



Housing Choice Initiative



South Shore Coalition

March 15, 2018

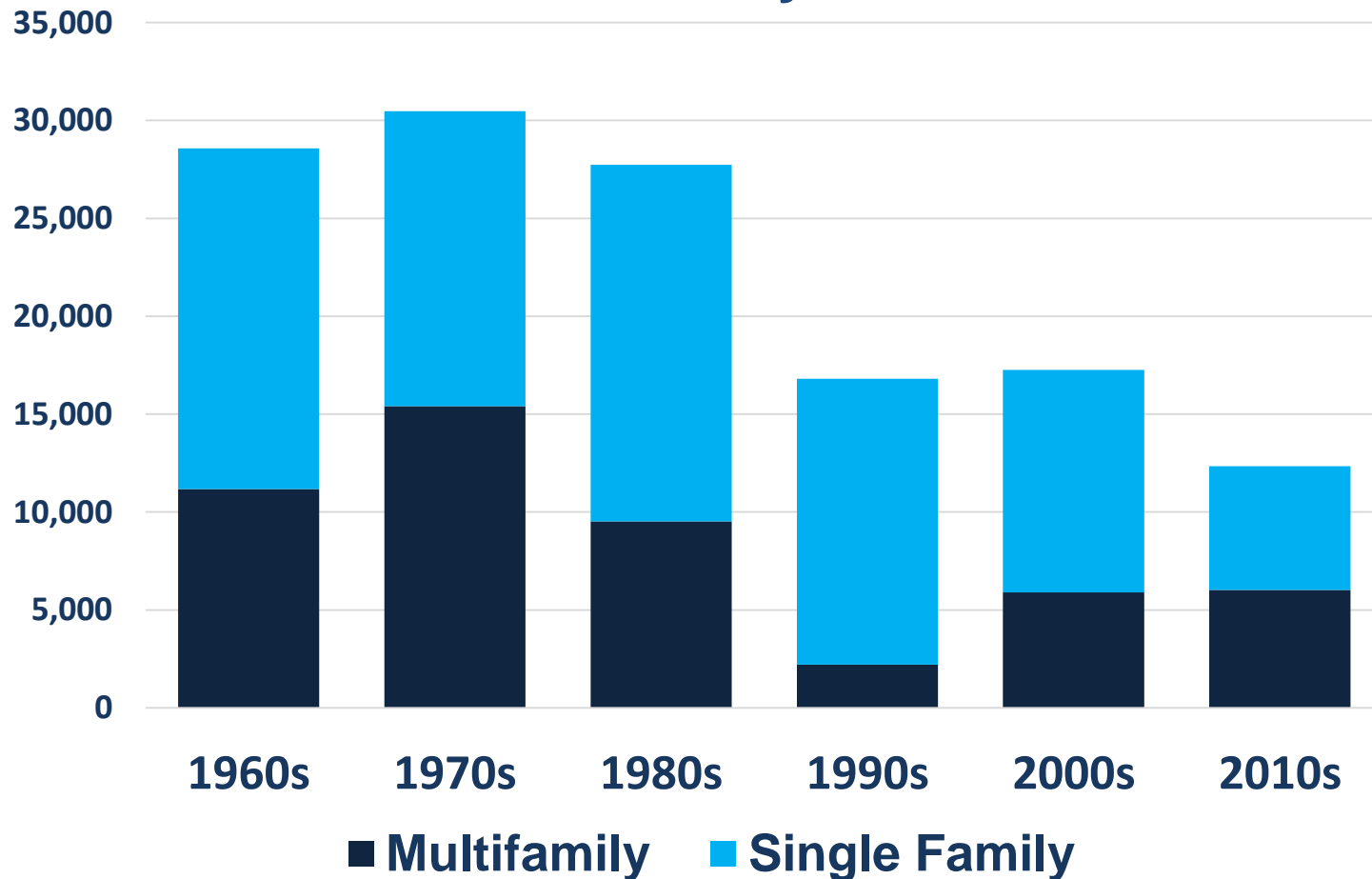
Chris Kluchman, FAICP, Housing Choice Program Director

