



Affordable Homes Act Overview

10/19/2023



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Context | Massachusetts faces a significant demand for more affordably-priced housing



- Massachusetts housing **supply has failed to keep up with demand**
 - Currently only 1.6% of housing units are available for sale or rent
- **The Commonwealth needs 200,000 new homes** created between 2020 and 2030 to accommodate population growth and achieve a healthy vacancy rate¹
- Housing costs are **particularly acute for low-income households**
 - 64% of renters earning less than ~\$35,000 per year (>200,000 households) spend *half* their income on housing²
- Massachusetts' stock of 43,000 public housing units is at risk due to deferred maintenance
 - HLC has **documented a backlog of at least \$4B in capital repairs**
- **Homeownership is increasingly out of reach**, especially for Black and Brown communities
 - Black and Latinx homeownership rate is *half* of homeownership rates for Whites
- Clean Energy and **Climate Plan calls for 35% reduction in residential building energy use** by 2030

1) MassDOT, UMDI, Metropolitan Area Planning Council Housing Demand Projections, 2023 (forthcoming) 2) National Low Income Housing Coalition

MA Affordable Homes Act is a historic investment in housing that will meaningfully impact housing supply compared to recent years



- The Affordable Homes Act, a comprehensive package of spending, policy, and programmatic actions, is the **largest housing investment in MA history and prioritizes the most vulnerable households**
 - Proposed investment (\$4.12B) is more than 2X greater than the next largest Affordable Homes Act
 - Up to 80% of funds will benefit low-income households, with up to 50% of proposed spending benefitting Extremely Low-Income households or residents with disabilities
- The Affordable Homes Act includes **numerous bold policy initiatives that support the Healey-Driscoll Administration's goals of affordable and abundant housing:**
 - ADUs by-right
 - Local Option Transfer Fee
 - Public Land Disposition
 - Tenant protections (e.g., Office of Fair Housing, eviction record sealing)
- The Affordable Homes Act will fund or enable **40,000+ homes** that otherwise wouldn't be built
 - Funds or enables ~22,000 new homes for low-income households, including 4,000+ homes for ELI households
 - Funds or enables 12,000+ new homes for middle-income households
- The Affordable Homes Act will **preserve, rehab, improve, or support an additional 27,000+ units**
 - 12,000+ low-income homes will be modernized, made more resilient, more energy efficient, and safer
 - Funds accessibility improvements for ~4,500 homes and streamlines accessibility improvements
 - Supports the decarbonization of ~3,000 public housing units



Capital Authorizations

- **\$4B in capital authorizations** to support public housing, existing housing production & preservation programs, & new initiatives

Tax Credits

- Tax credits like **CITC** & new **Homeownership Production Tax Credit** to increase housing production and development

Policy Initiatives

- **Legislation** & **executive orders** to reduce barriers to housing production & preservation, strengthen protections for tenants, provide new tools for local communities, and develop new housing policies for seniors and those with the lowest incomes

Capital Authorization Recommendation – Summary (\$ millions)



Authorization Name	2018 The Affordable Homes Act	Other Auth.	Proposal	Description
HousingWorks	325	178	955	Funds expansion associated with the new HousingWorks brand
Housing Acquisition, Rehabilitation, and Development	500	55	1,100	Creates flexibility to fund programs that address the housing shortage by producing or preserving affordable housing
Vulnerable Populations	280	0	385	Creates flexibility to fund programs that target specific housing needs, including for persons with disabilities
Public Housing	650	0	1,600	Funding level would help address Public Housing deferred maintenance backlog, including \$150M for decarbonization & \$15M for accessibility upgrades for persons with disabilities
Non-HLC	45	0	80	Funds authorization for clean up of state-owned land by A&F and support to build early ed. & childcare
Total	1,800	233	4,120	

Capital Authorization Highlights



- **\$1.6B for Public Housing**
 - Including \$1,335M for public housing capital improvements, \$150M dedicated for decarbonization, \$100M for public housing redevelopment projects, and \$15M for accessibility upgrades for persons with disabilities
- **\$275M for Sustainable and Green Housing Initiatives and Innovative Housing Proposals, which includes the following:**
 - Climate Resilient Affordable Housing
 - Office Conversions
 - Acquisition of Naturally Occurring Affordable Housing
 - Social Housing Demonstration Program
- **\$100M for Commonwealth Builder to build affordable homeownership opportunities**
- **New capital resource to support the clean up of public land to prepare it for housing development**
- **\$100M for Middle-Income Housing to support middle-income housing production**
- **\$50M to support new Momentum Fund, a permanent, revolving fund to accelerate development of mixed-income multifamily housing**
- **Directs all our investments to prioritize and incorporate the state's climate & decarbonization goals**

