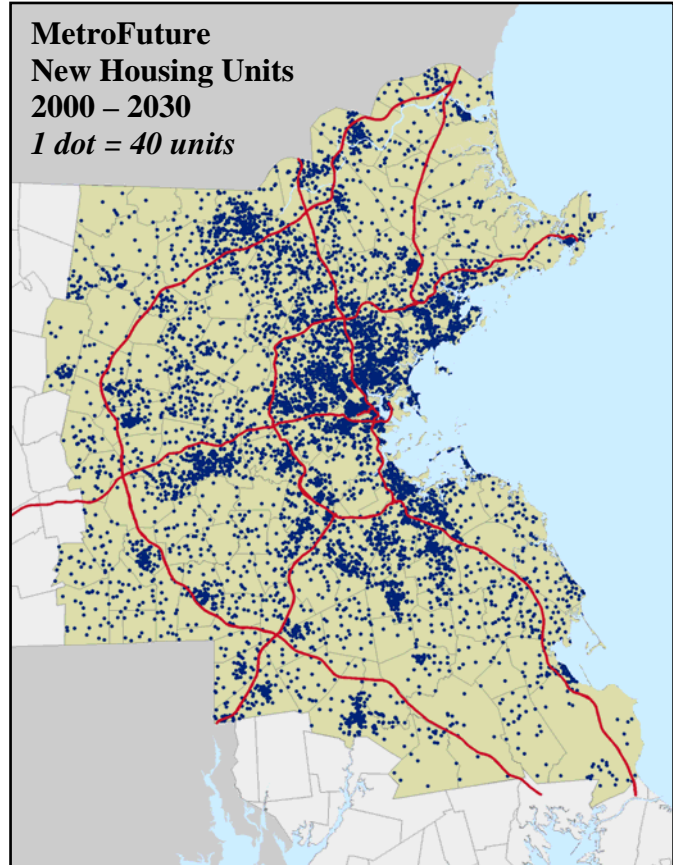


Housing Choice

An MAPC Policy Summit Issue Brief

Despite the current downturn in the housing market, the Metro Boston region continues to lack a sufficient housing supply and median housing costs continue to rise. At the same time, racial segregation also remains a critical issue facing the region, and demographic changes will further compound housing needs.

MetroFuture projects a strong need for new housing through 2030. We will need at least 310,000 new housing units to accommodate the projected population. In order to provide more options for our working-class families, fixed-income seniors, baby boomers who want to “downsize,” these units would include apartments, townhouses, condominiums, and “starter homes” in urban neighborhoods, town centers, and transportation hubs. An increased emphasis would also be placed on smaller and more affordable homes, both rental and ownership. Over half of the region’s new moderately priced housing would be in suburban towns, providing more opportunities for lower income families to live anywhere in the region.



The housing shortage forces low- and moderate-income families to often pay well beyond a third of their income for housing. The 2006-2007 Housing Report Card showed that while the median price of single family homes and condominiums dropped 6% over the past two years, median rental prices rose 6%. In 2005, 39% of owners were paying more than 30% and nearly 14% were paying more than 50% of their income toward housing. At the same time, 50% and 25% of renter households paid 30% and 50% of their income respectively toward housing.¹

Public support and recognition of these housing needs is strong. A recent poll by the University of Massachusetts Donahue Institute and Citizens’ Housing and Planning Association, more than 66% of Massachusetts residents stated concern about housing. This support was tempered by the continued perception that affordable housing would reduce property values and increase school costs. Negative perceptions about affordable housing and other institutional, administrative and regulatory issues remain barriers to production.

¹ Heudorfer, Bonnie and Bluestone, Barry, et al, *Greater Boston Housing Report Card 2006-2007 An Assessment of Progress on Housing in the Greater Boston Area*. Center for Urban and Regional Policy at Northeastern University.

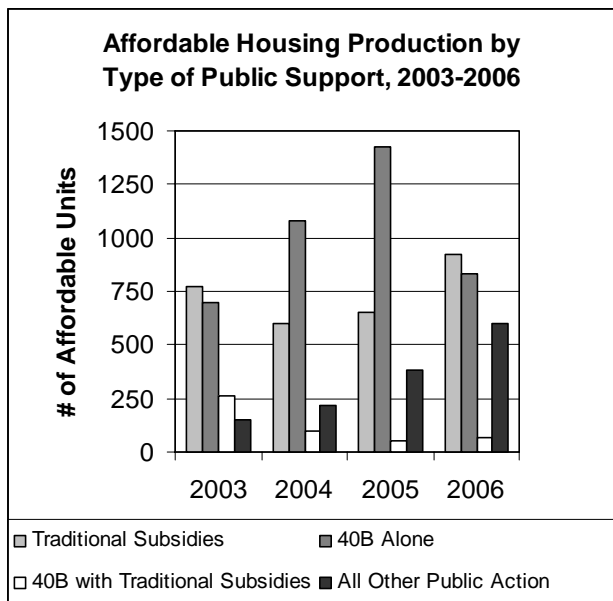
Negative attitudes toward affordable housing being developed can lead to discrimination. From 2001 to 2005, The Fair Housing Center of Greater Boston conducted six audits of the housing and rental market in the Greater Boston, and found that people of color are discriminated against 50% of the time they seek housing. Families with children and people with Section 8 certificates were discriminated against 2/3 of the time.²

