

Western Massachusetts Housing Coalition:

2023 Western MA Legislative Priorities



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Housing – especially the availability of safe, affordable housing – is a critical issue across the Commonwealth. This need is particularly acute in Western Massachusetts (Hampden, Hampshire, Franklin and Berkshire Counties) and the region has unique housing challenges that require thoughtful and tailored policy and legislative solutions. Through identifying and implementing these solutions, we can create a stronger region that can be a more vibrant contributor to the Massachusetts economy.

Outlined below are a series of legislative priorities for Western Massachusetts, representing the shared vision of 47 organizations and entities that work in and serve this region. These organizations represent public and private housing developers, urban and rural municipalities, regional organizations, and housing advocates who have come together to work cooperatively toward meeting the housing needs of western Massachusetts.

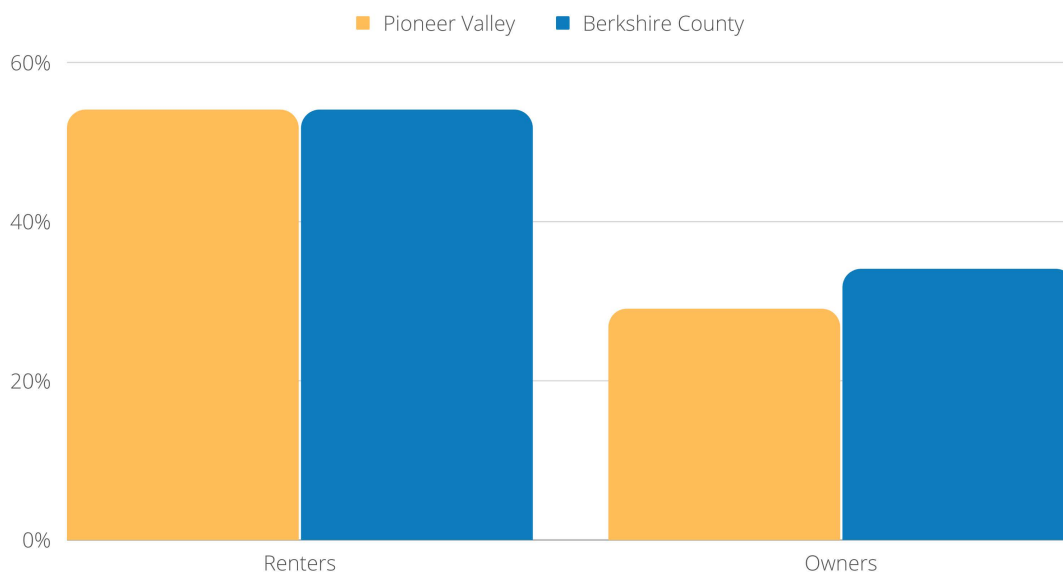


Invest in Increasing Housing Supply

Statewide, Massachusetts is experiencing an estimated housing shortage of 108,000 units – the 11th highest in the U.S.¹ The need for more housing is especially acute in Western Massachusetts, and the housing that currently exists is not affordable for the residents who live here.² Additionally, the rural nature of much of the four counties require smaller developments to meet local needs and fit the local context, which can often result in higher per unit development costs compared to construction in other parts of the State.

In the Pioneer Valley alone (Hampden, Hampshire and Franklin Counties), an estimated **19,000 homes are needed by 2025 to keep up with projected demand**.³ At the same time, affordability remains a crucial consideration, as more than 50% of renters in the region are cost-burdened and paying more than 30% of their income on rent⁴ (see Figure 1). In the Pioneer Valley, the percentage of renters who are cost-burdened increase significantly for households of color, further highlighting issues of equity and access. As a result, it is critically important not just to build more housing, but to build more at income levels that meet the region's needs (see Figure 2).

Figure 1 - Percentage of Renters and Owners who are Cost-Burdened ⁵



¹ Up for Growth, "2022 Housing Underproduction in the U.S.," <https://upforgrowth.org/apply-the-vision/housing-underproduction/>.

