

Commonwealth of Massachusetts
Department of Housing and Community
Development



HOUSING COMMITTEE OVERSIGHT HEARING

MAY 16, 2017



DHCD: The Basics

- Mission: Strengthen cities, towns and neighborhoods to enhance the quality of life of Massachusetts residents. We provide leadership, professional assistance and financial resources to promote safe, decent affordable housing opportunities, economic vitality of communities and sound municipal management.
- Five Departments (approximately 290 employees)
 - **Community Services – Programs that assist municipalities undertake community development activities and support low-income residents with energy expenses.**
 - In FY16, approximately 165,000 households received fuel assistance including replacing about 1,400 heating systems
 - In FY16, approximately 1,100 homes weatherized
 - More than 10,000 low and moderate income individuals and families receive a variety of services to improve living conditions (housing rehab, social services, infrastructure improvements)
 - \$14M annual State tax credit allocation generated over \$22.8M to-date in private investment to 46 CDCs
 - **Housing Development – Programs that preserve and produce private affordable housing.**
 - Over 65,000 units of affordable housing produced and preserved as of August 2016
 - Funded 3,216 units of housing since 2015; 1,975 units produced and 1,241 units preserved
 - 66,972 total LIHTC units in 822 projects between 1986 and 2016



DHCD: The Basics (continued)

- Five Departments (continued)
- **Housing Stabilization – Programs that provide emergency assistance to low-income families and individuals**
 - Emergency Assistance program becomes a part of DHCD in July, 2009
 - Total number of families in shelter at that time was 2,753 families (1,772 in shelter and 981 in hotels/motels).
 - 22% reduction in caseload and 96% reduction in families sheltered in hotel/motel since January 2015
 - Additionally, support for homeless individuals includes emergency shelter (2,319 beds for men and 756 beds for women, transitional housing, day programs, health care, street outreach, and meals.
- **Public Housing – Operating and capital support of state-aided public housing portfolio**
 - 240 Local Housing Authorities
 - Over 45,000 state public housing units of which over 30,000 elderly/disabled units
 - 80% of the residents in public housing are at or below 30% of AMI (in Boston region, below \$21,700 for a single person or \$31,000 for a family of four).
- **Rental Assistance – Programs to assist modest income residents access private housing at an affordable rent**
 - Over 30,000 households statewide
 - Over 20,000 federal vouchers (MTW, VASH, DMH)
 - Over 8,00 leased MRVP vouchers (project based and mobile)



