Citizen Planners Training Collaborative
March 17, 2018
Chris Kluchman, FAICP, Housing Choice Program Director
Annual Housing Production in Massachusetts by Decade

- **1960s**
  - Multifamily: 10,000
  - Single Family: 20,000

- **1970s**
  - Multifamily: 15,000
  - Single Family: 15,000

- **1980s**
  - Multifamily: 10,000
  - Single Family: 20,000

- **1990s**
  - Multifamily: 5,000
  - Single Family: 15,000

- **2000s**
  - Multifamily: 5,000
  - Single Family: 15,000

- **2010s**
  - Multifamily: 5,000
  - Single Family: 10,000

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

Metro Boston has the 4th highest rents among the 100 largest metro areas in the U.S., trailing only San Francisco, San Jose, and New York.

Massachusetts: 7th highest rents

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

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

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

*Calculations adjust out seasonal, occasional, and off-market units*
The upper end of the rental market has expanded.

Silver Tsunami

Massachusetts population by age cohort by year: 1970 to 2016

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

Massachusetts population by age cohort by year: 1970 to 2016

Data source: U.S. Census Bureau, Population Estimates Program
Does the state have the housing stock needed to accommodate changing needs?
Older workforce, with increasing retirees

Statewide labor force participation by age cohort

Data source: U.S. Census Bureau, American Community Survey 2012-2016
Many households are struggling with affordability

182,801
Severely burdened owner households

230,585
Severely burdened renter households

Households by ownership cost burden

Households by rent burden

Data source: U.S. Census Bureau, American Community Survey 2012-2016
Over 2/3 of employers claim home prices and rental costs have affected their ability to recruit qualified candidates.

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

“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.”

Northeastern University survey of businesses in Greater Boston, April 2017

MassEcon report, March 2017

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!
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”.
Is there any **good** news?
Positive Steps: Baker – Polito Administration

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.
MVPC is preparing a **Regional Housing Plan** that will propose strategies such as **Age Friendly Communities** (an AARP program) and **Shared Housing Staff** and **Inclusionary Zoning bylaws**.
Sustainable Berkshires, the Regional Plan includes a detailed chapter on Housing and Neighborhoods with a list of implementation items as well as a Fair Housing Equity Assessment that reviews the state of housing equity in the county.
Andover zoning bylaw for Senior Residential Community Overlay District which has a 15% affordability provision has produced innovative development proposals such as **200 unit Riverside Woods** with a variety of housing choices for ages 62+. 

In Newbury the Methodist church was redeveloped into housing units.

*Photos Source: MVPC*
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.

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

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.
Key principles for 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**.
Overview of 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
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

<table>
<thead>
<tr>
<th>Agency - Program</th>
<th>Program Description</th>
<th>Housing Choice Benefit</th>
<th>FY18 funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>MassDOT – Capital Program</td>
<td>Reconstruction and expansion projects that go through MassDOT’s scoring &amp; project selection process</td>
<td>For capital transportation projects, MassDOT will give bonus points to projects located within Housing Choice Communities</td>
<td>Portion of ~$2 B</td>
</tr>
<tr>
<td>MassDOT – Complete Streets</td>
<td>Technical Assistance and Construction grants for communities to implement complete streets principals</td>
<td>Bonus points for grant evaluation score with Housing Choice designation</td>
<td>$10 M</td>
</tr>
<tr>
<td>TRE/DEP – Clean Water Trust</td>
<td>2% interest loans for water pollution abatement and drinking water infrastructure projects</td>
<td>Additional subsidy below 2% interest rate, reducing debt service costs for communities</td>
<td>~$425 M</td>
</tr>
<tr>
<td>HED – MassWorks</td>
<td>Grants to municipalities for infrastructure improvements to support economic development and housing production</td>
<td>Bonus points for grant evaluation score with Housing Choice designation</td>
<td>$75 M</td>
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**REWARDS: PREFERENCE FOR STATE GRANTS**

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<td>HED – Seaport Council Grants</td>
<td>Grants to municipalities for planning and infrastructure improvements to support the marine economy</td>
<td>Possible waiver of required 20% match waived and/or the $1 Million grant amount may be exceeded for eligible applicants</td>
<td>$10 M</td>
</tr>
<tr>
<td>EEA – Community Investment Grant Programs</td>
<td>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</td>
<td>Bonus points for grant evaluation score for PARC &amp; LAND programs; possible reduction in matching requirement for Gateway PARC program</td>
<td>$17.2 M</td>
</tr>
<tr>
<td>Total</td>
<td>Not including MassDOT</td>
<td></td>
<td>$1,107 M</td>
</tr>
</tbody>
</table>
**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
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]
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.
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 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.
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.
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)
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
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!