



Housing Choice Initiative



*Northern Middlesex Council of Governments
Board Meeting
February 21, 2018*

By: Chris Kluchman, FAICP, Housing Choice Program Director



OVERVIEW

The Baker-Polito Housing Choice Initiative provides tools for communities to meet its goal of 135,000 new units by 2025.

1. **Review the Housing Challenges**
2. **Celebrate progress** - Positive Steps by the Baker-Polito Administration and leading Local Governments
3. **Program elements:**
 - **Housing Choice Designation**
 - **NEW Housing Choice Capital Grants**
 - **NEW Small Town** capital grant funding
 - **Technical Assistance** – New grants and better coordination
 - **Housing Goal** and improved data to track performance
4. **Legislation – An Act to Promote Housing Choices**

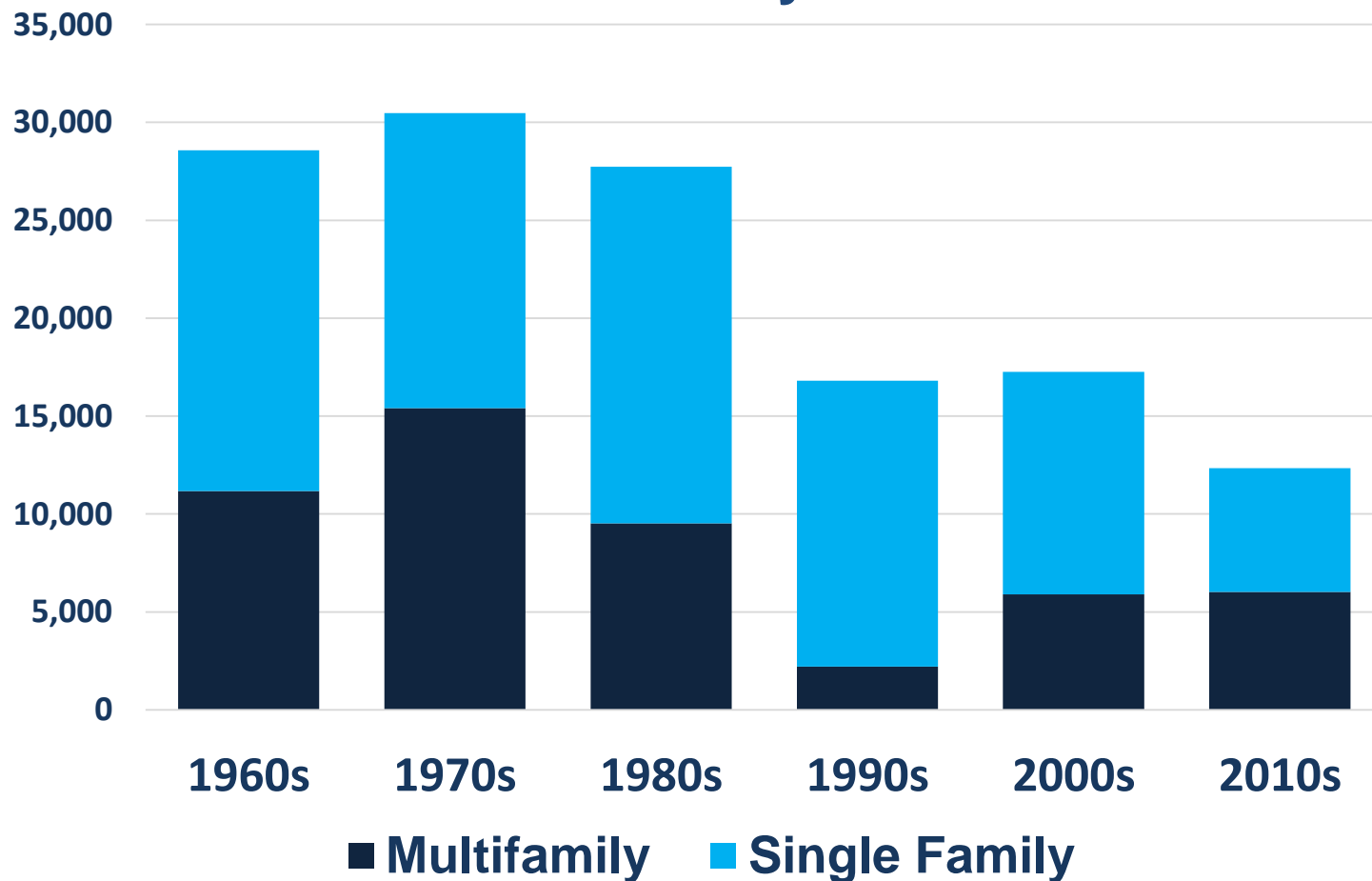


1/11/2017

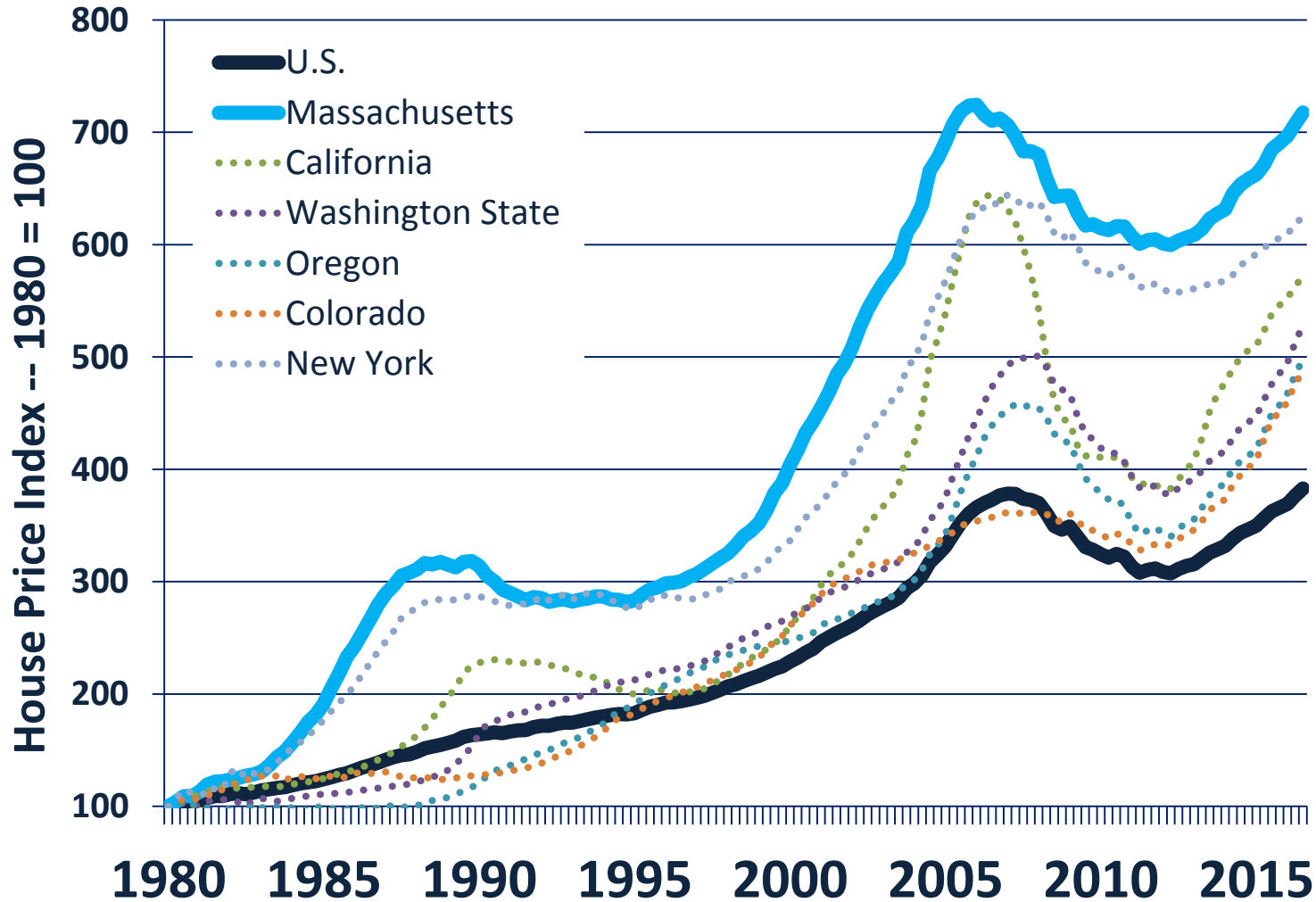


State producing fewer units

Annual Housing Production in Massachusetts by Decade



Home prices have surged



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

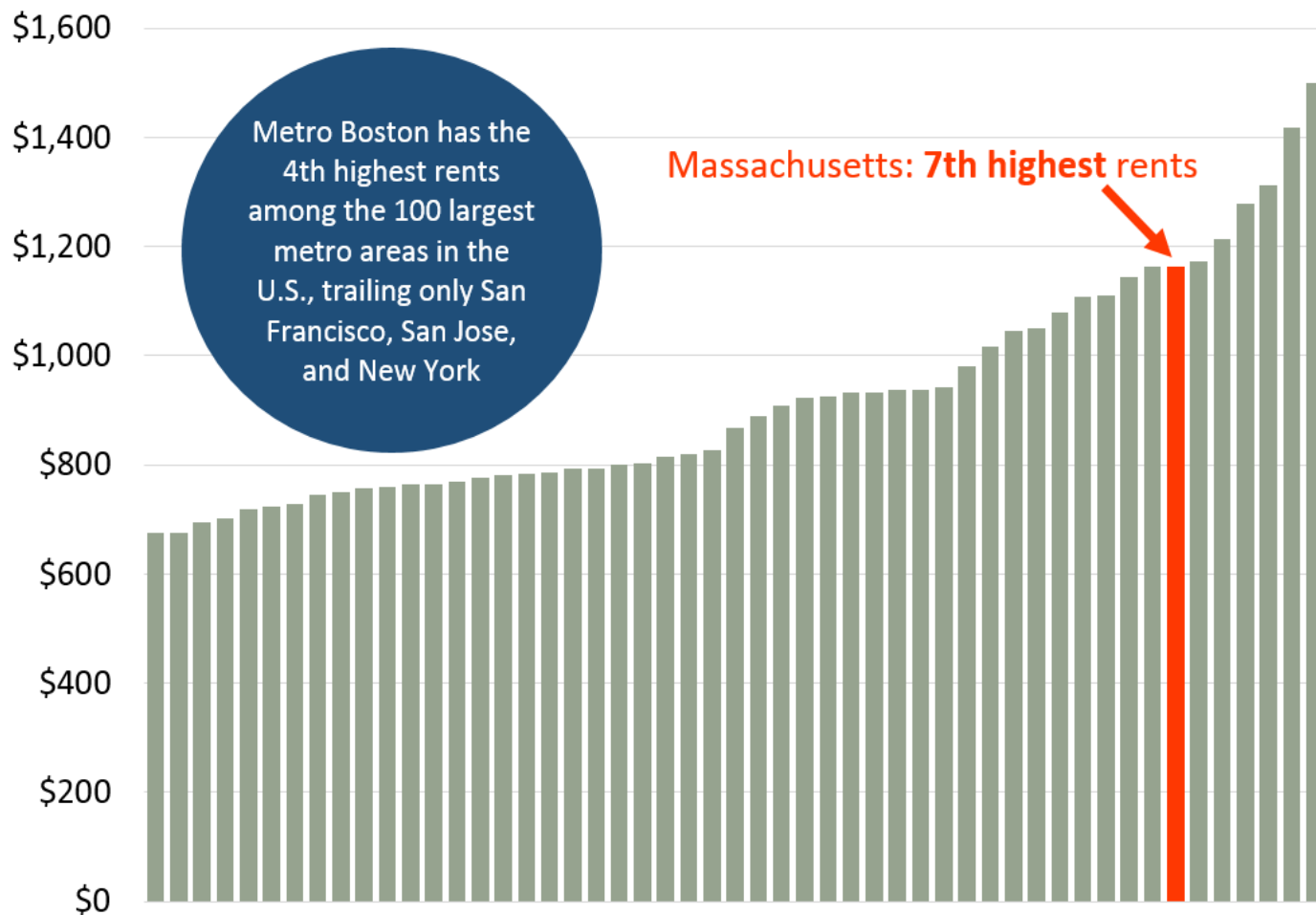


MHP

CENTER for HOUSING DATA

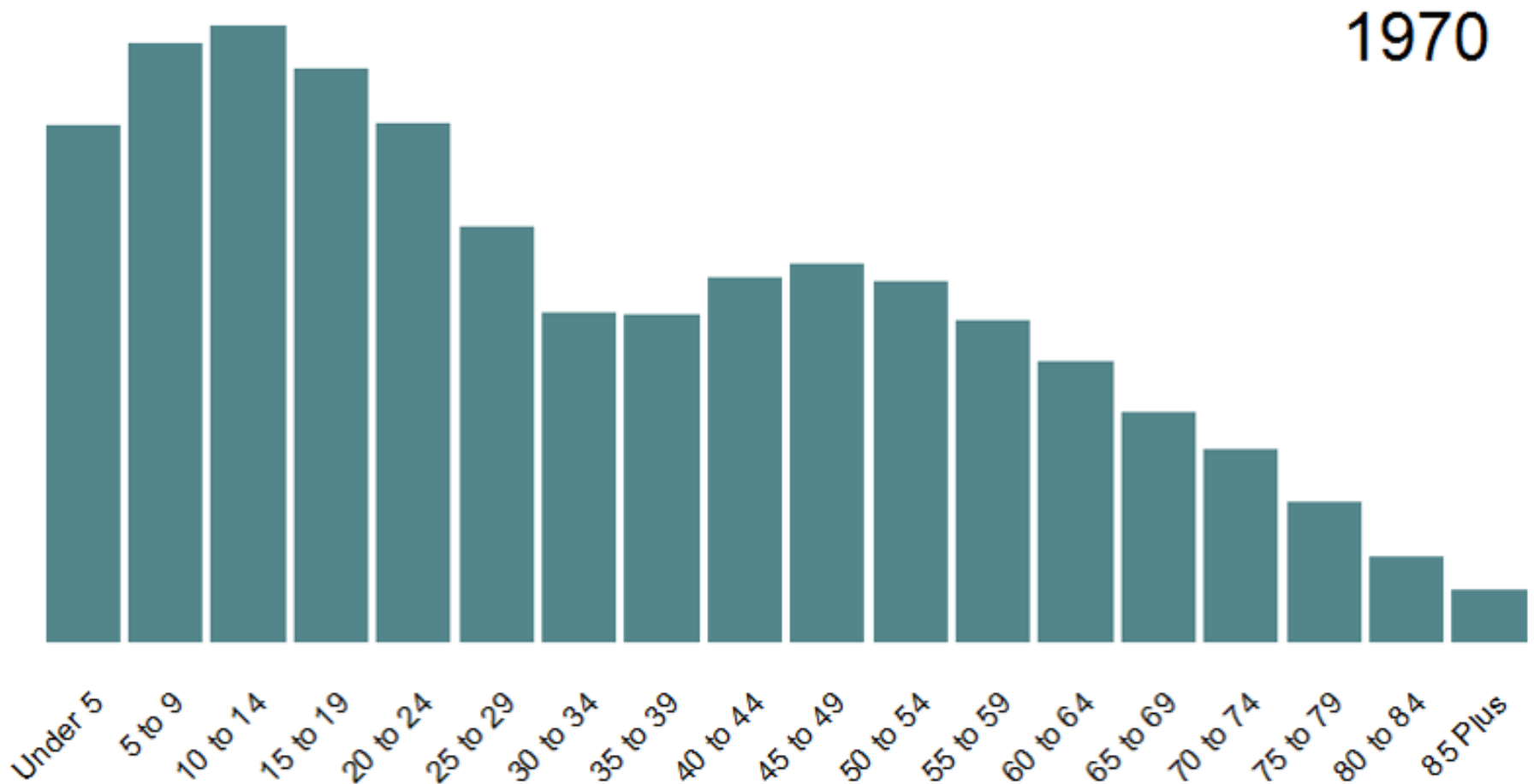
Rents are high

Median Rent by State



Silver Tsunami

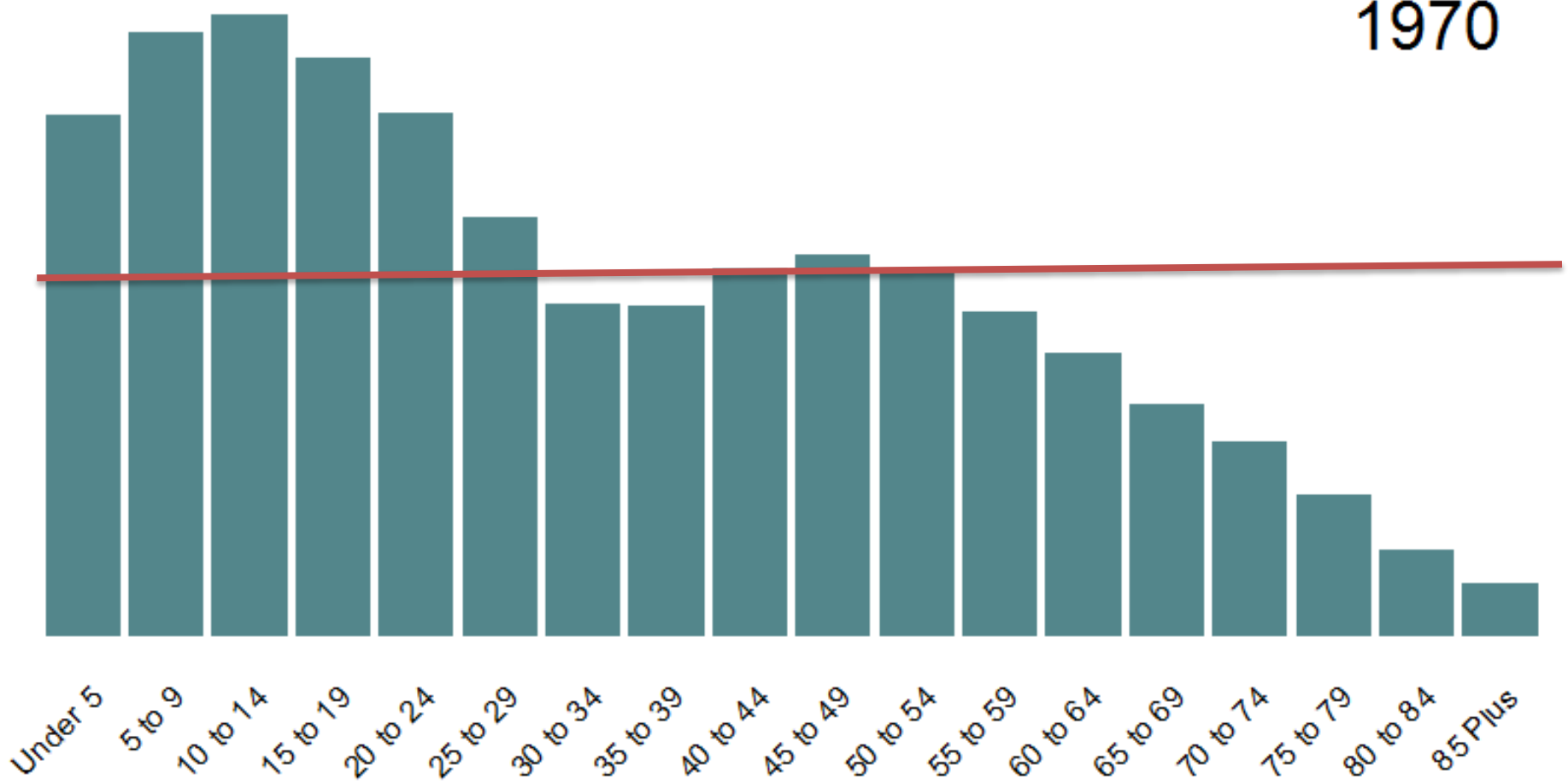
Massachusetts population by age cohort by year: 1970 to 2016