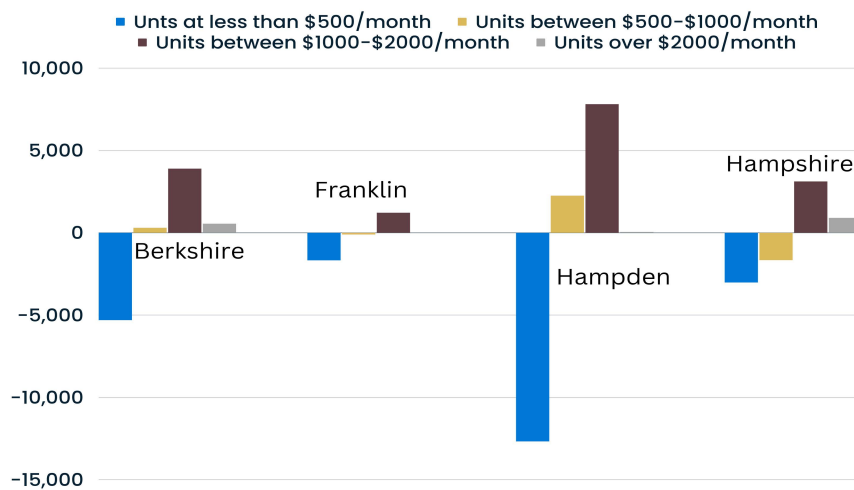
² According to the "Springfield and Pioneer Valley Housing Phase II" Report by the UMass Donahue Institute, the Pioneer Valley has extremely tight vacancy rates (approximately 1% for homeownership and 4% for rental), reflecting the lack of supply in meeting demand. UMass Amherst Donahue Institute, "Springfield & Pioneer Valley Housing Phase II," March 2022, https://donahue.umass.edu/documents/Springfield_Pioneer_Valley_Phase_II_Housing_Report.pdf.

³ Ibid.

⁴ U: UMass Amherst Donahue Institute, "Springfield & Pioneer Valley Housing Phase II" and ACS 2021.

⁵ Ibid.

(Figure 2) Housing Units Availability by Affordability Level ⁶



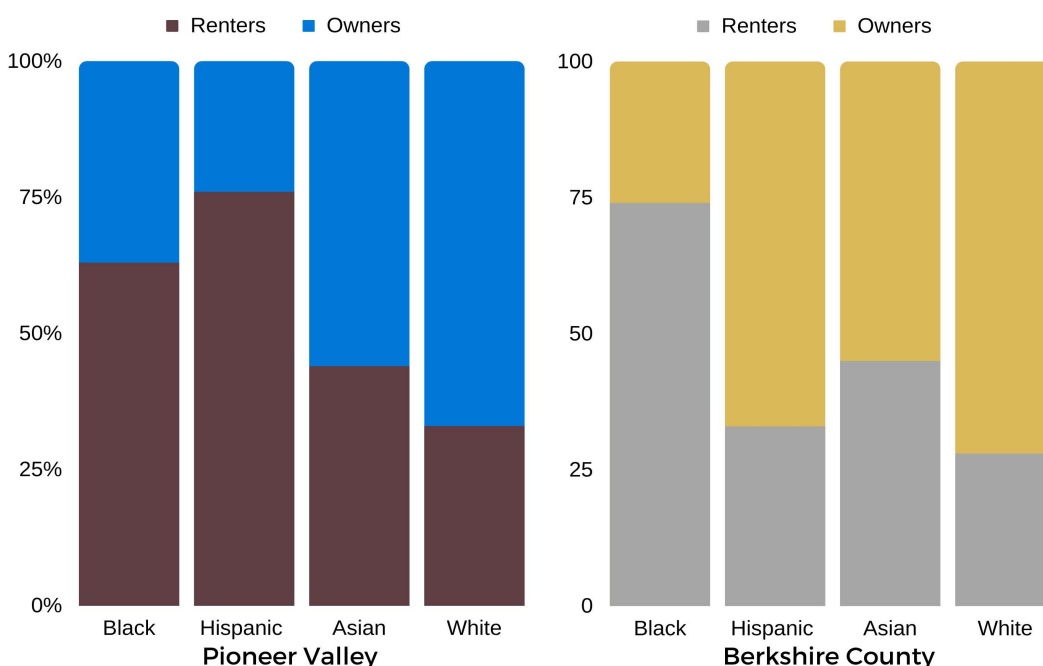
To adequately respond to this crisis, we urgently need to invest in all types of housing for all income levels by:

