A NEW PARADIGM FOR HOUSING IN GREATER BOSTON

A REPORT PREPARED BY

The Center for Urban and Regional Policy
Northeastern University

IN PARTNERSHIP WITH

The Roman Catholic Archdiocese of Boston

FleetBoston Financial

Greater Boston Chamber of Commerce

The Community Builders, Inc.

Housing Partners Inc.

REVISED EDITION
FEBRUARY 2001

A NEW PARADIGM FOR HOUSING IN GREATER BOSTON

A REPORT PREPARED BY

Barry Bluestone

Charles C. Euchner

Gretchen Weismann

The Center for Urban and Regional Policy

Northeastern University

IN PARTNERSHIP WITH

The Roman Catholic Archdiocese of Boston

FleetBoston Financial

Greater Boston Chamber of Commerce

The Community Builders, Inc.

Housing Partners Inc.

REVISED EDITION
FEBRUARY 2001

The authors wish to recognize the contribution of individuals
at The Center for Urban and Regional Policy
at Northeastern.

Maggie Adams, Managing Editor CURP Web site
Amy Dolphin, Administrative Assistant
Karen Hallman, work study
Barbara Hamilton, Senior Research Fellow
Kevin Mansfield, work study
Daniel Stevens, work study
Shaleea Vass-Bender, Intern

We are deeply appreciative of their efforts on behalf of the
"A New Paradigm for Housing in Greater Boston" project.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Greater Boston's economic renaissance, begun nearly two decades ago, has endowed the region with an extraordinary labor market where unemployment remains below 3 percent and family incomes are rising faster than in almost any other metropolitan area in the nation. The market has been so strong that it has attracted professional workers to the region from other parts of the country and a new wave of immigrants from abroad.

But prosperity brings its own challenges. None is more acute than the region's severe housing crisis. Vacancy rates are now so low that home prices and rents are being bid up substantially faster than most household incomes. Between 1995 and 1999, the median price of a Greater Boston home shot up by a nominal 35 percent while incomes rose by a healthy, but more modest, 25 percent. As a result, many long-time residents of the region, in addition to many newcomers, are facing a severe affordability gap between their incomes and what they must pay to rent housing or purchase a home. Prices and rents are rising so quickly that not only are the poor in trouble, but an increasing number of working and lower middle income families worry that prosperity may price them out of the Boston housing market. Indeed, if housing prices continue to rise, the housing crisis could pose a barrier to the future growth of the region as employers find it difficult to recruit workers and are forced to locate elsewhere.

We face the equivalent of a natural disaster such as a destructive hurricane or flood. Thousands of housing units that many families could afford have "disappeared" from the housing stock. Physically, those units are still standing, but for these families they might just as well have been destroyed by wind or flood.

Short of a disastrous economic recession, the affordability gap can only be allayed by a significant increase in housing supply. We must preserve existing affordable housing and boost the number of new housing units throughout the region. As long as vacancy rates remain exceptionally low—below 1 percent for single-family homes and only 3.1 percent for rental units—any further increase in family income will be met by an even faster increase in housing prices and rents. Prices and rents could rise as much as 40 percent *faster* than family incomes, if vacancies remain at the current rate. This will mean that tens of thousands of more families will be forced to pay an ever higher share of their incomes for basic shelter—or leave the region altogether.

If the disappearance of affordable housing had been caused by a natural disaster, there is no doubt the state and federal government would have immediately offered assistance to rebuild the lost housing stock. Low cost loans and other assistance would have flowed into the region to the tune of hundreds of millions or even billions of dollars.

Without such a natural disaster, we must find an equivalent response**. That will mean the private sector and the public sector must work together to "rebuild" the supply of housing that is affordable to households of all income levels**. This can only be done with all sectors of society assuming *collective responsibility* for solving the problem.

The goal should be to provide enough new housing to keep prices and rents rising no faster, or even slower, than the rise in family incomes. If we can create enough housing to raise the average vacancy rate to a more optimal level, the responsiveness of housing prices and rents to rising income should fall to the more normal .5 to .7 range. That would mean as incomes rise by, say, 10 percent, housing prices would rise by only 5 to 7 percent. In that case, as economic growth continues and family incomes improve, housing will become more affordable over time.

To increase the supply of housing, we will need to overcome **social and political barriers** on the one hand and economic barriers on the other. Many residents and political leaders are anxious about adding new housing to their communities, fearing this will threaten the character of the community and lead to additional costs related to schools and public infrastructure. Others fear they will be inundated with newcomers, some of whom have lower incomes and who would increase the need for social services. To overcome these barriers, we must create attractive mixed-income, mixed-use communities. Wherever possible, housing should be built according to the principles of the classic "urban village" community, with economically diverse households, and a mix of land uses that includes housing, commercial activity, cultural amenities, social services, and public transportation. The urban village model emphasizes "infill" development—the strategy of filling in gaps within existing communities—that strengthens existing commercial and residential areas. Cities and towns should adopt incentives that encourage developers to build mixed-income housing, while state assistance should be made available to help offset the costs of additional local public outlays for schools and infrastructure.

To deal with the **economic barriers** that limit the production of mixed income housing, we must proceed along several tracks. On one, we must work earnestly to amend state and local building codes, speed up permitting and inspection services, streamline government financing mechanisms, and revisit zoning laws—all in the name of reducing the time and cost of producing housing without compromising safety or environmental quality. Experts suggest that such regulatory reform could reduce the overall cost of building housing by anywhere from 5 to 40 percent—encouraging the private and non-profit sectors to expand the housing supply substantially. The other extraordinary cost is land. Here, local governments and the state could assist by making existing parcels of land available at reduced or zero cost to developers who commit to producing affordable housing.

Universities and private business also need to play a strong supportive role in meeting the housing crisis. Boston-area universities and colleges need to further increase the supply of student residence halls to take pressure off of the neighboring housing stock. Large private firms—particularly those that are expanding employment in the region—should also help by committing to the construction of market rate housing or could contribute to the state's new Housing Trust Fund. By pairing with private developers, these firms could help solve the housing supply problem that their own expansion plans help to fuel.

Finally, the state and federal government will need to significantly increase their own investment in housing through an expansion in subsidy programs.

HOW MUCH ADDITIONAL HOUSING DO WE NEED?

Over the past five years, the number of housing permits issued in the Boston metropolitan area has increased from approximately 6,500 in 1995 to 8,400 in 1999. The economic boom has generated a demand for new housing, a portion of which is being supplied by the market.

Despite this increase in housing production, vacancy rates have continued to fall below optimal levels—well below the rate of 2 percent for single-family homes and 6 percent for rental units. This suggests that even with the recent increase in housing production, the supply of units is lagging behind demand.

To meet the demand and dampen the cost of housing, it will be necessary to build sufficient numbers of units to account for the natural increase in population as well as to increase the vacancy rate to a more optimal level. Greater Boston needs to add approximately 10,000 new housing units a year simply to keep pace with growth in the number of households and a modest increase in the population. In addition, we need to construct 5,100 additional units a year to raise the vacancy rates. Assuming the current production rate does not decline, ***this leaves a production gap of approximately 7,200 new units a year in Greater Boston—a total of 36,000 units above current production levels over the next five years.***

This production goal does not include the need to stop or replace the loss of affordable units due to the conversion of subsidized units to market rate, condominium conversion, and demolition. Units that are lost will need to be replaced in order to meet the production goals outlined in the new paradigm strategy. Federal, state, and local officials will need to continue their efforts to secure funds to preserve existing affordable units.

To meet the production goal of 36,000 new units, we propose the following:

(1) Universities and colleges should collectively agree to build a total of 7,500 student residence units over this five-year period—an average of 1,500 per year. Currently, 3,450 units of student housing are planned or under construction. Boosting this number to 7,500 units over the next five years will allow the region's institutions of higher education to house as many as 21,000 additional students, reducing pressure on the rental housing market.*

(2) Private, for-profit developers should be encouraged to boost their production of market rate and subsidized housing in response to a streamlined regulatory and zoning environment. Based on estimates of the Rental Housing Association of the Greater Boston Real Estate Board, such streamlining could result in an additional 1,350 market rate, middle-income rental units a year just in the City of Boston itself. Overall, the private sector should commit itself to producing an additional 2,700 units a year, or 13,500 units over 5 years in market rate and owner-occupied housing—an increase of roughly one-third over current production levels.

(3) Local, state, and federal government agencies must be encouraged to engage in regulatory reform and increase funding to assist with subsidizing the remaining 15,000 needed units—an additional 3,000 units per year over the next five years. This housing will provide opportunities for low and moderate-income families to pay rents that are more affordable. Local governments can make available surplus property. The Commonwealth can help by endowing the state's new Housing Trust Fund with an on-going revenue stream to underwrite subsidized housing built by private, for-profit and non-profit developers. The federal government can help by adding funds to existing housing production subsidy programs.

(4) Private business, church groups, labor unions, and other civic institutions can also help to mitigate the housing crisis by contributing funds for the development of housing and by providing land for new construction. These organizations can also advocate for an increase in housing resources on behalf of their members and employees, particularly within communities that are hesitant to encourage new housing production. Most importantly, these organizations can encourage all of their members to embrace and support affordable housing development in their communities.

Altogether, we estimate that given current projections of economic growth and housing production costs, the **private *and* public sectors** need to provide a little more than $300 million in additional subsidies each year for the next five years for a total of $1.5 billion. This will provide a

* This number, 21,000 students, assumes that a new residence hall unit will accommodate an average of three persons per unit.

net addition of 15,000 units of the total 36,000 needed in the Greater Boston area. Part of this subsidy can come in the form of land dedicated by the state and/or local government, and by private institutions for affordable housing; another share could come from the state Housing Trust and other state housing programs; while the remainder might be found in expanded federal subsidies including increases in the Low-Income Tax Credit (LIHTC), the HOME block grant, Community Development Block Grants (CDBG), and the private activity bond cap.

This, then, provides a bold challenge to all of the communities in the Greater Boston region. The public, the private, and non-profit sectors all have a role to play in meeting the housing crisis. That means overcoming the social and political barriers to increased housing production, and finding in this booming economy, the funds necessary to meet the housing needs of all our region's citizens.

MEETING THE CARDINAL'S CHALLENGE

Over the past nine months, the Center for Urban and Regional Policy at Northeastern University has convened more than 50 meetings with hundreds of interested citizens from all over Greater Boston to develop a creative new approach to housing policy. These meetings involved representatives of housing advocacy organizations, businesses and non-profit agencies, developers, unions, local, state, and federal government agencies, as well as educators, clergy, and housing practitioners.

Before Northeastern's involvement, a dialogue on Greater Boston's housing crisis had already been in full swing. In a speech before the Greater Boston Chamber of Commerce in the spring of 1999, Cardinal Bernard Law of the Roman Catholic Archdiocese of Boston challenged business and government leaders to develop a new approach to housing policy for the region. Subsequently, the Metropolitan Area Planning Council convened the Metropolitan Affairs Coalition (MAC) to explore the issue. The MAC produced a document highlighting several areas for change, including regulatory reform and innovative financing. At a December 1999 conference devoted to the issue, Cardinal Law urged policymakers from the federal, state, and local governments to work together to develop a "new paradigm" for housing policy. The Cardinal announced that Northeastern would spearhead the effort to develop that new paradigm. At the same time, numerous groups met under the leadership of Mayor Menino, Governor Cellucci, and local advocates to explore possible solutions for addressing the affordability crisis.

Since the beginning of the Archdiocese's effort, many organizations and individuals have participated on task forces and committees, volunteering their time and offering support to the New Paradigm Project. Throughout the process, the Northeastern team has worked hand-in-hand with the Archdiocese, The Community Builders, Inc., FleetBoston Financial, the Greater Boston Chamber of Commerce, Citizens' Housing and Planning Association (CHAPA), Massachusetts

Association of Community Development Corporations (MACDC), Massachusetts Housing Partnership Fund (MHP), Housing Partners, Inc., the Metropolitan Area Planning Council (MAPC), and advocacy groups from all areas of the region.

The process began with the creation of four working groups dealing with finance, regulation, community context, and factors of production. These working groups provided important insights into the problems facing new housing production today. As these groups met, a steering committee appointed by the Archdiocese gathered on a regular basis to analyze the findings of the working groups. Meanwhile, the Northeastern team interviewed outside experts and prepared a working draft of the report that you have in your hands today.

The Northeastern team also participated in a variety of forums and informal discussions organized by Harvard University, the Metropolitan Area Planning Council, the Office of the Mayor in Boston, the State Executive Office of Administration and Finance, and other organizations. In July of this year, a "blue ribbon panel" of nationally renowned housing experts gathered at the Cardinal's residence to consider the draft report. The Northeastern team incorporated many of its suggestions into the draft report. In the late summer, the Northeastern team completed its draft and solicited a final round of comments from its steering committee and various housing experts. What you have here is the culmination of this inclusive process.

Other organizations have been involved in their own projects to ease the housing crisis in this region. Many organizations contributed reports and organized events, providing a rich dialogue on housing policy.

- *The Governor's Office*: The Governor signed Executive Order 418 to provide $30,000 for each of the Commonwealth's 351 cities and towns for community planning efforts. Executive Order 418 prioritizes $364 million in discretionary funds for those communities that make progress in creating new housing opportunities. The Executive Office of Administration and Finance established a research office to explore housing production and homelessness, and spearheaded an effort to identify major regulatory barriers to new housing construction. The Housing Supply Incentive Program was designed to remove disincentives to new housing production through a redistribution of additional assistance funding. The Governor has also sponsored legislation to free up for sale 1,000 acres of state land, a portion of which can be used for siting new housing.
- *The Massachusetts Legislature*: The Legislature under the leadership of the Speaker of the House and the Senate President proposed an increase in the state's housing budget from $137.5 million to $145 million for FY 2001. The Legislature has also created a housing trust fund and endowed it with $100 million over five years, and in 1998, created a new State Housing Tax Credit program modeled on the federal LIHTC program.

→ *Boston's Office of the Mayor*: With his use of city-owned properties as well as innovative funding strategies, Mayor Thomas M. Menino has driven the housing debate in the region. His 1999 challenge to build 2,000 new units of housing focused the efforts of advocates and developers. In early 2000, the Mayor convened a high-level task force to identify new strategies to address the housing crisis and over the past year he has instituted new policies and committed $30 million in new funds to begin providing solutions.

→ *FleetBoston Financial*: As a result of its merger with BankBoston last year, FleetBoston Financial has committed to the Massachusetts Housing Partnership Fund $12 million in grant funding and an additional $140 million in below market rate loans for affordable housing. In addition, Citizens Bank committed $2.5 million in grants to the MHP fund through a similar negotiation.

→ *The Greater Boston Real Estate Board*: In its report "No Time to Lose," the GBREB offered a compelling vision of the steps needed to make new housing construction more efficient and a vital part of community development across the region.

→ *The Building Blocks Campaign*: An alliance of the Citizens Housing and Planning Association (CHAPA), the Massachusetts Housing Alliance (MAHA), the Massachusetts Association of Community Development Corporations (MACDC), and the Mass Non-Profit Housing Association developed a comprehensive legislative strategy to promote new housing development in the Commonwealth including passage of a $296 million bond bill, the state Low Income Housing Tax Credit, and the state Housing Trust Fund.

→ *The Boston Tenant Coalition*: In April 2000, the Coalition released its detailed report entitled "Turning New Growth into Affordable Housing." The report proposes financial and regulatory strategies to create 10,000 new affordable housing units in the City of Boston by 2005.

→ *The Greater Boston Interfaith Organization*: Building a grassroots movement at churches, synagogues, and temples throughout the region, the GBIO has helped to generate greater urgency for the need to create new housing in communities all over Greater Boston. The GBIO mobilized public support for the successful effort to pass state legislation to create a trust fund.

→ *Boston Society for Architects*: Working with community groups as well as architects, the BSA's Housing Subcommittee has devised a plan to create greater density of housing near transit nodes to foster "urban villages," vibrant mixed-use communities with access to shopping and social activities.

→ *Institutions of higher education*: Universities across the city and region have committed themselves to building more residence halls to take the pressure off neighborhood housing markets. In Davenport Commons, Northeastern University has developed a new model of community housing for both students and community residents made possible through equally innovative financing from the Massachusetts Housing Finance Agency (MHFA). Harvard University has committed $20 million in loans and $1 million in grants for a new revolving fund for affordable housing development.

It is the intent of this report to recognize and build on the efforts of all of these groups in the hope that by working together, we can create a unified force to overcome the barriers to "a decent home in a suitable living environment for every American family" as promised in the U.S. Housing Act of 1949.

PART ONE

ASSESSING THE PROBLEM AND SETTING GOALS

Historically, the private market has provided housing for most families in America. Still, there have been those at the bottom of the income ladder who were unable to find decent housing at an affordable price. For many of them, the government has stepped in by providing housing in public housing developments, by offering vouchers to help pay market rents, or by subsidizing the construction costs of private housing developments.

But the housing situation we face in Greater Boston today is qualitatively different. It is not just the poorest families who face a housing crisis, but many working class and lower-middle income families as well. They have seen their incomes rise, but the forces of supply and demand have pushed housing prices and rents well above what they can afford. According to the 1998 American Housing Survey, more than 200,000 households in Greater Boston are now paying at least half of their annual income in rent or mortgage payments. The booming regional economy has driven vacancy rates so low that home prices and rents are being bid up each year at a remarkable rate, faster than family incomes. Assuming the economy continues to prosper, upward pressure on housing prices and rents will not abate.

In this context, there is a need to develop a housing policy not only for low-income households, but for a substantial segment of the region's population. And this policy must have the overriding objective of substantially increasing the stock of housing—particularly for low and moderate-income families.

The goal should be to increase the supply of housing sufficient to slow down the rise in house prices to a rate below the increase in family income. With such a policy, over time the housing affordability gap will close. The ultimate goal should be that no family need spend more than 30 percent of its income in order to have a decent, comfortable place to live.

THE HOUSING CRISIS IN GREATER BOSTON

Greater Boston faces a crisis and an opportunity.

In the past generation, Greater Boston has reinvented itself, changing from a region of decline and disinvestment into a region of growth and prosperity. As Barry Bluestone and Mary Huff Stevenson note in their new book, *The Boston Renaissance*, the region has transformed itself from a hub to a major metropolis, from an ethnic to a multicultural society, and from a mill-based to a mind-based economy.

For the most part, this transformation has been positive. Employment opportunity is up; unemployment is down; incomes are rising for most families; and government at both the local and state level is financially solvent. Boston has become home to many newcomers eager to share in the region's newfound prosperity.

But amidst the prosperity and diversity, the region faces a challenge that will test the resolve of civic leaders from the public, private, and nonprofit sectors. That challenge is to accelerate the production of new housing to meet the demands of social justice as well as the imperatives of a dynamic economy.

Although Massachusetts ranks fourth in the nation in per-capita income, when housing costs are considered that ranking falls dramatically to just 28th in the country, according to a 1998 study by the Massachusetts Institute for a New Commonwealth. The study warns that growing income inequality and high housing costs threaten the state's economic health as individuals and families move to regions with more reasonable housing costs.

