

# Commonwealth Housing Task Force

## Summary of Progress as of September 30, 2014

*Note: in order to reduce the size of these reports, we have condensed the description of regular ongoing activities, and have moved much of the Chapter 40R update to Appendix I of this report. For background, please visit [www.commonwealthhousingtaskforce.org](http://www.commonwealthhousingtaskforce.org) and click on "Quarterly Updates". A key to the Appendices and the Appendices themselves follow at the end of this Quarter's report.*

During the third Quarter of 2014, the Commonwealth Housing Task Force focused its efforts on:

1. The implementation and monitoring of Chapter 40R
2. The call for an increase in state funding for affordability, and monitoring of both state and federal legislation and programmatic developments.
3. Strategic planning for new initiatives of the Task Force, including a new committee focusing on health and housing, work with the committee focusing on public housing, work with the Expanding Opportunities Committee, and work on the issue of housing the Millennial generation.
4. An expansion in participation in the Task Force itself, with a focus on diversity.
5. Working in close partnership and collaboration with other groups to support our missions.

**Barry Bluestone, Eleanor White, and Ted Carman**, working through the Dukakis Center for Urban and Regional Policy at Northeastern University, have carried out the staff work in coordination with active committees and Boston Foundation staff.

### The Political Season

As we close out the third quarter of 2014, we have also moved from the primary fight for Governor of MA in both parties and into the run-up to the final election. The final election will offer a choice for Governor among **Martha Coakley** for the Democratic Party, **Charlie Baker** for the Republican Party, and independent candidates **Evan Falchuk, Jeff McCormick, and Scott Lively**. We are extremely fortunate in the Commonwealth Housing Task Force to have a broad coalition, with backers of most of the candidates represented, and we are fortunate to have strong candidates in both major parties and in the independent parties as well. This assures that after the election in November, whoever wins, CHTF will have ready access to the new administration and a new Governor who is likely to be receptive to our message.

We encourage all members of CHTF to work hard to support the candidate of your choice and to VOTE on November 4!

### Special Housing Report Card to be Issued

**Barry Bluestone** has spent a great deal of effort during this Quarter in the development of the Special Edition Greater Boston Housing Report Card. This special edition was prepared in order to provide a set of housing issues that can be highlighted

during this fall's election season and could form the basis for CHTF advocacy during the election campaigns and into and through the transition to a new governor's administration.

Watch your email inboxes for information about this report and for information about its release in the coming weeks.

### **Housing Market Updates**

Press coverage during this period about news in the housing market, optimistic for the last several quarters, took a decidedly different turn. This has been a good news-bad news cycle for housing news across a range of publications, with many stories about the surge in home prices and rents (good news if you're a seller or landlord) and the increasing lack of affordability in both sectors (bad news for homebuyers and renters).

Just after we went to press for the last Quarterly Report, the Harvard Joint Center for Housing Studies released a major report, summarized in Appendix II of this report by the National Council of State Housing Agencies (NCSHA) News Update of June 26, 2014. This report is emblematic of the good news—bad news dynamic this quarter.

*Banker and Tradesman* on June 29, 2014 highlighted the market issues in Cambridge and Somerville, with a sellers' market in single-family and condo units; prices are skyrocketing as much due to lack of inventory on the market as to increasing demand, putting enormous pressure on families trying to enter the homeownership sector. See this full article in Appendix II.

Scott Van Voorhis (in *Banker and Tradesman* of July 6, 2014) argues that increasing density and height is one way out of the affordability conundrum in the City of Boston (much the same message as we have stressed with Chapter 40R). And the NCSHA News Update of August 27, 2014 focuses on the growing affordability gap nationally as presented by the National Low Income Housing Coalition (NLIHC). Both of these articles can also be found in Appendix II.

The overall situation of a recovering housing market with increasing demand and resulting increasing prices in both the single-family and multifamily sectors makes the work of the Commonwealth Housing Task Force even more important for 2014.

### **Graduate Students and Young Professionals: Housing for the Millennials**

**Barry Bluestone** continues to pursue efforts to deal with the issues in the housing market presented by Boston's being such a renowned center of higher education. We house more than 100,000 full-time 4-year college students on campuses in the Boston area, but nearly **180,000 live off campus**, putting huge pressure on an already-overheated rental housing market. Please refer to previous editions of CHTF Quarterly Reports for a detailed discussion of our efforts to encourage the production of "Millennial Housing". Work on this concept is proceeding, and it will be highlighted in the Special Housing Report Card mentioned above.

The *Washington Post* views the Millennials as another good news-bad news story. In a June 26, 2014 article (“Millennials May be About to Move Out”), the *Post* predicts that with the recovery of the economy and Millennials finally finding stable employment, many will move out of their parents’ homes and into the general housing market, again putting increased pressure on the availability of reasonably priced housing units available for working families. (This article is in Appendix III of this Report.)

And although it is focused on the issue of housing undergraduates, an opinion piece in the *Boston Globe* of July 5, 2014 by **Kevin M. Carragee**, co-president of the Hobart Park Neighborhood Association in Brighton, makes a persuasive case for the need for the City of Boston to take up the challenge of college students pricing out neighborhood residents throughout the city (see also Appendix III).

We look forward to progress on this issue in the coming months.

#### **Other Programmatic Developments**

As mentioned in the last CHTF Report, **Eleanor White** has had a number of discussions with practitioners in the health care and housing worlds about the connections between housing quality and health, especially as they affect children. The new committee on Health and Housing, co-sponsored by CHTF and **CHAPA**, held its inaugural planning meeting in July of 2014. CHTF members who are interested in this subject and would like to be part of the new committee, should send their contact information to Eleanor at [ewhite@housingpartnersinc.com](mailto:ewhite@housingpartnersinc.com) .

We have also written in the last Report that Boston Mayor **Marty Walsh** has been clear in his statements about wanting to facilitate the development of more housing, especially for working families, in the City of Boston. **Larry Harmon**, writing in the *Boston Globe* of June 28, 2014, challenges the Mayor to resist the forces of NIMBY (“Not in My Back Yard”) threatening to derail approval of an affordable housing development proposed next to the new Fairmont commuter rail station in Hyde Park. While many are surprised to learn that there is indeed NIMBY sentiment in neighborhoods in Boston’s inner city, this has been the case for many years. See this article in Appendix III of this Report. We hope that Mayor Walsh will support development of many transit-oriented housing developments in Boston.

We were also extremely pleased to learn of the initiation by leading developers of multifamily housing of a new Boston-based nonprofit organization to match homeless households with available rental housing units. Dubbed New Lease for Homeless Families, the program is voluntary for property owners and works with homeless shelters and state and local agencies to provide permanent housing for those most in need. The full story of this effort can be found in a *Banker and Tradesman* article of June 29, 2014, in Appendix III of this Report. Congratulations to all the multifamily owners, led by **Howard Cohen** of Beacon Communities, who developed this wonderful program, and its new Executive Director, **Tom Plihcik**.

Many affordable housing practitioners around the country are working hard to develop new and innovative ideas for the production of not only affordable housing, but also low-*cost* housing (i.e. low cost to produce), a concept that has not found success in most high-cost areas of the U.S. So we were intrigued to see a story in the *Washington Post* of July 20, 2014 about using shipping containers as housing in Washington, DC (one of the few cities with higher housing costs than Boston). Right for Boston? Maybe not, but certainly worth a look. See this article in Appendix III of this Report.

Back to real life and real multifamily housing, the **Deval Patrick** Administration announced \$83.6 million in funding allocations to create 24 affordable housing projects (1328 units of housing) across the state under various competitive housing programs, including Low Income Housing Tax Credits. We have included the full press release—and the full list of funded projects—in Appendix III of this Report.

Another major funding program, critically important to Massachusetts, was highlighted in the August 10, 2014 edition of *Banker and Tradesman*. The New Markets Tax Credit (NMTC) program, about which we have written extensively in the past, provides support to primarily non-housing developments (although projects may have housing components). NMTC has proven to be one of the most powerful tools for community and economic development, and we are fortunate to have several Community Development Entities –organizations which administer NMTC—in Massachusetts. See the full story in Appendix III.

Finally, the **Harvard Joint Center for Housing Studies** released a new report on Housing for America's Elders on September 9, 2014, echoing many of the themes contained in recent Greater Boston Housing Report Cards, but on a national scale. The report emphasizes the degree to which demographic trends show that the over-65 population is increasing exponentially (thanks to the aging of the Baby Boomers), and the over-85 cohort is the fastest increasing segment of the population (thanks to greatly improved medical advances and increased longevity). One in five Americans will be 65 and older in 2030, and one in eight people will be 75 and older in 2040. The Joint Center's opinion is that as a nation we are not prepared to deal with the complexities of housing this aging population. This is an issue that will require more attention over time, particularly from those involved in developing public policy. See NCSHA's summary of the Report in Appendix III of this Report; the full Joint Center report can be found on their website at <http://www.jchs.harvard.edu/research/publications/housing-americas-older-adults%20%94meeting-needs-aging-population>.

### **Implementing Smart Growth Zoning: Continuing Interest from Municipalities and Local Groups**

Chapters 40R and 40S have now both been on the books since 2005 and implemented since 2006. The programs have resulted in the passage of **35** Chapter 40R smart growth zoning districts in **32** municipalities, totaling approximately **12,744 zoned units supported by their communities**, with continuing interest in many more. **Three communities**, Ludlow, Norwood, and Swampscott, with zoning allowing for over 400

as-of-right housing units, have recently passed 40R Districts. Two of the three, Ludlow and Norwood, have received DHCD's Final Approval. Swampscott must go back to Town Meeting this fall to make several amendments, but the District is expected to receive Final Approval by the end of this year or in early 2015.. ***Please refer to Appendix I to this report for the regular detailed update on progress under the Chapter 40R program.***

Thanks to the Economic Development and Jobs bill that was passed by the Legislature and signed into law by the Governor in July, 2012, the **Smart Growth Housing Trust Fund was replenished with a deposit of \$4,000,000; however, with Projects moving forward in a number of existing Districts and corresponding requests for Density Bonus Payments, just over \$2M of this money is uncommitted.** It will be important to obtain additional resources for the Smart Growth Housing Trust Fund in the next budget cycle in 2015.

DHCD currently estimates that the Trust Fund will likely have sufficient resources to cover required payments through FY15. The funding needed to make payments under Chapter 40S for school costs has been coming from the Education Budget, and therefore does not represent draws from the Trust Fund. Communities are now moving forward with proposals for Chapter 40R with reasonable assurance that the funds will be available to make payments as promised by the legislation. In addition, replenishing the Trust Fund has made it easier for DHCD and others to actively promote the program in their outreach and education efforts.

June, 2014 was the tenth anniversary of the passage of Chapter 40R. As part of a series of events, on May 30, 2014 the Boston Foundation, NAIOP and DHCD sponsored a morning gathering at the Boston Foundation. Its purpose was to highlight the accomplishments of Chapter 40R, set the Act in context, and have a panel discussion highlighting the benefits of the legislation. The program was aimed at potential developers, others in the real estate business, and municipalities. A full description of that event can be found in the CHTF Quarterly Report as of June 30, 2014.

Leadership of CHTF has discussed efforts to make **developers more aware** of the significant benefits represented by this substantial amount of land zoned as-of-right for mixed-income housing and related mixed-use development. While recognizing the challenge of not-yet-rebounded markets in some areas of the Commonwealth, and the shortage of housing subsidy funds, we would like to see more construction beginning in approved Chapter 40R districts. Planning projects in 40R districts could save developers significant amounts of both time and money otherwise spent on getting zoning approved for multifamily housing or higher-density single-family housing at the local level. With 40R, that work has already been accomplished by the city or town. Any specific ideas about how best to achieve this goal of heightened awareness within the development community would be much-appreciated. Please forward your comments and ideas to Eleanor White at [ewhite@housingpartnersinc.com](mailto:ewhite@housingpartnersinc.com).

With regard to the **State Historic Tax Credit** program, the Economic Development bill signed last month included a mechanism that allows State Historic Tax Credits that have been allocated to a building to be transferred to a new owner of that building prior to the commencement of construction. This has been a nagging problem in certain situations, and the legislative correction should be very helpful.

Unfortunately, however, the Economic Development bill did not address the following areas that remain important objectives for future action:

- Increasing the annual amount of authorization for the Credit above the current \$50,000,000;
- Requiring that when the Secretary of State makes an allocation to a project, the allocation must be for the full amount authorized by the legislation (that is, an allocation equal to 20% times the eligible renovation costs);
- Providing a mechanism to allow additional flexibility for the Secretary of State to apply the historic renovation standards to specific circumstances.

The requirement to fully fund developments that are approved would eliminate the difficulty that developers face when they are allocated small amounts of credit in successive funding rounds, of which there are three per year. This often means that the full funding is not available for some period of years, making it extremely difficult to retain control over the properties and to pull together the full complement of needed financing sources. A previous hearing on House 311 was held at which strong support for the provisions in the Bill was expressed by a wide variety of groups.

As stated many times before, CHTF feels strongly that the Legislature should repeal the **“clawback” provision** in Chapter 40R, which states that communities have three years after the issuance of a Zoning Incentive Payment for a Chapter 40R Smart Growth Zoning District to issue building permits and have construction commence. Absent a good reason for the lack of construction, the community must repay the State for the amount of the initial Incentive Payment. Although communities have in practice often delayed the request for the incentive payment in order to delay the beginning of the three-year clock, repeal of this provision would be desirable. The provision—inserted into the original legislation at the last moment and never supported by CHTF—is antithetical to the original concept of 40R: that as-of-right zoning can be achieved across the Commonwealth, expected to be in excess of current needs, so that when market conditions allow, developers will choose to pursue the development of housing on their own timetables.

To resolve this issue, **Senator Chandler** has refiled her bill which would repeal the **“clawback” provision**. We are very grateful to Senator Chandler for her support on this bill and for her unwavering support of Chapter 40R.

A continuing issue is the scarcity of local resources to plan smart growth districts, and this scarcity up until now has been one of the reasons for fewer new proposed districts than we would like to see. **So again we thank the state Administration** for its

announcement in early 2014 of an infusion of planning grant funding for projects—like Chapter 40R districts—that would advance the Governor’s goal for construction of 10,000 multifamily housing units across the Commonwealth. Since the first of the year, approximately \$130,000 has been committed for planning for housing, including consideration of 40R Districts, under the Priority Development Fund (PDF) program.

DHCD is now shifting activities formerly funded under the PDF program to a new program called PATH (Planning Assistance Toward Housing). The program is up and running, with applications available on the DHCD website. It is similar to PDF, but allows for larger grant amounts, thereby making more ambitious projects feasible. There is currently \$600,000 available for eligible applicants and projects.

The **Compact Neighborhoods program** provides incentives to communities that have or create districts that allow as-of-right developments of at least 4 units per acre for single family homes, and 8 units per acre for multifamily development (structures with two or more units).. The incentives include priority for certain State discretionary funding as well as potential relief from the requirements of Chapter 40B. We believe that the Compact Neighborhood program offers another welcome alternative for communities that wish to encourage the development of new housing.

With the affirmation of the state’s affordable housing law under Chapter 40B, the interest level in Chapter 40R is continuing. And now that immediate concerns have been addressed about the Smart Growth Housing Trust Fund having sufficient funds, new activity is emerging. Increasing funding to local communities to pursue smart growth districts is the prudent way to provide a “relief valve” for communities facing Chapter 40B developments that may be considered to be inappropriate for the location based on local comprehensive planning, site conditions, etc. Chapter 40R is also an important tool for facilitating the development of new affordable housing units at a time when some units may leave the inventory as a result of the expiration of their federal contracts (an issue which has been discussed at length previously in CHTF Reports).

#### **Implementation of Chapter 40R and 40S (the School Cost “Insurance Policy”), Funding for both Chapters 40R and 40S, and a Technical Amendment to 40R**

The Massachusetts Department of Revenue (DOR)’s “Informational Guideline Release” for Chapter 40S, dated June 2010, outlines the basic rules for the program. More detail can be accessed in previous CHTF Quarterly Reports. The final state budget for FY14 made available \$500,000 to cover Chapter 40S reimbursements as required by the Chapter 40S statute. Any of that funding not required in FY15 will revert to the Commonwealth’s General Fund.

For FY14, to be received in FY15, at least one community is expected to receive funds under Chapter 40S: Lakeville (\$253,000). The fact that this project is eligible for the payments is evidence that in some limited situations communities need the financial assistance Chapter 40S was designed to provide. Chapter 40S payments are made when the cost of educating the children in new developments in Chapter 40R districts exceeds

the sum of (approximately) one half of the property and excise taxes paid by new development in the 40R District, plus the incremental new Chapter 70 money that is allocated to the community because of the increase in the school population. Conversely, the fact that only one community needs 40S assistance is evidence that additional multifamily housing construction has little adverse impact on local school costs, thus making Chapter 40S an effective “insurance policy” with little cost to the Commonwealth.

The map below, provided by the MA Department of Housing and Community Development (DHCD), indicates the communities that have already implemented Chapter 40R and those in the process of doing so. The table following the map outlines the current funding sources and obligations for Chapter 40R.



*Note: Current through September 10, 2014. Source: DHCD*

The communities of Ludlow and Norwood have recently approved 40R districts: 350 units in Ludlow, and 44 units at the Regal Press Building in Norwood. Both have received final approval from DHCD. We are very excited to have two new districts approved!

Communities thought to be currently considering Chapter 40R districts include Amesbury, Bridgewater, Barnstable, Marshfield, South Hadley, Tyngsborough, Southampton, Easthampton, Dennis, Malden, Natick, Newburyport, and a second project in Haverhill, in the Bradford section. In addition, two towns in Berkshire County –

Adams and Great Barrington-- are considering 40R Districts under the leadership of the Berkshire County Regional Planning Commission. Permitting for specific developments and construction activity is underway in Brockton, Holyoke, Lowell, Easthampton, Easton, Natick, and Norwood. And Pittsfield, Reading, Brockton, Lawrence and Lakeville have recently completed projects.

The following chart shows the current status of the Smart Growth Housing Trust Fund. **It reflects the additional \$4,000,000 that was passed in the Economic Development and Jobs Bill in 2012.** The \$4,000,000 consists of amounts in excess of \$10,000,000 that are actually received from settlements or judgments.

<b>Initial Funds from sale of Surplus State Land</b>	<b>\$ 3,349,370</b>
<b>Appropriations – Transfers, October, 2007</b>	<b>\$10,000,000</b>
<b>Sales of Surplus State Property, 2007</b>	<b>\$ 78,000</b>
<b>Sales of Surplus State Property, 2008</b>	<b>\$ 7,772,440</b>
<b>Sales of Surplus State Property, 2009</b>	<b>\$12,000,000</b>
<b>Miscellaneous</b>	<b>\$ 165,440</b>
<b>Deposit pursuant to 2012 Jobs Bill</b>	<b>\$ 4,000,000</b>
<b>Total Sources of Funds</b>	<b>\$37,365,250</b>
<b>Less Transfer to General Fund, 2009</b>	<b>(\$18,004,810)</b>
<b>Other Sources</b>	<b>\$ 51,000</b>
<b>Net Sources</b>	<b>\$19,411,440</b>
<b><u>Less Payments and Obligations to Communities to date:</u></b>	<b><u>(\$17,417,000)</u></b>
<b>Balance in Fund as of December, 2013</b>	<b>\$ 2,093,440</b>

As described earlier in this Report and shown in the table above, the Smart Growth Housing Trust Fund is now expected to have sufficient resources to make the payments that will become due to communities through the remainder of calendar year 2014, ending in December, 2014, and will probably have the funds needed through the end of Fiscal year 2015. (The Trust Fund provides the funding for the Zoning Incentive Payments and the Density Bonus Payments for Chapter 40R.) These additional funds will be required as more districts are passed and as more specific properties begin construction. It should be noted that this funding will cover approximately 1,000 new units being placed under construction.