- **Investing in new rental housing production**
 - Together, our organizations have approximately 1,200 units currently in development, of which 80% are for households at 60% of Area Median Income (AMI) or below. This reflects the need for affordable housing in Western MA, but reflects even more the available financing sources, which primarily fund affordable rental production (up to 60% AMI).
 - Currently, the average development cost per unit, for new construction, is approximately \$500,000 for the region.
 - **We need much more investment to meet the true housing need, and these funds need to be available for construction at all income levels**—including workforce housing (up to 120% AMI) and market-rate homes.
- **Investing in new homeownership production**
 - Channeling funding to the Commonwealth Builder Program leverages an existing program, which can help distribute any new dollars quickly. However, Commonwealth Builder alone is not enough to fully address Western MA's needs in homeownership production.
 - The Commonwealth Builder Program focuses on Boston, Gateway Cities, and communities disproportionately impacted by COVID. However, to adequately meet housing needs across the Commonwealth, funding needs to be available for affordable homeownership production in **expanded geographies**, including rural communities. Program guidelines should also be tailored to meet individual community needs – including increasing the allowed subsidy per unit, to recognize the difference in development costs by project type and by region.

⁶ IUMass Amherst Donahue Institute, "Springfield & Pioneer Valley Housing Phase II" and Berkshire Regional Planning Commission.

- **At the same time, there is a need for homeownership production programs beyond CommonWealth Builder.** The CommonWealth Builder Program rightly focuses on creating new homeownership and wealth-building opportunities in communities of color, to address the important issue of closing the racial homeownership gap. However, there is value in creating another program to support homeownership development more broadly, so that we can continue to increase supply. An example of this could be the enacting a State version of federal proposal, for a Neighborhood Homes Tax Credit⁷ – similar to the Low-Income Housing Tax Credit (LIHTC) but dedicated to advancing homeownership projects.
- Any homeownership program must be **scaled for a range of communities and markets.**
 - Small projects – of one to two homes – should be eligible.
 - Softer markets should receive proportionally higher subsidies, to recognize the fact that construction costs are fairly consistent but the affordable sale price is likely much lower.
- It is important to continue fund first-time homebuyer assistance programs, such as down payment or closing cost assistance. These programs should be paired with funding for counseling and support, to ensure homeownership opportunities are available for a wide range of potential buyers. These programs can also help close the racial homeownership gap, which is particularly pronounced in the region (see Figure 3).