To understand what is appropriate for households to pay for housing, it is useful to look at how Boston area households fare relative to the "Fair Market Rent" standards adopted by the U.S. Department of Housing and Urban Development for its subsidized housing programs. According to these standards, a household should not have to pay more than 30 percent of its annual income for housing. The median household income for a family of four in the metropolitan area is now $65,500. An extremely low-income 4-person household (earning 30 percent of the median or

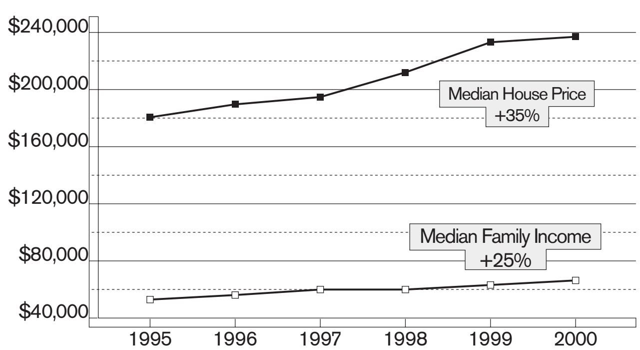
$19,650) can afford a monthly rent of no more than $491. Given that the median income for 2-person households is $52,400, an extremely low-income couple can afford no more than $393. Based on the area median incomes of º sized households in Greater Boston in 1998, there were 171,000 households in the region with "extremely low incomes." Unfortunately, there were only 116,000 units with rents affordable to these households.[1]

Over 20,000 people are on waiting lists for subsidized housing in the City of Boston alone. Other local housing authorities maintain closed waiting lists because of a lack of turnover in subsidized units and tenant-based assistance. When waiting lists have opened—even for as briefly as one week—thousands of people have filed applications for assistance. By some estimates, half of the households receiving Section 8 rental vouchers cannot use them because of a lack of available units.[2]

Many families and individuals live in even greater distress. The past five years have witnessed a record number of homeless people seeking shelter and 24 consecutive months of overflow in emergency shelters throughout the state. According to a study conducted at the University of Massachusetts at Boston, approximately 10,000 homeless families and 22,000 homeless individuals live in Massachusetts. There are only 4,000 shelter beds—2,400 in the Greater Boston area—to meet their needs.[3]

But the problem of affordability is by no means restricted to those with such poverty or near-poverty incomes. Real estate prices have become dangerously high for working class and moderate income people seeking to buy or rent homes. The sales prices and rental rates for all types of homes have increased dramatically in recent years. According to the Metropolitan Area Planning Council, the average house today costs 35 percent more than five years ago—while nominal median family incomes have increased by only 25 percent (see *Figure 1*). Advertised rents in the City of Boston have increased at an even faster clip than housing prices. According to city-sponsored Housing Market Surveys in 1991 and 1999, the median advertised rent for a 2-bedroom apartment in Boston has increased by 77 percent from $875 to $1,550.

Figure 1. Median House Price vs. Median Family Income



Source: Metropolitan Area Planning Council, December 1999

1 1998 American Housing Survey for the Boston Consolidated Metropolitan Statistical Area

2 *Turning New Growth Into Affordable Housing,* Boston Tenant Coalition Report, April 2000.

3 *Homelessness in Massachusetts: Are State-funded Resources Allocated and Coordinated Effectively?* Homelessness Policy Research Team, Massachusetts Executive Office of Administration and Finance, December 20, 1999.

The result is an increase in the total share of income devoted to housing needs. According to the American Housing Survey of 1998, almost half (48 percent) of all renter households spent more than 30 percent of their income on housing. Nearly a quarter (23 percent) spent more than 50 percent of their income on housing. Homeowners are not exempt from the affordability crisis. A full quarter of homeowners in the Greater Boston area are paying more than 30 percent of their annual income to meet mortgage payments. More than one in ten homeowners spend more than half of their income on housing (see Table 1).

Table 1. Households Paying Too Much for Housing

	RENTER HOUSEHOLDS		OWNER-OCCUPIED HOUSEHOLDS	
	NUMBER	PERCENT	NUMBER	PERCENT
Paying 30% +	242,000	48%	190,000	25%
Paying 50% +	118,000	23%	85,000	11%

Source: U.S. Bureau of the Census, American Housing Survey, 1998 for the Boston Consolidated Metropolitan Statistical Area (CMSA).

Despite rising wages and incomes, the proportion of renters paying more than half their income on housing has actually risen—from 21.2 percent in 1993 to 23.4 percent in 1998.

Part of the housing crisis owes to the fact that the rate of household formation is actually faster than the rate of population growth. This is partly a result of the "greying" of the region and a larger number of seniors who live alone or in couples. It is also due to younger people who are now forming their own new households. From 1940 to 1990, the share of single-person households surged from 7.2 percent to 25.8 percent of all households, according to an analysis of American Household Surveys. Hence, we would need more units of housing even if the population was stable or slowly declining. In fact, according to the Metropolitan Area Planning Council, the number of households in the Greater Boston region has increased from 1.51 million in 1990 to 1.63 million in 2000 and is projected to reach 1.74 million by 2010. This puts enormous pressure on the housing stock. In Massachusetts as a whole, total households increased by 4.5 percent whereas total housing units increased by only 3.9 percent between 1990 and 1998. [4]

The housing crisis is not merely—or even predominantly—a City of Boston problem. With a population of less than 600,000, Boston houses fewer than 20 percent of the metropolitan region's 3.2 million residents. **The solution to the housing challenge will have to come from the**

[4] U.S. Census Data

more than one hundred cities and towns that make up the Greater Boston metropolitan area.

Meeting the housing needs of our rapidly changing region is especially difficult because unlike other areas of the country, we do not have thousands of square miles of undeveloped land close by. The City of Boston ranks fourth in the nation in population density with more than 11,000 residents per square mile, while the region ranks 10th. As one of the densest cities and region in the nation, there are few large parcels of land available for new housing development. There are thousands of smaller parcels available in the city and the region, but acquisition and preparation of the land can be a complex, costly, and time-consuming process.

Without a substantial leveraging of public funds, putting together the capital for private and nonprofit development of affordable housing becomes more and more difficult. The number of new units constructed with federal subsidies fell from 15,000 a year in Massachusetts in the late 1970s to less than 1,000 a year today.[5] Meanwhile, because of the construction boom in Greater Boston, the cost of labor and materials has increased as well, further reducing housing affordability. According to one estimate of construction costs, the mean square foot of residential housing production in Boston is now 16 percent higher than the national average.[6]

In combination, all of these factors contribute to the housing crisis that we now face in Greater Boston.

---

5 *1999 Housing Guidebook,* Citizens' Housing and Planning Association.
6 *Means Square Foot Costs 2000,* R.S. Means Company, Inc., Kingston, Massachusetts.

THE NATURE OF THE HOUSING PROBLEM

Why is the Boston metropolitan region facing such a housing crisis now?

Essentially, we face the equivalent of a natural disaster such as a destructive hurricane or flood. Thousands of housing units have "disappeared" from the stock of housing that once supplied many families with affordable shelter. Physically, those units are still standing, but for these families they might just as well have been destroyed by wind or flood.

A complex combination of supply and demand factors is responsible for the growing housing crisis. Increasing family income combined with an increase in the number of households has led to the increase in housing demand. At the same time, there has been a dramatic slowdown in the production of new housing units. The result has been a sharp decline in the vacancy rates of both owner-occupied and rental housing. In such an economic environment, housing prices and rents are bid up sharply. As long as demand outstrips supply and consequently vacancy rates remain abnormally low, prices will continue to rise rapidly.

This condition is complicated by the relationship between vacancy rates and the responsiveness of housing prices and rents to increases in family income. For example, if income increases by 10 percent and as a result housing prices are bid up by 10 percent, we can say the ratio of price response to income is 1.0. When the response ratio is less than 1, housing prices rise slower than incomes. Hence, with a ratio less than 1, housing becomes more affordable over time. Just the opposite is true when the ratio is greater than 1. In this case, as incomes rise, housing prices rise even faster. Housing becomes less affordable even as prosperity brings rising family incomes.

When vacancy rates are at a normal rate—indicating that an ample supply of housing is available in the marketplace—the price response ratio is relatively low. Essentially, as family incomes rise, there is a sufficient supply of housing available to keep price inflation in check. However, as vacancy rates come down, the response ratio tends to increase as families with rising incomes bid up the price of housing, often substantially.

Economists generally believe that an optimal vacancy rate for rental property is in the neighborhood of 6 percent; for owner occupied units somewhere around 2 percent. At these rates, the price response ratio appears to be in the range of .5 to .7. This means that as family incomes rise by 10 percent, there is sufficient housing supply to keep housing prices rising by no more than 5 to 7 percent.

Unfortunately, Boston's economic renaissance has brought vacancy rates down to the 3 percent range for rental properties and 1 percent for owner occupied units. These rates are even lower in some communities. At this level, the price response ratio appears to be approximately 1.4.[7] A 10 percent increase in family income leads to a 14 percent increase in housing prices. As long as vacancy rates remain low in the face of rising family incomes, more and more housing will be priced beyond the reach of more and more households. At the current ratio, prices and rents could rise as much as 40 percent *faster* than family incomes. This will mean that tens of thousands of more families will be forced to pay an ever higher share of their incomes for basic shelter—or leave the region altogether.

The key to slowing the pace of housing price and rent increases, therefore, is to boost vacancy rates by adding to the supply of housing. The question is, by how much?

We can get a rough answer to this question by determining how much additional housing needs to be produced in order to bring the vacancy rates up to the more optimal 6 percent rate for rental units and 2 percent for owner occupied housing. Given the existing number of rental and owner occupied units, the respective numbers are 17,600 new rental units and an additional 9,300 owner occupied units—or a grand total of 27,000 units overall.

This number, however, does not take into consideration any population increase or growth in the number of households. The 27,000 additional units would only bring us back to more optimal vacancy rates if the number of households in the region were stable. But this is not the case. According to projections made by the Metropolitan Area Planning Council, while the household growth rate will slow down over the next decade, we should still experience a .63 percent annual growth rate in the number of households. Over the next five years, this means that we need to add a little over 10,000 housing units a year just to account for an expected increase in the number of households.

Current production, unfortunately, is not keeping up with household growth let alone adding to the vacancy rate. Over the past five years, the number of units permitted in the metropolitan area has increased from 6,537 in 1995 to 8,459 in 1999.[8] Assuming we continued to build housing units at the 1999 rate for the next five years, we would add a total of nearly 42,300 units to the region's housing stock.

7 The 1.4 percent price response ratio or "elasticity" is based on the fact that between 1995 and 1999 median housing prices across the region rose by 35 percent in the face of a 25 percent increase in median family income. While not strictly a "point" elasticity, this ratio of 35 to 25 percent provides a good approximation to an "income elasticity of demand." See Stephen K. Mayo, "Theory and Estimation in the Economics of Housing Demand," *Journal of Urban Economics,* Vol.10, 1981.

8 U.S. Bureau of the Census, Construction Series, Permitting Data for Boston Metropolitan Area 1995–1999.

Meanwhile, the total needed to account for both population increases and household growth and raise vacancy rates to a more optimal level is nearly 78,300. *This leaves a five year housing shortfall of just under 36,000 or 7,200 a year given current economic projections* (see Table 2). We recognize that this is not a static number and propose that this analysis be updated each year to account for changes in the economic environment, household formation rates, and vacancies.

Table 2. Additional Housing Units Needed in the Greater Boston Metropolitan Area, 2001–2005

Units Needed to account for increased number of households	51,400
Units Needed to raise rental unit vacancy rate to 6.0 percent	17,600
Units Needed to raise owner occupied vacancy rate to 2.0 percent	9,300
Total additional housing units needed	**78,300**
Housing produced at current annual production rate	42,300
Five-year housing shortfall	**36,000**

Source: See Appendix A for calculations

This production goal does not include the need to stop or replace the loss of affordable units due to the conversion of subsidized units to market rate, condominium conversion, and demolition. Units that are lost will need to be replaced in order to meet the production goals outlined in the new paradigm strategy. Of the 44,929 units of privately subsidized multifamily housing in the Greater Boston region 2,665 have been lost while another 10,000 are at risk through the year 2005. The majority of these units—62 percent of the total— are at risk of prepayment within the next year.[9] Federal, state, and local officials will need to continue their efforts to secure funds to preserve existing affordable units.

HOUSING FOR WHOM?

Inadequate housing supply affects a wide range of households at many different income levels. The appropriate supply strategy responds to these differences. The demographics of the region help determine the type of housing we need to construct to meet the needs of this diverse population. We propose the following:

[9] Calculations prepared by the Community Economic Development Assistance Corporation (CEDAC) for at-risk inventory of subsidized communities in the 101 cities and towns of the MAPC region.

5 Year Housing Production Level to Meet Region's Shortfall

Student Housing	7,500
Owner-Occupied and Market Rate Rental Housing	13,500
Subsidized Housing	15,000
Five-year housing shortfall	**36,000**

Student Housing

One group is comprised of university and college students. With a quarter of a million higher education students in Greater Boston, no region of the country has a greater need for residence halls than ours. Presently, it is estimated that over half (approximately 140,000) of these students live off campus. In many communities, this large number of off-campus students places enormous upward pressure on local rents. According to the Commonwealth's Executive Office of Administration and Finance, the student demand for off-campus housing in Allston Brighton, for example, drives up monthly rents by approximately $175.

To meet its responsibility for helping to ease the housing crisis, we suggest that over the next five years, area universities and colleges increase the total number of new student residences to 7,500 including the 3,450 units that are already planned or under construction. In doing this, these campuses will provide approximately 20 percent of the required 36,000 new housing units projected in this report.

Owner-Occupied and Rental Market Rate Housing

Given the high cost of housing production in the region, the private sector is producing less market rate housing than necessary to ease the housing shortage. Of the 2,700 net new units per year that could be provided by the private sector without subsidy, a high proportion should be aimed at households with incomes between 80 and 120 percent of the area median income for a family of four—that is for families with incomes between $52,400 and $78,600. As noted later, many of these new units could be triple-deckers where householders could be owner occupants renting out two units to other families.

Subsidized Housing Units

The remaining 15,000 new housing units that should be added to the region's housing stock should be targeted toward families of low and moderate income—where the need is greatest. From our analysis of housing data, the demographics of this group suggest a mix of large and small housing units with varying degrees of subsidy. Table 3 indicates the possible distribution of this new housing stock.

Among all rental households earning 80 percent or less of the region's median income for a household of four, approximately 45 percent have incomes that do not exceed $19,650—30 percent of the household median. Another 25 percent of this group have incomes between 31 and 50 percent ($19,651–$32,750) of the area median while the remaining 30 percent earn between 51 and 80 percent ($32,751–$52,400). The first of these groups will require deep subsidies in order to afford housing that costs them no more than 30 percent of their income. The other groups require either modest or shallow subsidies to keep them housed at affordable rents.

An overwhelming majority (75 percent) of these lower-income renter households is small with no more than 2 persons. Many of these householders are elderly citizens. As a result, three-fourths of these subsidized units should be of modest size. The remainder will need to accommodate larger families. An analysis of the Boston Housing Authority's public housing waiting list indicates that there are 5,814 applicants in need of a 1-bedroom unit (36 percent of the total number of applicants); 6,545 in need of a 2-bedroom unit (41 percent); 3,321 applicants in need of a 3-bedroom unit (20 percent of the total); and 424 applicants (3 percent of the total) waiting for a 4 or more bedroom unit. [10]

Table 3. The Distribution of Subsidized Housing Units

Median Income household for a 4-person	Income Range (% of Median)	Shares of Subsidized housing	Total Projected Units	1–2 Person Households	3+ Person Households
< $19,650	Less than 30%	45%	1350	1050	300
$19,651 to $32,750	31 to 50%	25%	750	570	180
$32,751 to $52,400	51 to 80%	30%	900	630	270

Source: 1998 American Housing Survey for the Boston Consolidated Metropolitan Statistical Area

Hence, the new supply of housing needs to be *diverse* in terms of size and type (market rate and subsidized) in order to meet the demographic variety of the population and be *sufficient* to slow the rate of price inflation in the region's housing market. If the economy remains strong at the same time that we increase the supply of housing, the price of housing should begin to rise at a slower rate than family income, thus making housing increasingly affordable for all.

[10] Tabulations of the Boston Housing Authority's public housing waiting list are from the Annual Plan submitted to HUD in 1999. The applicants include elderly families (2,104), families with disabilities (2,783), and families with children (9,103).

BARRIERS TO INCREASING THE SUPPLY OF HOUSING

The need for increasing the supply of housing in the Greater Boston metropolitan region seems irrefutable given the statistics on vacancy rates, soaring rents and housing prices, and the large number of households who must pay a disproportionate share of their income to meet their housing needs. The real question, then, is why has the housing gap not been met. There are formidable political and social barriers to providing new housing as well as economic barriers.

POLITICAL AND SOCIAL BARRIERS

Because of real and perceived costs of the development of new housing, some local communities resist the development of any housing. In the past year, more than 50 communities have adopted restrictive permitting bylaws that limit the number of new housing units.[11] Massachusetts ranks 47 out of 50 states in housing permits per capita. Indeed, only 23 communities statewide—out of 351—meet the Commonwealth's goal of 10 percent affordable housing units.

One reason for the resistance to any new housing is a perception that additional housing will increase the local tax burden in order to accommodate new school-age children and increased public infrastructure. There is also a concern that new housing will exacerbate pollution and traffic congestion and create parking problems. According to a report by the state's Executive Office of Administration and Finance, every additional single family home could cost a community approximately $1,500 in unrecoverable education expenses alone.[12]

Fear of new housing is most acute when the housing is to be subsidized for occupancy by lower income families or special needs populations. This raises at least two major concerns. One is apprehension that subsidized housing or alternatives to uniform single family housing will lead to a decline in property values. The other is the belief that subsidized housing or multi-family housing will destroy the character and/or design of the community.

---

[11] Mark Grady, "Developers Decry Trend of Reducing Building Permits," Banker and Tradesman news, March 20, 2000.

[12] *Reducing Local Restrictions on Housing Development,* Policy Brief Series, No.5, January 31, 2000.

Even where there is less resistance to new housing, local governments in many smaller communities have limited planning and administrative capacity to coordinate new housing initiatives. This can make it difficult for developers to expedite the construction of new housing since the local authority has no staff to shepherd the development process. In other cities and towns, there are a plethora of community groups all of whom have an interest in new housing and a role in determining what can be built in their neighborhoods. In this case, gaining approval for new development can be a cumbersome process.

Clearly, race also plays an underlying role in the reticence of many communities to accept new housing—particularly low-income housing. Despite improvements in race relations in the region, there is still sentiment against residential integration. To the extent that low-income housing is considered a code word for integrated housing, these racial attitudes reinforce social barriers to new housing construction.

ECONOMIC BARRIERS

While the social barriers to additional housing are formidable by themselves, there are a whole host of economic barriers to contend with as well. Because Boston has such a hot housing and labor market, the cost of doing business has increased dramatically—especially land, labor, and financing costs.

Land poses the single greatest economic barrier to new housing construction in Greater Boston. Not only are land costs higher here than in most cities, but assembling and disposing of land is an arduous and time-consuming process. Unimproved land in Boston runs an average of $6.00 per square foot compared to $2.25 in Washington, D.C., $1.75 in Baltimore, and $1.00 in Philadelphia.[13] Because our region is densely developed, there are relatively few parcels available for development.

Land assembly is also difficult. The size of parcels can be very small, and contiguous parcels are often owned by different entities. There is no coordinated process for bringing together public and private landowners to work out mutually agreeable plans for properties located near each other. Developers must work with several different landowners at a time when seeking to build large-scale housing on contiguous sites.

Hundreds of land parcels owned by state and local governments are not available for development because of cumbersome processes for disposing of the properties. State and municipal agencies each have different standards and processes for disposition that make it difficult for people interested in building housing to identify and acquire appropriate parcels. Toward this end, the

[13] Society of Industrial and Office Realtors, "Comparative Statistics of Industrial and Office Real Estate Markets, 1999 and 2000 Guides, Washington, D.C. April 2000.

Administration has proposed legislation to expedite the disposition of 1,000 acres of surplus state-owned property.

Site cleanup and preparation pose another potential economic barrier. In older towns and cities, severely polluted brownfield sites often make new construction costly for interested developers. In addition, even when brownfield sites are cleaned up, housing developers must deal with fears about lingering toxins in the environment.