Silver Tsunami

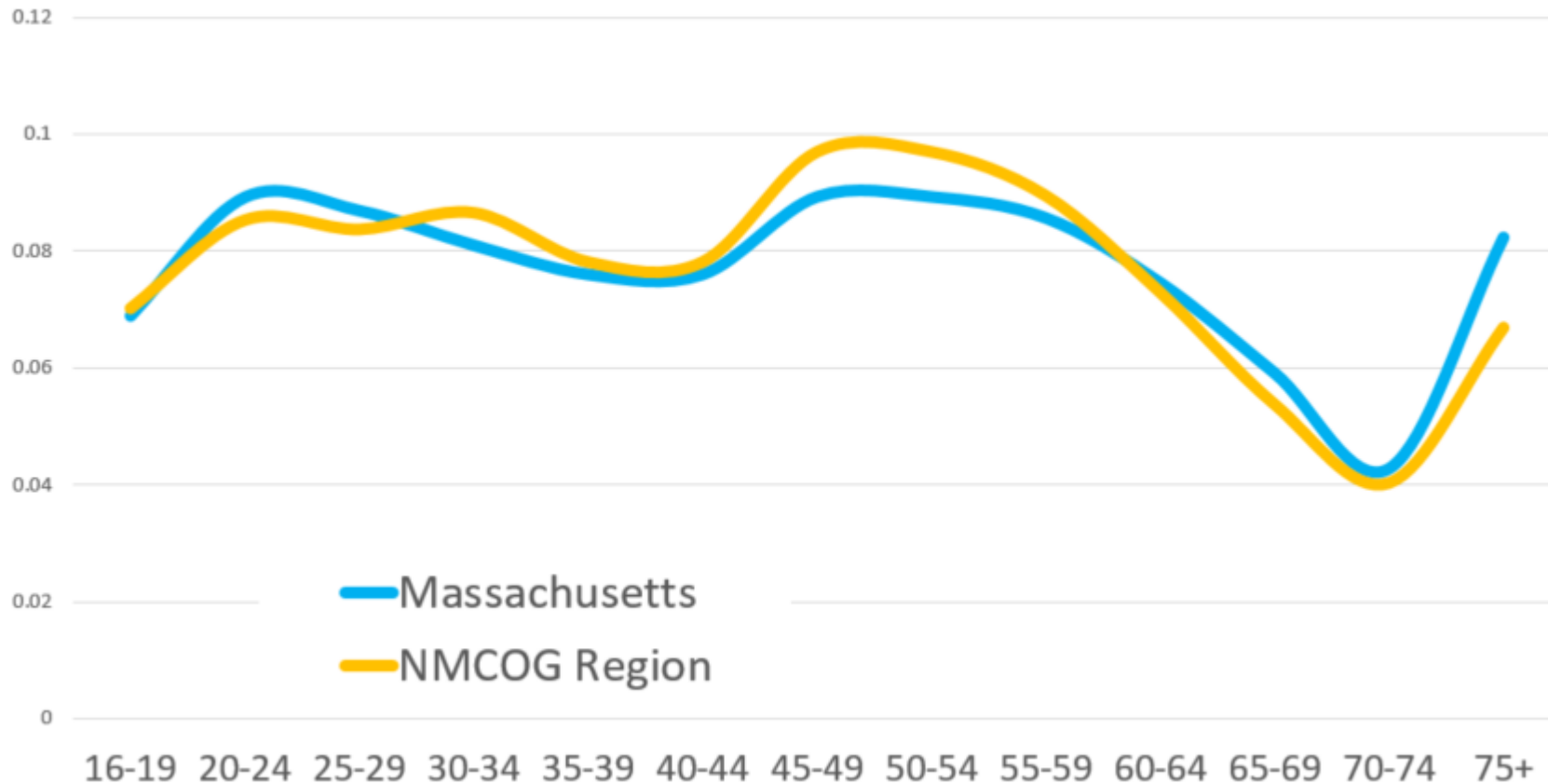
Massachusetts population by age cohort by year: 1970 to 2016