(Figure 3) Homeowners vs Renters by Race ⁸

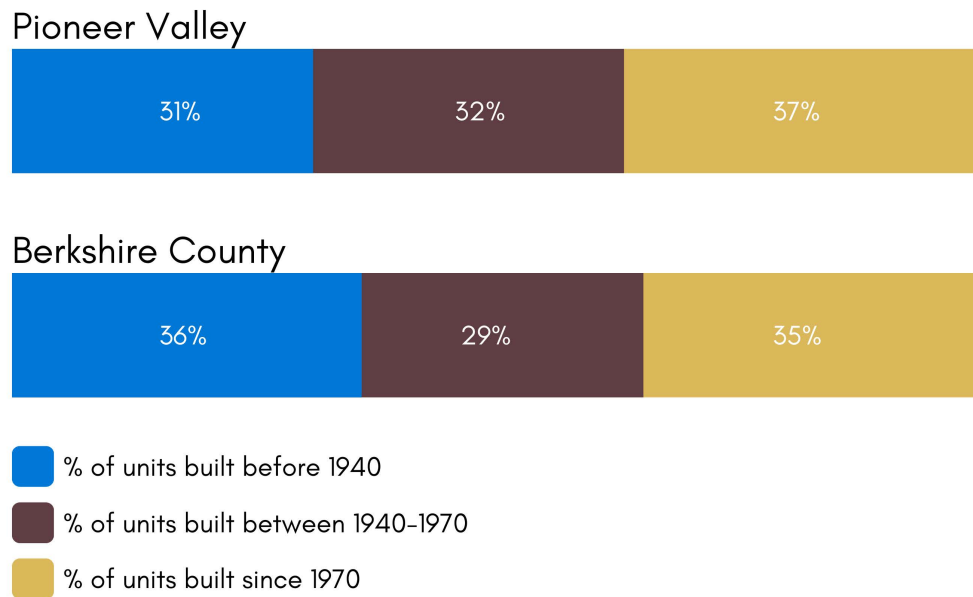


⁷ Up for National Community Stabilization Trust, Neighborhood Homes Investment Act Proposal, <https://neighborhoodhomesinvestmentact.org/proposal>.

⁸ UMass Amherst Donahue Institute, "Springfield & Pioneer Valley Housing Phase II," March 2022, https://donahue.umass.edu/documents/Springfield_Pioneer_Valley_Phase_II_Housing_Report.pdf and ACS 2017-2021.

- **Investing for preservation in Western Mass, to keep current homes from falling into disrepair and to ensure long-term affordability**
 - Western Massachusetts has some of the oldest housing stock in the Commonwealth, with 63% of Pioneer Valley homes and 65% of homes in the Berkshires built before 1970⁹ - compared to 60% in Massachusetts and only 39% nationwide (see Figure 4).

(Figure 4) Age of Housing Stock ¹⁰



- Older homes are more likely to need remediation for lead paint or other health hazards, retrofits for climate resiliency or energy efficiency, and increased investment for maintenance. At the same time, it is often more cost effective to invest in current units than to build new homes – so the same amount of dollars, when applied to preservation projects, can be used to keep more housing units available and online.
- **Significant funding for preservation** is needed in Western MA for rental and ownership properties, through subsidy programs that community developers can effectively access to advance preservation projects.
- **We support the Massachusetts Healthy Homes Program (HD. 3864/SD. 728)**, to fund grants for low- and moderate-income homeowners and low-cost loans for landlords to address health hazards – whether it is lead paint remediation, hazards causing poor indoor air quality, poor ventilation or structural inadequacies. This will help improve the quality of the housing stock, and provide healthier homes for tenants.

⁹ UMass Amherst Donahue Institute, "Springfield & Pioneer Valley Housing Phase II," March 2022, https://donahue.umass.edu/documents/Springfield_Pioneer_Valley_Phase_II_Housing_Report.pdf and ACS 2017-2021.

¹⁰ Ibid.

- **We also support the creation of an acquisition fund** with an initial capitalization of \$100M, for residents or community developers to acquire Naturally Occurring Affordable Housing (NOAHs) to ensure long-term affordability for these properties.
- **A dedicated pool of funding should also be created for acquiring land for future affordable housing development.** This can help ensure an important pre-requisite – available land – is in place for future development opportunities. This fund could also support community investment in land banking, as another structure for building homes and ensuring long-term affordability.
- **Resources and support should be set aside for small landlords and owners, to help them manage their properties to maintain long-term affordability.** Owners who manage small multi-family buildings (i.e., less than 10 units) are an important source of affordable housing in many communities but may lack the resources or capacity of landlords with larger portfolios. For example, Community Development Block Grant (CDBG) funds can fund home repairs, but smaller landlords may not have the knowledge or capacity to successfully apply for these funds. It is important to recognize these small landlords as a vital part of a community's housing stock, and to ensure supportive programs or technical assistance are available for them.
- **Accessory Dwelling Unit (ADU) options can also be an effective way to address preservation while adding new stock.** ADUs could also include retrofitting large single family homes to create multiple units, which would enable seniors to age in place while creating more housing that serves smaller household sizes. Advancing a successful region-wide ADU initiative will need to include addressing both resource and zoning issues – including providing technical assistance to grow developer and municipal capacity for these projects, resources to advance these projects, and legislation to encourage local zoning changes, if needed. One way to advance this is through the support of HD. 3252/SD. 2006, which expands the option for ADUs and includes additional supportive policies to help increase housing supply.



