

MAYOR MARTIN J. WALSH

# HOUSING A CHANGING CITY

## BOSTON 2030



2014





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My fellow Bostonians,

Our city is growing. By 2030, experts estimate there will be more than 700,000 of us living, working, and raising families in this city -- the first time since the 1950s that Boston will pass that milestone.

This is excellent news. More people want to live here, and some residents who have left are returning. Our schools are improving; our economy is thriving.

As mayor, it is my job to make sure that this prosperity and growth reaches into every neighborhood and touches every Boston resident. Any person who wants to contribute to making Boston better should be able to live and succeed here -- regardless of their income level, age, race, or physical ability.

This plan details the housing needs of Bostonians, whether they are recent college graduates eager to stay in our city, middle class working families with children in our public schools, or retirees looking to stay comfortably housed in their golden years.

This plan also strives to ensure that our city's most vulnerable residents -- those living paycheck to paycheck, or unable to work -- still have a place to call home.

Shortly after becoming mayor, I charged the Housing Task Force with helping us create a plan to address these needs. As a result, "Housing a Changing City: Boston 2030" reflects months of hard work and robust conversations between housing advocates, non-profit and for-profit developers, building trade representatives, demographers, academics, and staff from a variety of City agencies, in addition to our State and Federal partners. I am also grateful for the hard work of my Housing Transition Team in laying the groundwork for this long-range vision.

Making this plan a reality will require strengthening the partnerships we have already begun, and the creation of new ones. I look forward to working with all of you as we begin this next chapter in our city's history.

Boston is a beautiful city. It is our city. We live here because we love it, and I am so proud that more and more people each day want to live here. I invite all of you, from long-time residents to new arrivals, to join my administration in accepting the challenge of putting this plan into action.

Together, we will build a better Boston.

A handwritten signature in blue ink, appearing to read "M. J. Walsh". The signature is fluid and cursive, with a long horizontal stroke at the end.

MAYOR MARTIN J. WALSH



Mayor Martin J. Walsh

**HOUSING A CHANGING CITY: BOSTON 2030**

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Mayor Martin J. Walsh

**HOUSING A CHANGING CITY: BOSTON 2030**

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# EXECUTIVE SUMMARY

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In 2030, Boston will celebrate its 400th anniversary, and as we approach this milestone, Mayor Walsh has articulated that his vision for our city is one of diversity and equity; a city of growth and prosperity for all. This plan outlines how the housing strategy for our city will advance this vision, through a sound housing policy that supports educational outcomes, neighborhood health, the environment, community and economic growth.

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This plan envisions a city where all Bostonians, regardless of race, age, economic status, or physical ability can find a place to call home. To achieve this goal, our housing policy must address issues of affordability at the root cause, creating long-term solutions for increasing housing supply and preserving our existing units. It must ensure that seniors who wish to remain in their homes are able to do so, while providing resources and support for those who wish to downsize. It must assure Boston's children that they will have a place to study and rest so they

can succeed in school, and it must help the city retain a strong middle class while strengthening and stabilizing Boston's neighborhoods.

To meet these challenges, this document outlines a plan to produce 53,000 new units of housing. This plan will accommodate the projected 20 percent growth in Boston's households, generate \$21 billion in new development, and create 51,000 construction jobs through the year 2030.

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To execute this plan, the City will develop a comprehensive workplan that outlines both short-term and long-term deliverables, and will set in place processes and scorecards to ensure these goals are met.

We would like to acknowledge the hard work of the Housing Transition Team and the Housing Advisory Task Force (See Appendix B). Their thoughtful analysis

and creative ideas serve as the basis for many of the initiatives contained in this plan.

The individuals, groups, and community members who helped shape this plan will also be pivotal partners in helping us implement this vision for Boston's future. Our most important partners, however, are our neighbors and fellow Bostonians. We will rely upon them in the coming years to ensure that this plan creates a better Boston for us all.



## A Growing City: Demographic Projections and Housing Targets

Boston is growing. From 2000 to 2010, the city gained more than 28,000 residents, continuing the population recovery that has been underway since approximately 1980. More recent population estimates from the US Census Bureau indicate that the city's growth is accelerating -- Boston is now gaining population twice as fast as the rest of the state.

Boston will continue to grow. Our world-renowned educational institutions are training a young and highly-skilled workforce that is extremely attractive to the fast-growing technology and innovation sectors. Almost 20 million square feet of new commercial and institutional floor space is either already under construction or approved by the City for construction in the near future.

We must manage this growth to ensure that a bigger Boston is also a better Boston. We must plan for this growth, carefully balancing needed increases in density with open space and other amenities to ensure that quality of life in our neighborhoods remains high. Most importantly, we must ensure that this growth creates opportunities for people at all income levels.

Good growth management requires that we accommodate the needs of our young, skilled workforce while making room for existing and new lower-wage

workers. It requires our city to find ways to retain and expand our middle class while also finding ways to care for our seniors, ensuring that they can retire here in safe, affordable housing.

To better understand this growth, the City of Boston partnered with the Metropolitan Area Planning Council (MAPC) to prepare detailed demographic forecasts from 2010 through the year 2030. MAPC's demographic and economic modeling is among the most sophisticated available, serving as a reliable and independent basis for Boston to make informed decisions about guiding the city's growth. For a detailed explanation of how MAPC conducted their analysis, please see Appendix A.

MAPC projects that by the year 2030, Boston will have a population of 709,000 people. We will gain more than 91,000 people, who will make up 49,100 households. The last time Boston was home to more than 700,000 residents was in the late 1950s. Since this time, however, average household size has decreased. Today, fewer people inhabit each unit of housing, making our current housing stock insufficient to accommodate this growth. In addition to serving the growing population, this plan also envisions building enough units to create a reasonable vacancy rate to stabilize market prices.



The City of Boston believes that accommodating growth and stabilizing the market will require the creation of 53,000 new units of housing by 2030, a 20 percent increase in housing stock (Table 1).

To sustain this growth rate, Boston must focus on creating appropriate housing that will be affordable to its rapidly expanding workforce. We expect that by 2030, Boston's workforce will form more than 26,500 new households, a 13 percent increase. All of these households will require housing to suit their income levels.

Boston's seniors represent the most rapidly-growing demographic group, as the Baby Boom generation

reaches retirement age. By 2030, one in five Boston households will be headed by someone over the age of 65. Between 2010 and 2030, Boston will gain 22,500 senior households. This plan estimates that 17,500 of these households will choose to age in place, while the remaining 5,000 will live in newly created units of senior housing.

The growth in the number of seniors in Boston means that fewer units will become available through turnover to working-age households, requiring construction of 17,400 units of workforce housing to replace those units that will be occupied by seniors. Taken together with the workforce household growth of 26,500, the total demand for workforce housing in 2030 is estimated be 44,000 units (Table 2).

TABLE 1: Summary Demographic Projections for Boston 2010-2030

Demographic Group	Income Category*	2010 Housing Units	2030 Housing Units	Growth 2010-2030	% Growth 2010-2030
Householder Age 65+	<\$50,000	27,990	42,599	14,609	52%
	\$50,000-\$125,000	10,386	16,106	5,720	55%
	>\$125,000	3,640	5,728	2,088	57%
	ALL SENIOR	42,016	64,433	22,418	53%
Householder Age <65	<\$50,000	87,138	96,888	9,751	11%
	\$50,000-\$125,000	80,631	91,071	10,440	13%
	>\$125,000	42,914	49,380	6,466	15%
	ALL WORKFORCE	210,683	237,340	26,657	13%
Total	<\$50,000	115,128	139,487	24,360	21%
	\$50,000-\$125,000	91,017	107,177	16,160	18%
	>\$125,000	46,554	55,108	8,555	18%
	Vacancy Rate**	12,209	16,203	3,994	33%
	ALL	264,908	317,976	53,069	20%

Source: MAPC Demographic Forecasts For Boston, August 2014. MAPC provided household income projections by Area Median Income (AMI); the City converted these into the dollar income ranges used in this plan. For the purposes of the City's analysis, <\$50,000 is considered to be 0-60% AMI, \$50,000-\$125,000 is considered to be 60%-150% AMI, and >\$125,000 is considered to be >150% AMI. \*\* Vacancy Rate necessary to stabilize the market.

