

**SENATE. . . . . No. 1854**

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**The Commonwealth of Massachusetts**

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SENATE, July 2, 1997.

The committee on the Housing and Urban Development, to whom was referred the petition (accompanied by bill, Senate, No. 548) of Dianne Wilkerson for legislation to provide for a loan program for the development of community-based housing for the mentally ill and mentally retarded; and the petition (accompanied by bill, House, No. 3454) of Charlotte Golar Richie and other members of the General Court for legislation to provide for the development of community-based housing for mentally ill and mentally retarded persons in the Commonwealth reports the accompanying bill (Senate, No. 1854).

For the committee,

JOHN D. O'BRIEN.

## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Seven.

### AN ACT IMPROVING THE FACILITIES CONSOLIDATION FUND.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 2 of chapter 52 of the acts of nineteen  
2 hundred and ninety-three, as amended by section 4 of chapter 494  
3 of the acts of nineteen hundred and ninety-three, is hereby  
4 amended by striking out item 4000-8200 and inserting the  
5 following item:—

4000-8200 For state financial assistance to implement the recommenda-  
tions of the special commission in the form of loans for  
the development of community-based housing for the  
mentally ill and mentally retarded; provided, that said loan  
program shall be administered by the department of  
community affairs within the department of housing and  
community development, through contracts with authori-  
ties which shall be limited to housing authorities and  
redevelopment authorities duly organized and existing in  
accordance with chapter one hundred and twenty-one B of  
the General Laws, community development corporations  
duly organized and existing in accordance with chapter  
forty F of the General Laws, the Massachusetts Housing  
Finance Agency, a body politic and corporate entity  
established by chapter seven hundred and eight of the acts  
of nineteen hundred and sixty-six, as amended, the  
Massachusetts community economic development assis-  
tance corporation (CEDAC), a body politic and corporate  
entity established by chapter forty H of the General Laws,  
and the Massachusetts Government Land Bank, a body  
politic and corporate entity established by chapter two  
hundred and twelve of the acts of nineteen hundred and  
seventy-five; provided, that said loan issuing authorities  
may develop or finance said community-based housing, or  
may enter into subcontracts with non-profit organizations  
established pursuant to chapter one hundred and eighty of  
the General Laws or organizations in which such non-  
profit corporations have a controlling financial or manage-  
rial interest; provided further, that loans issued pursuant to  
this item shall be subject to the following provisions:  
(1) said loans shall only be issued when any contract or  
agreement for the use of said property for the purposes of  
such housing provides for the recording of a restriction in

the registry of deeds or the registry district of the land court of the county in which the affected real property is located, for the benefit of said department, running with the land, that the land be used for the purpose of providing housing for eligible individuals as determined by the Departments of Mental Health and Mental Retardation; provided, that said property shall not be released from such restrictions unless and until the balance of the principal and interest for said loan is repaid in full or unless and until a mortgage foreclosure deed is recorded; (2) said loans shall be issued for a term of up to thirty years during which time repayment may be deferred by the loan issuing authority unless at the end of any fiscal year, cash collections from all sources in connection with such housing, except for contributions, donations, or grant moneys, exceed one hundred and five percent of cash expenditures on behalf of said housing, including debt service, operating expenses, operating reserves, and capital reserves, in which event such excess cash shall be paid to the commonwealth within forty-five days of the end of said fiscal year, payable first to interest due hereunder and thereafter to principal advanced pursuant to said loan; provided, that if on the date said loans become due and payable to the commonwealth an outstanding balance exists and if on such date, the department of housing and community development in consultation with the executive office of health and human services determines there still exists a need for such housing and there is continued funding availability for the provision of services to such development, said department may, at its sole discretion require the extension of said loans for such periods, each period not to extend beyond ten years, as the department determines; provided, that the project continues to remain affordable housing as set forth in the contract or agreement entered into for the duration of the project by the department; provided further that in the event that the terms of repayment detailed in this item would cause a project authorized by this item to become ineligible to receive federal funds which would otherwise assist in the development of that project, the commissioner shall be authorized to waive the terms of repayment which would cause the project to become ineligible; (3) interest rates for said loans shall be fixed at a rate to be determined by the director of the department of housing and community development, in consultation with the treasurer of the commonwealth, that shall be equal to the rate anticipated to be that paid by the commonwealth for bonds issued pursuant to section 8 of chapter 52 of the acts of 1993; (4) said loans may be issued to non-profit organizations or eligible individuals as defined in subsection (1) of this item; (5) said loans shall not be made for the purpose of refinancing outstanding mortgages except for community-based housing purchased or developed in accordance with the governor's special commission for former residents of Belchertown state school and the Norfolk Street Project located in the city of Cambridge, or unless such loan is to

be used to make accommodations to a home in which an eligible individual resides, or unless refinancing would result in a reduction of costs paid by the commonwealth; provided further, any such refinanced loan shall be due and payable on a date no later than the date on which the original loan was due and payable, except in accordance with subsection (2) of this item, or unless refinancing is necessary to effect extraordinary repairs or maintenance to be approved by the director of the department of housing and community development; (6) said loans shall be provided only for projects conforming to the provisions of chapter 52 of the acts of 1993, as hereby amended; and (7) said loans shall be issued in accordance with a facilities consolidation plan prepared by the secretary of health and human services, reviewed and approved by the director of the department of housing and community development and filed with the secretary for administration and finance and the house and senate committee on ways and means; provided, that no expenditures shall be made pursuant to this item without the prior approval of the secretary for administration and finance; provided, further that not more than ten million dollars may be expended from the Facilities Consolidation Fund for a pilot program of community-based housing loans to serve mentally ill homeless individuals in the current or former care of said department of mental health; provided further, that in implementing said pilot program, said department shall take due consideration of a balanced geographic plan when establishing community-based residences; provided further, that said loans shall not be subject to the provisions of section 63B of Chapter 183 of the General Laws; provided further, that said housing services made available pursuant to such loans shall not be construed as a right or an entitlement for any individual or class of persons to the benefits of said pilot program; provided, that eligibility for said pilot program shall be established by regulations promulgated by said department. The department of housing and community development is hereby authorized and directed to promulgate regulations pursuant to section two of chapter thirty A of the General Laws for the implementation of this item..... 50,000,000.

- 1 SECTION 2. Section 4 of Chapter 52 of the acts of nineteen  
 2 hundred and ninety-three, is hereby further amended by striking  
 3 section 4, and inserting in place thereof the following section:—  
 4 Section 4. If any provisions of this act would preclude the use  
 5 of federal funds that will assist in meeting the goals of the said  
 6 program, the director of the department of housing and commu-  
 7 nity development is hereby authorized to modify, waive, or nego-  
 8 tiate such modifications to said rules as may be required to allow  
 9 the use of said federal funds, provided, however, that the interests  
 10 of the commonwealth remain protected.