Photo source: MAPC



State producing fewer units

Annual Housing Production in Massachusetts by Decade

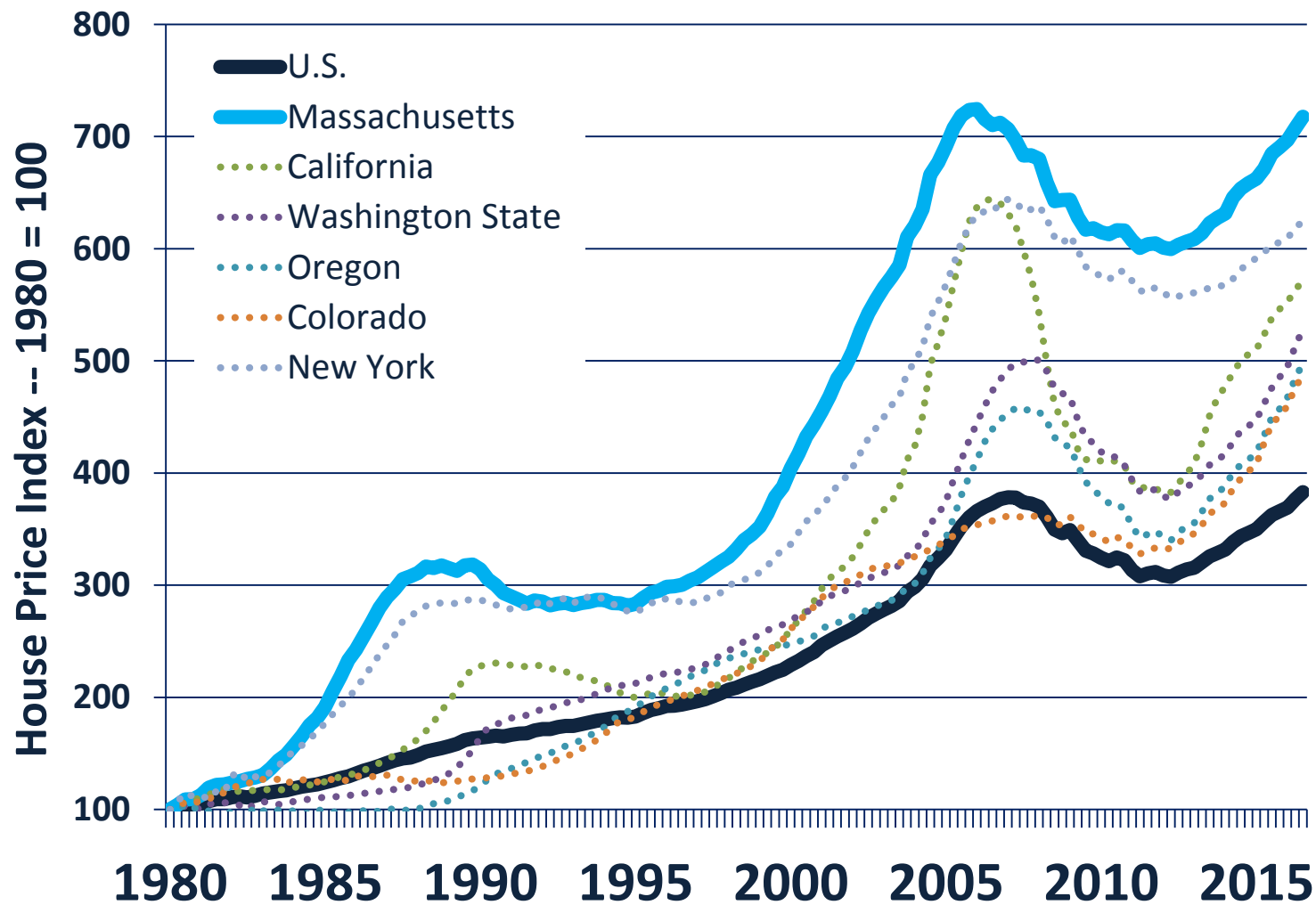


MHP

CENTER for
HOUSING DATA

Data source: U.S. Census Bureau, Building Permit Survey

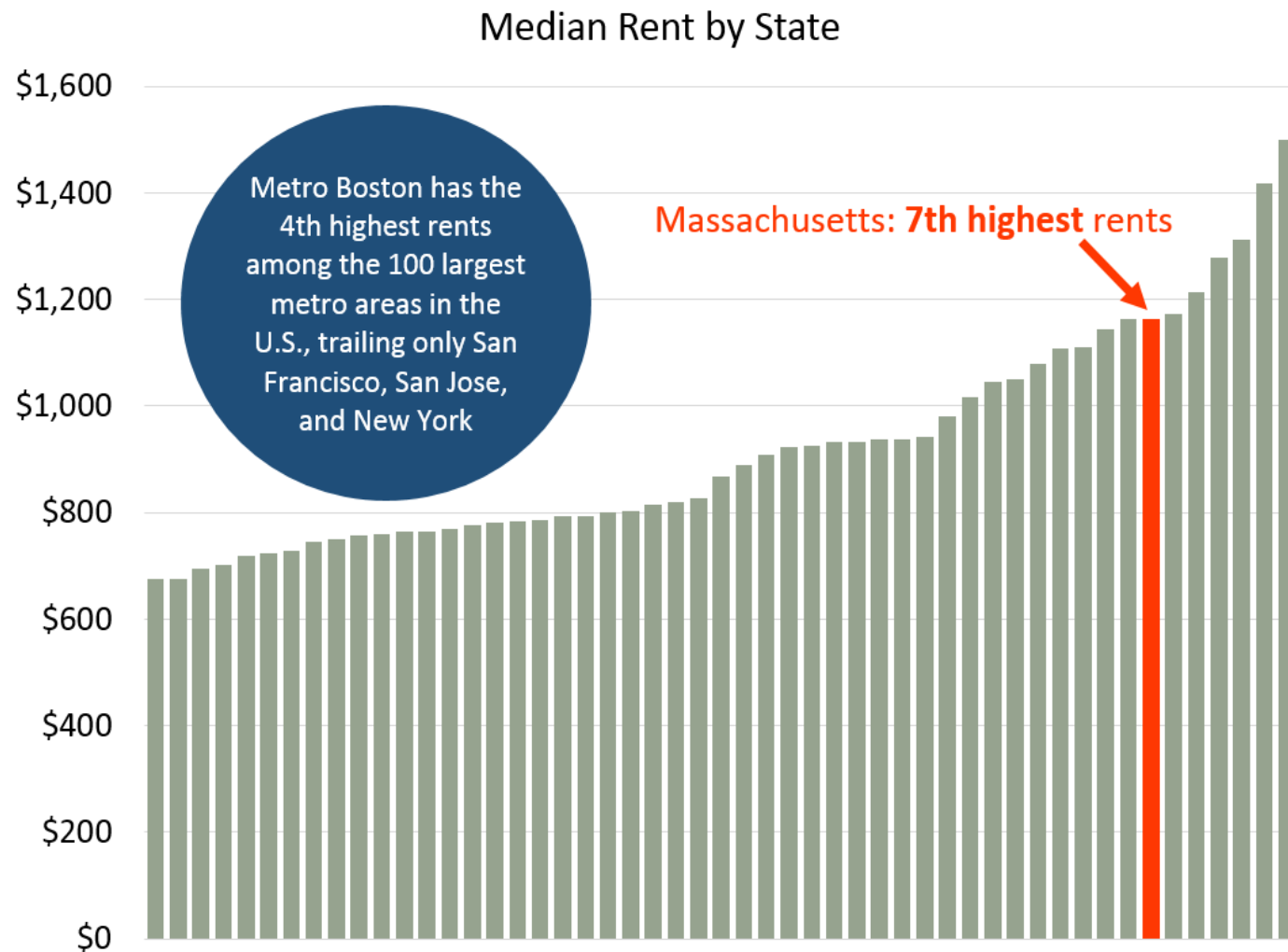
Home prices have surged



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



Rents are high



State data from U.S. Census Bureau, 2015 ACS;
Metro data from apartmentlist.com, National Rent Report, May 2017