Tax title laws often make it difficult or impossible to free up abandoned land for housing. Because local government appraisals of land are based on current use, undeveloped land is taxed at extremely low rates—reducing the owner's incentive to develop the land.

When property owners are derelict in their maintenance of real estate, state and municipal agencies often do not take action to seize these properties or force better maintenance of them. Although Boston's Mayor Thomas M. Menino has been successful with his "clean it or lien it" program, there are still hundreds of undeveloped properties that could be added to the city's housing stock.[14] Many other municipalities have struggled to get property owners—especially absentee owners—to simply maintain, much less develop, their properties. Seizing these derelict properties is an expensive and time-consuming process.

Zoning laws often restrict the use of land, reducing the overall supply of potential housing parcels. Strict separation of land uses prevents the development of housing above commercial spaces in thriving retail areas like Dudley Square in Roxbury. In meetings with city and town officials across the state, the Executive Office of Environmental Affairs has found that many communities are re-zoning parcels of land to encourage commercial development at the expense of housing.

Zoning codes also militate against the construction of smaller homes or multifamily homes such as triple-deckers. FAR (floor to area ratios) and setback requirements reduce the overall floor space that can be built on a single plot of land. Current zoning regulations in many cities and towns permit an average development density of 0.9 units per residentially zoned acre, compared to the average of 1.8 units per acre that now exists on land already developed.[15]

The state's building code poses another challenge for the housing industry. Massachusetts was a national leader in reforming its code for rehabilitation of existing buildings, but the Commonwealth now lags behind other states and municipalities in rehab code reform. New Jersey has become a national model for its streamlining and simplification of the rehabilitation process. While New Jersey and other pioneers like Wilmington, Delaware have adopted comprehensive building code processes—which provide one-stop shopping for improvements in structural, electrical, plumbing, and other work, Massachusetts still has separate processes and codes for each.

---

[14] There are approximately 1,500 parcels of land in the City of Boston that are considered "buildable" according to the Department of Neighborhood Development.

[15] Executive Office of Environmental Affairs.

Financial institutions of all kinds—public and private—have developed a bias toward single-family housing construction. Federally chartered mortgage institutions—like Fannie Mae, Freddie Mac, and the Federal Home Loan Bank—also focus their resources more on single-family construction than multi-family construction.

Yet another economic barrier is the housing industry itself. Especially during boom times, the housing industry displays a bias toward high-end construction. Just as automobile manufacturers make higher profits with the sale of relatively few SUVs than with the sale of many compact cars, housing manufacturers realize a greater profit from building homes for upper-middle class families.

Each of these political, social, and economic barriers must be addressed if we are to achieve the levels of housing production the region requires. Addressing these barriers compels us to consider building housing that will so enhance the region's communities that traditional antipathy toward new housing development dissipates. Finding ways to reduce the cost of housing production is equally important as is finding the means to subsidize the construction of units for low and moderate-income households.

We can begin to find solutions to the housing crisis by looking at the various "geographic levels" at which decisions about housing production take place.

PART TWO

THE LEVELS ANALYSIS

Our common pursuit of a new housing paradigm requires a willingness to look beyond current ways of building and maintaining housing at all levels—neighborhood, city and town, state, and federal—and beyond common dichotomies that separate public from private investments.

The Archdiocese task forces reminded us that critical decisions about housing policy are made at distinct levels of the policy process. The decisions made at one level have a profound impact on the decisions faced at all other levels. The key is to identify the relevant questions and concerns at each level and develop policy responses that "get it right."

Throughout this report key questions guide the examination of policy choices for the Greater Boston region.

At the level of the building, we need to determine the best kinds of structures for Greater Boston's changing demographics. Should the region continue the last decade's orientation toward single-family housing—or should it make multi-family housing a new focus?

At the level of the community, we need to determine how we can build support for new and rehabilitated housing by honoring the diversity and character of the region's many cities and towns. What are the concerns of neighborhoods—and how can these concerns be addressed? What kinds of community-building strategies would improve the everyday life of the people who live and work in the community?

At the level of the city and town, we need to understand the financial burden of new development and the costs of unplanned development on municipalities throughout the region. How can the Commonwealth help alleviate the fiscal and logistical burdens of cities and towns that agree to build new housing?

At the level of the Commonwealth, we need to determine what is the best financial and administrative structure for encouraging and guiding the development of new housing. How can the state make it easier for developers to build housing of all types? What reforms in the regulatory process, and what new financing mechanisms, would boost new housing development?

At the level of the nation, we need to encourage the federal government to provide the incentives needed to ensure development of housing at all rungs of the housing ladder. How can our elected officials—the Governor of the Commonwealth, legislative leaders, and mayors and city managers—promote housing on the national stage?

Finally, and most importantly,

At the level of civil society, **we need to recognize that the solution to the housing crisis does not lie in any one institution, private or public**. All of us must accept responsibility to ensure that everyone in the Commonwealth has a decent, affordable home. What can we do to fulfill our common obligation to advocate for and build new housing? How can we engage business, labor, faith-based institutions, nonprofit corporations, and individuals to develop a new consensus for housing policy and contribute additional resources?

By examining these levels of decision-making, we can gain a greater understanding of the challenges and opportunities for all actors—public, private, and nonprofit- in the creation of a new housing paradigm. It is to that task that we now turn. In each case, we outline the issues at stake followed by a set of policies to deal with them.

THE BUILDING LEVEL

Policy initiatives at the building level address several of the social and economic barriers that limit new housing production, including high land costs, problems with long-term affordability, and fears that the design of new housing will be out of place in traditional neighborhoods. In order to substantially increase the supply of housing units and respond to changes in household composition and limited land availability, we propose that at least half of all new production in the region should consist of various types of multifamily dwellings.

A community's building styles determine how and where housing can be built. From wooden clapboard houses, brownstones and ranch houses to Victorian mansions, condominium high-rises, and three-deckers, Greater Boston boasts a vast range of familiar housing types. With such a diverse housing stock, Greater Boston is poised to create new housing structures that can meet the needs of residents from different backgrounds and financial circumstances.

Although detached single family homes are the primary building type in some communities, many different styles of multi-family homes reflect the unique character of New England towns and neighborhoods. These types include single-family with accessory apartments, duplexes, triple-deckers, and small and large apartment buildings in all manner of styles and sizes. What they have in common is a thoughtful use of space that fosters efficiency and community simultaneously.

Although smaller single-family homes and condominium conversions also demonstrate an effective use of space, they do not offer the affordability of multi-family dwellings. In comparison, a vast new supply of multi-family housing structures with an optimal balance of rental and homeowner units can provide options for fast growing regional populations—working families, persons over the age of 55, and immigrant families.

Small multi-family dwellings are a good match for infill sites because they require a limited amount of land and can fit into built environments without incurring infrastructure costs associated with greenfield development. Infill development bolsters local government budgets by putting underutilized vacant land back on the tax rolls. It also lightens the burden on all property tax payers by distributing existing local costs onto a broader group of residents.

A focus on multi-family homes recognizes the need for additional rental units, while also creating the potential for additional homeowner units. For lower income households, many types of small multi-family homes offer a bridge from rental housing to home ownership. When people can own a two- or three-unit building and live in one of the units, all benefit. Larger multi-family apartment complexes have the benefit of providing a large number of units, using relatively little land.

POLICY AT THE BUILDING LEVEL

Many communities have passed local zoning ordinances or employ impractical permitting processes that restrict or prevent the development of multifamily housing. The state and municipal governments will have to pursue regulatory reforms at all levels of the housing production system in order to support the development of multifamily housing. At times, this may mean using state authority to override local zoning codes, and at other times it may mean providing financial incentives for communities that make multi-family housing a centerpiece of their development strategies.

→ Change zoning to promote multi-family housing

Cities and towns in the Greater Boston region can increase housing supply by allowing the development of multi-family homes (e.g. duplexes and triple deckers) on buildable lots that are currently zoned exclusively for single-family homes or for commercial use. This should be encouraged particularly in locations near existing mass transit nodes or in other targeted locations.

All communities should identify and re-zone publicly owned land as well as vacant or neglected property that could be used for housing development or rehabilitation.

Cities and towns should consider creating "overlay" zoning districts to allow greater density and waivers on parking space requirements, especially when housing is located near convenient mass transit.

To expedite the construction of multi-family housing, cities and towns could provide permits for specific models of multi-family dwellings which could then be awarded to developers "by right" rather than on a time-consuming case-by-case basis.

Currently, new triple-deckers require no less than five zoning variances in order to circumvent zoning laws designed to limit density. These include restrictions regarding parking spaces and rules on setback distances. Changing zoning laws so as to limit the number of variances for triple-deckers could encourage more construction of this type.

→ Streamline and simplify the building permit process

In cities and towns across the region, housing developers begin projects with the understanding that they will have to appeal to the zoning board for a wide range of variances—a cumbersome process antithetical to the efficient production of housing. Regulations that generate frequent variance requests may signal the existence of code provisions that are unnecessary or unreasonable. A major source of delay and cost is the uncoordinated and fragmented quality of project review, and the limited capacity of staff in smaller municipalities throughout the region. New buildings require as many as 30 different approvals and are often developed and coordinated by separate functional departments—which frustrates both effective planning and administration and drives up the cost of production.

To expedite development of buildings that fit the character of the community, the New Housing Paradigm calls for municipal governments to identify buildable parcels and establish clear, prescriptive standards for housing development in advance of specific project proposals. Developers who meet those standards will gain access to those properties and a streamlined approval process. In some cases cities and towns can simplify the administrative process by creating a review committee that looks at proposals before they are sent to the planning board. Ideally, all cities and towns would have a designated local housing official to shepherd the process of development at the local level. The "Permit Streamlining" handbook published by the state's Department of Housing and Community Development (DHCD) recommends ways in which local cities and towns can streamline their permitting processes.

The Commonwealth should enact legislation to mandate "Approval Rules" that would require cities and towns to review development plans in a timely manner. Development plans that met the community's residential housing goals and zoning requirements would be deemed approved after a specified time, without the express consent of a local planning body that failed to act within a specified time period. In addition, developers of infill projects who submit complete development and financing plans should be entitled to "fast-track" approvals that complement the time frame specified in the Approval Rules.

→ Streamline and simplify building codes

Massachusetts building codes contribute to the increased cost of housing. The autonomy of separate electrical, plumbing, and other building-code departments means that decisions made by one department can be undermined by another. In any case, such a multiplicity of building code departments adds to bureaucratic complexity and cost of construction. To promote housing production and rehabilitation of housing, the Commonwealth's building codes should be streamlined into one system so that developers and homeowners can enjoy one-stop shopping. Current efforts underway at the Executive Office of Administration and Finance begin to address this issue.

In the state's building code, triple-deckers are classified differently than single-family and duplex homes. For example, triple-deckers require sprinkler systems, additional fire detection units, and for wooden framed houses, higher grade sheet rock. These requirements increase the costs of production for even small multifamily houses. This code should be reviewed with the objective of reducing any unnecessary building costs.

→ Introduce changes in primary and secondary mortgage markets

Financial institutions such as Fannie Mae, Freddie Mac, and the Federal Home Loan Bank, along with state and regional banks and lenders, should be encouraged to provide a broader range of investment products for the development of multi-family homes. These institutions provide numerous products and programs to accommodate suburban-style development—namely, large single-family homes—that along with federal tax incentives give priority to middle and upper-income homeowners. Funding for multi-family housing is often unavailable given the greater cost and the regulatory and management complexities associated with such development. A history of funding single-family housing contributes to a lack of understanding as to how to finance multi-family units. To get out of this self-defeating cycle, primary and secondary mortgage institutions should be encouraged to develop a coherent, streamlined, accessible set of products for building multi-family dwellings in urban and suburban settings.

→ Identify tax incentives

Several tax incentives can encourage the development and preservation of multifamily housing. In the first instance, there could be tax abatements for owner-occupants of private market rate housing who voluntarily agree to keep rents at below-market levels and who agree to refrain from converting their property into condominiums.

Second, programs that provide low or no-interest loans to rehabilitate housing units that will be rented at affordable rates, such as ones operated by the Cities of Boston and Cambridge, should be duplicated in other cities and towns and endowed with sufficient funding.

Third, some cities employ a split tax rate for land and property that encourages the development of abandoned, vacant, or dilapidated properties by taxing land at a higher rate than buildings. This program can be revenue neutral.

Finally, municipal governments can also provide tax advantages to those who agree to donate privately owned land by assessing the property based on its potential use as higher value multifamily housing.

PUBLIC/PRIVATE PARTNERSHIPS/PROPERTY MANAGEMENT

New York City's Neighborhood Entrepreneurs Program (NEP) assists individuals and locally based property managers to acquire and rehabilitate deteriorating apartment buildings that have come into the city's possession through tax foreclosures.

PRIMARY TOOLS: Technical assistance; Leverage private financing

Jurisdiction: City
Setting: Urban
Organization: New York Housing Partnership (NYHP), a subsidiary of the New York Partnership and the New York Chamber of Commerce
Year Initiated: 1982

DESCRIPTION

New York City's Neighborhood Entrepreneurs Program has supported the rehabilitation of apartments in Harlem, central Brooklyn, and the South Bronx. The goals of the program are: to build the capacity of neighborhoods; to redevelop and manage multifamily buildings; to help reduce New York City's inventory of more than 4,000 substandard buildings; and to increase private sector involvement in the affordable-housing rental market.

RESULTS

→ The Neighborhood Entrepreneurs Program has completed or is involved in 29 projects.
→ As of March 1999:
• 1600 units were rehabilitated.
• 1000 units were currently undergoing rehabilitation.
• 3000 units were in the predevelopment stage.
→ Example of West 140th Street:
• NYHP purchased six buildings and contracted with Progressive Realty, a minority-owned, neighborhood-based company. The accountant and 1/5 of all contractors were minority-owned, neighborhood-based companies. Local residents must be hired by the general contractor.
→ Total cost of the project was $7.4 million. Funds were received from Chase Bank, New York Equity Fund, the city's capital budget, and from New York's federal HOME allocation.
→ Per-unit renovation cost came to an average of $51,966.
→ 80% of tenants have incomes at or below 80% of the area median.
→ 44% of tenants have incomes at or below 50% of the area median.
→ Three commercial spaces in the building contain a launderette, grocer, and management company's office.

VITAL STATISTICS

→ Participants are selected through an application process, which checks references, financial capacity, and includes a visit to the applicant's current properties.
→ NYHP usually chooses smaller companies with a gross worth of no more than $2.5 million and ownership of no more than 250 units for the entrepreneurs program.
→ Tenants of the building to be rehabilitated are given the first opportunity to take jobs working in the program to rehabilitate their homes.
→ Nonprofit organizations step in to help prepare the tenants for their jobs and to provide social and family support.
→ Funding came initially from a grant. Current financing is on a per-unit fee basis. Funding comes from the city, federal HOME funds, and low-income housing tax credits.

KEY PLAYER(S)

George Armstrong, Director

REFERENCES

www.nycp.org

REHABILITATION/URBAN REINVESTMENT

The Housing Occupancy Initiative (HOI) of Rochester, New York is committed to expanding suburban housing markets for low-income households and to creating homeownership and affordable housing opportunities for low and moderate-income households. To carry out these commitments the HOI coordinates federal, state, and local resources to meet city-wide housing and community goals.

PRIMARY TOOLS local regulatory reform; assignment of city housing personnel; database development/management

Jurisdiction City
Setting Urban/Suburban
Organization Housing Occupancy Initiative (HOI)
Year Initiated 1993

DESCRIPTION

The Housing Occupancy Initiative (HOI) helped Rochester, NY craft its first official housing policy through a total quality management effort to respond to affordable-housing needs, reduce the number of abandoned properties, and stabilize the city's tax base. To begin, the initiative established a vacant building information system to computerize the inventory and report on properties in various stages of redevelopment. HOI operates five housing programs. Under the Home Rochester program, long-term vacant properties are acquired, rehabilitated, and resold to low and moderate-income buyers. In the Home Owner Occupancy Program (HOOP), the city purchases homes from the HUD's FHA-foreclosed inventory at a 30% discount which is passed along to the buyer minus a commission of 7%. The city reviews the property, calculates the cost of rehabilitation and creates a financial package for interested buyers. HOI also encourages the demolition of vacant homes that are unable to be rehabilitated. As most of these dilapidated properties are privately owned, the city has made demolition code and procedural changes to help lower the cost of demolition. The vacant properties then have new homes rebuilt on them through private financing.

RESULTS

→ HOI has received national recognition from Public Technology, Inc., the National Affordable Housing Training Institute, the National Association of Housing and Redevelopment Officials, the National Social Compact of Banks and Lending Institutions, the U.S. Conference of Mayors, and HUD.
→ 65 homes were sold during HOOP's first year of operation.
→ 52 homeowners earn less than 80% of the area median income and nine earn less than 50%.
→ Development costs are between $70–$85,000 with an average subsidy per housing unit of $33,800, which is provided by New York State Affordable Housing Corporation and the Federal Home Loan Bank.

VITAL STATISTICS

→ Income Eligibility for program participation has been set by the city council at 60% of the Area Median Income.
→ Under the Home Replacement program, income-eligible homebuyers may obtain soft second mortgages up to $22,500 from state housing authority funds, UDAG repayments, and local bonds.
→ Local minority contractors and a youth job-training program give at-risk urban high school students the experience of working with professional contractors.
→ The construction of new-single family homes costs $80,000–$90,000 with subsidies of $22,500 from UDAG and soft second mortgages from state housing authority funds.
→ Upon the closing of properties sold under the HOOP program, the city transfers the deed to the owner with the restriction that the owner must live in the property for a minimum of three years.
→ Funding sources for the HOI programs include: HOME, HOPE-3, local funding, state bonding authority, and UDAG repayments.

KEY PLAYER(S)

Linda Luxenberg, Director
(716) 428-6814

REFERENCES

http://www.gol.org/newyork3.html

MULTIFAMILY BUILDING DESIGN/SMART GROWTH

In the Erie Ellington homes new technology, environmentally friendly building processes, and environmental rebates combine to produce affordable housing with a design that fits into an older, urban neighborhood and reduces building costs.

PRIMARY TOOLS: systems based design; environmental rebates; smart growth (infill)

Jurisdiction: City
Setting: Urban
Organization: Codman Square Neighborhood Development Corporation, Hickory Consortium Building Designers/Green Village Company, CWC Builders.
Year Initiated: 2000

DESCRIPTION:

The Erie Ellington homes in Dorchester are an innovative urban infill project of 50 affordable rental homes in an older, built-up neighborhood of Boston. Working together with Green Village, a consortium of building designers, the area's community development corporation was able to design low-income housing that not only fit in with the traditional character of the neighborhood, but that cost nearly 25 percent less to build than comparable new housing in Boston. In addition, the new homes will be eco-friendly, enjoying better energy and environmental performance than most homes at any price. To limit costs, the builders used a systems-based approach to design and engineering that was developed with the U.S. Department of Energy Building America Program. Eco-dynamic specifications focused on key investments and technical choices including, the durability of the material, minimal air leakage, reduced water use and heating systems. The development also accessed environmental program funds to conserve resources and reduce building costs.

RESULTS:

→ Building costs were $100 a square foot, in comparison to comparable development at $125 a square foot.
→ Exceeded the U.S. Department of Energy's EnergyStar standards for new construction, using 40–50% less energy annually.
→ Received over $66,000 in environmental rebates.
→ The Codman Square Neighborhood Development Corporation will spend 40 percent less annually on operating expenses than they would using standard building methods.
→ Extra time with site crews and early coordination between contractors and developers is necessary to implement the innovative construction specifications.