Overall, the City expects that the bulk of new housing production will be primarily targeted to these workforce-aged households.

City-funded or -mandated housing production will represent a significant share of Boston's new housing production. City resources will be used to create approximately 8,000 affordable units (both senior and workforce), while approximately 4,000 middle-income assisted units will be created via the Inclusionary Development Policy or in mixed-income developments. The City also expects to see the creation of approximately 13,500 privately-produced middle-income units, which will include workforce housing in lower-priced areas, as well as units created for downsizing senior homeowners. The City is also anticipating that new dormitory construction will result in fewer students in off-campus housing, opening up approximately 5,000 additional workforce housing units formerly occupied by students (Table 3). More specific information on how the City plans to achieve these production targets can be found in the chapters of this plan that examine four key demographic groups: Seniors, Low-Income Households, the Middle Class, and Students. For information on how production and programs will be funded, please see Chapter 8: Resource Development.

*Please note that this housing plan does not address issues of homelessness; the City of Boston is currently executing an action plan to house Boston's homeless entitled "Bringing Boston Home". Information about that plan can be found on the City of Boston's website.*

**TABLE 2: Demographics of New Housing Production 2010-2030**

Demographic Group	New Units
Seniors	5,000
Workforce	44,000
Vacancy to stabilize Market	4,000
<b>Total</b>	<b>53,000</b>

**TABLE 3: Sources of New Housing Production 2010-2030**

Production Source	New Units
City Assisted Low-Income: Non-Senior	6,500
City Assisted Low-Income: Senior	1,500
Middle-Income Inclusionary/Assisted	4,000
Middle-Income Unassisted: Non-Senior	11,000
Middle-Income Unassisted: Senior	2,500
Middle-Income Units Released via Dorm Production	5,000
Market-Rate Unassisted: Senior & Non-Senior	18,500
Market-Rate Units to Support Market-Stabilizing Vacancy Rate	4,000
<b>Total</b>	<b>53,000</b>



## Housing Boston's Low-Income, Non-Elderly Households

Since building its first public housing units in the 1930s, Boston has maintained a 75-year tradition of creating housing for its low-income residents. The result is a city that now has a greater share of its housing stock set aside as affordable housing than any other major city in the country. Boston currently has 52,800 units of affordable housing, comprising 19 percent of its housing stock.

Yet despite these accomplishments, Boston still has a significant need for more low-income housing. The 2010 American Community Survey reports that there are 28,400 non-elderly, low-income renters paying an excessive share of their income in rent, who are in need of more affordable housing options. In addition, demographic projections indicate that by 2030, the city will see a net increase of 9,750 low-income workforce households, all of whom will need affordable housing. In total, the City anticipates that by 2030 there will be 38,200 low-income, non-senior households who may be in need of affordable housing.

It is also projected that of these, 55 percent, or 21,000 households, will have extremely low incomes (below

\$25,000), such that they can only be housed if their rent is subsidized, as even the rents for most affordable housing units will be too high for them to afford. These households will be in danger of becoming homeless, and strategies to assist them will be critical.

Given the constraints of space, the high cost of land, declining federal funding, and a finite amount of City dollars available, we must acknowledge that the City cannot build its way out of this problem; rather, several practical strategies must be put in place that, taken together, will further meet the needs of Boston's low-income households.

In addition, increasing our affordable housing stock will require regional action. In Greater Boston, only nine out of 37 communities meet the state's Chapter 40B threshold of having ten percent of their housing stock in affordable housing. If every community met the ten percent requirement, there would be 11,500 more affordable units in Greater Boston. The lack of affordable options in the suburbs only serves to heighten demand for affordable housing in communities like Boston.

**GOALS:** **The City has four primary goals for housing low-income, non-elderly households:**

1. Increase housing production for low-income, non-elderly households by 50 percent, creating 6,500 new affordable housing units
2. Ensure that 1,700 of these new, affordable units are accessible to extremely low-income households
3. Increase the ability of low-income and highly rent-burdened households to access new and turnover affordable housing units
4. Improve access to housing that will accommodate non-elderly persons with disabilities

**ACTIONS:** **To achieve these goals, the City intends to undertake the following actions:**

1. Prioritize cost-efficient, high-quality developments when selecting projects for City and State funding programs
2. Raise additional resources for affordable housing production, (See Chapter 8, Resources) while working with developers, real estate professionals, and building trade representatives to reduce costs of affordable housing production
3. Create new, permanently affordable units to serve extremely low-income households by converting at least 1,700 Section 8 mobile vouchers into project-based assistance
4. Create a new Acquisition/Conversion Program that will make it easier to acquire existing rental properties and convert them into permanent affordable housing
5. Create a new financing model that supports the creation of new, low-income rental housing and does not depend on 9% Low Income Housing Tax Credits (LIHTC)
6. Create new processes to help those with the greatest need efficiently access affordable units
7. Working with the Commission for Persons with Disabilities, establish a task force to better understand the on-going housing needs of the disabled community
8. Work with housing advocates and other municipalities to increase the supply of affordable housing in the Greater Boston region



## Preservation of Affordable Housing

Although Boston has a strong commitment to affordable housing, with 52,800 subsidized units to help house its low- and moderate-income residents, some of these units are at risk. Federal funding has declined significantly, while strong market conditions make it more and more likely that landlords will choose to convert previously affordable units to market-rate housing. With the costs to create affordable housing units at an all-time high, it is critical for the City to assist in preserving every possible unit of affordable housing. Affordable housing preservation can be broken into two categories:

### Public Housing

One in ten Bostonians depends on the Boston Housing Authority for housing. The BHA owns more than 12,000 public housing units, and financially supports another 11,000 private units leased with BHA support. But even with its size, the BHA has had to take significant cost-cutting measures in operations and maintenance in response to declining federal

support. In addition, the BHA has cut staffing by 100 positions and has limited its capital investments to only immediate health and safety issues.

### Private, Affordable Rental Housing

One in every eight Bostonians lives in one of the city's 30,400 privately-owned affordable rental units. Many of these units were created with affordability restrictions lasting 30-40 years; today, some of these units are reaching the end of their affordability terms.

While most of these units (26,200) are relatively safe because they are either owned by non-profits or because their owners have entered into affordability extensions, 4,200 units remain at risk of being converted into market-rate housing. Of those, 3,038 units are at elevated risk, including 607 units that were financed under the State 13A program. Unlike tenants in federally funded developments, who are protected with tenant-based rental assistance, tenants in 13A developments do not have these protections.



**GOALS:** **The City has four primary goals to preserve the public and private portfolios of affordable housing:**

1. Maintain a 97 percent or higher occupancy rate in BHA housing
2. Raise public awareness of the challenges faced by public housing while growing local support for a variety of preservation strategies
3. Retain at least 97 percent of Boston’s 30,435-units of privately-owned, affordable rental housing, including more than 85 percent of the 4,200 units currently at risk
4. Seek to preserve all of the 13A developments, and where preservation is not an option, ensure that 100 percent of tenants in those developments have access to alternate affordable housing

**ACTIONS:** **To achieve these affordable housing preservation goals, the City intends to undertake the following actions:**

- PUBLIC**
1. Partner with the Federal government to explore legislation to allow more fungibility between public and leased housing program funding
  2. Develop site-by-site capital strategies for BHA properties that optimize assets and funding opportunities, including HUD’s Rental Assistance Demonstration and Choice Neighborhoods programs
  3. Maintain energy performance contracting at the BHA
  4. Diversify BHA’s funding sources; linking new efforts to education, jobs and health programs
  5. Continue to implement back-office efficiencies and technology enhancements at the BHA in order to reduce operating costs
- PRIVATE**
1. Continue aggressive preservation efforts for every unit of private affordable housing that is at risk for conversion to market-rate
  2. Work with State and Federal agencies, CEDAC, the non-profit community, and tenant advocates to develop and implement a comprehensive 13A preservation strategy
  3. Create 13A tenant rehousing assistance programs when tenancies cannot be saved
  4. Re-prioritize rental preservation resources towards at-risk units, ensuring that limited resources are targeted to the most critical preservation activities
  5. Continue to support nonprofit programs that provide technical support and organization for tenants living in at-risk properties



## Boston's Middle Class

Maintaining a strong middle class is critical to securing Boston's future. Today, however, Boston's middle class faces a unique set of challenges, and its ability to access the market is diminishing in the face of rising prices. Retaining and growing our middle class is critical to building the strong, inclusive city this plan envisions.