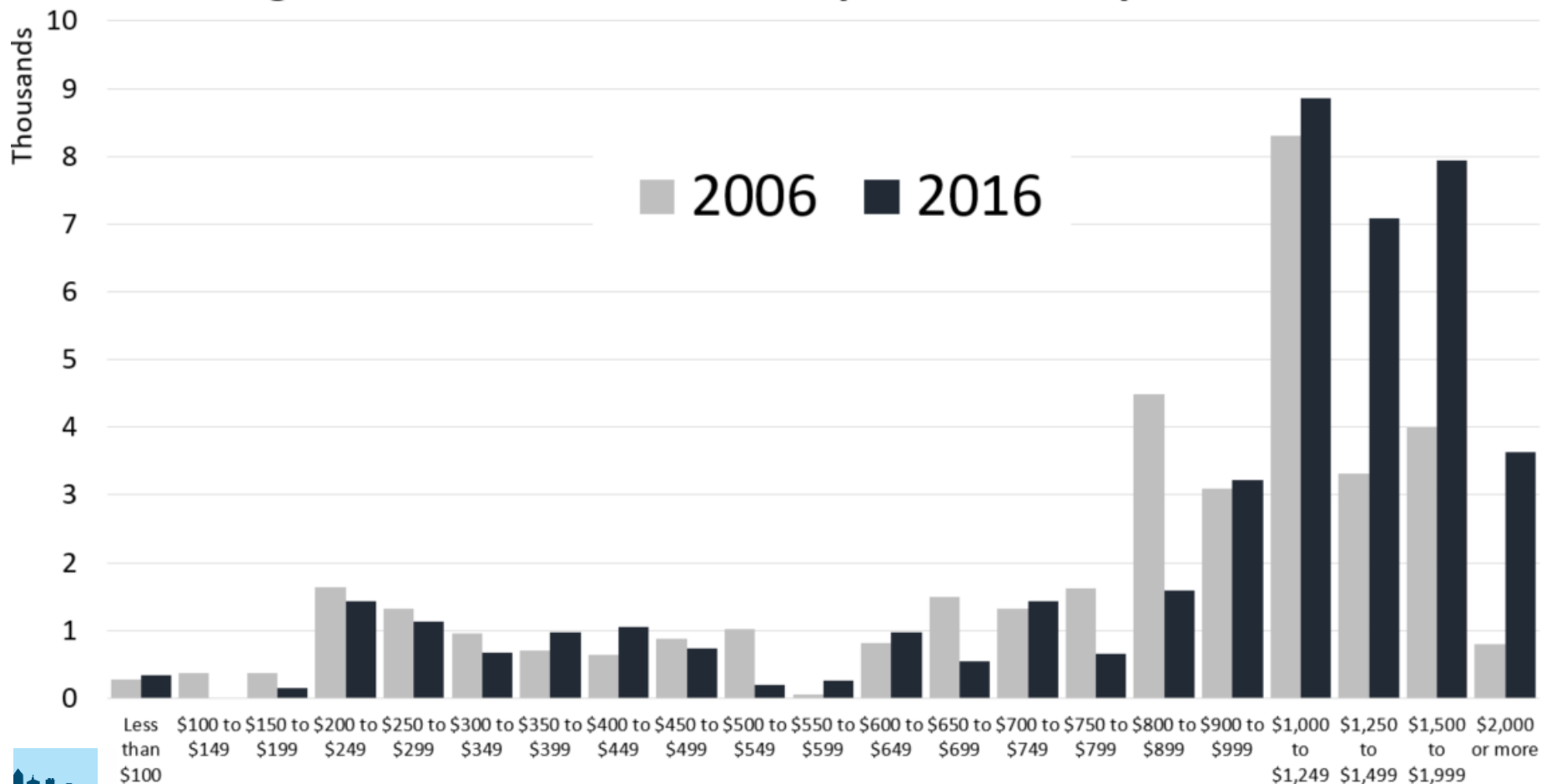


Low vacancy rates, tight markets

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%

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

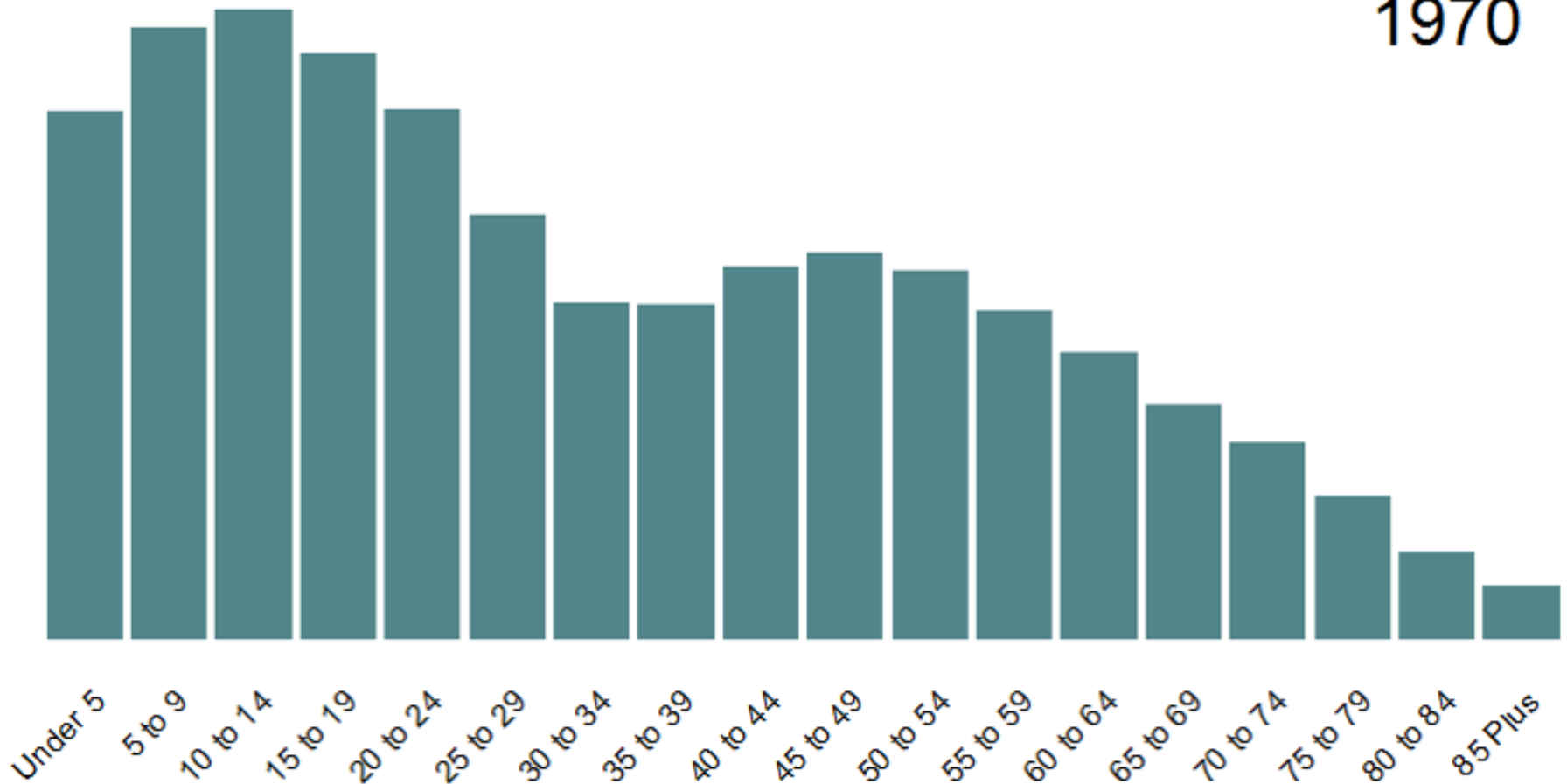
Change in distribution of rents - Plymouth County - 2006-2016



