



**TESTIMONY OF CLARK L. ZIEGLER, EXECUTIVE DIRECTOR
MASSACHUSETTS HOUSING PARTNERSHIP
BEFORE THE JOINT COMMITTEE ON HOUSING
REGARDING GOVERNOR BAKER'S ACT TO PROMOTE HOUSING CHOICES, H. 3507**

May 14, 2019

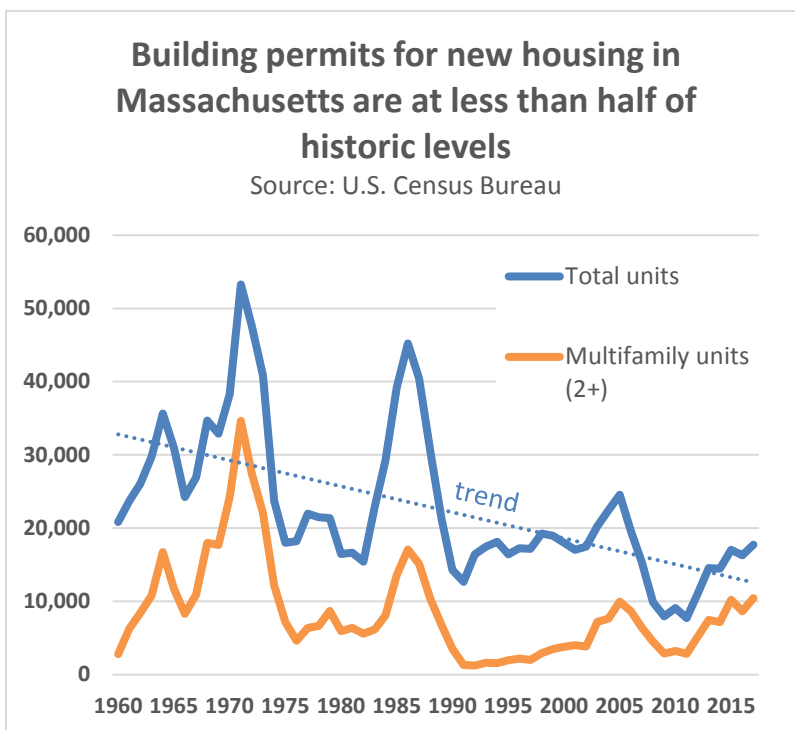
Thank you for the opportunity to testify today in support of Governor Baker's proposed Act to Promote Housing Choices, H. 3507. My name is Clark Ziegler, and I am Executive Director of the Massachusetts Housing Partnership (MHP).

As you know, MHP was founded to help local public officials and community leaders tailor solutions to address their own housing needs. In that role we have worked with local officials to expand housing opportunities in 335 cities and towns and our annual Massachusetts Housing Institute has provided training to more than a thousand municipal officials. We have pioneered many of the tools used by local officials to produce affordable housing through the Community Preservation Act and municipal affordable housing trusts. We have also played a key role in making the state housing finance system more responsive to local priorities and local concerns.

MHP's other primary focus is providing long-term financing to help meet the state's housing needs. We have provided \$1.4 billion in financing for 26,613 rental housing units across the Commonwealth, three-quarters of which are affordable to low- and moderate-income families and nearly half of which are in smaller developments of 30 units or less. We also established the ONE Mortgage program (formerly known as SoftSecond), which since 1991 has provided \$3.9 billion in below-market bank financing and made it possible for 21,682 low-income families in Massachusetts to purchase their first home.

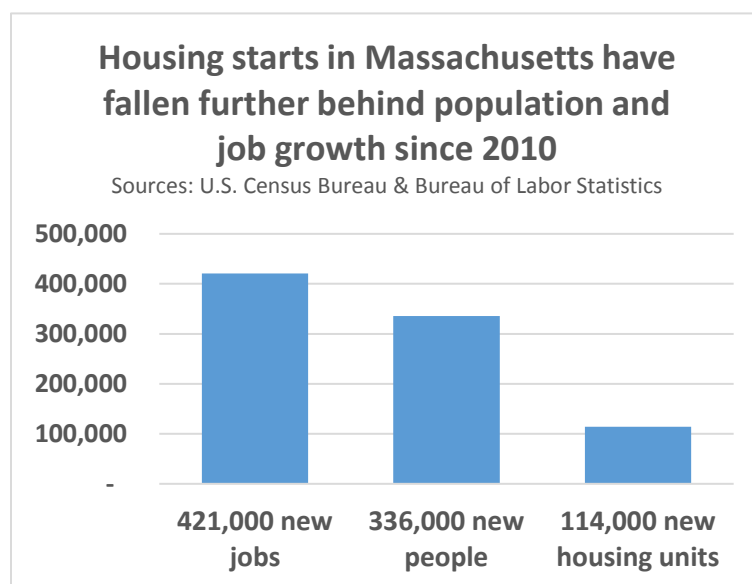
At MHP we are extremely proud of what we have accomplished in partnership with cities and towns across the Commonwealth to expand the availability of housing – but we know that it is not nearly enough.