The City is defining its middle class as households with incomes between \$50,000 and \$125,000. The range begins at \$50,000, reflecting Boston's median income of \$53,000. Household income of \$50,000 is also the level where eligibility for most government-assisted housing ends, so market-based solutions become critical.

Boston still has a sizable middle class, representing 34 percent of its households. Compared to the region, however, Boston's middle class is smaller, younger, and has a lower homeownership rate (43 percent) compared to the region (69 percent).

Middle class households face unprecedented difficulties in accessing the market. Today, a household with an income at the midpoint of middle class range (\$80,000) can only afford the bottom 23 percent of the homeownership market in Boston, and is priced

out of seven of Boston's 15 neighborhoods. That same \$80,000 income is currently enough to afford 51 percent of the rental market; however, rents are rising at five times the rate of income, making the rental market increasingly unaffordable as well.

Compounding these challenges is an underlying production cost issue. While funds are available from the City, State, and Federal government to subsidize affordable housing, and while the real estate market financially rewards builders who create higher-end housing, there are limited incentives to develop housing that is accessible to the middle class. The City will work with the development community to produce more of this housing, helping to lower the cost of production so that the market may respond.

The City must also support the ability of all potential buyers to purchase a home in Boston. Currently, non-white borrowers are less able to access the market. While 40 percent of Boston's middle class is non-white, only 20 percent of mortgages went to non-white borrowers. To correct a widening homeownership gap within the middle class, we must better understand these issues, and work with our non-profit and lending partners to take meaningful action.

**GOALS:** The City has three primary goals to meet the needs of its current and future middle class:

1. Double the pace of middle-income housing production, creating 20,000 new units of housing affordable to Boston’s middle class workforce
2. Expand and enhance the City’s homebuyer programs to help 5,000 middle class homebuyers purchase their first home
3. Work with non-profit organizations and lending partners to increase lending and ensure equal access to home mortgages

**ACTIONS:** To achieve these goals, the City intends to undertake the following actions:

1. Institute zoning relief in locations with good transit that are affordable to the middle class, allowing for more efficient development at significant densities
2. Provide tax incentives that offer time-limited relief from property taxes in targeted middle-income development areas
3. Enhance financial feasibility of middle-income housing in target areas by allowing reasonable cost-saving modifications to the Inclusionary Development Policy (IDP)
4. Work with the building trades to reduce the construction costs of producing middle-income housing
5. Identify and make available City- and State-owned surplus land for developers to build mixed-income housing
6. Make small City-owned infill lots available for mixed-income homeownership development, creating opportunities to produce mixed-income housing with long-term affordability protections
7. Make improvements to the permitting process to help small builders create more new housing on small, privately-owned parcels
8. Enhance homebuyer assistance services, and double the number of homebuyers assisted



## Housing Boston's Seniors

Boston's elders are a rapidly growing demographic with very specific housing challenges. Providing opportunities for Boston's seniors to live in the city enriches and retains diversity in the neighborhoods. Boston must ensure that there are proper supports for seniors who wish to remain in their homes, and suitable housing options for those who need to downsize or find affordable housing.

After retirement, seniors often move to a fixed income and have lower incomes as a result. Technically, seniors are Boston's lowest-income demographic group. Sixty-six percent of Boston's seniors are considered to be low-income, compared to 38 percent of the workforce (ages 25-64). Although 62 percent of Boston's low-income senior renters are already in subsidized affordable housing, there are still 5,700 senior renters with high housing needs who are paying more than 50 percent of their income on rent. In addition, another 4,300 senior homeowners have incomes so low (less than \$25,000) that paying taxes and maintaining their homes can cause serious financial strain.

Seniors are also Boston's fastest growing demographic; their numbers are projected to rise 53 percent from 2010 to 2030, with an increase of 22,400

households. By 2030, one in five Boston households will be of retirement age. Notably, the growth in this senior population is not just from seniors moving in and looking for new housing; rather, it is a demographic shift of baby boomers who are already here and housed. For this reason, helping those seniors who wish to remain in their housing will be one key component of the City's housing strategy.

Another critical component will be creating more opportunities for seniors to age in vibrant, well-connected supported housing communities that have been designed to maximize senior independence and health. The City will encourage development of attractive senior housing for households wishing to downsize, opening existing larger units for working families.

The cost to produce affordable senior housing has increased by 89 percent since 2000, while Federal funding has decreased. The capital component of the Federal 202 program has been eliminated at the same time that the City's CDBG allocation has been cut by 33 percent. Both of these resources were historically used to create affordable senior housing. In order to produce additional units of affordable senior housing, the City must identify and secure new financial resources.

**GOALS:** **The City has three primary goals to meet the needs of its current and future seniors:**

1. Maintain the historic pace of low-income senior housing production, despite the elimination of Federal 202 capital funds and reduction of CDBG, creating 1,500 new affordable senior housing units
2. Encourage the market to develop 3,500 units of senior-oriented housing, allowing seniors to downsize
3. Provide increased housing stabilization and support services for seniors who wish to remain in their current housing, and assist those who need to find a more accessible, supportive setting

**ACTIONS:** **To achieve these goals, the City intends to undertake the following actions:**

1. Identify new sources for the creation of affordable senior housing and support services, including expanded City and State resources; work with the Federal government to identify new Federal resources
2. Utilize City-owned land and buildings for the creation of affordable senior housing
3. Explore options for siting senior housing in Main Streets districts and other neighborhood commercial centers, improving services and quality of life for seniors while providing foot traffic and vitality to the community
4. Engage the development community to better understand the opportunities and challenges related to the creation of market-rate senior housing
5. Examine best practices in other cities for “in-law” apartments. If appropriate, develop a pilot to design and zone for this type of housing
6. Establish a Senior Housing Assistance Network to better connect seniors with available housing stabilization services, including advocacy, housing search, counseling, assistance with applications, and increased access to benefits
7. Provide Senior Energy Retrofit Loans to very low-income seniors
8. Support Senior Housing Innovation Demonstration Projects that strengthen the partnership between supported housing and healthcare providers



## Housing Boston's Students

Boston's world-class network of colleges and universities trains a high-skill labor force, which is an important driver of the region's innovation-based economy. Boston hosts more than 152,000 students attending college or university within the city. Of these 152,000 students, 20,600 undergraduate and 15,600 graduate students live in off-campus housing in Boston. These 36,000 students create pressure on the local rental market, and are also at risk of being taken advantage of by unscrupulous landlords who permit overcrowding in unsafe housing.

Between 1995 and 2010, undergraduate enrollment grew by 13 percent. The City wants to ensure that by 2030, on-campus housing for undergraduates not only keeps up with future growth, but also substantially reduces the number of undergraduates living in off-campus housing in Boston. Additionally, although graduate student enrollment grew by 47 percent from 1995-2010, very few graduate students are housed on campus. The City will encourage colleges and universities to create enough housing for graduate students to mitigate their impact on the market.



Mayor Walsh and other City officials meet with representatives from Boston's colleges and universities at the Parkman House.

## GOALS:

**The City has three primary goals for student housing:**

1. Create 16,000 new undergraduate dorm beds to accommodate growth while reducing the number of undergraduates living off-campus in Boston by 50 percent
2. Create dedicated housing for 2,500 graduate students to mitigate the impact of graduate students on the housing market
3. Improve living conditions for off-campus students through vigorous enforcement of housing codes and improved communication with students and families

## ACTIONS:

**To achieve these goals, the City intends to undertake the following actions:**

1. Partner with colleges and universities to set specific student housing commitments, creating clear plans and timetables for every institution to achieve its housing goals
2. Explore public-private partnerships to create off-campus dorms and student villages
3. Work with the community to establish approved locations for both on- and off-campus student housing facilities
4. Work collaboratively with Greater Boston area college leaders and mayors to address student housing issues in the region
5. Utilize the updated University Accountability Ordinance to obtain more complete information from institutions of higher education. This will improve the ability of City inspectors to ensure the safety of off-campus students, while also improving master planning for student housing
6. Establish routine proactive inspections of all off-campus student housing and, where necessary, levy the fines available under Boston's Problem Property Ordinance
7. Provide students and families access to information about private landlords and specific properties



## Strong, Healthy Neighborhoods

Boston's strength lies in its vibrant neighborhoods. To support the health and well-being of those neighborhoods, a housing plan must support stability, diversity, economic empowerment, and the health of its residents. To strengthen its neighborhoods, the City must focus on the following:

### Gentrification

In six of Boston's 15 neighborhoods, the share of the housing stock occupied by low-income households is declining, while the share occupied by more affluent households is on the rise. In an additional five neighborhoods, both low- and middle-income households have declining shares of the housing stock. Today, there are only four neighborhoods with no significant signs of gentrification. Ensuring that long-time residents are able to remain in their homes is critical to the stability of our neighborhoods.