Barnstable and the Berkshire County Regional Planning Commission were recently granted planning funds from the Priority Development Fund (PDF) program. Additional funds - \$600,000 - are now available under the PATH program, as described above.

To date, 19 communities have permitted/started or completed construction on housing within 20 of the 35 approved 40R Districts, comprising 2449 Units. **We are extremely pleased that over half of the approved Chapter 40R districts have reached this important milestone.** This has resulted in Density Bonus Payments to

communities of \$6,147,000. However, as mentioned above, CHTF will be working to increase awareness of the benefits of 40R within the development community.

We are pleased to report that **Senator Harriette Chandler** and **Representative Kevin Honan** have refiled previous legislation to provide for a continuing and reliable source of funding of the Smart Growth Housing Trust Fund, as discussed in detail in previous Quarterly Reports. The Senate bill is Senate 67. The House bill is House 170. Both were referred to Committee for consideration, and a hearing was held on December 12, 2013. We are very grateful to Rep. Honan and Sen. Chandler for their strong and continuing leadership on this legislative effort and to both for their support from the beginning for Chapter 40R. Despite the success in obtaining funds for the current fiscal year for the Smart Growth Housing Trust Fund, there remains ongoing *uncertainty because of the lack of a consistent, predictable revenue source. It is therefore important that we not lose sight of this bill, and that efforts continue to have it passed in the next session of the Legislature.* Refer also to the previous section for a detailed discussion of the bill filed by Senator **Harriette Chandler** to repeal the “clawback” provision of Chapter 40R.

### **Spreading the Word about Chapter 40R, Smart Growth, and Millennial Housing**

**Barry Bluestone, Eleanor White, Ted Carman, Mary Jo Meisner**, and other members of CHTF continue to respond to requests for meetings, discussions, and presentation of material about Chapter 40R from planning officials, local elected officials, journalists, affordable housing advocates, realtors and others to assure widespread education about the benefits of Chapter 40R.

Please visit the Boston Foundation/CHTF websites, [www.tbf.org/chtf](http://www.tbf.org/chtf) or [www.commonwealthhousingtaskforce.org](http://www.commonwealthhousingtaskforce.org) and consult previous Quarterly Reports for a detailed description of this ongoing activity. Chapter 40R is often the subject of news and feature articles in the general press and other media. The topic has also continued to attract interest from trade and industry groups, and is regularly featured as a topic at various conferences and workshops.

**Eleanor White** has been working with several academics who are analyzing the 40R record, including **Yuqi Wang** and **Stephen Thayer Davis** at MIT. Ms. Wang’s thought-provoking assessment of Chapter 40R in four Massachusetts communities can be found at [https://www.dropbox.com/s/fi7ggaugbqwc7n/40R\\_thesis\\_yuqi.pdf](https://www.dropbox.com/s/fi7ggaugbqwc7n/40R_thesis_yuqi.pdf). **Stephen Thayer Davis** wrote his thesis as part of degree requirements for the Master’s program at the MIT Center for Real Estate Development; it includes some interesting observations on Chapter 40R. And **Tej Kumar Karki**, a former doctoral student of Barry Bluestone’s at Northeastern University, has published a very interesting article (“Mandatory Versus Incentive-Based State Zoning Reform Policies for Affordable Housing in the United States: A Comparative Assessment, Housing Policy Debate”), which can be accessed at <http://dx.doi.org/10.1080/10511482.2014.917691>. Tej is currently teaching at the Department of Urban Planning and Design at the Xi'an Jiaotong-Liverpool University in Jiangsu Province, China.

**Eleanor** has also worked with **Andre Shashaty**, former Editor of *Affordable Housing Finance* magazine, to provide assistance relative to Chapter 40R in his new book, *Rebuilding a Dream*. The book, released in July of 2014, examines many approaches nationally to housing and community development and can be accessed at <http://www.sustainabilitystore.org/>. We appreciate this interest in the Chapter 40R program, and in innovative zoning programs in general, and have been happy to provide assistance to these efforts.

Refer also to the section of this Report dealing with the Expanding Opportunities Committee, detailing the EOC meeting during this quarter with journalist Scott Van Voorhis.

We encourage you to regularly visit the **CHTF website**, and we welcome all comments and suggestions for improvement. The website can be accessed directly at [www.commonwealthhousingtaskforce.org](http://www.commonwealthhousingtaskforce.org). The website serves as the central repository for documents, status reports and resource material on the Task Force itself, Chapter 40R, Chapter 40S, press coverage, and related matters. Dukakis Center staff, led by **Barry Bluestone**, is responsible along with **Tim Gassert** at the Boston Foundation for updating the CHTF website on a regular basis. We also encourage you to visit the new and improved Boston Foundation website at [www.tbf.org](http://www.tbf.org).

### **Funding and Legislation for Affordability**

A coalition of affordable housing and homelessness prevention organizations convened by CHAPA, including many members of CHTF, established a list of FY14 state budget requests that formed a joint and comprehensive agenda. The requests and final budget outcomes are outlined below.

- **MRVP** (the MA Rental Voucher Program): requested \$87.5 million; this would have increased funding by \$30 million and would have kept the \$30 million within housing that will no longer be used for HomeBASE temporary rental assistance. The FY15 budget funds MRVP at \$65 million. In addition, the Legislature prohibits DHCD from administering vouchers through the shelter system. The budget language directs DHCD to issue vouchers through wait lists and to create a new online application and wait list for the program.
- **Public Housing:** requested \$82 million, with \$10 million in new resources to provide resident services. Public housing was previously funded at \$64.3 million. Public housing was reduced to \$64 million.
- **RAFT homelessness prevention:** requested \$12 million, with language allowing more funds to be used for families between 30% and 50% of Area Median Income (AMI). FY14 language targeted 90% of funds to families below 30% AMI. Through the supplemental budget signed into law in March, the language was changed to allow for 50% of funds to be used for families between 30% and 50% AMI. The FY15 budget funds RAFT at \$11 million.

- **Alternative Housing Voucher Program:** requested \$5 million. AHVP has been level funded at \$3.45 million for several years. The FY15 budget provides a \$100,000 increase to the line, bringing the total to \$3.55 million.
- **Housing Consumer Education Centers:** requested \$2.6 million. The FY15 budget reduces funding for the HCECs by \$900,000. The total funding in the FY15 budget is \$2.1 million. However, the line also contains \$400,000 in earmarks that are non-HCEC programs.
- **Tenancy Preservation Program:** requested \$750,000. TPP is currently funded at \$500,000. The FY15 budget level funds TPP.
- **Home and Healthy for Good:** requested \$2.2 million. Home and Healthy for Good was funded at \$1.6 million in FY14. The FY15 budget provides increased funding to \$1.8 million and includes language for \$200,000 to continue funding the LGBTQ young adult housing initiative.
- **HomeBASE:** requested \$29 million for homelessness prevention and stabilization services. HomeBASE was funded at \$58.9 million in the FY14 budget. \$30 million of FY14 funding was for temporary rental assistance, which came to an end at the end of this fiscal year. The FY15 budget funds HomeBASE at \$25.95 million and raises the family benefit cap to a minimum of \$6,000. The language also provides DHCD the ability to increase the family benefit cap.
- **Mass Access Affordable Housing Registry:** requested \$80,000. This request was for level funding. Mass Access was level funded.
- **Foreclosure Prevention Counseling:** requested \$2.6 million. This request was for level funding. Counseling grants are funded through retained revenue from mortgage loan originator license fees. Foreclosure prevention counseling was level funded.
- **Resident Service Coordinators:** requested \$2.5 million; This would have created a new line item to provide services in 50 new or existing developments to help tenants maintain housing stability. A new line for Resident Services Coordinators was not included in the FY15 budget.
- **Fuel Assistance:** requested \$20 million; The FY15 budget does not create a new line item for fuel assistance.
- **Community Preservation Act:** requested to maintain the \$25 million transfer from the end-of-year budget surplus. CPA was fully funded at \$25 million.

### **Brownfields Redevelopment Fund**

The Brownfields Redevelopment Fund provides a vital source of revenue for development projects across the Commonwealth. The Fund, administered by MassDevelopment, provides financial assistance for both site assessment before a project is started, and financing for the project itself. Since its establishment in 1998, more than \$78 million has been made available through 630 individual awards for assessment or remediation of brownfields sites. In the last six years, projects financed by the Fund have created 4,000 housing units and over 2,600 jobs. Due to increased utilization, the Fund

has been expended at a faster rate than anticipated, leaving it fully depleted as of June, 2013. The Legislature provided \$25 million in funding to the Brownfields Redevelopment Fund this session. A large coalition led by the Massachusetts Smart Growth Alliance is working to develop ways to capitalize the Fund for multiple years. For more information about the Fund and the campaign, visit: <http://ma-smartgrowth.org/issues/brownfields/> .

### **Federal Housing Budget**

HUD's budget authority for its key programs was 10% lower in FY13 than in *FY10*, despite rising costs, in part due to the 5% across the board sequestration cuts in FY13. In mid-December 2013, Congress approved the Bipartisan Budget Act, setting an overall FY14 budget funding level that is **4.8% above** the FY13 post-sequestration levels for non-defense discretionary programs; and in January 2014 Congress enacted an omnibus appropriation bill for the balance of FY14 that reversed some of the damage from FY13.

### **FY15 Budget Proposals:**

On March 4, 2014, the Administration sent Congress its FY15 Budget request, including \$46.7 billion for HUD programs, \$1.2 billion above the FY14 enacted level. Congress is proposing lower amounts for HUD because it must use Congressional Budget Office revenue estimates, which anticipated \$4.3 billion less FY15 Federal Housing Administration (FHA) revenues than the President's request assumed. Traditionally, the appropriators have treated FHA revenues as offsets to HUD's budget, though they could spread the loss among other agencies as well.

The House (September 17, 2014) and the Senate (September 18, 2014) approved a Continuing Resolution to keep government running through December 11, 2014 after deliberations on the Transportation, Housing and Urban Development (THUD) appropriations bill stalled. While both the House bill and the Senate proposals underfund current HUD programs, the House bill provides much less funding and also includes several harmful administrative provisions. H.R. 4745 provides \$44.7 billion for HUD (about \$800 million *less* than the FY14 budget), while the Senate Appropriations Committee approved a better bill (S.2438), providing \$45.8 billion (about \$300 million *more* than the FY14 budget). The full Senate deliberations never took place due to disagreements over procedural matters.

Descriptions of the proposed FY15 funding for major HUD programs under the FY14 budget, President's request, the current House and Senate bills, and the HUD Supplemental Request can be found in the CHTF Quarterly Report of September, 2014.

### **2014 Legislative Proposals – Federal Housing Finance Reform**

On May 15, the Senate Committee on Banking, Housing, and Urban Affairs approved a housing finance reform bill (the *Housing Finance Reform and Taxpayer Protection Act of 2014*, S.1217, sponsored by Senate Banking Committee Chairman Tim

Johnson (D-SD) and ranking member Mike Crapo (R-ID). However, the bill is not expected to advance further in the Senate this session.

Refining an earlier Senate proposal (“Corker-Warner”), the Johnson-Crapo bill winds down the current GSEs, creates a Federal Mortgage Insurance Corporation (FMIC) to set standards for, regulate and insure securitized mortgages, and outlines a process by which new entities can become guarantors of mortgage backed securities. FMIC would offer insurance for a fee and guarantors or other private market holders would have to take a 10% first loss position. The bill establishes a 5 year transition period, but starts up the FMIC 6 months from enactment, transferring the FHFA to the FMIC at that time.

The bill contains a number of affordable housing provisions, and advocates have generally praised it. It eliminates the affordable housing goals and “duty to serve” but creates other mechanisms to serve those purposes. Most notably, it provides a funding source for the National Housing Trust through an annual FMIC fee on the outstanding mortgage balance of the insured mortgages; the fee would raise an estimated \$5 billion a year based on current volume, though a September 2014 Congressional Budget Office report predicts the federally guaranteed market share will decline over time and thus projects much lower proceeds in the long run (\$7 billion total from 2019-2014).. Of that, three quarters (75%) would go to the National Housing Trust Fund (NHTF), 15% to the Capital Magnet Fund and 10% to a new FMIC Market Access Fund. Massachusetts would receive about \$101 million a year from the NHTF if fees totaled \$5 billion a year. Other provisions ensure capital access for multifamily rental housing, including affordable rental housing, and set a minimum down-payment requirement for single family mortgages to be securitized (3.5% for first time homebuyers and a phase-in to a 5% minimum for all others). Some housing groups, however, are recommending revisions to ensure adequate access to credit for underserved borrowers and markets.

### **2013-2014 State Legislation**

One of the most important housing bills of this session at the State level is the **Housing Bond Bill: An Act Financing the Production and Preservation of Housing for Low and Moderate Income Residents**. The bill, filed by Housing Committee Chairs **Representative Kevin Honan and Senator James Eldridge**, was signed into law on November 14, 2013. The bill:

- Authorizes \$1.4 billion in funds for five years.
- Extends the State Low Income Housing Tax Credit at \$20 million annually through 2018.
- Removes burdensome repayment and refinancing language that had previously applied only to the Facilities Consolidation Fund, Community Based Housing, and Housing Innovations Fund.
- Allows for the funding of commercial space within mixed-use developments as part of the Commercial Area Transit Node Housing Program.
- Focuses homeownership funds within the Housing Stabilization Fund for small multifamily developments in weak markets.

- Provides \$45 million in funds over 5 years for the Early Education and Out of School Time Capital Fund.

Amendments were passed during the House and Senate debates on the housing bond bill, which would have weakened 40B and additional amendments were adopted that would impact immigration policy as it relates to public housing eligibility. The bill was then sent to a conference committee. The Conference Committee report, which was accepted by the Legislature, did not include any changes to 40B or public housing eligibility. **CHTF thanks the conferees for their decisions.**

**Gateway Cities:** Legislation has also been proposed to stimulate development in Gateway Cities. The bill, *An Act to Promote Transformative Development of Gateway Cities*, H311 (accessed at <http://mahouse.gov/Bills/188/House/H311>), was filed by **Representative Antonio Cabral** and **Senator Benjamin Downing**. The legislation contains several provisions to expand and enhance programs that incentivize economic development in Gateway Cities, including amendments and increased funding for HDIP and the Historic Tax Credit. Although the legislation did not pass, provisions within this bill were passed as part of the economic development bill signed into law in August. A Transformative Development Fund was included in the economic development bill and capitalized with \$16 million. In addition, the bill doubled HDIP to \$10 million and removed the 50 unit per development cap.

**Zoning Reform:** **Representative Stephen Kulik** and **Senator Daniel Wolf** have filed *An Act Promoting the Planning and Development of Sustainable Communities*, H. 1859, (accessed at <http://mahouse.gov/Bills/188/House/H1859>), which updates Massachusetts' land use laws to meet the state's need for workforce housing, reduce commutes, and preserve farmland and forests. The bill was reported out of Committee, but did not make it to the floor for a vote. Since the bill is still pending, we are repeating the major provisions below.

The bill provides benefits to municipalities through statewide reforms, and offers enhanced incentives and tools to communities that choose to opt in. Those communities could opt in by changing select local regulations in order to meet economic development, housing, and natural resource protection goals. This bill takes pieces of zoning reform efforts from prior sessions to create a more streamlined bill that gives cities and towns the tools they need to shape their futures, while providing more certainty to landowners and developers. Key provisions include: providing explicit statutory language allowing municipalities to require the creation of affordable housing projects, which can count towards their 40B requirements; increasing local oversight by providing the option to adopt regulations for minor subdivisions in place of Approval Not Required (ANR) provisions; consolidated permitting that brings all decision-making boards together at the beginning of project reviews; establishing a clear process for development impact fees; addressing vested rights by providing standardized zoning protections for development projects proposed in building permits, special permits, and subdivision plans; and creating the *Planning Ahead for Growth Act* which grants additional tools and incentives

to communities that choose to opt-in by making specific zoning changes consistent with the state's Sustainable Development Principles.

Benefits of planning ahead for growth include broader use of impact fees, natural resource protection zoning at very low densities, shorter vesting periods, the ability to regulate the rate of development, and priority for state infrastructure funding. The bill has been reported out of the Municipalities Committee to the House of Representatives.

**Public Housing Reform:** The Housing Committee released a public housing reform bill on June 18, 2014, discussed also in the Public Housing Committee section of this Report and described in detail in the CHTF Quarterly Report of September, 2014. The bill was signed into law in August. This bill represents a major initiative (and major accomplishment) of the CHTF coalition. The final bill included virtually all of the provisions championed by CHTF and its Public Housing Committee during the crafting of the compromise legislation.

In addition to the public housing reform efforts of the Governor and MassNAHRO, *An Act Relative to Public Housing Innovations Pilots*, H. 1146, and S. 592, (accessed at <http://mahouse.gov/Bills/188/House/H1146>), a bill supported by CHTF since its original filing, was refiled as a way to **promote innovative strategies in public housing**. This legislation, filed by **Representative Sanchez** and **Senator Chandler** would reduce and streamline regulatory and statutory requirements for participating housing authorities. Aspects of this bill--also described in detail in past CHTF Quarterly Reports-- are included in the public housing reform bill reported out of the Housing Committee on June 18, 2014, passed and signed in August, 2014.

**Legislation to dedicate energy efficiency funding** for improvements in affordable rental housing was re-filed by **Representative Honan** and **Senator DiDomenico**. There is a significant capital cost involved in constructing or rehabilitating housing to ensure that the structures minimize energy use. However, if the capital investment can be absorbed, the energy savings are significant, and can reduce both the rental income necessary to maintain the property and the impact on the environment. *An Act Relative to Affordable Housing Energy Efficiency*, H.1122 and S.1574 (accessed at <http://mahouse.gov/Bills/188/House/H1122> ) would dedicate funding to make new and existing multifamily affordable housing more energy efficient. The bill was reported out of the Housing Committee, but did not advance to the floor for a vote.

Finally, as mentioned earlier and of significant interest to CHTF and the future of Chapter 40R, **Senator Harriette Chandler** filed legislation, amending Chapter 40R, to remove the "clawback" provision of the original legislation. The bill repeals section 14 of Chapter 40R, removing the requirement that municipalities repay the state if no construction has been started on the site within 3 years of receiving the incentive payment for the creation of smart growth zoning districts. The bill has been reported favorably out of the Housing Committee and is now before the Senate Ways and Means Committee. CHTF has been advocating for this repeal for several years.

Members interested in supporting or learning more about these proposals should contact **Eleanor White** at [ewhite@housingpartnersinc.com](mailto:ewhite@housingpartnersinc.com) or **Rachel Heller** at [rheller@chapa.org](mailto:rheller@chapa.org).

## Foreclosures Update

### Making Sense of Mortgage Loan Modification Rules

CHAPA is pleased to announce its upcoming Breakfast Forum on Thursday October 16, 2014 from 9:30-12:00 entitled “Understanding the Loan Modification from the Servicers’ Perspective” to be held at MassHousing, One Beacon Street/4<sup>th</sup> Floor Board Room/Downtown Boston. The expert panel is comprised of representatives from Bank of Boston, NationStar and Wells Fargo. For registration, please visit the CHAPA website: [www.chapa.org](http://www.chapa.org).