1970

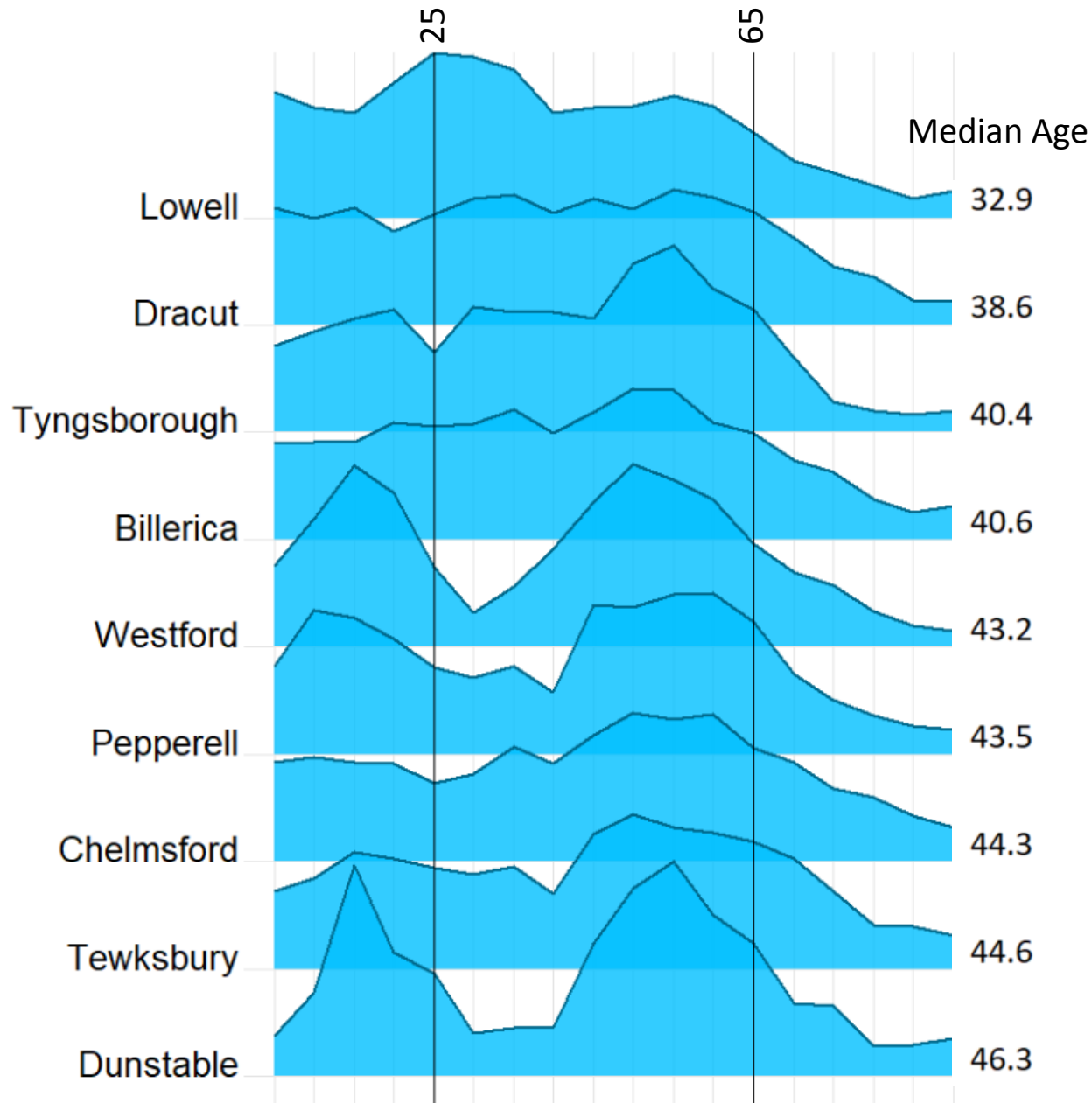


Data source: U.S. Census Bureau, Population Estimates Program

NMCOG's demographic profile similar to statewide distribution

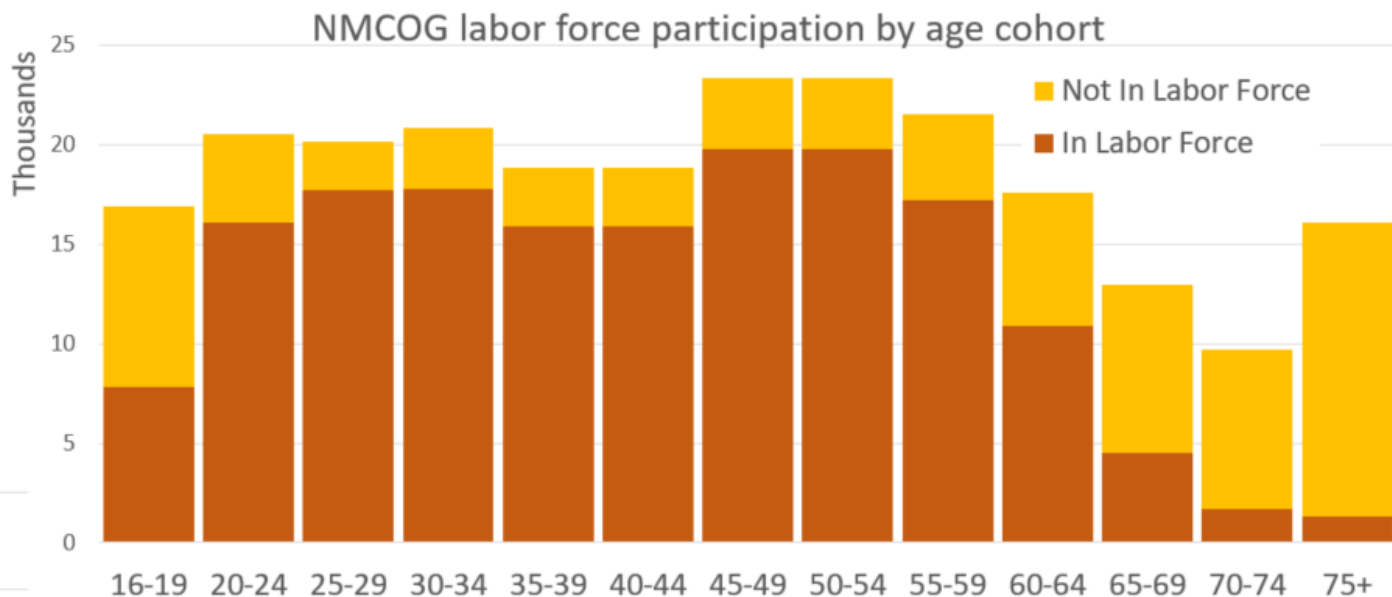
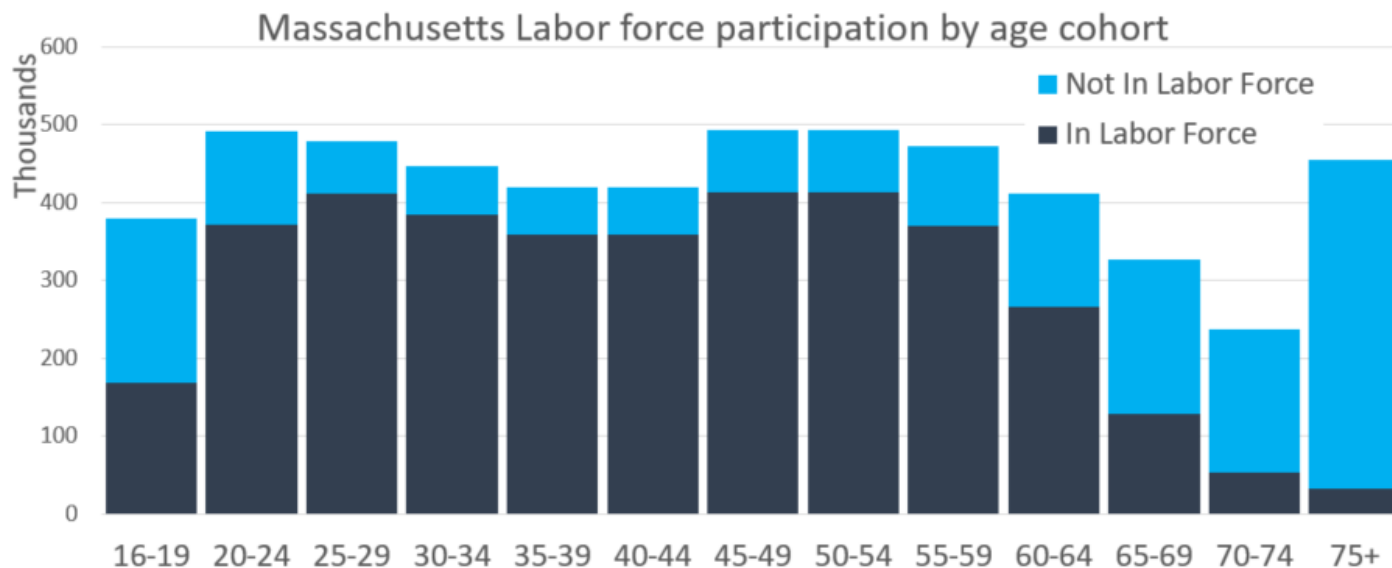


Boomer peaks, millennial valleys



Data source: U.S. Census Bureau, American Community Survey 2012-2016

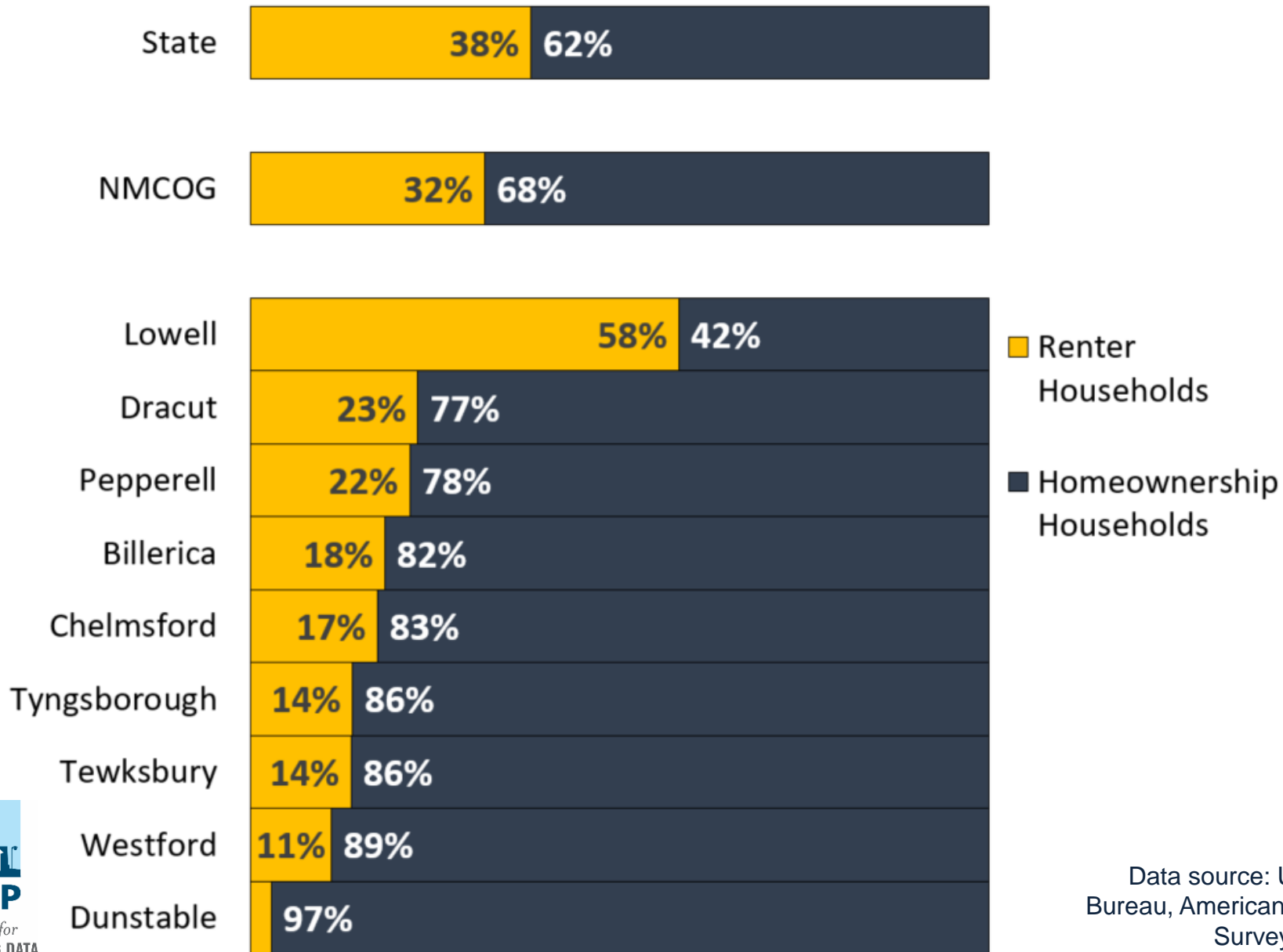
Similar demographic shift in region/state