DHCD Budget

FY2017 DHCD BUDGET BY FUNDING SOURCE \$1.2 BILLION





Massachusetts – How we stack up

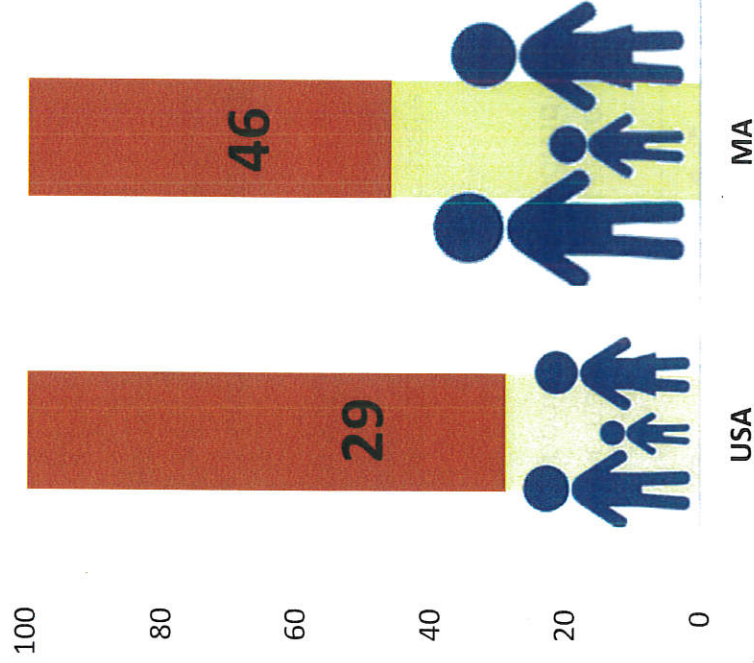
- We are the only state in the nation with a statutory obligation to shelter families known as the **Right to Shelter**. In addition, we support **homeless individuals**. In FY17, Massachusetts intends to invest over **\$288 million**.
- Massachusetts is one of just four states with **state-aided public housing**. There are 45,000 units across the Commonwealth, about 30,000 of which house low income seniors. In FY17, Massachusetts budgeted over **\$156 million** supporting this portfolio.
- The Commonwealth has its own rental subsidy programs, Massachusetts Rental Voucher Program (**MRVP**) and Alternative Housing Voucher Program (**AHVP**) and **DMH Rental Subsidy**. In FY17 the Commonwealth will provide about **\$100 million** in assistance.
- Along with just 15 other states, Massachusetts issues companion State Low-Income Housing Tax Credits (**SLIHTC or LIHTC**) to complement the federal LIHTC program. In FY17, The Commonwealth issued about **\$15 million** in SLIHTC, which leveraged about **\$59 million** in equity.
- We are the only state that has a **public-private partnership model** to support homeownership with a particular focus on underserved populations. In FY16 the **OneMortgage** program at MHP helped **855 families** with a **median income of just under \$60,000 purchase their first home**.
- Massachusetts is the one of the only states that has created a program to support our economic growth through the creation of units affordable to the Commonwealth's workforce. **MassHousing's Workforce Opportunity Fund** has committed over **\$33 million** to serve working households.



The Challenge: Insufficient affordable units for all eligible households.

- MA is a national leader in providing low-income housing, but a great need remains. 46 “affordable” units for every 100 eligible household.

Affordable housing per 100 extremely low-income households*



* Number of units where a family at 30% of median income (\$26,385 for family of 4) will pay no more than 30% of income in rent. Many of these units are already occupied, so the number of **available** units is fewer.

Source: Urban Land Institute data



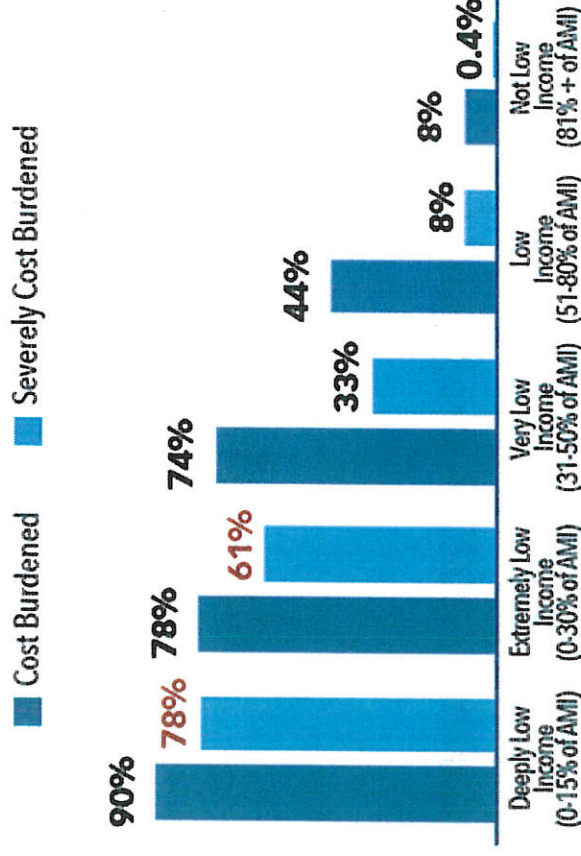
The Challenge: Housing affordability affecting more working households

In nearly every county in the state, nearly half of households are paying more than 40% of their income in rent.

- In all but one MA county (Nantucket), between 40-60% of *all renters* pay more than 30% of income for housing – the National standard for housing cost burdened
- Three-quarters of both Very- (50% AMI) and Extremely-Low (30% AMI) Income households pay over 30% of income in rent. The majority of both groups pay over 50%.

