



Driving Production and Preservation

Healey-Driscoll Administration

Introduction

Too many Massachusetts families are struggling under the burden of rising housing costs and limited housing availability. Across the state, the supply of housing has failed to keep up with demand. Between 2020 and 2030, the state needs at least 200,000 new homes to accommodate growth and achieve a healthy vacancy rate.

Since its first day in office, the Healey-Driscoll Administration has signaled its commitment to confronting the Commonwealth's housing crisis. One of the first acts of the Administration was to elevate the former Department of Housing and Community Development to a cabinet-level agency. This year alone, Governor Healey, alongside the newly created Executive Office of Housing and Livable Communities, awarded over \$300 million in state and federal resources to accelerate projects that seek to build and preserve over 2,000 affordable housing units.

The Administration's FY24-FY28 Capital Investment Plan also represented an historic investment in housing, increasing the annual investment in housing by approximately 18% to help finance the construction of hundreds of new affordable housing opportunities per year.

The Affordable Homes Act builds on these investments with a record **\$1.83 billion** in bond authorization to help drive housing production and preservation in Massachusetts. The bill also supports the Administration's "whole of government" approach to meeting state climate goals by prioritizing housing investments that comply with decarbonization and sustainability standards, to the maximum extent feasible.

Expanding HousingWorks Supports

In its FY24-FY28 Capital Investment Plan, the Healey-Driscoll Administration launched Housing Works, a new program designed to increase the supply of affordable housing by providing direct subsidy for affordable housing production, providing incentive payments to municipalities who meet zoning best practices, and funding local infrastructure. Based on the successful MassWorks Infrastructure grant program, HousingWorks serves as a flexible tool to support housing development, preservation and rehabilitation, including projects focused on transit-oriented housing.

The Affordable Homes Act infuses HousingWorks with additional critical resources including:

- **\$425M for the HousingWorks Housing Stabilization and Investment Fund:** Consolidates the Housing Stabilization Fund and the Capital Improvement and Preservation Fund to support preservation, new construction, and rehabilitation projects.

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- **\$275M for the HousingWorks Sustainable and Green Housing Initiatives:** Consolidates the existing Transit Oriented Housing Program and the Climate Resilient Housing Program and adds language to create a new, innovative program to accelerate and unlock new housing through, for example, office conversions and development of modular homes.
- **\$175M for the HousingWorks Infrastructure Program:** Supports the recently created HousingWorks Infrastructure Program, which funds municipal infrastructure projects to encourage denser housing development.
- **\$25M for HousingWorks Community Planning Grants:** Makes grants to municipalities for planning and zoning initiatives that support housing.
- **\$35M for the HousingWorks Housing Choice Grant Program:** Provides payments to municipalities that receive a Housing Choice designation through high housing production and/or demonstration of best practices.
- **\$20M for the HousingWorks Smart Growth / 40R Program:** Provides incentive payments to municipalities that adopt smart growth housing districts, as stipulated in MGL 40R.

Driving Development

The Affordable Homes Act also includes other tools for spurring additional development. Notably, the bill includes **\$800M for the Affordable Housing Trust Fund**, which provides flexible resources to create or preserve affordable housing for households whose incomes are not more than 110% of area median income. The bill also includes **\$100M** in bond authorization to create a new permanent capital resource for **CommonWealth Builder** – a program initially launched with ARPA funding. This successful program spurs construction of affordable single-family homes in Gateway Cities and other similar markets. Other key investments include **\$50M** for the **Neighborhood Stabilization fund** to support the acquisition, rehabilitation, and sale of distressed properties and **\$100M** for the **Middle Income Housing Fund** to support middle-income housing production.

Additionally, the bill supports the creation of the **Momentum Fund** – a pioneering initiative designed to leverage state resources to support large scale, mixed-income multifamily development. By pairing public investments with private capital, the Commonwealth aims to create a revolving fund used to fill financial gaps in large multifamily developments to sustain production momentum in a rising interest rate and construction cost environment. The fund will help foster a faster, lower-cost marketplace for developers and private capital investors by

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creating an efficient platform to help infuse needed capital into housing projects and grow the Commonwealth's multifamily housing stock. The bill includes **\$50M** for this innovative program.

Unlocking Housing Production Opportunities

In addition to these investments, the Affordable Homes Act makes significant policy changes aimed at supporting purposeful planning and unlocking opportunities for housing production. For example, the bill requires the Executive Office of Housing and Livable Communities (EOHLC) to prepare a **Statewide Housing Plan** every 5 years based on regional outreach and robust data analysis.

The bill also includes several policies designed to increase opportunities for production and preservation statewide:

- **Accessory Dwelling Units (ADUs) As-Of-Right:** Permits ADUs equal to or less than 900 square feet to be built by-right in single family zoning districts in all communities.
- **Local Option Transfer Fee:** Allows municipalities and regional affordable housing commissions to adopt a transfer fee of 0.5% - 2.0%, paid by the seller of real property on the portion of sale proceeds over \$1M or the county median home sales price, whichever is greater (adjusted for inflation). Revenue from this fee must be used for affordable housing purposes.
- **Inclusionary Zoning by Simple Majority:** Adds inclusionary zoning 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. These changes are supported by a **\$30M State Surplus Property Disposition** authorization to help ready state surplus land for housing uses by covering the cost of demolition of existing, obsolete structures or necessary environmental remediation. This investment also complements an accompanying executive order that directs EOHLC and DCAMM, with guidance and direction from the Lieutenant Governor, to develop an expanded inventory of government-controlled property suitable for housing.
- **Community Investment Tax Credit (CITC):** Eliminates the CITC's 2025 sunset and expands the statewide cap on donations from \$12M to \$15M; under the CITC, individuals donating \$1,000 or more to a CDCs or nonprofit Community Support Organizations that have been awarded CITC receive a credit of 50% of their contribution.