

CHAPA Housing Briefs

February 5, 2015

State Updates

Budget

On February 3rd, the Governor **proposed** closing the \$768 million FY2015 budget gap with \$514 million in 9C cuts and \$254 million in new revenue. While housing programs were not impacted, \$1.5 million was cut from the Transformative Development Fund. The Transformative Development Fund is a new program for Gateway Cities administered by MassDevelopment that was created through the economic development bill passed in July. The program is now funded at \$1.5 million for FY2015 after having been reduced by \$13 million through 9C cuts made in November by former Governor Deval Patrick. In addition to the Transformative Development Fund, reductions were proposed for programs including full-day kindergarten and mental health services. Much of the Governor's proposal is subject to legislative approval as the Governor's power is limited to reducing funding within the Executive branch.

Meanwhile, the FY2016 budget process is underway. Governor Charlie Baker will release his FY2016 budget proposal by March 4th. The House and Senate will hold budget hearings prior to the release of the House and Senate budget proposals this spring. CHAPA's Building Blocks Coalition will announce its budget priorities in coming weeks.

CHAPA's 2015-2016 Legislative Agenda

Massachusetts needs 17,000 new homes per year to meet housing demand and grow our economy. As increasing numbers of residents seek out multifamily housing options within walking distance to neighborhood amenities, Massachusetts continues to offer more single-family options. New tools are needed to help the Commonwealth meet housing demand, grow our economy, and provide a range of housing options in communities across the state. CHAPA's legislative agenda supports housing production, housing preservation, and planning. Listed below are housing production bills filed by CHAPA for this legislative session. CHAPA's full legislative agenda will be announced in coming weeks.

Upcoming Events

February 9, 2015

On Solid Ground: Building Opportunity, Preventing Homelessness Report Release

February 10, 2015

CHAPA Young Professionals Brown Bag Lunch Series: RACE — the Power of an Illusion, "The House We Live In" (Episode III)

To view all CHAPA events please visit www.chapa.org/event.



CHAPA
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An Act Relative to Housing Production, House Docket 3173

Sponsor: Representative Kevin Honan

This bill provides the tools necessary to meet the Commonwealth's housing production needs. The legislation includes financial incentives and the removal of administrative barriers for communities as well as mandatory measures and new tools to build the kind of housing Massachusetts residents want. Specific provisions include the following:

Mandatory Measures:

- Require that all Massachusetts zoning ordinances and bylaws provide for the reasonable opportunity to build multifamily housing developments.
- Require cluster development be allowed as-of-right in all zoning districts that allow construction of detached single-family homes.

Financial Incentives:

- Study impacts of housing and identify ways to mitigate any potential negative net impacts on communities.
- Expand Chapter 40S to reimburse communities for demonstrated increased school costs resulting from the production of multifamily and cluster developments.
- Codify housing priority within MassWorks.

Removing Administrative Barriers:

- Streamline the disposition of state-owned land for the development of housing for low and moderate-income families.
- Changes to the Housing Development Incentive Program for Gateway Cities.
- Change the definition of "market rate residential unit." The current definition requires units to be priced for households above 110% of the area median income.
- Change the definition of Housing development project so that 50% of the units are market rate rather than 80%.
- Change the definition of "substantial rehabilitation" to "reuse" in order to give municipalities and developers more flexibility in transforming neighborhoods.

New Tools:

- Set a goal for state-assisted affordable small-scale community-based rental projects that fit the local community context and can address blighted properties and/or vacant land, and help stabilize or revitalize neighborhoods.
- A study to identify ways to redevelop underutilized or former commercial sites, known as greyfields, across the Commonwealth.
- Allow cities and towns to regionalize land use regulation and engage in inter-local development compacts at a local option.
- Restore the Office of State Planning to coordinate data collection, analysis and policy relating to the orderly growth and development of the Commonwealth.

An Act to Address Equal Access to Housing Through Local Zoning, House Docket 1832

Sponsor: Representative Christine Barber

An increasing number of residents seek out multifamily housing options within walking distance to neighborhood amenities. Massachusetts continues to produce single-family homes on large lots. This bill requires every community in the Commonwealth to zone for multifamily housing.

An Act Prohibiting Discrimination in Affordable Housing Permitting, Senate Docket 402

Sponsor: Senator Sonia Chang-Diaz

This bill makes it an unlawful discriminatory practice for government entities to reject affordable housing developments simply on the basis that the developments will include households with lower incomes as residents.