HOUSING COST BURDEN BY INCOME GROUP

Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are considered severely cost burdened.



Source: National Low-Income Housing Coalition



The Challenge: Job growth projections are for occupations with low to moderate wages

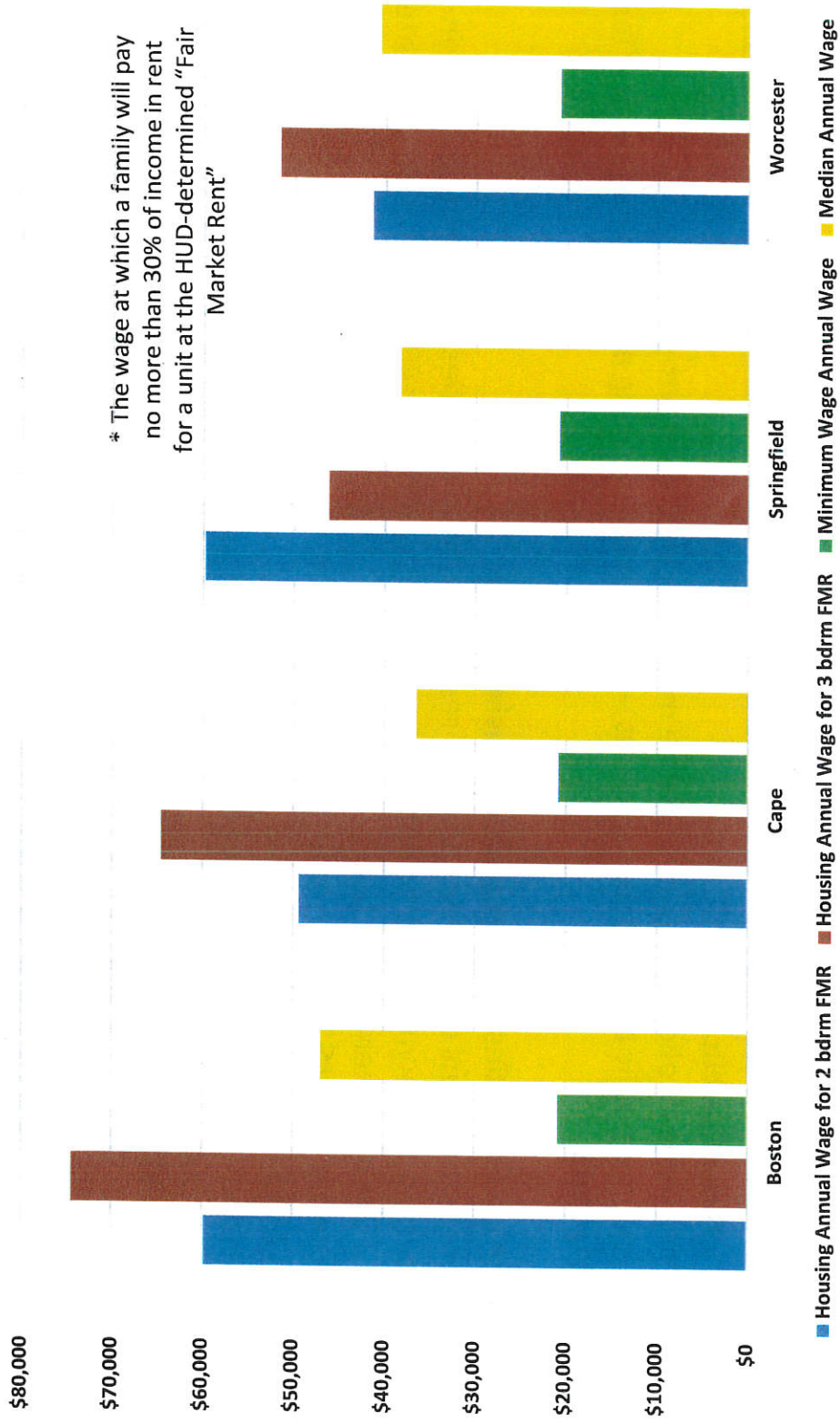
- The majority of statewide job growth by 2022 is projected to be in low to moderate-skill positions.
 - MA mean annual salaries:
 - Dentists = \$175,280
 - Cooks = \$25,220
 - Schoolteachers = \$62,980
 - Retail Clerks = \$26,240
- The top three occupations projected to add the largest number of jobs are personal care aides, home health aides, and restaurant cooks – all pay a mean wage of under \$30,000/year.





