



Housing Choice Initiative



CHAPA 40B Conference

May 4, 2018

Chris Kluchman, FAICP, Housing Choice Program Director



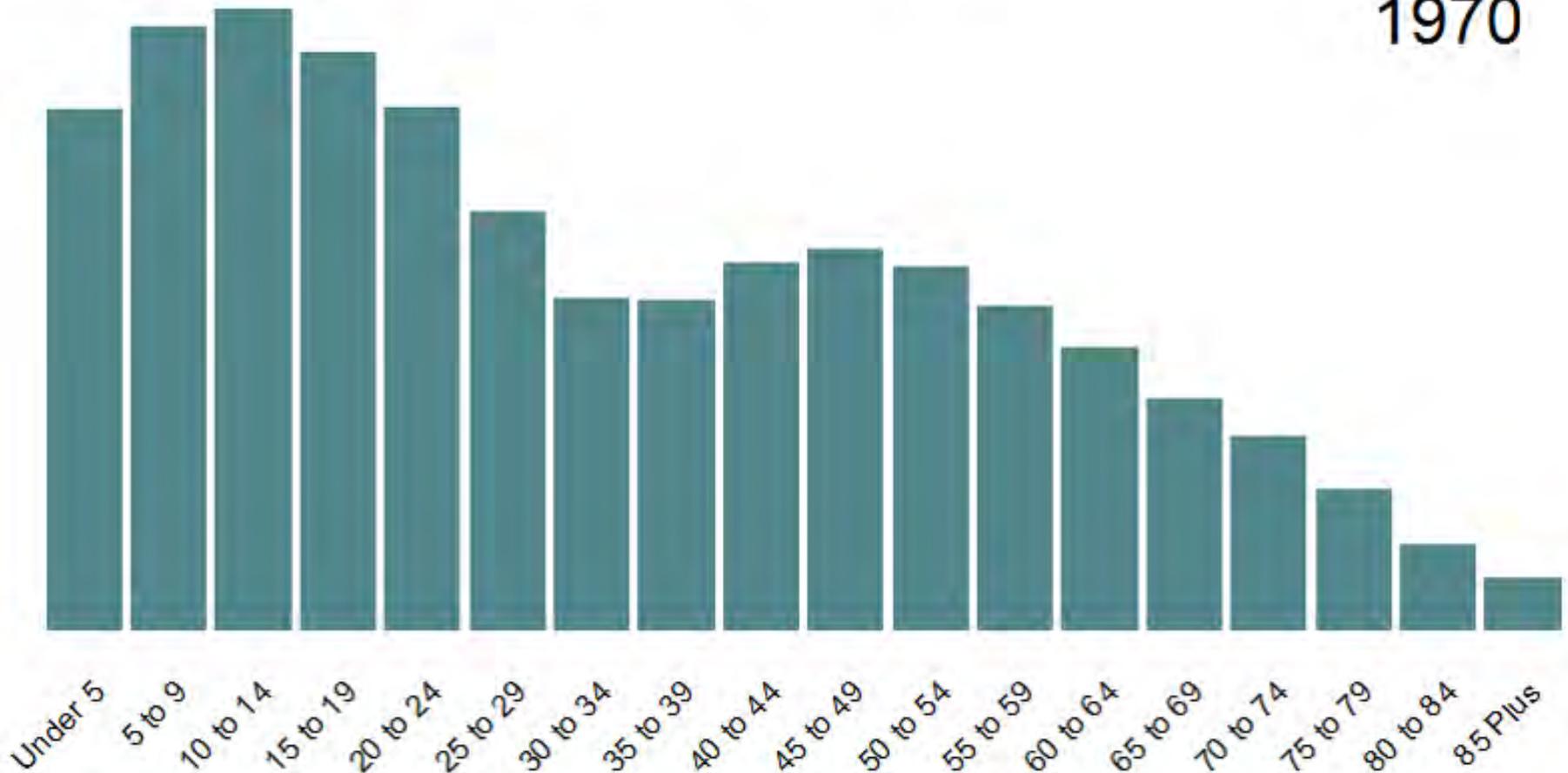
Does the state have the housing stock needed to accommodate changing needs?