An Act Relative to Affordable Housing Energy Efficiency, Senate Docket 729.

Sponsor: Senator Sal DiDomenico

This bill provides funding for grants and loans as up-front capital investments that make affordable housing developments more energy efficient. This bill addresses the significant costs to construct or rehabilitate affordable housing to ensure that buildings minimize energy use and reduce housing costs for renters.

HUD Names Three Massachusetts Programs as Finalists in “Innovation of the Day” Competition

Three Massachusetts initiatives are among the 26 finalists in HUD’s **Innovation of the Day (IOD) competition** - the Fairmount/Indigo Line Community Development Corporation (CDC) Collaborative and two programs to free up funds for development and reduce soft costs: MHP’s Housing Reserve Assurance Program (Housing RAP) and DHCD’s MassDocs/MHP’s OneSource programs. The public is invited to vote for up to 3 winners among the 26 (voting is open until February 10, 2015). The IOD initiative is intended to disseminate information on innovative housing, community development and urban practices and to identify emerging trends and promising solutions. Information on all finalists can be seen and votes cast on the IOD **website**.

CHAPA Welcomes the New Members of the Legislature

CHAPA welcomes the new members of the Legislature. We look forward to working with you on affordable housing and community development issues.

Senator Vinny deMacedo

Senator Ryan Fattman

Senator Anne Gobi

Senator Barbara L’Italien

Senator Eric Lesser

Representative Christine Barber

Representative Donald Berthiaume

Representative Kate Campanale

Representative Brendan Crighton

Representative Michael Day

Representative David DeCoste

Representative Michelle DuBois

Representative Carmine Gentile

Representative Carlos Gonzalez

Representative James Kelcourse

Representative Joseph McGonagle, Jr.

Representative Joseph McKenna

Representative Rady Mom

Representative David Muradian

Representative Mathew Muratore

Representative Jose Tosado

Representative Paul Tucker

Representative Steven Ultrino

Representative Timothy Whelan

Representative Susannah Whipps Lee

We look forward to working with Governor Charlie Baker, Secretary of Housing and Economic Development Jay Ash, Undersecretary of Housing and Community Development Chrystal Kornegay, and the Legislature to increase the stock of affordable housing and continue to find innovative community development solutions.

First Early Education and Out of School Time Awards Announced

On January 5, 2015, the Department of Early Education and Care announced the first grant awards for the Early Education and Out of School Time Capital Fund (EOST). The fund was established through the \$1.4 billion housing bond bill that was signed into law in November 2013. The EOST Capital Fund is available to nonprofit providers serving low-income children and provides capital grants for the construction or renovation of facilities in order to provide children and teachers with safe, healthy environments. **Click here** to see a list of grantees.





Federal Updates

President Releases FY2016 Budget Request

On February 2nd, President Obama released his fiscal year 2016 budget request, including \$49.3 billion for HUD, \$4 billion above HUD's enacted FY15 level. It includes 67,000 incremental vouchers and **increases** to most HUD programs, including HOME, and includes a new HHS/HUD initiative. It requests increases for Rural Housing Services (RHS) programs and proposes changes to the LIHTC program (see item below). However, as the National Low Income Housing Coalition (NLIHC) notes, the Administration's total budget request exceeds discretionary spending caps set by the 2011 Budget Control Act (BCA) by \$74 billion (it would replace them with a mix of health program savings and tax code changes.) If Congress does not agree to lift the caps, the caps will require essentially flat HUD funding in FY16. Details and links to the budget request documents can be found in summaries prepared by **CHAPA**, **NLIHC**, Enterprise (**summary** and **chart**) and the National Housing Conference (**NHC**).

President's FY2016 Budget Request Proposes Modifications to the Low Income Housing Tax Credit (LIHTC)

The President's FY2016 budget includes six **proposals** to reform and expand the LIHTC. As noted in a **summary** by Affordable Rental Housing ACTION, five of these were also proposed in FY2015, while one (remove the cap on population in the designation of Qualified Census tracts in order to allow all otherwise-eligible census tracts to qualify for increased subsidies) is new. The other five proposals include:

- Allow states to increase their LIHTC authority by up to 50 percent by converting a portion of their private activity bond volume cap into LIHTC allocations;
- Modify the credit rate formula to produce a rate lower than the industry's proposed 9 and 4 percent rates, but higher than the current floating rates;
- Encourage income mixing by using an income-averaging rule;
- Add preservation of federally assisted affordable housing as a selection criterion in Qualified Allocation Plans;
- Require protections for victims of domestic abuse in Housing Credit properties.

