



Commonwealth of Massachusetts

Executive Office of Housing and
Economic Development

Executive Office of Housing and Economic Development

October 26, 2020



Partnerships for Growth



- In December 2019, the Administration released an economic development plan, “Partnerships for Growth.”
- The pillars and principles outlined in that plan ultimately informed the framework and approach taken in the Administration’s economic development bill.

Partnerships for Growth Pillars



Respond to the Housing Crisis

Work to increase production of all types of housing, with an emphasis on production in town centers and near transit, and will focus on expanding access to homeownership and embracing innovative housing production models



Build Vibrant Communities

Ensure that the Administration's programs enable our municipalities to address challenges, create opportunities, and build strong, livable, and attractive communities across all 351 municipalities



Support Business Competitiveness

Continue building on successful efforts to attract and support innovative clusters and growing businesses, enhancing outreach to small businesses and entrepreneurs to address their unique challenges; supporting access to capital, space, technical assistance, and diverse workforce



Train a Skilled Workforce

Create pathways to employment and prosperity for workers, engaging employers to ensure that training responds to current and future needs, aligning systems and priorities, and facilitating access to jobs and opportunities for people at all income levels

Economic Development Plan Principles

Equitable Opportunity

The Administration will build on investments in high schools and community colleges, create new pathways into well-paying jobs, and enhance access to capital, space, and networks for MWBEs



Environment

The Administration will ensure that climate change mitigation strategies are considered in all economic development grant awards



Regional Strategies

The Administration will focus on understanding regional needs and creating regionally targeted solutions



Accessible Government

The Administration is committed to creating an environment where residents, businesses, and communities can more easily navigate state programs and access funding opportunities and technical assistance



Infrastructure

Robust public investment in infrastructure can help to unlock economic expansion and set the stage for neighborhood and community growth. Investment opportunities are as varied as the communities they support.



Economic Development Plan – Key Differences and Major Initiatives

1. Housing

- a. Housing is now a core component of the economic development plan.
- b. More transit-oriented development and regional mobility options.
- c. More market rate and workforce housing in Gateway Cities and similar markets.

2. Communities

- a. Increase community access to programs through a one-stop portal.
- b. Increase technical assistance

3. Businesses – General

- a. More focused, coordinated, and targeted outreach.
- b. Better alignment and coordination of programs.
- c. Focus on small businesses, especially those owned by women, minorities, and veterans.

4. Businesses – Clusters

- a. Map key clusters to regions and make investments that will support cluster growth.
- b. Focus on consequential, effective, and specific actions to support identified clusters.

5. Workforce

- a. Better align training providers with employer needs and ensure that students are learning valuable skills.
- b. Particular focus on manufacturing, trades, technology, and life sciences.

Respond to the Housing Crisis



Massachusetts is in a housing crisis, and it is hurting families, reducing the Commonwealth's competitiveness, and restricting economic growth.

Strategic Goals

• **Housing Production**

- Enable the creation of new housing, including multifamily units, condos, and starter homes, in smart locations in order to increase availability and moderate prices.
- Local zoning should prioritize housing in town centers and near transit, in order to reduce costs to families, dependence on cars, and carbon emissions from transportation.
- Ensure that new housing is designed to reduce carbon emissions and be resilient to climate change impacts.

• **Housing Stability**

- Increase housing stability in minority and low- and moderate-income populations by expanding homeownership and reducing the homeownership gap.
- Ensure that people across the income spectrum, including extremely low-income families and minority communities, are able to access housing and supportive services that meet their needs.

• **Housing Innovation**

- Explore new models that support the development and financing of new housing construction.
- Leverage local assets, regional partnerships, and innovative solutions to address the cost of materials and the cost of production.

• **Housing in Regions**

- Address barriers to production and preservation that impact the ability of all regions in Massachusetts to respond to the housing crisis.