### Foreclosures

Although home foreclosures have declined by 90 percent from their 2008 peak, some homeowners are still at risk of foreclosure, with 131 homeowners receiving foreclosure notices in 2013. More than 200 bank-owned properties remain vacant, and need to be responsibly returned to the market.

### Problem Properties

Abandoned and mismanaged properties can undermine a neighborhood's quality of life by attracting crime and

vandalism. In situations where owners are not willing or able to improve these properties, the City must hold the owners of these problem properties accountable for making the required improvements. Where vacant or blighted properties have remained on the tax-delinquency rolls for years, the City must prioritize foreclosures that benefit the neighborhoods.

### Diverse Housing Choices

Strong neighborhoods provide a variety of housing options that build and support a diversity of ages, incomes, abilities, and races. These housing choices should include both homeownership and rental opportunities and should also include housing for emerging artists and young entrepreneurs, who can provide economic vitality in their neighborhoods.

### Healthy Homes

Boston's world-class healthcare industry affords the City an opportunity to create partnerships between the housing development community and the health care community that support positive health outcomes. City programs already exist to serve as a foundation for these partnerships. For example, Boston has been a leader in lead paint abatement and other health and safety-oriented programs through the Healthy Homes Boston initiative. To further improve the health of our neighborhoods, we need to increase collaboration between the health care and development communities.

GOALS: **The City's has six primary goals to support stronger, healthier neighborhoods:**

1. Mitigate impacts of gentrification through targeted homebuying programs, strategic acquisitions, community land trusts, tenant assistance, and expanded outreach to seniors
2. Reduce the number of foreclosures on homeowners to fewer than 20 per year
3. Reduce the bank-held REO inventory by at least 50 percent by 2016
4. Successfully resolve problem properties using all available regulatory tools
5. Support the creation of mixed-income developments and neighborhoods
6. Build on the Healthy Homes initiatives, forming new connections between housing and health

ACTIONS: **To achieve these goals, the City intends to undertake the following actions :**

1. Expand homebuyer assistance programs
2. Create a new acquisition/conversion program to increase the share of housing stock with long-term affordability restrictions
3. Explore the use of community land trusts
4. Support the creation of mixed-income developments and communities
5. Strengthen foreclosure prevention and assistance programs
6. Continue and expand the Problem Properties Task Force, enforcing financial penalties at the worst properties
7. Prioritize tax foreclosures on blighted/vacant properties remaining on the tax-taking list for multiple years with no resolution
8. Establish partnerships between the health care and housing development community to create programs that connect housing with health outcomes



## Green and Sustainable Housing

A sound housing policy that responsibly manages growth is critical to regional and state efforts to reduce carbon. Urban living has a significantly lower environmental impact; the more residents who choose to live in Boston as opposed to the suburbs, the lower the region's carbon footprint.

That said, more than 20 percent of Boston's carbon footprint comes from housing. Boston's current Climate Action Plan calls for our housing stock to reduce emissions by approximately 100,000 metric tons of CO<sub>2</sub>e by 2020. To meet this goal, we will be required to build housing that is more energy-efficient while we retrofit our existing housing stock.

In addition to making our housing more energy-efficient, we must also prepare for more extreme weather events. In anticipation of climate change, there are a variety of activities homeowners, renters, and landlords will need to take to minimize risk and potential property damage.

*Boston is currently preparing an updated Climate Action Plan, a formal work plan that will help ensure that Boston achieves its carbon reduction goals and is prepared for the impacts of climate change. Specific goals and actions, e.g., percentage reductions for different categories, will be provided in that work plan.*



Public Courtyard for Parker & Terrace E+ Development, Mission Hill

**GOALS:** **The City has three primary goals to ensure that our housing is both energy-efficient and ready for climate impacts:**

1. Increase energy efficiency of existing housing units
2. Work to reduce carbon impacts and incorporate advanced sustainable building design in new housing developments
3. Prepare Boston’s housing stock for sea-level rise, extreme heat, and other natural disasters

**ACTIONS:** **To achieve these goals, the City intends to undertake the following actions:**

1. Recognize and promote leadership in green building design and construction through the annual Greenovate Boston Awards and annual Green Home tour
2. Partner with high schools and universities to help students develop the job skills necessary for an evolving green building industry
3. Explore implementing a system of ratings for homes and apartments based on their energy efficiency
4. Support the building industry in meeting new stretch code energy standards; encourage and provide resources to new and existing buildings that go beyond the code
5. Identify opportunities to integrate no-cost home energy assessments with the permitting process
6. Utilize and expand community-based outreach to sign up residents for home energy assessments and support eligible projects through the weatherization process. Improve coordination between Renew Boston and the Boston Home Center
7. Improve multi-family housing energy efficiency and resiliency project financing by strengthening existing programs, developing innovative financing structures, and committing new investment capital to fund building system upgrades
8. Support developers, owners, and tenants in taking climate preparedness actions. Identify technical and financial resources, with special attention to the needs of vulnerable populations
9. Where feasible, encourage infill and density along existing and proposed public transportation corridors; reform parking standards and accelerate implementation of the Complete Streets Guidelines
10. Ensure that Boston Housing Authority buildings are prepared for the impact of climate change



## Expanding Resources For Affordable Housing

To support its commitment to affordable housing, the City of Boston relies on both public and private resources to help fund development. Our partners range from the Federal government to the Commonwealth of Massachusetts, and include quasi-public agencies and a large number of non-profit organizations, private banks, and foundations.

As Boston looks to increase its affordable housing production, public resources for affordable housing are decreasing. Federal resources have declined over the last ten years: Federal Community Development Block Grant funding (CDBG) is down by 33 percent, the HOME Federal Investment Partnerships Program funding is down 48 percent, and the Federal Section 202 capital program has been eliminated.

State funding for affordable housing projects in Boston has remained strong, averaging \$35 million per year. Many of Boston's affordable housing projects receive allocations of 9% Low Income Housing Tax Credits (LIHTC). However, there is so much demand for this funding program that there is now a multi-year queue for these credits. Four percent LIHTC are more readily available, but generate between \$60,000 and \$70,000 less per unit in equity.

City resources are playing an increasingly significant role in building affordable housing. Funding for affordable housing from the City's General Fund has remained stable at \$5.5 million. Inclusionary Development Program (IDP) funding is up significantly due to the strength of the residential real estate market. The City projects that IDP will generate approximately \$10-\$12 million annually. Linkage funding for housing has remained stable at about \$6-\$7 million annually. These resources, together with the City's annual allocation of HOME and CDBG funding, provide approximately \$31 million annually for affordable housing production and programs.

Delivering on all of the commitments in this plan will require the City to raise an additional \$20 million annually. The majority of these funds will be used to increase the production of affordable housing for Boston's workforce and its seniors. The City will explore a variety of potential sources to meet this need including passage of the Community Preservation Act (CPA), modifications to the Inclusionary Development Program, adjustments to the Linkage Program, and an increased commitment of funds from the City's Operating Budget.

