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January 9, 2007

Robert W. Healy
City Manager
Cambridge City Hall
795 Massachusetts Ave.
Cambridge, MA 02139

Dear Manager Healy,

This correspondence is in response to your letter dated December 20, 2006, relative to Council Order No. 7, which requests a report on whether there are any proposed rent increases for state or federal housing units.

Please be advised that there are no plans to increase rents in either the federal or state properties in the coming fiscal year, beginning April 1, 2007. I would, however, like to take this opportunity to remind the Council that in real terms, the Cambridge Housing Authority is constantly wrestling with declining state and federal funding for Public Housing operations and capital programs.

On the state side CHA, along with the Boston and Brookline Housing Authorities, filed a lawsuit demanding the Departments of Housing and Community Development and Administration and Finance adequately fund the state public housing program. Further, legislation is being introduced in the state legislature on January 10th that would create a state deregulation program similar to the federal Moving to Work (MTW) demonstration. We are very enthusiastic about the prospects for the state MTW legislation and we are contacting the Cambridge state delegation this week, urging them to consider co-sponsoring the legislation.

On the federal side, we continue working with industry groups and our Congressional delegation, urging Congress to appropriately fund both the public housing and Housing Choice Voucher programs. HUD currently funds CHA on a calendar year basis, and the news for 2007 is not good.

Effective January 1, 2007 through March 31, 2007 CHA is being funded at 76% of the required operating subsidy. In dollar terms we lose \$328,615 in operating income.

We can counter some of this loss with offsets from other sources, but the point is we are not receiving subsidy income needed to operate our properties. The prospects for the remainder of CY 2007 are also grim, and we may wind up with the 76% proration for the entire year. Given our circumstances our plans with respect to rents can only be forecast on a year-to-year basis.

While CHA's participation in the federal MTW program has helped us protect residents and staff from the effects of ongoing federal cuts, most housing authorities aren't so lucky. Throughout the country, budget cuts are forcing housing authorities to increase rents and fees to residents and cut staff in order to remain solvent. While we are hopeful that our participation in MTW, coupled with our emphasis on increased programmatic and administrative efficiency will continue to insulate us from the most damaging funding cuts, I cannot in good faith promise you that we may never need to explore all options for saving our programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory P. Russ". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Gregory P. Russ
Executive Director
Cambridge Housing Authority