Silver Tsunami

Massachusetts population by age cohort by year: 1970 to 2016

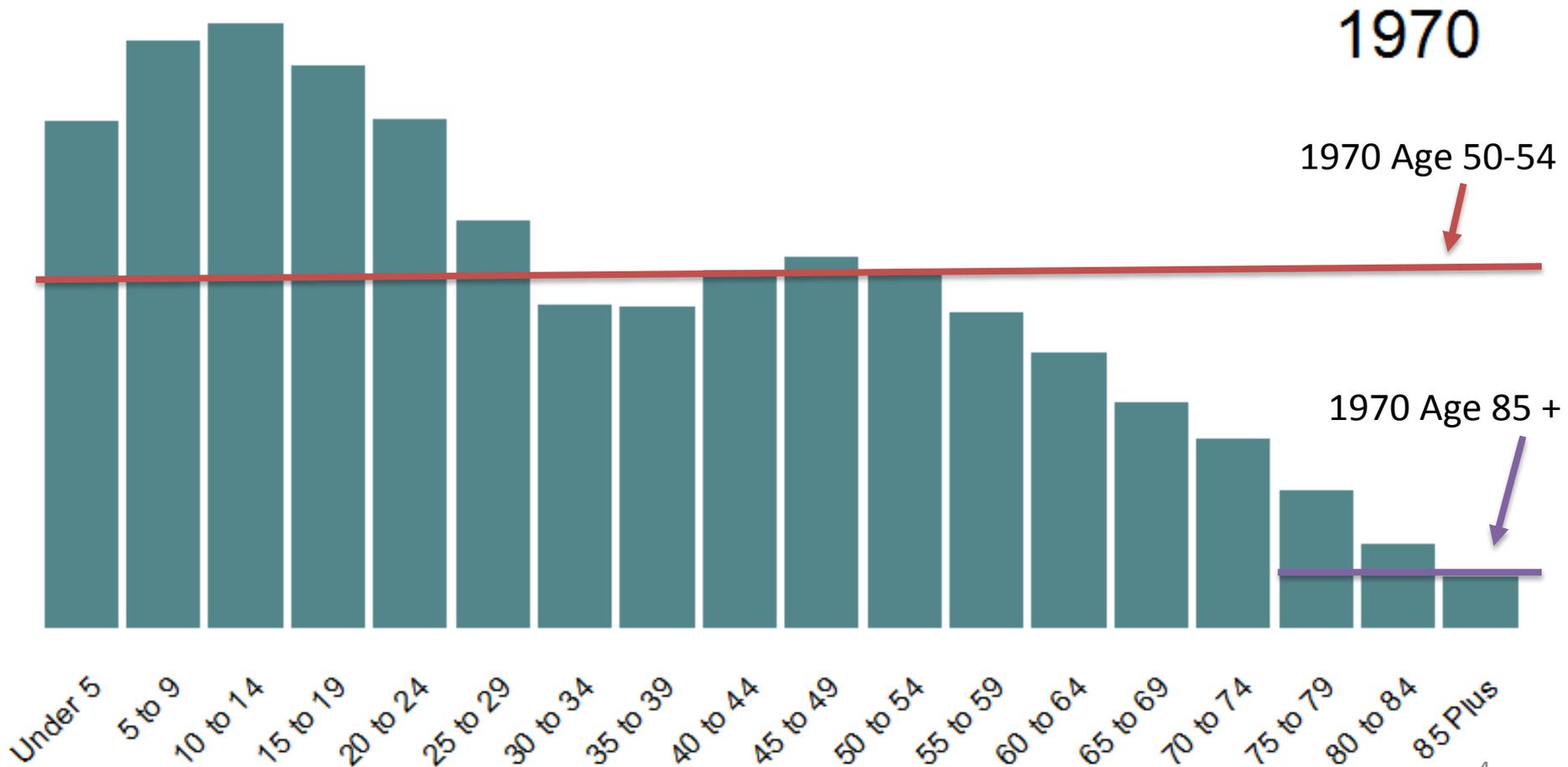
1970



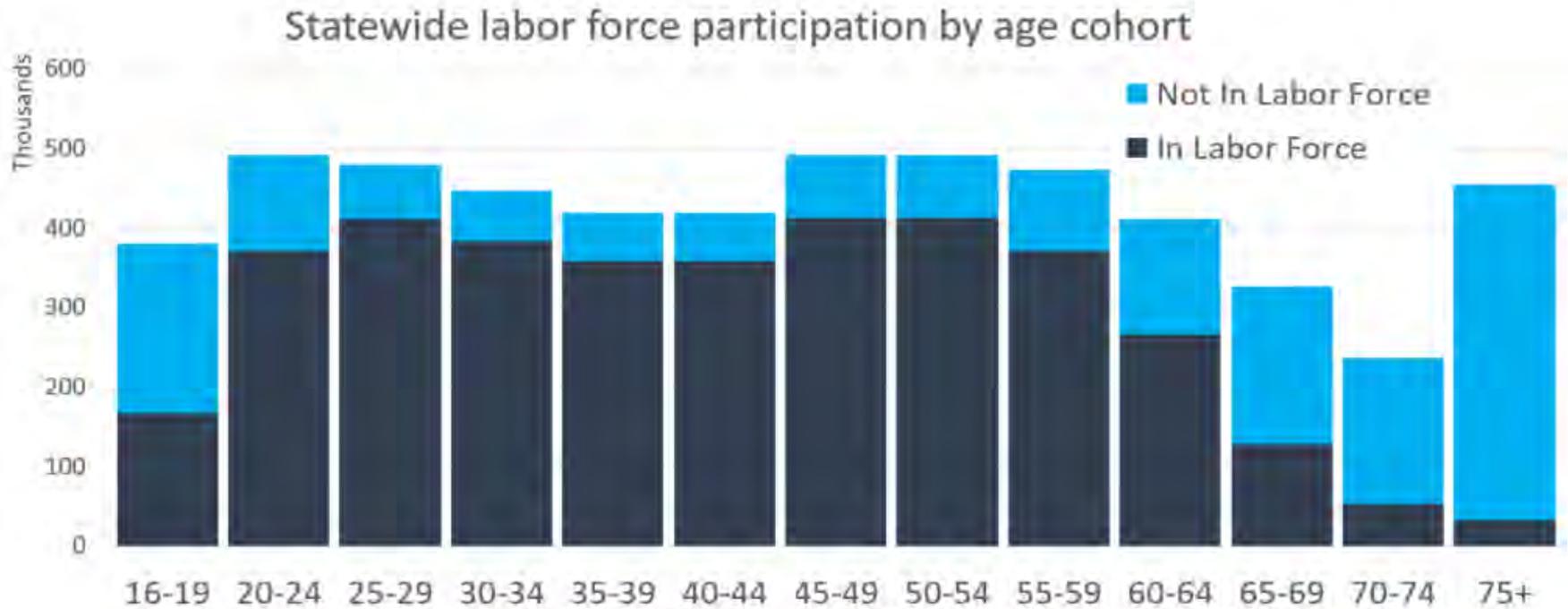
Silver Tsunami