**GOALS:** **The City has three primary goals for expanding affordable housing resources:**

1. Increase the amount of City-controlled affordable housing resources from \$31 million to \$51 million annually
2. Work to maintain funding levels from existing programs, including CDBG, HOME, and LIHTC
3. Evaluate the resources needed to achieve the production goals of the Housing Plan on an ongoing basis, recognizing that costs and revenues will change over time

**ACTIONS:** **To achieve these goals, the City intends to undertake the following actions:**

1. Review the Inclusionary Development Policy to create increased predictability for developers while increasing the cash-out obligation, especially in high-end developments
2. Evaluate the feasibility of securing a line item in the City budget for senior housing programs and services, increasing City funding to offset Federal cutbacks
3. Implement automatic Linkage adjustments and consider additional program modifications
4. Evaluate the feasibility of and support for enacting the Community Preservation Act
5. Identify new resources and maintain existing funding
6. Work with housing developers to present the most competitive, cost-effective affordable housing applications to funders, improving efficiencies and reducing costs
7. Work with the public and private lender community to develop alternative funding paths for new affordable housing production



## Government Efficiency & Accountability

The successful delivery of a comprehensive plan requires that the City examine its own processes and procedures to ensure that it is functioning at the highest, most efficient levels. If administrative systems do not improve to match the goals established here, they could hinder the achievement of this plan.

The City must reform the permitting process, increasing transparency and efficiency. Better use of technology can improve communication and engagement, allowing the public increased access to and a better understanding of development matters in the neighborhoods.

While there are many City programs available to assist residents with their housing needs, there is currently no single point of entry. It can be difficult for residents to physically locate the assistance they need unless they are aware of the specific program or agency in which the program is located. With City housing services spread across buildings and departments, a better use of space and technology will improve the public's access to housing services, allowing residents to have answers quickly, transparently, and in their own language.

Additionally, the City needs to reach out to new partners in the innovation sector to seek their help in creating

and implementing new, practical housing models. Boston is a leader in innovation, but it has yet to use these resources to develop new housing for Bostonians at scale. By launching a Housing Innovation Lab, Boston can become a national and international leader in pioneering innovative housing models to serve the needs of Boston's current and future residents.

A plan with a 17-year timeline must be a living document, with built-in checks and balances to ensure accountability, and space for potential course corrections. As part of the execution of this plan, the City will commit to accountability and transparency toward achieving its goals and will create a workplan with attached dates and milestones.

Finally, Boston must remain a diverse and welcoming city by ensuring access to fair lending practices, addressing impediments to housing choice, reducing racial and economic segregation, improving access to employment and services, and facilitating broader access to quality healthcare and quality education. To that end, this Housing Plan will be enacted in a close working partnership with the Office of Fair Housing and Equity, bearing in mind that accessibility to opportunity is the key to achieving diversity.

**GOALS:** **The City has five primary goals to ensure government efficiency and accountability to this plan:**

1. Improve the permitting process to unlock greater housing production
2. Commit to complete transparency on development
3. Organize the City's housing-related resources to improve ease of access to service for Boston's residents
4. Establish Boston's leadership in housing innovation by creating a Housing Innovation Lab
5. Ensure ongoing accountability to this plan

**ACTIONS:** **To achieve these goals, the City intends to undertake the following actions:**

1. Create a universal online permit application portal to improve the permitting process; developers will be able to track the status of all permits along with timeframes for regulatory decisions
2. Launch a residential zoning reform process with more as-of-right support for housing production citywide; re-zone for residential density around transit nodes; and streamline ZBA processing
3. Strengthen permitting performance management using data-driven accountability in order to deliver more timely results
4. Create a Boston Development Online website where residents will be able to see all development activities and related public meetings in an easy-to-use and collaborative platform
5. Create streamlined processes to access housing opportunities and assistance, presenting services based on customer need
6. Continue strong partnerships with community-based organizations, encouraging collaboration among non-profits and with the City
7. Launch a Housing Innovation Lab to position Boston as a national and international leader in pioneering innovative housing models
8. Regularly convene the Mayor's Housing Task Force to create a comprehensive workplan for enactment of this housing policy
9. Establish timelines, milestones, quarterly scorecards, annual reports, and a regular meeting schedule



# HOUSING A CHANGING CITY: BOSTON 2030

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## HOUSING BOSTON'S LOW-INCOME, NON-ELDERLY HOUSEHOLDS

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With 19 percent of its housing units reserved to help house its low- and moderate-income residents, Boston's share of affordable housing is higher than any other major city in the country. But even though Boston is a national leader in affordable housing production and policy, there are still many residents in need of affordable housing options.

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As Boston grows, so too will the number of low-income citizens who will need to secure affordable housing. Boston must encourage the development of affordable housing throughout the city, while improving access to existing affordable units by those households most in need.

While we strive to create additional affordable housing, we must be mindful to build it throughout Boston, creating healthy and vibrant mixed-income neighborhoods that serve the entire city.

Note: This chapter does not address the needs of seniors, whose housing needs are outlined separately. It also does not address students and young adults under 25, whose high housing cost burdens will generally be addressed through income growth.

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### A Growing Need for Low-Income Housing

The city of Boston is currently home to an estimated 28,400 low-income households burdened by their housing costs. These households fall into two categories. There are 23,800 households with incomes below \$50,000 in Boston who pay 50 percent or more of their income on rent. In addition, there are 4,600 families with children who are paying more than 35 percent of their household incomes in rent. We include these 4,600 families in our calculations since the cost of raising children means these households are unable to devote the same share of their income to housing as households without children.

The need for affordable housing will continue to grow. Demographic projections show that by 2030, there will be approximately 9,750 additional low-income non-elderly households living in Boston (Table 4). The combination of these new low-income residents, with Boston's 28,400 existing rent burdened low-income residents results in a projected affordable housing need of approximately 38,200 units by 2030.

For many of these low-income households, the market will offer few affordable housing options, since income growth has not kept pace with the increased cost of housing in Boston. In fact, only nine percent of today's rental housing listings are within reach of households with incomes of \$50,000, while only one percent of the listings are affordable to households earning \$25,000 annually (Table 5).

### There are Limited Options for Extremely Low-Income Households

Of the 38,200 households that will need affordable housing in 2030, an estimated 21,100 will have extremely low incomes. Households with extremely low incomes have annual incomes below \$25,000. These households very often require public housing, rent-subsidized housing units (i.e., Project-Based Section 8), or tenant-based rental vouchers from the State or Federal government in order to find adequate housing in Boston.

TABLE 4: Projected Growth of Low-Income Non-Elderly Households 2010-2013

	2010	Projected 2030	Change 2010-2030	% Change 2010-2030
Income <\$25,000	49,456	54,230	4,773	10%
Income \$25,000-\$50,000	37,682	42,659	4,977	13%
<b>Total Low-income</b>	<b>87,138</b>	<b>96,889</b>	<b>9,750</b>	<b>11%</b>

Source: MAPC Demographic Forecasts For Boston, August 2014. MAPC provided household income projections by Area Median Income (AMI); the City converted these into the dollar income ranges used in this Plan. For the purposes of the City's analysis, \$50,000 is considered to be 60% AMI, and \$25,000 is considered to be 30% of AMI.

Currently, Boston has approximately 22,000 non-Boston Housing Authority (BHA) housing units with rental subsidies for non-senior households. These units can serve extremely low-income households, as rents are based on a tenant’s ability to pay. Rents for these units are generally set at 30 percent of the household’s income, as opposed to a fixed rent. Approximately five percent of these units turn over every year, meaning that nearly 1,100 of these privately-owned rent-subsidized units become available annually. Over the 17-year period of this plan, it is anticipated that close to 18,700 of these units will become available as affordable housing options for extremely low-income households. Although turnover does not add new units, providing better access to these existing units would reduce the number of rent-burdened, extremely low-income households over time.

The production of new affordable housing, when combined with Project Based Section 8 certificates and the Massachusetts Rental Voucher Program (MRVPs), can be an effective housing solution for households with very low income levels. Demand for these

Federal and State rental subsidies remains high, making this development model a challenge; however, the City, working closely with the BHA and the State, anticipates the ability to secure some rental subsidies for new rental production. This will help increase the permanent housing stock for our lowest income citizens.

**Creating additional options for low-income households**

Estimates show that 17,100 of the 38,200 households who will need affordable housing in 2030 will have incomes between \$25,000 and \$50,000 (30-60 percent AMI). These 17,100 low-income households have some additional options available to them as they are better able to afford more typical below-market affordable housing units that do not have attached rental subsidies.

In order to better meet the needs of low-income households, the City will need to increase its production of affordable rental housing and make it easier for low-income households to access existing affordable housing.