Silver Tsunami

Massachusetts population by age cohort by year: 1970 to 2016

1970

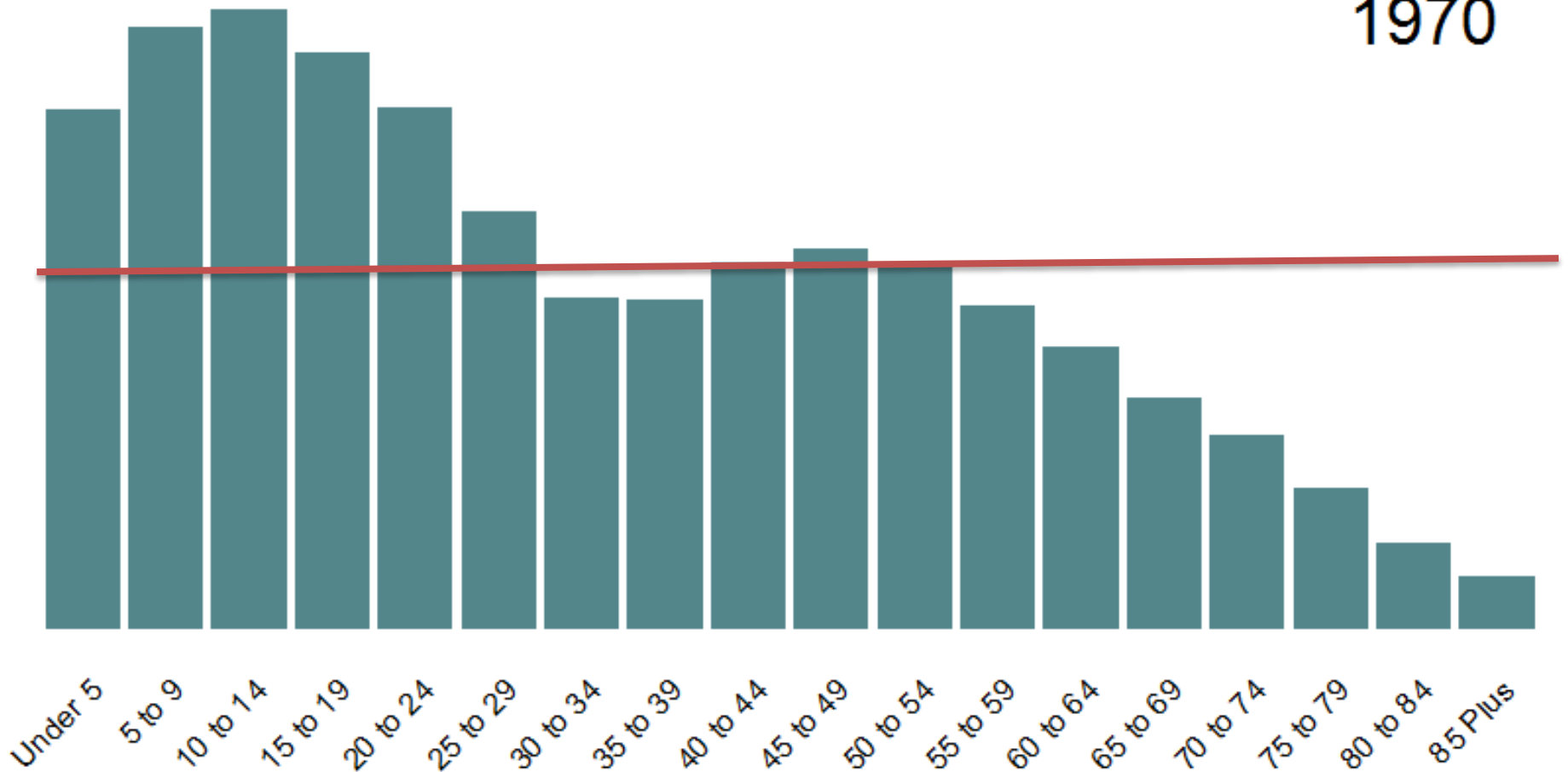


Silver Tsunami

Massachusetts population by age cohort by year: 1970 to 2016



1970



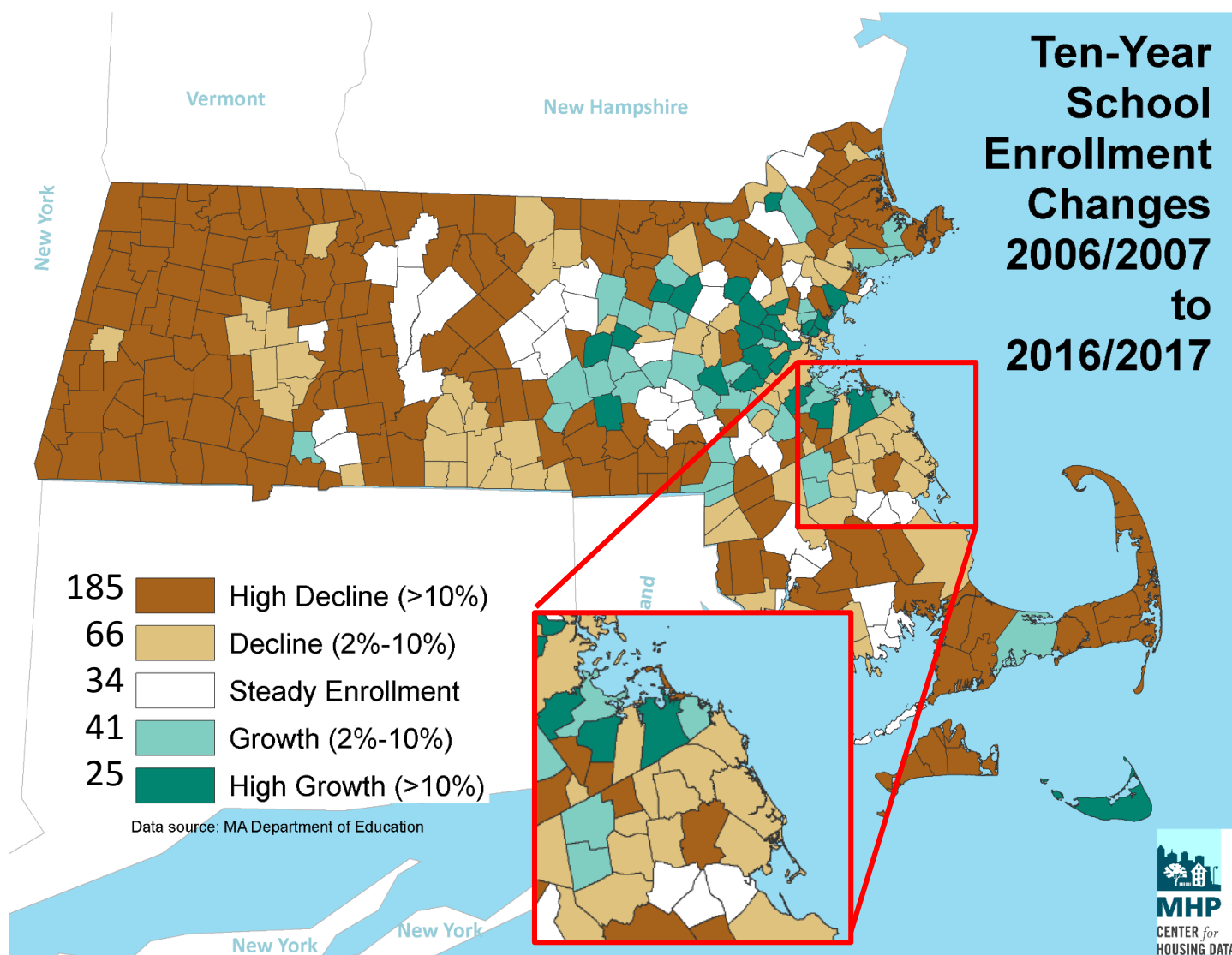
Data source: U.S. Census Bureau, Population Estimates Program

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



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”*.

Housing is important for business



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."

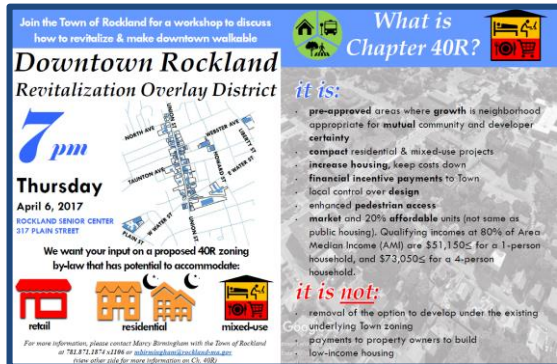
MassEcon report, March 2017

"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

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.



Planning and capacity for Housing: Towns of **Weymouth, Rockland, Marshfield** recently adopted Housing Production Plans, **Marshfield** has a Housing Coordinator, **Rockland** adopted a 40R district.