State of the Economy



- **Unemployment** is currently at 9.6% across the state, compared to the sub-3% streak from late 2019 to early 2020. Massachusetts' unemployment rate peaked at 17% in June.
- While the **Paycheck Protection Program (PPP)** infused \$14.32 billion into the Massachusetts economy, not all small businesses could access these funds – and minority-owned businesses were more likely to be left out.
 - According to research from MassINC, smallest businesses were least likely to have been boosted by PPP. Based on respondents to the poll, just 39% applied for a PPP loan, and 55% of those were approved for the full amount of their application.
- Since January 2020, Massachusetts **small business revenue** has decreased by 32% and the number of small businesses open is down 29%.
- **Consumer spending** has largely returned to pre-pandemic levels after dropping over 40% in April 2020. As the Commonwealth moved through its phased reopening plan, consumer spending gradually increased and is now up nearly 6% over January 2020.
- Nationally, from March through September household **rent payments** remained fairly stable, with the help of federal stimulus and unemployment payments. Research shows that, by the end of each month, tenants made 93% to 96% of their rent payments.



Housing

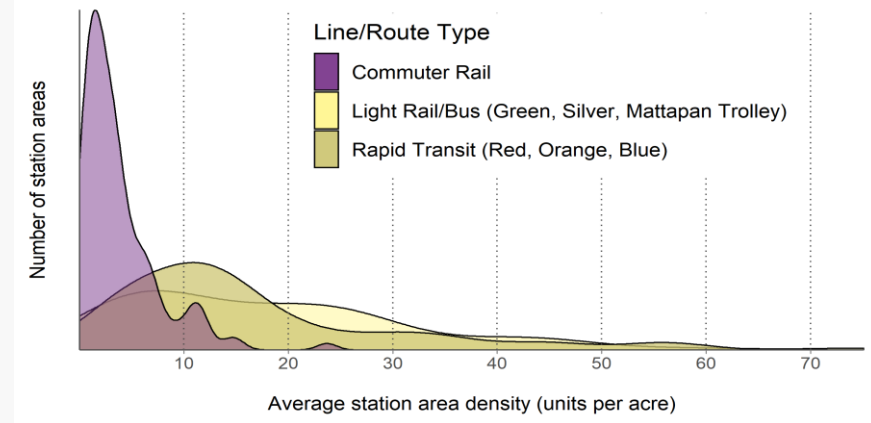
- Housing is now a core component of the economic development plan. The planning process illustrated the need for more transit-oriented development and market rate and workforce housing in Gateway Cities and similar markets.
- In response, EOHED proposes to:
 - **Increase housing production** by expanding the Housing Development Incentive Program (HDIP) and funding mixed-income, transit-oriented development (TOD) housing near major transit nodes; and targeted zoning changes to better enable communities to zone for more housing;
 - **Improve housing stability** by investing in climate-resilient affordable housing developments and supporting reuse of underutilized or abandoned properties for housing in neighborhoods;
 - **Promote equity and fairness for tenants** by making it illegal to name minors as a defendant in an eviction case; and
 - **Incorporate public housing reforms** to allow local housing authorities to address capital needs through added flexibility and more tools.



Housing Production

- The pandemic has only exacerbated the statewide housing crisis. This bill proposes a series of key provisions to **increase housing production**:
 - Transit-Oriented Housing (\$35M)**: for the production of more housing near transit centers to help decrease automobile congestion and reduce carbon emissions, while increasing low- to moderate-income families' access to the resources, amenities, and services made available by being near transit. This is still key for the long-term strategy.

MHP recently evaluated 261 station areas in Greater Boston and found the median housing density across all station areas is roughly 6.2 homes per acre. By increasing to a modest 10 homes per acre, we could have approximately 253,000 additional housing units.