TABLE 5: **Share of 2013 Rental Listings that are Affordable**

<b>% of Income Spent on Rent</b>	<b>Income: \$25,000</b>	<b>Income: \$50,000</b>
35% of Income	<1%	9%
50% of income	<1%	41%

Source: MLS and Rental Beast



## Housing Boston's Low-Income, Non-Elderly Households: Key Issues

To improve affordable housing production and access, Boston must address four key issues:

### The Rising Cost of Producing Housing

Over the last five years, the cost of producing affordable rental housing has risen substantially. In the private sector, rising production costs are generally covered by increasing rents to support the increased debt and equity necessary to complete a development. In the affordable housing sector, however, public resources are invested to bridge the gap between the cost to build and the smaller amount of private debt that can be supported by lower, affordable rents.

With development costs rising and affordable rent levels remaining effectively constant, increasing amounts of

public resources are required to simply maintain the current rate of affordable housing production. If Boston can reduce the cost of creating affordable housing, allowing for more efficient use of public resources, it will be able to increase affordable housing production rates. Public resources to create affordable housing are limited. Federal programs such as HOME and CDBG have been significantly reduced over the last five years, making remaining resources even more competitive. With limited public resources, controlling and reducing production costs becomes critical.

### Limited Resources and New Models

The primary resource used to create low-income housing is the 9% Low Income Housing Tax Credit (LIHTC), layered with multiple Federal, State and City funding sources. While this funding scenario has

TABLE 6: **Low-Income Non-Elderly Rental Production 2010-2014**

Year	Low-income Rental Units Created	Tax Credit Funding Per Unit*	City Funding Per Unit
2010	192	\$144,561	\$60,842
2011	216	\$138,583	\$61,584
2012	124	\$193,274	\$69,110
2013	327	\$183,101	\$55,004
2014 to date	146	\$237,580	\$69,224
<b>Average Annual</b>	<b>223</b>	<b>\$171,654</b>	<b>\$61,446</b>

\* Includes all forms of Federal, State & Historic Tax Credits

produced thousands of high-quality units, demand for this finite resource continues to grow annually. Due to limited availability and high demand, it can take several years to secure 9% LIHTC for an affordable housing development. For the City to increase its affordable housing production above the current average of 223 new units per year (Table 6), it must develop alternative development models that utilize new and expanded resources, and couple those new financing models with projects that are able to reduce their development costs. Working closely with the State and other funding partners, Boston has begun work on creating these new financial structures.

### **Improving Access to Affordable Units & Fair Housing**

Tenant selection procedures for affordable housing units do not always ensure that those with the greatest need are housed. Outside of the BHA's homeless preference, housing need is not a factor in tenant selection. Income-eligible households with no cost burdens (e.g., Section 8 mobile voucher holders) have the same access to low-rent units as heavily rent-burdened households who may be on the verge of homelessness.

Modifying the tenant selection process in a way that prioritizes those with greatest need could help to reduce the number of rent-burdened households, as well as reduce the incidence of homelessness. However, changing the tenant selection process would be a challenging task. Federal and State fair housing regulations that govern tenant selection are difficult to change, and property owners already have long waiting lists. However, making it easier for households with

critical housing needs to locate and access affordable housing must be a goal.

Non-elderly persons with disabilities also struggle to secure affordable housing. Many younger, disabled individuals find themselves living in nursing homes because they are unable to access appropriate supportive housing. In addition, the City needs to plan for accommodating the rising number of children and young adults with autism. Ensuring that both new and existing accessible units are available to and occupied by those with need of accommodation has been an ongoing challenge. While notification of accessible units has improved, more coordination is necessary.

### **Increasing Regional Action**

Boston leads the region with approximately 19 percent of its housing stock considered affordable; however, many surrounding cities and towns do not meet this percentage. If this persists, there will always be a shortage of low-income housing and pressure on Boston's affordable housing market. If all communities in Greater Boston had at least 10 percent of their stock in affordable housing, the State's minimum target under Chapter 40B, there would be 11,500 more affordable units in the region. If every community were to achieve Boston's 19 percent rate, there would be 56,700 more units of affordable housing available. Creating communities that are economically and racially diverse requires regional action. Providing housing choices for low- and moderate-income families across the region is critical to furthering fair housing goals.



## Housing Boston's Low-Income, Non-Elderly Households: Goals

To address the needs of 38,200 current and future low- and extremely-low income Bostonians only through new rental production would require raising \$12.6 billion in public resources alone.

Given the constraints of space, the high cost of land, declining federal funding, and a finite amount of City dollars available, we must acknowledge that the City cannot build its way out of this problem; rather, several practical strategies must be put in place that, taken together, will further meet the needs of Boston's low-income households.

### 1. Increase the production of new, low-income, non-elderly housing by 50 percent

This increase will create 6,500 new low-income affordable units across all of Boston's neighborhoods by 2030 — enough to house 65 percent of the anticipated growth in low-income workforce households by 2030.

### 2. Ensure that a subset of these new affordable units is accessible to extremely low-income households

Secure a minimum of 1,700 rent subsidies for affordable housing developments to increase the number of units targeted to extremely low-income households.

### 3. Increase the ability of low-income and highly rent-burdened households to access new and turnover affordable housing units

Centralize information and establish predictable procedures, providing the most rent-burdened households easier access to affordable housing as it becomes available.

### 4. Improve access to housing that will accommodate non-elderly persons with disabilities

Work with the Disability Commission to acquire a better understanding of the needs of the disabled community, and establish both production targets and procedures to make it easier for the disabled community to occupy accessible housing.



## Housing Boston's Low-Income, Non-Elderly Households: Actions

### 1. Prioritize cost-efficient, high-quality developments when selecting projects for City funding programs

Key cost-containment strategies should include: investigating more efficient technologies to reduce construction costs; reducing design requirements without compromising habitability or accessibility; reducing soft costs; and designing and building to specific price points.

### 2. Continue to work closely with our State partners to secure existing affordable housing resources

Boston will continue to compete, advocate for, and utilize LIHTC, State tax credits, subordinate financing, and rental subsidies for Boston's affordable housing projects. To accomplish this, the City will work with developers to structure developments that are reasonably priced and complement the State's priorities.

### 3. Raise additional resources for affordable housing production (see Chapter 8, Resources)

Even with cost savings in existing programs, the City will need to generate substantial new resources to achieve our goals. In addition, along with DHCD and other housing advocates, Boston will continue to advocate for federal funding programs such as HOME and CDBG.

### 4. Create new, permanently affordable units to serve extremely low-income households by converting at least 1,700 Section 8 vouchers into project-based assistance for rental developments

By converting Section 8 vouchers to project-based assistance, developers will be able to serve extremely low-income households. It is expected that this initiative will become significantly more challenging if cuts to Section 8 and other rent subsidy programs continue. The City will work in partnership with the State to exceed this goal whenever possible.

### 5. Create a new acquisition/conversion program that will make it easier to acquire existing rental properties and convert them into permanent affordable housing

Acquiring existing rental housing and converting it to affordable housing with a mix of incomes can be substantially less expensive than building new units, but current funding systems and regulatory requirements will need to be adjusted. The current, multi-year funding pathway requires that developers hold and maintain properties for extended time periods without financial support.

As part of the effort to reduce the costs of affordable housing production and stabilize existing tenancies,



this new program will provide access to privately funded acquisition capital; provide project-based rental assistance for a percentage of the units; offer expedited access to 4% Housing Tax Credits; and offer out-of-round gap funding from the City and State's affordable housing resources.

**6. Create a new financing model that supports the creation of new, low-income rental housing and does not depend on 9% LIHTC**

This new financing model will be developed with State cooperation as an alternate, accelerated funding pathway for more cost-efficient projects. It is anticipated that this program will use 4% LIHTC, State Housing Tax Credits, and gap funding from City and State sources.

**7. Create new processes to help those with the greatest need efficiently access affordable units**

The City will work with regulators, property owners, and service providers to create new ways to help

those with the most critical housing needs find and access available affordable housing. In Boston, this information will be centralized across departments.

The City will also work to expand housing choice through an enhanced Metrolist/Affirmative Marketing program within the Office of Fair Housing and Equity. This will ensure that all of Boston's residents are aware of affordable housing opportunities, and have equitable access to them.

