

Western Massachusetts Housing Coalition:

Affordable Homes Act Priorities

November 2023



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The Western Massachusetts Housing Coalition (WMHC) – a collaboration of over 50 organizations and entities that work in and serve the four counties of western Massachusetts – strongly supports Governor Healey’s \$4 billion dollar **Affordable Homes Act (AHA)**.

This bill includes critical funding to create more housing and preserve existing homes, and key policy proposals to help the Commonwealth reach those goals quickly and effectively. At the same time, there are important changes required to ensure these programs fully meet the needs of western Massachusetts.

Outlined below are the WMHC’s priorities and recommendations for the Affordable Homes Act:

Top Capital Program Priorities

The following programs represent the highest priorities for WMHC members – they are the most frequently used programs, and are the **most flexible and easiest to use sources of capital**. These programs have funded 81 projects for WMHC members with approximately \$49.5 million since 2018¹.

We are grateful to see sustained funding or significant increases for these programs, and strongly advocate for maintaining these funding levels. **It is important that the administering agencies for these programs increase the maximum amount of funding allowed for each project or unit**, to accommodate projects in softer markets like western Massachusetts.

Additionally, 84 of the 101 municipalities in western MA are rural communities, the majority of which are economically distressed, as identified in the 2019 MA Rural Policy Plan. Due to the smaller scale and higher per unit costs, and lack of local funding, projects in these communities are not competitive for State capital funds.

- **Recommendation: Ensure equitable regional distribution of capital funds by creating a rural set aside** in the Qualified Allocation Plan, including scoring criteria and funding levels that recognize rural housing development characteristics and financial feasibility challenges in distressed rural communities.

Program	Line Item	2018 Housing Bond Bill Funding	2023 AHA Proposal
Affordable Housing Trust Fund	7004-0072	\$400,000,000	\$800,000,000
Housing Stabilization & Investment Fund <i>Previously Housing Stabilization Fund & Capital Improvement & Preservation Fund</i>	7004-0073	\$275,000,000	\$425,000,000
Housing Innovation Fund	7004-0076	\$100,000,000	\$200,000,000
Facilities Consolidation Fund	7004-0070	\$65,000,000	\$70,000,000
Workforce Housing Initiative	7004-0080	\$100,000,000	\$100,000,000
Community Based Housing	7004-0071	\$55,000,000	\$55,000,000

1. Based on a survey of WMHC members conducted in June 2023

We also support the major investment of **\$1.6 billion for public housing**. These dollars not only keep these units in a state of good repair but also fund important improvements such as adding accessibility or sustainability features or upgrading infrastructure to gain energy efficiency benefits and lower operating costs.

- **Recommendation: Revise the funding formula for small and rural housing authorities** to account for the total number of buildings and developments managed, to ensure our rural communities are funded at an appropriate level to maintain their properties. For a small or rural housing authority, a portfolio of 50 units is spread across more buildings and a larger geographic area – making any capital investment fundamentally more expensive, compared to a housing authority serving an urban community where 50 units could be in one building. The current formula does not adequately account for this.
- **Recommendation: Enact legislative changes that allow housing authorities to make most efficient use of capital funding**, including: preference for mixed-finance developments that retain and replace public housing units; removing the home rule petition requirement for housing authorities to merge; and allowing for c. 149 procurement exemption for public housing redevelopment and new development.

Additional Capital Program Priorities

The Affordable Homes Act also includes funding for new capital programs and programs previously funded in other bills. We strongly support the following:

Funding for existing programs that help increase production:

Program	Line Item	2023 AHA Proposal
Commonwealth Builder Program <i>For homeownership projects for first-time homebuyers (up to 120% AMI)</i>	7004-0081	\$100,000,000
Neighborhood Stabilization <i>For acquisition, rehab and sale of distressed properties</i>	7004-0085	\$50,000,000
Home Modification Program <i>For accessibility modifications to adapt homes for people with disabilities</i>	7004-0069	\$60,000,000

- **Recommendation – Commonwealth Builder Program:** As written, projects need a minimum of 10 units to qualify and must be located in Boston, Gateway Cities, or Franklin and Randolph (according to current MassHousing program guidelines). This minimum unit count can be hard for projects in our region to meet. The program also excludes the opportunity to build homeownership projects in rural communities with similar markets to Gateway Cities, and prevents the program from being used more broadly.
 - We **recommend removing the minimum number of units from the bill text** and advocating for MassHousing to be flexible in administering the program by accepting applications from a wider range of communities, including economically distressed rural communities, and to accept projects with a smaller number of units, in locations where a smaller scale makes sense.
- **Recommendation – Home Modification Program:** This program is structured as a zero-interest loan, paid back when the property is sold or title transferred. However, this reduces the equity that could be passed on (for example, from a parent to a child).
 - We **recommend structuring this program as an evaporating loan** – with the loan amount reducing by 10% each year and fully extinguishing after ten years, if the recipient has remained in the home for that full period of time.