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



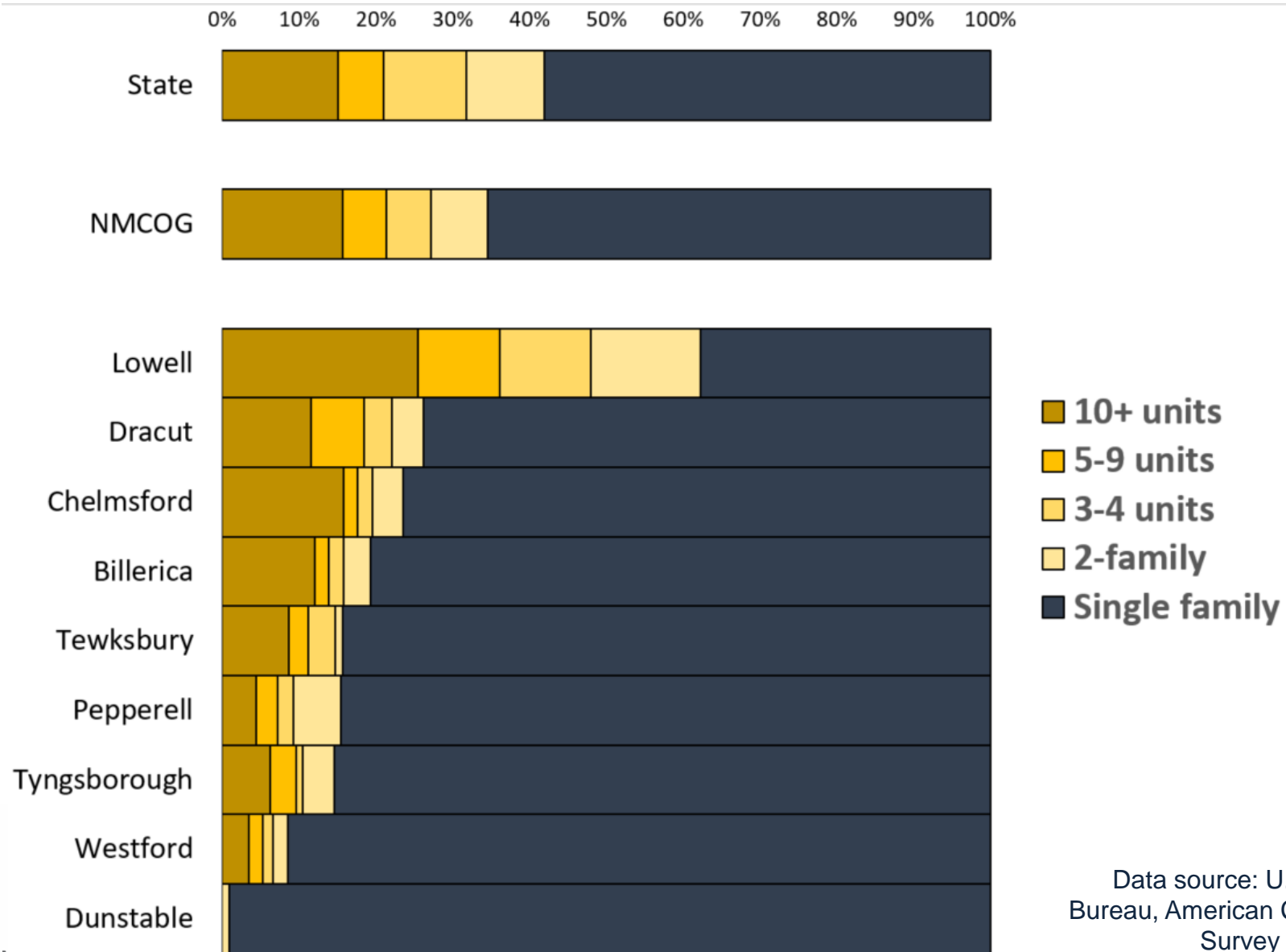
Limited rental housing outside Lowell



Data source: U.S. Census Bureau, American Community Survey 2012-2016



Single-family homes predominate



Data source: U.S. Census Bureau, American Community Survey 2012-2016

Low vacancy rates, tight markets

County	Rental Vacancy Rate	Homeownership Vacancy Rate
Suffolk	1.40%	0.45%
Middlesex	1.56%	0.31%
Essex	1.61%	0.33%
Hampshire	1.75%	0.47%
Norfolk	1.78%	0.27%
Hampden	1.82%	0.45%
Franklin	1.95%	0.81%
Bristol	2.21%	0.51%
Worcester	2.49%	0.54%
Plymouth	2.79%	0.41%
Berkshire	3.20%	0.86%
Barnstable	3.51%	0.78%

Data source: U.S. Census Bureau, American Community Survey 2012-2016

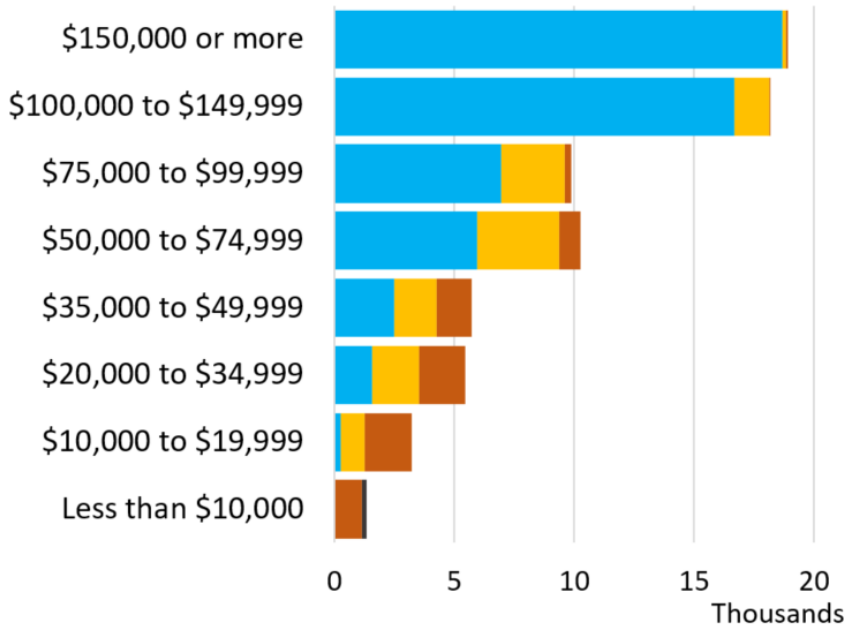
*Calculations adjust out seasonal, occasional, and off-market units

Low-income households are struggling with affordability

7,735

Severely burdened owner households

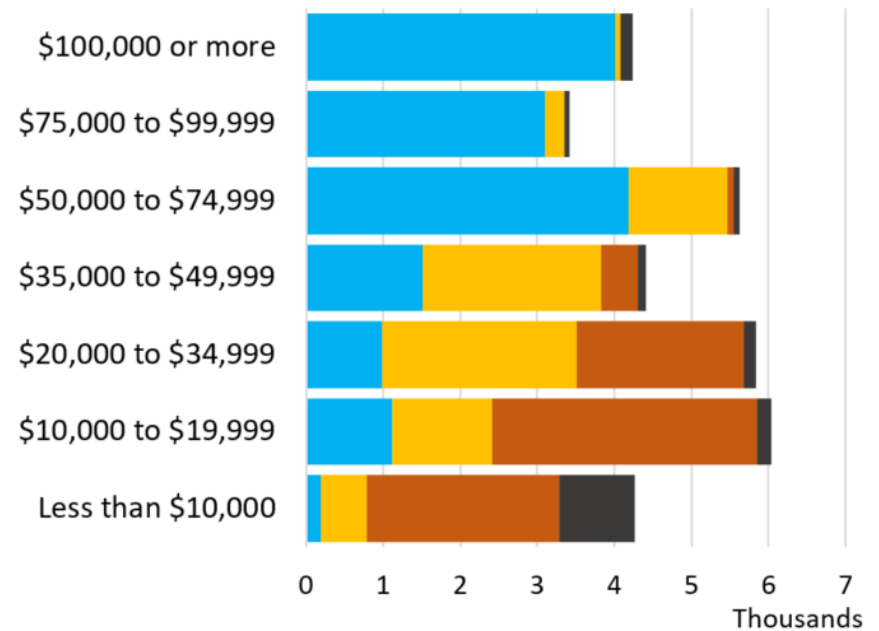
Households by ownership cost burden
NMCOG communities



8,655

Severely burdened renter households

Households by rent burden
NMCOG communities



■ Not Burdened ■ Burdened
■ Severely Burdened ■ Not computed

■ Not Burdened ■ Burdened
■ Severely Burdened ■ Not computed

Housing is good for business

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.”