Weymouth

HOME funds leveraged funding for 6 unit of housing for Veterans at 741 Main Street and medium density at

Photo source:
weymouth.wickedlocal.com



Cohasset and **Duxbury** have seen new multi family projects approved.

Photo source: MAPC



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.



In **Braintree**, Weymouth Landing is an example of Transit Oriented Development (TOD) located adjacent to a Commuter Rail station

Photo source: MAPC

Hingham has seen new multi family residential development at Hingham Shipyard

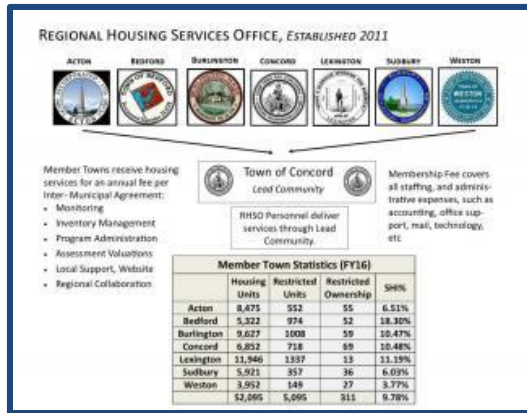
Photo source: MAPC



Weymouth, Rockland and Abington are home to the Union Point development which has a range of housing choices, including cottages (left) and multifamily (right) *Photo source: MAPC*

POSITIVE STEPS: LOCAL GOVERNMENTS LEADING

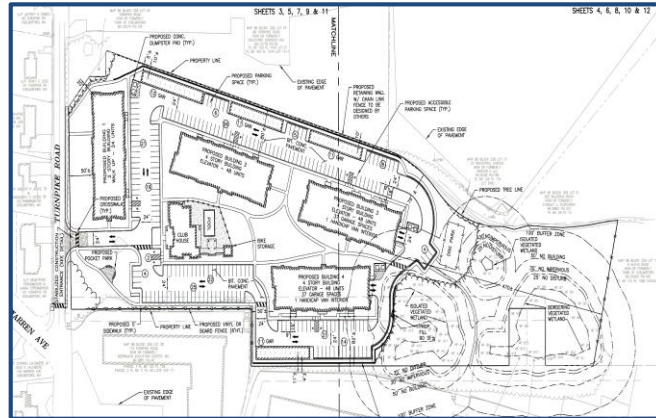
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Action, Bedford, Burlington, Concord, Lexington, Sudbury, Wayland, and Weston coordinate “shared housing services” for efficient staff resources.



Chelmsford created a 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.



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

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: 135,000 new
units by 2025



REWARDS: HOUSING CHOICE GRANTS

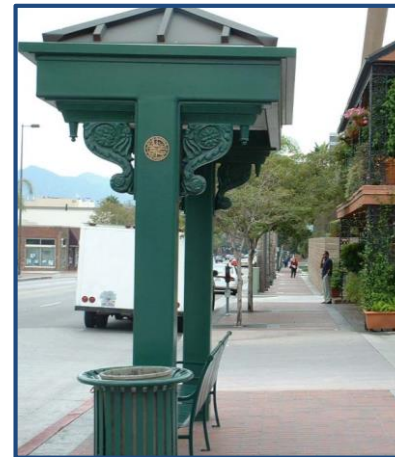
New capital grant program FY 19 – Applications in Summer 2018

Exclusive access to new **Housing Choice Capital Grants**.

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 \$1 Million 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

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)

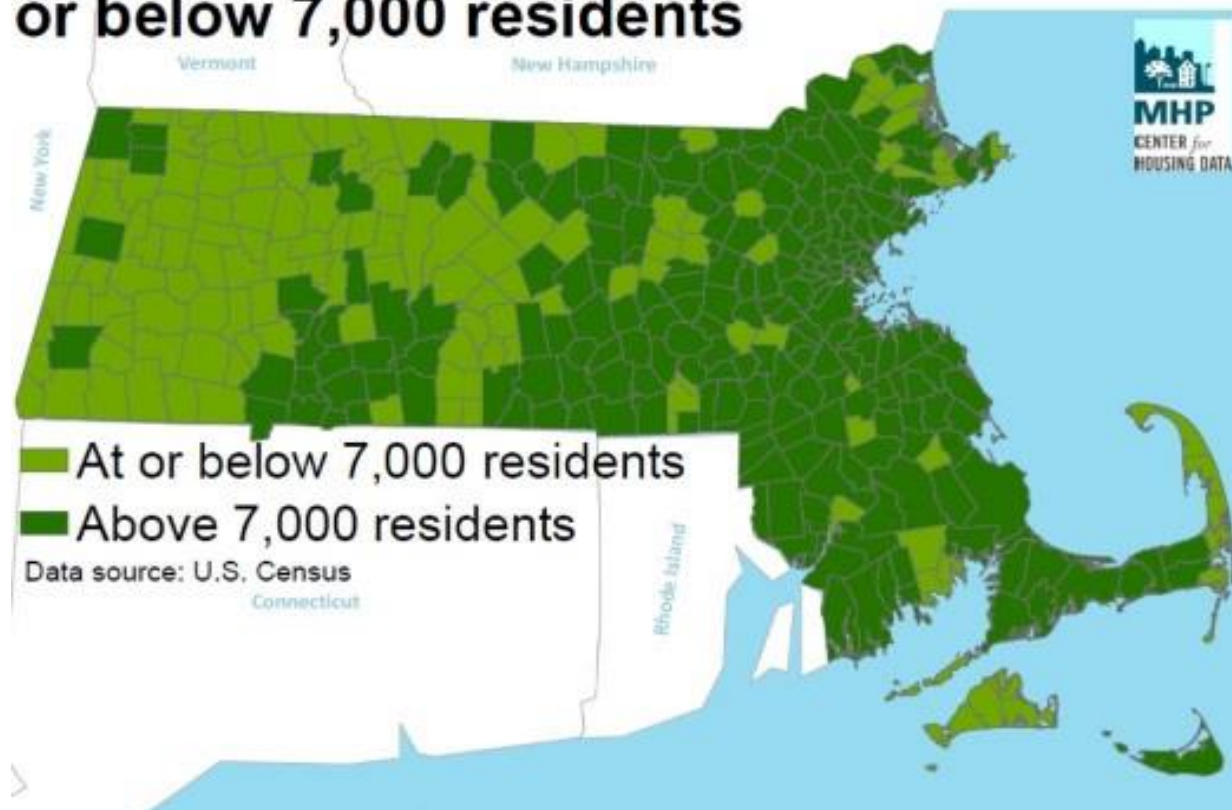
6. Have zoning that provides for inclusionary housing with reasonable increases in density **[Affordable Category]**
7. Have an approved 40R district, participate in the Housing Development Incentive Program or have adopted an Urban Center Housing Tax Increment Financing district **[Affordable Category]**
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: 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.