Capital Authorization Recommendation – Detail I of II (\$ millions)



Authorization Name		2018 The Affordable Homes Act	Proposal	Description
Housing Works	Housing Stabilization and Investment Fund	275	425	Consolidates the Housing Stabilization Fund and the Community Investment and Preservation Fund; supports preservation, new construction, and rehabilitation projects
	Sustainable and Green Housing Initiatives	50	275	Consolidates the existing Transit Oriented Housing Program and the Climate Resilient Housing Program; New: adds language to create a new, innovative program to accelerate / unlock new housing (e.g., social housing demonstration, office conversions, modular homes, etc.)
	HousingWorks Infrastructure Program	0	175	New: funds municipal infrastructure projects to encourage denser housing development
	Community Planning Grants	0	25	Makes grants to municipalities for planning and zoning initiatives that support housing
	Housing Choice Grant Program	0	35	Provides payments to municipalities that receive a Housing Choice designation through high housing production and/or demonstration of best practices
	Smart Growth / 40R	0	20	Provides incentive payments to municipalities who adopt smart growth housing districts, as stipulated in MGL 40R
Development	Middle-Income Housing Fund	100	100	For the Workforce Housing Fund administered by MassHousing; funds housing development for households earning up to 120% AMI
	CommonWealth Builder	0	100	New: Creates a permanent capital resource for an existing MassHousing program recently supported via ARPA funding; program spurs the construction of affordable single-family homes (for HHs 70-120% AMI) in Gateway Cities and other similar markets
	Affordable Housing Trust Fund	400	800	Provides resources to create or preserve affordable housing for households whose incomes are not more than 110% of area median income
	Momentum Fund	0	50	New: capitalizes a permanent, revolving fund (administered by MassHousing and seeded through state and private investment) to accelerate development of mixed-income multifamily housing
	Neighborhood Stabilization	0	50	Funds the acquisition, rehabilitation, and sale of distressed properties.

Capital Authorization Recommendation – Detail II of II (\$ millions)



	Authorization Name	2018 The Affordable Homes Act	Proposal	Description
Vulnerable Populations	Community Based Housing	55	55	An initiative to support appropriate housing for people with disabilities who are not clients of DMH or DDS
	Housing Innovations Fund	100	200	Supports innovative and alternative forms of rental housing including single person occupancy (SPO) units, transitional and permanent housing for people experiencing homelessness, housing for seniors and veterans, and transitional units for persons recovering from substance abuse
	MA Rehab.Home Modification Program	60	60	Provides funding to modify homes of individuals or families with disabilities or seniors so that they may maintain residency or return home from institutional settings
	Facilities Consolidation Fund	65	70	Supports the development of appropriate community-based housing for Department of Mental Health and Department of Developmental Services clients
Public Housing	Public Housing General	600	1,500	Supports the repair, rehabilitation, and modernization of over 43,000 public housing units across the Commonwealth; New: includes \$150M for a fund to decarbonize the public housing stock, \$15M for accessibility upgrades.
	Public Housing Mixed Inc. Housing Demonstration	100	100	Supports Local Housing Authorities (LHAs) who partner with developers to add mixed-income developments on LHA land, leveraging funds to maintain and preserve public housing while increasing the overall housing supply
Other Agencies	Early Education and Out of School Time Grants	45	50	Offers grants to help build early education and out of school time program facilities that serve low-income children. These grants are typically included in Affordable Homes Acts
	State Surplus Property Disposition	0	30	New: authorization to support efforts to utilize state surplus land to address housing and other critical needs. Sites with existing, obsolete structures such as former hospitals or prisons may need costly demolition or environmental remediation
Total		1,800	4,120	



Along with the expansion of State Low Income Housing Tax Credit and Housing Development Incentive Program included in the Legislature's Tax Relief Bill, the Administration is considering inclusion of two further tax credit investments:

- **Community Investment Tax Credit Program (CITC)**
 - The Healey-Driscoll Administration is proposing to **make the credit permanent** and increase it from **\$12M to \$15M per year** to support the work of Community Development Corporations
- **Homeownership Tax Credit**
 - Authorizes MassHousing, in consultation with HLC, to award up to **\$10M in tax credits to produce homes affordable to first-time homebuyers** earning not more than 120%AMI

Policy Recommendations – Summary (I/II)



	Policy	Description
Reducing Barriers to Production and Preservation	Statewide Housing Plan	Adds to EOHLC’s authorizing statute a requirement to prepare a statewide housing plan every 5 years, conducting regional outreach following robust data analysis
	Accessory Dwelling Units As-Of-Right	Allows ADUs to be built by-right in all municipalities in single family zoning districts
	Inclusionary Zoning by Simple Majority	Adds inclusionary zoning ordinances and bylaws to the list of zoning changes municipalities can pass by a simple majority instead of a 2/3 super majority vote of city/town legislative body
	Surplus Public Land Disposition Reforms	Creates paths to streamlined disposition of land under the control of a state agency or quasi for housing purposes
	Public Housing Reforms	Reforms several Public Housing requirements ¹ to support a healthy housing production and preservation environment, while ensuring tenants’ rights are protected
Commissions for Further Study	Commission on Making MA an Age-Friendly State	Creates a commission to recommend policy, programs, financial and other investments to expand the supply of sustainable, broadly affordable supportive senior housing and address other elder care issues
	Commission on Extremely Low Income (ELI) Housing	Creates a commission to recommend policy, programs, and other investments to expand the supply of housing that is affordable to ELI households

1. Including revisions to replacement value for Public Housing for MAAB, allowing LHAs to borrow against formula funding allocations to do larger capital projects, enhancing support for LHAs to undertake capital projects, ensuring resident protections in redeveloped housing authority projects, and various administrative reforms

Policy Recommendations – Summary (II/II)



	Policy	Description
Tenant Protections & Fair Housing	Office of Fair Housing	Establishes office within HLC with explicit focus on fair housing as an essential element of HLC’s mission and establishes a trust fund for enforcement initiatives, fair housing testing, education, and outreach.
	Eviction Record Sealing	Provides a process for tenants to petition the court to seal an eviction record for: (i) no-fault evictions: after conclusion of the case; (ii) solely non-payment evictions: no other eviction action within past 3 years and judgment for underlying eviction has been satisfied; and (iii) all other fault evictions: 7 years from conclusion of the matter and 3 years without any other eviction case filed against the tenant. Also prohibits consumer reporting agencies from disclosing information in a sealed eviction record
	Supportive Housing Pool Fund	Creates a flexible supportive housing pool program to provide critical assistance for supportive housing by funding staffing, case management, service coordination and other tenancy-related services not funded through other sources.
Supporting Local Initiatives	Local Option Real Estate Transfer Fee	Allows municipalities and regional affordable housing commissions to adopt a transfer fee of 0.5%–2%, paid by the seller of real property, on portion of sale over \$1M or the county median home sales price, whichever is greater; fee used for affordable housing development
	Seasonal Communities Designation	Creates framework for designating communities with substantial seasonal variations in employment and housing needs, as a critical initial step to developing programs targeting seasonal communities; creates a Seasonal Communities Coordinating Council to provide recommendations to EOHLC regarding regulations governing designation of municipalities as seasonal communities
	Receivership Reforms	Amends the state’s receivership statute to permit courts to expeditiously approve the sale of vacant properties in receivership to a nonprofit for the fair market value of the property “as is” if the entity will rehabilitate and sell affordably to an income-eligible first-time homebuyer

Complementary Executive Orders



Executive Order	Description
Housing Advisory Council & State Housing Plan	Calls for immediate working group to develop a statewide housing plan and creates an advisory council to oversee and advise the development of the plan
Unlocking Housing Production Commission	Creates a commission to identify major barriers to housing production and recommend policy, programs, and other investments to improve the development environment and expand the supply of housing
Identifying Surplus Public Land for Housing	Calls on state and public agencies (including public colleges and universities, MassDOT, and the MBTA) to immediately examine their inventory of real estate interests to determine what property may be considered surplus and available for housing development