### Community Based HomeCorps

Building on the success of its HomeCorps program, the Attorney General’s office (AGO) has committed to extend its effort to assist homeowners at risk of losing their homes to foreclosure. The AGO has named Citizens’ Housing and Planning Association (CHAPA) as Master Grantee of its Community Based HomeCorps program (CBHC) to extend and adapt the HomeCorps Loan Modification Initiative to communities across MA. Under CBHC, CHAPA will take the AGO enforcement model and adapt it to structure the new community based model which will provide loan modification services and homeless prevention services to residents in need of assistance. For more information, please visit the CHAPA website at <https://www.chapa.org/CBHC>. CHTF congratulates CHAPA on this well-deserved recognition.

### The Expanding Opportunities Committee (EOC)

This committee, meeting since July of 2006, and co-chaired by **Sarah Lamitie, Jackie Cooper, and now Jennifer Erickson**, was formed to explore possible diversity initiatives, both to increase participation in CHTF by people of color and other underrepresented groups, and to assure that programs supported by CHTF will have a positive effect on social justice and equity issues. The committee is implementing an action agenda to enhance inclusiveness in housing in cities and towns throughout the state. In connection with this diversity initiative, please extend an invitation to colleagues you may know who would be interested in joining the Task Force. They can join the CHTF at no cost by sending their contact information to **Eleanor White** at [ewhite@housingpartnersinc.com](mailto:ewhite@housingpartnersinc.com).

Please refer to the CHTF website, [www.commonwealthhousingtaskforce.org](http://www.commonwealthhousingtaskforce.org) to review previous Quarterly Reports for a general description of this committee, and prior initiatives of the group.

EOC held its most recent meeting on September 19, 2014, and was pleased to welcome financial journalist, **Scott Van Voorhis**, for a discussion of how communities can be more welcoming to families with children. Scott has over 20 years of experience

as a Boston-based reporter and writer reporting on a range of business sectors, including home sales, real estate development, and financial services. His article in *Telegram.com*, “Over -55 Development can Squeeze Families Looking for Housing”, highlighted local opposition to new housing production for families with children throughout Massachusetts. For the full text of the article, refer to (<http://www.telegram.com/article/20131021/NEWS/310219926>.)

Scott emphasized how restrictive municipal policies prevent new housing production for families with children and limit the potential for future economic growth of the state. He said that housing production throughout Massachusetts is lagging behind other states and regions for households of all incomes, and especially for low- and moderate-income households that seek moderately priced housing opportunities. He sees this to be a result of local zoning ordinances and other policies designed to keep families out. He commented on the importance of a public policy response to increase housing production and promote economic growth.

The committee discussed challenges and possible policy solutions to siting affordable housing for families with children. **Eleanor White** highlighted the success of Chapter 40R as an effective policy that has resulted in the as-of-right zoning of almost 13,000 units of mixed-income housing in 35 residential zoning districts that allow for greater density in smart growth locations. She also highlighted Chapter 40S, which addresses many municipalities’ concerns about the potential for increased school costs by making funding available from the state to cover school cost increases. The committee also discussed zoning reform as a key to addressing local opposition to new housing production, and a concern that proposed legislation is structured to require that communities opt in to new zoning processes.

Scott expressed his interest in the EOC’s initiatives and indicated that he would try to attend future meetings.

All are welcome to join the Expanding Opportunities Committee; please send your contact information to **both Eleanor White, CHTF Co-Chair**, at [ewhite@housingpartnersinc.com](mailto:ewhite@housingpartnersinc.com) and **Maura Fogarty** at the Boston Foundation, at [Maura.Fogarty@tbf.org](mailto:Maura.Fogarty@tbf.org) . Only those who have signed up for this committee will receive notices of future meetings. Comments about the agenda for the EO Committee should be addressed to **Sarah Lamitie, Jacqueline Cooper**, and **Jennifer Erickson**, the co-chairs of the Committee. They can be reached at [slamitie@bostonprivatebank.com](mailto:slamitie@bostonprivatebank.com) (Sarah), [cooperjlw@gmail.com](mailto:cooperjlw@gmail.com) (Jackie), and [JErickson@mapc.org](mailto:JErickson@mapc.org) (Jennifer) respectively. Thanks to Jackie, Sarah, and Jennifer for their leadership of this effort, and to Boston Private Bank for providing the regular meeting space for this committee.

### **The Public Housing Committee**

CHTF has lent strong advocacy support to the effort to significantly increase funding for state-assisted public housing development and management over the last several years. Although current levels of funding are higher than at any point in almost

20 years, they are clearly inadequate to support either the needs of low-income households or of aging public housing buildings. Public housing programs represent the most efficient and effective means of providing housing for low-income people, and include traditional public housing as well as demand-side voucher programs and major redevelopment efforts. This committee will continue to identify programs and legislation that could benefit from CHTF support and will bring new program initiatives forward to CHTF.

**Charles Eisenberg**, an affordable housing consultant with extensive experience with public housing, and **Jim Stockard**, recently-retired Curator of the Loeb Fellowship Program at the Harvard Graduate School of Design (and a long-time member of the Board of a local Housing Authority), are serving as co-chairs of this CHTF committee. As with all CHTF committees, membership is open to all. We particularly invite local public housing authority staff and board members, and members of community-based nonprofit organizations, to consider participating in this committee.

Please refer to the last several CHTF Quarterly Reports for a comprehensive discussion of the issues currently being addressed by this committee. We have seen a significant expansion of membership of the CHTF Public Housing Committee.

After the Governor's Commission for Public Housing Sustainability released its report in the summer of 2013, which incorporated most of recommendations of a major CHTF report submitted to the Administration, the Governor filed legislation to combine all housing authorities in Massachusetts into six regional authorities with Boards appointed by the Governor. In response, the Massachusetts chapter of the National Association of Housing and Redevelopment Authorities (MassNAHRO) filed its own reform bill providing for voluntary consolidation and stronger oversight. The leadership of the Public Housing Committee worked with all sides; our goal was to reach enough of a consensus to pass legislation that would achieve at least some of the reforms that all sides agree are necessary. The membership of our Committee includes representatives from the Administration, the Legislature, MassNAHRO, MA Union of Public Housing Tenants, and other advocacy groups and proved crucial to the forging of a consensus position. When public hearings were held last fall by the Joint Committee on Housing, the CHTF Public Housing Committee Chairs testified and submitted recommendations to the Committee.

On June 18, 2014, the Joint Committee on Housing filed "An Act relative to Local Housing Authority Reform." This bill incorporated most of the recommendations made by CHTF and took a similar approach to reform:

- It requires significant improvements in the areas of Accountability and Transparency, including annual independent audits, as well as Board Member training.
- It creates a Centralized Application and Waitlist process and funds three regional Capital Assistance Teams to work with housing authorities on capital projects.

- Finally, it funds the creation of three Regional Housing Authorities into which local authorities are encouraged to merge. As an incentive, every authority that joins a regional authority will receive a 20% increase in their operating subsidy and will be allowed to implement the provisions contained in the Innovations Bill that CHTF has supported for the last four years.

The Bill was passed by both houses of the Legislature in the last week of the session and was signed into law by the Governor in the summer of 2014. At the ceremony, CHTF was recognized for its contribution to the substance and passage of this important piece of legislation. CHTF will now work to see that the measures contained in the Bill are implemented quickly and effectively.

Members of the Committee continue their participation on the DHCD group which established the new public housing “High Leverage Asset Preservation Program”. Second round applications for funding for this program were evaluated and the initial funding awards have been made. These efforts will now be incorporated into the capital improvements structure established in the Reform Bill. The DHCD Request for Proposals for the High Leverage Asset Preservation Program can be found at <http://www.mass.gov/hed/docs/dhcd/ph/publicnotices/13-12.pdf> .

Several items in the annual State budget affect public housing. Perhaps most significant is the operating subsidy for State public housing projects. After several annual increases, this item was level-funded this year. Operating subsidies still run tens of millions of dollars short of what independent studies conclude is required and CHTF will continue its efforts to increase this amount in next year’s Budget.

Many housing authorities also administer Section 8 and Massachusetts Rental Voucher Programs which provide rent subsidies for low income tenants in private housing. While the Federal Section 8 program has experienced significant reductions in funding, CHTF worked with the Legislature on funding for the Commonwealth’s MRVP funding. We were pleased that the budget which recently passed increased funding for this program by 20% to over \$80 million per year.

We also continue to press for revisions to the regulations governing the operations of public housing authorities. DHCD has begun to issue a series of policy directives designed to improve efficiency and accountability, based in part on recommendations made two years ago by the Committee.

Finally, the Committee’s efforts helped to pass more than \$500 million of new bonding authority for public housing capital improvements which will start to cover the estimated \$3 billion capital needs deficit in State public housing facilities. We are now working to get the Administration to allow DHCD to spend all the funds authorized by the Legislature.

Based on this Quarter’s update, it is clear that public housing will continue to be in the forefront of housing policy discussion for some time. CHTF members interested in

signing up for this committee and receiving notices of future meetings can reach **Charles Eisenberg** at 617-901-3378 or [ceisenberg@comcast.net](mailto:ceisenberg@comcast.net), and **Jim Stockard** at 617.913.3264 or [jstockard@gsd.harvard.edu](mailto:jstockard@gsd.harvard.edu). Many thanks to **Nixon Peabody** for providing the meeting space for this committee.

### **Work with the Urban Land Institute Housing and Economic Development Council**

**Eleanor White** and **Ted Carman** have represented CHTF with the local district council of the Urban Land Institute, ULI Boston, particularly with the Housing and Economic Development (H&ED) Council, chaired by **Nancy Ludwig**, President of ICON architecture, **Bert Rodiger**, of Schochet Companies, and **Mat Zahler**, of Trinity Financial.

This multi-disciplinary group is intended to build on the ULI membership of for-profit housing developers, multi-family lenders & investors, CDC's, public officials, and housing design and construction firms, and is topically focused around the creation, development and financing of multi-family housing and economic development. The H&ED Council will continue to work on initiatives and pursue strategic alliances that can effect change on a regional basis, and is pleased to be an active partner of CHTF.

Over the course of the past year, the Council has focused on seeking out and meeting with speakers to discuss what issues are affecting housing costs and what can be done to address them. The Council's most recent meeting was held on September 18, 2014. At that meeting there was a discussion about changes in the International Building Code (IBC) and the impact those changes will have on the ability to build taller housing structures in wood framing and the related cost savings. Based on the discussion at the meeting, broader attention to this method of construction could have a major impact on reducing costs (and rents) in affordable housing developments. Speakers at this meeting included **Rimas Veitas**, President of Veitas & Veitas Structural Engineers, and **Jay Ierardi** of AKF Code Consulting

In this connection, an article in the *Boston Globe* on September 23, 2014, described a development in the Allston neighborhood of Boston which, although not affordable housing, did result in rents considerably below the top of the market in Boston, partially through the use of wood frame construction for 5-story buildings. The developer was the **Mount Vernon Company**, headed by **Bruce Percelay**. See the full text of that story in Appendix IV of this Report.

The H&ED Council typically meets approximately every other month on the second Wednesday of the month. The meetings take place from 8-10AM, usually at the ULI Boston offices at Goulston & Storrs LLP located at 50 Rowe's Wharf, 7th Floor. CHTF members who are interested in more information on becoming a member of ULI Boston and its Housing & Economic Development Council may contact Michelle Landers, at [Michelle.Landers@ULI.org](mailto:Michelle.Landers@ULI.org), or at 857-263-7585; or get in touch with the current Council Chairs, **Nancy Ludwig**, at [nludwig@iconarch.com](mailto:nludwig@iconarch.com), **Bert Rodiger** at [albert.rodiger@schochet.com](mailto:albert.rodiger@schochet.com), or **Mat Zahler** at [mzahler@trinityfinancial.com](mailto:mzahler@trinityfinancial.com).

### **Legal Issues Involving Chapter 40R and Affordable Housing**

We are not aware of any current litigation involving policy issues relating to Chapter 40R at this time. CHTF members are welcome to bring any such litigation to our attention. Please contact the Chair of the Legal Committee (and co-Chair of the CHTF) **Larry DiCara** at [ldicara@nixonpeabody.com](mailto:ldicara@nixonpeabody.com) .

There have been some issues raised, however, regarding Chapter 40B, the “snob zoning” act. Originally passed in 1966, Chapter 40B has been the single largest facilitator of new affordable housing development in Massachusetts and is considered a landmark piece of housing legislation nationally. A controversial bill calling for the establishment of a buffer zone in Needham, MA (which would have had the effect of making a proposed affordable housing project infeasible) was vetoed by Governor Patrick in August, 2014. And the Town of Milton, long a community that opposed any production of affordable housing, is considering the approval of a Housing Production Plan which would “inoculate” it from the sanctions of Chapter 40B for a period of at least one year, but would also put it on a path to approving the development of affordable housing units in the future. Both are positive measures. See articles about both issues in Appendix IV of this Report.

### **Congratulations and Work with the Local, State, and Federal Administrations**

Congratulations this quarter to former HUD Secretary **Shaun Donovan**, appointed by President Obama to head up the Office of Management and Budget (OMB); and to former San Antonio (TX) Mayor **Julián Castro**, appointed by President Obama as the new Secretary of the Department of Housing and Urban Development. Even in this time of highly partisan activity within the U.S. Senate, both have been confirmed and have begun work in their new positions. In addition, **Lourdes Castro Ramírez**, former head of the San Antonio Housing Authority, has been nominated as Assistant Secretary of HUD for Public and Indian Housing to replace Sandra Henriquez, who resigned after 5 successful years in that post. We wish them all well in their new assignments and look forward to working with them. See Appendix V of this Report for more details on these appointments.

And, closer to home, congratulations to our own **Eleanor White**, a co-chair of CHTF, in being selected as a recipient of The Warren Group Women of FIRE (Financing, Insurance and Real Estate) award. Eleanor was honored at a luncheon on July 17, 2014. More information concerning this award can be found in Appendix V of this Report.

Also congratulations this Quarter to **Barry Bluestone**, founding Dean of the Kitty and Michael Dukakis Center for Urban and Regional Policy at Northeastern University, on the 15<sup>th</sup> anniversary of this nationally-acclaimed “think and do tank”. The Center’s anniversary celebration on September 29, 2014 attracted attendance by 400 representatives of the business community, the academic community, many public

officials, and advocates for housing and community development, including many members of CHTF.

Finally, the CHTF family will be greatly honored by the recognition of **Paul Grogan**, President of The Boston Foundation and convener of CHTF, with the Founders' Award by Metropolitan Boston Housing Partnership, scheduled for November 12, 2014.

A working group, headed by **Larry Field** and **Bill Reyelt** of DHCD, with CHTF participation, has been meeting to plan events celebrating the 10<sup>th</sup> Anniversary this year of the passage of Chapter 40R. The developers' event at the Boston Foundation in June was a result of this effort.

Many members of CHTF have provided advice and guidance (both formally and informally) to the staff of Governor **Deval Patrick**, Secretary of Housing and Economic Development **Greg Bialecki**, and DHCD Undersecretary **Aaron Gornstein**., especially on issues relating to Chapter 40R.

**Eleanor White** has been representing the CHTF in a series of Stakeholders' Meetings with the Secretary for Elder Affairs of the Commonwealth, **Ann Hartstein**. The **Elder Stakeholders' Group** includes representation from more than 20 organizations and coalitions dealing with issues affecting older adults in Massachusetts. The most recent meeting of the full Stakeholders' Group was held on August 21, 2014. Meeting notes from that session can be found in Appendix V of this Report. Special meetings also have been held to think about ways to assure that all candidates for Governor in 2014 will have elder issues on their agendas. **Eleanor White** is particularly interested in assuring that affordable housing and zoning issues are on those radar screens.

**Barry Bluestone** continues to serve as a member of Governor Patrick's **Economic Development Strategy Council** which, under legislative directive, is tasked with coming up with a full-scale strategic plan for economic development in the Commonwealth. Barry serves on the full committee along with membership on two of its seven subcommittees. Among the final recommendations of the Council will likely be streamlined permitting that should allow not only expedited review of commercial and industrial developments, but affordable housing developments as well.

### **Expansion of the Task Force and the Search for Resources**

We have been gratified again this Quarter with requests from new people to participate in the Task Force, especially those interested in diversity initiatives, public housing, and the connections between housing and health. We are particularly interested in increasing our representation of people of color on our email list, and in their active participation in committees and plenary meetings.

The Boston Foundation, under the leadership of **Paul Grogan and Mary Jo Meisner**, continues to play the critical role of both convener and major funder of the Commonwealth Housing Task Force. Many thanks to the Boston Foundation for allowing CHTF work to go forward without interruption. We are particularly grateful for The Boston Foundation's ongoing confidence in CHTF and for their support during these difficult economic times. The staff is investigating other institutional sources of support, which are scarce, and financial contributions from the business community and individuals are always most appreciated.

Also **thank you** to all of the CHTF participants. Please send updates to your contact information to [ewhite@housingpartnersinc.com](mailto:ewhite@housingpartnersinc.com). You can reach **Eleanor White** at Housing Partners, Inc. (617-924-7240 x11 or [ewhite@housingpartnersinc.com](mailto:ewhite@housingpartnersinc.com)); **Barry Bluestone** at the Northeastern University Dukakis Center for Urban and Regional Policy (617-373-8595 or [b.bluestone@neu.edu](mailto:b.bluestone@neu.edu)) ; and **Ted Carman** at Concord Square Planning and Development (617-482-1997 or [carman@concondsqdev.com](mailto:carman@concondsqdev.com)). **Please note that email messages about CHTF will often be coming from Maura Fogarty at The Boston Foundation ([maura.fogarty@tbf.org](mailto:maura.fogarty@tbf.org)).**

**Respectfully submitted: Eleanor White, Barry Bluestone, Ted Carman**  
**September, 2014 (APPENDICES FOLLOW)**

## **NOTES TO APPENDICES**

As we have provided increasing amounts of source documents in the Appendices, we thought it would be helpful to point you to the various sections. This should make it easier for you to find specific documents that you may want to review in their full and original context.

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## Appendix I to CHTF Quarterly Report September, 2014

### Update of Progress under Chapter 40R: Smart Growth Zoning and Housing Production Act

The current housing market in Massachusetts appears to be stabilizing, with rents increasing. Nonetheless, housing markets are just beginning to show more vigor, and it will be months before the return of what we formerly considered normal—and even that will depend on the country avoiding a double dip recession. New home construction continues to be far below its past levels. In this environment, communities across Massachusetts continued to explore the adoption of Chapter 40R smart growth zoning districts during this period. *As was the original intent of Chapter 40R, these districts and the expedited as-of-right permitting process they offer will make it possible to increase production rapidly in periods when the economy and housing market strengthen, thus providing the opportunity for housing supply to keep up with demand when market conditions warrant.*

Other states—notably Connecticut and New Jersey—have also taken notice of the results that 40R has produced. Specific information has been provided in previous Quarterly Reports.

As detailed in this Appendix, more than **50** cities and towns in the Commonwealth have either passed Chapter 40R districts, or are in some stage of consideration. The map in this Appendix shows these municipalities, their district status, and data regarding their districts. We would like to convey our thanks to **Bill Reyelt** of DHCD for the preparation of this information.