VITAL STATISTICS:

→ Computer generated ecodynamic specifications saved money and required less waste on the building site by identifying the actual amount of wood needed from the start and building the frame in pieces at an off-site location.
→ A 41% savings in annual water use will reduce water and water heating cost per unit by $436 each year.
→ One to four bedroom units range in price from $288 to $1,044.
→ $1 million in long-term fixed rate financing was provided by the Metropolitan Housing Partnership Fund.

KEY PLAYER(S): Codman Square Neighborhood Development Corporation

REFERENCES:

http://www.enn.com/news/enn-stories/2000/07/07032000/greenhousing_14340.asp
http://www.housingzone.com

THE COMMUNITY LEVEL

Many communities resist the construction of new housing because of a concern that it will disturb existing residential neighborhoods, increase traffic congestion, exacerbate existing parking shortages, and decrease a neighborhood's "livability." The urban village concept acknowledges those concerns and directs new housing development to areas that can support additional development. The people who live in housing located near employment centers and commercial activity strengthen the markets for local businesses. By building new housing close to transit areas, this development decreases the need for people to own as many automobiles as they do in other neighborhoods—lessening the concerns about traffic and parking. By building mixed-income housing, communities can provide low-income affordable housing without fear of producing neighborhoods of concentrated poverty.

Over its history of four centuries, the Greater Boston region has built a distinctive model of development that might be called the "urban" or "town village." This urban or town center provides a mix of activities and spaces, all within walking distance of each other. Transit stations, commercial enterprises, community services, and cultural and recreational activities are located along a well-designed streetscape with signature buildings that provide aesthetic and community purpose. In every traditional New England community there is a town center. Housing that reflects the character and style of the community's built environment will be accepted more readily than less defined housing development.

Urban and town villages support local economies by providing a density of consumers necessary for successful business enterprise—estimated by some experts at 2,000 to 3,000 units of housing. Town villages also offer convenient access to transportation and employment and can serve as a catalyst for the revitalization of underutilized or dormant areas within communities. In urban or town centers, density is understood to be a positive feature because it assures basic levels of support for transit and local business activity.

Urban and town villages also promote sustainable communities. The Greater Boston region has an opportunity to avoid the problems of congestion and sprawl that dominate San Francisco, Baltimore, Seattle, Atlanta, and other metropolitan areas where knowledge-based industries have attracted people and development. The problems of sprawl cannot be solved by resisting development, because when one community limits growth, an adjacent community will embrace it, leading to a greater consumption of land and requiring greater travel distances between activities. Planned, concentrated development in town villages is the best response for communities willing to confront the changing nature of metropolitan growth.

Development of this nature can meet the needs of a changing population by responding to an imbalance in the market that is focused on large single-family homes. Young families, students, and singles are increasingly likely to work at home and to want social activities and economic opportunities close at hand. At the same time, the “greying” of America challenges communities to provide housing with convenient access to health care and social service networks.

POLICY AT THE COMMUNITY LEVEL

Livable communities begin with good housing. Although each community has distinctive features and opportunities, the vitality of any community depends on its ability to provide bridges to a wide range of cultural, social, and economic opportunities. Development should be inclusive, recognizing that every community has a range of housing needs and preferences. It should also offer numerous opportunities and public spaces for interaction. The placement and design of housing should complement the distinctive characteristics of a community. The new paradigm builds on the idea that most communities will make a commitment to new housing opportunities when they possess the tools to construct "communities" within communities. To cultivate the livability of neighborhoods, Urban and town villages' moderately high densities and diverse land use enable the creation of greater numbers of housing units in a way that reinforces rather than detracts from the existing strengths of the community.

→ Create mixed-use zoning districts

To support the creation of "communities within communities," cities and towns should employ zoning techniques that foster increased densities in "village" centers. In built-up urban cities there is a critical need for housing that maintains the diversity within neighborhoods. To respond to the area's changing demographics and lifestyles, municipalities should issue permits to allow accessory apartments, "live-work" spaces, and housing that is mixed in with commercial and industrial buildings.

The need for additional housing units affordable to persons with a range of incomes, a greater demand for development in urban and town centers, and the desire to preserve open space requires comprehensive and integrated land-use planning. Led by the state, cities and towns should be encouraged to adopt a common language and process for zoning that is incorporated into their comprehensive planning documents and is tailored to the development of mixed-use districts.

→ Locate housing near transit and employment centers

Traditional housing lenders and government policy-makers are beginning to recognize links between housing and transportation by offering "location-efficient mortgages" that increase acceptable loan amounts for the purchase of homes located near public transportation. Legislation authorizing the use of Highway Trust Fund monies to improve urban transportation systems also supports greater density around transportation nodes.

→ Density and other incentives for "inclusionary" housing

To encourage cities and towns to adopt inclusionary housing, the Commonwealth should pass statewide enabling legislation that provides definitive legal protection to municipalities that choose to adopt inclusionary housing "practices" at local option. In addition (as noted below), the Commonwealth should create a good neighbor "Municipal Housing Bonus"—additional local aid—for those communities that demonstrate a commitment to affordable housing.

Inclusionary zoning reserves a specific percentage (frequently 10%) of housing units for lower income residents (below-market rate rents) in new residential developments. Inclusionary housing supports the New Housing Paradigm's call for multi-family developments that can support a range of incomes.

In order to provide adequate incentives to ensure that developers will build mixed-income housing, local communities can provide increased density allowances, permitting developers to construct more market rate units on the same site, adding to the profitability of the development. Towns can also permit more flexible design standards as well as relief from parking or other permit requirements. Furthermore, municipalities can allow developers to contribute money to an affordable housing fund as an alternative to constructing the units themselves.

To encourage developers to provide lower income units *beyond* the required percentage, cities and towns, as well as the state, can also provide free land or subsidies.

INCLUSIONARY ZONING

Montgomery County Maryland adopted an inclusionary housing program that has created 10,000 units of affordable housing. Inclusionary zoning refers to local government action to encourage or require the construction of housing within the means of moderate income families through mandatory government regulation or through incentives.

PRIMARY TOOLS: zoning legislation; fund management

Jurisdiction: County
Setting: Regional/Suburban
Organization: County of Montgomery, Department of Housing and Community Affairs
Year Initiated: 1974

DESCRIPTION

The most successful inclusionary zoning program in the country is found in Montgomery County, Maryland. There, the local Moderately Priced Dwelling Unit ordinance (MPDU), requires developments of more than 50 units to include 12.5–15% MPDUs. Of that 15%, two-thirds are sold to moderate-income first-time homebuyers. The remainder can be purchased by the local housing commission or local nonprofits for use in their affordable rental programs. In return for the inclusion of affordable units, developers are allowed density bonuses of up to 22%. Density bonuses allow more intensive development (additional residential units on the same amount of land) which enables the developer to recapture what the zoning ordinance has required him/her to produce for residents paying below-market rents.

RESULTS

→ This program has produced 10,000 units since 1974.
→ As long as compensation is provided to the developer (as in a density bonus that would allow more intensive development to enable the developer to recapture what the locality has required him/her to produce below what the market would sustain), "takings" challenges in the courts (Fifth Amendment prohibition of taking property without just compensation) can be avoided.
→ Affordable units can blend into market-rate developments, as has been demonstrated in Maryland, to minimize impact on market-rate re-sales and to avoid concentrations of lower-priced units in targeted residential neighborhoods.

VITAL STATISTICS

→ The program has an annual operating budget of $400,000 funded from the county's general operating budget.
→ The county controls the selling price and the rental rate for 20 years, at which time the county shares in the profits made from the market rate sale.
→ The county's housing authority and a nonprofit clearinghouse can purchase up to 40% of the units built through the program.
→ Requires legislative action.

KEY PLAYER(S)

Suburban Maryland Fair Housing
County Council

REFERENCES

http://www.co.mo.md.us/services/hca/MPDU/mpdu.htm

BUILDING HOUSING CAPACITY

The Silicon Valley Manufacturing Group (SVMG) demonstrates how manufacturing and high-tech companies are advocating for housing solutions for their employees and on behalf of the San Jose region.

PRIMARY TOOLS: public-private partnership; advocacy; technical assistance; organizing

Jurisdiction: Regional
Setting Urban/Suburban
Organization: Silicon Valley Manufacturing Group, San Jose
Year Initiated: 1978

DESCRIPTION:

SVMG is a public policy trade organization representing 140 of the largest companies in Silicon Valley, which collectively provide 250,000 jobs. SVMG works on housing issues by involving 150 groups and individuals in a Housing Action Coalition with the goal of education and advocacy. SVMG created guidelines for new housing development, which favor mixed-use development, moderate increases in density, affordability, and housing that is located close to transit. When developers present proposals that meet these guidelines SVMG will advocate for development projects through letters of support, public testimony, and meetings with community members, elected and appointed officials and planning commissions. A CEO-level Housing Leadership Council assists the coalition with a series of initiatives aimed at developing substantive solutions to the region's housing needs and improving the quality of life for employees and residents of Silicon Valley.

RESULTS:

→ Advocacy by the Housing Action Coalition has resulted in the approval of 72 housing developments, representing 24,000 new homes, in 17 different Silicon Valley cities.

→ Although SVMG does not focus exclusively on low-income housing, over half of the units created are affordable to households with low and moderate incomes.

→ Housing types include a mix of homeowner, rental and single room occupancy units.

→ SVMG worked to create Silicon Valley's first Housing Trust Fund, which is funded through individual, corporate, and agency donations; to date it has accumulated $6.5 million.

VITAL STATISTICS:

→ The Housing Leadership Council, working with several partners, inventories vacant land and reviews zoning requirements to determine infill potential for new housing sites.

→ The Council developed a "peer-to-peer" elected official campaign, which encourages elected officials to hear from other elected officials about the development and implementation of affordable housing programs throughout the region.

→ The organizations of SVMG collectively employ one in every four employees in the valley.

→ Participation in the SVMG is free and is staffed by SVMG.

KEY PLAYER(S)

SVMG
(408) 501-7861

REFERENCES:

http//:www.svmg.org/

SINGLE ROOM OCCUPANY HOUSING

San Diego was the first city in the country to address the dwindling supply of Single Room Occupancy (SRO) units through a combination of new construction and preservation or rehabilitation ordinances.

Jurisdiction: City
Setting: Urban
Organization: City government agencies, the San Diego Housing Commission, low-income advocacy groups, local developers
Year Initiated: 1987

DESCRIPTION

In 1987, the City Council approved the SRO Preservation and Relocation Assistance Ordinances. These ordinances have helped create the SRO Program which demonstrates that by building smaller units with shared bath and kitchen facilities, the private sector can build housing that is affordable for low income individuals.

RESULTS

→ 2400 new SRO units have been built and 400 older units rehabilitated.
→ The program relieves demands placed on homeless shelters, transitional housing, and slows the flow of the homeless onto the streets.
→ The San Diego SRO Program protects and expands the supply of low cost housing without public subsidy.

VITAL STATISTICS

→ Developers, architects, building inspectors, fire department officials, and zoning officials found ways to modify the building codes and lower construction costs without lowering the structural quality and safety of the SRO units.
→ The size of the apartments ranges from
→ Some units have a shared bathroom and kitchen.
→ The majority of SRO tenants are elderly men and women living on social security or other pensions and young single men and women working in low paying service jobs.
→ Only very low-income individuals need subsidies to afford the new and rehabilitated SRO units.

KEY PLAYER(S)

San Diego Housing Commission
(619) 533-3639

REFERENCES

San Diego Strategic Planning and Research Department

THE CITY AND TOWN LEVEL

Resistance to new residential development in cities and towns throughout the region is based on a concern that new housing places an unrecompensable burden on local budgets. New housing brings new populations who use the community's schools, roads, garbage pickup, social services, and recreational facilities. The strain of new populations on local services can be considerable if the type of housing —for example, smaller single family homes—does not generate the property tax revenues essential for financing these services. Beyond the economic constraints faced by growing communities, there is also the widespread perception of even higher public costs associated with the development of housing specifically for lower-income households.

The limited planning capacity of many smaller cities and towns is another barrier to housing production. Even with new resources from the state, many communities do not have the political or administrative capacity to develop strong housing policies and initiatives. These cities and towns lack the network of community-based organizations that often drive the process of housing production and rehabilitation in Boston's urban core. If metropolitan Boston is to develop a coherent housing strategy, it needs a mechanism to reward communities that build new housing and which encourages cities and towns to work together.

The region's cities and towns face similar challenges—including traffic congestion, degradation of the environment, inadequate recreation facilities, poor access to goods and services, and inadequate transportation systems. Despite differences, they also pursue similar goals, including safe neighborhoods, high performing schools, and economic stability. This "common ground" can be the basis of a sophisticated housing policy.

Rather than attempting to engage all of the cities and towns of Greater Boston as part of a single regional governing structure or process, the New Housing Paradigm advocates the creation of "compacts" of two or more municipalities to develop joint approaches to housing. These compacts would form voluntarily, based on mutual interests, to develop coherent strategies to share the challenge of housing creation and community planning. They would provide a forum for sharing people and organizations with the expertise, commitment, and political skills needed to develop a consensus around the production of new housing. The development of town compacts, with significant state resources for planning and development is essential for the development of this capacity throughout the region.

Two current planning processes in the metropolitan area underscore the potential of this approach. The Urban Ring Compact—a formal planning team with representatives of Boston, Cambridge, Somerville, Brookline, Everett, and Chelsea—is crafting a strategy for the creation of a circle line for the region's transit system. Economic development is a central part of the Urban Ring Compact's mission; housing should be brought into its planning agenda as well. The Telecom City project—a joint venture of Malden, Everett, and Medford—offers another model of a regional compact. These communities pooled a total of 100 acres of land to create a high-technology industrial park and to develop a housing strategy to accommodate some 7,000 new employees that are expected to work at the park.

POLICY AT THE CITY AND TOWN LEVEL

Cities and towns can play an important role in financing new affordable housing by contributing surplus land and municipal property. In addition, recognizing the added costs of expanding housing opportunity, cities and towns should be rewarded for good faith efforts at producing affordable housing with a "Good Neighbor Municipal Housing Bonus." Finally, by forming "compacts" with neighboring cities and towns, local governments can develop the ability to coordinate larger development strategies and share the provision of basic infrastructure and services.

→ Contribute Municipal Land and Property

Part of the cost of producing the additional 15,000 subsidized housing units called for in this report can be covered in the form of land and property donated by cities and towns. Given the high cost of land in the region, this would substantially reduce the cost of producing new housing and thus reduce the need for cash subsidies from the state and federal governments. This is an underutilized resource for financing affordable housing in mixed-income developments.

→ Offer communities a 'good neighbor bonus' for building housing

The Legislature should enact a "Good Neighbor" Municipal Housing Bonus, which awards special funding to cities and towns that produce new units of affordable housing.

Governor Cellucci introduced a Housing Supply Incentive Program during the last legislative session—the possible basis for the "Good Neighbor" bonus concept. This program, which did not pass, would have re-allocated a portion of local aid—additional assistance—based on new housing production. This program should be reconsidered, taking into account a municipality's past efforts to produce affordable housing, and new sources of public and private funds should be used to finance it.

The "Good Neighbor" Municipal Bonus would provide an incentive that complements the zoning and regulatory reform called for at other levels of the housing analysis. It is designed to help local communities to cover some of the costs incurred from the addition of new housing, especially those costs associated with public education and infrastructure development.

The Department of Housing and Community Development currently operates several planning and municipal housing programs for the Commonwealth's cities and towns. This effort should be strengthened to provide increased incentive for the development of new housing.

The "Good Neighbor" bonus should also take into account the costs of infrastructure development in suburban and rural areas and land re-mediation in urban infill sites. It is difficult to construct multifamily dwellings with a greater density than single family homes on one-quarter to one-half acre lots without adequate sewer systems. The Metropolitan Area Planning Council is currently engaged in a build-out study of the housing carrying capacity for the Greater Boston region that will help inform an effective strategy to deal with public infrastructure resource constraints in many cities and towns.

This initiative would be in addition to the priority status that localities currently receive for existing discretionary grants from the Department of Housing and Community Development, the Executive Office of Environmental Affairs, and the Department of Transportation under Governor Cellucci's Executive Order 418.

→ Create housing compacts

To function as an on-going resource for housing development, housing compacts can be supported with funds from relevant government agencies, non-profit and corporate sponsors, and local, state and federal programs. Compacts would qualify for financial and regulatory benefits from the state when two or more cities or towns jointly filed detailed plans for building and rehabilitating housing in their member communities.

To encourage cities and towns to adopt collaborative approaches to planning and development, the state should give special status to the compacts. One of the most potent tools that the state might offer to compacts is the right to levy impact fees on development. Much as the Commonwealth authorizes the Cape Cod Commission to assess impact fees on development, to provide funds to finance a coordinated approach to growth, the compacts might be given specific powers and resources that encourage them to work together.

The cities of Boston and Cambridge lead the Commonwealth in their success at creating partnerships to construct and rehabilitate homes. Effective partnerships between public, private, and the non-profit in these municipalities serve as strong advocates for housing and provide the necessary capacity to coordinate the complex process of home building and financing. The housing compact could offer an incentive for more-experienced communities to collaborate with less experienced communities to develop strategies that transcend municipal boundaries while respecting the needs and the character of those cities and towns.

AFFORDABLE HOUSING TRUST FUND

The Pennsylvania state legislature passed the Optional County Affordable Housing Funds Act, which allows counties to increase fees (but not more than double them) for recording deeds and mortgages. The additional money which is generated from the legislation is used for affordable housing.

PRIMARY TOOLS State legislation; administering board; coordination with Pennsylvnia Housing Finance Authority

Jurisdiction State/County
Setting County
Organization Affordable Housing Trust Fund
Year Initiated 1992

DESCRIPTION

The Dauphin County program uses proceeds from county fees on recorded deeds and mortgage transactions to fund an Affordable Housing Trust Fund. The county's trust fund provides the financing for two housing programs. The Rental Assistance Program offers families two years of gradually decreasing rental assistance and is intended to help these families make the transition to self-sufficiency. The First-Time Homebuyers Second or Subordinated Mortgage Program provides second or subordinated loans of up to $3500 to first-time homebuyers whose incomes are at or below the county median household income. The Dauphin County Housing Fund Board, made up of housing professionals, staff of government agencies, members of the business community, and housing advocates, review requests for funding from the Affordable Housing Trust Fund and make recommendations to the board of county commissioners, which has final authority over the use of funds.

RESULTS

- → To date, Trust Fund monies have assisted approximately 369 homebuyers in purchasing their first homes.
- → The planning commission has not marketed the program, but simply by word of mouth it has become so popular that demand consistently outweighs funding.
- → Dauphin County has committed $78,000 of trust fund monies to the Rental Assistance Program.
- → In 1994, Dauphin County increased the fees. Document recording costs were doubled and currently generate $300,000 per year for the Trust Fund.
- → Since the program's inception nearly $1.4 million has been generated for housing.
- → At least 20 other counties in Pennsylvania have taken advantage of this state legislation.

VITAL STATISTICS

FIRST-TIME HOMEBUYERS

- → Eligible applicants must attend a homebuyer's workshop.
- → Monies may be used toward a down payment or toward closing costs.
- → Applicants must contribute 3% of the purchase price or of the appraised value, whichever is less.
- → Loan must be repaid when property is sold.
- → Borrowers are eligible to apply to the Pennsylvania Housing Finance Agency for an additional $2000 for closing costs on top of the $3500 they have already received.
- → 85% of the funds that are generated are used for affordable housing efforts and 15% are used for the cost of administering the fund.

KEY PLAYER(S)

Affordable Housing Trust Fund
Dauphin County Planning Commission
(717) 234-2639

REFERENCES

http://www.dcoed.org/affhousing/program.html

PROPERTY TAX LEGISLATION

The State of Minnesota passed legislation that lowers property taxes in order to encourage the preservation and creation of affordable housing units.