- **Investing in rehab to bring vacant or neglected units in Western Mass back into active use as housing**
 - Rehab – investing in and restoring vacant or abandoned properties – is one of the most expensive forms of development.¹¹ At the same time, these projects can be important in reactivating buildings that have historical significance or contribute to community character. Increased funding with higher subsidies per project should be made available specifically for rehab projects, and currently successful programs – such as the Neighborhood Stabilization Program – should continue to be funded.
 - **Support and invest in new models for bringing vacant units back online.** A pilot program was successfully completed in the Berkshires and is currently underway in Springfield to test an alternative path for abandoned and vacant properties in receivership – allowing non-profit developers to serve as a receiver to rehabilitate the property and sell it affordably for first-time homebuyers (supported by a proposed bill, HD. 2944/SD. 1077). This type of pilot could be expanded to additional cities and towns throughout Western MA and the Commonwealth.
- **Investing in supportive housing, to meet the needs of our most vulnerable residents**
 - Providing funding for supportive housing is critical to ensuring that individuals with long-term challenges – such as families and individuals who experience chronic homelessness, people with behavioral health or substance use challenges, survivors of domestic violence, seniors and veterans – have safe and affordable places to live, with resources to meet their specific needs.
 - To ensure that these programs are executed effectively, it's important that funding and resources be applied to three areas, including:
 - Resources for developing additional supportive housing
 - Resources for accompanying project-based rental assistance (vouchers)
 - Resources for supportive services – which need to be substantial enough to fully meet the needs of the anticipated resident population
 - In the current session, proposed bills such as HD. 216/SD. 674 can help advance these investments.

¹¹ Based on the total development cost by different project types in our organizations' pipeline.

At the same time, Western Massachusetts faces particular challenges that require targeted solutions, such as:

- Complementary funding for rural infrastructure (i.e., water, sewer), for any new housing production funds.
- Complementary funding for regional transportation – particularly investment in Regional Transit Authorities and equitably distributing transportation funding, such as for Chapter 90 (including via HD. 2385/SD. 1762).
- Complementary funding for technical assistance and capacity in development, including support for regional planning agencies, particularly for small and rural communities.
- Increased funding for smaller rural communities as an extra incentive, for municipalities to undertake and directly contribute to affordable housing projects in their community.

Any programs that fund housing should directly consider the needs and capacity of developers throughout the Commonwealth, and be tailored to accommodate a range of developers and projects, including:

- "Rightsizing" applications for funding – allowing more applications for development funding to support smaller projects, which better fit the scale of less developed areas; simplifying applications for smaller projects to align with appropriate funding sources; and increasing the subsidy per project to account for higher infrastructure costs and lower rents in Western MA, and adequately meet regional and market needs.
- Increasing resources for middle-income housing (for households of 60%-120% AMI).
- Simplifying the application process for any project and streamlining funding requirements – especially for affordable housing programs, where developers need to apply for multiple funding sources to advance a single project.
- Increasing the number of funding rounds each year, to allow developers more opportunities to put projects forward.



Leverage All Funding and Possible Revenue Sources

It will take significant resources to build all of the housing that is needed in this region – **Western Massachusetts will need to invest at least an estimated \$7 billion in housing production, preservation and rehab.**

As a result, it is important to ensure that we explore all possible avenues for funding and accessing new revenue, including:

- Maximizing housing investments in all types of housing for all income levels and including supportive housing policies through every available legislative vehicle – including future ARPA allocations, each year’s State Budget, and future housing bond bills, tax reform bills and economic development bills
- Supporting and advancing legislative proposals that would create new revenue streams for housing, including:
 - The proposed local option for a real estate transfer fee to fund affordable housing (HD. 2857/SD. 1982)
 - Doubling the deeds excise tax to fund housing and climate solutions (advanced by the HERO Coalition, HD. 2510/SD. 1226)
- Supporting and advancing legislative changes that would support the production of more housing, including:
 - Increasing the Housing Development Incentive Program (HDIP) cap and extending program authorization through 2030
 - Increasing the Community Investment Tax Credit (CITC) authorization and extending program authorization (HD. 2260/SD. 1044)
 - Increasing the LIHTC authorization and extending authorization through 2030
 - Continuing to fund the Neighborhood Stabilization Program to support rehab
 - Creating a State-level version of the federally proposed Neighborhood Homes Tax Credit, dedicated to advancing homeownership projects¹²
- Maximizing the issuance of all State LIHTC credits that are allocated to the Commonwealth
- Working with and advocating for local communities to maximize their commitment of Community Preservation Act (CPA) funds to support local housing projects

¹² National Community Stabilization Trust, Neighborhood Homes Investment Act Proposal, <https://neighborhoodhomesinvestmentact.org/proposal>.