Since 2006, in Massachusetts the towns of Belmont, Grafton, Ludlow, Lunenburg, Norwood (two districts), North Reading, Plymouth, Dartmouth, Lakeville, Natick, Amesbury, Kingston, Lynnfield, North Andover, Reading (two districts), Bridgewater, Easton, Westfield, Marblehead (two districts), Sharon, and the cities of Boston, Brockton, Chelsea, Chicopee, Easthampton, Haverhill, Holyoke, Lawrence, Lowell, Northampton, Fitchburg, and Pittsfield have all successfully had Chapter 40R applications approved by DHCD and have **passed** Chapter 40R districts. Among them, these 32 localities have provided zoning as-of-right for **over 12,744 units of housing**, at least 20 percent of which will be affordable to households earning less than 80% of the area median income. Three communities, Ludlow, Norwood and Swampscott, with as-of-right zoning allowing for 446 housing units, have recently passed Districts. Two of the three communities, Ludlow and Norwood, have recently received final DHCD approval. Swampscott must go back to Town Meeting this fall to make several amendments, but the District is expected to receive Final Approval by the end of this year or in early 2015.

Within the 40R Districts, building permits for 2531 **units** have already been issued. And we believe that an additional 208 residential units have received Plan Approval from the permit granting authority and /or have received tax credit awards: Lowell (Mass. Mills III—70 units) and Natick (Natick Mews--138) have either yet to submit building permits or have to yet apply for them due to other permitting (MEPA) and market conditions.

Andover, after having received a 40R Letter of Eligibility, did not adopt a district and has instead decided to move forward in the area with a fully market rate development. Although this will not contribute to the overall statewide number of 40R units approved or built, it appears that high density housing, generally consistent with the density requirements of Chapter 40R, will move forward in Andover.

Last spring, Ludlow submitted an application for a new Chapter 40R District containing 334 future zoned new housing units; DHCD issued a letter of approval in July, 2014. In a process that is not the usual (or ideal) sequence, the District was approved at Ludlow's fall town meeting in advance of DHCD's issuance of a letter of eligibility.

Southampton has discussed a highly creative 40R Plan with DHCD that consists of 100 acres along the Route 10 corridor at the north end of the Town. This district has just 3 acres of developable land, with 70 potential 40R Units. However, the size of the proposed district means that in other areas where there may currently be development (such as an older, perhaps outmoded, strip shopping center or other lower density residential or commercial parcels), the property owners will have an as-of-right ability to redevelop their properties with Chapter 40R densities and with mixed use.

This proposal would be carried out in cooperation with Easthampton which is considering a companion district that would abut the Southampton District. In addition, the proposals would result in an extension of the sanitary sewer line in Easthampton along Route 10 into Southampton. This would, of course, make it easier to carry out redevelopment projects with higher density – very much meeting the goals of Smart Growth Zoning. The **Pioneer Valley Regional Planning Commission** and **John Furman**, the chair of the Southampton Planning Board, are to be commended for the creativity they have brought to the situation.

Newburyport and Amesbury are also believed to be working on new 40R Districts.

Not all the news is rosy these days; with the economic problems facing both municipalities and property owners, four towns that had been considering using 40R have decided to abandon their efforts at least for the time being. Attleboro and Holden have discontinued their preliminary investigations, Rockland is moving forward without 40R, and Weymouth did not move forward with a district that had received a Letter of Eligibility from DHCD..

On the bright side, we are seeing movement in project construction in Chapter 40R districts, with Easthampton having 50 affordable units move into construction. Easton's 40R developer has received building permits for 50 units and is under construction. Construction has been completed on Pittsfield Silk Mill project. Construction has also been completed in the first, second, third and fourth Phases of Reading's Gateway District. A developer in Reading's Downtown District has completed construction of 53 units. In Brockton, construction has been completed on two units (a two family house developed by the Brockton Housing Authority), and construction is complete on a 25 unit project just a block from the commuter rail station. In Fitchburg, Riverside Commons has nearly completed construction of 109 apartment units, and has received a building permit for 67 additional units. Lunenburg has completed construction on its second phase of 33 units. Construction of phase 2 of 104 units in Lakeville is completed.

This work amounts to nearly 300 units under construction or recently completed, and a total of 2531 building permits issued to date. It addition it appears that there are at least 208 units that appear to have site plan approval and are expected to obtain building permits in the near future.

Regarding the Silk Mill project in Pittsfield, developer **Jon Rudzinski** of Rees-Larkin Development of Boston said that he would not have been interested in renovating the former mill property into 45 housing units if the Chapter 40R zoning had not been in place. “That was the single reason I was interested in this building” said Rudzinski.

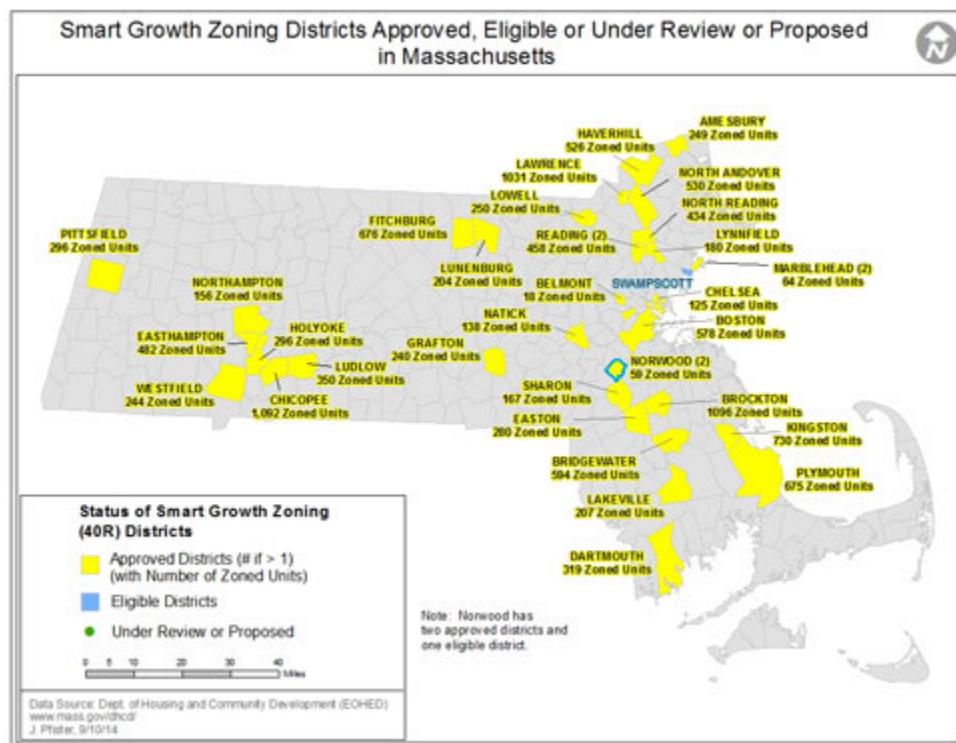
We are aware of recent interest in Chapter 40R (or additional districts under 40R) in other cities and towns, including: Dennis, South Hadley, Amesbury, Newburyport, Southampton, Norwood, Adams, Great Barrington, Bridgewater, Malden, Marshfield, Barnstable, Haverhill and Tyngsborough. Natick is considering a second district. Other cities and towns and local groups have expressed preliminary interest in the program. In addition, we have observed that developers – both nonprofit and for-profit – are starting to explore the use of Chapter 40R in partnership with localities now that the economy is showing significant signs of revival in many markets across Massachusetts. 40R continues to be regularly featured in conferences and seminars for real estate professionals.

It is noteworthy that, with only three exceptions (Norwood, Hingham and Newburyport), every eligible 40R district that has been brought to a vote has received the required approval of 2/3 of the local governing body. This includes votes in smaller communities such as Lynnfield and Kingston in which 40R bylaws allowing significant growth were approved at Town Meetings with the largest attendance on record. We attribute this to the positive nature of the collaborative local process required to develop the 40R plan and most particularly the local municipality’s right to develop their own design standards. It appears that because so much input and cooperation is required locally to develop the district proposal, by the time the question is put to a vote, most stakeholders in the city or town have contributed ideas to the plan and are supportive of the concept.

We also ask that you please let CHTF staff know where you have heard of particular interest in learning more about Chapters 40R and 40S (or where you believe that Chapter 40R would be especially beneficial to a city or town), and we will respond with outreach to those localities. Just send a message to [ewhite@housingpartnersinc.com](mailto:ewhite@housingpartnersinc.com) and we will follow up with the locality to offer support as may be needed. It will be helpful if you include the name of a contact person in the city or town with phone number and email address, but if you cannot provide that, just send the name of the city or town.

Many of the communities that are currently in the planning stages for 40R districts have not yet determined or estimated the number of Future Zoned Units, and it is possible that the total number will increase dramatically in the coming years. We also believe that the strengthening economy will likely have an impact on the degree to which communities will focus on this program in the year ahead. And we believe that with the affirmation of the state’s affordable housing law under Chapter 40B, the interest level in Chapter 40R will also increase. Zoning for smart growth districts is the prudent way to provide a “relief valve” for communities facing Chapter 40B developments that are inappropriate for the location based on local comprehensive planning, site conditions, etc.

Please refer to the map below, provided by DHCD, showing the distribution of 40R localities throughout the Commonwealth. We are particularly gratified that interest is being expressed by cities and towns of all sizes and types.



*Note: Current through September 10, 2014. Source: DHCD*

Our conversations with Regional Planning Agencies and others who regularly provide technical assistance to municipalities indicate that many more of them are now expressing interest in 40R. Unfortunately, we are also aware of a number of localities that, after careful consideration of 40R adoption, decided against pursuing a 40R District because of local leaders' concern about the long-term stability of the funding source for 40R and 40S. As noted above, we are working to assure that a stable funding source is available to support the program's continued success in the future.

## Appendix II: The Housing Market, September, 2014

### NCSHA NEWS UPDATE, June 27, 2014

#### [Harvard Joint Center for Housing Studies Report Details Housing Recovery, Affordability Challenges](#)

Posted: 6/27/2014

According to Harvard's Joint Center for Housing Studies' annual *The State of the Nation's Housing* report [released](#) on June 26, the nation's housing recovery is continuing to push forward, but complications still exist for both renters and homeowners. Although home construction and sales increased in 2013, rising prices and interest rates may keep more families from becoming homeowners. Furthermore, increasing demand for rental homes and lacking rental assistance may continue to keep renting unaffordable for low- and moderate-income families.

According to the report, sales of single-family homes were on the rise for much of 2013 before slowing during the first quarter of 2014. Compared to the first quarter of 2013, new home sales declined by 3 percent and existing home sales declined by 7 percent in the first quarter of 2014. The report lays much of the blame for slowing home sales on rising mortgage interest rates. Since the third quarter of 2013, interest rates have been rising from a low of 3.4 percent. The increase in interest rates corresponds closely with the recent slowdown in the single-family housing market.

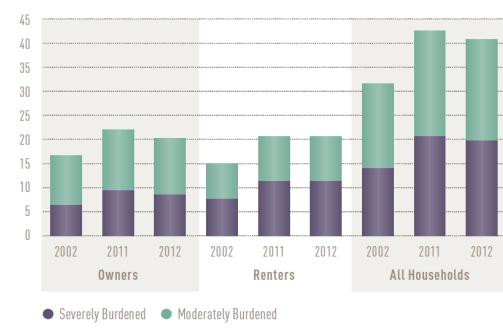
The Mid-2013 Interest Rate Jump Slowed the Recovery in Single-Family Sales



Source: JCHS tabulations of US Census Bureau, New Residential Sales, National Association of REALTORS® (NAR), Existing Home Sales, and Freddie Mac, Primary Mortgage Market Survey data.

Overall, the nation's homeownership rate declined for the ninth year in a row in 2013, and at 65.1 percent is at its lowest point since 1995. While the number of distressed homeowners facing foreclosure is on the decline, [The Dip in 2012 Did Little to Reduce the Large Number of Cost-Burdened Households](#)

Households (Millions)

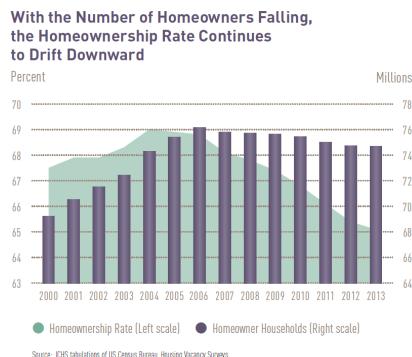


Notes: Moderately (severely) cost burdened is defined as paying 30–50% (more than 50%) of income for housing. Households with zero or negative income are assumed to be severely burdened, while renters paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, American Community Survey.

rising home prices and interest rates are preventing even more potential homebuyers from joining the ranks of homeowners. Due to increasing prices and interest rates, the

average monthly payment for the median-priced home rose 23 percent in 2013.



The report also cites tightening credit requirements as a contributing factor to the decline in the homeownership rate. The average FICO score for qualified borrowers for Fannie Mae-backed mortgages and for Federal Housing Administration (FHA) loans has risen during the recession. The report concludes that an easing of credit availability would positively impact the national homeownership rate.

One major hindrance to household formation cited by the report is the prevalence of student loan debt held by potential homebuyers aged 25-34. In the ten year period from 2001 to 2010, the share of households in this age range with student loan debt increased from 26 percent to 39 percent, with a 50 percent increase in the total debt amount. The share of households with at least \$50,000 in debt rose from 5 percent to 16 percent. For many young potential borrowers, paying off student loan debt remains a higher priority than homeownership.

The report also ascribes the continuing slow recovery for single-family housing to tepid job growth nationwide. Although the unemployment rate has fallen to 6.3 percent and there now exists as many jobs as there were at the start of the recession, the gains made still do not accommodate the millions of adults who have entered the workforce over the past six years. The report concludes that a more robust employment recovery would help create a more robust housing recovery.

Regarding rental housing, more than one million new renters entered the market in 2013, according to the report. With this increased demand has come increased rental costs, as rents for professionally managed multifamily residences increased by 3 percent in 2013.

The share of cost-burdened households increased during the recession and has remained elevated. The report defines housing as "affordable" if housing costs are no more than 30 percent of a household's income. By this standard, 35.3 percent of households do not live in housing that is considered affordable, including more than 50 percent of renters and almost 30 percent of homeowners. Twenty-eight percent of all renter households are severely cost burdened, paying more than 50 percent of their incomes for housing. Among households earning less than \$15,000 per year, 82 percent are cost burdened and 69 percent are severely cost burdened.

The report states that, when available, rental subsidies can make a deep impact on affordability for low-income families. However, the demand for rental assistance continues to outpace the supply. The number of income-eligible renters rose by 3.3 million households between 2007 and 2011, but the number of assisted housing units remained the same. For the 11.5 million extremely low-income (ELI) renters, earning less than 30 percent of area median income, only 3.2 million units are available and affordable.

## II. Banker and Tradesman, June 29, 2014

### Hotter Than Ever

## Cambridge and Somerville Illustrate Housing Market Deficiencies: Lack of Inventory Causing Prices To Skyrocket, Even As Sales Drop Off

By Colleen M. Sullivan, Banker & Tradesman Staff Writer

The incredibly tight inventory in some Boston metro markets is squeezing buyers like a cheapskate with a nearly empty tube of toothpaste, and as prices rise in some of the most desirable towns, it appears more sales are being rolled up into neighboring communities.

A comparison of Somerville and Cambridge perhaps best illustrates the tale. Both cities attract similar buyer demographics, and have already surpassed their 2005 price peaks (the Bay State housing market as a whole reached its highest prices in September 2005). “Both markets are hot. They were hot last year, they’re hot this year. There’s no change there – in fact, if there’s any change, they’re both hotter,” said Charles Cherney, an agent with Hammond Real Estate in Cambridge.

But though buyer demand is high in both places, inventory has been slightly more abundant in Somerville, and that’s all it takes to hugely up drive sales, even as Cambridge sales have nosedived compared to last year.

In Cambridge, through the first five months of the year, the median single-family home price in Cambridge rose 14.1 percent, from \$854,000 to \$975,000, while the median condo price rose 15.8 percent, from \$475,000 to \$550,100. Meanwhile, sales of single-family homes decline 36.5 percent, from 52 to 33, while condo sales dropped 30.6 percent, from 3017 to 213.

In contrast, in Somerville, the media single-family home price was nearly flat, going from \$520,500 through the first five months of 2013 to \$520,000, a dip of 0.1 percent, for the same period in 2014. Median condo prices rose sharply, however, going from \$399,000 in the first five months of 2013 to \$491,500 through the first five months of 2014. But unlike in Cambridge, Somerville sales have largely kept pace. While single-family sales were about on par with last year – 26 so far in 2014, compared to 30 at the same time in 2013 – condo sales have skyrocketed, going from 126 through the first five months of 2013 to 182 through the same period this year, an increase of 44.4 percent.

**Big Ups, Big Downs**

UP	2013	2014	2013 v. 2014
Franklin	21	53	152.4%
Reading	24	67	179.2%
Wakefield	17	51	200.0%
East Boston	14	50	257.1%
Rowley	4	23	475.0%

DOWN	2013	2014	2013 v. 2014
Canton	38	25	-34.2%
Cambridge	307	213	-30.6%
Amesbury	36	25	-30.6%
Framingham	60	42	-30.0%
Brighton	132	102	-22.7%

Top and bottom five towns for condo sales increases through the first five months of the year, of towns with more than 20 sales in 2014.

“I’ve been doing this for 30-odd years, and I’ve never seen it like this. It’s just such a severe inventory shortage,” said Donald Norton, broker/owner of The Norton Group in Somerville. “We had a house on Albion St. here in Somerville that had been in a family for 60 years. You could live in it, but [it needed work]. It was on the market for \$500,000, and sold for \$540,000. We had 70 people at the open house, on a Saturday, and six offers by Monday night.”

**Can’t Buy, Won’t Sell**

The logjam that has long plagued the market has intensified, with many existing owners who would otherwise be inclined to sell reluctant to list their current homes for fear of either losing their current low-interest rate mortgages or not being able to find a suitable new place in today’s tight market.

“The only people who really are selling are estate sales,” said Norton. “If you’re living in your house and looking for a new one, you’re going to be out there in the market,” often competing against cash buyers prepared to go well over asking price.

It’s not just Somerville and Cambridge where the inventory crunch is getting desperate. There are indications that as people are being priced out of more desirable locations, cheaper alternatives are getting a boost. While Charlestown has seen condo sales dip 22.7 percent through the first five months of the year, from 110 to 85, condo sales are up 257 percent in East Boston, more than doubling from 14 to 50.

“Most of the buyers that I’ve talked to are being priced out of Somerville, and looking to Medford and Malden,” said Norton. “Everywhere you go – Malden is now on fire, Woburn, even Chelsea. We had a house in Lawrence which was only on the market for two weeks, an extraordinarily short period of time.”