Massachusetts population by age cohort by year: 1970 to 2016



Low proportion of younger workers, with increasing retirees



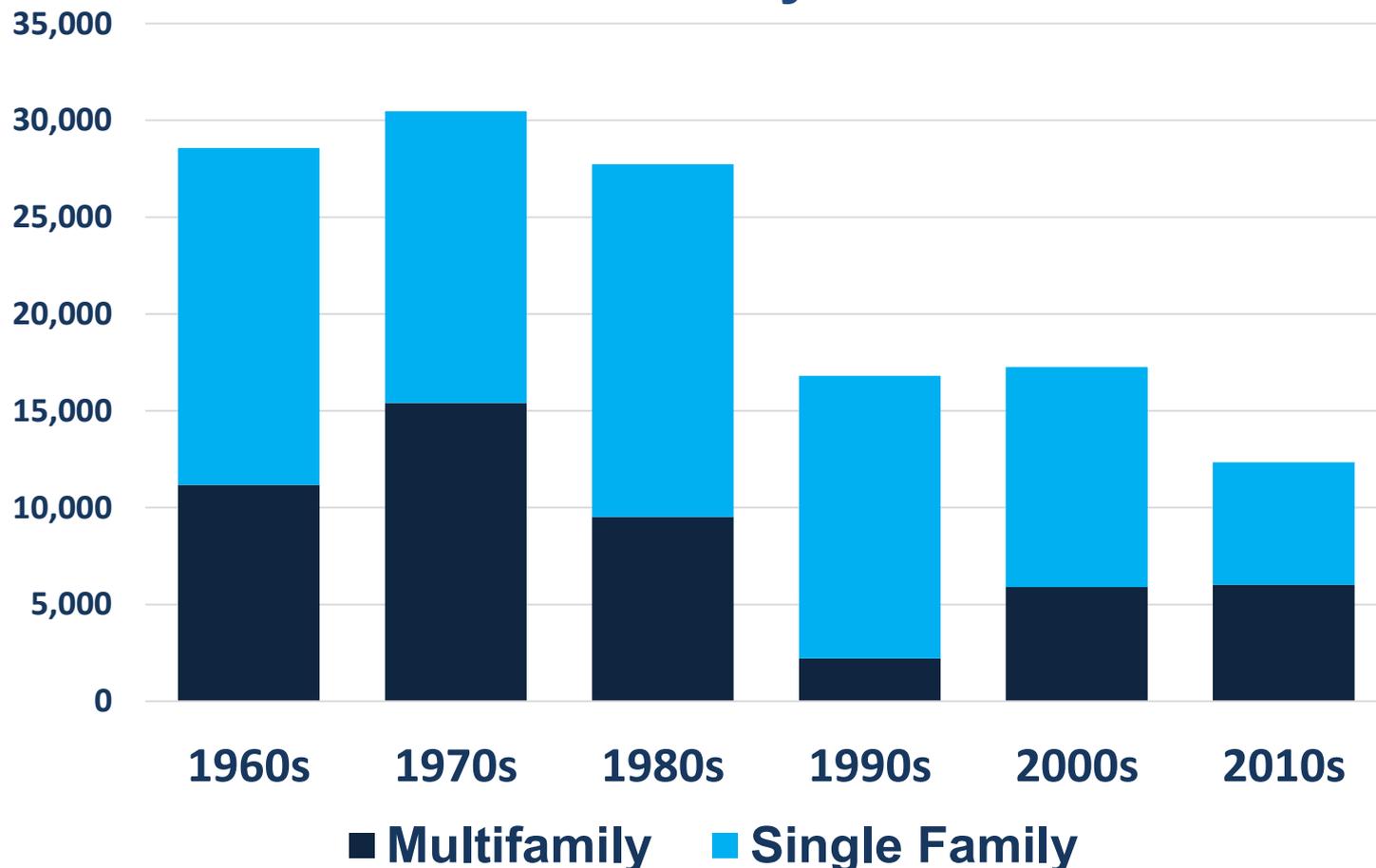
What's going on with housing in MA?