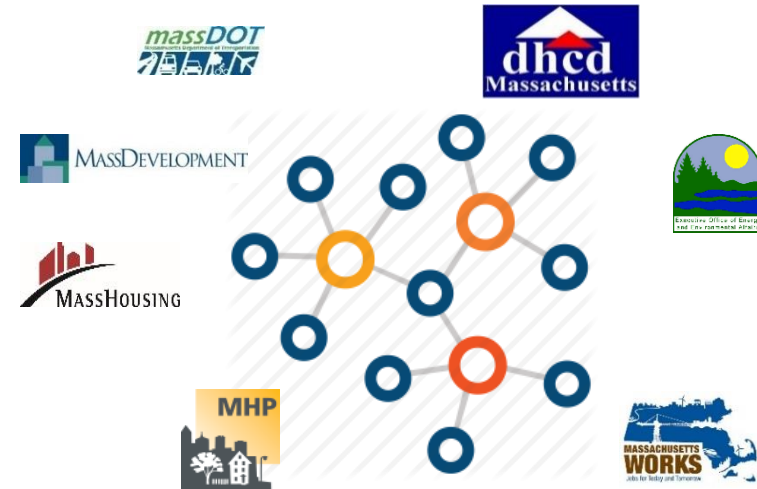
Communities with population at or below 7,000 residents



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



Based on existing programs		WHO DOES WORK		ELIGIBLE SCOPE/ACTIVITIES		MAX \$	LIKELY ANNUAL NUMBER	LIKELY REPORTING FLOW
TA PROGRAM	WHO IS	ELIGIBLE	WHEN	WHO DOES WORK	ELIGIBLE SCOPE/ACTIVITIES	MAX \$	LIKELY ANNUAL NUMBER	LIKELY REPORTING FLOW
SLTA	RAFA	Municipal	Most in first quarter	RAFA	Any scope with priorities (planning ahead for housing economic growth, or municipal services)	No max, but each RAFA has allocation	30-40	DHCD gets quarterly report of awards; must see in Q2 then close. We could try to get informal reports in Jan & Feb
PDF	DHCD	Municipal	Rolling	Pre-approved consultant (or in 2017 more select & managers)	Community planning that will lead to housing, including up-zoning, WPM & HRP implementation, and feasibility studies/clear alignment of municipality-owned sites, affordable housing units, although can be predominantly market rate and/or for mixed use.	\$15,000 (initially up to \$200,000)	Less than 5	Probably rate of one application or award or completion a month
MASDEV	MASDD	Municipal	Rolling	"House doctor" consultant/MASDD in-house management & support	Any development scope, with specific activities negotiated with community. Eligible activities include: development/drafting plans, site feasibility/market studies.**	\$50,000 to usual max, but have authorized up to \$100,000 for Gateway Cities	10-200	Probably rate of two requests/awards or completions a month
DC BAL	DOHES/DOT	Municipal - DC Region	October	RAFA	Planning that helps implement the regional plan, focusing on priority development and preservation areas.**	\$15,000	Less than 5	Spuradic
TARGETED COMMUNITIES	MHP	Municipal, Housing Authority	Rolling	Staff/pre-approved consultant list: must select & MHP managers	Site specific, usually municipally owned sites, affordable family rental housing	\$25,000	Less than 5	Spuradic