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## II. Banker and Tradesman, Sunday, July 6, 2014

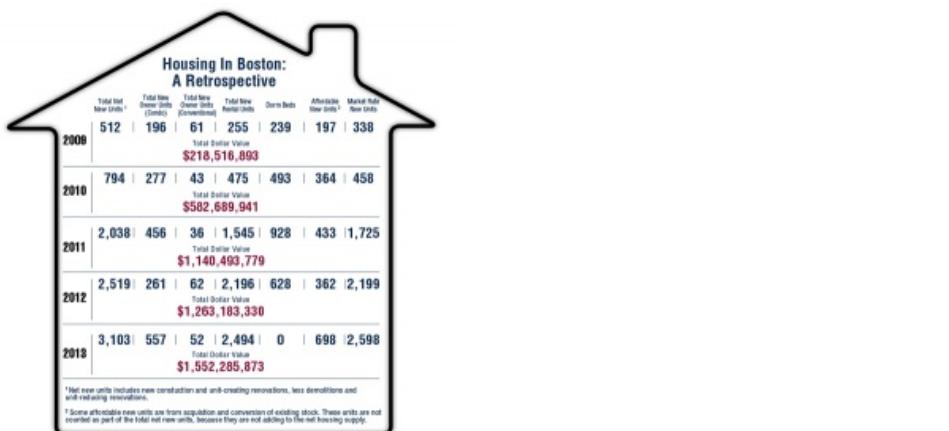
### Shorter Buildings, Higher Rents: Boston's Housing Crunch Unlikely to Ease, Despite New Units

By Scott Van Voorhis, *Banker & Tradesman Columnist*

Boston sure looks like it's booming, what with all the cranes on the skyline. But appearances can be deceiving, especially when it comes to the increasingly dire housing shortage squeezing the middle class, not just in Boston, but across Eastern Massachusetts.

Despite years of nonstop talk about housing by then-Mayor Thomas M. Menino and now Mayor Marty Walsh, Boston is no nowhere close to building enough condos and apartments. Builders are on track to roll out roughly 3,200 new residential units this year in Boston, which would make it the best year for housing since the Great Recession. But hold the champagne – that's barely a tenth of what will needed by the end of the decade. And that's just to keep up with current demand, let alone put a dent in soaring condo prices and skyrocketing rents.

The problem is simple, but at the same time not so easy to fix: There are too many small and mid-sized projects in a city notoriously allergic to size and height, and paying through the nose for its quirkiness in higher condo prices and rents. Incredibly, a modest high-rise with a couple hundred units counts as a major project in Boston, compared to a couple thousand in other cities. "When you limit height and force down the number of units, it creates more upward pressure on costs," notes Daniel P. Dain, founder, chairman and president of Dain, Torpy, Le Ray, Wiest & Garner, P.C. and a veteran Boston real estate lawyer.



#### A New Plan

All eyes are now on Boston's new mayor, who pledged during his campaign to spur construction of housing affordable to middle class families. In the next few weeks, Walsh will unveil his own blueprint on how he plans to tackle Boston's housing woes – and it's an unenviable task. Walsh follows on the heels of Boston's longest-serving mayor, a virtual development dictator who exerted unprecedented control over the city's building scene. Yet despite talking about housing all the time, Menino wasn't able to post the kind of numbers needed to keep prices under control. With great fanfare, Menino last spring unveiled plans to add another 30,000 new apartments and

condos to neighborhoods across the city by 2020. Sounds like a big number, but in fact it's about what's needed to keep up with current demand in a city whose population is growing again, along with its increasingly high-tech workforce.

Of course, politicians love these big pronouncements – they make great PR and no one bothers to follow up to see how they are really working. So here's the verdict so far: 3,103 new units last year, and a projected 3,200 for 2014. That's just 6,300 units towards Menino's goal of 30,000 by 2020. That means the number of new condos and homes starting construction will have to double each year for the next five years to hit that mark. While I don't have an exact breakdown of where the units are going, it's pretty clear, given where the cranes are right now, that most are these new apartments are deluxe pads opening up in pricey neighborhoods like the Back Bay and the Theater District. "You add up all those projects – and all of them are in quote-unquote 'towers' – you add them up and it's just 2,500 units," Dain contends. "And those are the huge projects."

Boston's housing czar Sheila Dillon takes a brighter view of the numbers, noting the 12,000 housing units in projects that have been approved by City Hall, but have yet to apply for a building permit. Add that to the units already under construction and you're in the 20,000 range. That said, the Walsh Administration realizes the big challenges it faces in spurring more housing construction, especially homes that are affordable to middle-class buyers, Dillon acknowledged. And that means looking for opportunities for new residential development that is denser and taller. "We recognize we can't continue building in the same way we used to," said Dillon, chief of housing and director of the Department of Neighborhood Development. "Everything is on the table." It's not an impossible goal, if an unlikely one at this point. After all, City Hall, during Menino's last year on the job, handed out approvals for 12,000 additional units in a scramble to cement the mayor's legacy. But some of this was clearly front-loading approvals that would have been spread out over a couple of years – how many actually get built and how fast remains to be seen.

### **Walsh's Challenge**

So it's fair to say, Walsh inherits quite a fight as he looks to make good on his campaign promises to deliver some real housing relief to Boston's middle class. But unless he makes some radical changes – and changes that will surely ruffle the feathers of some of his supporters in Boston's neighborhoods – Walsh won't fare any better than Menino did.

Boston needs tens of thousands of new homes over the next few years. And the city just can't get there limiting developers to 200 apartments here, 100 apartments there. Moreover, too often the only way to get even a few hundred units at a time is to build them downtown, which almost always means luxury units, not homes for middle-class families. Instead, the city and its new mayor must think big, encouraging developers to swing for the fences with truly ambitious projects, Dain argues. How ambitious? Walsh should find a suitable site and test the waters, putting out a call for proposals for thousands of units, not just a few hundred, he advises. That would certainly take some real political guts to do. Whether Walsh is capable of making such a bold move, though, remains to be seen.

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## II. NCSHA News Update 8-27-14

### NLIHC Report Describes Growing Affordable Rental Housing Gap

Posted: 8/27/2014

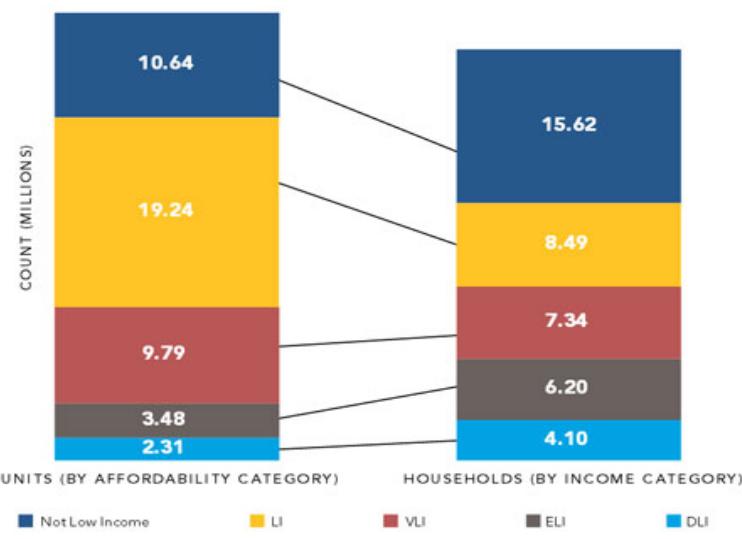
On August 25, the National Low Income Housing Coalition (NLIHC) released the latest issue of its periodical, *Housing Spotlight*. This issue, titled [The Affordable Rental Housing Gap Persists](#), summarizes the findings of a report NLIHC recently published on the availability of affordable rental housing for lower income households and focuses on the gap between the number of households in specific income groups and the number of rental homes that are both affordable and available to them.

NLIHC's new paper features a new metric called deeply low income (DLI). DLI renters receive 15 percent or less of the area median income (AMI) for the area in which they live. The new paper also describes housing needs in federally designated metropolitan areas, which provides more clarity on where housing needs are greatest.

The report yielded seven key findings:

- The number of extremely low income (ELI) renters has steadily increased since 2009, reaching 10.3 million households in 2012, up from 9.6 million in 2009. ELI households receive 30 percent or less of AMI.
- The demand for rental homes affordable to ELI renters has increased but the supply is lagging behind. For every 100 ELI renters, there are only 31 available and affordable units. Another way to demonstrate the gap is that there was a shortage of 7.1 million units available and affordable to ELI households.

**FIGURE 1: RENTAL UNITS AND RENTERS IN THE US, MATCHED BY AFFORDABILITY AND INCOME CATEGORIES, 2012**



Source: NLIHC Tabulations of 2012 ACS PUMS data.

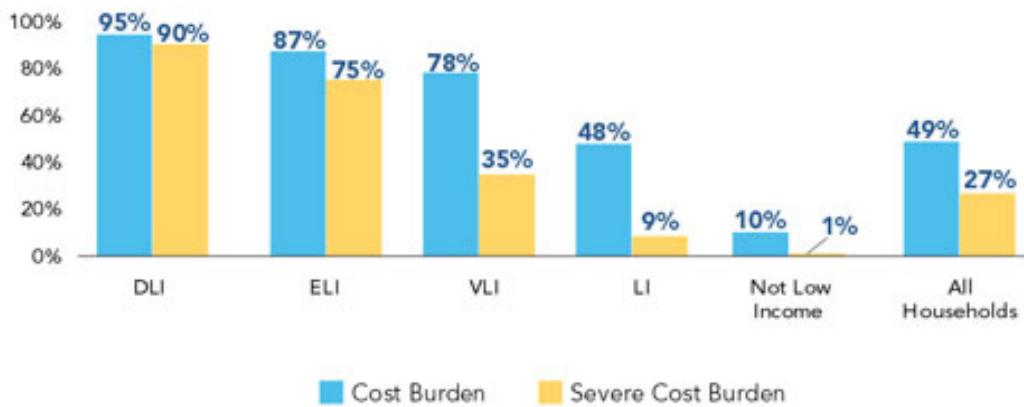
There was a shortage of 3.4 million affordable rental homes available for the 4 million renter households who are classified as DLI.

- 90 percent of DLI households and 75 percent of ELI renters spent more than half of their income on rent and utilities.

• At least half of all ELI renters paid more than half of their income on rent and utilities in every state.

- At least half of all ELI renters paid more than half of their income on rent and utilities in every state.

**FIGURE 2: COST BURDEN AND SEVERE COST BURDEN AMONG RENTER HOUSEHOLDS, 2012**



Source: NLIHC Tabulations of 2012 ACS PUMS data.

No state had more than 34 units of rental housing available and affordable per 100 DLI households.

- None of the 50 metropolitan areas with the largest rental household populations had a sufficient number of affordable rental units to serve all ELI households.



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The National Council of State Housing Agencies, known as NCSHA, is a national nonprofit, nonpartisan association that advocates on behalf of HFAs before Congress and the Administration for affordable housing resources. It represents the HFAs of the 50 states, New York City, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Visit us on the web at [www.ncsha.org](http://www.ncsha.org).

## Appendix III: Millennial Housing/ Programmatic Developments September, 2014

### III. *Washington Post* 6-26-14 Millennials may be about to move out

By [Dina ElBoghdady](#) and [Emily Badger](#) June 26, 2014

While the recession pushed young adults to move in with their parents, a study released Thursday suggests that the millennial generation is poised to move out in droves, lift the number of new households formed and maybe even transform the housing market.

Harvard University's Joint Center for Housing Studies projects that the millennials — the largest and [most diverse generation](#) in history — will make up 24 million new households between 2015 and 2025, substantially boosting demand for rentals and starter homes.

The leading edge of this closely watched generation will soon reach their 30s, the age range in which household formation ramps up, said Chris Herbert, the center's research director. As a result, the number of households in that age group will rise by 2.7 million in the next decade, according to the study, which defines millennials as those born 1985 to 2004.

“Demographics is destiny,” Herbert said. “As millennials gain more of a financial foothold and make their presence felt, they’re going to drive a whole chain of increased demand in the housing market.”

The sheer number of young adults in this generation (nearly 86 million) is what makes them an especially influential force in the housing sector. The decisions they make about their living arrangements will, by extension, affect the economy, which has traditionally relied on the housing market to create construction jobs and generate consumer spending for everything from dishes to furniture to pricey appliances.

The housing bust and the ensuing recession disrupted household formation, reducing it to about half of the normal level in large part because many young adults struggling to find jobs decided to live in their parents’ homes instead of striking out on their own. This retrenchment has contributed to the [housing market’s sluggish recovery](#) and the dearth of first-time home buyers, who traditionally make up about 35 percent of the market.

Many new households that would have been created during more robust economic times never materialized. Even as the economy improved, the impact of the millennials has been muted. But that’s likely to change in the next decade, the Harvard study concluded.

And there are a few signs that the number of new households has begun to recover.

In an analysis of recent Census Bureau data, Barclays found that the share of 18 to 24 year olds living with parents or in multi-generational homes fell last year for the first time since 2005. It

dropped one percentage point from 2012 to 2013, which translates to 300,000 young adults looking for alternative living arrangements, the Barclays analysis said.

An improving job market has helped lift household growth. But it will take time to get back to normal — or about 1.2 million new households in a year — considering that household growth has roughly been in the 600,000 to 800,000 range in each of the past few years, according to the Harvard study.

In fact, about 2 million more adults in their 20s lived with their parents last year than in 2007 even though some of them now have jobs, the study said.

Among them was Andrew Pribulka, 25, who moved in with his family in Falls Church, Va., after graduating from college in 2012 with nearly \$75,000 in student loan debt. He has been working full time since then as a technology services intern for Arlington County.

Pribulka said his parents made him an offer he couldn't refuse: He could live at home rent-free if he applied \$1,000 of his pay toward his student loan debt each month. Now that he has made a small dent in the loans, he's getting a bit restless. Pribulka said he's starting to look for a permanent job that will provide benefits so he can move out.

"Until I find a job, I can't move," he said. "I'm turning 26 in November, and I'm feeling a bit worried about rents in this area. I'd have to get a job with a substantial pay increase."

He should be concerned. As the foreclosure crisis pushed people out of their homes and lenders tightened their mortgage standards, demand for apartments rose and so did rent prices, which jumped 3 percent last year, the Harvard study said.

Whether they choose to buy or rent, the millennials face constraints that their parents most likely did not, such as [massive student loan debts](#). Between 2001 and 2010, the share of households age 25 to 34 with such debt shot up from 26 percent to 39 percent. Within that demographic, the share with at least \$50,000 in debt tripled from 5 percent to 16 percent. Many housing experts fear that [this debt is keeping college graduates](#) from buying their first homes, or maybe even renting, as Pribulka's situation suggests.

Even if this debt — and the tighter credit standards that lenders are imposing on all potential borrowers — does not prevent millennials from becoming homeowners, it may change the scale and type of housing they buy. If they even want to buy.

The credit constraints are particularly problematic for many minorities, who continue to struggle to qualify for loans. They will make up a historically large share of this generation. By 2025, minorities will make up 36 percent of all households, and 46 percent of households aged 25 to 34, the prime demographic of first-time home buyers.

*Dina ElBoghdady covers housing policy for The Washington Post.*

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### III. Boston Globe 7-5-14

OPINION | Kevin M. Carragee

#### **How Boston can reclaim its neighborhoods**

By Kevin M. Carragee July 05, 2014

Since taking office, Mayor Marty Walsh has properly focused on two pressing concerns: the failings exposed by the Globe series on “shadow campuses” and Boston’s longer-term housing problems. There is a compelling need to develop broad policies to address these linked matters.

The city, working with colleges and neighborhood groups, should develop a plan that enables universities to house all their undergraduate students within 10 years. More effective enforcement of housing codes and increased fines on scofflaw landlords, while necessary, simply won’t solve the problems caused by the failure of universities to provide enough student housing.

That failure contributes to Boston’s housing crisis, making the city unaffordable for working- and middle-class families by transforming neighborhoods into investment opportunities for absentee landlords eager to charge rapacious rents to students. Declines in owner-occupied housing and long-term renters are eroding the stability, community, and character of an increasing number of neighborhoods. Allston-Brighton, the Fenway, and Mission Hill are at particular risk.

Without strong action, Boston could well become a city made up largely of the wealthy, the poor, and of thousands of college students and recent graduates living collectively in residential housing in order to afford steep rents. Already the city is losing its working and middle-class families, as well as its ability to attract and retain recent immigrants. We are also becoming a city with fewer children. According to a Brookings Institution report, Boston/Cambridge ranks 91 out of 95 metropolitan areas in the United States in the percentage of residents ages 5 to 14.

My own Allston-Brighton neighborhood is a victim of those trends, with almost 9,000 undergraduates living in residential housing. The neighborhood once had three Little Leagues, but with fewer and fewer children here, only one merged league now exists. As the population has become more transient, community anchors have closed, including two public schools and two Catholic schools and parishes. The neighborhood is at a tipping point, in danger of losing the stability long-term residents impart. It is impossible to create community in a sea of transience.

Given the problem’s severity, we need to be bold in resolving it. For example, a public-private partnership, involving the city, the state, multiple universities, and private developers, should create a new mixed neighborhood of dormitories, market-rate housing, affordable housing, and street-level stores above the Mass. Pike. This partnership could transform an urban scar into a dynamic neighborhood.

Boston residents and community groups will need to be more open to limited and well-planned dormitory construction beyond existing campus boundaries. Knee-jerk opposition to density needs to be abandoned; density and high-rise dormitories make sense in certain sites, particularly those close to public transit options.

To start the process of producing more dorms, Walsh should convene a task force of city officials, residents, urban planners, and college representatives. After a series of forums to solicit ideas, this task force should identify appropriate locations for dormitory construction both on and off campuses, with a priority given to on-campus locations.

But the city shouldn't bear the sole responsibility for addressing these issues. Boston's universities represent a vital economic engine for Massachusetts. Thus, the state should develop housing programs for Boston neighborhoods where large numbers of students reside. An emphasis should be put on increasing owner-occupied housing.

These initiatives should be combined with university programs to assist employees in purchasing homes or securing apartments near their campuses. That would increase the number of people able to walk, bike, or ride public transportation to work. The University of Pennsylvania in Philadelphia increased the percentage of faculty and staff living in its immediate neighborhood from 5 to 25 percent in a decade.

With the right response, we can reclaim Boston neighborhoods for working- and middle-class families while also increasing housing for young working adults. We should envision a future for Allston-Brighton, the Fenway, and Mission Hill where the number of long-term residents, children, and owner-occupied homes all increase.

At pivotal moments in Boston's history, the combination of investigative journalism, creative governmental action, and grassroots mobilization has produced smart solutions for big problems. This represents a similar moment of opportunity. We should seize it.

*Kevin M. Carragee is the co-president of the Hobart Park Neighborhood Association in Brighton.*

### III. Boston Globe 6-28-14

#### Will Walsh boot a chance to boost housing in Hyde Park?

By [Lawrence Harmon](#), | GLOBE COLUMNIST JUNE 28, 2014



THE NARROW GATE ARCHITECTURE

**The 27-unit apartment building, seen in this artist's rendering, would be right next to the Fairmount commuter rail station.**

IF DISGRUNTLED Hyde Park residents succeed at blocking the construction of a 27-unit apartment building adjacent to the Fairmount commuter rail station, then abandon all hope for a sensible housing policy in Boston. The proposed development is precisely what the city needs right now — reasonably-priced, two-bedroom apartments where residents can fall out of bed, jump on the T, and be downtown in about 20 minutes without adding to the city's traffic congestion. In the parlance of urban planning, this is a golden example of "transit-oriented development."

The Walsh administration has made a lot of noise about the need for the creation of new housing that falls between the city's luxury towers and low-income housing projects. Two nonprofit housing developers — Southwest Boston Community Development Corporation and Codman Square Neighborhood Development Corporation — have stepped up with a plan to build a \$10 million apartment building targeted to working families earning about \$45,000 per year. Mayor Walsh and his staff should be boosting this project. But City Hall has been eerily quiet. And Timothy McCarthy, the district councilor from Hyde Park, is cool to the idea, at best.

