretion of the department, be sufficient so as also to include each year an allowance for the amortization of all or part of the cost of acquiring and constructing the project not otherwise provided for.

(2) A housing authority shall not admit a person or family for occupancy in a relocation project for a period longer than may be from time to time determined by the department. A housing authority shall accept as tenants persons or families who occupied dwellings eliminated by demolition, condemnation and effective closing as part of any public improvement made by the commonwealth, city or town or other body politic and corporate or of any urban renewal, code enforcement or chapter one hundred and twenty-one A project; provided, that to the extent that no displaced persons apply for tenancy in such relocation project the authority may admit as tenants veterans, elderly persons of low income, and families of low income; provided, that no vacancies exist for such elderly persons and families of low income in existing low-rent public housing projects. If a housing authority acquired a completed dwelling or group of dwellings

for a relocation project, and the acquisition of such does not involve their demolition, the authority may permit any person or family otherwise eligible under this chapter to continue in occupancy for such period or periods that such dwelling units are not needed for persons or families displaced by any public improvement or urban renewal, code enforcement or chapter one hundred and twenty-one A project.

(3) In any action to recover possession of premises occupied in a relocation project, the provisions of sections twelve and thirteen of chapter one hundred and eighty-six and section nine of chapter two hundred and thirty-nine shall not apply.

The provisions of this chapter or any other law to the contrary notwithstanding, a housing authority may acquire with the approval of the department for use as a relocation project any existing project owned by it or leased to it by the federal government and may with the approval of the department operate and maintain such project as a relocation project.

SECTION 5. Said chapter 121B is hereby further amended by striking out section 41, as so appearing, and inserting in place thereof the following section:—

Section 41. The commonwealth, acting by and through the department, may enter into a contract or contracts with a housing authority for state financial assistance in the form of a guarantee by the commonwealth of bonds and notes, or either bonds or notes, of the housing authority issued to finance the cost of a project or projects or a part or parts of a project or projects to provide housing for elderly persons of low income. The amount of bonds and notes, or bonds or notes, guaranteed by the commonwealth under this section shall not exceed two hundred and sixty million dollars. Each contract for state financial assistance shall provide that the commonwealth will pay to the housing authority annual contributions; provided, however, that the total amount of annual contributions contracted for by the commonwealth for any one year shall not exceed six million five hundred thousand dollars. Each such annual contribution by the commonwealth shall be paid by the commonwealth upon approval and certification by the department to the state comptroller. The provisions of sections thirty-four and thirty-five shall, so far as apt, be applicable to contracts for state financial assistance under this section.

In addition to said annual contribution, the commonwealth shall upon approval and certification by the department to the state comptroller pay an additional annual contribution of one and one half per cent of the completion cost during any fiscal year over and above the annual contribution of two and one half per cent of the completion cost permitted under the first paragraph of this section and under sections thirty-four and thirty-five for any project or projects or a part or parts of a project or projects to provide housing for elderly persons of low income; provided, said project or projects have been determined to be complete and eligible to receive such annual contributions by the department; and provided, further, that the commissioner finds that the combined revenue and subsidy of such projects is insufficient to meet the cost of operation and debt service. The additional annual contributions authorized under this paragraph

shall not in any year exceed three million nine hundred thousand dollars over and above the six million five hundred thousand dollars as authorized under the first paragraph.

SECTION 6. Said chapter 121B is hereby further amended by striking out section 59, as so appearing, and inserting in place thereof the following section:—

Section 59. The commonwealth, acting by and through the department, may enter into a contract or contracts with an operating agency having powers under this section for state financial assistance in the form of a guarantee by the commonwealth of notes and bonds of such agency issued to finance the acquisition and rehabilitation of dwellings within the limits of an urban renewal project area. The guarantee of the commonwealth of such notes and bonds of such agency shall be executed on each note and bond by the commissioner. The amount of notes and bonds guaranteed by the commonwealth under this section shall not exceed twenty million dollars.

In addition to its other powers, an operating agency may plan and undertake the rehabilitation of dwellings within the limits of an urban renewal project area, and may acquire by purchase, deed or grant or take by eminent domain, hold, improve, rent, lease for a period not in excess of five years, with options to lessees or tenants to purchase during such five-year period, grant, sell, convey, as condominiums or otherwise, or deliver possession, of such property in accordance with such terms and conditions as it may determine, and shall have the power to make mortgage loans for the purpose of financing the rehabilitation of dwellings within an urban renewal project area, subject to such regulations as the department may make as to interest rates, maturity dates and other terms and conditions.

A rehabilitation project shall be any work or undertaking involving the rehabilitation of a dwelling or dwellings in an urban renewal project area so as to provide decent, safe and sanitary housing; such work or undertaking may include buildings, land, equipment, facilities and other real or personal property for necessary, convenient or desirable appurtenances, site preparation or improvement.

Whenever the department determines a public emergency or distress no longer exists in a particular city or town, a rehabilitation project, or a part of any such project with the land appurtenant thereto, rehabilitated or reconstructed under this section, may, at the direction of the department, be sold for the fair market value thereof, as determined by the department, but not for less than the total of the outstanding obligations of the applicable operating agency with respect to such project if the whole is sold, or not for less than that percentage of the total cost which the cost of the part sold bears to the total cost of the entire project if a part is sold. So long as any notes and bonds issued by the operating agency to finance the cost of such project and guaranteed by the commonwealth are outstanding, the proceeds of any sale of such project shall be paid by the operating agency into the Housing Authority Bonds Sinking Fund and shall be expended from time to time by the state treasurer to pay interest and principal of any notes and bonds issued by such operating agency to finance such project.

Owners of dwellings rehabilitated under this section shall, during