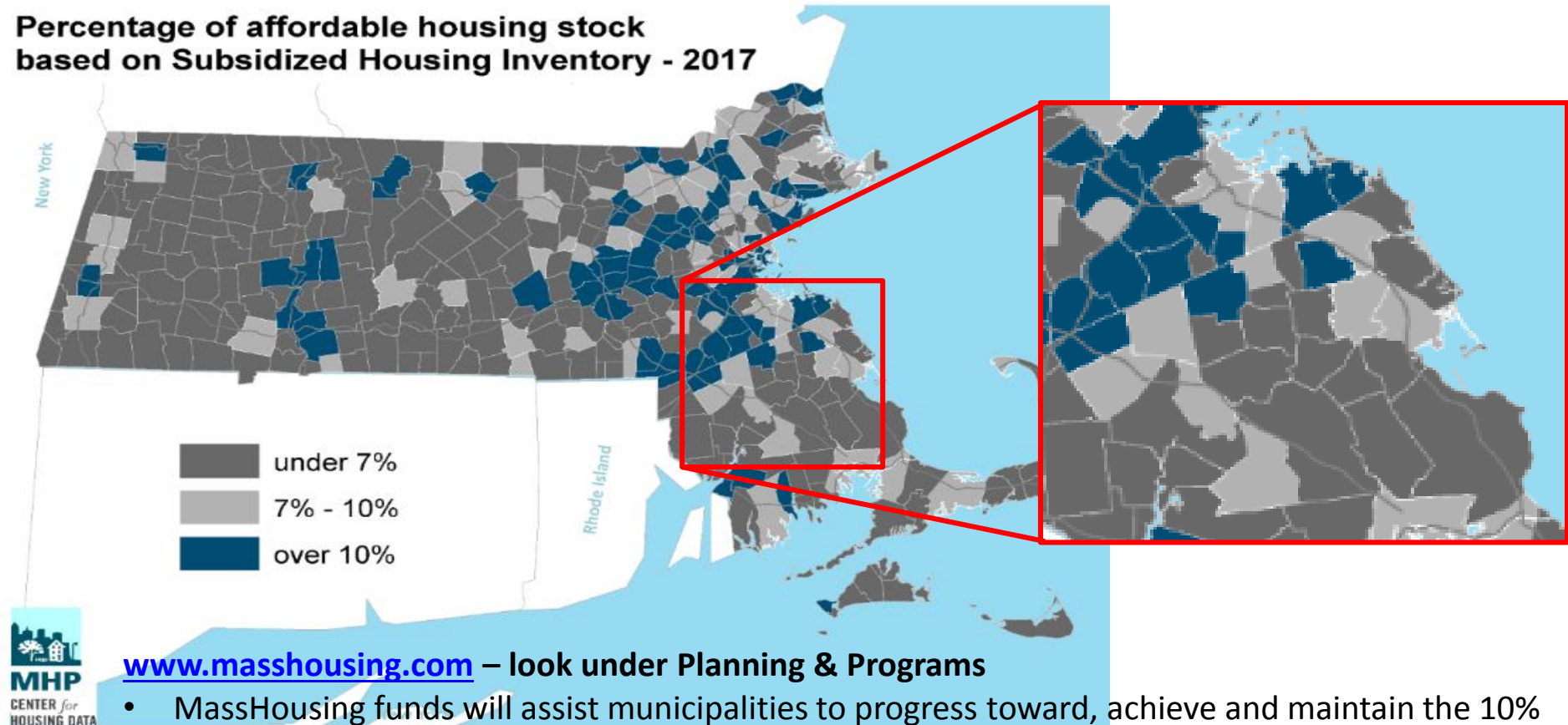
* Real Estate Pre-Development Services program, Cities & Towns Initiative, and 4302 program

**How can we use this program as filling a gap in SLTA, since SPREDD really emphasizes municipal services when it solicits for SLTA applications.

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

Percentage of affordable housing stock
based on Subsidized Housing Inventory - 2017

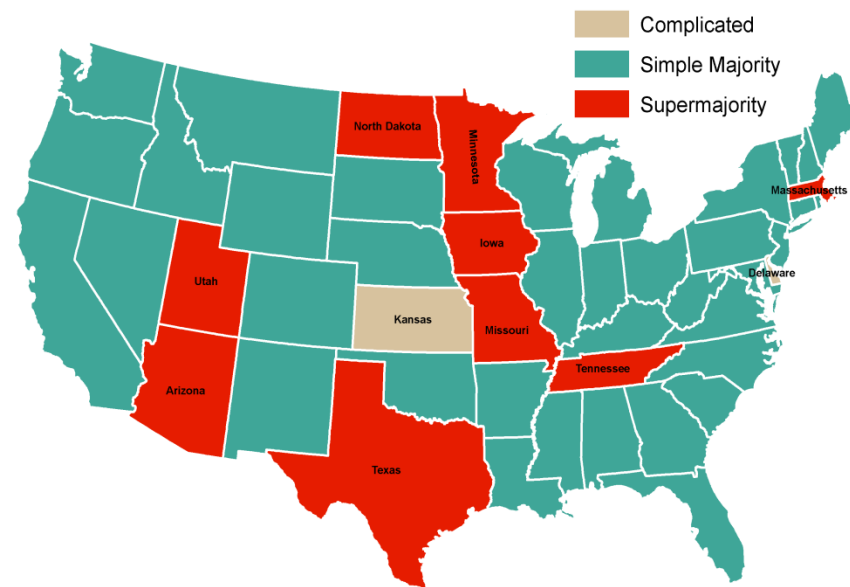


- MassHousing funds will assist municipalities to progress toward, achieve and maintain the 10% affordability goal, by **building municipal capacity to plan for housing**.
- MassHousing will provide **\$2 million in local technical assistance** for: rezoning, planning infrastructure for housing growth, 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.**

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)



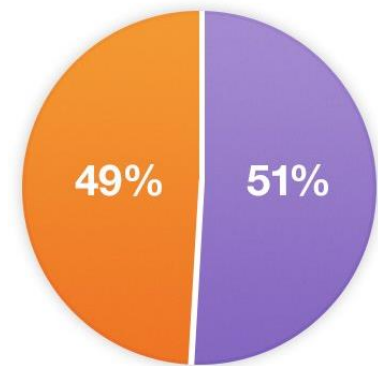
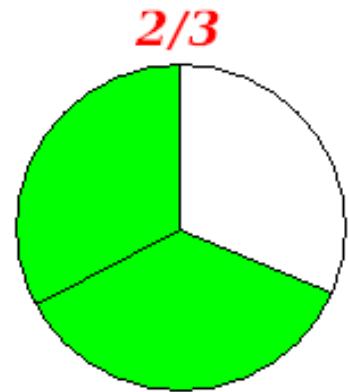
AN ACT TO PROMOTE HOUSING CHOICES (H.4075 190th)

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



HOUSING CHOICE INITIATIVE: TIMELINE

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

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**

Questions / Comments ?

www.mass.gov/housingchoice

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Other Resources

Planning for Production

www.masshousing.com – Planning & Programs

www.housingtoolbox.org – A great resource !

HOUSING TOOLBOX
for Massachusetts Communities 