The Housing-Wage Gap

Needed Annual Wage* to Afford Housing vs. Actual Wages



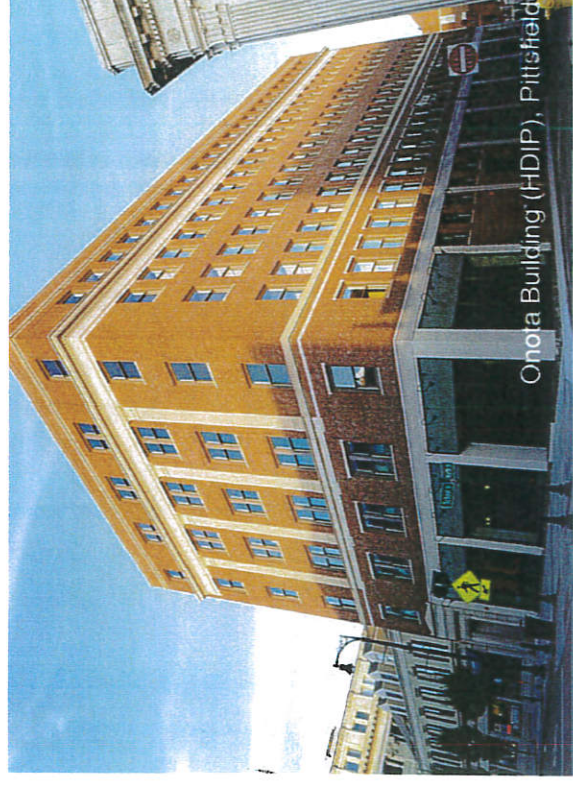
Source: National Low-Income Housing Coalition, "Out of Reach 2015"



What are we doing?

Key Strategies

- **Unlock the value of public land**
 - Open for Business: allow key sites to move more quickly through the process
 - Mixed-income public housing communities – create more housing and preserve deep affordability
 - Urban Agenda
- **Partner with communities to meet varied housing needs**
 - As market conditions continue improving, respond to municipalities' increasing interest in developing downtown, transit-oriented housing through Chapter 40R and the Urban Center Housing Tax Increment Financing.
 - MassHousing's new \$100M Workforce Housing Initiative
 - Community Scale Housing Initiative
 - Incentivize development of "starter homes"
 - Plan, plan, plan