People who make unconvincing arguments are usually good at listing lots of them. That was the case Tuesday night at a public hearing where several Hyde Park residents spoke out against the project. One woman described the architect's rendering of the four-story apartment building as "really unattractive and very much out of character." OK, it's not the Winter Palace in St. Petersburg. But the drawing depicts a pleasant, modern building with clean lines. And "out of character" should be taken as a compliment. The new development would be built on the current site of a couple of rundown industrial properties.

Another critic said he was “shocked and outraged” that the developers would build housing for families on a site near a polluted section of the Neponset River and within a few hundred yards of a former chemical plant. The developers said their environmental engineers have checked it out and don’t anticipate any unusual clean-up hurdles. And nothing gets built, they stressed, without safety permits from state environmental agencies. Still, the critics successfully raised the specter of a building full of asthmatic kids and wheezing pets.

Neighborhood meetings are an intrinsic part of the development process in Boston for any project of more than 50,000 square feet. Too often, however, they become blocking mechanisms for NIMBY-minded residents who can argue floor area ratios and zoning variances with the city’s best land use attorneys. That’s fine when neighbors have legitimate gripes about the size and location of a development project. It’s not fine, however, when neighbors raise lame objections to desperately needed housing.

One critic of the Hyde Park development predicted the arrival of a “bad sort” who might turn the affordable apartment house into a crummy public housing project. A few decades ago, that would have been code for keeping minority families out of the neighborhood. But the majority of people living in the Hyde Park neighborhood are people of color, and the speaker in this case was a black man. He might have had a point if the developers were proposing apartments solely for destitute people. But only three of the units would be set aside for the homeless or tenants with very low incomes. This is a middle-income development by design, with rents in the \$1,300-\$1,500 vicinity.

Supporters of the project also came out in force. Some spoke of the development’s potential to spur improvements to the nearby business districts in Logan and Cleary squares. Others hoped it would attract more private housing development to the area. They were excited by the potential for change. But City Councilor McCarthy, who enjoys a close relationship with Mayor Walsh, didn’t share that view.

“I think Hyde Park is pretty solid right now,” he said.

Housing experts anticipate the need for 30,000 new residences in Boston by 2020. Underdeveloped areas along the Fairmount commuter rail line in Dorchester and Mattapan, as well as Hyde Park, are ideal sites for new apartments. Peevish protests are sure to arise in those neighborhoods, too. Walsh should set the standard by indicating his support for the Fairmount development when it seeks approval next month at the Boston Redevelopment Authority.

Walsh certainly doesn’t need the political aggravation that might come from alienating a friendly district councilor along with residents in a high-voting area of the city. But his needs aren’t the issue. What the city needs is reasonably priced housing along its transit lines.

*Lawrence Harmon can be reached at [harmon@globe.com](mailto:harmon@globe.com).*

### **III. Banker and Tradesman, June 29, 2014**

#### **A New Lease for the Homeless**

#### **Multifamily Owners Form Coalition to House Homeless**

#### ***Local Nonprofit First in the Nation To Successfully Launch***

#### ***HousingPreference Program For Homeless Families***

*By Cassidy Murphy, Banker & Tradesman Staff Writer*

It takes a lot of talk, and planning and consensus-building to achieve any kind of forward momentum in the fight against societal problems, particularly when there are multiple moving factions and program partners. So although this kind of program has been discussed for more than a decade, the successful launch – and continuing growth – of New Lease for Homeless Families stands out as an achievement in the fight against homelessness.

Originally the brainchild of Howard Cohen, CEO of Beacon Communities, and a coalition of multifamily property owners including Winn Development, Schochet Companies, Peabody Properties, Trinity Management, the Preservation of Affordable Housing, the Planning Office for Urban Affairs and The Community Builders, the nonprofit evolved into a partnership with state agencies and shelter providers. With the ongoing support of the Office of Housing and Urban Development and the Department of Housing and Community Development, it became a reality at the beginning of 2013.

“What makes us different – and, I think, ultimately successful – is that we were started by the owners,” said Thomas Plihcik, executive director of New Lease. “It’s been tried in the past – the state ran on an ad hoc basis, with one person or one department; there was no organization. And it’s not a mandate [for owners]; it’s strictly volunteer.”

There are, at any time, 4,600 families living in shelters, hotels and motels in Massachusetts. Homelessness is “a crisis in the commonwealth,” said Karen Fish-Will, co-founder and board member of New Lease, president and CEO of Peabody Properties, and past president of the Rental Housing Association. “It costs \$40 million per year to house them in hotels and motels. And through this wonderful program, we can help them.”

#### **Streamlining the Housing Process**

The goal is to offer 200 or more units per year to homeless families, and get them out of shelters. Families who wish to enter the program are preapproved and placed on a waiting list, so that when a unit becomes available, there are a number of families ready and able to move in. The final step is completing the onsite housing application, which varies from site to site. “The wait list involves a lot of outreach,” Plihcik said. “It’s constantly updated and we’re constantly in contact with shelter providers. Because the families are prequalified, we always have a bullpen of families ready when there’s a vacancy. There are always families ready to refer at a moment’s notice.”

The streamlining of the preapproval process – of all the forms, information and education necessary to get a family into housing, and keep them there – was a vital part of all that talking and planning, and a vital part of the program’s success, he said, because the “ownership, shelter communities and state are on the same page, creating this model together.” “We went back and forth on the standardization services, to maximize efficiencies in the application process, to put together a plan to support tenancies,” said Fish-Will. “A lot of time and effort went into putting it in motion and making it successful.”

Consisting of four regions – Boston, Springfield/Berkshire, the North Shore and the South Shore – with several partner organizations in each, the program has grown to include eight owners and 33 properties, governed by a board of owners and shelter providers. The properties have a variety of support services nearby, ranging from state agencies to transportation to jobs, a vital component in helping families remain in their new homes. Each family also receives a year of ongoing support and in-home case management from the state.

The families are “coming from shelters to apartments, and they need tools, they need resources, which we provide – that’s why it’s been successful,” Fish-Will said. “There have been issues, but there are issues with a lot of tenancies. New Lease is there to support the families and the owners for the duration of the tenancy.”

During the preapproval process, applicants receive counseling to help mitigate some of the situations that have prevented such families from participating in housing programs in the past. “A Section 8 screening looks at credit and landlord history, and one or both usually pretty poor,” Plihcik said. “There are a lot of barriers, a lot of unfortunate situations – these families are not easy to house. We have standardized the mitigation, and we provide training and technical assistance to providers on how to effectively mitigate barriers families may have.”

For owners, the system allows greater speed and flexibility, as well as an efficiency of process in submittals to state agencies and shelter organizations. Renters are subsidized, but the buildings remain privately owned. The final decision to house a family is made by the owners or their property managers, and the decision can be reached much more quickly because of the preapproval and mitigation process.

“The speed and transparency of the process is very important,” Plihcik said. “You can get to approval in 21 business days. There are tight timelines and tight turnarounds. It’s fast, and it’s reliable” – and it results in a family, currently living in a shelter or a hotel, getting into a new home that much more quickly, as well as saving taxpayers the cost of sheltering the family.

“We get families into housing; families that might have been denied, families that have nowhere else to go,” he said. “That was the goal, and that’s what we’re achieving with the system that we have put in place.”

*This article originally appeared in the second quarter 2014 issue of Bay State Apartment Owner.*

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### **III. Washington Post 7-20-14**

#### **Shipping container apartment being erected in Washington this week**

The project raises questions about affordable housing.



A worker sands the floor of a shipping container being prepared for placement at a lot in D.C.'s Brookland neighborhood. The containers are seen here in Dundalk, Md. (Bill O'Leary/The Washington Post)

By [Michael Laris](#) July 20, 2014

They are the building blocks of the global economy, 20 million big steel boxes sloshing across oceans on mammoth container ships. Starting Monday, the first of 18 dented outcasts are set to be stacked in a dug-out District basement, turning a deteriorating student group house into an experiment in creating [eye-catching housing](#) fast and on the cheap.

Among the questions raised by the effort: Can hundreds of thousands of discarded sea containers, long talked up by designers, really help create more [affordable housing](#), or is it mostly a gimmick? And just how do you bring humanity to the confines of an 8-by-40-foot box? If the economics work and people actually enjoy living in lovingly repurposed steel husks, the architects on the project have bigger dreams, including floating hundreds of sea container apartments on a barge in the Potomac and creating a [homeless village](#) on the river to serve Georgetown.

First, though, things have to go smoothly this week in a booming swath of the District just down the street from Catholic University, where theology graduate and former fullback Matthew Grace, 31, and his business partner and Cardinals teammate Sean Joiner, 31, are living with the anxiety-inducing results of a decision they made on a snowy day last winter.

Instead of fixing up the aging rental house they bought in 2009 as moonlighting real estate investors, they tore it down. "There's not a lot of going back from that," Joiner said. "You go from something you can rent to a big hole," Grace said.

For years, the young real estate entrepreneurs had been tapping the architectural mind of Grace's fiancee for free: wall colors, building materials, general notions about design. Grace had met Kelly Davies at Catholic and traveled with her and architecture lecturer Travis Price, to Ireland, where

Price had taken students on a design expedition he started decades ago. “We were building monuments, and we needed hands,” said Davies, who is now at Price’s firm. Watching her work has helped Grace see the beauty in independent-minded modern architecture.

“You ever read ‘The Fountainhead?’” Grace asked, referring to the Ayn Rand novel about a rebellious architect’s fight against conformists. Price and Davies could be the protagonists. “They’re like the Howard Roark guys,” Grace said.

Grace and Joiner had tried getting into real estate back when they were roommates at Catholic. But it wasn’t until the easy-credit housing boom of the mid-2000s that they bought their first rowhouse on Capitol Hill. They lived together in the basement, fixed it up and rented out the upstairs, and slowly pieced together a half-dozen properties, which they manage when they’re not working their day jobs at a Bethesda financial-planning firm.

As landlords, they’ve rented to Catholic’s football players and other students, young professionals and others trying to keep up with soaring District rents, they said. They have tried to keep their costs low and have avoided being too ambitious in their overhauls. But problems with the foundation at their house on Seventh Street NE, just down from the university and a towering new development at the Brookland Metro station, left cracked walls, and they needed to do something big. They decided to hire Davies and her boss.

As Price sketched ideas and cost estimates for remaking the house, “I was like, ‘Stop what you’re doing. What is that number?’” Grace recalled. They couldn’t afford it. Then “Travis kind of sits back from the table and says, ‘How about we do it with shipping containers?’ They thought it was crazy. Then they didn’t.

“I wanted to do this since I was in college myself,” Price said last week. In the ’70s, as he pondered the question of “how to solve mass housing,” Price proposed building a 10-story steel frame for holding sea container homes — “like a kind of ‘Blade Runner’ look,” he said. It was supposed to be “plug-and-play,” meaning a family could detach the utilities and move. “You’re in a new city in your same house,” Price said. He ended up putting the idea aside in favor of what he thought was a better one: building a “passive solar house,” which used sunlight and shade to light, heat and partially cool the space inside.

Now, he’s reached back into what he calls his “spiritual backpack” with a chance to figure out if building a sea container apartment really makes sense. While designers around the world have crafted creative dwellings out of containers in recent years, Price’s clients have balked once they have seen the cost of the radical modifications they expect in the simple rectangular structures.

Here, though, “we’re actually using those existing units, and we’re not violating them dramatically,” Price said. “That makes the difference. You cut and paste. We could be a lot more theatrical, but then you pay.” Some longtime Brookland residents view the coming sea container house as part of a broader rush of development that has violated their neighborhood.

A couple of houses down, Ewan Brown is feeling surrounded. Since he arrived in 1990, a stream of neighbors have sold their properties to developers or rented out their homes to students. As a huge new apartment complex went up kitty-cornered from him, he felt the rumble of jackhammers, and more is coming. “My house shakes. I feel powerless and useless,” Brown said. “You want to live in peace with your neighbors, but they’re not living in peace with me.” Living in

a container home has no appeal to him. He just wants to tend his tomatoes. When the next big development goes up across the street, "I know I'll have to leave," he said.

For Davies and the others behind the SeaUA project — a play on CUA, the abbreviation for Catholic University of America — the container apartment is a chance to make a beautiful and practical improvement to the neighborhood.

Davies and Grace met in Brookland, and Grace has a home there. The questions they ask themselves, Joiner said, are: Would we live here? And would we want our sister to live here? "It's almost like the golden rule," Joiner said.

Davies, the project architect, can sound euphoric describing what they've done to try to bring the rusted boxes to life. The container doors will be welded open, to create shade fins, and replaced by windows that stretch nearly nine feet from floor to ceiling. Another full-length window will sit opposite a mirrored wardrobe in each container/bedroom. "It's going to make the container feel like it's not this long corridor. It's a full explosion into the outdoors," said Davies, 28.

Workers in Baltimore cut steel panels from the containers so there will be open space for a kitchen and living room when the containers are pushed together. The containers will be on three levels, six containers per level, with a cellar unit. Each of the four floors is designed as a single apartment, each with six bedrooms and six bathrooms. Walls to the outside from the main living areas will be made of a kind of translucent plastic that's used for greenhouses. A stair tower and addition will be covered with the same Polygal material. "It's like a giant night light," Davies said. The containers will have sound and heat insulation, birch plywood walls and the original marine-grade plywood floors that once carried cheap goods to American shores.

Older containers can sell for \$2,000, though project backers won't say how much they're spending overall or charging for rent. The apartments are open to all but are being grabbed up by students from Catholic because of the convenience, Price said, and most of the units are spoken for. "We budgeted a target that was very low compared to conventional construction, and we're hitting it," Price said. If they stay on pace, more radical things are possible, he said. Small successes can beget bigger ones, Price said, just as the little solar house he built in the '70s was followed by a million-square-foot version in Tennessee years later.

Price is searching for land along the Potomac for his next dream project: a multistory sea-container apartment complex floating on a massive barge connected to the land by a bridge. "Sort of Sausalito meets Holland meets D.C., maybe down by the Nats," Price said. "It's sort of like Watergate for the masses, on water."

City officials were noncommittal, saying that such ideas are fascinating but that they'd need to know more. "When we're presented with these kinds of questions, the first thing we're going to do is see if the code will allow them," said Matt Orlins, spokesman for the city's Department of Consumer and Regulatory Affairs. After the containers are welded together this week, the remaining construction is scheduled to be completed by the end of August. It's an iron deadline. "It's more than a want. It's a 'better be' on my end," Davies said.

*Grace and Davies are getting married in September and riding a Harley across the country for their honeymoon before flying back the day before Joiner's wedding.*

### **III. Press Release July 7, 2014**

#### **GOVERNOR PATRICK ANNOUNCES NEW SUPPORT FOR AFFORDABLE HOUSING UNITS ACROSS THE COMMONWEALTH**

Over \$83 Million Will Build or Preserve 1,328 Units of Housing, Create Over 2,000 Construction Jobs

SPRINGFIELD – Monday, July 7, 2014 – Governor Deval Patrick today announced \$83.6 million in funding to create 24 affordable housing projects across the state, building on the Patrick Administration’s commitment to improving housing infrastructure to support growth and opportunity throughout the Commonwealth. In all, the projects will create 1,328 units of housing and over 2,000 jobs.

“Affordable housing helps to generate jobs, grow local businesses and strengthen our communities” said Governor Patrick. “Government’s role is to help people help themselves, and sustainable affordable housing will create growth and opportunity in our communities that will last for generations to come.”

Since 2007, the Patrick Administration has invested over \$1 billion in state and federal resources to create 24,000 units of housing, of which approximately 22,000 are affordable.

Last week, Governor Patrick released his Fiscal Year 2015 Capital Investment Plan, which builds upon the Administration’s successful efforts to stimulate job creation and support long-term economic growth by making record level investments in higher education, innovation and infrastructure projects. The FY15 Capital Plan continues to make investments in low-income housing development, including increased levels of funding for programs that support the production and preservation of affordable housing for low-income families and individuals, as well as community-based housing for clients of the Department of Mental Health and Department of Developmental Services.

“Providing quality housing to those who need it must be a priority,” said Congressman Mike Capuano. “I commend the Patrick Administration for its commitment to creating housing for families most in need.”

“Even as our economy continues to improve, more and more families are having difficulty finding safe, affordable housing,” said Congressman Jim McGovern. “I’m particularly pleased to see the investments in Northampton and Greenfield announced today. I commend the Patrick Administration for their continued commitment to this important issue.”

“These funds will help provide affordable and secure housing to families in Fitchburg, Haverhill, and Lunenburg, with economic ripple effects across the Third District,” said Congresswoman Niki Tsongas. “Projects such as these prioritize the reuse of historic buildings, boost the local

economy and help put people back to work, making them a valuable investment in our communities."

In November 2012, Governor Patrick announced the Commonwealth's goal of creating 10,000 multi-family housing units per year. By creating this type of housing, which is attractive to young families and individuals, Massachusetts is better prepared to keep in state the skilled, young workforce which employers are seeking.

Last fall, Housing and Economic Development Secretary Greg Bialecki accepted a national "workforce housing" award from the Urban Land Institute, recognizing the Patrick Administration's leadership in pursuing a strategy to increase the supply of housing needed, and in the places needed, for its workforce.

Improving the housing stock at all levels is a priority for the Patrick Administration. Along with creating new housing, the Administration has made significant investments in the Commonwealth's public housing stock, by preserving and improving the 46,000 housing units in the system through increased capital funding, increased operating subsidies and changes in management of those resources.

"Housing is the cornerstone to economic success in the Commonwealth," said Undersecretary of the Department of Housing and Community Development (DHCD) Aaron Gornstein. "Through key initiatives and collaborations across state government and with our local partners, we continue to ensure a stable and robust housing market for our neighbors and our communities. Expanding and preserving affordable housing opportunities for families and seniors with modest incomes is especially important."

"This investment in affordable housing is critical for families living in the high-cost, Metro-Boston area," said State Senator Sal DiDomenico. "These developments are vital to keeping Massachusetts's competitive edge in our current economy, keeping valuable workers from moving out of state, and will give average residents the ability to live, work, and send their children to schools in the cities and communities that they call home."

"These investments will make sure high quality affordable housing is within the reach of working families," said State Senator Benjamin B. Downing. "I applaud the Patrick administration for maintaining their commitment to investing in communities across Massachusetts."

"I am thrilled by Governor Patrick's announcement today about continued investments in affordable housing," said State Senator James T. Welch. "Preserving and creating affordable housing is essential to the success and stability of families here in Western Massachusetts and throughout the Commonwealth."

"The Fitchburg Yarn Mill is a historic complex of buildings on the Nashua River," said Representative Stephen L. DiNatale. "This revitalization project is a beautiful example of an effective public-private partnership and a successful redevelopment project."

"This will be a great help in restoring a significant number of housing units in one of the City's oldest, and more substantial, complexes," said Pittsfield Mayor Dan Bianchi.

"The City of Greenfield, a "green" community, has been a staunch supporter of Governor Patrick's call to rebuild affordable housing for all levels of the wage scale," said Greenfield Mayor William Martin. "As an active participant evidenced by new and substantial rehabilitation of the 55-year-old Oak Courts Veterans family housing of 72 units and single family home developments in several locations, Greenfield will provide additional modern and energy efficient housing at Leyden Woods for working families. This housing, coupled with the availability of new jobs in surrounding industries, will continue the momentum toward our economic development goals. I thank the Governor and Secretary Bialecki for recognizing Greenfield as a partner on their team."