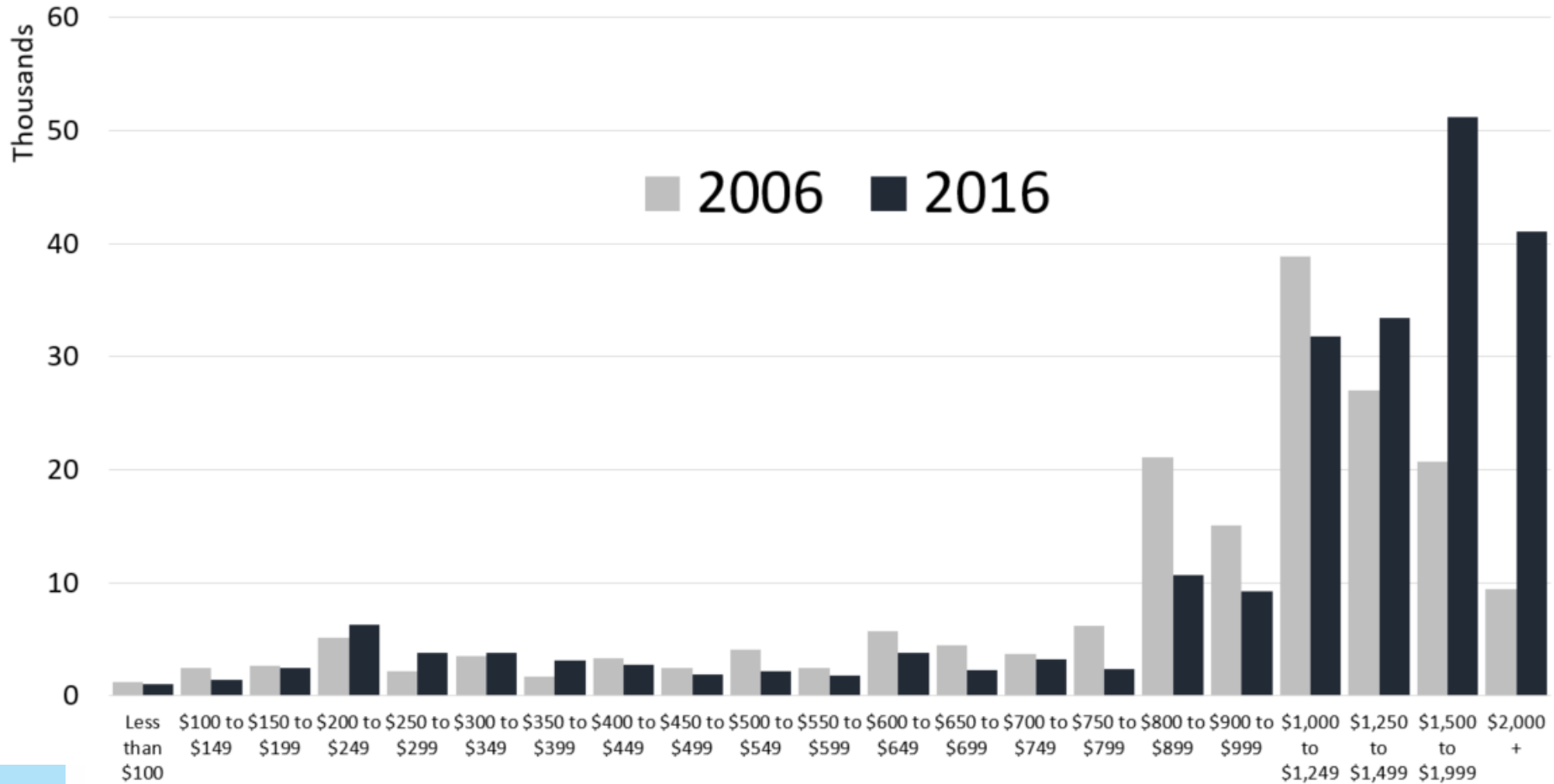
MassEcon report, March 2017

“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

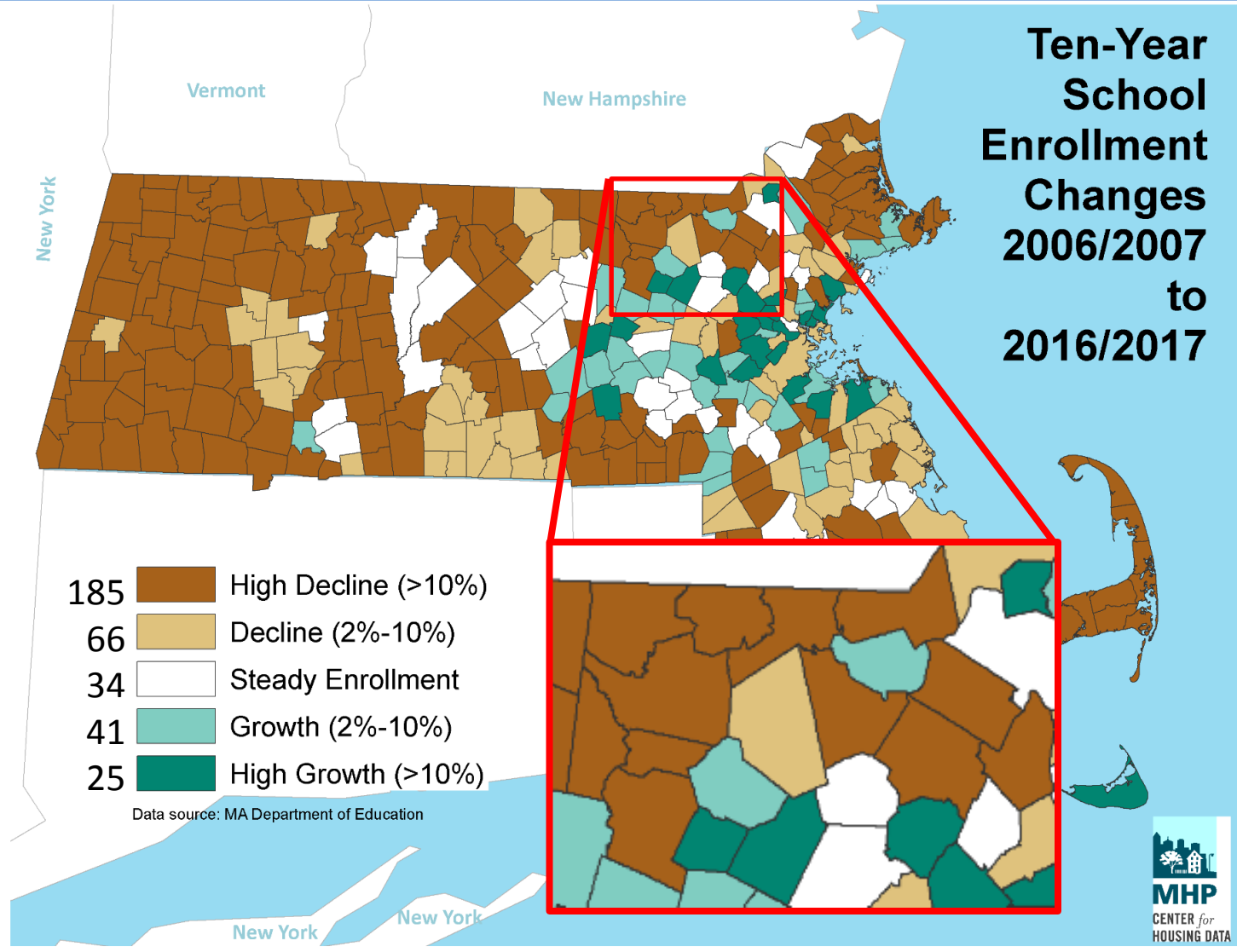
The upper end of the rental market has expanded significantly in Middlesex County

Change in distribution of rents - Middlesex County - 2006-2016



CHALLENGE: PERCEPTION OF SCHOOL ENROLLMENT

Communities are concerned about the effect of new housing on schools, although 72% of communities experienced a decline in school enrollment over the past 10 years.



Housing growth has disparate impact on municipal school costs and deserves nuanced attention.

MAPC released an important analysis in October 2017 on this topic: report *“The Waning Influence of Housing Production on Public School Enrollment in Massachusetts”*.

POSITIVE STEPS: BAKER-POLITO TRACK RECORD

Build on past successes and coordinated approach

- The Administration **increased funding for affordable housing by 19% in the Capital Investment Plan, with expected spending of more than \$1.1 billion over 5 years.**
- **MassWORKS has emerged as a key catalyst for housing production**, and the Administration increased funding by 25%, leading to support for 3,000 units of mixed-income housing.
- MassHousing is now investing **\$100 million toward workforce housing**, and another \$50 million toward preservation of existing affordable units.
- The Administration has **reformed the Housing Development Incentive Program, leading to 630 new units in Gateway Cities** and the **Urban Center Housing Tax Increment Financing program**. In addition, 40R has been updated to include starter homes.
- The Department of Housing and Community Development is **experimenting with public-private partnerships to rehab public housing and build market rate housing** with public housing parcels.
- **Open for Business Initiative is making properties available to development**, including over 2,200 new housing units under agreement within I-495.



POSITIVE STEPS: LOCAL GOVERNMENTS LEADING

Some municipalities demonstrate local innovation and leadership that will be needed to successfully address the Commonwealth's housing supply challenge. The Housing Choice Initiative will build on those efforts.



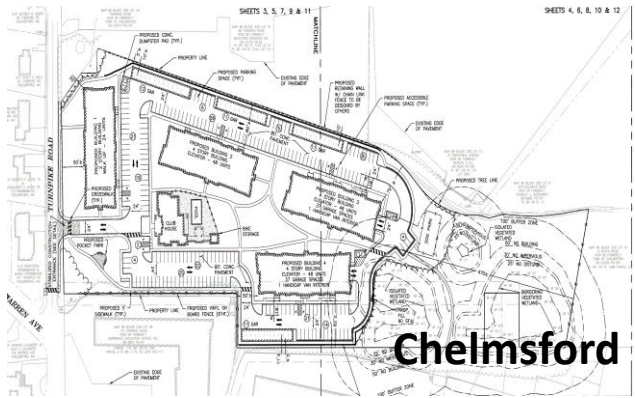
Concord

Robust inclusionary zoning, "planned residential" zoning to support multiple cluster developments, and approval of multiple projects to meet Chapter 40B obligations.



Westford

New zoning bylaw that allows multifamily near employment. The Planning Board recently approved 168 units through Special Permits which provides the Town with an alternative to 40B.



Chelmsford

Land donations for 100% affordable projects, Affordable Housing Trust loans to mixed income projects, Mill Conversion Overlay and Senior Residential District in zoning bylaw

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Natick

Planning and permitting of more than a thousand new units to focus on downtown revitalization and discourage higher-density development in outlying areas while meeting all Chapter 40B obligations.

Special Town Meeting approved several bylaws in fall 2017: Inclusionary Housing, established a Affordable Housing Trust, and adopted rules for senior residential housing at a range of 4 to 20 units per acre.



Littleton



Needham

New multifamily zoning approved by town meeting to support job growth by Trip Advisor and other major employers and successful reinvention of public housing to add units and serve a broader range of incomes.

POSITIVE STEPS: LOCAL GOVERNMENTS LEADING

Some municipalities demonstrate local innovation and leadership that will be needed to successfully address the Commonwealth's housing supply challenge

Westborough

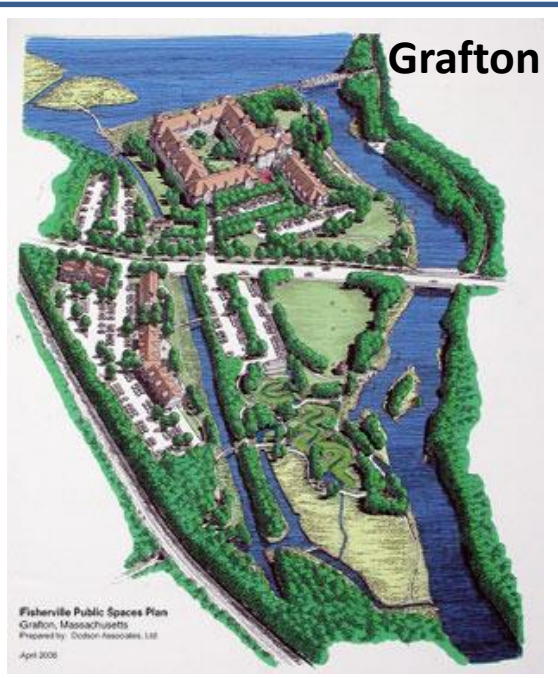


Redevelopment of Westborough State Hospital in coordination with State, proposed 700 units of over 55 housing

Approved mixed use retail and residential project Riverbridge.