What are we doing? Key Strategies

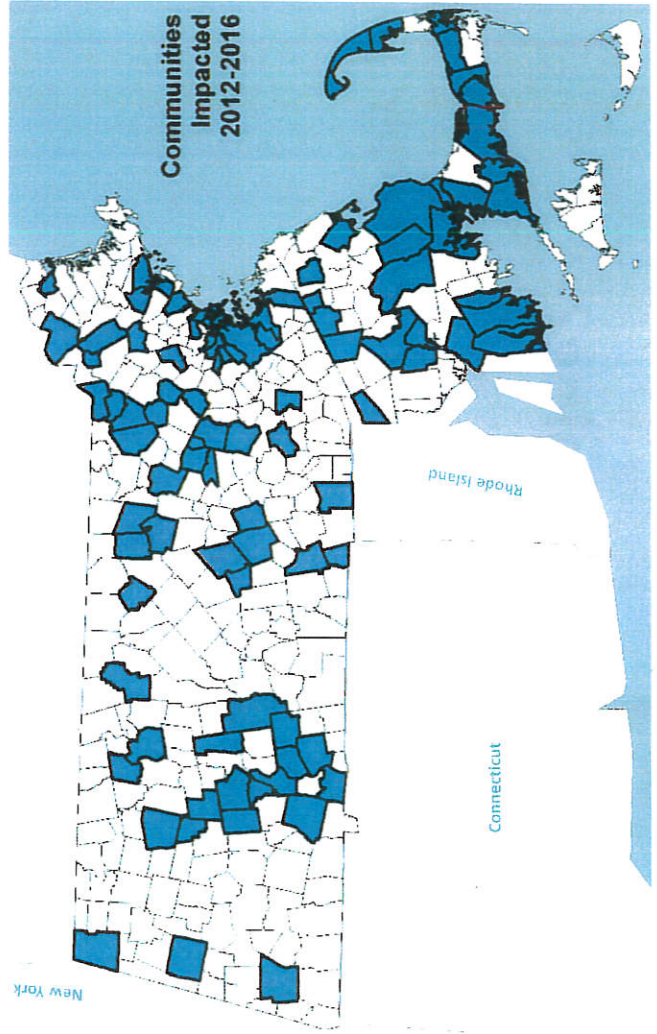
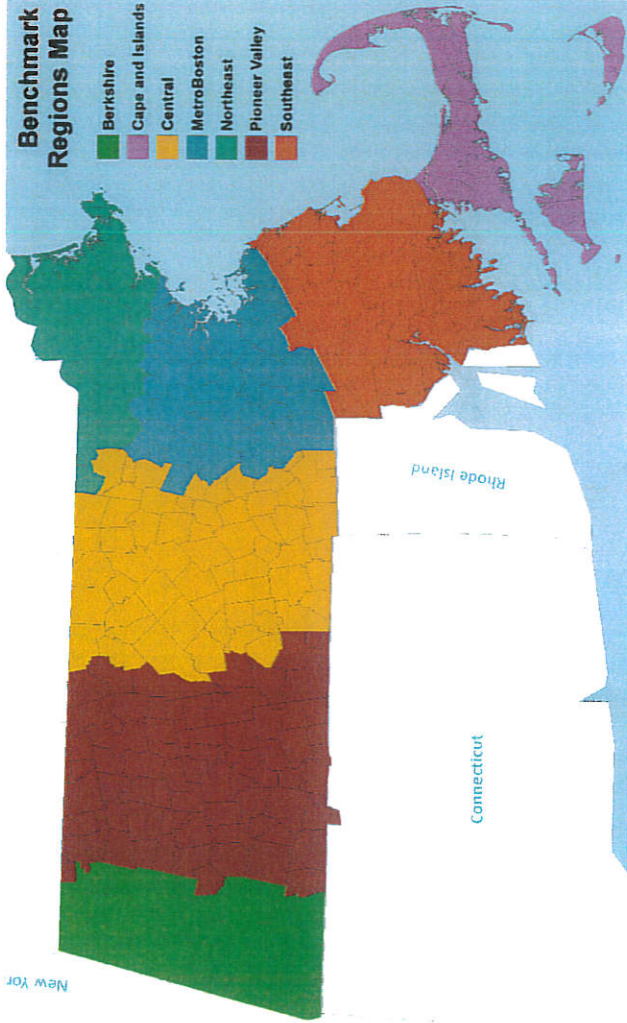


- **Increased resources to preserve deeply affordable units**
 - 13A
 - 40T transactions
 - Public housing
 - Increased MRVP funding
- **Economic Prosperity**
 - Advisory Council
 - MTW Plan
 - Public housing comprehensive services strategy



Rolling Green (preservation), Amherst

DHCD Rental Housing Subsidy Awards 2012-2016 – Statewide Summary



280
projects

17,740
units

97
Communities
reached

92%
affordable

\$2.5
billion in
subsidy

Project Data Summary

Total Projects	280
Total Units	17,728
New Production Units	7,130
Preservation Units	10,598

Geographic Distribution (by units)

Urban	12,820	72%
Gateway Cities	6,370	36%
Non-Urban	4,908	28%
Transit Oriented	10,885	61%
Distressed (QCT)	4,366	25%
Opportunity Community	4,441	25%

Income Distribution

Affordable Units	16,261	92%
Market Rate Units	1,479	8%
Total Units	17,740	100%

Population Served (where defined)