**8. Work with the Commission for Persons with Disabilities to establish a task force to better understand the ongoing housing needs of the disabled community**

This task force will help inform the City on the housing needs of the disabled community. In addition, it will better connect citizens who need accommodations with new and existing units that meet ADA and Massachusetts Architectural Access Board requirements.

# PRESERVING AFFORDABLE HOUSING

Although Boston has demonstrated a strong commitment to affordable housing, with 52,800 subsidized units to help house its low- and moderate-income residents, these critically important assets can become at risk. Boston's strong real estate market makes it extremely attractive for landlords with expiring affordability restrictions to convert their property to market-rate housing.

Without assistance, the surging real estate market will cause a loss of critically-needed affordable housing, offsetting the gains generated from new production. Given that the cost to create a replacement unit tends to exceed the cost to save an existing unit, the City must make sure that losses of affordable housing units are kept to an absolute minimum. There are two forms of affordable housing, facing very different threats:

## **I. Public Housing**

The Boston Housing Authority (BHA) is the city's largest provider of low-income housing. For many years, the BHA has made a concerted effort to lower its vacancy rates, provide improved, healthier living environments, and conserve energy. Yet this progress is now threatened by significant Federal budget cuts.



The BHA and other housing authorities are confronting long-term budget deficits in their federally-subsidized housing portfolios. While the Leased Housing budget has stabilized, averting the need to take families off the program, the future of public housing and the viability of its physical buildings remains threatened.

## II. Private Affordable Housing

In the late 1960s, the Federal government began to move away from producing affordable housing through public entities, instead shifting financial incentives to private developers. These Federal efforts were supplemented with similar programs

operated by the State. This development model was very successful in Boston, producing thousands of privately-owned affordable units. However, these programs also allowed owners to opt out of their affordable housing obligations after 30-40 years. With most of Boston's developments now well past their 30- or 40-year restrictions, there is a constant risk of owners opting out of the affordable housing business and converting units to market-rate housing. Boston's rising market rents enhance that threat by making conversion to market-rate housing more and more financially attractive.



This Choice Neighborhoods development includes a six unit, new, net-zero energy use building on Quincy Street, Roxbury. All buildings will qualify for LEED Silver or higher energy rating.

## I. Public Housing: Current Conditions

The BHA is the largest public housing authority in New England and the sixth largest in the nation, owning and operating 63 family and elderly/disabled developments, which are home to more than 25,000 Boston residents (12,623 households). Eighty-two percent of these units

are federally-funded, and 18 percent are state-funded. The BHA also administers Housing Choice Vouchers (Section 8 or Leased Housing) for more than 11,000 families who rent from private landlords. In addition, the Commonwealth, acting through Metropolitan

TABLE 7: **Share of Neighborhood Housing Stock that is BHA-Owned or -Assisted**

Neighborhood	Total Households	Public Housing Units	BHA Vouchers	% Households BHA-Assisted
Dorchester	31,098	1,238	4,343	18%
South Boston	15,815	2,476	195	17%
Charlestown	7,939	1,192	71	16%
Roxbury	23,413	1,763	1,345	13%
South End	14,639	1,440	452	13%
Roslindale	12,720	527	742	10%
Mattapan	12,065	295	870	10%
Jamaica Plain	17,177	1,128	392	9%
East Boston	14,832	669	537	8%
Hyde Park	11,948	445	543	8%
Allston/Brighton	29,320	1,051	360	5%
Back Bay/Beacon Hill	13,342	130	255	3%
Central*	6,979	99	432	3%
Fenway/Kenmore	13,797	0	326	2%
West Roxbury	12,537	170	142	2%
<b>TOTAL</b>	<b>247,621</b>	<b>12,623</b>	<b>11,005</b>	<b>10%</b>

Sources: 2011 American Community Survey Five-Year Estimates and the Boston Housing Authority. (Note: some addresses could not be geocoded from this source, therefore total households listed here is less than other tables). \*Central Boston includes Downtown, the North End, the West End and Chinatown.



Boston Housing Partnership (MBHP), provides rental assistance to another 5,300 households in Boston. Almost one in every ten households in Boston either lives in BHA-owned housing, or receives financial assistance from the BHA to rent private housing. In some neighborhoods such as Dorchester, South Boston, and Charlestown, the ratio is closer to one in six (See Table 7, page 35).

BHA developments are among the most diverse communities in the city of Boston across a spectrum of measures, including race, ethnicity, religion, age, disability status, languages spoken, immigration/refugee status, and family status. BHA residents are roughly 42 percent Latino, 32 percent Black, 16 percent White, and 10 percent Asian. Most of these households are extremely low-income, averaging about \$14,000

in annual income per household. Currently, the public housing waitlist includes about 36,000 applicants. The BHA Leased Housing waitlist now includes about 16,000 applicants, but has been closed for all but the highest priority emergencies since 2008. The BHA also employs more than 800 people and invests more than \$100 million into the local economy each year, via construction jobs, goods, and services.

The BHA has had a long period of continuous improvement in housing quality, vacancy reduction, innovative financing initiatives, and capital upgrades. With a 98 percent occupancy rate, an all-time high, the BHA has earned a solid reputation for its redevelopment efforts, energy efficiency, and healthy housing initiatives.



Children play on their new playground at the new Boston Housing Authority development at Old Colony in South Boston.

## I. Public Housing: Key Issues

### **A Structural Realignment in Washington**

Public Housing Authorities (PHAs) are facing an unprecedented lack of financial support at the Federal level, with reductions in funding expected to continue. These shortfalls threaten to severely impact public housing, and will constrain the BHA's ability to continue its positive trajectory of the past 20 years. These funding reductions are not just the typical cyclical adjustments that are common in the public sector. Instead, there is a structural realignment of public housing occurring, with HUD increasingly encouraging housing authorities to find alternative funding mechanisms, including privatization, to sustain their portfolios.

### **Reduced HUD Funding For Operating Expenses**

Due to reduced Congressional appropriations, HUD has only been able to provide PHAs with 80-95 percent of their annual eligible funding. In the current calendar year, the BHA expects to receive between 87 and 89 percent of its eligible funding. This reduction means the BHA will receive \$6.8 million less in operating funding than HUD acknowledges is necessary to manage its properties. The BHA is currently receiving \$97 million in operations funding from HUD, of which \$62 million is used for non-utility expenses, such as maintenance. This equates to a monthly per-unit cost allocation of just over \$500, versus the \$700 per unit monthly spent by other Boston housing providers.

In addition, a growing deficit exists in funding for security and protective services, which costs the BHA \$5.9 million annually. Currently, there is no dedicated funding source from HUD for this activity. In previous years, the BHA received supplemental security funding from private revenue, which has since been eliminated.

### **Reduced HUD Funding For Capital Expenses**

Capital funding has also been drastically reduced, with an allocation to the BHA of just over \$16 million annually, compared to nearly \$30 million annually a decade ago. The BHA estimates its current overall capital need at about \$500 million—an average of about \$70,000 per unit. The BHA currently addresses only life-safety and emergency capital repairs with the funding it receives, and is unable to replace many antiquated interiors, perform curb appeal improvements, or undertake the level of preventative maintenance required to keep capital repair needs from growing substantially each year.

### **Reductions in Personnel/Staffing**

The BHA has reduced its workforce by more than 100 employees in the past two years through attrition, retirement, and staff reductions. The Authority currently has 827 FTEs in the FY15 budget. The BHA has taken very deliberate and challenging steps to reduce personnel spending in recent years in order to confront its budget challenges.



## II. Private Affordable Housing: Current Conditions

Boston currently has 30,435 units of privately-owned affordable rental housing. One in eight Bostonians depends upon this housing stock for an affordable

place to live, and in some neighborhoods, such as the South End and Roxbury, it is one in three households (Table 8).