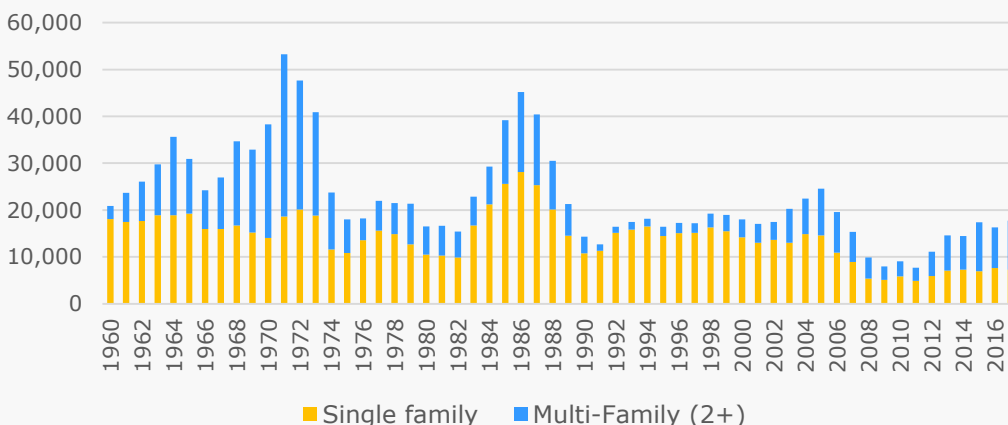
- Expand the **Housing Development Incentive Program (HDIP)** by raising the annual HDIP cap from \$10M to \$30M to allow the completion of additional projects and allow certified projects in non-Gateway Cities to apply and qualify for the program.
 - This incentive program is a major tool for market-rate, multi-unit housing development in Gateway Cities, typically through rehabilitation of properties, new construction, or major redevelopment or repair.



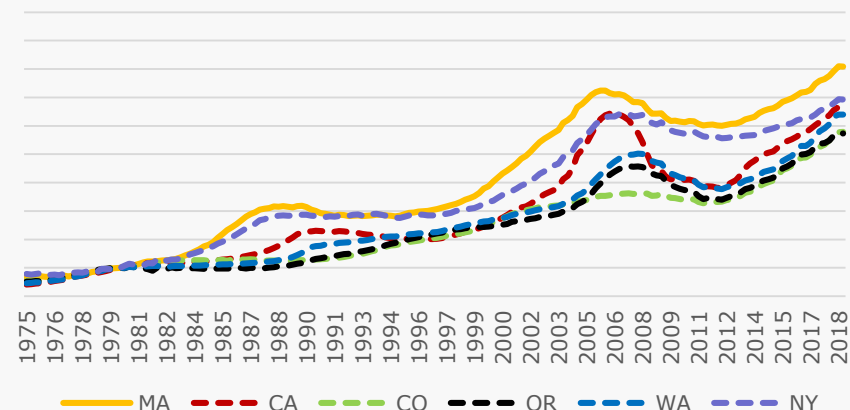
Housing Choice

- Massachusetts is in a **housing crisis** driven by a lack of supply. The local process for zoning and approving housing projects has stymied housing production over the past few decades.
- Production cut in half in a single generation:** Between 1960 and 1990, Massachusetts communities permitted almost 900,000 housing units. Since 1990, communities have permitted only 434,685 new units.
- Rents have risen 75% since 2000. Home prices have increased faster than any other state since 1980.
 - In 2000, less than 30% of households making less than \$100,000 were cost burdened (i.e. households that pay more than 30% of their income on housing). In 2017, approximately 50% were.
 - In 2017, 1 in 4 renters paid more than 50% of their income towards rent.
- Massachusetts is currently one of only a few states to require a supermajority to change local zoning. When there is **majority consensus** in communities around **increasing housing production**, a minority of voters should not be able to control zoning.
- Through targeted amendments to MGL c. 40A, the state can create a more predictable and fair process for zoning, and ultimately housing production.

Building Permits Issued



Indexed Home Price





Housing Choice

The bill changes MGL c. 40A to **reduce the threshold of votes needed to adopt certain zoning changes** that promote housing production **from 2/3 to simple majority**.

1. Reducing residential dimensional requirements (ex: smaller lot sizes, smaller setbacks, etc.)
2. Reducing required residential parking ratios.
3. Creating mixed-use zoning in town centers, and creating multi-family and starter home zoning in town centers, near transit, and in other smart growth locations.
4. Adopting “Natural Resource Protection Zoning” and “Open Space Residential Development” by right.
5. Adopting provisions for Transfer of Development Rights (TDR).
6. Adopting 40R “Smart Growth” or “Starter Home” zoning.
7. Allowing accessory dwelling units or “in-law” units by right.
8. Allowing for increased density through a Special Permit process promoting more flexible development.

