



Development Panel Discussion

June 17, 2020

Audience Q+A

On the evening of June 17th, 2020, the Housing Lynn project team hosted a webinar with experts in development who discussed the Lynn residential market and the potential for affordable and other kinds of housing development. Panelists included Chrystal Kornegay, Executive Director of Mass Housing; Andrew DeFranza, Executive Director of Harborlight Community Partners; and Matt Zahler, Principal of MPZ Development.

About 40 Lynners participated in the event, including submitting questions to the panelists. Several of these questions were discussed during the webinar. Those that were not have been summarized and grouped here by theme, along with responses from the Housing Lynn team; questions directed to the City have been responded to by relevant municipal staff. Footage of the webinar is now posted online [here](#) (versión en español [aquí](#)).

Affordability & Neighborhood Change

Is anything being done about market rates? Landlords can double rent.

- In Massachusetts, it is illegal for cities and towns to place restrictions, sometimes called “rent control,” on market rents. Rent control was banned in 1994 by state referendum, though voters in the few communities with rent control overwhelmingly opposed the ban. There are some current efforts in the State House to overturn the ban and allow municipalities to stabilize rents if they choose. In other states with acute housing crises, legislatures recently enacted state-wide rent stabilization laws. Some argue that rent control has negative consequences, including disinvestment in rental properties.

Will Lynners be kicked out because people move here from Boston and are willing to pay a lot for an apartment?

- Without deed restrictions, landlords may raise rents as higher-income residents move into a neighborhood. These new residents may not directly displace lower-income Lynners, because they will likely occupy newer or other higher-cost housing units. But rising housing costs as developers and landlords respond to demand from higher-income households can contribute to indirect displacement.

How will foreign investment impact Lynn? Is it connected to gentrification?

- There is very limited data on this issue, but it is unlikely individual foreign investors are parking capital in Lynn real estate and contributing to gentrification as may be the case in Boston, Manhattan, or San Francisco.

New Development

What are the top three barriers to affordable housing development?

- Scarcity of government subsidies, lack of political and community interest in Affordable Housing development, and the cost of land are three significant barriers.
 - Government subsidy is always needed to build housing developments where most or all units are offered at below-market rates. Subsidies from federal or state sources are limited and competition is stiff. In communities like Lynn, nonprofit Affordable Housing developers typically play a larger role in securing these subsidies.
 - Affordable Housing requires public subsidy and land use permissions from municipal government. Without strong support from political leaders, and thus their constituents, these developments often can't get built.
 - In some communities, land is considered "scarce" because it is already built up to its maximum income-producing capacity under the law. This is not true in Lynn, where there is vacant land, as well as parcels that are prime for redevelopment. But Lynn land is priced for market-rate development, making Affordable Housing projects less financially feasible.

How can the city encourage diversity in new developments? What is an example in the area of the kind of development that is successful in terms of equity?

- Cities can encourage more diversity and equity in new residential development by ensuring a portion of new housing units are deed-restricted Affordable Housing, thereby creating what are called "mixed-income" developments. Inclusionary Zoning does this by requiring new market-rate housing developments of a certain size to set aside a portion of units as Affordable Housing. Cities can also use public land and dollars to support more deeply Affordable Housing projects. Lynn's Gateway North project, a building with units set aside for a range of incomes that sits in the Washington Street Gateway planning district, is a good example of new residential development that advances equity in the area.

Why do new developments have no reasonably priced units for low-income residents, particularly those with disabilities?

- New developments must comply with the Americans with Disabilities Act and other federal and state laws related to accessibility. For developments over a certain size, these laws guarantee a portion of units will be physically accessible, but do not guarantee they will be rented or sold to a person with disabilities. Without Inclusionary Zoning or other municipal action, new developments do not need to include units—accessible or not—that are affordable to low-income residents.

Does the desire for return on development outweigh the need for housing?

- The predominant system of housing development in the United States puts return on investment above the human need for housing. This prioritization is baked into land prices and conventional financing opportunities for housing development. There are currently

models of Affordable Housing production that are less premised on maximizing investor returns, but they typically require a mix of government subsidy, nonprofit coordination, nonprofit/foundation funding, and mission-driven investment funds.

What are your thoughts about balancing the need for Affordable Housing with the need for additional property tax revenue?

- Though market-rate housing often generates more property tax revenue than Affordable Housing, residential development in general is not the best tool to drive increases in property tax revenue. For example, successful commercial developments provide more revenue than housing, and is one reason some communities favor mixed-use development with housing above ground-floor retail. Lynn should approach housing development to meet housing need, which may include the need for market-rate and Affordable Housing, and explore other means to increase tax revenue.