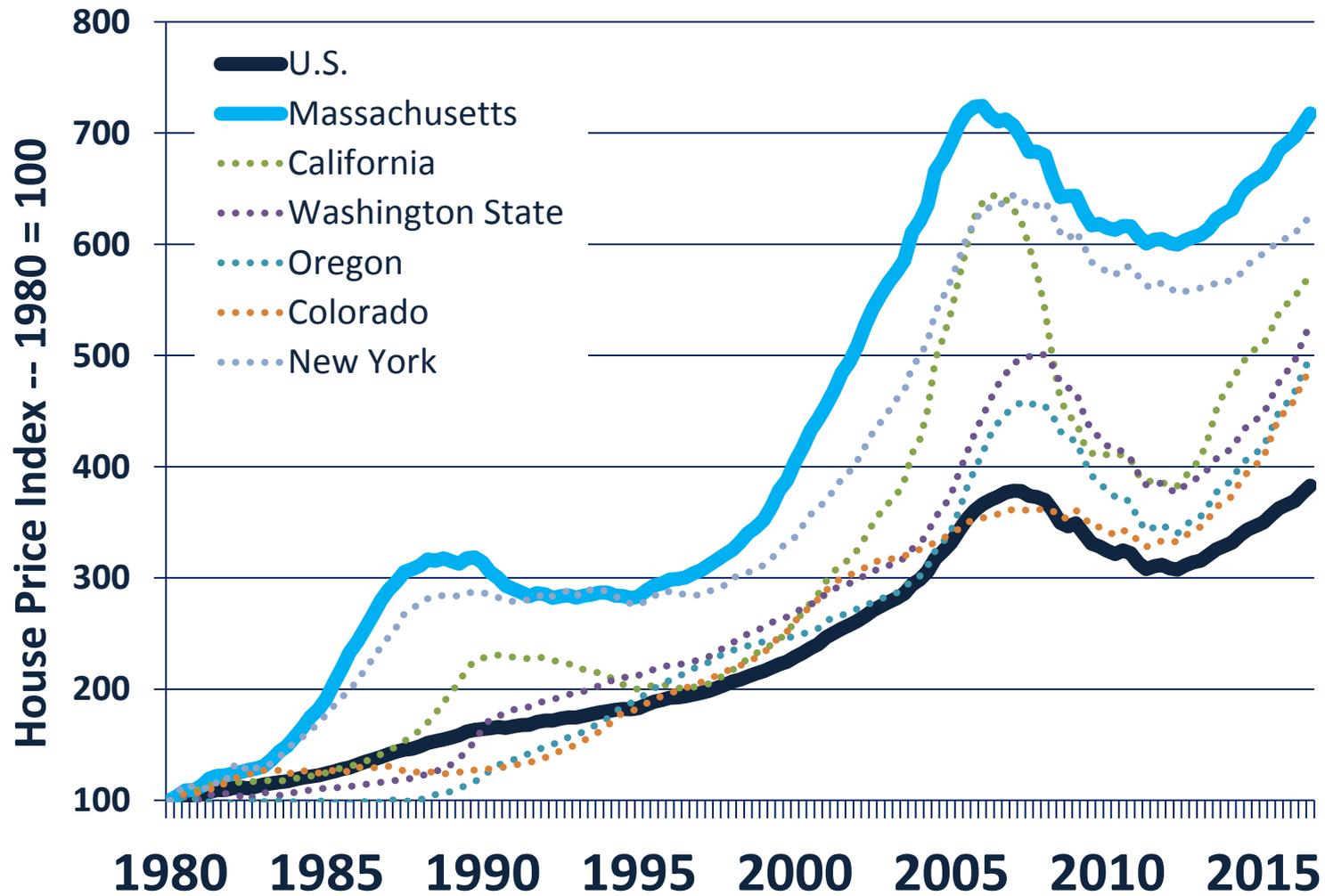
Illustration by Alex Schloer

State producing fewer units

Annual Housing Production in Massachusetts by Decade

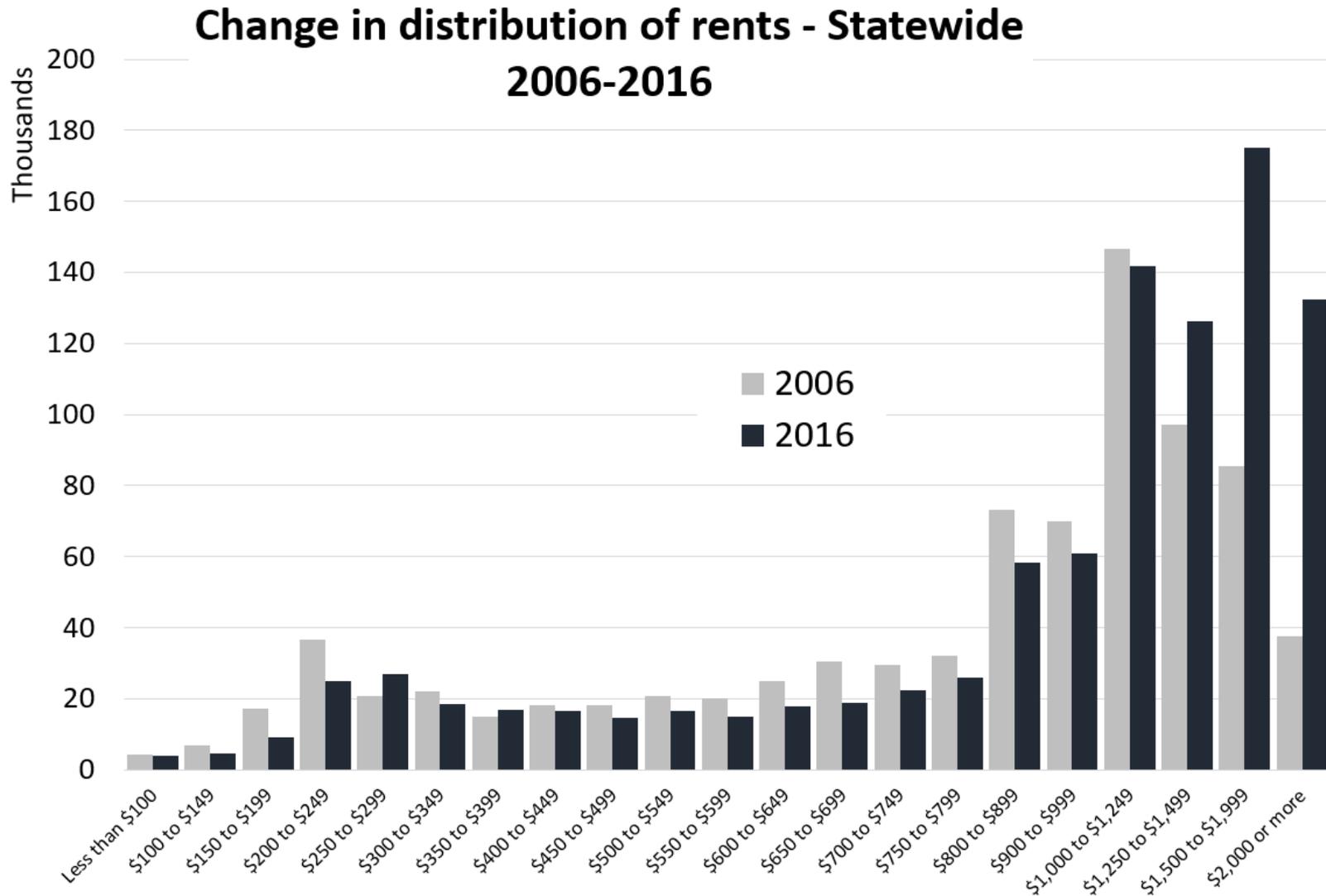


Home prices have surged



Data source: Federal Housing Finance Agency, House Price Index – All Transactions

The upper end of the rental market has expanded



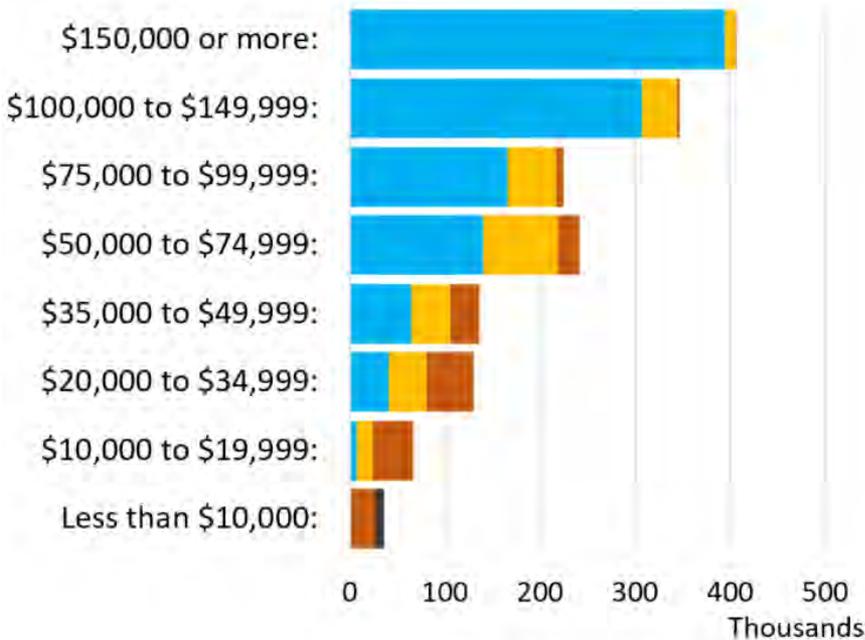
Data source: U.S. Census Bureau, American Community Survey, 1-year estimates: 2006 and 2016