PRIMARY TOOLS state legislation; administration; marketing

Jurisdiction State
Setting Urban/Suburban/Rural
Organization Minnesota Housing Finance Agency (MHFA)
Year Initiated 1997

DESCRIPTION

In Minnesota, legislative reform created a property tax classification 4(d), which lowered property taxes to encourage the preservation and creation of affordable housing units. The new rate was first available in 1998 for taxes paid in 1999. The legislation allows property owners to take up to a 50% property tax reduction depending on their level of participation in the 4(d) classification. For qualifying properties, the new tax classification rate is 1% of the market value of land and buildings. The Minnesota Housing Finance Agency (MHFA) administers the application, certification, and monitoring processes for the 4(d) classification.

RESULTS

→ 4000 buildings (107,000 housing units) throughout the state have qualified to receive the 4(d) classification.

→ The program has successfully engaged and marketed the program to the private sector—approximately 43 percent of the properties that are now classified as 4(d) were formerly market-rate rental units.

→ The program has a mix of properties, including single family, duplexes, triple-deckers, and apartment buildings although the program works best in places where there is a sufficient stock of rental housing.

→ The program does not rely on state appropriations, rather the application and inspection costs to enroll in the program cover the costs of administering and monitoring the program.

→ Given the fees to enroll in the program ($50 application, and $120 for inspection), there are cases where the property tax reduction does not equal the costs. This is primarily true for single-family homes and properties with fewer units.

→ In Minnesota the loss of tax revenue due to the 4(d) classification program is limited by local and state tax law—(1) if a local jurisdiction is losing taxes because of 4(d), property taxes on the rest of the local community will be increased to meet the tax capacity necessary to pay for local expenditures (2) if the loss to net tax capacity is in excess of 2% the state will provide additional resources. (Only 5 cities in the State have qualified for state assistance—in locales where the ratio of rental to owner-occupied housing was much higher than average).

VITAL STATISTICS

→ Rent charged for the unit must not exceed 30% of 60% of the area or state-wide median income, whichever is higher and the unit must be occupied by a resident with an income no higher than 60% of the area or state-wide median income, whichever is higher.

→ The property owner, through contract or deed restriction, must restrict rents on an agreed-upon number of units for five years.

→ Owners with deed restrictions must make a percentage of units available to holders of Section 8 certificates or vouchers.

→ In the Minneapolis/St. Paul metro area, 20% of units must be pledged as affordable housing and 10% of the units must be pledged as affordable housing in other localities.

KEY PLAYER(S) Cam Oyen, Housing Program Professional

REFERENCES www.mhfa.state.mn.us

THE COMMONWEALTH LEVEL

Current funding practices lead to a fragmented and unreliable system that makes it more difficult to meet housing production goals. By supporting programs that increase the amount of public funds for housing and that streamline the funding process, the state can create a system that will encourage the production of new housing. Developers will have a predictable source of funds that they can count on when new housing opportunities arise.

Developers of housing, particularly housing for low- and moderate-income households, must be able to move quickly enough to compete in the private market for valuable property and land. But the existing system of multiple funding sources undermines efforts to build good housing quickly and at reasonable prices. A confusing array of regulations and a patchwork of funding sources and programs, each with its own limitations and transactions, creates time delays and boosts the "soft costs" of building housing. To reduce these soft costs, there must be a streamlining of both regulations and financing systems.

The many lenders, agencies, and transactions required for each housing development make projects more difficult to replicate, evaluate, and explain. This limits the number of enterprises willing to engage in housing production. The state should create simplified models for housing development that are clear and accessible to the public and to those investors who would become involved given greater transparency of process.

Public officials are at work on the development of additional discharge planning strategies to hold systems and institutions accountable for preventing homelessness. The second critical component of this effort must include links between social services, economic development, education and new permanent housing. With a more coordinated effort, opportunities for housing can be linked to social services, education and economic independence.

POLICY AT THE LEVEL OF THE COMMONWEALTH

Without reliable funding and coordinated development processes, no amount of housing programs, zoning or regulatory reform, or local incentives will be adequate to provide housing that is affordable for all of the region's residents. With an ongoing dedicated revenue stream for the recently passed Housing Trust Fund, and a renewed commitment to housing construction, the Commonwealth can significantly increase the supply of housing throughout the region. By empowering cities and towns to adopt incentives for the preservation of land and the development of affordable housing, the Commonwealth can become a partner in local efforts to increase production. By establishing a state housing coordinator and a state housing council, all of the Commonwealth's housing activities could be better coordinated and facilitated.

→ Increase housing proportion of general revenue

The Legislature should consider increasing the share of general revenues dedicated to housing programs in the state. Presently, the Commonwealth spends just 0.8 percent of total revenues on affordable housing. Increasing this amount would help meet the need for the additional housing subsidies called for in this report.

→ Encourage Regulatory Reform

As noted in the Building Level, the Commonwealth can work to streamline building codes and permitting processes to encourage efficiencies and lower the cost of production. These efforts at regulatory reform could have a substantial impact on the problem. The problems of special populations, the elderly and the homeless in securing access to decent, affordable housing underscore the need for development reforms that will support the creation of single room occupancy units, accessory apartments, smaller homes, and other appropriate residential settings for vulnerable residents.

→ Respond to the permanent housing needs of homeless people

The Department of Housing and Community Development's Individual Self-Sufficiency Initiative (ISSI) to establish new tenancies for working homeless individuals currently provides both rental assistance and development funds. ISSI should be exapnded on the development side to make more dollars available for new units as opposed to the resource model that merely provides individual subsidies.

→ Endow housing trust fund

The Commonwealth of Massachusetts recently took a significant step toward increased housing supply when the Legislature approved creation of a state trust fund for housing. Massachusetts joined some 33 other states and hundreds of cities and towns with the creation of this trust fund. The trust fund will be capitalized with $100 million of surplus income tax revenue appropriated in annual increments of $20 million over five years. Up to twenty-five percent of the total allocation is currently earmarked for renovation of state-owned public housing.

The new Affordable Housing Trust Fund is a good starting point for addressing the unmet needs identified in this report. In order to be effective, the Trust Fund or any other mechanism for increased state funding for affordable housing should be administered through simplified financing programs that reduce delays and minimize transaction costs. It should be targeted to the most critical housing needs, particularly the construction of affordable new rental housing, the preservation of existing low-cost rental housing, and the promotion of homeownership. It should be designed to leverage the maximum possible financial participation from the private sector and be able to adapt quickly to changing housing needs and market conditions. It should ensure accountability by establishing clearly-defined performance measures and by directing public dollars to those housing programs that achieve the most significant, timely, and cost-effective results.

To be successful on a larger scale the Affordable Housing Trust Fund needs a dedicated revenue source that could be supported by a variety of private and public sources. One useful example is the federal government's highway trust fund, which finances the construction and maintenance of the U.S. interstate highway system through the federal gasoline tax. This system provides a reliable, dedicated stream of revenue toward a public good that serves all members of the national community. Just as highways receive constant investment, the Commonwealth's investment in housing must be predictable and it must reflect a long-term commitment.

Other states have chosen to use property transfer taxes, deeds excise taxes, a percentage of the sales tax, and a variety of other sources to provide an ongoing source of revenue for housing trust funds. These funds are often combined to provide a substantial resource.

The Legislature should carefully consider each of these as a source for substantially increasing the size of the Housing Trust.

→ Raise housing bond cap

State bond funds are an important resource for affordable housing development. In 1998 the legislature passed a $296 million housing bond bill. To date only $71 million has been spent annually because of other state commitments and because of the current $1 billion cap on the state's general obligation bond amount. An increase in the borrowing capacity of the state would permit more funding to be spent on housing programs.

→ Enact state housing tax credits

In 2001, a new Massachusetts tax credit modeled on the federal program will provide $4 million each year paid for five years to developers who invest in affordable housing. Over the proposed life of this program, $100 million in tax credits will be available. The program is expected to provide housing for 3,500 low and moderate-income households. This tax credit can be expected to provide nearly one-quarter of the 15,000 new subsidized housing units called for in this report.

→ Pass Community Preservation Act

The Community Preservation Act, passed by the Legislature this past session but returned by the Governor with amendments, would have created a dedicated funding source for open space, historic preservation, and affordable housing, through a $20 surcharge on all documents recorded at the registry of deeds, generating approximately $30 million per year. Cities and towns could raise local property taxes by up to 3 percent and would receive a state matching grant in return. At least 10 percent of the money would be designated for affordable housing. This cooperative effort among state and local government has the potential to create a significant source of funding for new housing production. According to a poll by the McCormack Institute at the University of Massachusetts Boston, 63 percent of the public supports an increase in property taxes to fund affordable housing. This Act should be expeditiously reviewed and signed into law.

→ Appoint a development coordinator and housing council

The Governor's Executive Order 418 offers a good foundation for the development of strong housing and development strategies. The executive order also recognizes the link between housing, transportation and the environment—and establishes a model for collaboration among executive agencies. That order should be strengthened with the appointment of a development coordinator, who would coordinate all aspects of community planning and housing development, and who would possess definitive authority. The state should create a permanent housing council, comprised of officials from appropriate departments, to establish clear goals for regional housing creation and other development goals. By bringing communities together, the state can foster consistency with statewide standards, guidelines, and planning goals. By providing sound information and technical assistance, the state can position itself as a resource for local cities and towns.

SMALL MULTIFAMILY HOUSING FINANCE

The Small Affordable Rental Transactions (SMART) Program provides funding to both nonprofit and for-profit sponsors for small rental-housing projects. It is designed to minimize the costs associated with smaller affordable housing developments by reducing the regulatory and financial barriers to new production.

PRIMARY TOOLS	Coordination of financing sources; steamline regulation
Jurisdiction	State
Setting	Urban/Suburban/Rural
Organization	Colorado Housing and Finance Authority (CHFA)
Year Initiated	1997

DESCRIPTION

The SMART Program gives permanent, long-term, fixed-rate, fully amortizing, non-recourse first-mortgage loans of no more than $1 million for the development of rental housing in properties with up to 20 units. The SMART Program created the opportunity for for-profit organizations to take advantage of 501(c)(3) bond financing backed by CHFA's general obligation and financing from the Housing Opportunity Fund (HOF), the CHFA's trust fund. Funding for the SMART Program also comes from private-activity bonds, taxable bonds, and other non-CHFA subsidies. In order to encourage the development of smaller rental projects, SMART simplifies the application process and combines the loans from separate programs into one first mortgage loan with one set of documents and one monthly payment.

RESULTS

→ The SMART Program has approved over $60 million in loans.

→ The program's monies have been used to fund:

• 1,240 units for families.

• 53 units for elderly people.

• 18 units for disabled people.

→ Appraisal and environmental requirements are less costly under the program, and processing and documentation procedures are streamlined.

→ The SMART program is expected to break even at best. CHFA's other rental-housing programs are used to subsidize some staff costs.

VITAL STATISTICS

→ In order to cover operating and debt service, the program provides lenient minimum occupancy requirements and gives the developer two choices: 20% (normally 25%) of the units must be affordable to households earning 50% or less of the area median income, or 40% (normally 45%) of the units must be affordable to households earning 60% of the area median income or less.

→ Offer two types of loans, taxable and tax-exempt:

• The taxable loan has a 20-year term with 30-year amortization and allows developers to borrow up to 90% of the project cost or value, whichever is less.

• The tax-exempt loan has a 30-year term with 30-year amortization and allows developers to borrow up to 95% of the project cost or value, whichever is less.

→ Bonds issued by CHFA and backed by CHFA's general obligation are the major source of capital for SMART.

→ Loans are kept in the state general fund until bonds may be issued again. CHFA takes the interest rate risk during this period.

→ Minimum debt service coverage is 1.05 with a 95% occupancy rate. A $500 application fee is applied toward the 1% origination fee.

KEY PLAYER(S)

CHFA
Rental Housing Division
(303) 297-7351

REFERENCES

http://www.colohfa.org

MULTIFAMILY FINANCE/BONDS

The Texas Department of Housing and Community Affairs uses 501(c)(3) tax-exempt bonds for the construction of mixed-income multifamily housing.

PRIMARY TOOLS	State legislation
Jurisdiction	State
Setting	Urban/Suburban/Rural
Organization	Texas Department of Housing and Community Affairs (TDHCA)
Year Initiated	1997

DESCRIPTION

The Texas legislature added specific language to their 501(c)(3) tax-exempt bond legislation that enables the TDHCA to act as an agent for bonds that finance multifamily housing projects developed by nonprofit entities. The legislation allows the state to take advantage of tax-exempt financing without jeopardizing the state's tax credit rating. In addition, because the program does not use state dollars, the TDHCA can maximize scarce funds for use in other housing programs. To take advantage of the TDHCA's 501(c)(3) financing, non-profits must agree to reserve 60% of a development's housing units for low and very low-income households. No household may be occupied by tenants with an income in excess of 140% of the area median. Five percent of the housing must be reserved for special needs tenants. Even if the loan is prepaid, the income and rent requirements are deed restricted and must last for at least the term of the loan.

RESULTS

- → $62.8 million in bonds funded the acquisition and rehabilitation of 14 properties, mostly in the Dallas-Forth Worth area. Of the 3380 units of housing involved, 1876 were set aside as affordable.
- → Bond financing ensures that lower-income tenants will have housing that will remain affordable regardless of fluctuations in the local economy, even when bonds are used to buy existing properties with affordable rents.
- → Bonds may be used to cover 100% of a project's financing. The savings yielded by bond financing may make a project more viable, especially in the conversion of an existing property.

VITAL STATISTICS

- → The Texas Bond Review Board sets the limit on the total amount in bonds to be issued each fiscal year.
- → To ensure a geographic dispersion of the bonds and that new construction is the primary activity, the annual issuance must be divided as follows:
  - 50% must be used for the purposes of new construction.
  - 25% or less may be used in any one metropolitan area.
  - A minimum of 15% must be used for projects in rural areas.
- → For new development, bond financing may be combined with other sources, such as HOME funds.

KEY PLAYER(S)

Brent Stewart, Director of Multifamily Finance

REFERENCES

www.tdhca.state.tx.us

EMPLOYER ASSISTED HOUSING

HOPE is an employer guaranteed loan program that offers no down payment, below-market, fixed rate mortgages to eligible employees without private mortgage insurance.

PRIMARY TOOLS: public-private partnership; financing

Jurisdiction: State
Setting: Suburban
Organization: New Jersey Housing and Mortgage Financing Agency
Year Initiated: 1989

DESCRIPTION:

The first state-supported employer-assisted housing program in the country, the Home Ownership for Performing Employees (HOPE) of New Jersey, was designed to respond to a labor shortage in many businesses in suburban locations that were experiencing high employment growth. The New Jersey Housing and Mortgage Financing Agency (NJHMFA) raised $23 million through the sale of tax-exempt bonds to fund the HOPE program. This homeownership program provides a below-market first mortgage to home buyers, with a guarantee by the employer of 20 percent of the mortgage for the first five years, which enables the employee to obtain a zero down payment loan from the agency.

RESULTS:

→ 32 loans were made to employees totaling approximately $2.7 million in financial commitments.
→ All the homes that have been purchased are in Atlantic City.
→ The employers that currently participate include Bally's Fitness, Resort's International and Cesar's Casinos.
→ Over 300 companies have expressed an interest in this program from AT & T to smaller companies.

VITAL STATISTICS:

→ Employers must offer a guarantee, but do not need to contribute out of pocket funds
→ Eligible properties include existing single family homes (1–4 dwelling units), including condominiums, newly constructed homes, and newly constructed two-family dwellings
→ Corporations are not permitted to act as borrowers
→ To be eligible an employer must:

• present the NJHMFA with three years of audited financials that will determine the total amount that the company can guarantee.

• Submit a plan designating the criteria for employee participation.

→ Income limits for small households (1–2 members) range from $66,000 to $80,800 depending on the neighborhood. Income limits for large households (3 + members) range from $76,590 to $92,920.

KEY PLAYER(S):

The New Jersey Housing and Mortgage Finance Agency
1-800-NJ-HOUSE

REFERENCES:

http://www.state.nj.us/dca/hmfa/

THE FEDERAL LEVEL

The federal government's cutbacks in affordable housing construction funds in the 1980s and the more recent changes in programs for other forms of housing assistance have altered the housing environment for people at the bottom of the housing ladder. In the 1990s, some funds for housing have been restored, but the levels are far below those of earlier decades. The new housing paradigm recognizes the significant returns to be realized from investment in the region by the federal government and urges an increased national commitment to housing production.

The federal government shapes the environment in which all housing investments are made. The national economy has contributed to rising incomes, lower mortgage rates, and new financing techniques that have helped many of the region's residents to become first-time homebuyers. But, indirectly, federal policy has contributed to the inflation of rents and home sales prices by providing more incentives for suburban-style housing development than for other types of housing.

Since 1981, the federal government has withdrawn from large-scale new housing production in favor of a demand-side strategy that provides vouchers for low-income people to gain access to the existing supply of housing. This strategy aggravates the problem of affordability in prosperous regions like Greater Boston by exacerbating the gap between supply and demand.

Local and state governments cannot solve the housing crisis by themselves. The federal government must be a partner with state and local governments in devising entrepreneurial programs and by providing financing for local housing initiatives, as it has in the past. With incentives from the federal government, including packages for the production and rehabilitation of multifamily homes, state and local entities will be better prepared to invest in housing opportunities for all of the region's residents.

POLICY AT THE FEDERAL LEVEL

Local political, business and civil society leaders should join forces in urging the federal government to place housing among the issues at the top of the national agenda, giving it the same priority as crime and education. The State's executive, legislative, and congressional leaders, mayors, business and religious leaders, and others should present a unified voice in Washington about the urgency of the crisis and the need for additional support. At the center of their efforts, this group should lobby for new funds for affordable housing development to help underwrite the additional 15,000 subsidized housing units called for in this report.

→ Increase funding for LIHTC

As the primary production program for mixed-income, affordable rental housing, the Low-Income Housing Tax Credits annual allocation of $1.25 per capita does not meet the needs of necessary housing development. The New Housing Paradigm supports the efforts of a national coalition of housing advocates to raise the LIHTC to $1.75 per capita. The federal government provides 9 percent tax credits which can be awarded to projects each year but caps the amount at $1.25 per capita. In 1999, Massachusetts' allocation was $7.6 million, sufficient to raise about $60 million in equity. Despite legislation pending in Congress for several years that would increase the per capita allocation and index it to inflation, the federal allocation of these credits has been fixed since 1987. Given the number of affordable units currently at risk of being lost, the state's Department of Housing and Community Development (DHCD) currently allocates 60 percent of the credits to preservation, further demonstrating the need for new funding. According to DHCD the state could have had twice the capital and still not met demand.

→ Improve State borrowing capacity to leverage funds

The federal government should increase the amount of private bond authority available for housing development. The purchasing power of each state's allocation has declined by almost 50 percent in the past 13 years since the current limit of $50 per capita has not been increased since 1986.[16] The state currently receives over $300 million in private activity bonds, one-third of which finance housing and two-thirds of which are designated for educational and economic development purposes. In recent years the bond cap has been used primarily for preservation and new production of assisted-living projects. With an increase in the tax-exempt bond financing available for multifamily developments, developers can leverage additional funding through the LIHTC program, and state or private funding can further write down interest rates, stretching the value of limited public subsidies.

Other federal programs have a significant impact on the supply of affordable housing in the region. Together Community Development Block Grants (CDBG) and HOME block grants will provide approximately $230 million to the Commonwealth and to cities and towns to assist households earning less than 80 percent of median income. Still, subsidies from these programs often provide only a small part of the financing necessary for lower-income households. In order to leverage additional funding from the private sector for housing production for these households, there must be a demonstrated commitment from the federal government.