Housing Strategies

Is the Lynn housing problem similar to other cities of the same size and population? What are the best practices to address to it?

- Lynn's housing crisis is part of the broader regional housing crisis, which stretches across Eastern Massachusetts and beyond. For decades, regional housing production has lagged behind population growth. The high demand and supply shortage have created major competition for homes and resulted in soaring costs, destabilized communities, and overcrowding. Households with a range of incomes have been impacted, but low-income people and people of color have faced the harshest consequences. In this way, Lynn's situation is similar to the present or recent past of many cities in the region like Somerville, Chelsea, Everett Revere, and Salem, as well as further cities like Brockton, Lowell, Lawrence, Worcester, and Haverhill.
- No city has fully addressed their housing crisis, and no one can do it alone. The strongest responses have included strategies to leverage development interest to create more deed-restricted Affordable Housing as well as strategies to protect tenants from predatory and speculative behavior in the real estate market.

How do we balance the need to house people who live in Lynn and who can't afford the new developments with housing people from other communities?

- Population growth, new development, and new investment in communities that faced historic disinvestment in the 20th century can be a good thing provided action is taken to avoid direct or indirect displacement.
 - Lynn can establish strong renter protections to prevent harassment, eviction without cause, and other ill-intentioned actions against tenants;
 - Ensure safety standards are enforced for the older, more naturally affordable housing supply by responding to building inspection violations, abating lead paint, and taking other actions to respond to substandard housing concerns; and
 - Support Affordable Housing production that creates new homes for Lynnners with lower incomes.

Are there tools to help people who make more than “low income” but can’t afford market rates?

- There are many people whose incomes are too high to qualify for typical Affordable Housing, but not high enough to afford market rents. Those people should always first check the income limits for Affordable Housing, which are often higher in Greater Boston than people think.
- The state provides some funding for moderate-income housing through its Workforce Housing Initiative. (Lynn’s Gateway North project was the first development in the state to receive that funding.) There are some other programs, particularly for homeownership, that have income limits greater than those for typical Affordable Housing.

How can single-family homes be redeveloped?

- Redevelopment or rehabilitation of single-family homes is typically executed by small- to mid-size real estate firms drawing on relatively small private capital funds or, more recently, backing from large hedge funds. Due to financing restrictions, individuals can typically only rehabilitate a single-family home with cash or a special loan. Some local governments and nonprofit community land trusts fund the purchase and rehabilitation of single-family homes, then deed restrict them to be affordable to low- and moderate-income buyers.

How can homeowner property taxes be lowered?

- Senior citizens in Lynn can apply for property tax credits if they meet certain eligibility requirements. In general, property taxes can be decreased for homeowners by raising revenues through new development, primarily commercial development if the market supports it, or by cutting services. The latter may simply defer spending to a later time when costs are greater, then necessitating an increase in property taxes.

How does federal spending, particularly HUD money/public housing, play into Lynn’s housing?

- The US Department of Housing and Urban Development provides regular funding to Lynn through several programs. Lynn (through LHAND) receives funds to operate its public housing units and to provide Housing Choice Vouchers, as well as grants through the Community Development Block Grant and the HOME Investment Partnerships program. A portion of this grant funding is used to develop and preserve Affordable Housing.
- Nationwide, federal funding for Affordable Housing has fallen dramatically since the mid-20th century, including a 35% drop in public housing operating funds since 2000 (Center for Budget and Policy Priorities, 2018). New development under the public housing program is prohibited by federal law, but Affordable Housing development is permitted under other programs.

What can we do as a city to address our housing situation to reduce our vulnerability to COVID-19 and other public health issues in the future?

- Emerging COVID-19 research indicates the biggest housing-related driver of the virus’s spread is overcrowding. Lower-income people, Black people, Latinx people, and immigrants are more likely to live in overcrowded homes due to either high housing costs or housing discrimination. To help prevent future spread of COVID-19 and other infectious

diseases, the community can work to eliminate housing overcrowding by supporting creation of enough housing that is affordable and accessible.

Other

Can you talk about how the Census might affect our need for more Affordable Housing?

- The US Census plays a critical role in our Affordable Housing system. Information from the Census is used to determine how much Affordable Housing funding each state receives through housing voucher programs, the federal Low Income Housing Tax Credit program (the main funding source for new Affordable Housing development), and others. Lynn has large communities that are typically under-counted in the Census, including low-income people and people of color. If these communities are undercounted, the City will receive less federal funding than it is entitled to.

Questions for the City and their responses

How are the senior housing units planned for Lynn taking into consideration the likely growth in the senior population? How are safety, cost, and availability being addressed? How can we enable seniors to age in their homes?