Many households are struggling with affordability

182,801

Severely burdened owner households

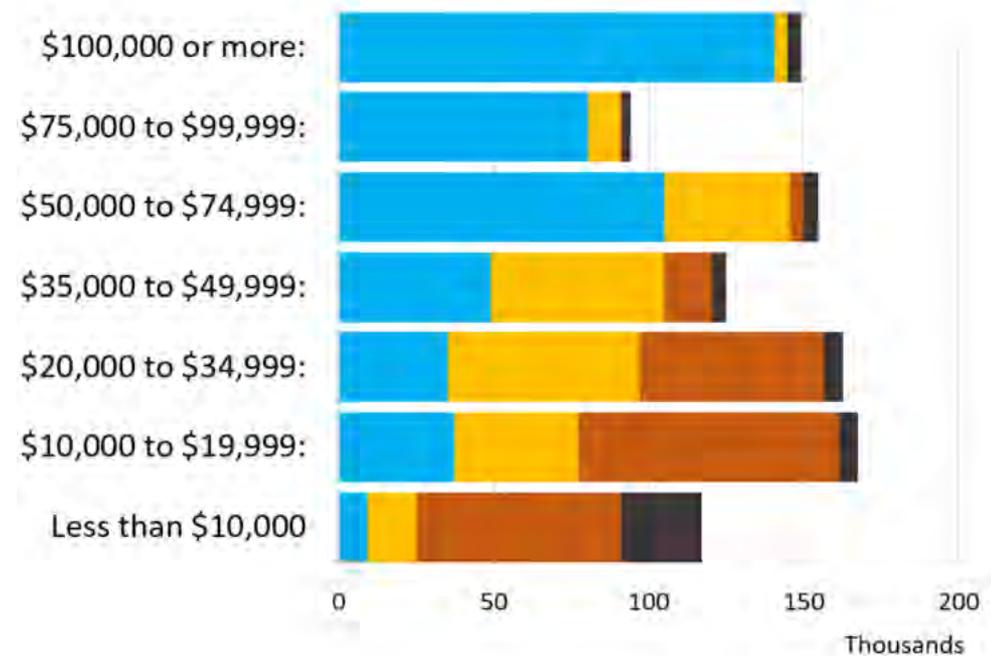
Households by ownership cost burden



230,585

Severely burdened renter households

Households by rent burden



■ Not Burdened ■ Burdened
■ Severely Burdened ■ Not computed

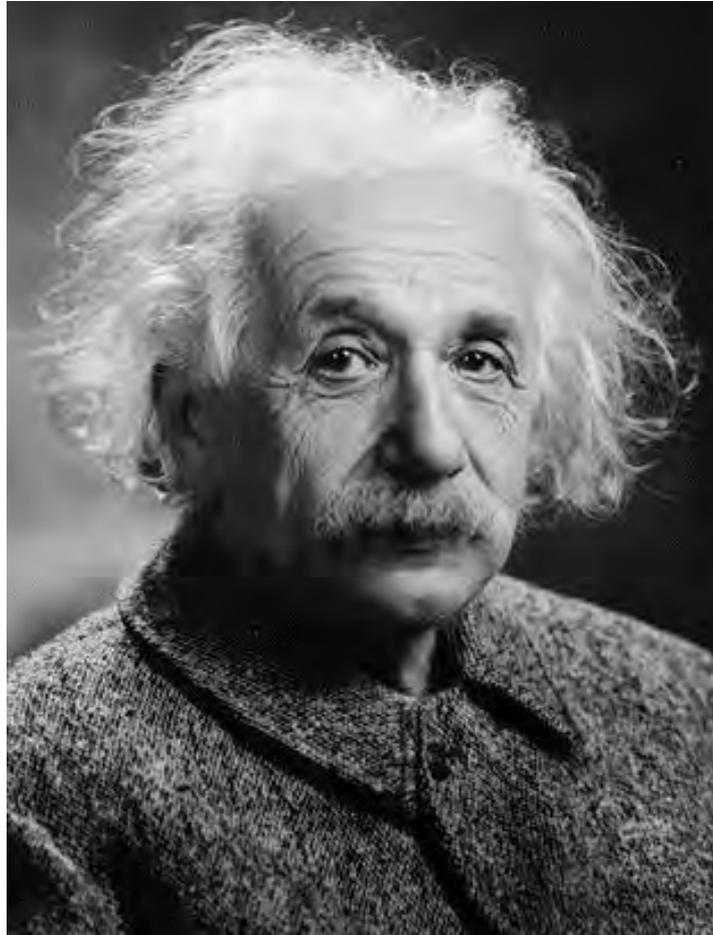
Does the state have the housing stock needed to accommodate changing needs?



N O



Solving the Problem



We cannot solve our problems

with the same thinking we used

when we created them.

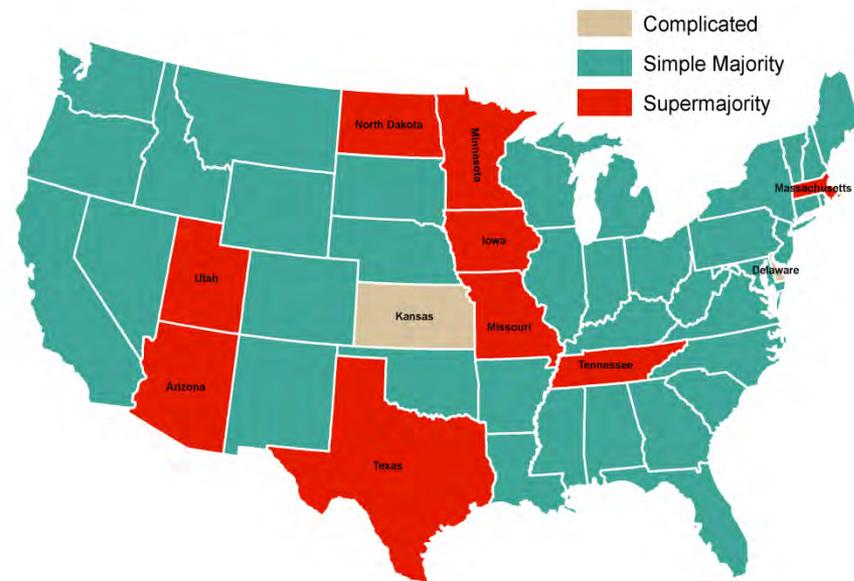
- Albert Einstein

- ◆ Legislative Fix to c. 40A
- ◆ Incentives and Rewards
- ◆ Data and Tracking
- ◆ Coordinated Technical Assistance

Challenge: Improving Zoning is VERY Difficult

Massachusetts is an outlier for requiring a supermajority vote to amend, modify, or adopt zoning ordinances or bylaws

- **Massachusetts is one of only 10 states in the country that requires a supermajority to change local zoning.** It is the only state in New England with a supermajority requirement.
- **This causes problems when local governments want to change zoning.**
- Especially in Towns, where **Town Meeting must approve zoning amendments, the 2/3 voting threshold** can be a barrier to new zoning that would allow for increased housing production.