→ Create a National Housing Trust Fund

Senator John F. Kerry's proposal to establish a National Housing Trust Fund represents a radically new vision for the delivery of housing services and a commitment to the principles espoused in this report. The National Housing Trust Fund would utilize an estimated $2 billion dollars annually in surplus revenue generated by the Federal Housing Administration and Ginnie Mae to complement production programs.

→ Offer matching grants for Individual Development Accounts

The federal government can support efforts to make savings and investment more attractive. While homeownership in Greater Boston is at its highest level ever, at 60 percent, the gap between homeownership rates of lower income and higher income residents remains wide. One investment approach emphasizes asset building through financial counseling and matching funds for privately held accounts. Numerous individual development accounts (IDAs) throughout the country offer matching funds with local support from public and private sources. The

[16] *Housing Guidebook,* Citizens' Housing and Planning Association, 1999

federal government's *Savings for Working Families Act of 2000* provides tax credits to financial institutions and corporations that provide funding for agencies qualified to administer IDA programs.

BELOW MARKET FINANCING

A partnership between the Federal Home Loan Bank of Boston and the Massachusetts Thrift Institutions Fund for Economic Development partnered to create a targeted lending program for affordable housing and economic development.

PRIMARY TOOLS: loan pool administration; coordination of financing sources

Jurisdiction: State/Region
Setting: Urban/Suburban
Organization: Federal Home Loan Bank of Boston
Year Initiated: 1994

DESCRIPTION

The Thrift Fund of Massachusetts together with the Federal Home Loan Bank of Boston worked to develop the Massachusetts Community Building Program (MCBP). The state's savings and co-operative banks and savings institutions deposited $20 million for a term of 20 years into an account at the Home Loan Bank which earned a rate of 4.71%. The Bank then invested the money at a higher rate of return. The present value of the difference between the interest on the deposit paid and the investment interest received by the HLB produced a subsidy pool that the HLB used to lower the cost of borrowing for community-based financial institutions lending for local economic development or affordable multi-family rental housing units.

RESULTS

- → In the first year more than $10 million had been disbursed to 15 different projects.
- → The $20 million deposit was leveraged into over $30 million in commitments throughout the state.
- → Example of an MCBP program:

  • Mid-sized savings bank used MCBP funds to provide permanent financing for a $2.1 million mixed-use development, receiving a discount of 300 basis points off the CIP rate.

  • The non-profit Somerville Community Corporation purchased the building at a reduced rate from the FDIC and developed 20 units, of which 15 will be reserved and affordable to very-low income families.

  • Commercial space on the first floor is rented to a local health clinic.

VITAL STATISTICS

- → Projects must serve households with incomes at or below 80% of area median income.
- → Discounts ranged from 50 to 300 basis points below the Bank's CIP rate, for terms out to 20 years.
- → The responsibility for underwriting the loans to the projects lies entirely with member financial institutions that access the FHLB funds.
- → The Federal Home Loan Bank and the sponsoring entity (which may or may not include investors) work together to determine the characteristics of the specific program.

KEY PLAYER(S)

Federal Home Loan Bank of Boston, member institutions
Paulette Vass
(617) 330-9892

REFERENCES

Federal Home Loan Bank, Housing and Community Investment

INDIVIDUAL DEVELOPMENT ACCOUNTS/TAX INCENTIVES

An Indiana Individual Development Account (IDA) program helps low-income individuals accumulate savings and learn personal finance skills. Private contributors to the state IDA program receive incentives in the form of state income tax credits.

PRIMARY TOOLS Tax Incentives; state-local partnerships; state legislation; marketing, fundraising; accounting; education

Jurisdiction State/Local
Setting Urban/Suburban/Rural
Organization Indiana Department of Commerce, at the state level, works in conjunction with community development corporations (CDC's) or community-based, nonprofit 501(c)(3) organizations at the local level to develop affordable housing.
Year Initiated 1997

DESCRIPTION

The Indiana Department of Commerce awards state matching funds to participants who open an IDA account for education, training, business development, or for the purchase of a primary residence. In 1997 the state of Indiana earmarked $6.48 million from the general fund to be used over a four-year period to fund 800 IDA accounts. To supplement this funding level, local CDC's are encouraged to find matching funds for additional IDA accounts by state legislation which allow state income tax credits for private donations to CDC-managed IDA accounts. Participants may deposit as much as they like into their account, but the state or CDC will match no more than $900 per account at a 3:1 match rate.

RESULTS

→ Over 40 CDC's are participating in the program.
→ Each CDC manages from three to 140 IDA accounts.
→ The state can award up to $500,000 in state income tax credits per year to private contributors to the IDA program.
→ In the program's first year of operation the Indiana County Community Action Agency had more than 100 IDA accounts and participants had saved $63,000.

VITAL STATISTICS

QUALIFICATIONS OF PARTICIPANTS

→ Must receive or be a member of a household that receives public assistance.
→ Annual household income may not exceed 150% of the federal poverty level.
→ One member of a qualifying individual's household may establish an account.
→ CDC is an acting trustee of each account, monitoring and approving withdrawals.
→ Money withdrawn and interest earned on the IDA account is tax exempt from state income tax and IDA's are not considered assets in determining an individual's eligibility for public assistance.

RESTRICTIONS TO IDA TAX CREDITS

→ Contributions may be used to defray only Indiana tax liability.
→ Donors must claim credits for at least $1,000 but no more than $50,000.
→ Donors may claim no more than 50% of the actual contribution.
→ Credits must be claimed for the year in which the contribution was made.

KEY PLAYER(S) Indu Vohra, IDA Project Manager (317) 233-0541

REFERENCES http://www.state.in.us/doc/community/indivDevelop/

INDIVIDUAL DEVELOPMENT ACCOUNTS

The Community Action Project of Tulsa County (CAPTC) offers matching funds for homeownership, business, education, and retirement goals. CAPTC currently has two Individual Development Account (IDA) programs under the American Dream demonstration program.

PRIMARY TOOLS fundraising; education; outreach

Jurisdiction County
Setting Urban/Suburban
Organization Local foundations and lenders in the city of Tulsa operate the program.
Year Initiated 1997

DESCRIPTION

Using funds from foundations, the Federal Home Loan Bank, and the City of Tulsa, this program matches participant's savings at a rate of $1 or $2 for every $1 that is contributed to the IDA up to $500 per year. This program provides an incentive for lower income households to save for education, for business startups or expansion, retirement accounts, home repair or improvements, or for a down payment and closing costs on a home purchase. Participants must be employed and the gross household income must be no more than 200% of the federal poverty level for one program and no more than 150% of the federal poverty level for another. CAPTC markets the IDA program through its other programs and by networking with other non-profit and government agencies that assist low-income families. The initial pilot study, in 1998, had 130 participants. Since then, 500 additional participants have been added. This second group will be compared with a control group to estimate the impact of this IDA on the participants' ability to save money.

RESULTS

→ As of June 30, 1999, the 151 account holders in CAPTC's first IDA program:

• Saved $75, 836.40, earning $115,229.00 in match money, for a total of $191,135.40.

• Fifty-nine percent of the account holders in CAPTC's first program are saving for a home purchase; 8% towards post-secondary education; 6% towards micro-enterprise; 16% towards home repair; 11% towards retirement.

→ As of June 30,1999, the 101 account holders in CAPTC's second IDA program:

• Had saved $16,104.30, earning $22,745.60 in match money, for a total of $38,850.00.

• 73% of the account holders in CAPTC's second IDA program are saving for home purchase; 4% towards post-secondary education; 6% towards micro-enterprise; 7% towards home repair; and 10% towards retirement.

VITAL STATISTICS

→ Funding for the program was provided by:

• CfED: $200,000 for matched savings and $100,000 for operating expenses.

• Zarrow Foundation: $140,000 for operating expenses and/or matched savings for four years.

• Federal Home Loan (Bank of Topeka): $200,000 for matched savings, on home purchases only, for two years (1998–1999).

• CDBG funds: $75,000 for operating expenses.

• City of Tulsa HOME funds: no restricted amount for the duration of the program and then for matched savings on home purchases only.

→ Participants have complete control over their savings accounts however, matching funds are held in a separate account until an approved withdrawal is made.

→ Restrictions include:

• Maximum savings period of four years.

• Withdrawing savings for an unapproved reason will not be matched with CAPTC funds.

• Withdrawing for an unapproved reason may cause the participant to become ineligible for further participation in the program.

• Funds may be withdrawn for emergencies, but the participant forfeits his right to matching funds for that money.

KEY PLAYER(S)

Jennifer Robey, IDA Program Coordinator
(918) 582-6744

REFERENCES

http://www.cfed.org/individual_assets/ida/newcontent_idanet/site_pages/captc.html

THE LEVEL OF CIVIL SOCIETY

Government cannot create a comprehensive housing policy by itself. A housing strategy requires the participation of a wide range of other entities—universities, businesses, churches, community development corporations, labor unions, nonprofit organizations, and individuals. Overcoming the social, political, and economic barriers to new housing production will require everyone embrace responsibility for addressing this issue. Greater Boston has a rich array of community-oriented institutions and organizations that can contribute to a comprehensive housing policy. They possess land, financial resources, technically skilled people, and can mobilize citizens. However, many of these organizations have not been tapped to address the housing crisis.

"Civil society" refers to the middle ground of political communities—between formal government structures and the populations of those communities. Political scientists like Harvard University's Robert Putnam have underscored the importance of strengthening these "intermediary institutions" as a way to improve the democratic process at all levels of government. At the heart of civil society is the commitment of people and institutions to the greater good. At the same time, by contributing time and resources to larger public-spirited projects, organizations of all kinds improve their own well-being and that of their members.

The issue of housing has already mobilized great numbers of people across Greater Boston. Volunteer organizations like Habitat for Humanity have built houses across the region using "sweat equity" as well as donations. Community development corporations (CDC's) have a central complementary role to the state's housing agencies, using a mix of public and private funds to build new housing and revitalize whole sections of cities.

Universities and medical centers also play a major role in local housing markets. For example, an innovative partnership between Northeastern University and the Madison Park CDC is building

Davenport Commons, which will provide housing for both students and members of Boston's Roxbury community. In Worcester, a partnership between Clark University and the Main South CDC has helped to generate over 150 units of affordable housing.

Religious institutions also have an important role to play in housing production. Many of the subsidized housing units built during the 1960's and 70's involved church-based development entities. More recently, faith-based funds have played a large role in the establishment of community development finance institutions (CDFIs) like Boston Community Capital. CDFIs borrow money from civic-oriented investors and place it in housing and economic development projects that rebuild low-income communities.

Housing programs have a greater chance of success when the business community pitches in with loans, equity investments, and charitable grants. Businesses have taken advantage of federal tax credits to provide equity for affordable housing development. Banks have contributed funds to a variety of housing programs.

More than even the most experienced and knowledgeable government policy makers, the institutions of civic society contain the "deepest" knowledge of communities' problems and resources. By working at the grassroots level, these institutions accumulate a profound knowledge of neighborhoods, specific populations, local businesses, and social subcultures. This knowledge can insure that new housing development occurs in a way that does not undermine the positive work that is taking place in our communities.

Greater Boston has benefited enormously from its rich collection of churches, schools and universities, hospitals and health clinics, legal aid associations, and community organizations. When public agencies have conducted deliberative processes to gain input from these institutions, the public interest has usually benefited. Such organizations, along with private businesses and labor unions, have important roles to play in providing funds, land, expertise, and labor all in the name of meeting the region's housing needs.

→ Encourage greater corporate investment in affordable housing production

Private investment vehicles can encourage individuals and corporations to invest in our region's homes and communities. Businesses can create housing opportunities through employee assistance programs that partner with public funding sources to provide loans and grants to first time homebuyers. Employers could provide part of the equity funds needed to bundle with public subsidies to help pay for new low- and moderate-income housing for their workers. In Boston, Hotel Workers Local 26 was the first union in the country to win a fund for affordable housing from the major employers in their industry.

We should also offer a challenge to businesses. Jerome Rappaport of the New Boston Fund has suggested creating a pool of $50 to $100 million from corporate grants to leverage $100 million in state grants, $250 million in a low-interest loans, and another $400 million in ordinary commercial bank loans. This funding pool could create as many as 10,000 units of moderate-income housing in a short period. In order to meet this challenge, the business community should enlist its members to support affordable housing through employee assistance programs, loans to housing intermediaries, equity investments in housing, or grants to housing groups.

We encourage the banking industry to put greater effort and resources into affordable housing, but their actions under the Community Reinvestment Act are already laudable. The passage in

1998 of a tax cut for insurers was accompanied by a requirement that companies receiving the tax cut invest $200 million over five years in affordable housing, economic development, and community health centers. Most major insurance companies based in Massachusetts have participated in the two funds established by the statute, but they can do more. Firms based outside of the Commonwealth but doing business in the state have been even less actively engaged. All insurers should be encouraged to use the 1.5 percent tax credit included in the statute to expand their commitments to affordable housing.

→ Encourage labor unions to lower construction costs in return for worker housing benefits

One of the largest costs for housing construction—especially in a booming area like Greater Boston—is the cost of labor. Construction workers enjoy one of the highest pay scales in the Boston area, which is one of the more positive aspects of the region's strength. But those labor costs can also make prohibitive the costs of creating new housing with moderate rents and sale prices. The answer to that problem is a simple exchange. In return for wages below prevailing rates for specific projects, members of the building trades should enjoy a preference for rental and ownership opportunities in the specific development. By offering workers a means to invest in their communities beyond simply buying and selling property, unions can also make a modest contribution towards the affordability of all units.

→ Encourage labor unions and public agencies to leverage pension funds to build housing

Pension funds constitute one of the greatest repositories of wealth in the United States. State and local pension funds totaled $891 billion in 1992. Many states already allow public pension funds to be directed toward investments in women and minority-owned businesses or to specific sectors of the economy. At a recent White House Conference on Small Business, experts urged allowing the use of pension funds in small business. Just as pension-fund investment in small business can produce positive results for both the lenders and recipients, so can pension-fund investments in affordable housing. Pension-fund investment in housing can stabilize local communities and economies, while at the same time creating home-buying and rental opportunities for workers.

→ Require housing strategies for all institutional master plans

One of the greatest pressures on housing prices is the existence of some 68 colleges and universities in Greater Boston with over 250,000 students. If the students comprised a city, that city would be the second largest in New England. In addition, the City of Boston's health care industry employs more than 90,000 people. In the City of Boston major building projects trigger a requirement that the university or hospital submit a comprehensive master plan. That master plan should include a detailed strategy for universities to house two-thirds of all full-time students in campus residence halls. Elected officials should support the region's universities by helping to broker acceptance of their master plans in communities that are opposed to new residence halls.

→ Expand the capacity of community development corporations (CDC)

It would be helpful to set up a system where more experienced CDCs lend their expertise to communities without CDCs. Even more importantly, we should encourage the creation of CDCs to serve areas that are now underserved. Toward this end the state should expand funding of the Community Enterprise Economic Development (CEED) program that provides flexible programmatic support to new and existing CDCs. Additionally, state law should be amended to permit CDCs to develop housing in middle income communities so long as they serve low income households and have low income people on their boards.

→ Religious institutions should expand their commitment to affordable housing

As critical actors and leaders of social justice, churches, synagogues, mosques and other religious institutions can lead the way in the production of new housing and the development of inclusive communities. All churches should be working to help communities overcome resistance to mixed-income housing. Religious institutions should work internally and with each other to generate charitable grants, equity investments, and low-interest loans. The Boston Roman Catholic Archdiocese of Boston has developed approximately 2,000 units of affordable housing. Additionally, several churches have made commitments to the zero-interest "Nehemiah" fund to build affordable, ownership housing in Boston and in the suburbs; others should follow suit.

Religious institutions can also contribute human capital. Clergy and lay leaders can bring their considerable skills to bear by encouraging corporate and institutional investment in affordable housing, and appearing before planning boards and boards of selectmen to encourage housing production.

STATE TAX CREDIT

The state of New Hampshire issues investment tax credits for charitable donations for affordable housing, economic development, and education and training.

PRIMARY TOOLS state legislation; tax incentives; private-public partnerships

Jurisdiction State
Setting Urban/Suburban/Rural
Organization New Hampshire Community Development Finance Authority (NHCDFA)
Year Initiated 1991

DESCRIPTION

Although New Hampshire has no income tax, the state issues investment tax credits for charitable donations for affordable housing, economic development, and education and training. Private-sector donations of cash and property are submitted to the state finance agency (NHCDFA) for specific economic development, affordable housing, and job creation projects. For making the donation, NHCDFA issues a tax credit against certain state taxes — the state business profits tax, the state enterprise (payroll) tax, and the state insurance franchise tax. The annual donation cap is $5 million; yielding maximum annual credits of $3.75 million. No one donor may receive credits on contributions in excess of $1 million, and unused credit may be carried over for the following 5 years. Housing that is created with the investment credit must be permanently affordable and must serve populations earning no more than 80 percent of the area median income.

RESULTS

- → In the beginning of the program, 25% of the awarded credits were granted to lenders, who donated housing acquired through foreclosure (ownership was transferred to nonprofit organizations, creating additional affordable housing). At the same time, 70% of the credits were for economic development, including some large, mixed-use projects that also created housing.
- → Tax credit is popular with lenders because it provides the opportunity to turn foreclosed properties into affordable housing, while recapturing some of their value.
- → Lenders are the largest cash donors; often dedicating additional resources to the rehabilitation of donated properties.
- → Property donations enable non-profits to begin development with equity equal to the value of the property, which makes obtaining a loan easier.
- → The program was implemented when the state was experiencing a housing crisis, and because of that NHCDFA has become one of the state's largest creators of affordable housing.

VITAL STATISTICS

- → Donations may be made in the form of cash or property.
- → Donations are eligible for a state tax credit equal to 75% of the donation amount, and the remaining 25% may be deducted from state and federal income taxes under standard charitable donations criteria.
- → Donations are project specific and if the project does not move forward, the funds are returned to the donor. If the donor does not wish the donation to be returned, it is forwarded to the state treasurer.
- → NHCDFA charges the sponsoring nonprofit 10% to 20% of each donation for administrative expenses and for other program investments.
- → Some funds go to the Housing Futures Fund, which awards capacity-building grants to housing organizations.
- → For organizations that cannot afford the administrative charge, NHCDFA issues a mortgage in the amount of the fee with repayments structured as a percentage of net operating income.

KEY PLAYER(S)

Robert G. Nichols, Executive Director of NHCDFA

REFERENCES

www.nhcdfa.org

EMPLOYER INCENTIVES

Housing assistance tax credit program that provides state income tax credits to businesses.

PRIMARY TOOLS tax incentives; state legislation

Jurisdiction State
Setting Urban/Suburban/Rural
Organization Missouri Housing Development Commission (MHDC)
Year Initiated 19906,175

DESCRIPTION

The state of Missouri created an Affordable Housing Assistance Program that provides state income-tax credits to businesses that make donations to nonprofit neighborhood development organizations for the development of affordable, income-restricted housing. To apply for tax credits for a project, a nonprofit organization indicates the characteristics of the projects and lists likely contributors. In addition to cash, nonprofits have received donations of professional services, electricians have re-wired housing units, telephone companies have installed phone lines, and accounting and legal firms have donated their services. Some foreclosed properties have also been donated, as have goods such as carpeting. Once all financing is in place and the donation has been made, restrictive covenants are filed and the tax credit certification is issued to the project sponsor.

RESULTS

→ Donations vary in size, from cash donations of $100 a month to $1 million contributions from corporations.

→ Habitat for Humanity is currently the only nonprofit organization that is creating homeownership opportunities through this program. Other nonprofits are producing affordable rental housing in developments that range in size from a few units to hundreds of units.