Invest in Housing, Invest in the Community

To create enough housing to meet the region's needs, we need resources: not only the estimated \$7 billion in funding to create the housing that the region needs, but to also significantly enhance existing developer and construction capacity.

This \$7B investment will not only create much-needed housing, but also help catalyze local economies, creating an estimated 38,500 direct construction jobs¹³ and generating an estimated \$2.5B¹⁴ in ongoing local revenue.

To accomplish these goals, we need to invest in our workforce, by:

- Investing in training and apprenticeship programs in real estate development, construction and skilled trades, and property management, with a focus on racial equity
- Invest in training and apprenticeship programs focused on specific skills that are known to be needed – in “green building”, in inspectors and contractors for lead-based paint remediation, and in home rehab, particularly in accessing CDBG funds
- Continue to invest in MWBE firms and incentivize BIPOC developers



¹³ Job multipliers to be calculated using EPI estimates for direct jobs in construction per \$1M: <https://www.epi.org/publication/updated-employment-multipliers-for-the-u-s-economy/>

¹⁴ Economic impact multipliers to be calculated using NAHB estimates: <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics/economic-impact/economic-impact-local-area-2015.pdf>. Assumes 90% multi-family rental and 10% single-family, based on current regional development pipeline.

Invest in Housing Supports

Housing is central to a household's stability, and to accessing opportunity. But housing alone is not enough. To maximize opportunity for success, we need to make complementary investments in:

- Housing education and civic engagement, to educate local communities on the importance of housing investment in their communities
- Advancing education, training and enforcement for fair housing, to ensure housing opportunities are open and available to everyone
- Sustained funding for first-time homebuyer assistance programs
- Funding for emergency housing supports, such as the State's Residential Assistance for Families in Transition (RAFT)
- Codifying the Massachusetts Rental Voucher Program (HD. 3349/SD. 682) and providing universal rental assistance, by expanding MRVP to all who qualify¹⁵
- Expanding the use of Small Area Fair Market Rents (SAFMR) for Section 8 and MRVP vouchers, to make it easier for households with vouchers to find eligible housing, especially in higher opportunity areas
- Identifying best practices for connecting transportation accessibility and housing in non-urban areas



¹⁵ The Boston Foundation, "A Right to Rental Assistance in Massachusetts," December 14, 2022, <https://www.tbf.org/news-and-insights/reports/2022/december/rental-assistance-in-ma-mrvp-report-20221214>.

Western Massachusetts Housing Coalition Members

City/Town

City of Chicopee
City of Easthampton
City of Greenfield
City of Holyoke
City of Northampton
City of Pittsfield
City of Westfield
Northampton Housing Partnership
Town of Amherst
Town of Great Barrington
Town of Hadley
Town of West Springfield
Town of Williamstown

Affordable Housing Nonprofits

Amherst Affordable Housing Trust Fund
Berkshire Habitat
Berkshire Housing
Construct Berkshires
Domus, Inc.
Greater Springfield Habitat for Humanity
Home City Development
Pioneer Valley Habitat for Humanity
Rural Development, Inc.
Valley Opportunity Council

Regional Organizations and Housing Authorities

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

Advocacy and Supporting Services Organizations

Clinical & Support Options
Community Action Pioneer Valley
CSO/Friends of the Homeless
Dial/Self Youth & Community Services
Hampden County Continuum of Care
Springfield Partners for Community Action
Wellspring Cooperative
Western MA Network to End Homelessness

Community Development Corporation

CDC of South Berkshire
Franklin County CDC
Hilltown CDC
OneHolyoke CDC
Quaboag Valley CDC
Revitalize CDC
Springfield Neighborhood Housing Services
Valley CDC
Way Finders, Inc.