Funding for programs that support local investment in housing:

In order to support our communities in building more housing, it is essential to provide localities with funding resources and capacity. We strongly support the following:

Program	Line Item	2023 AHA Proposal
HousingWorks Infrastructure Program <i>For municipal infrastructure investment to support housing development</i>	7004-0083	\$175,000,000
HousingWorks Housing Choice Grant Program <i>Local capital projects grant to encourage implementation of Housing choice</i>	7004-0077	\$35,000,000
HousingWorks Community Planning Grants <i>Resources to support advancing local planning or zoning initiatives</i>	7002-0082	\$25,000,000
HousingWorks Smart Growth/40R Program <i>Funds incentive payments to municipalities for adopting 40R districts</i>	7004-0079	\$20,000,000

- **Recommendation – HousingWorks Infrastructure Program:** These funds should be directed to incentivize and support the types of development that our communities need.
 - Often, the biggest barrier to housing production is not a lack of funding, but a lack of permissible zoning. Unlocking our communities’ land for multi-family development must receive the strongest encouragement at every opportunity. **Instead of a “preference” for projects that serve multi-family zoning districts, require a minimum of 50% of the funding be allocated to projects that serve multi-family zoning districts with a minimum 15 units per acre.**
 - Similar to capital funds, **create a rural set aside** in the Housing Works Infrastructure Program to support infrastructure for affordable housing in rural communities, including on-site septic and wells.

New capital programs that can help increase production:

We applaud the Governor for including bold new ideas to increase production and support the following proposals:

Program	Line Item	2023 AHA Proposal
Sustainable and Green Housing Initiatives <i>For innovative, sustainable and green housing initiatives; includes office to residential conversion, manufactured housing, ADUs</i>	7004-0078	\$275,000,000
Momentum Fund <i>Creates new permanent, revolving fund for mixed-income and workforce housing projects</i>	7004-4784	\$50,000,000
State Surplus Property Disposition Fund <i>Supports efforts to use state surplus land for housing or other critical needs (planning, demolition, remediation, site prep, etc.)</i>	1100-2518	\$30,000,000

Tax Credit Proposals

Included in the Affordable Homes Act are two tax credit proposals, both of which we support.

- The existing **Community Investment Tax Credit (CITC)** funds community development corporations (CDCs) in advancing inclusive, resident-led programs that meet local community needs. The AHA makes CITC permanent by eliminating the sunset provision and increasing the annual cap from \$12M to \$15M. **We strongly support preserving this language.**
- The new **Homeownership Tax Credit** would provide \$10M annually from 2025 to 2030, to build affordable homes for first-time homebuyers. To address the current housing crisis, we need all types of tools, and **support this proposal** as another method for increasing production.
 - **Recommendation:** Allow Direct Pay for non-profits, in lieu of a tax credit.
 - **Recommendation:** As written, the credit requires a minimum of 10 units per project. As with the Commonwealth Builder program, this minimum would be hard for projects in our region to meet and can exclude the opportunity to build homeownership projects in rural communities. **We recommend removing the minimum number of units from the bill text.**
 - **Recommendation:** We **recommend including rehab as a specific eligible use** for these funds, to ensure the greatest range of projects are eligible.
 - **Recommendation:** As proposed, the credit would be allocated as 35% of the total qualified project cost or 80% of the new median home sales price, whichever is smaller.
 - We **recommend increasing the percentage** of credits allocated for projects in softer markets like western Massachusetts, and allocating a higher percentage of credits depending on the income of the homebuyer:
 - 55% of the total qualified project cost for homes sold to buyers with incomes up to 80% AMI
 - 50% of the total qualified project cost for homes sold to buyers with incomes up to 100% AMI
 - 45% of the total qualified project cost for homes sold to buyers with incomes up to 120% AMI

Policy Priorities

The Affordable Homes Act also includes policy proposals to help build more homes, preserve and maintain existing units, and keep people stably housed. The WMHC supports the following:

Policies to build housing or preserve existing homes:

- Requiring the Executive Office of Housing & Livable Communities (EOHLC) to develop a statewide housing plan every 5 years
 - **Recommendation:** The language should require EOHLC to **set production goals in all regions of the State** as part of the plan, to help guide the administration of their programs and focus the State's work on a consistent target.
 - **Recommendation:** The statewide housing plan's strategies should be **directly linked to the capital and programmatic resources available** – through the housing bond bill and annual budget – and set comprehensive goals for supporting housing stability and increasing housing production.
 - **Recommendation:** EOHLC should be required to **leverage the Commissions created by the Affordable Homes Act and their work to directly inform** the development of the housing plan and goals and incorporate recommended strategies that are appropriate.