Despite these barriers, affordable housing continues to be built. M.G.L. Chapter 40B has been a leading producer of affordable housing in Massachusetts, producing more than 48,000 new housing units since its inception in 1969. Between 2002 and 2006 alone, approximately 30 percent of all new housing permitted in the Greater Boston area was approved under 40B.³ The recent weakening of the housing market has slowed developments proposed under 40B.

Affordable housing has been produced through local actions such as downtown planning initiatives and other zoning tools and local programs, including inclusionary zoning and use of local Community Preservation Act funds. 40B and local actions aside, traditional housing subsidies used by low-income

housing developers remain the leading way new affordable housing is developed. The number of units created using traditional subsidies such as HOME funds or State Affordable Housing Trust Funds rose from 699 in 2005 to 988 in 2006, an increase of more than 41 percent.⁴ While state support for housing increased to its highest point in nearly 15 years, surpassing federal support levels, it lags behind late 1980s levels when inflation is factored in.

Regional equity, responsibility and cooperation are top priorities of the MetroFuture housing agenda. Questions related to who lives in and who is being served by affordable housing units must be answered. While the Massachusetts Department of Housing and Community Development is working on issues related to the collection and management of data relative to subsidized housing, a new model is needed to ensure that housing choices are available to all and that needs are being met accordingly. How can we better connect the issues of increased housing production and fair housing to ensure housing need is being met?

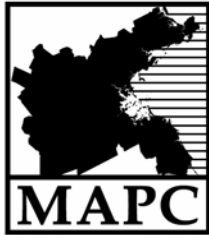


Source: CURP analysis of DHCD, MassHousing, MHP, and MassDevelopment production lists and data provided by municipalities. "Greater Boston Housing Report Card 2006-2007"

² Promoting Fair Housing in Your Community, The Fair Housing Center of Greater Boston 2007. Lack of zoning for multi-family housing, stringent permitting processes, and delay of developments that will attract people of color are some examples of housing discrimination.

³ Heudorfer, Bonnie, Update on 40B Housing Production. CHAPA, March 2007.

⁴ Ibid.



Housing Choice

Key Questions

The following questions have been drafted to guide the Policy Summit discussion on Housing Choice. Please be mindful that MAPC will use the outcomes of this event to shape and file legislation on Beacon Hill, develop and highlights model by-laws and ordinances for consideration by municipalities, and recommend actions by residents, businesses, and institutions.

How do we proactively provide and promote equal housing opportunities for families with children, elders, people with disabilities, and people across the spectrum of race and ethnicity?

Decent, stable housing improves the ability of individuals to obtain and retain employment, increases psychological and physical health, and leads to better social behavior and school achievement among children. The availability of affordable housing is often linked to the economic vitality of individual cities and a region. But simply recognizing the need for affordable housing will not be enough to meet the needs of these underserved populations.

Other States have effectively grappled with this issue. Regional Fair Housing Compacts are being used by other states to 1) Accurately measure housing needs, 2) Act regionally to create affordable housing opportunities, and 3) Address and ensure that underserved populations are accessing those opportunities. These compacts include regional affordable housing goals based on the regional housing needs assessment and a timeline for achieving goals. This model is found in Connecticut;⁵ similar programs exist in Minnesota, Illinois, Delaware, and Pennsylvania.

Other ways to promote equal housing opportunity might include State regulatory oversight (including the use of financing for affordable housing development) or regional agreements. Local Fair Housing Committees, Housing Partnership Committees, or other local groups could provide local oversight of fair housing issues to ensure compliance with the plan and social equity is achieved. However, local volunteer committees will not be enough to overcome the historical patterns of racial segregation and stratification. *What would be the right approach(es) for the greater Boston region given the current market constraints?*

How should we encourage the application and use of equitable zoning and land use best practices?

Communities nationwide grapple with creating or revising zoning to address social equity issues through inclusionary zoning and other regulatory measures. In Massachusetts, Chapter 40R, downtown overlay districts, and other measures help promote diverse housing options in transit accessible locations. More restrictive zoning can be used to penalize bad practices and reward good ones; some communities mandate inclusionary zoning rather than provide options to make payments-in-lieu of affordable housing units being developed on-site. Other regions have explicitly determined where and how equitable development will occur.

⁵ See Connecticut sHB 6428 An Act Establishing a Permanent Regional Fair Housing Compact Program, 2005.