Family	10,446	59%
Elderly (Non-Assisted Living)	3,477	20%
Special Needs		
Homeless	1,293	7%
Assisted Living	196	1%
Transitional	113	1%
Dev. Disabled	137	1%
Mentally Disabled	68	0%

State Subsidy Sources

9% LIHTC Equity	\$817,062,434
4% LIHTC Equity	\$741,539,324
State Bond Programs	\$447,830,069
State LIHTC Equity	\$431,287,916
HOME	\$51,828,892
Total Subsidy	\$2,489,548,636

Plus \$27,051,874 in CDBG awards 2012-2016



What are we doing? Investment Framework: Capital Budget Priorities

The Administration's current five-year capital plan commits \$1.1 billion to housing production and preservation, an 18% increase over FY2016 levels. The five-year capital plan includes:

- Increased funding for accounts supporting affordable housing **development and preservation, and public housing maintenance;**
- New funds for the **preservation of deeply affordable units** with expiring affordability restrictions (13A units). These units are currently occupied by low-income senior citizens and the working poor;
- New funds for the **redevelopment of public housing** communities, and for the development of **mixed-income and workforce housing;**
- New funds for the production of **supportive housing units**, for homeless families and individuals with disabilities; and
- New funds for **small-scale affordable housing development** in communities.



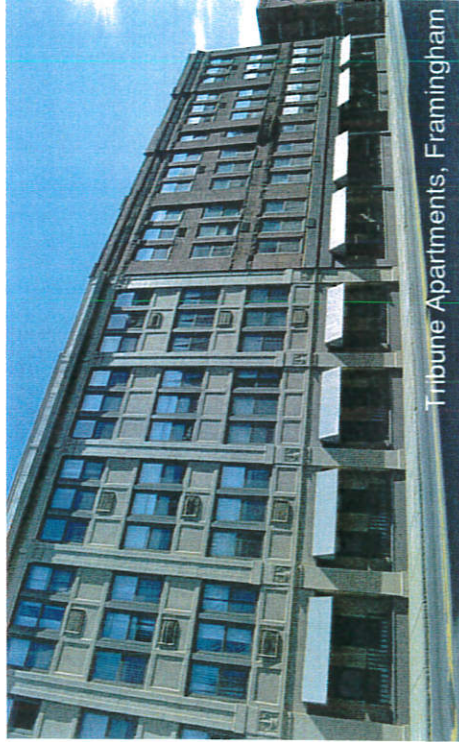
2017 Housing Bond Bill Overview

- The administration is proposing a **\$1.287 billion housing bond bill**.
- This proposal, combined with **uncommitted authorization remaining from the 2013 housing bond bill**, would create a **total of roughly \$1.545 billion** in housing authorization through **FY2023**.
- This bond bill proposal includes new language that **modifies the Home Modification Loan Program**.
- The legislation would **extend sunset dates** currently scheduled to reduce maximum authorization levels for two key tax credits, the **state Low-Income Housing Tax Credit**, and the **Housing Development Incentive Program** for Gateway City housing development.
- This proposal also recommends:
 - **Empower local housing authorities** to enter **redevelopment partnerships** with developers more efficiently;
 - **Allow local housing authorities greater flexibility** in addressing deferred capital needs; and
 - **Allow MassHousing to provide limited services** in other states.