- Due to these trends, the development of senior housing has been a priority for the City and LHAND, and there are potential projects being discussed. These projects would ideally be safe new construction, with a healthy mix of incomes to include tiers of affordability. Furthermore, there are programs offered by the City and LHAND to assist seniors with their current housing needs and help them age in their homes. Specifically, the City offers a Senior Citizen Property Tax Credit Program and LHAND offers elderly differed loans for housing rehabilitation projects.

Does Lynn have a zoning and development board like the City of Boston?

- The City of Boston has a unique zoning and development authorization under Massachusetts General Law. Due to that dynamic, municipalities throughout the Commonwealth have different development and entitlement processes than Boston's. They are also not able to completely emulate it given differing enabling legislation. Lynn's system for reviewing and approving private development projects is governed by Massachusetts General Law Chapter 40A, a zoning act that sets the ground rules by which communities are able to regulate land use and manage new development. The Lynn zoning code establishes what types of development projects are allowed and where, establishes the project review process, and articulates in which case the Zoning Board of Appeals or City Council serves as the special permit granting authority. In Lynn, if a special permit is necessary for a development project, the City Council is typically the granting authority while a smaller subset of special permits requires approval by the Zoning Board of Appeals.

What are the Mayor and City Council doing to get more low-income and POC appointed to important City boards and commissions, such as the EDIC, Planning Commission, ZBA, etc.?

- The Mayor established a process from the beginning of his administration for how his appointees to all City boards and commissions would be selected, with a specific priority of diversification and professionalism. Anyone who is a resident of the City is eligible to apply by submitting an application and resume either online or in person. They indicate what boards and commissions they are interested in and best suited to serve on and why. The Mayor's staff liaison to boards and commissions then reviews those applications and depending on what seats are currently available, interviews the applicant pool to determine who best aligns with and meets the qualifications of the respective boards and commissions. That staff recommendation is made to the Mayor, who holds a final interview before sending the appointments to the Council for confirmation. The Mayor's office advertises these boards and commissions as often as possible, encourages anyone who can dedicate the time to apply, and welcomes new ideas on how to get the word out about them.

How can we encourage/support more affordable units at the Union Hospital site?

- The current proposal is guided by the community driven study conducted by the city and MAPC in 2018 to determine the most appropriate reuse for the Union Hospital property. The focus is on senior housing and the plan looks to include at least 15% affordable units. The MAPC plan promotes affordability and includes zoning recommendations and the City and LHAND will work with the selected developer to encourage the adherence to the MAPC community driven plan.

Why have the new developments in the city included no reasonably priced units for low-income residents, particularly those with disabilities?

- The City of Lynn much like many of the cities and towns across the Commonwealth of Massachusetts, is experiencing a housing crisis. But until recent years, Lynn had not attracted the level of outside investment in new housing developments that the region had been seeing in small cities nearby. In 2018, LHAND facilitated the development of Gateway North, a 71-unit, mixed-use, mixed-income project with multiple tiers of affordable and workforce housing options. Since then, other market-rate developments have begun to take shape on the waterfront and in the downtown. With these new investments, the City has engaged MAPC to create this Housing Production Plan (Housing Lynn) to ensure that with new development, the City addresses the needs of its residents. Safeguarding against displacement and ensuring units with a healthy mix of incomes are priorities of this planning process.

We've heard there will be "new neighborhoods" along the Lynnway with the new development coming in; how are these being made available to low-income people with disabilities? How will overall diversity be encouraged in these areas?

- Currently, there are no requirements under local or state law that require a certain percentage of Affordable Housing units be provided in connection with a market-driven project in the area adjacent to the Lynnway. That said, the City welcomes working with private property owners and developers through a public private partnership that results in the construction of Affordable Housing units in that area. The City, in partnership with

LHAND, is hopeful that the Housing Lynn plan will identify policy actions that can be taken to create a broader range of affordable housing options that serve a range of household types.

Why are businesses, including apartments, allowed to operate that are not fully accessible to people with disabilities?

- All building permits for construction in the City of Lynn are reviewed for conformance with all codes applicable in the Commonwealth of Massachusetts, including the Massachusetts Architectural Access Board's (MAAB) regulations. The MAAB regulations set requirements for accessibility for individuals with disabilities and apply to new development and construction projects that reach the level of substantial renovation. Development projects are reviewed for consistency with the City of Lynn's Zoning Ordinance, all building and trade codes, and MAAB regulations at the time of building permit application. The City's Inspectional Services Department will also investigate complaints regarding access and, if a violation is confirmed, will take action in accordance with the authority granted under the MAAB and Massachusetts general law, including initiating court action against the offender.