Status Quo is a Barrier to Effective Planning

Supermajority voting threshold has impeded efforts by municipalities to zone for housing production in locations that serve municipal goals, including smart growth

- 40R “smart growth” overlay districts
 - In at least 4 municipalities, following a lengthy planning process and DHCD approval of a proposed overlay district, the by-law received majority approval but fell short of two-thirds approval
- Town Meeting challenges
 - In one recent example, after a 4-year community planning process and adoption of master plan, the Planning Board and Selectmen voted unanimously to adopt new mixed-use zoning in the town center
 - 62% of town meeting members voted in favor of the rezoning; it failed to garner the required supermajority by 19 votes (out of 449 cast)



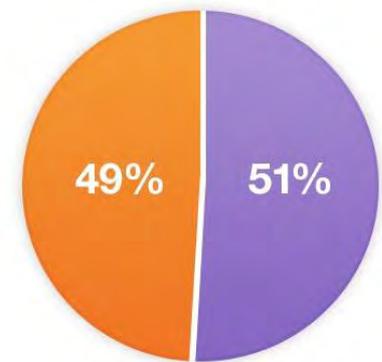
An Act to Promote Housing Choices (H.4290 190th)

Goal: Lower the local voting threshold to a simple majority for adoption of zoning practices that promote new housing and sustainable growth

The proposed legislation would change G.L. c. 40A and G.L. c. 40R to **reduce the required vote from 2/3 “supermajority” to a simple majority for certain zoning changes that promote housing growth.**

This change makes Massachusetts more consistent with current practice in most states, including other New England states. **Zoning changes that promote best practices that would qualify for the simple majority threshold include:**

- Creating mixed-use, multi-family, starter homes and/or adopting 40R “Smart Growth” zoning in town centers and near transit
- Clustering new homes to permanently preserve open space and protect natural resources
- Reducing parking requirements and reducing dimensional requirements such as minimum lot sizes
- Allowing for transfer of development rights (TDR) zoning and natural resource protection zoning
- Allowing for increased density through a Special Permit process promoting more flexible development
- Allowing accessory dwelling units or “in-law” apartments



Businesses Support Legislative Fix



Business Community support for Governor Baker's Housing Choice legislation and program, March 2018: **Boston Medical Center, Manulife Financial (John Hancock), iBoss, Dell, Mass Competitive Partnership, General Dynamics, McKinsey Consulting, NAIOP, Rockland Trust Bank, South Shore Chamber, and more!**

Over **2/3 of employers** claim home prices and rental costs have affected their ability to recruit **qualified candidates.**

Northeastern University survey of businesses in Greater Boston, April 2017

"High housing costs and housing availability are a **major concern** of businesses looking to expand or relocate in Massachusetts."

MassEcon report, March 2017

"The things that keep me up at night about other tech companies considering Boston are **transportation and housing** [challenges], less so about a fight for talent."

HubSpot chief people officer as quoted in the Boston Globe, 9/21/2017

Summary: The Housing Choice Initiative

The Housing Choice Initiative has several elements that create a powerful suite of options for local governments to promote additional housing

1. **Housing Choice Designation**
2. **Small Town Capital Grants**
(less than 7,000 population)
3. **Coordinated Technical Assistance**
4. **Legislation**
5. **Housing Goal: 135,00 new units by 2025**



Housing Choice Designation

How does a City/Town qualify as a Housing Choice Community?

Community achieved Housing Choice Designation?

Last 5 years

1) High Production Greater than 5% housing growth or 500 units;

or

2) Production & Planning Greater than 3% growth or 300 units and 4 out of 9 best practices

and

Has Community Compact and no moratorium on new housing

- Preferential access or increased subsidy for Commonwealth Grant Programs
- Access to new grant program exclusively for Housing Choice Communities
- Continue to support sustainable development in order to maintain designation and compete for Housing Choice Grants
- Access technical assistance to maintain housing production
- **Designation lasts for 2 years**

Community has **not yet achieved** Housing Choice Designation?

- Apply for technical assistance to increase housing production
- Use lower voting threshold in legislation to pass local land-use laws that encourage sustainable growth
- Apply for housing choice designation once permitting activity increases

Housing Choice Designation: Best Practices

Production & Planning threshold (3% or 300 units) must also have 4 of the following 9 best practices, one of which must be related to affordable housing.

Best Practices -

1. Designated local resources for housing such as established an Affordable Housing Trust, donated land, or spent substantial CPC funds for community housing [**Affordable Category**]
2. Selected a housing best practice as part of its Community Compact
3. Have achieved a minimum of 10% of housing stock as affordable according to the subsidized housing **inventory** [**Affordable Category**]
4. Have adopted zoning that allows mixed use or cluster development by right (or can demonstrate a pattern of approving such developments)
5. Have zoning that allows for accessory dwelling units by right (or can demonstrate a pattern of approving ADUs)

Best Practices (continued)

6. Have zoning that provides for inclusionary housing with reasonable increases in density [**Affordable Category**]
7. Have an approved 40R district, participate in the Housing Development Incentive Program or have adopted an Urban Center Housing Tax Increment Financing district [**Affordable Category**]
8. Have at least one zoning district that allows multifamily by right with capacity to add units and that allows for family housing
9. Have a certified Housing Production Plan [**Affordable Category**]

Rewards: Housing Choice Capital Grants

New capital grant program FY 19 – Applications open in May 2018

Exclusive access to new **Housing Choice Capital Grants**, estimated at least **\$6.7 million** in the first year and **increasing revenue growth** thereafter.

Projects do NOT need to be directly tied to a housing project !

Examples of capital projects:

- a) **Acquisition costs** - land, buildings and other capital assets;
- b) New building **construction** or capital **improvements to existing infrastructure**;
- c) **Infrastructure** such as roads, sidewalks and curbs, bridges, tunnels, electrical lines, water lines, and sewer lines;
- d) **Acquiring long-term easements** over real property;
- e) **Vehicles**, machinery, and heavy equipment, or major building fixtures;
- f) Major **renovations to parks and recreational fields**;
- g) **Engineering or design work** required for a capital project; and research and feasibility studies;
- h) Certain **computer equipment and technology**.