Berlin



Grafton

Approved a 40R Smart Growth District, with 240 units and 60,000 square feet of commercial space at Fisherville Mill.

KEY PRINCIPLES FOR THE HOUSING CHOICE INITIATIVE

The effort is modeled after the successful Green Communities Program with incentives and rewards for local communities.

- Work as **partners with municipalities** to meet the complex housing challenge
- Program has **standards that are achievable (yet aspirational)** for municipalities.
- Our policies aim to **increase housing production, with a special focus on production in downtowns and transit oriented locations**, so that grow in an environmentally sustainable way.
- We seek solutions that are appropriate to **the various regions of the state, which face different challenges**.
- The Administration values **maximizing existing resources, collaboration between agencies, fostering innovation, and promoting data-driven policies**.



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



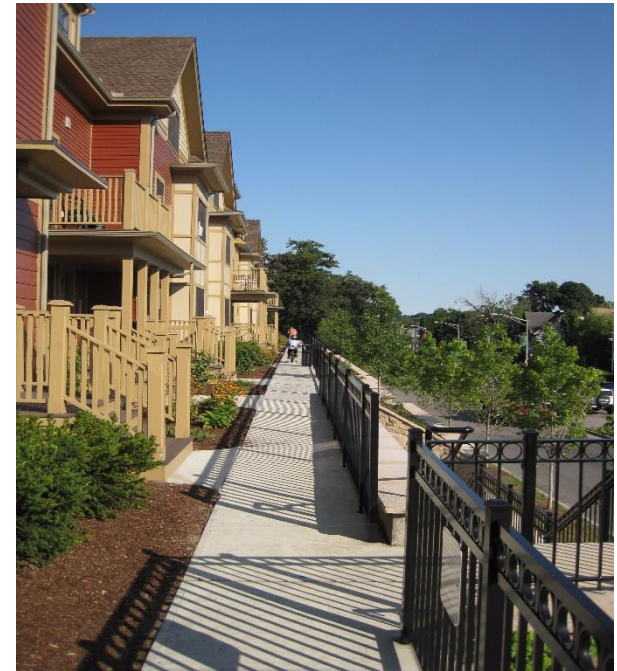
HOUSING CHOICE DESIGNATION

Rewarding communities that are producing new units and good planning

Housing Choice Designation

Rewards **municipalities that are producing new units and/or have adopted best practices.**

- Exclusive admission to new **Housing Choice Capital Grants**, Housing Choice Communities will be eligible for a new capital grant program starting in FY 19.
- **Priority access** to many Commonwealth grant and capital funding programs such as MassWorks, Complete Streets, MassDOT capital projects, and LAND and PARC grants.



HOUSING CHOICE DESIGNATION

How do Cities/Towns qualify as a Housing Choice Community?

Last 5 years

1) **High Production** Greater than 5% increase in net new housing units or 500 units;

or

2) **Production & Planning** Greater than 3% increase in net new housing units or 300 units and 4 out of 9 best practices

MUST HAVE 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

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 GRANTS

New capital grant program FY 19 – Applications in Summer 2018

Exclusive access to new **Housing Choice Capital Grants**, estimated at least **\$5 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: PREFERENCE FOR STATE GRANTS

Proposed grant programs that would give preference to Housing Choice municipalities

Agency - Program	Program Description	Housing Choice Benefit	FY18 funding
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	Portion of ~\$2 B
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	\$10 M
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	~\$425 M
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	\$75 M

REWARDS: PREFERENCE FOR STATE GRANTS

Proposed grant programs that would give preference to Housing Choice municipalities.

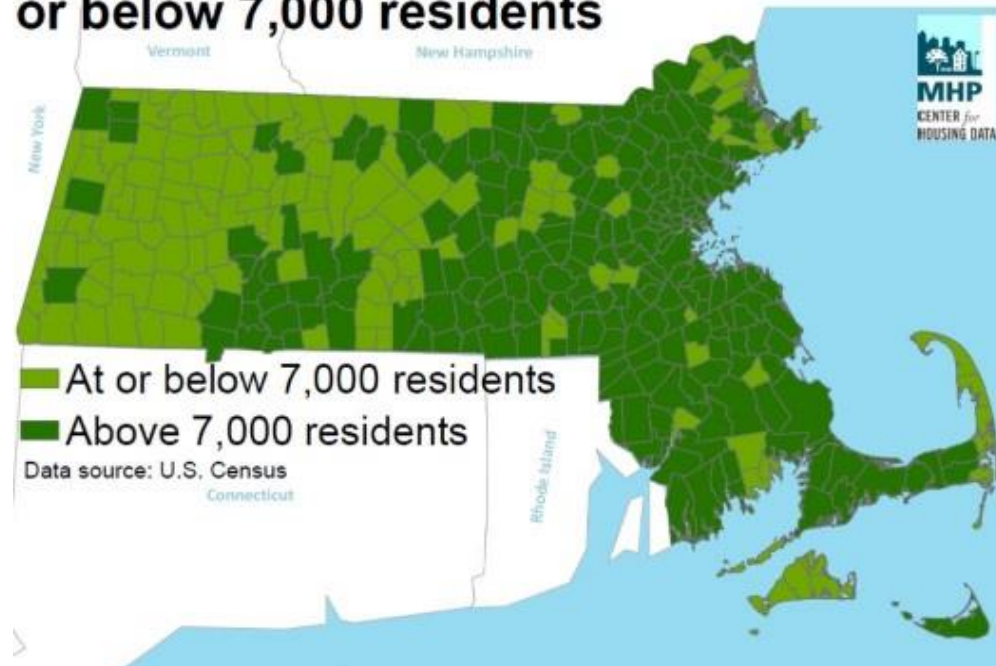
Agency - Program	Program Description	Housing Choice Benefit	FY18 funding
HED – Seaport Council Grants	Grants to municipalities for planning and infrastructure improvements to support the marine economy	Possible waiver of required 20% match waived and/or the \$1Million grant amount may be exceeded for eligible applicants	\$10 M
EEA – Community Investment Grant Programs	LAND, PARC, Gateway Cities PARC and EEA Planning Grants for acquisition of conservation and recreation land, as well as construction of community parks and trails in Gateway cities	Bonus points for grant evaluation score for PARC & LAND programs; possible reduction in matching requirement for Gateway PARC program	<u>\$17.2 M</u>
Total	Not including MassDOT		\$1,107 M

REWARDS: DEDICATED FUNDING FOR SMALL TOWNS

Small Towns Have Funding (less than 7,000 population)

- 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.**

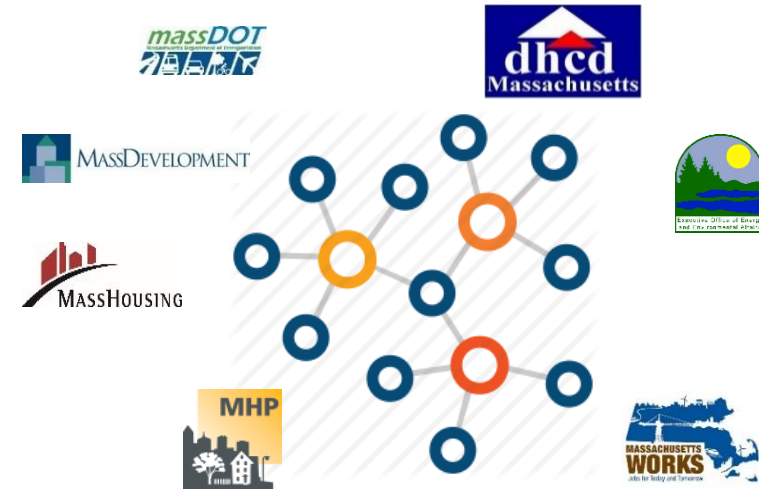
Communities with population at or below 7,000 residents



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 new Housing Choice Program Director will promote planning and housing related technical assistance across multiple agencies -- including public and quasi-public agencies.



TECHNICAL ASSISTANCE PROGRAM CHART									
Based on existing programs									
TA PROGRAM	ADMIN	ELIGIBLE	WHEN	WHO DOES WORK	ELIGIBLE SCOPE/ACTIVITIES	MAX \$	LIKELY ANNUAL NUMBER	LIKELY REPORTING FLOW	
DLTA	BPAs	Munis	Most in first quarter	BPA	Any scope w/ln priorities (planning ahead for housing economic growth, or municipal services)	No max, but each BPA has allocation	10-40	DHCD gets quarterly report of awards; must be in Q2 then close. We could try to get informal reports in Jan & Feb	
PDF	DHCD	Munis	rolling	Pre-approved consultant or 300+ more select & manages	Community planning that will lead to housing, including opening WPM & HPI implementation, and feasibility studies (w/ alignment of municipality-owned sites, affordable housing units, although can be predominantly market rate and/or for mixed use.	\$15,000 (initially up to \$20,000)	Less than 8	Probably rate of one application or award or completion a month	
MASDEV	MASDD	Munis	rolling	"house doctor" consultant/MASDD in-house management & support	Any development scope, with specific activities negotiated with community. Eligible activities include: (1) residential (2) public use (3) feasibility/market studies.**	\$50,000 to usual max, but have authorized up to \$100,000 for Gateway Cities	12-20?	Probably rate of two requests, awards or completions a month	
IC-BAL	ECHEU/DOT	Munis-IC Region	October	BPA	Planning that helps implement the regional plan, focusing on priority development and preservation areas.**	\$15,000	Less than 3	sporadic	
TARGETED COMMUNITIES	MHP	Munis, Housing Authorities	rolling	Staff/pre-approved consultant list - must select & MHP manages	Site specific, usually municipally-owned sites, affordable family rental housing	\$25,000	Less than 8	sporadic	