"This funding for Highland Woods is crucial to Williamstown's goals of increasing affordable housing and relocating residents of The Spruces mobile home park decimated by Tropical Storm Irene," said Williamstown Town Manager Peter L. Fohlin. "Governor Patrick and Secretary Bialecki have been steadfast supporters of our recovery efforts to provide homes for as many Spruces families as possible, as well as other deserving seniors. "This project is only possible thanks to the committed partnership of private developers, town funding, and State financial and technical support."

The following projects were announced today:

**75 Amory Avenue, Boston**, is a new construction project located in the Jamaica Plain neighborhood and sponsored by Jamaica Plain Neighborhood Development Corporation (JPNDC). DHCD will support the project with federal Low Income Housing Tax Credits, federal HOME funds and state bond subsidies; the City of Boston also will support the project. When completed, 75 Amory Avenue will offer 39 affordable units for families, with eight units reserved for households earning less than 30 percent of area median income.

**RTH Riverway, Boston**, is a new construction project located in the Longwood Medical Area and sponsored by Roxbury Tenants of Harvard (RTH). DHCD will support RTH Riverway with federal and state Low Income Housing Tax Credits, federal HOME funds and state bond subsidies; the City of Boston also will provide funds to the project. When completed, the project will include 60 affordable units for families, with 14 units reserved for households earning less than 30 percent of area median income.

**Whittier-Lyndhurst-Washington, Boston**, is a part preservation, part historic re-use and part new construction project located in the Dorchester neighborhood and sponsored by Codman Square Neighborhood Development Corporation. DHCD will support the project with federal Low Income Housing Tax Credits, federal HOME funds, and state bond subsidies; the City of Boston also will support the project. When completed, Whittier-Lyndhurst-Washington will offer 44 affordable units for families, with 13 units reserved for households earning less than 30 percent of area median income.

**Port Landing, Cambridge**, is a new construction project located in Kendall Square sponsored by Capstone Communities and Hope Real Estate. DHCD will support the project with Housing Stabilization Funds, Commercial Area Transit Node Program Funds, Affordable Housing Trust Funds; the City of Cambridge will also support the project. When completed, the project will include 20 affordable units for families, with two reserved for households earning less than 30 percent of area median income.

**Chapin School Veterans Housing, Chicopee**, is the adaptive re-use of a historic school building. The project is jointly sponsored by Soldier On, Inc. and the O'Connell Development Group, Inc. DHCD will support the project with federal Low Income Housing Tax Credits. It will also be supported by funding from the City of Chicopee. When completed, Chapin School will offer 43 units of housing for veterans, all of which will be affordable. Nine of the 43 units will be reserved for households earning less than 30 percent of area median income.

**Village at Lincoln Park, Dartmouth**, is a new construction family housing project to be built on the site of a former amusement park. It is the first of several phases to be built on the site which received a 40R designation. Other planned phases include an elderly rental project, as well as single family homes. The Town is very supportive and has contributed \$100,000 from the Dartmouth Affordable Housing Trust Fund to this phase of the project. This phase will consist of 36 family units, of which four will be reserved for households earning less than 30 percent of area median income.

**Island Creek Village North Age Restricted, Duxbury**, is a new construction project sponsored by Beacon Communities. DHCD will support the project with federal and state Low Income Housing Tax Credits and Affordable Housing Trust Funds. When completed, Island Creek Village North Age Restricted will offer 94 units of affordable housing for residents aged 55 and older. The sponsor is reserving 19 of the 94 units for households earning less than 30 percent of the area median income.

**Fitchburg Yarn Mill Phase III, Fitchburg**, is the adaptive re-use of a historic mill building sponsored by Winn Development. DHCD will support the project with federal and state Low Income Housing Tax Credits, federal HOME, Housing Stabilization Fund, Community Based Housing, Facilities Consolidation Fund and Affordable Housing Trust Fund subsidies. When completed, Fitchburg Yarn Mill will offer 38 units of affordable housing for families. The sponsor is reserving 10 of the 94 total units for households earning less than 30 percent of the area median income.

**Leyden Woods Apartments, Phase I, Greenfield**, is a new construction and preservation project sponsored by The Community Builders. DHCD will support the project with federal Low Income Housing Tax Credits, state Low Income Housing Tax Credits, Capital Improvement and Preservation Fund, Community Based Housing, Facilities Consolidation Fund and Affordable Housing Trust Fund subsidies. When completed, Leyden Woods Apartments Phase I will offer

113 units of affordable housing for families. The sponsor is reserving 23 of the 113 units for households earning less than 30 percent of the area median income.

**Tenney Place Apartments Phase I, Haverhill**, is a new construction project sponsored by Dakota Partners. DHCD will support Tenney Place Apartments with federal and state Low Income Housing Tax Credits, federal HOME funds and state bond subsidies; the City of Haverhill also will support the project. When completed, Tenney Place Apartments will offer 72 affordable units for families; 56 units will be affordable, with eight units reserved for households earning less than 30 percent of area median income.

**Tritown Landing Phase III, Lunenberg**, is a new construction project sponsored by Great Bridge Properties. DHCD will support the project with federal Low Income Housing Tax Credits, federal HOME, Housing Stabilization Funds and Affordable Housing Trust Fund subsidies. When completed, Tritown Landing Phase III will offer 32 units of affordable housing for families. The sponsor is reserving four of the 32 units for households earning less than 30 percent of the area median income.

**Shoe Shop Place, Middleborough**, is the adaptive re-use of a historic mill building. The project is jointly sponsored by The Neighborhood Corporation and Neighborhood of Affordable Housing, Inc. DHCD will support the project with federal Low Income Housing Tax Credits and Affordable Housing Trust Fund subsidies. It will also be supported by funding from the Town of Middleborough and the Greater Attleboro and Taunton HOME Consortium. When completed, Shoe Shop Place will offer 24 units of housing for families, all of which will be affordable. Five of the 24 units will be reserved for households earning less than 30 percent of area median income.

**Christopher Heights, Northampton**, is a new construction project sponsored by The Grantham Group. DHCD will support the project with federal Low Income Housing Tax Credits and Affordable Housing Trust Fund subsidies. It will also be supported by funding from the City of Northampton. When completed, Christopher Heights will offer 83 units of Assisted Living housing for seniors, 43 of which will be affordable. Seventeen of the 43 affordable units will be reserved for households earning less than 30 percent of area median income.

**Leeds Transitional Housing, Northampton**, is a new construction project sponsored by Soldier On, Inc. DHCD will support the project with Housing Innovation Funds and Affordable Housing Trust Funds. When completed, the project will include 16 units for women veterans and their children, with four units reserved for households earning less than 30 percent of area median income.

**Dalton Apartments, Pittsfield**, is a preservation project and sponsored by the Berkshire Housing Development Corporation and Rees-Larkin Development. DHCD will support the project with federal and state Low Income Housing Tax Credits and state bond subsidies; the City of Pittsfield also will support the project. When completed, Dalton Apartments will offer 100

affordable units for families, with 10 units reserved for families earning less than 30 percent of area median income.

**Stable Path Rental Housing, Provincetown**, is a new construction project sponsored by the Community Housing Resource, Inc. DHCD will support the project with federal Low Income Housing Tax Credits, federal HOME, and state Housing Stabilization and Affordable Housing Trust Fund subsidies. It will also be supported by funding from the Town of Provincetown and the Barnstable County HOME Consortium. When completed, Stable Path will offer 23 units of housing for families, 18 of which will be affordable. Five of the 23 units are reserved for households earning less than 30 percent of area median income.

**Kendrigan Place, Quincy**, is a preservation project located in Quincy and sponsored by NeighborWorks of Southern Massachusetts. DHCD will support the project with Low Income Housing Tax Credits, state Low Income Housing Tax Credits, federal HOME, Community Based Housing, Capital Improvement and Preservation Fund and Affordable Housing Trust Fund subsidies. It will also be supported by Quincy HOME, the Community Preservation Coalition and City of Quincy Affordable Housing Trust funding. When completed, 78 units of affordable housing will be preserved. Eight of the units will be reserved for households earning less than 30 percent of area median income.

**189 Broadway, Revere**, is a new construction project for seniors sponsored by The Neighborhood Developers. DHCD will support the project with federal Low Income Housing Tax Credits, Facilities Consolidation Fund and federal HOME funds. The development will also receive funding from the North Suburban HOME Consortium. When completed, 189 Broadway will offer 39 units of affordable housing for adults aged 55 and older. The sponsor is reserving four of the 39 units for households earning less than 30 percent of area median income.

**Kenwyn Quadrangle, Springfield**, is the preservation of two historic buildings that currently house low and moderate-income families. Each property has been owned and managed by HAPHousing for over 15 years. Kenwyn Apartments completed its 15-year Low Income Housing Tax Credit compliance (LIHTC) period in 2010; Quadrangle Court completed its 15-year LIHTC compliance period in 2013. The buildings need recapitalization and additional historic, life and safety improvements. Together they comprise 60 units of housing, of which six will be set aside for households earning less than 30 percent of area median income.

**Outing Park II, Springfield**, is a preservation and new construction project located in the Outing Park Historic District and is sponsored by the First Resource Development Company. DHCD will support the project with federal and state Low Income Housing Tax Credits, federal HOME funds and state bond subsidies; the City of Springfield also will support the project. When completed, Outing Park II will offer 118 affordable units for families, with 12 units reserved for families earning less than 30 percent of area median income.

**Cranberry Manor & Carpenter's Glen, Wareham and Taunton**, is the restructuring of two projects that will bring needed capital improvement and continued affordability to these two affordable housing resources on the South Shore. The project is sponsored by the South Shore Housing Development Corporation, which is the current owner of the project. DHCD will support the project with Affordable Housing Trust Fund, Housing Stabilization Fund and Community Based Housing funds. Six of the units will be reserved for families earning less than 30 percent of area median income.

**Highland Woods, Williamstown**, is a new construction project sponsored by Berkshire Housing, Inc. DHCD will support the project with federal Low Income Housing Tax Credits, Housing Stabilization Fund and Affordable Housing Trust Fund subsidies. It will also be supported by funding from the Town of Williamstown. When completed, Highland Woods will offer 40 units of housing for seniors, all of which will be affordable. Eight of the 40 units will be reserved for households earning less than 30 percent of area median income.

**John Howland Jr. House, New Bedford**, is the adaptive re-use of a historic building in New Bedford. The project is sponsored by the Waterfront Historic Area League. DHCD will support the project with federal HOME funds. It will also be supported by funding from the City of New Bedford. When completed, Howland House will offer seven units of housing, five of which will be affordable.

**181 Washington Street, Somerville**, is a new construction project located in Union Square, Somerville and sponsored by the Somerville Community Corporation. DHCD will support the project with federal and state Low Income Housing Tax Credits, AHTF, CBH and HSF. The development will also receive funding from the City of Somerville. When completed, 181 Washington will offer 35 units of affordable family housing. The sponsor is reserving eight units of the 35 units for households earning less than 30 percent of area median income.

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### **III. Banker and Tradesman, August 10, 2014**

#### **Investing In New Markets**

##### ***Local Development Orgs Put Federal Tax Credits To Work***

***By Laura Alix, Banker & Tradesman Staff Writer***

A teen center for at-risk youth in Lowell, a supermarket in Dudley Square and a data center in Holyoke are some of the projects that might not have gotten off the ground without help from a federal program designed to promote private investment in low-income communities.

The New Markets Tax Credit (NMTC) program was introduced in 2000 to help spur investment in low-income communities and is administered to designated Community Development Entities (CDEs) through the Treasury Department's Community Development Financial Institution (CDFI) Fund. CDEs can then offer these tax credits to investors in exchange for equity in the CDE. The investor gets to write off 39 percent of that investment on his or her taxes for the next seven years, and the CDE uses the capital to make loans and investments in low-income communities.

Since the program's inception, the CDFI Fund has awarded \$40 billion in tax credit authority to CDEs through a competitive application process. It estimates the program has helped to create or retain more than 358,800 jobs and has supported the construction of 17.1 million square feet of manufacturing space, 49.4 million square feet of office space and 42.7 million square feet of retail space.

In June, the Treasury awarded another \$3.5 billion in new markets tax credits. Locally, AI Wainwright LLC (a partnership between Affirmative Investments and Wainwright Bank) received \$38 million, Boston Community Capital \$40 million, and the Massachusetts Housing Investment Corp. (MHIC) \$60 million, the highest amount awarded to any entity in the latest round of awards.

#### **Building Capital, Building Communities**

"What's good about it is that it provides about 25 percent of the capital needed to build something. Often it's hard to build in low-income neighborhoods. The values aren't there, but the costs are the same, so it's a really good tool," said David Ennis, president of Affirmative Investments.

Nonprofits like the program because they say it helps fund a key component of economic development that's often lacking in low-income neighborhoods – community development. Affordable housing is necessary, of course, but the people living in those homes also need grocery stores, community centers and schools. The New Markets Tax Credit program helps make that happen. "We'd been doing affordable housing for about a dozen years and we realized there was more that was needed to really revitalize and

stabilize these neighborhoods,” said Joe Flatley, president and CEO of MHIC. “It’s trying to really create and support a whole community, which needs stores and businesses and jobs and economic opportunity.”

Boston Community Capital, for instance, has a threefold use for the tax credits, CEO Elyse Cherry said. The nonprofit uses the tax credit, lends against it and then uses the fee income generated from selling the tax credit to help fund new businesses. Boston Community Capital was able to jumpstart the Stabilizing Urban Neighborhoods (SUN) initiative with fees generated from the program. “We’ve now done, plus or minus, \$75 million worth of mortgage lending and kept close to 500 families in their homes. We were able to get that business going from the fees that we collected,” Cherry said. “If you can take a government dollar and turn it into three, that’s way better than having a government dollar that stays as one.”

In addition to the tax write-off, investors can also earn Community Reinvestment Act credits by investing in the program. Eastern Bank, which participates in the program both as a lender and an investor, does earn some CRA credits when it makes an investment within its assessment area, said Gary Leach, senior vice president and head of community development lending, though he adds that that’s not the only reason he bank participates in the program. “There are many health centers and many schools that wouldn’t have been built without the program,” he said.

### **All Signs Point to Yes**

While the Treasury did award \$3.5 billion more in new markets tax credits earlier this summer, those awards were actually part of the 2013 NMTC program. The program itself expired in January and must be extended by Congress. Though it does have broad support and its advocates are optimistic it will be renewed, a bipartisan bill that would have permanently added it to the internal revenue code did not make it out of Congress.

Still, Flatley says it would make sense for the NMTC program to be made permanent and says he and others have advocated for lawmakers to do so. He also said it would make sense to bump the program up to \$5 billion.

In its inception, the program funded \$3.5 billion worth of tax credits per allocation round, but the stimulus package increased that to \$5 billion in 2008 and 2009. The need, he said, is certainly there. “At the \$5 billion level the program was fully utilized,” Flatley said. “We have demand for probably two to three times the projects we’d like to allocate.”

While the program hasn’t yet been extended, its supporters are optimistic that it will be, and that optimism apparently extends upward into the reaches of the federal government. Last week, the Treasury Department released an application for the next round of credits.

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### III. NCSHA News Update, 9-5-14

<http://www.mmsend44.com/link.cfm?r=232223823&sid=51100143&m=6404228&u=NCSHA&j=21518671&s=http://www.ncsha.org/blog/joint-center-housing-studies-releases-report-housing-americas-older-adults>

*This week, the Joint Center for Housing Studies of Harvard University (JCHS) released a report entitled [Housing A Older Adults: Meeting the Needs of an Aging Population](#). The report cites housing cost burden, a lack of basic accessibility features in the current housing stock, isolation due to lack of transportation infrastructure, and disconnect between housing and health care as areas of concern. It concludes that the U.S. is not prepared to meet the housing needs of an aging population, but states, "There is still time for the nation to prepare for the evolving needs of older adults by expanding the supply of housing that is affordable, safe, and accessible; providing opportunities for older adults to connect socially yet live independently; and integrating housing and long-term care services to support those aging in private homes."*

*The report examines a number of trends for older adults, defined in the report as those aged 50 years and older, including housing preferences, disability rates, and income. It cites a recent AARP survey that found a strong preference for staying in place, with 73 percent of those surveyed strongly agreeing that they want to reside in their current residences as long as possible and 67 percent wanting to remain in their communities as long as possible. The report found that whereas those aged 50 to 54, 7 percent with incomes of at least \$60,000 annually had some type of disability compared to 21 percent for those earning less than \$30,000 annually, more than two-thirds of those aged 85 have a disability, regardless of income level.*

*According to the report, one-third of older adults pay more than 30 percent of their income for housing. Additionally, the current income distribution of the 65 and over population remains constant, the number of households with annual incomes less than \$15,000 among this population will increase by 1.8 million, to 6.5 million households, in 2024, a 15 percent increase. The report finds that a key determinant of housing cost burden is whether a household owns or rents, with renters more likely to be housing cost burdened. However, many owners still paying their mortgages also experience at least moderate housing cost burdens. As of 2010, more than 70 percent of homeowners in the age range 50 to 74 were paying on a mortgage.*

*The report states, "For many older renters, securing federally subsidized housing is the key to financial stability." It notes that in 2011, just over one-third of very low-income renters, with incomes at or below 50 percent of area median income (AMI), who were 62 years and older and eligible for rental assistance received it. It predicts that if housing assistance does not increase, by 2030 there will be 4 million very low-income older adult renters trying to find affordable housing in the private market. In addition to the need for additional affordable rental housing, the report highlights the need to preserve the current supply. The report says that to help preserve and expand the stock "many states use some of the targeting to older adults in the Low Income Housing Tax Credit (Housing Credit) program." It says the Housing Credit provided approximately 320,800 units for older renters, of which 65 percent were newly constructed.*

*The report states that meeting the needs of older adults will require a range of responses, including at the individual, community, and federal levels. At the federal level, the report says a number of federal efforts need to be expanded, specifically highlighting rental assistance and funding for housing with supportive services. The report adds, "Chairmen of Medicare and Medicaid would enable better coordination of affordable, accessible housing with long-term care." The report says state and local governments can promote accessibility and expand housing and transportation options. The report, supporting materials, and video from an event for the report's release are available on JCHS' [website](#).*

## Appendix IV. Expanding Opportunities, Public Housing, ULI, and Legal, September, 2014

### IV. *Boston Globe* 9-23-14

Allston's Green District: High-end housing without high-end prices

By Tom Keane, | GLOBE COLUMNIST SEPTEMBER 23, 2014

LUXURY HOUSING is booming in Boston, and policy makers and politicians are concerned. It's not that they don't like rich people. But they worry the middle class is getting priced out and they fear a city of just the rich and the poor. Cheap talk doesn't help much, however. What's needed is cheaper housing, and a model for that, perhaps, can be found in Allston.

One of Boston's 23 neighborhoods, Allston is filled what some call character and others call grit, graced with an eclectic mix of ethnic restaurants, interesting watering holes, and funky shops — the kind of places once found in Harvard Square or upper Newbury Street before high rents and high-end retailing drove them out. It is also ground zero for lousy landlords and oftentimes overcrowded, dangerous housing that feeds on students and post-grads looking for a cut-rate place to live.