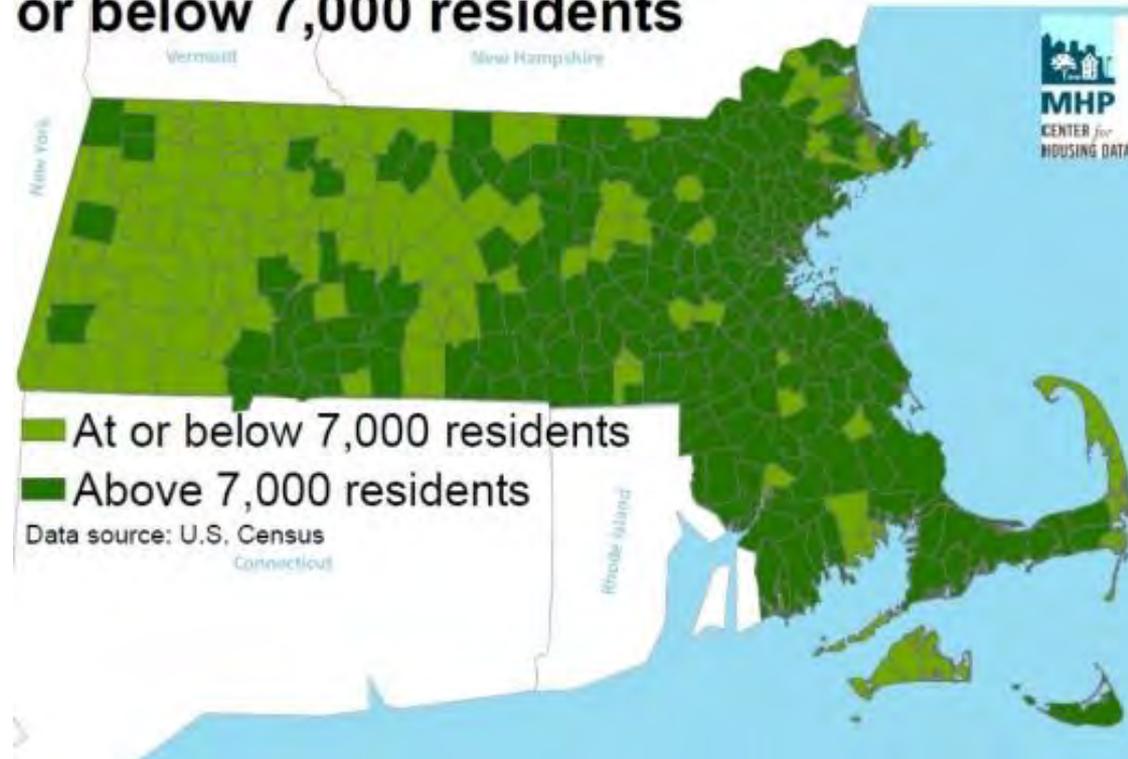
Rewards: Advantages in selected State Grants

	AGENCY – PROGRAM	PURPOSE	BENEFIT TO HOUSING CHOICE COMMUNITIES
1	MassDOT – Capital Program	Reconstruction and expansion projects that go through MassDOT’s scoring & project selection process	For capital transportation projects, MassDOT will give bonus points to projects located within Housing Choice Communities
2	MassDOT – Complete Streets	Technical Assistance and Construction grants for communities to implement complete streets principals	Bonus points for grant evaluation score with Housing Choice designation
3	TRE/DEP – Clean Water Trust	2% interest loans for water pollution abatement and drinking water infrastructure projects	Additional subsidy below 2% interest rate, reducing debt service costs for communities
4	HED – MassWorks	Grants to municipalities for infrastructure improvements to support economic development and housing production	Bonus points for grant evaluation score with Housing Choice designation
5	HED – Seaport Council Grants	Grants to municipalities for planning and infrastructure improvements to support the marine economy	Housing Choice Communities may have required 20% match waived and/or the \$1Million grant amount may be exceeded for eligible applicants
6	EEA – Community Investment Grants	Planning Grants	Bonus points for grant evaluation score with Housing Choice designation
7	LAND Grant Program	Acquisition of conservation land	Bonus points for grant evaluation score for LAND program
8	PARC Grant Program	Acquisition of recreation land, construction of new parks, renovation of existing parks	Bonus points for grant evaluation score for PARC program
9	Gateway Park Grants	Acquisition of recreation lands, construction of community parks and trails in Gateway Cit8ies	Bonus points for grant evaluation score for grant program; possible reduction in matching requirement for Gateway PARC program

Rewards: Dedicated Funding for Small Towns

- The first year Small Municipalities Housing Choice Grant will be for **an estimated \$1 million in capital grant monies** and increasing with revenue growth thereafter.
- In addition to the dedicated funds for small communities, they **may choose to seek Housing Choice designation** and to compete for the Housing Choice Grant funds.
- **Towns across the Commonwealth will benefit from Housing Choice funding.**
- Small towns are also eligible for the **MassHousing 40B Planning for Production** grants.
- **MassWorks will continue to set aside 10% of funds** for projects in rural small towns with population of 7,000 or less (Small Town Rural Assistance Program or STRAP).

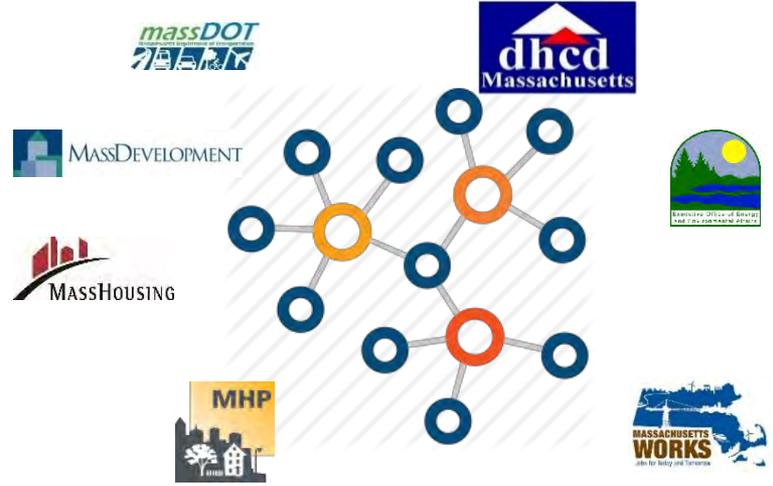
Communities with population at or below 7,000 residents



Collaborative Technical Assistance

The Housing Choice Initiative will align resources and data so that there is a clear, single point of entry for communities seeking to increase sustainable housing production