For more than a decade MHP has testified before this committee about the critical lack of housing supply in the Commonwealth and the regulatory barriers that prevent construction of the new housing that we need. Annual housing production in Massachusetts has dropped to less than half of historical levels and, as a result, the state's housing supply is already about 39,000 units short of demand. That gap will grow substantially as more than a million baby boomers are projected to retire from our workforce by 2030. We don't have enough housing for our existing workforce in Massachusetts, let alone enough housing for the new workers we need to replace future retirees. If we don't find a way to substantially increase housing production we are leaving ourselves without the capacity to support future job growth.



It is easy to visualize the problem by looking at housing production to jobs and population. Since 2010 the Commonwealth has added 421,000 new jobs and 336,000 new residents while allowing construction of only 114,000 new housing units. Those trends are simply unsustainable.

The lack of an adequate housing supply and our exceptionally high housing costs are a direct threat to our economic competitiveness. Massachusetts has the best educated workforce in the U.S. and is home to some of the most innovative companies and most distinguished hospitals and universities in the world. When it comes to housing, though, we fall far short. Metro Boston ranks 18th out of the 25 largest metropolitan areas in the U.S. in annual housing production per capita. Our rents now exceed metro New York City and are now the third highest in the U.S.



Massachusetts home prices are now the third highest in the country and have grown six-fold since 1980 – more than any other state.

Every year Massachusetts loses more population than it gains from migration between states and metro Boston loses more than it gains from other large metro areas in the U.S. Most of our domestic out-migration is to states and regions that build more housing and have lower housing costs. Only as a result of foreign in-migration have we been able to sustain strong job growth since the last recession.

The primary cause of our housing shortage and unusually high housing costs in Massachusetts is restrictive local policies that went into high gear beginning in the 1980s. The average lot size for new single family homes in metro Boston is now larger than an acre, even though many buyers would prefer homes on smaller lots in walkable neighborhoods. Housing clustered around town and village centers is not always allowed by local zoning in Massachusetts, even though it's what contributes to our communities' unique historic character. Local zoning in many cities and towns makes it difficult or impossible to build multifamily housing, such as townhouses and apartments, even though that type of housing is essential to sustain a strong economy and is already part of the fabric in most communities. It is often difficult to get local approval for new housing even with strong support from mayors, town managers, selectmen and local planners.

In our view there are three reasons why the governor's Housing Choice Initiative represents a major step forward to address this challenge. First, a wide range of state and local stakeholders now acknowledge the magnitude of our housing supply problem and have embraced the governor's goal of permitting 135,000 new housing units by 2025, if not more. Second, through the administration's leadership there is now broad-based support for eight "best practices" that need to be more widely adopted by cities and towns in order to close the housing supply gap while promoting smarter growth. And third, there is recognition from stakeholders – many of whom you will hear from at today's hearing -- that the two-thirds local vote now required to adopt any of these best practices is unreasonable and out of touch with most other states.

In the 34 years that I have been working with Massachusetts cities and towns to increase the supply of affordable housing, I have never seen such broad support behind any one legislative proposal to facilitate local approval of new housing. At the same time, a few general concerns have been raised about the bill and I would like to address each of them directly.

First is the concern that the bill doesn't go far enough, and that more could be done to require that cities and towns zone for new housing. That could take the form of mandatory multifamily zoning near public transit stops, as is now being debated in California, or automatic approval of accessory dwelling units in single-family neighborhoods, as adopted in Minnesota and Washington State. These are great ideas, among many others, but right now we are far from having the political consensus to make them law. In the meantime, every year that goes by without enactment of the Housing Choices bill means that good housing proposals with majority support are defeated because they fail to achieve a two-thirds vote.

The day after the Housing Choices bill is signed into law we and many others will be back at the State House advocating for even broader measures to promote new housing. Housing supply is a critical economic issue for the Commonwealth and enactment of one common-sense bill will not stifle debate or take the Legislature off the hook.

Second is the concern that the state shouldn't facilitate additional housing production because it will displace low-income residents. That argument misses the mark because lack of housing supply has a disproportionate impact on low-income residents, who already pay a larger share of their income for housing than everyone else. The problem is that too much of the new housing being produced in Massachusetts in recent years has been concentrated in just a few communities and a few neighborhoods. Half of the new multifamily housing permitted in the last five years was in just five cities and towns: Boston, Cambridge, Chelsea, Everett and Watertown. By eliminating artificial barriers to new housing – and promoting a more diverse mix of housing types in more communities -- the Housing Choices bill will help ensure that responsibility for new housing is more widely shared and that neighborhood impacts are far less concentrated.

Third is the concern that allowing more private housing construction has little or no relevance to the needs of low-income people and the legislature needs to focus on increased housing subsidies instead. Last year the legislature approved and the governor signed a \$1.8 billion housing bond bill, which is the largest in state history. Our financial support for affordable housing is second to none, yet state programs are able to reach only a fraction of the more than two hundred thousand low-income households that pay more than half of their monthly income for housing. Eliminating an artificial shortage of housing – a shortage of our own making – gives us the potential to stabilize or even reduce monthly rents across the entire market. It is a complement, not a substitute, for financial support to extremely low income households whose needs cannot be met in the private housing market.

To its credit, this committee has reported strong, wide-ranging housing production bills in each of the last two legislative sessions. While we hope and expect that the committee's bold leadership will continue, we also believe it's important to bring these issues to a head and take the next major stride forward without further delay. The governor's bill is a significant step in that direction and we urge you to report H. 3507 with a favorable recommendation.

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