→ In past years, all available credits were not used, in part because of the risk faced by the donor: if the housing project lost its affordability status during the required period, the donor could be asked to pay the tax credit amount to the state. The law was recently revised to limit the donor's liability, and the state expects the full credit allocation to be used in 1999.

VITAL STATISTICS

→ MHDC accepts applications at any time throughout the year

→ The one-time tax credit is equal to 55% of the value of the contribution, which may take the form of cash, property, or professional services.

→ Contributions must support a specific housing development that is affordable to families whose incomes are at or below 50% of the area median.

→ Both single family and multifamily projects are eligible, but the income restriction applies to both.

→ The housing project must remain affordable for ten years.

→ Annual funding availability for the Missouri tax credit program is $10 million in credits for the production of housing and $1 million in credits for the operating costs of participating nonprofits.

→ Each donor is limited to a maximum of $1 million in credits. Donors may carry forward unused credits for up to ten years.

→ Single family homes may be sold only to income-eligible buyers during the affordability period, and appreciation is limited to no more than 5% per year.

KEY PLAYER(S)

Jane Anderson, Tax Credit Administrator

REFERENCES

www.mhdc.com

UNIVERSITY-COMMUNITY HOUSING

Davenport Commons is a new residential complex in Roxbury Massachusetts that will provide student dormitory style housing for university students and homeownership units for neighborhood families.

PRIMARY TOOLS: public-private partnerships; financing; below-market land

Jurisdiction: City
Setting: Urban
Organization: Northeastern University, City of Boston, Trinity Financial, Inc., Madison Park Community Development Corporation, Housing Investments, Inc.
Year Initiated: 1999

DESCRIPTION:

Northeastern University, the City of Boston, area residents, and local developers teamed up to create a housing strategy for a neighborhood in Boston that is increasingly unaffordable for long-time residents and students of area universities. To alleviate the pressure on the local housing market, the partnership will create affordable condominiums for families and dormitory units for students in buildings and townhouses on several large city blocks adjacent to the university. The development will also contain 2,500 square feet of retail space. The housing, which is brick, was designed to fit in with the character of the neighborhood and surrounding houses. Short and long term bonds issued by the Massachusetts Housing Finance Agency (MHFA), a 30-year lease with Northeastern University which guarantees the long-term bonds, the contribution of city-owned land, and lease payments, will subsidize the affordable housing units.

RESULTS:

→ 140 applications were submitted for the first 15 affordable homeowner units.
→ Northeastern University is marketing the homeowner units to faculty and staff members as well as neighborhood residents.
→ Completion of all housing units are scheduled for Fall 2000.

VITAL STATISTICS:

→ The development will create 75 homeowner units and housing for 610 students.
→ Homeowner units vary in cost from between $85,000 to $185,000.
→ Applicants for homeowner units must meet affordable housing income guidelines—the majority of units are targeted towards households earning no more than 80% of area median income.
→ The affordable condominiums are deed restricted for 75 years.

KEY PLAYER(S)

Mark Driscoll
Maloney Properties, Marketing Agent
(781) 670-2600

REFERENCES

http: www.voice.neu.edu/000314/davenport.htm

PART THREE

FINANCING A NEW WAVE OF HOUSING

Housing for low and moderate income households in the Boston metropolitan area can be developed only if there are subsidies available. The amount of subsidy depends on the income levels of these households and the size and quality of the units to be built. Based on recent demographic and income data and estimates of construction costs, we estimate that over the next five years, the private and public sectors combined will need to provide a little more than $300 million per year in cash and in-kind subsidies—a total of $1.5 billion—to construct approximately 15,000 new additional units of housing.

This $1.5 billion figure is based on a set of policy assumptions, demographic and income data, and construction cost estimates.[17]

It is fair to ask whether $300 million a year in subsidies for five years is reasonable. The additional $300 million in cash and in-kind housing subsidies suggested in this report would substantially increase the amount that is currently spent on housing.

In today's booming economy, we can afford to meet the housing needs of all our citizens. Moreover, with some of the subsidy in the form of land made available for housing by local governments and charitable institutions, some additional subsidy support from the Federal government, and some subsidy from private sources, the state government alone will not have to pay the full cost of the additional units called for here.

DOING THE NUMBERS

The $1.5 billion figure for this housing investment program resulted from a careful analysis based on consultation with a number of leading experts on housing finance.

---

[17] We wish to single out Professor Chip Case of Wellesley College and Denise DiPaquale of City Research, as well as staff at the Massachusetts Housing Partnership Fund, for their invaluable assistance in helping us to devise the methodology used to produce these estimates.

This analysis begins with two policy assumptions:

- → Subsidies should be provided to construct housing for households who have incomes up to 80 percent of the area 4-person household median income of $65,500.
- → Households should pay no more than 30 percent of their annual income in rent or mortgage payments.

The relevant demographic and income data for this analysis include:

- → Among Greater Boston households with incomes up to 80 percent of the area median, 45 percent have incomes no more than 30 percent of the area median for a 4-person household ($19,650); 25 percent have incomes between 31 and 50 percent of the median ($19,650–$32,750); and the remaining 30 percent have incomes between 51 and 80 percent of the median ($32,750–$52,400). Based on these figures, 45 percent of the subsidized units will need to have "deep" subsidies; 25 percent will require "moderate" subsidies; and 30 percent will need only "shallow" subsidies.
- → In calculating the total subsidy needed, we assume the *average* income of the "deep" subsidy households is 25 percent of the area median ($16,375); the *average* income of the "moderate" subsidy households is 40 percent of the area median ($26,200); and the *average* income of the "shallow" subsidy households is 65 percent of the area median ($42,575).
- → Three-fourths of the low and moderate income households in Greater Boston are 1 and 2 person households. Only one-quarter have 3 persons or more. Most of the smaller households are comprised of young individuals or couples and senior citizens.

These data yield the following distribution of subsidy units that should be constructed annually—based on 3,000 units per year for five years:

Number of Subsidized Units to be Constructed Annually

	Total Units	Small Units	Larger Units
"Deep" Subsidy	1,350	1,050	300
"Modest" Subsidy	750	570	180
"Shallow" Subsidy	900	630	270

The housing construction assumptions we make are the following:

- → One- and two-person units require 900 square feet of living space; larger units should average 1,400 square feet.*
- → Construction costs are contained at $95 per square foot.
- → Land costs average $30,000 per dwelling unit.
- → Annual operating costs average $4,500 per year per unit.
- → Housing developments have a 5 percent vacancy rate.

The financing assumptions are:

- → A fixed interest mortgage at 8.5 percent.
- → Thirty-year loan amortization.
- → Zero percent cash equity.
- → A required debt coverage of 110 percent.

Based on these assumptions, we calculate the following subsidies for two kinds of housing units—large (1,400 square feet) and small (900 square feet) at different levels of need.

Levels of Subsidy	One- and two-person households	Larger households
"Deep" subsidy units	$123,000	$163,000
Moderate subsidy units	$96,000	$136,000
"Shallow" subsidy units	$50,000	$90,000

The chart below shows the costs of building 3,000 units of housing per year. The costs are based on the per-unit costs above.

Kind and number of units for smaller households	Cost for one- and two-person households	Kind and number of units for larger households	Cost for three (+) person households
1,050 "deep" subsidy units	$129,519,000	300 "deep" subsidy units	$48,411,000
570 "modest" subsidy units	$54,720,000	180 "modest" subsidy units	$24,480,000
630 "shallow" subsidy units	$31,500,000	270 "shallow" subsidy units	$24,300,000

* Housing experts differ on the appropriate size of units. The figures provided here might be too high; for example the New Jersey Institute of Technology's Housing Demonstration Technology Park estimates that larger units would have 1,200 square feet. Reducing the size of units would bring a corresponding reduction in production costs.

Based on these figures, this subsidy program will cost $313 million per year for five years—a total of $1.56 billion.

These figures are, of course, subject to a number of caveats. Based on interviews with developers and contractors, the assumed $95 per square feet construction cost is near the low end of all the cost estimates we obtained. It assumes significant economies of scale in constructing large numbers of units and the possible pre-fabrication of units or large parts of units. If construction costs prove higher, the total subsidy required will be correspondingly higher.

For ease of presentation, this calculation also does not include a specific allowance for "soft costs" in the development process, which can vary widely case-by-case. To the extent that soft costs increased the funding gap, these additional costs would have to be offset by either increases in developer equity contributions or increases in total subsidy amounts.

On the other hand, we have assumed that all of these units would be financed with zero equity. To the extent that a portion of these units would be owner-occupied—as three-deckers, for example—it is possible that an equity stake would be provided by owners, reducing the financing costs and subsidy.

As noted above, zoning and building code reform could also reduce costs relative to what they otherwise might be. Using conservative estimates, we believe the total cost of the needed subsidy might be reduced by as much as 10 percent. In addition, the provision of free land by public, private, and nonprofit entities could further reduce the cash subsidies needed for the production of thousands of these new housing units.

These figures are as definitive as we could produce. With other assumptions and information, the figures would be somewhat different. For example, we recalculated the subsidy numbers assuming lower median incomes for 1 and 2 person households. With the median income of a 1-person household estimated at $45,850 and the median for a 2- person household at $52,400, we recalculated the subsidy total (assuming that the maximum rent paid by small households should be the average between 30 percent of the median income of 1 and 2 person households—or $307 a month at the lowest income level. Similarly, the maximum rent paid by moderate subsidy small households should be only $491; the maximum rent for shallow subsidy small households only $798 per month. Using these lower affordable rent levels, the total subsidy increases from $313 million a year for five years to $355 million—yielding a total five year subsidy of $1.8 billion.

Subsidies in this range may seem to carry a high price tag. But we are going to need to spend this kind of money if we are to seriously address the housing needs in the region. Fortunately, given the prosperous times we now enjoy, we are in a strong position to make a commitment of this magnitude without overburdening any of our public or private institutions.

PART FOUR

A CALL FOR COMMITMENT

Building decent housing, and building good communities, requires an enormous public commitment.

Cities and towns all over the region must commit to build housing for people of all income levels and backgrounds. Neighborhoods must commit to welcoming new residents into "urban villages" that offer an agreeable place to live, work, and visit. Financial institutions, labor unions, nonprofit organizations, and religious institutions must commit to develop creative collaborations and strategies to bring capital and labor together. The government must commit to cutting red tape and providing new resources for housing production.

Money alone will not solve the structural and institutional problems of housing delivery and finance, overcome the social and economic barriers to affordable housing, or placate political resistance to housing production. But money *is* critical. Additional resources are necessary if we are to make even a dent in the housing crisis.

A COLLECTIVE HOUSING COMMITMENT

All of the great achievements of American public life have required a moment of public commitment, a moment in which political leaders, institutions, and ordinary people agreed to do things differently for the sake of a common goal. Such a moment in time came, when in 1962, President John F. Kennedy challenged the United States to put a man on the moon by the end the decade.

In the Commonwealth of Massachusetts and in Greater Boston, Bernard Cardinal Law has called on our political leaders, institutions, and citizens to come together to create an effective new strategy to assure that every citizen has access to housing that is affordable. The Cardinal's challenge is as simple as it is profound. Housing is the critical element in people's ability to pursue their own dreams; it is also the critical element in the community's ability to create a better common life and to provide a vital economy for all.

This document has outlined a strategy to create a new paradigm for housing in Greater Boston. It provides a set of recommended actions and policies to match housing supply to housing demand. Over time, this balance will provide a housing market where housing prices and rents will come into line with family income. By increasing the supply of housing that is affordable to a broad range of households, we can reconstruct a ladder of housing opportunity and meet the needs of all of Greater Boston's residents.

The "new" paradigm is really a strategy to reinvigorate the old values that have made Greater Boston such an attractive place to live and work. It is a rediscovery of the kind of housing and community that not only offers opportunity for individuals and families but that connects people to larger communities.

To conclude this report, we challenge the citizens of the Commonwealth to contribute to a new era of housing production and rehabilitation.

We challenge the people of Greater Boston to work together to expand the supply of housing in their communities.

In particular, we encourage all residents to:

→ Embrace the goals of decent housing at affordable rents and prices for people at all rungs of the social ladder.

→ Work with public, private, and nonprofit institutions to assure that every community makes its own contribution to creating a supply of housing that is affordable to all.

→ Develop their own creative approaches to building "urban villages" that not only provide much-needed housing but also enhance neighborhoods and provide a larger market for local commercial businesses.

We challenge communities throughout the Greater Boston area to accept mixed-income housing to meet the housing crisis in the region.

To assist them in this process we can:

→ Build housing that is respectful of a neighborhood's character and sense of community.

→ Change zoning practices to promote multi-family housing of many different types and sizes in appropriate locations.

→ Create mixed-use zoning districts that enhance the local economy and provide strong civic, cultural, and recreational areas for all residents.

→ Support efforts to develop housing that is located near transit and employment centers.

→ Encourage the development of abandoned, vacant, or dilapidated properties by taxing land at a higher rate than structures.

→ Provide tax advantages to those who agree to donate privately owned land by assessing the property based on its potential use as higher-value multifamily housing.

We challenge local governments to identify incentives for inclusionary housing programs to encourage development of affordable housing in all of the region's cities and towns.

To support them in this effort we can:

→ Call for cities and towns to make surplus land and property available for affordable housing development.

→ Offer cities and towns a “Good Neighbor Bonus” to reward the creation of new affordable housing opportunities and mitigate the cost that this new development will have on local budgets.

→ Create Housing Compacts, and endow them with the regulatory authority they need to provide resources for housing development.

We challenge local governments to build the capacity to advocate for housing and coordinate its development.

In order for them to do this we should:

→ Appoint an official at the local level to shepherd the process of housing development for every municipality.

→ Encourage CDCs in the urban core to network with local officials and community groups in the region’s cities and towns.

→ Pass state legislation that would allow CDCs to work in neighborhoods that have less concentrated residential poverty.

We challenge the private sector to create one-third more units of market-rate housing than they are currently producing.

To help them do this we recommend the following:

→ Amend building codes and zoning practices to reduce the cost of developing and rehabilitating traditional as well as new types of housing, including three-deckers, live-and-work studios, and in-law apartments.

→ Streamline and simplify the building permit process at the municipal level.

→ Adopt “Approval Rules” that would require cities and towns to provide a timely review of project development plans that meet pre-defined standards and regulations.

→ Introduce changes in primary and secondary mortgage markets that make it easier to finance various types of multifamily housing development, including smaller housing units.

We challenge universities and colleges to do their part by producing 7,500 new student housing units in the next five years.

To assist them in this endeavor, we recommend the following:

- → Charge elected officials to mediate community disputes over the size, location, and design of university and college residence halls.
- → Encourage city government to devise clear and consistent standards for the development of residence halls in university master plans.
- → Encourage universities and colleges to combine resources and form compacts to jointly develop student housing projects that can be used by students from more than one school.

We challenge the business community to consider ways of assisting their workers.

We identify the following for consideration:

- → Provide an equity contribution to employees eligible for the purchase of new subsidized homes.
- → Provide charitable contributions to the Housing Trust Fund

We challenge faith-based organizations and other civic organizations to assist housing development.

We identify the following for consideration:

- → Contribute excess land holdings for housing development.
- → Continue to advocate for low-income housing development.

We challenge the Commonwealth to set clear goals, engage in regulatory reform, and continue to explore new funding opportunities for housing assistance.

We suggest that the Commonwealth:

- → Streamline building code requirements and institute regulatory reform measures.
- → Enact enabling legislation to legally permit cities and towns to adopt inclusionary zoning provisions.

- Pass the Community Preservation Act to support communities in their effort to plan for growth and development.
- Identify a dedicated revenue source for the Housing Trust Fund.
- Create a "Good Neighbor Bonus" program to assist cities and towns in their efforts to develop new housing.
- Create an official state housing council comprised of all relevant state agencies to coordinate the state's policy and planning role in housing and community development.

We challenge the federal government to expand its commitment to housing programs particularly for low-income households.

We suggest that the federal government:

- Recommit itself, financially and otherwise, to fostering the production of new housing in states and cities facing a challenge of supply.
- Establish a National Housing Trust Fund to underwrite new housing construction.
- Recommit to effective enforcement of civil rights laws that protect all people's access to housing, regardless of race, ethnicity, religion, gender, health and physical ability, and sexual orientation.

Thus, we all have a role to play in meeting the region's housing crisis. If the people of the Commonwealth and Greater Boston rise to this challenge, we will all benefit. We will help provide housing that is affordable to all households in the metropolitan region while assuring a continuation of the prosperous economic environment we now enjoy. In doing this, we will be writing an important chapter in our history and will provide a better place for ourselves and for our children.

PARTICIPANTS IN THE ARCHDIOCESE HOUSING STUDY

I. ARCHDIOCESAN TASK FORCES

REGULATORY REFORM TASK FORCE

Aaron Gornstein, Chair
EXECUTIVE DIRECTOR
Citizens' Housing and Planning Association

Joy Conway
DIRECTOR OF GOVERNMENT AFFAIRS
Greater Boston Real Estate Board

Francis P. Creedon
DIRECTOR OF CORPORATE PLANNING
Massachusetts Housing Finance Agency

Sarah Dunford
ISSUES MANAGER
Greater Boston Chamber of Commerce

Robert Ebersole
ASSOCIATE DIRECTOR, DIVISION OF MUNICIPAL DEVELOPMENT
Department of Housing & Community Development

Brian Gore
TECHNICAL DIRECTOR
State Board of Building Regulations and Standards

Toni Hall
ACTING DIRECTOR, DEPARTMENT OF MUNICIPAL DEVELOPMENT
Department of Housing and Community Development

Ann Houston
DIRECTOR OF COMMUNITY ASSISTANCE
Massachusetts Housing Partnership Fund

Robert Kuehn
PRESIDENT
Keen Development

Werner Lohe
CHAIRMAN
Housing Appeals Committee

Marian Linden
ASSISTANT DIRECTOR
Wellspring House

Pamela MacLeod
POLICY DEVELOPMENT COORDINATOR
Executive Office of Administration and Finance

Alan McClennen Jr.
DIRECTOR OF PLANNING
Town of Arlington

Thomas L. Riley
CODE DEVELOPMENT MANAGER
State Board of Building Regulations and Standards

Jeffrey Sacks
COUNSELOR AT LAW
Brown, Rudnick, Freed & Gesner

Skip Schloming
PRESIDENT
Small Property Owners Association

Edward Shanahan
CEO
Greater Boston Real Estate Board

Mark Sternman
ASSISTANT DIRECTOR OF ECONOMIC DEVELOPMENT
Greater Boston Chamber of Commerce

Samuel Tyler
PRESIDENT
Boston Municipal Research Bureau

David Wluka
PAST PRESIDENT
Greater Boston Real Estate Board

Alfred Wojciechowski
PRINCIPAL
Childs, Burton, Tseckares and
CHAIR
Boston Society for Architects, Housing Committee

Brian Yates
DIRECTOR OF PLANNING AND PROGRAM DEVELOPMENT
Community Teamwork

Mary Ellen Yates
ASSISTANT DIRECTOR FOR COMMUNITY RELATIONS
Greater Boston Chamber of Commerce

I. ARCHDIOCESAN TASK FORCES

FACTORS OF PRODUCTION AND MANAGEMENT TASK FORCE

Susan Schlesinger, Chair
VICE PRESIDENT
The Life Initiative

Emily Achtenberg
HOUSING CONSULTANT

Rachel Bratt
Tufts University
Department of Urban and Environmental Policy

Joe Dart
PRESIDENT
Mass Building Trades Council
AFL/CIO

Bruce Ehrlich
SENIOR DEVELOPMENT OFFICER
Department of Neighborhood Development

Robert Engler
Stockard, Engler, & Brigham, LLC

Philip Ercolini
HOME/HSF PROGRAM COORDINATOR
Department of Housing and Community Development

Evelyn Friedman
EXECUTIVE DIRECTOR
Nuestra Comunidad

Charles Gagnon
CHIEF OPERATING OFFICER
South Middlesex Opportunity Council

Thomas R. Gleason
DEPUTY DIRECTOR
Massachusetts Housing Finance Agency

Michael Gondek
EXECUTIVE DIRECTOR
Community Economic Deelopmenr Assistance Corpoartion

Mossik Hacobian
EXECUTIVE DIRECTOR
Urban Edge Housing Corporation

Jim Haskell
EXECUTIVE DIRECTOR
Salem Harbor CDC

Robert Haynes
PRESIDENT
Massachusetts AFL/CIO

Andrea Luquetta
DIRECTOR OF HOUSING AND COMMUNITY REINVESTMENT
Massachusetts Association of Community Development Corporations (MACDC)

Thomas J. McIntyre
PRESIDENT
Bricklayers and Carpenters Union

Joe Nigro
SECRETARY, TREASURER, AND GENERAL AGENT BUILDING TRADES

Catherine Racer
ASSOCIATE DIRECTOR, DIVISION OF PRIVATE HOUSING
Department of Housing & Community Development

Rebbecca Rissman
JUNIOR ANALYST
Research and Development Unit
Executive Office of Administration and Finance

Cynthia Rossi
The North Shore Housing Trust

Gary H. Ruping
PRESIDENT
Ruping Builders Inc.