HUD Issues NHTF Interim Rule

On January 30, HUD issued an **interim rule** governing the distribution and use of National Housing Trust funds. NHTF funds will be distributed to states as a block grant, primarily to support rental housing for extremely low income renter households and are expected to become available for distribution in early 2016. The President's FY2016 Budget request projects that \$120 million will be available for the National Housing Trust, less than **earlier projections** due to the need to capitalize the Treasury's HOPE Reserve Account. Based on earlier projections, the National Low Income Housing Coalition (NLIHC) has posted **estimated state allocations** if NHTF funding came in at \$250 million. At that level, Massachusetts would receive \$5.6 million. NLIHC has scheduled a **webinar** for February 5 on the interim rule and Enterprise has posted a **preliminary analysis**.

HUD Seeks Comment on Proposal to Delay Submission of Assessment of Fair Housing

On January 15, HUD issued a **notice** for comment on a proposal to extend timelines for complying with the upcoming Affirmatively Furthering Fair Housing (AFFH) rule. A draft rule was published in July 2013 for comment and is still not finalized. In the notice, HUD proposes to give more time (though how much more is not specified) to submit a first Assessment of Fair Housing (AFH) to all states, all "**qualified**" PHAs (fewer than 550 federal public housing units and vouchers combined) and all CDBG jurisdictions with formula grants of less than \$350,000. Sixty two Massachusetts PHAs and four of 36 CDBG jurisdictions meet these criteria. Comments are due on February 17, 2015.

Senator Collins to Chair Appropriations Subcommittee on THUD

On January 13, Republicans on the Senate Committee on Appropriations named Senator Susan Collins of Maine as chair of the subcommittee on Transportation, Housing and Urban Development (THUD); she served as the Ranking Member of the subcommittee in the previous session.





Recent Research & Reports

MHP White Paper Recommends Land Use Reforms to Support Housing Growth Needs

The Massachusetts Housing Partnership (MHP) recently issued a white paper, “**Unlocking the Commonwealth**,” on the growing gap between current housing production levels in Massachusetts and the level needed to sustain the state economy and meet changing needs. It finds that low housing production since the 1980s has caused the state’s housing costs to rise faster than the rest of the nation and that this trend threatens to jeopardize the state’s economy. It urges the state legislature to consider eight changes to state zoning and land use law, including requiring all communities to allow multifamily housing and cluster development as of right, aligning state and local wetlands regulation, reforming the process for appealing land use decisions, allowing impact fees and revising state aid formulae.

2015 Assets & Opportunity Scorecard

On January 29, the Corporation for Enterprise Development (CFED) **released** its **2015 Asset and Opportunity Scorecard**, with state and national data on how residents are faring and what states are doing to support economic stability and asset development. It includes data on **low-wage jobs**, **annual pay** (average annual pay declined in 36 states and DC), numbers of **consumers with subprime credit scores**, **income inequality** and the number of **disconnected youth**. It also includes a **liquid asset poverty calculator** that shows the number of asset poor households per community. The Scorecard ranked

Massachusetts 19th among the 50 states plus the District of Columbia on resident outcomes, in part due to high homeownership costs, and 17th on state policies.

HUD LIHTC Tenant Data Report

In December, HUD released its first report on the characteristics of households living in Low Income Housing Tax Credit (LIHTC) units: **Understanding Whom the LIHTC Program Serves: Tenants in LIHTC Units as of December 31, 2012**. The report is the result of a provision in the Housing and Economic Recovery Act (HERA) of 2008 which requires state agencies administering the LIHTC program to submit economic and demographic data to HUD. It includes summary tables of state tenant data, but as HUD notes, data is incomplete for some states, including Massachusetts.

Study Examines Innovations in the Moving to Work (MTW) Program

In December, the **HAI Group** (a public housing authority-owned insurance organization) released a report - **Innovations in the Moving to Work Demonstration and Executive Summary** - conducted by Abt Associates examining the extent to which MTW agencies have undertaken five types of innovations. The categories include administrative changes to improve cost effectiveness, increases in the quantity and quality of affordable housing, rent reforms and services to support resident self-sufficiency, expansion of geographic choice for voucher holders and steps to promote residential stability for target households. The study also includes case studies of five agencies.



Citizens' Housing and Planning Association

18 Tremont Street, Suite 401
Boston, MA 02118
www.CHAPA.org

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