- Allowing cities and towns to adopt a real estate transfer fee to fund affordable housing development
 - **Recommendation:** As proposed, the fee would only apply to the portion of a property sale over \$1M or the county median home sales price, whichever is greater. At these price levels, communities in western MA will not have access to this option. We propose **an amendment to allow for a transfer fee on the total transaction for sales over \$1 million (not only the portion over \$1 million) or the county median sale price for a single-family home when the median sales price is below \$750,000.**
 - Additionally, the bond bill requires the fee to be borne entirely by the seller. We recommend **removing that requirement**, to provide flexibility for each community to apportion the fee as they deem appropriate. The bill also requires any affordable housing funded by the fee be restricted for a minimum of 30 years. This may work for rental housing, but it should be **a maximum of 15 years for for-sale housing**. Finally, municipalities should be explicitly permitted to adopt additional exemptions based on their communities' needs.
- Allowing accessory dwelling units as-of-right in single-family zoning districts
- Allowing inclusionary zoning by simple majority
- Creating a seasonal communities designation for places with substantial seasonal variation in residents, as an initial step to developing programs and policies to support these communities
- Reforming public housing requirements to support production and preservation, while protecting tenant rights
- Reforming the receivership process to strengthen the ability of nonprofits to acquire vacant and distressed properties from receivers for the purpose of creating affordable housing
 - **Recommendation:** In addition to codifying this approach to Receivership, the Attorney General Office's Neighborhood Renewal Division should allow the qualifying non-profit to access the Abandoned Housing Initiative Receivership Fund (AHIR) for the purpose of acquiring and rehabbing the property.
- Reforming the surplus land disposition process to make it easier to use for housing

Policies to keep people stably housed:

- Allowing eviction record sealing
 - **Recommendation: Allow automatic sealing** in certain cases, such as no-fault evictions and judgments in favor of the tenant
- Creating a flexible fund for supportive housing needs
 - **Recommendation:** It is **important to capitalize this fund with \$100M**, to ensure it is truly available to meet this need. As written, the AHA only describes sources of revenue that could be used for this fund without setting aside dollars for it.
- Establishing an Office of Fair Housing within EOHLIC

Proposed Commissions:

We support the creation of proposed Commissions to further analyze and develop recommendations on specific housing issues, including:

- Commission on Making MA an Age-Friendly State to support senior housing and address elder care issues
- Commission on Extremely Low Income (ELI) Housing to expand ELI housing supply
- **Recommendation:** The Affordable Homes Act does not include much in terms of targeted resources and policy specifically to support rural communities. We **recommend including meaningful western MA representation, including representation from rural communities**, on the Housing Advisory Council, the Unlocking Housing Production Commission, and the Commission on Making MA an Age-Friendly State, to ensure the benefits of the Affordable Homes Act extends to all communities in the Commonwealth.

Western Massachusetts Housing Coalition Members

City/Town

Amherst Affordable Housing Trust Fund
City of Chicopee
City of Easthampton
City of Greenfield
City of Holyoke
City of Northampton
City of Pittsfield
City of Springfield
City of Westfield
Egremont Housing Committee
Town of Amherst
Town of Great Barrington
Town of South Hadley
Town of West Springfield
Town of Williamstown

Advocacy and Supporting Services Organizations

CHAPA
Clinical & Support Options (CSO)
Community Action Pioneer Valley
DIAL/SELF Youth & Community Services
Friends of the Homeless (CSO)
Hampden County Continuum of Care (COC)
MACDC
Mental Health Association
Religious Action Center of Reform Judaism (RAC-MA)
Springfield Partners for Community Action
Western Massachusetts Network to End Homelessness

Affordable Housing Nonprofits Community Development Corporations

Berkshire Housing Development Corporation
CDC of South Berkshire
Central Berkshire Habitat for Humanity
Construct Berkshires
Domus, Inc.
Franklin County CDC
Greater Springfield Habitat for Humanity
Hilltown CDC
Home City Development, Inc.
OneHolyoke CDC
Pioneer Valley Habitat for Humanity
Quaboag Valley CDC
Revitalize CDC
Rural Development, Inc.
Springfield Neighborhood Housing Services
Valley CDC
Valley Opportunity Council
Way Finders

Regional Organizations and Housing Authorities

Berkshire County Regional Housing Authority
Berkshire Regional Planning Commission
Franklin County Regional Housing & Redevelopment Authority
Franklin Regional Council of Governments
Holyoke Housing Authority
Pioneer Valley Planning Commission
Springfield Housing Authority