The Commonwealth Capital program set forth a reward system relative to specific funding for municipalities, but allows municipalities to self-select which initiatives or zoning they will consider or adopt and locate. Implementing best practices requires administrative and other resources; despite multiple trainings and publications that are available, equitable zoning and land use practices are not always applied at the local level. Planning Boards and related entities and planning and community development officials often need additional resources and encouragement. *How do we address these barriers and provide municipalities with the resources and support they need to adopt best practices?*

How should we think regionally about housing production?

Producing 13,500 units of new housing per year by 2030 is audacious but borne of necessity given the projected needs of the region's population. The average number of housing units produced between 1998 and 2005 was only 11,586. 40B has been a leading producer of affordable housing, but with ongoing shifts in market conditions a more realistic and planned regional approach is needed to produce a steady supply of housing. And more traditional subsidies from the state and federal governments are needed to bolster the affordable unit supply. *How should local housing policies and outcomes support a regional need for housing? What should be included in a regional agreement for affordable housing? What tools and resources do cities, towns, and the region need? Who should have the oversight?*



Housing Choice

Glossary of Selected Terms

Community Preservation Act - The Community Preservation Act is statewide enabling legislation to allow municipalities to exercise control over local planning decisions involving the acquisition and protection of open space, support for affordable housing, and the acquisition and preservation of historic buildings and landscapes. Individual communities must vote by ballot to adopt the Act and appoint a committee to adopt a funding plan. The State requires that at least 10% of the annual fund revenues be used to address open space, affordable housing, and historic preservation issues. Up to 70% of annual fund revenues can be allocated for any combination of the allowed uses or for land for recreational use.

HOME Program - The HOME Investment Partnerships (HOME) program, operated by HUD, is a federal housing block grant program that allows states and local governments the flexibility to fund a wide range of low-income housing activities, including moderate and substantial rehabilitation, new construction, tenant-based rental assistance and other housing-related activities.

Housing Trust Fund - Distinct funds established by cities, counties and states that permanently dedicate a source of public revenue to support the production and preservation of affordable housing.

HUD Income Guidelines - Income levels used for determining eligibility for HUD assistance programs, typically expressed as a percentage of the area median income. Income ranges are as follows: Households whose income does not exceed 50% of the area median income are Very Low Income; Households whose income does not exceed 80% of the area median income are Low-Income; and Households whose incomes range between 80% and 100-120% of the area median income are Moderate Income.

Inclusionary Zoning

This type of zoning can be applied to a specific area or cover an entire municipality. It is a program that issues a mandatory requirement or voluntary goal reserving a certain percentage of housing units for low- to moderate-income residents in new residential developments. Inclusionary zoning is allowable under current Massachusetts General Laws (MGL).

M.G.L., Chapter 40B

In 1969, the State Legislature passed the so-called “anti-snob zoning” law in order to encourage affordable housing development, particularly in cases where public funding is involved and when a community does not have at least 10 percent of its housing stock restricted as affordable. In these cases, a nonprofit, limited dividend corporation, or public entity may apply for a comprehensive permit through the Zoning Board of Appeals to construct housing provided at least 25% of the units are deemed affordable. Affordability guidelines generally follow the U.S. Department of Housing and Urban Development rulings on Fair Market Rents and Low and Moderate Income Limits.

M.G.L. Chapter 40R

Chapter 40R provides financial rewards to communities that adopt special zoning districts allowing as-of-right high density residential development. Smart growth zoning districts can be in one of three locations: Areas near transit stations, including rapid transit, commuter rail, and bus and ferry terminals; Areas of concentrated development, including town and city centers, other existing commercial districts in cities and towns, and existing rural village districts; or Areas that by virtue of their infrastructure, transportation access, existing underutilized facilities, and/or location make highly suitable locations for residential or mixed use smart growth zoning districts.

M.G.L. Chapter 40S

Cities and towns that establish a 40R district can receive additional funding through 40S to cover the costs of educating any school-age children who move into such districts. This legislation was in response to the common concern that new housing was costly in terms of municipal finances, given the imbalance of tax revenues and service costs. Qualifying communities will be reimbursed for the net cost of educating students living in new housing in smart growth districts.

The reimbursement equals the cost of educating students living in new housing in smart growth districts less an amount equal to the sum of: (a) new property and excise taxes in the smart growth district multiplied by the average percent of total local spending on education across the commonwealth (about 52%), and (b) any increases in other state education funding that is directly a result of these new students. Foundation communities are not eligible for 40S funding. Funding is available in 2008

Overlay Districts

A special zone drawn on a map outlining a special district, area in a town, or a significant resource, i.e. an aquifer, a watershed, a shoreline, an historic area or a mountain ridge. This district is "overlaid" on the existing land use regulations such as subdivision requirements, site plan review or zoning districts of the town. The overlay district supplements these existing regulations which allow a town to maintain or update current codes while addressing the special needs of particularly sensitive areas. Chapter 40R and Downtown Overlay Districts are types of overlay districts.

Permitting process

A process required by local and state authorities for proposed developments to be reviewed for compliance with any applicable Federal, State, and Local codes and regulations.