This legislation does not mandate that any town adopt these zoning best practices; it simply removes the barrier of having to convince a supermajority of the legislative body to adopt them.

The bill also includes the following provisions:

9. For communities that already allow transit oriented multi-family and mixed-used projects by Special Permit, the bill reduces the 2/3 vote for special permit approval to a simple majority for projects with at least 10% affordable units;
10. Requires DHCD to issue guidance for local officials about voting thresholds, and to report annually on progress made towards the goal of 135,000 new units by 2025 and Housing Choice designations and grants; and
11. Allows municipalities to enter into revenue sharing agreements for sites affecting more than one local government.



Housing Stabilization

- **Neighborhood Stabilization (\$40M):** Capital funding for nonprofits, municipalities, and CDCs to help revitalize neighborhoods and communities by returning blighted, vacant, and abandoned properties to productive use as affordable housing.
 - State investment in blighted and distressed homes, paired with collaboration and engagement with community organizations and municipalities, will bring safe, affordable housing units back on the market.
- **Sustainable and Climate Resilient Affordable Housing (\$10M):** Create a climate-resilient affordable, multifamily housing grant program to support the development of affordable housing that is sustainable and resilient to climate changes. With capital subsidies, the state could further efforts to take units to “deep green” standard (e.g. Passive House or Net Zero), and may also focus on retrofit of existing affordable housing (e.g. preservation projects).
 - A climate-resilient approach to housing development can increase up-front costs of development projects, but ultimately reduces operating costs for owners, preserves long-term affordability for tenants (i.e. lowered utility costs), and mitigates known vulnerability risks associated with climate change.

Eviction Diversion Initiative Budget (FY21)



The Administration is making a \$171 million total commitment* this fiscal year, with \$112 million of new funding to support new and expanded housing stability programs during the remainder of the fiscal year, including:

Program	Summary
Housing Consumer Education Centers	\$6.5 million for Housing Consumer Education Centers (HCECs), the “front door” for those facing a housing emergency
Residential Assistance for Families in Transition	\$100 million commitment this fiscal year to expand the capacity of the Residential Assistance for Families in Transition (RAFT) program to provide relief to renters and landlords impacted by COVID-19
Tenancy Preservation Program	\$3.8 million for the Tenancy Preservation Program (TPP), to provide case management support and to act as a neutral party to help tenants and landlords come to agreement
Legal Representation and Related Services	\$12.3 million to provide tenants and landlords with access to legal representation and related services prior to and during the eviction process, as well as community mediation services to help tenants and landlords resolve cases outside of court.
HomeBASE and Rapid Rehousing	\$48.7 million to HomeBASE and other rapid rehousing programs for when tenants are evicted and are at risk of homelessness.
Total	\$171 million

**The sources include a combination of the state Coronavirus Relief Fund, direct federal sources, and state sources. The FY21 H2 budget will contribute approximately \$52.4M towards the initiative.*

Eviction Diversion Initiative Public Information Campaign



- **DHCD is launching a public information campaign to inform tenants, landlords and homeowners about available rental/mortgage assistance. There is a new webpage: www.mass.gov/CovidHousingHelp**
- **DHCD has contracted with Mass211 to be the central point of contact for all COVID housing related questions.**
- **As of October 13th, Mass211 will be the phone number on www.mass.gov/CovidHousingHelp, on the courts' website, and included in all notices about evictions.**
 - Easy to remember
 - Organization whose sole mission is to answer the phone, talk to people in crisis, and refer them to the right resources
 - On-demand language assistance
 - Able to provide a broader range of referrals if the caller has needs in addition to housing
- **Flyers, social media posts, and a Rent and Mortgage Explainer video that can be embedded in social media has been shared with partners and interested organizations to leverage their networks to get critical information out:**
 - Available in multiple languages
 - Reminds renters and owners that the moratorium does not relieve tenants of their duty to pay rent
 - Informs homeowners of their mortgage options
 - Points people to resources available to prevent as many evictions/foreclosures as possible