Saul Schapiro
ATTORNEY AT LAW
Rosenberg & Shapiro

Steve Spinetto
COMMISSIONER
Commission for Persons with Disabilities
City of Boston

Mark Sternman
ASSISTANT DIRECTOR OF ECONOMIC DEVELOPMENT
Greater Boston Chamber of Commerce

I. ARCHDIOCESAN TASK FORCES

FINANCE TASK FORCE

Michael Glavin, Chair
MANAGER CRA PROGRAMS
FleetBoston Financial

David Bancroft
DEVELOPMENT PROGRAMS MANAGER
Mass Development Finance Agency

Tom Callahan
DIRECTOR
MA Affordable Housing Alliance

Gene Clerkin
SENIOR LENDER
Massachusetts Housing Investment Corporation

Joy Conway
DIRECTOR OF GOVERNMENT AFFAIRS
Greater Boston Real Estate Board

Jay Donovan
PRESIDENT
Community Solutions Inc.

John T. Eller
FIRST VICE PRESIDENT, ASSISTANT DIRECTOR HOUSING COMMITTEE INVESTMENT DEPARTMENT
Federal Home Loan Bank of Boston

Joe Flatley
DIRECTOR
Massachusetts Housing Investment Corp.

Kathleen Gill
COMMUNITY AFFAIRS ANALYST
Federal Reserve Bank of Boston

Thomas R. Gleason
DEPUTY DIRECTOR
Massachusetts Housing Finance Agency

Charles Grigsby
SENIOR VICE PRESIDENT
The Life Initiative

Michael Hatfield
DIRECTOR FOR COMMUNITY BANKING GROUP,
Commercial Real Estate Unit
FleetBoston Financial

Judith Jacobson
DEPUTY DIRECTOR & GENERAL COUNSEL
Mass Housing Partnership Fund

Lawrence R. Kulig
ATTORNEY
Goldstein & Manello, P.C.

Joe Kriesberg
DEPUTY DIRECTOR
Massacchusetts Association of Community Development Corporations

Andrea Luquetta
DIRECTOR OF HOUSING AND COMMUNITY REINVESTMENT
Massachusetts Association of Community Development Corporations

Jack Nyhan
DIRECTOR OF DEVELOPMENT
The Marist Missionary Sisters

Jose Perez
PRESIDENT
Perez Contractors

John Simon
DEPUTY DIRECTOR OF RESEARCH AND DEVELOPMENT
Executive Office of Administration and Finance

Marc Slotnick
ASSOCIATE DIRECTOR, DIVISION OF PUBLIC HOUSING AND RENTAL ASSISTANCE
Department of Housing and Community Development

Mark Sternman
ASSISTANT DIRECTOR OF ECONOMIC DEVELOPMENT
Greater Boston Chamber of Commerce

Jack Wilson
DEPUTY DIRECTOR
Fannie Mae Massachusetts Partnership Office

I. ARCHDIOCESAN TASK FORCES

COMMUNITY CONTEXT TASK FORCE

Rev. Jeffrey L. Brown, Chair
CO-FOUNDER
Ten Point Coalition

Doris Bunte
DIRECTOR COMMUNITY RELATIONS
Center for the Study of Sport in Society

Kathy Brown
DIRECTOR
Boston Tenant Coalition

Barbara Chandler
POLICY ANALYST
Boston Fair Housing Commission
Office of Civil Rights

Colleen Duffy
GOVERNMENT RELATIONS MANAGER
Massachusetts Housing and Finance Agency

Bruce Ehrlich
SENIOR DEVELOPMENT OFFICER
Department of Neighborhood Development

Rita Farrell
DIRECTOR OF INTENSIVE COMMUNITY SUPPORT
Mass Housing Partnership Fund

Kathleen D. Field
DIRECTOR OF PLANNING
Boston Housing Authority

Lew Finfer
DIRECTOR
Organizing & Leadership Training Center
GBIO

Jan Griffin
DIRECTOR OF PROGRAM PLANNING
Pine Street Inn

Gary Hicks
Boston Tenant Coalition

Claire Kashuck
EXECUTIVE DIRECTOR
Cooperative Metropolitan Ministries

Nancy Kaufman
EXECUTIVE DIRECTOR
Jewish Community Relations Council

Carl Koechlin
EXECUTIVE DIRECTOR
Fenway CDC

Nancy McDonald
GOVERNMENT RELATIONS MANAGER
Massachusetts Housing and Finance Agency

Kenneth Spicer
ASSOCIATE DIRECTOR, NEIGHBORHOOD SERVICES
Department of Housing and Community Development

Mark Sternman
ASSISTANT DIRECTOR OF ECONOMIC DEVELOPMENT
Greater Boston Chamber of Commerce

James Stockard
Graduate School of Design
Harvard University

II. ARCHDIOCESAN COORDINATING COMMITTEE

Lisa Alberghini, Chair
DIRECTOR OF BOSTON OFFICE
The Community Builders Inc.

David Bancroft
DEVELOPMENT PROGRAMS MANAGER
Mass. Development Finance Agency

Sheila Dillon
DEPUTY DIRECTOR
Department of Neighborhood Development

Marc Draisen
PRESIDENT & CEO
Massachusetts Association of Community Development Corporation (MACDC)

Colleen Duffy
GOV. AFFAIRS OFFICER
Mass. Housing Finance Agency

Bruce Ehrlich
SENIOR DEVELOPMENT OFFICER
Department of Neighborhood Development

Charles Euchner
ASSOCIATE DIRECTOR
Center for Urban and Regional Policy
Northeastern University

Michael Glavin
MANAGER, CRA PROGRAMS
FleetBoston Financial

Aaron Gornstein
EXECUTIVE DIRECTOR
Citizens' Housing and Planning Association

Mossik Hacobian
EXECUTIVE DIRECTOR
Urban Edge Housing Corporation

Jim Klocke
DIRECTOR OF GOVERNMENT AFFAIRS & ECONOMIC DEVELOPMENT
Greater Boston Chamber of Commerce

Joe Kriesberg
DEPUTY DIRECTOR
Massachusetts Association of Community Development Corporations

Andrea Loquetta
Massachusetts Association of Community Development Corporations

Jim Mahoney
DIRECTOR OF CORPORATE COMMUNICATIONS
FleetBoston Financial

John Moynihan
DIRECTOR OF DEVELOPMENT
Planning Office for Urban Affairs

Bruce Percelay
PRESIDENT
The Mount Vernon Company

Edwin J. Shanahan, CAE
CEO
Greater Boston Real Estate Board

Adam Shyevitch
PROJECT MANAGER
Community Builders

Gretchen Weismann, Project Director
CENTER FOR URBAN AND REGIONAL POLICY
Northeastern Universtiy

Sarah Young
DEPUTY DIRECTOR
Massachusetts Department of Housing & Community Development

Clark Ziegler
EXECUTIVE DIRECTOR
Massachusetts Housing Partnership Fund

III. INTERVIEWS

Amy Anthony
PRESIDENT
Housing Investments Inc.

Chip Case
PROFESSOR
Wellesley College

Denise DiPasquale
PRESIDENT
City Research

Bruce Ehrlich
SENIOR DEVELOPMENT OFFICER
Department of Neighborhood Development

Heather Hennessey
SOFT SECOND LOAN PROGRAM COORDINATOR
Massachusetts Housing Partnership Fund

Judith Jacobson
DEPUTY DIRECTOR & GENERAL COUNSEL
Massachusetts Housing Partnership Fund

John Judge
EXECUTIVE DIRECTOR
Habitat for Humanity

Langley Keyes
PROFESSOR
Massachusetts Institute of Technology

Patrick Lee
PRESIDENT
Trinity Financial, Inc.

Marvin Siflinger
CHAIRMAN
Housing Partners, Inc.

Michael Stone
PROFESSOR
University of Massachusetts, Boston

Joseph Vozzella
PRESIDENT
Vozzella Design Group

Eleanor White
PRESIDENT/CEO
Housing Partners, Inc.

Clark Ziegler
EXECUTIVE DIRECTOR
Massachusetts Housing Partnership Fund

IV. METROPOLITAN AFFAIRS COALITION

Donald Walsh, Chair
DIRECTOR OF ECONOMIC DEVELOPMENT
NSTAR

Milton J. Benjamin
PRESIDENT
Mass. Communtiy Development Finance Corp.

Carol Fulp
SECOND VICE PRESIDENT
John Hancock Financial Services

Robert Bradford
PRESIDENT
North Shore Chamber of Commerce

Rev. Jeffrey L. Brown
CO-FOUNDER
Ten Point Coalition

Dr. Toye Brown
DEPUTY SECRETARY
Executive Office of Transportation & Construction

John F. Ciccarelli
SPECIAL ASSISTANT TO THE CHANCELLOR
UMass-Boston

William G. Constable
SENIOR VICE PRESIDENT
A.W. Perry, Inc.

Joy Conway
DIRECTOR OF GOVERNMENT AFFAIRS
Greater Boston Real Estate Board

Ruy Costa
EXECUTIVE DIRECTOR
Episcopal City Mission

Mary Lou Crane
NEW ENGLAND DIRECTOR
U.S. Housing & Urban Development

Terry Fancher
GENERAL MANAGER
South Shore Chamber of Commerce

Lew Finfer
DIRECTOR
Organizing & Leadership Training Center

Jeff Grogan
Monitor Company

Jane Gumble
DIRECTOR
Dept. of Housing & Community Dev.

Paul Guzzi
PRESIDENT & CEO
Greater Boston Chamber of Commerce

Robert Haynes
PRESIDENT
Massachusetts AFL/CIO

Marian Heard
PRESIDENT
United Way of Massachusetts

Dr. Hubie Jones
VICE CHANCELLOR
University of Massachusetts Boston

Tripp Jones
EXECUTIVE DIRECTOR
The Massachusetts Institute for a New Commonwealth

Charlotte Kahn
DIRECTOR, BOSTON COMMUNITY BUILDING NETWORK
Boston Foundation

Rosabeth Moss Kanter
PROFESSOR
Harvard Business School

Claire Kashuck
EXECUTIVE DIRECTOR
Cooperative Metropolitan Ministries

Nancy Kaufman
EXECUTIVE DIRECTOR
Jewish Community Relations Council

Rev. Diane Kessler
EXECUTIVE DIRECTOR
Massachusetts Council of Churches

Al Larkin
ASSISTANT TO THE PUBLISHER
Boston Globe

Howard Leibowitz
DIRECTOR OF INTERGOVERNMENTAL RELATIONS
Boston City Hall

Andre Mayer
SENIOR VICE PRESIDENT OF COMMUNICATIONS AND RESEARCH
Associated Industries of Massachusetts

Alan MacDonald
EXECUTIVE DIRECTOR
Mass. Business Roundtable

Patrick J. McManus
MAYOR
Lynn, MA

John Moynihan
DIRECTOR OF DEVELOPMENT
Planning Office
Archdiocese of Boston

Robert Mudge
PRESIDENT
Verizon New England

Paul O'Brien
PRESIDENT
The O'Brien Group

Mark Maloney
DIRECTOR
Boston Redevelopment Authority

Lt. Col. Fred Van Brunt
DIVISIONAL COMMANDER
The Salvation Army

Thomas Piper
MIT Urban Studies

Peter L. Rollins
EXECUTIVE DIRECTOR
Office of Corporate/Government Affairs
Boston College

Edward Sanders-Bey
ASSISTANT COMMISSIONER
Dept. of Transitional Assistance

Lenore Schloming
PRESIDENT
Small Property Owners Association

David J. Serpa
SALES DIRECTOR
Enterprise Sales
Bell Atlantic Corporation

Grace S. Shepard
PAST PRESIDENT
Metropolitan Area Planning Council

David C. Soule
EXECUTIVE DIRECTOR
MAPC

Helen B. Spaulding
CHAIRMAN
The Boston Foundation

Neil Sullivan
EXECUTIVE DIRECTOR
Private Industry Council

Richard Sweeney
MA Office of Business Development

Edmund Toomey
CHIEF OPERATING OFFICER
New England Aquarium

Samuel Tyler
PRESIDENT
Boston Municipal Research Bureau

Richard Walker
ASSISTANT VICE PRESIDENT
Federal Reserve Bank of Boston

Joan Wallace Benjamin
DIRECTOR
The Urban League

A.Theodore Welte
PRESIDENT
MetroWest Chamber of Commerce

Michael Widmer
DIRECTOR
Massachusetts Taxpayers Foundation

William Julius Wilson
Kennedy School of Government
Harvard University

Donald J. White
DEAN EMERITUS
Boston College

Larry Zabar
VICE PRESIDENT OF PUBLIC POLICY
The New England Council

Ellen M. Zane
NETWORK PRESIDENT
Partners HealthCare System, Inc.

V. NATIONAL BLUE RIBBON PANEL ON HOUSING AFFORDABILITY

Nicolas P. Retsinas, Chair
DIRECTOR
Joint Center for Housing Studies
Harvard University

Amy S. Anthony
PRESIDENT
Housing Investments, Inc.

William Apgar
ASSISTANT SECRETARY FOR HOUSING/FEDERAL HOUSING COMMISSIONER
U.S. Department of Housing & Urban Development

Rachel G. Bratt
PROFESSOR AND CHAIR
Department of Urban and Environmental Policy
Tufts University

Xavier de Souza Briggs
ASSISTANT PROFESSOR OF PUBLIC POLICY
Kennedy School of Government–Harvard University

Chip Case
PROFESSOR OF ECONOMICS
Wellesley College
Economics Department

Patrick Clancy
EXECUTIVE DIRECTOR
The Community Builders Inc

Stephen Coyle
CHIEF EXECUTIVE OFFICER
AFL-CIO Investment Trusts

Andrew Cuomo
SECRETARY
U.S. Department of Housing & Urban Development

Monsignor Michael Groden
GENERAL DIRECTOR
Planning Office for Urban Affairs

Paul Grogan
VICE PRESIDENT
Community and Public Affairs
Harvard University

Fr. Joseph Hacala
DIRECTOR
Office of the Secretary
U.S. Department of Housing & Urban Development

Langley C. Keyes, Jr.
PROFESSOR
Massachusetts Institute of Technology

Judith Liben
ATTORNEY
Massachusetts Law Reform Institute, Inc.

Marilyn Melkonian
Telesis Corporation

Michael Stone
PROFESSOR
University of Massachusetts/Boston

V. GREATER BOSTON LEADERSHIP COMMITTEE

David Bergeron
EXECUTIVE SECRETARY-TREASURER
New England Regional Council
of Carpenters

Reverend Jeffrey Brown
CO-FOUNDER
Ten Point Coalition

Jonathan Close
SENIOR VICE PRESIDENT
Nordblom Company

Kevin Cotter
Business Manager/Secretary-Treasurer
Plumbers & Gasfitters LU#12

Mary Lou Crane
NEW ENGLAND DIRECTOR
U.S. Department of Housing
& Urban Development

William Cummings
CHAIRMAN
Cummings Properties Management Inc.

William J. Cunningham
PRINCIPAL
Capitol Partners, Inc.

Joe Dart
PRESIDENT
Massachusetts Building Trades Council

Richard DeWolfe
CHAIRMAN & CEO
The DeWolfe Cos., Inc.

James DiStasio
MANAGING PARTNER
Ernst & Young LLP

John Drew
PRESIDENT
World Trade Center Boston &
Seaport Hotel

Robin Drill
DIRECTOR, FANNIE MAE BOSTON
PARTNERSHIP OFFICE
Fannie Mae

Ronald Druker
PRESIDENT
The Druker Company, LTD

Lawrence K. Fish
CHAIRMAN, PRESIDENT & CEO
Citizens Financial Group

John Fish
PRESIDENT
Suffolk Construction Co. Inc.

Ted Fish
PRESIDENT
Peabody Construction Co. Inc.

Carol Fulp
SECOND VICE PRESIDENT
Community Relations
John Hancock Financial Services

Charles K. Gifford
PRESIDENT AND CEO
FleetBoston Financial

Paul Grogan
VICE PRESIDENT
Community and Public Affairs
Harvard University

Kenneth I. Guscott
PARTNER
Long Bay Management Company

Don Hamman
CORPORATE CONTROLLER
Teradyne, Inc.

Reverend Ray Hammond
Bethel AME Church

Robert Haynes
PRESIDENT
Massachusetts AFL/CIO

Michael Hogan
EXECUTIVE DIRECTOR
Massachusetts Development Finance
Agency

Thomas Hollister
PRESIDENT & CEO
Citizens Bank Massachusetts

Thomas J. Hynes, Jr.
PRESIDENT & CEO
Meredith & Grew Inc.

Joanne Jaxtimer
FIRST VICE PRESIDENT
Corporate Affairs
Mellon Financial Corporation

Tripp Jones
EXECUTIVE DIRECTOR
MassINC. (Massachusetts Institute
for a New Commonwealth)

Reverend Diane Kessler
EXECUTIVE DIRECTOR
Mass Council of Churches

Gloria Larson, Esq.
CO-CHAIR, GOVERNMENT STRATEGIES
GROUP
Foley, Hoag, & Eliot, LLP

Vincent P. McCarthy
CHAIRMAN
Massachusetts Housing Partnership Fund

Peter Meade
EXECUTIVE VICE PRESIDENT
Blue Cross/Blue Shield

Chester Messer
PRESIDENT
Boston Gas Company

Jack Nyhan
DEVELOPMENT DIRECTOR
Marist Missionary Sisters

John J. O'Connor
OFFICE MANAGING PARTNER
Price Waterhouse Coopers

Thomas O'Donnell
Loomis Sayles & Co.

David P. Parish
SENIOR VICE PRESIDENT
Housing and Community Investment
Federal Home Loan Bank of Boston

Kevin Phelan
EXECUTIVE VICE PRESIDENT
Meredith & Grew, Inc.

Larry Putnam
SENIOR VICE PRESIDENT
Customer/Public Relations

George Russell, Jr.
EXECUTIVE VICE PRESIDENT
Community Affairs Division
State Street Corporation

George Ryan
CHAIRMAN & CEO
Thompson Steel

William P. Ryan
BUSINESS MANAGER
Operating Engineers L.U.#4

Andris Silins
SECOND GENERAL VP
United Brotherhood of Carpenters

Gail Snowden
EXECUTIVE VICE PRESIDENT/MANAGING DIRECTOR
FleetBoston Financial

John J. Wilson
DEPUTY DIRECTOR
Fannie Mae Massachusetts Partnership Office

Ken Witkin
MANAGING DIRECTOR
FleetBoston Financial