- Building on the success of the Open for Business Initiative, the Housing Choice agenda will **integrate existing resources under a new Technical Assistance initiative** so that all existing programs are working in alignment.
- DHCD's Housing Choice Program Director will **promote planning and housing related technical assistance** across multiple agencies -- including public and quasi-public agencies
- **MassHousing committed \$2 million in "Planning for Production"** grant program to assist local governments to better plan for housing



TECHNICAL ASSISTANCE PROGRAM CHART

Based on existing programs

TA PROGRAM	TA PROVIDER	ELIGIBLE	WHEN	INTRODUCES WORK	ELIGIBLE SCOPES/ACTIVITIES	MAX \$	LIKELY ANNUAL NUMBER	LIKELY REPORTING FLOW
CLTA	SPAs	Munic	Minor in first quarter	SEA	Any scope with priorities (planning ahead for housing economic growth, or municipal services)	No max, but each SEA has allocation	10-40	DHCD gets quarterly report of awards; must see in Q2 then close. We could try to get informal reports in Jan & Feb.
PCF	DHCD	Munic	Rolling	Pre-approved consultant for 1000 man weeks & 10m equiv	Community planning that will lead to housing, including operating, HPP & HPI implementation, and feasibility studies/other alignment of municipality-owned data, affordable housing plans, although, can be predominantly market rate and/or for mixed use.	\$50,000 (initially up to \$20,000)	Less than 5	Probably note of one application or award or completion a month
MASSDEV	MASSDEV	Munic	Rolling	House doctor consultant/MassDI housing management & support	Any development scope, with specific activities negotiated with community. Eligible activities include: feasibility/market studies, etc.	\$50,000 to initial max, but have authorized up to \$100,000 for Gateway Cities	10-20?	Probably note of task requests/awards or completion a month
CLTA/AL	SPAs/MASSDOT	Munic-OC Region	October	SEA	Planning that helps implement the regional plan, focusing on density development and preservation goals.**	\$45,000	Less than 5	Quarterly
TARGETED COMMUNITIES	MHP	Munic, Housing Author	Rolling	Staff from approved consultant list - must accept & MHP manages	Site-specific, usually municipally owned sites, affordable family rental housing	\$25,000	Less than 5	Quarterly

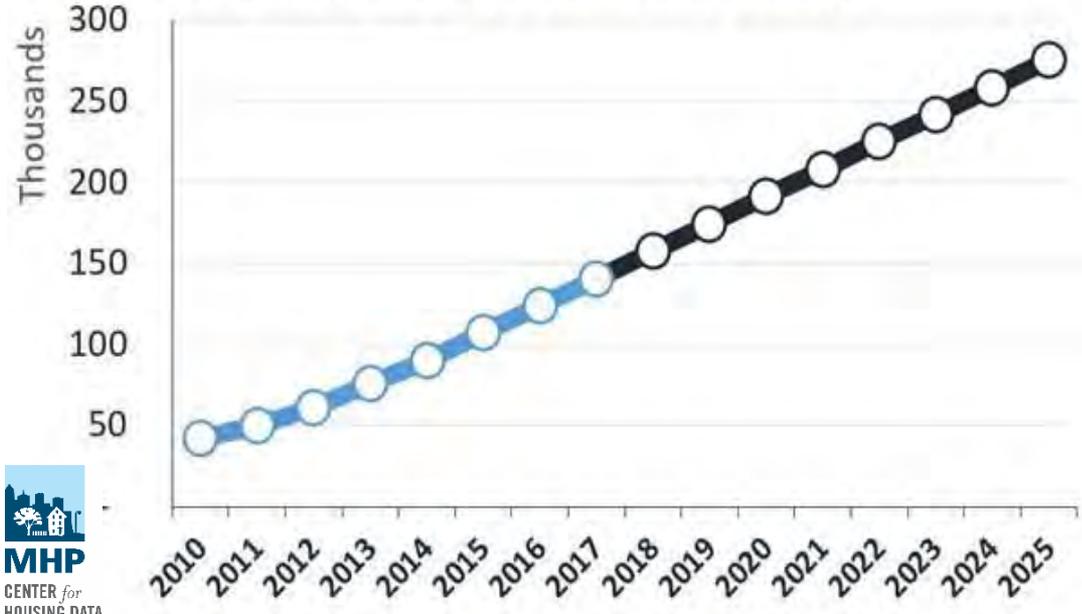
* See State Pre-Development Services program, Cities & Towns Initiative, and AFD program
 **How can you use this program as being a part of CLTA, since SPAs/MASSDOT require municipal services when it builds for CLTA applications.

Legislation Will Help Achieve Housing Goal

The Housing Choice Initiative will track progress towards the Goal of 135,000 new units by 2025 and improve data systems.

- Goal is achievable because production in the last 3 years has been strong, but it needs to be sustained.
- Represents a 26 percent increase in housing production compared to the last eight years.
- Keeps pace with projected increases in housing demand.
- Is closely aligned with the housing production goals required for designation as a Housing Choice community.

Cumulative Housing Units Permitted 2010-2025
PAST PERFORMANCE: 107,000 new units 2010-2017 (last 8 years)
GOAL: 135,000 new units 2018-2025 (next 8 years)



Housing Choice Initiative: Major Milestones

December 2017

- **Announce Housing Choice Initiative**
- Governor filed **An Act to Promote Housing Choices** legislation (H. 4075)
- **\$2 million** new MassHousing Technical Assistance **“Planning for Production”** grants
- Contract with regional planning agencies on **new DLTA round, which includes support for the Housing Choice Initiative**

January to April 2018

- **Open applications for Housing Choice Community** designation
- Hearing on H. 4075, at Joint Committee on Housing (voted out of committee 12-1 in support and redrafted as H. 4290)

May to June 2018

- **Announce Housing Choice Communities**
- **Incorporate HCC into multiple grant programs and new MassDOT capital plan**
- **Open Housing Choice Capital Grant Program and Small Town Grant Program applications**

Fall 2018

- **Announce Housing Choice and Small Town Capital grant recipients**

www.mass.gov/housingchoice

Chris Kluchman, FAICP

Housing Choice Program Director
DHCD, 100 Cambridge Street, Suite 300
Boston MA 02114
617-573-1167

chris.kluchman@mass.gov



Other Resources

Planning for Production

www.masshousing.com – Planning & Programs

www.housingtoolbox.org – A great resource !

HOUSING TOOLBOX
for Massachusetts Communities 