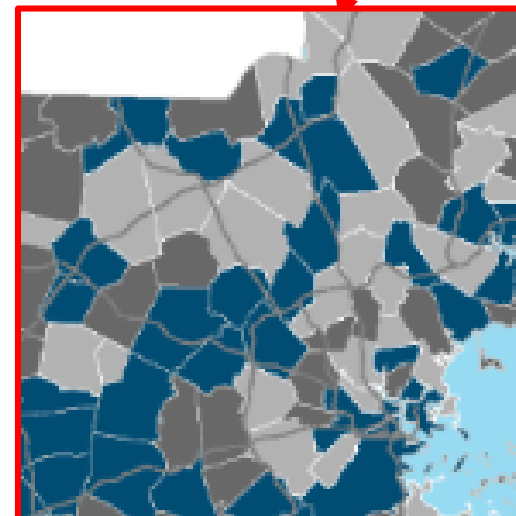
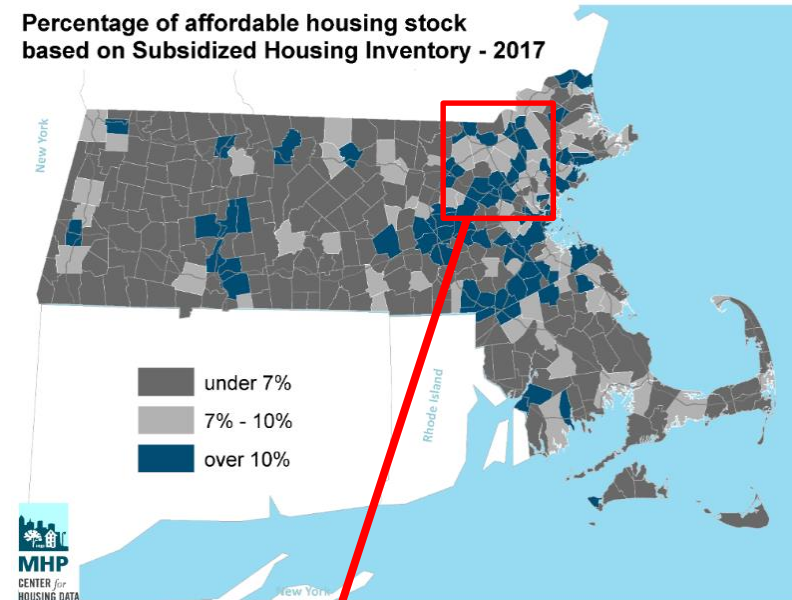
* Real Estate Pre-Development Services program, Cities & Towns Initiative, and 4302 program
 **How can we use this program as filing a gap to DLTA, since SPREDD really emphasizes municipal services when it solicits for DLTA application.

COLLABORATIVE TECHNICAL ASSISTANCE: TOWARD 40B COMPLIANCE

MassHousing is committing \$2 million in “Planning for Production” grant program to assist local governments to better plan for housing

www.masshousing.com – look under Planning & Programs

- MassHousing funds will assist municipalities to progress toward, achieve and maintain the 10% affordability goal, by **building municipal capacity to plan for housing**.
- MassHousing will provide **\$2 million in local technical assistance** for: rezoning, planning infrastructure for housing growth, building community development capacity, and promoting data transparency.
- By helping communities progress toward, achieve and maintain the 10% affordable housing goal, **the program will empower communities to better control their own development destinies**.



Note:
Westford is
now over
10%

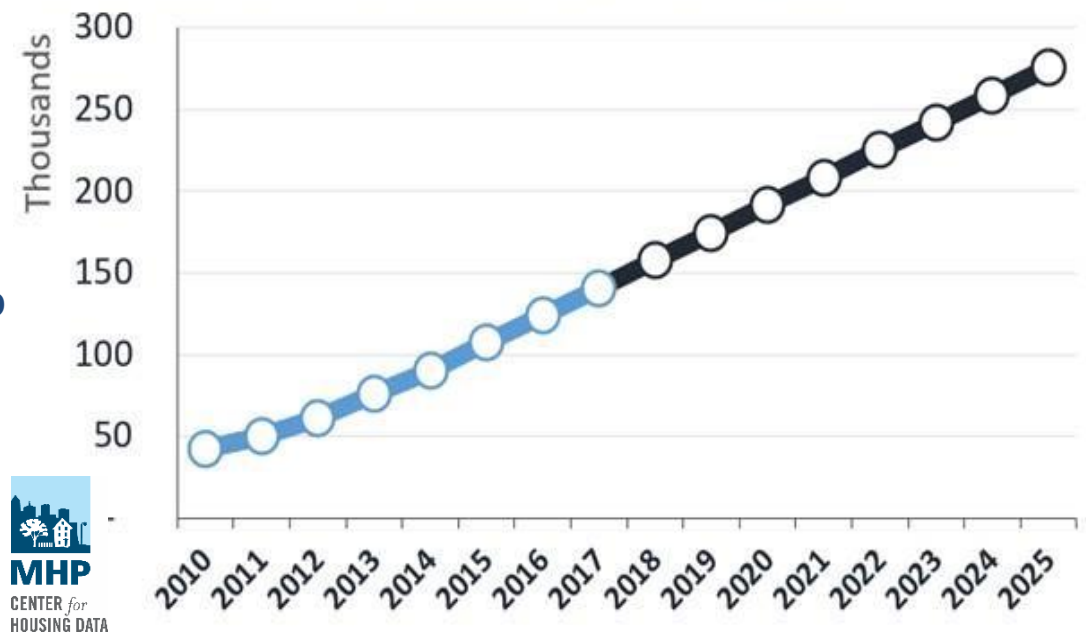
TRACKING PERFORMANCE TOWARDS HOUSING GOAL

Track Progress Towards the 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.

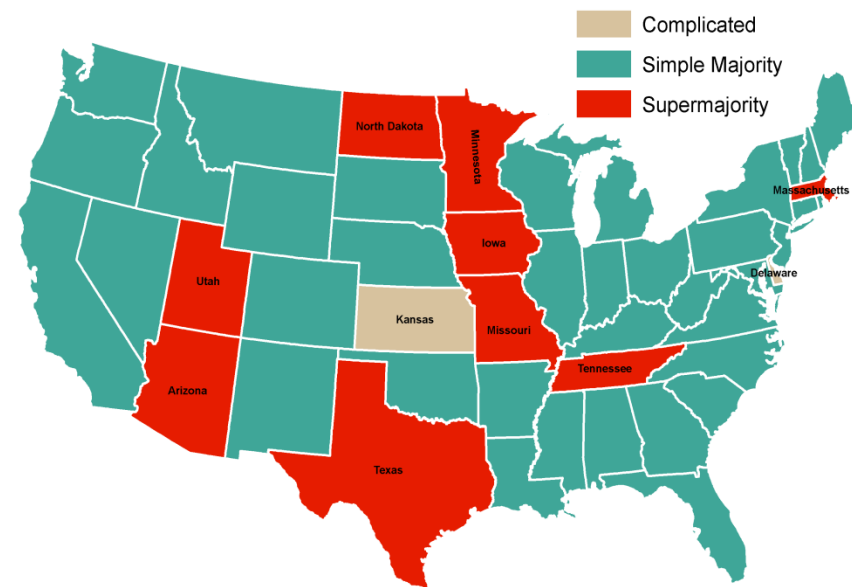
Cumulative Housing Units Permitted 2010-2025
PAST PERFORMANCE: 107,000 new units 2010-2017 (last 8 years)
GOAL: 135,000 new units 2018-2025 (next 8 years)



CHALLENGE: IMPROVING ZONING IS 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 AS BARRIER TO EFFECTIVE MUNICIPAL 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)



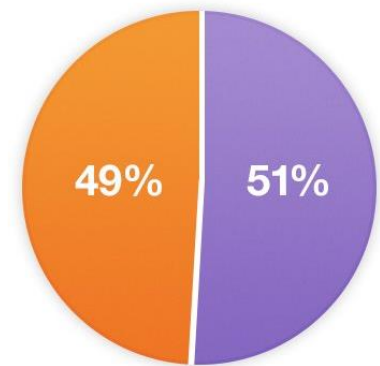
AN ACT TO PROMOTE HOUSING CHOICES (H.4075 190th)

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



H. 4075 MUNICIPAL COST-SHARING

The legislation would make additional changes to allow certain cost- and revenue-sharing by municipalities

The proposed legislation would change c. 40A to allow contiguous cities and towns to allocate public infrastructure costs, municipal service costs and local tax revenue associated with the development of an identified parcel(s), subject to DOR approval

- In some cases, a development is located in one city or town, but the infrastructure burden will fall primarily on an adjacent city or town
- Municipalities have sought flexibility to allocate benefits and burdens to reflect the real impact of development along their borders
- **Without this change in law, such projects require an act of legislature to share revenues.**



HOUSING CHOICE INITIATIVE: TIMELINE

Major milestones

December 2017

- **Announce Housing Choice Initiative.** This includes preference for grant programs, HCC program funded with casino funds and coordinated technical assistance
- Governor filed **An Act to Promote Housing Choices** legislation
- **\$2 million** new MassHousing Technical Assistance **“Planning for Production”** grants
- Contract with regional planning agencies on **new DLT round, which includes support for the Housing Choice Initiative**

January to April 2018

- **Open applications** for **Housing Choice Community** designation

May – 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**

Questions?

Questions/Comments?



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www.mass.gov/housingchoice

www.masshousing.com – Planning & Programs