What we are doing? Success



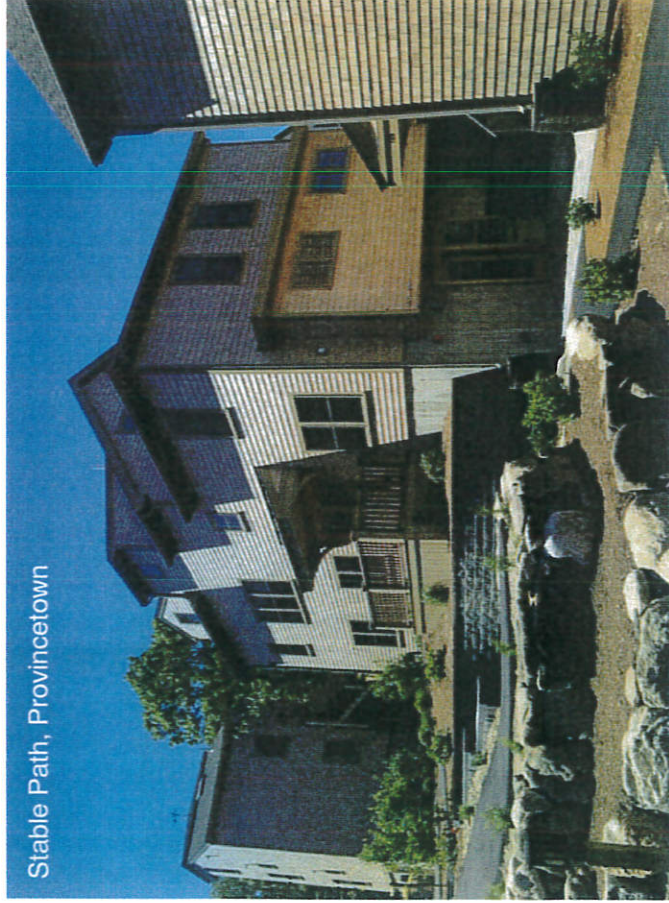
- Reducing the number of families in the **Emergency Assistance programs**
 - Since January 2015, the Baker-Polito Administration has been working with our partners in the legislature on a **comprehensive approach** to reducing caseloads through prevention, diversion and rapid rehousing.
 - The number of families in hotels has been **reduced by 96%** - from 1,555 to 57 (5/3/17).
 - Since 2016, the Baker-Polito Administration awarded **\$41 million** to create **489 permanent supportive housing homes**.



What we are doing? Success



- Since the beginning of 2015, the Baker-Polito Administration has advanced the production of nearly **12,000 mixed-income housing units**, from Pittsfield to Cape Cod, and financed the **preservation of another 9,000 affordable units**.



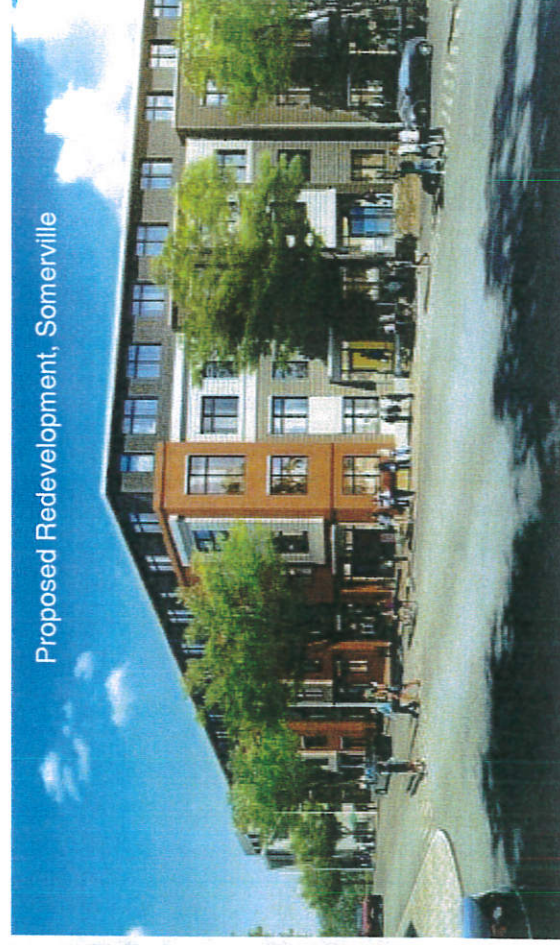
What we are doing? Success



- Investing in **mixed-income housing** development at Chelsea and Somerville Housing Authorities, **renovating 312 public housing units** and **creating 534 new market-rate housing units**.



Clarendon Hills Public Housing, Somerville



Proposed Redevelopment, Somerville

rendering: Gate Residential



What you can do – Continue our strong partnership

Our success has really been based on partnerships from the very beginning.

Bill Gates

meetville.com