Standing in sharp contrast is a new residential development, billed as the Green District, that offers up two interesting lessons: It's possible to build high-quality, middle-market housing, and — especially to younger folks — environmental responsibility sells.

The Green District is a moniker attached to eight buildings bounded north-south by Commonwealth Avenue and Brainerd Road and east-west by Griggs and Redford streets. Five are rehabs; three are brand new. The idea was hatched by local developer Bruce Percelay just as the market was crashing and some were predicting even more gloom to come. Instead, Percelay bought land, demolished some derelict, industrial-style buildings, and set about trying to create a new community.

In retrospect, it all seems so logical. But at the time, the risks were huge. Percelay signed personally for the needed loans. "I bet the farm," he says. As it turns out, it's a wager he won; he's reached a deal to sell the three new buildings to National Development of Newton for \$150 million, installing him firmly as a member of the one percent. His real estate firm, Mount Vernon Co., continues to manage the buildings, however, so he finds himself around there most every day.

Rents at the Green District buildings are 30 to 50 percent below those high-end developments. That doesn't make them inexpensive, but "you don't need to make \$200,000 to live here," Percelay says. At the same time, the residences have all of the amenities found in their more deluxe brethren: workout spaces, media and

club rooms, roof decks with gas grills (one also has a small putting green), and pet grooming stations. The new buildings are LEED certified (one gold, two platinum — the best possible). Solar panels dot rooftops, producing all the electricity needed for common areas. High heat-flow resistance values conserve energy. Roofs are painted white, a way to reduce the urban “heat island” effect. Water is separately metered (a practice Percelay says reduces consumption 40 percent). Recycling and composting are made easy, there are secure sections for residents’ bikes, and filtered water dispensers discourage the use of throwaways. Zipcars, a Hubway bike stand, and a T stop out front make a car-free life possible although parking is also readily available.

How was Percelay able to build all of this and still price below the competition? It helps that the land was cheaper than downtown. Then too, his buildings aren’t expensive steel but rather are wood-framed. Apartments are smaller too, a common trend in new urban housing, without being claustrophobic.

The result is high-end housing without high-end prices. And the green image adds to the appeal. The last of the buildings just opened this month, and it’s already full.

Percelay’s brainchild reminds me of the Millennium Partners development in what used to be the Combat Zone. Its sheer scale had a transformative effect, changing for much the better the once-troubled character of the area. One can see the same thing happening with the Green District, remaking Allston as well.

But the change is more subtle, edging Allston upwards rather than pushing out the old. The Green District buildings have a modern feel but they’re not ostentatious; five stories tall, they’re in keeping with the area’s modest skyline. Longtime residents seem delighted with the results. Sustainable living, moderate pricing, and a community focus: Boston could use a lot more developers like Percelay.

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**IV. Banker and Tradesman, Tuesday, August 12, 2014**  
**Patrick Vetoes Needham Bill, Says It Would Block Housing**  
State House News Service

Legislation nominally calling for a highway buffer zone in Needham has been vetoed by Gov. Deval Patrick, who says the bill would effectively prevent the construction of a "much needed" affordable housing project.

In a letter to lawmakers on Friday, Patrick announced his veto (H 4397) of legislation based on a bill originally filed by Rep. Denise Garlick of Needham and Sen. Michael Rush of West Roxbury. The House approved the bill in June and the Senate passed it in late July.

"On its face the legislation simply appears to authorize the Massachusetts Department of Transportation to purchase by eminent domain two parcels of land in Needham for the purpose of creating a highway buffer zone," Patrick wrote. "The effect, however, would be to prevent the construction of a much needed affordable housing project" proposed under the state's comprehensive permit law known as Chapter 40B.

Patrick added, "MassDOT has no interest in this land and, more significantly, this legislation would set a bad precedent by permitting the use of restrictive and unnecessary local zoning laws to prevent the development of much needed affordable housing for lower-income residents of the Commonwealth."

The bill (H 4156) calls for acquisition by eminent domain of parcels near Hardy Street, Route 128 and Greendale Avenue.

Patrick's veto appears to be the final word on the bill, since veto override attempts must be taken by recorded votes during formal sessions, which have ended for the year.

Garlick and Rush could not immediately be reached for comment.

- See more at:

[http://www.bankerandtradesman.com/article.php?RF\\_ITEMID=Article\\$0@160690;Article&css\\_display=print#shash.GsbHBDKW.dpu](http://www.bankerandtradesman.com/article.php?RF_ITEMID=Article$0@160690;Article&css_display=print#shash.GsbHBDKW.dpu)

## **IV. *Boston Globe* 9-11-14**

### **Milton mulls housing production plan**

**By Jaclyn Reiss, GLOBE CORRESPONDENT SEPTEMBER 11, 2014**

Milton officials are mulling over a plan to introduce more affordable housing to the town amid a developer's controversial Chapter 40B proposal for the former Hendrie's Ice Cream site.

Filing a housing production plan with the state would give the town more control over projects proposed under the state's Chapter 40B affordable-housing law, said state Senator Brian A. Joyce of Milton at a joint Board of Selectmen and Planning Board meeting last week.

Under the statute, developers can bypass some zoning bylaws in communities where less than 10 percent of the housing stock is considered affordable. Currently, Milton has about 4.5 percent.

But if the state were to accept Milton's housing production vision, and the town increases its affordable units by half a percent of the total housing stock in a given year, "that would give us a one-year safe harbor to allow the town to say no to any 40B project that has not already received its site eligibility letter from the state," Joyce said.

The production plan, which officials are still finalizing, would outline specifically what the town could do to grow its affordable units, including listing potential developments and sites and stating how they would tweak zoning to encourage affordable development. The town could also consider voting again on adding a Community Preservation Act fund through additional taxes, which could benefit affordable-housing projects.

Selectmen and Planning Board members seemed anxious to approve the plan, which cost the town more than \$5,000 in consulting fees, so they could submit it to the state by October, said William Clark, Milton's planning director. The state then generally takes about three months to review it and decide, said Karen Sunnarborg, the consultant who prepared the plan.

Joyce said the state is considering adding 49 units from Fuller Village, an independent senior living facility, to count toward the town's affordable-housing stock. Coupled with an approved housing production plan, "we will be able to control our destiny for another year," he said.

However, the plan is not without its obstacles. Some officials said that even if the state approves their vision, adding a half-percent of the town's 9,641 total housing units to get a year of control might prove unreasonable.

“Getting anywhere near 48 units a year is absurd,” said Planning Board member Michael E. Kelly, referring to the amount of affordable units Milton must add annually.

Sunnarborg agreed that the number seemed “ambitious.”

“In a five-year plan, I’d say it would be lucky if you get one year of certification,” she said.

However, she also noted that the plan gives potential developers a more concrete idea of what the town wants in an affordable development.

“It would make projects more amenable,” she said.

Others griped about the current affordable development proposals included in the plan, which town officials have vehemently opposed.

For one, developers are moving forward with the 57-unit Chapter 40B project at the former Hendrie’s Ice Cream site at 131 Eliot St. following years of difficult negotiations with the town. Father-son developer duo Jerry and Steve Connelly negotiated a proposal with town officials from 2010 to 2012 to build some 30 housing units plus commercial space on the property, where the Connelllys own one portion and the town owns the other. But Planning Board officials denied the special permit in December 2012 because they thought the project was too big and did not meet required zoning setbacks.

Officials are now trying to negotiate with the Connelllys again to consider building a mixed-use development with fewer residential units, but the developers seem determined to move forward with the affordable-housing proposal, Clark said after the meeting.

The state has also given site eligibility under Chapter 40B to developers at The Holland Companies to appear before the town for 72 units on about 8 acres at 711 Randolph Ave., according to state and town documents.

Officials have written to the state objecting to the Randolph Avenue proposal, citing “adverse impacts to traffic, public safety, the environment and town services.”

Planning Board chairman Alexander Whiteside said a third affordable-housing project approved by the state, dubbed the Milton Mews and envisioning 276 units on 20 acres on Brush Hill Road, is effectively dead in the water, due to complications with homeowners on the proposed site.

“It’s my understanding that Milton Mews is not going forward,” said Whiteside. “The town has also made vociferous objections to Milton Mews — there are huge problems with this development, and it should never go forward as proposed.”

Sunnarborg said the town must offer other viable options for affordable housing to the state, which proved a conundrum for officials at last Wednesday’s meeting.

“There does have to be some specificity in the plan,” she said. “If you eliminate those projects, you need to insert something that has some reality to it. There are no demerits for putting something in that doesn’t work . . . but there have to be realistic goals and a time frame.”

Meanwhile, the housing production plan also outlined a stark picture of Milton’s neediest residents. Nearly one-fifth of local households were earning less than \$35,000, compared with more than half who earn more than \$100,000, according to the report.

The report also shows that the median home price in Milton hovers around \$460,000, which would require an income of about \$96,250.

The town also has a population comprising mostly families and senior citizens, with the latter segment projected to grow rapidly as the baby boomer generation ages. Coupled with high rents and rentals typically being in older homes, Sunnarborg said Milton hosts relatively few young adults and is not attractive to older folks looking to downsize.

“Younger people prefer to rent, and we’re not filling that demand,” said Selectman Tom Hurley. “What rental properties we have are mostly old two-family houses, which are not attractive to younger people.”

“The age gap is significant, and we’re losing out on generations of people unable to move in,” said Planning Board member Emily Innes.

Others encouraged officials to iron out the kinks in the planning outline sooner rather than later.

“It is a little embarrassing to say we want to have affordable housing in the town of Milton, but we have not been able to pass a housing production plan,” said Deborah Felton, executive director of Fuller Village. “I really urge you to do that in the near future.”

Board of Selectmen and Planning Board members will meet again at an undetermined date later this month to continue discussing the issue. For more information, visit [www.townofmilton.org](http://www.townofmilton.org).

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## Appendix V. Work with Others, September, 2014

### NLIHC PRESS RELEASE

JULY 11, 2014

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## Castro and Donovan Nominations Approved by Senate

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On July 9, the Senate approved the nomination of San Antonio Mayor Julián Castro for the position of HUD Secretary by a vote of 71-26, with all Democrats and 18 Republicans voting in support of his nomination. Mayor Castro was nominated for the position after current HUD Secretary Shaun Donovan was tapped for the position of Office of Management and Budget (OMB) Director.

On July 10, the Senate approved the nomination of Secretary Donovan for the position of OMB Director by a vote of 75-22, again with all Democrats and with 23 Republicans voting in favor of Mr. Donovan. Mr. Donovan will replace former OMB Director Sylvia Mathews Burwell who now serves as Secretary of the Department of Health and Human Services.

Both Mayor Castro and Secretary Donovan are expected to be sworn in to their new positions shortly.

NLIHC President and CEO Sheila Crowley said in a press release after the vote, “While we are sorry to lose Shaun Donovan at HUD, we look forward to working with him at OMB and to building an equally strong partnership with Secretary Castro. I am confident that Secretary Castro will emphasize HUD’s responsibilities for assuring that the housing needs of low income people are addressed.”

Ms. Crowley added, “Secretary Donovan and the Obama Administration have advocated for the funding of the National Housing Trust Fund, and we hope that Secretary Castro will carry on that support. Specifically, we urge him to push for housing finance reform that provides significant funding for the National Housing Trust Fund as does the bipartisan Johnson-Crapo bill. We also urge Secretary Castro to move swiftly to issue the final regulations for the National Housing Trust Fund.”

Ms. Crowley also encouraged Mayor Castro to issue final regulations on Affirmatively Furthering Fair Housing, and to protect existing housing programs funded through the annual appropriations process.

The NLIHC press release is at: <http://nlihc.org/press/releases/4913>

## **V. Lourdes M. Castro Ramírez Nominated for PIH Assistant Secretary**

On August 1, President Barak Obama nominated Lourdes M. Ramirez to be the next Assistant Secretary for Public and Indian Housing (PIH). Ms Castro Ramirez would succeed Sandra Henriquez who served in that capacity from 2009 until June of this year (see *Memo*, [4/4](#)).

Lourdes M. Castro Ramírez is President and CEO of the San Antonio, TX Housing Authority, a position she has held since 2009. From 2006 to 2009, she served as Director of the Section 8 Department for the Housing Authority of the City of Los Angeles (HACLA). Ms. Castro Ramírez was Assistant and then Interim Director of the Resident Relations Department of HACLA from 2004 to 2006, and Project Director for the Jobs-Plus National Demonstration Program at HACLA from 1999 to 2004. Previously, she was a Community Development Planner for Cabrillo Economic Development Corporation from 1996 to 1999. She serves as a Board Member for the Council of Large Public Housing Authorities, the National Association of Housing and Redevelopment Officials, Centro San Antonio, and is a Co-Founder of Women in Housing Leadership.

The announcement is at <http://1.usa.gov/1pMbOQ5>.

**V. Banker and Tradesman**, Sunday, July 13, 2014

## **Women of FIRE 2014**

### **Eleanor White**

**President And CEO, Housing Partners Inc.**

**By Phyllis Hanlon**, Special To Banker & Tradesman

Growing up on the south side of Chicago in one of the city's only culturally diverse neighborhoods taught Eleanor White a valuable lesson: the problem of poverty and the need for publicly-assisted housing go hand-in-hand. As president and CEO of Housing Partners Inc., an affordable housing firm, she is dedicated to ensuring that all individuals have access to decent housing.

In 1967, White graduated from Harvard/Radcliffe Colleges. She later earned a master's in public administration from Northeastern University and was a Loeb Fellow at the Harvard Graduate School of Design.

After graduation, she and her husband Barry moved to Washington, D.C., where she began working for the U.S. Department of Housing and Urban Development (HUD). When the couple moved back to Boston in 1969, she stayed with HUD until 1983 when she became chief of operations at the Massachusetts Housing Finance Agency (now MassHousing). She remained at this agency until 1995, serving as deputy director/co-chief executive, until she co-founded Housing Partners Inc.

In the late 1980s and early 1990s, she took a lead role in the early planning and rejuvenation of 2,000 units of HUD multifamily foreclosures in Roxbury and Dorchester, known as the Granite Properties.

"These units were in terrible physical condition, and many of the residents had lost hope," she said. "The project reclaimed a huge number of buildings and brought social services, security and respect for the residents into the neighborhood."

### **Paying It Forward**

White remembers those who helped her progress in her career, and mentors younger people today who otherwise would not have the attention needed to grow and prosper.

"I had seen too often people who were not given a chance," she said. "When I had a few experiences of taking a failing employee situation and turning it into success, it brought home the importance of helping others."

White attributes her lengthy and successful career to her innate sense of curiosity and willingness to learn, plus a wonderfully supportive family: her husband of 47 years, Ambassador Barry White, three grown sons and now two granddaughters.

“I’m also something of a perfectionist, which plays well in a bureaucracy,” she said, “and don’t take myself too seriously.”

Nominator Marvin Siflinger, Housing Partners Inc. chairman, noted that White “is one of the hardest-working and most intelligent practitioners I have met in this field.” He goes on to praise her strong dedication to the public interest and her skillful collaborative efforts across a broad spectrum. “She has the ability to work with corporate and real estate leaders, government officials, nonprofit leaders and technical experts and command respect from them all,” he said. “She also has the ability to work with entry-level staff, low-income residents of assisted housing, in-the-trenches staff of public agencies and general citizens and treat them with an uncommon level of respect and sensitivity.”

Recently, White returned from a four-year stay in Oslo, where her husband served as U.S. Ambassador to Norway. Make no mistake – she didn’t consider this trip an extended vacation, but continued to run Housing Partners from across the ocean. Her commitment to finding affordable housing for all knows no boundaries.

## V. Elder Stakeholders Q3 Meeting Notes: August 21, 2014

### **Attendees:**

Secretary Ann Hartstein, Undersecretary Sue Temper, Matthew Casey, Ken Smith and Martina Jackson, EOEA; Ruth Palumbo, Tufts Foundation; Austin Hodge, Jim Wessler, Alzheimer's Association; Emily Meyer, Mass ALFA; Betsey Cramming, Diane Paulson, Wynn Gerhard, GBLS; Lisa Gurgone, Home Care Aide Council; Linda George, Boston Senior Home Care; James Fuccione, Home Care Alliance of Massachusetts; Dave Stevens, Markey Browne, MCOA; Joan Cirillo, Operation ABLE; Deb Thomson, The PASS Group; Darcey Adams, Mass Adult Day Service Association; Scott Plumb, Mass Senior Care Association; Jean Patel Bushnell, ITN Greater Boston; Frank Baskin, NASW – Mass Chapter; Gene Mazzella, Multicultural Council on Aging; Ellen Feingold; Len Fishman, UMass Gerontology Institute; Mike Festa, Linda Fitzgerald, Leslie Siphers, and Jessica Costantino, AARP Massachusetts.

### **Healthy Aging Data Discussion**

Ruth Palombo, Senior Health Policy Officer, Tufts Health Plan Foundation, led a discussion on ways to use the data and provided examples of locations currently exploring opportunities to do so, including the work of the Watertown Foundation, the Newton COA, the Randolph COA and the Healthy Living Center of Excellence in Worcester.

Others shared ideas for use of the data set.

Ruth is interested in hearing from others on what would make this a more powerful tool.

Ruth is planning a meeting on October 6 from 12 Noon – 2pm to discuss; invitation to follow.

### **FY15 Budget & Legislative Updates**

Secretary Hartstein provided an overview of the EOEA budget items, including the increase in the supportive housing sites (from 31-41); homemaker wages; FAST teams; Home Care and ECOP with no waiting list; COA increase. Not included are the workforce development piece, elder mental health, and spouses as paid caregivers.

Others spoke about legislative items including:

- Mike Festa, Uniform Adult Guardianship act passed
- Jim Wessler, Dementia Care in Acute setting – DPH will convene small group to study
- Frank Baskin, Geriatric mental health, possibly use of BIP money; FY15 Budget outside section on psychotropic drugs
- Skilled Nursing facilities – new public hearing process if there is a sale or closure
- Skilled Nursing facilities bed hold – increased to 20 days; report due to legislature January 2015
- Economic Development bill – the governor amended it and returned it to the legislature. The amendment addresses a concern of the reverse mortgage industry to

allow phone interviews until August 2016, rather than in person. Currently, reverse mortgage companies will need to conduct in person interviews.

**Prescription Advantage**

Gene Mazzella gave an overview of the current program structure and funding challenges. Others expressed concern about the future of the program and an interest in redesigning the program to meet the needs of those falling between the gaps. Diane Paulson circulated a proposal to use the program funding for the Medicare Savings Plan (attached).

**Elder Protective Services Special Commission**

Secretary Hartstein told the group that the report is currently with the legislature and they are responsible for releasing the findings. As soon as any details about the report release are known, they will be shared.

**Announcements & Updates**

- Medicare Observation Status Update – Attached sheet with specific request
- ITN Greater Boston – Garden Party September 20<sup>th</sup>, 4-7 pm,  
[www.itngreaterboston.org](http://www.itngreaterboston.org) for more info
- Ellen Bruce Retirement & Pension Action Center event – September 18,  
[Michele.Tolson@umb.edu](mailto:Michele.Tolson@umb.edu) for more info
- MCOA's Fall Conference – 10/8-10/14 at Sea Crest Resort, Falmouth
- AARP Massachusetts will be seeking a new state president (volunteer) – see attached letter
- Joan Cirillo attended the screening of "I'll Be Me" and recommended it to all

**Next Meeting**

Thursday, November 20<sup>th</sup>, 9:30 – 11:00 a.m.