TABLE 8: **Privately-Owned Assisted Rental Housing in Boston, 2014**

Neighborhood	Total Households	Privately-Owned Assisted Rental Units	% Households in Assisted Housing
Roxbury	23,413	8,222	35.1%
South End	14,639	4,802	32.8%
Jamaica Plain	17,177	2,423	14.1%
Fenway/Kenmore	13,797	1,802	13.1%
Central	16,979	2,166	12.8%
East Boston	14,832	1,704	11.5%
Mattapan	12,065	1,101	9.1%
Dorchester	31,098	2,529	8.1%
West Roxbury	12,537	964	7.7%
Allston/Brighton	29,320	2,234	7.6%
Charlestown	7,939	555	7.0%
Roslindale	12,720	644	5.1%
Back Bay/Beacon Hill.	13,342	602	4.5%
Hyde Park	11,948	437	3.7%
South Boston	15,815	250	1.6%
<b>TOTAL</b>	<b>247,621</b>	<b>30,435</b>	<b>12.3%</b>

Source: 2011 American Community Survey Five-Year Estimates (note that some addresses could not be geocoded from this source, therefore total households listed here is less than other tables). Privately Owned Assisted Rental Unit numbers provided by Community Economic Development Assistance Corporation, May 2014

## II. Private Affordable Housing: Key Issues

### Affordable Housing is at Risk from Owner Opt-Outs

Through the Tenants at Risk Program, the City works closely with the Community Economic Development Assistance Corporation (CEDAC) to develop and implement strategies for preserving the privately-owned affordable stock in Boston. The City also provides funding through this program to help support outreach and organizing for tenants who live in at-risk developments.

This strategy has worked well over the years. Since 2000, Boston has lost only 1,988 units of affordable housing. These losses occurred when private owners converted their affordable developments into market-

rate housing after affordability restrictions expired. This represents a loss of six percent of the privately-owned affordable rental housing stock. Where units were lost, HUD would generally provide existing tenants with rent subsidies that could be used to retain their existing apartment, or rent elsewhere.

The majority of Boston's privately-owned subsidized housing stock is relatively stable, because it is owned by either non-profit entities or owners who have entered into long-term affordability extensions. However, CEDAC has identified 3,038 units of housing at elevated risk for conversion into market-rate housing within the next ten years (Table 9).

TABLE 9: **Risk Profile of Boston's Privately-Owned Affordable Housing Stock**

Risk Category	Units
Elevated Risk: For-profit owned, expiring restrictions, no rent subsidies or strong markets	3,038
Limited Risk: For-profit owned, expiring restrictions, risk mitigated though rent subsidies or other restrictions	1,167
Minimal Risk: Non-profit owned or long-term affordability restriction	26,230
<b>Total</b>	<b>30,435</b>

Source: Community Economic Development Assistance Corporation, Aug 2014



As shown in Table 10, a substantial number of these units are in some of Boston's highest-priced neighborhoods where the market incentives for developers to opt out are high.

### 13A: A New Threat to Affordable Housing

A special subset of at-risk housing is 13A Housing. In the 1970s, MassHousing created the 13A program, which financed more than 1,000 units of low-income rental housing in Boston. 13A developments have 40-year affordability terms. One 13A development has already come to the end of its affordability term, and the rest will expire within the next six years.

Tenants in 13A developments face an increased risk due to HUD's recent determination that it will no longer provide rent subsidies to tenants in state-funded developments where the owner wishes to convert to market-rate housing. This means that tenants in 13A developments could face potential displacement.

The application of the State's 40T Statute ("An Act Preserving Publicly-Assisted Affordable Housing") will provide some limited protection, with its requirement for public notice provisions as well as the right of first refusal if the affordable housing is sold. However, the most relevant of the provisions may be the limitation on how much the owner can increase rents for the existing tenants for the three years after termination of the affordable housing restriction.

Of the 1,043 affordable units produced via 13A, 607 have been identified as at elevated risk for conversion (Table 11). Furthermore, for 245 of those 607 units, project owners have already indicated a desire to convert to market-rate.

The remaining 436 units have been deemed at minimal risk either because they have already been preserved, or because they are owned by non-profit entities.



TABLE 10: **Affordable Housing at Elevated Risk by Neighborhood**

Neighborhood	Developments	Units
Fenway/Kenmore	4	536
Allston/Brighton	5	494
South End	7	467
Central	7	412
Roxbury	4	232
Back Bay/Beacon Hill	4	230
Roslindale	2	194
Dorchester	1	183
Jamaica Plain	1	147
East Boston	2	65
South Boston	1	49
West Roxbury	1	29
<b>CITYWIDE</b>	<b>39</b>	<b>3,038</b>

Source: Community Economic Development Assistance Corp. August, 2014

TABLE 11: **13A Developments in Boston by Risk Level, 2014**

Risk Level	Developments	Units
Elevated Risk	9	607
Minimal Risk	4	436
<b>TOTAL</b>	<b>14</b>	<b>1,043</b>

Source: Community Economic Development Assistance Corp. August, 2014



## Preserving Affordable Housing: Goals

### PUBLIC HOUSING

#### 1. Maintain a 97 percent or higher occupancy rate in BHA Housing

BHA's top priority is keeping units available and occupied. Where appropriate, identify and secure Federal programs such as Choice Neighborhood Grants, Rental Assistance Demonstration (RAD), and private investment of capital to support this effort. Functions and activities that do not directly support this goal will be impacted first to address funding shortfalls.

#### 2. Raise public awareness of the threat to public housing

Achieving the BHA's occupancy goals in the current resource environment will require the BHA to adopt strategies that may necessitate significant changes in how public housing in Boston is operated. A key near-term goal for the BHA is to raise awareness of these challenges and build support for needed changes from its partners in City, State, and Federal government, as well as from the BHA's employees and tenants.

### PRIVATE AFFORDABLE RENTAL HOUSING

#### 1. Retain at least 97 percent of privately-owned affordable rental housing

Retaining at least 97 percent of the City's 30,435-unit portfolio may be difficult, given the twin challenges of the 13A issue and declining Federal support. Attaining this goal will require a commitment of significant resources from the City and State. To this end, the City understands that to best use our scarce housing preservation resources, the preservation of at-risk units, especially 13A units, must take precedence over upgrading affordable units that are not at risk.

#### 2. Seek to preserve all of the 13A developments; where preservation is not an option, ensure that 100 percent of tenants in those developments have access to alternative housing options

Unlike other affordable housing opt-outs, in 13A developments there are no tenant protection vouchers available to low-income residents if that development converts to market-rate housing. Working with our partners at the State and in the non-profit community, we will execute strategies to provide assistance to tenants of units that, despite best efforts, may not be preserved.

## Preserving Affordable Housing: Actions

### PUBLIC HOUSING:

#### 1. Explore Federal legislation to allow more fungibility between public and leased housing program funding

This flexibility would promote efficiencies and better decisions about how to apply scarce resources to local conditions.

#### 2. Develop site-by-site capital strategies

Develop a site-by-site preservation strategy that optimizes local assets and opportunities. Where appropriate, utilize Choice Neighborhoods, Rental Assistance Demonstration, and other funding sources, including investment of private capital, that can help preserve the portfolio for future generations of low-income residents.

#### 3. Continue to seek resources for redevelopment

BHA has attracted multiple competitive federal grants for the redevelopment of more than 2,500 units of distressed public housing. City investments have been critical for securing federal seed grants, which in turn attract significant private and state investment. Current projects in planning that will

begin construction within the next 3 years include Whittier Choice Neighborhoods, Orient Heights, and Old Colony Phase 3.

#### 4. Continue energy performance contracting

The BHA will continue to innovatively finance energy- and water-related upgrades to the greatest extent possible, utilizing private sector funding.

#### 5. Diversify funding sources, linking new efforts to education, jobs, and health programs where suitable

Federal funding for these sectors is sometimes more stable than public housing funding, and the BHA must tie its housing programs to these sectors in order to best optimize all potential funding sources.

#### 6. Continue to implement back-office efficiencies and technology enhancements

Pursue any and all administrative efficiencies to reduce the costs of running the Authority; in particular, continue to move to a paperless process for applicants and re-certifications.



## PRIVATE AFFORDABLE HOUSING:

### 1. Continue aggressive preservation efforts for every expiring use unit

The strategy of bringing together City, State and non-profit entities to develop and implement property-by-property preservation strategies for all expiring use units has proven largely successful, and has kept the loss of affordable units to a minimum. Despite declining Federal support, these aggressive efforts must continue, whether through financial restructuring for existing owners or through acquisitions under Chapter 40T.

### 2. Continue to support non-profit programs that provide technical assistance and organization to tenants living in at-risk properties

The City will continue to fund CEDAC's Boston Tenants At-Risk Program and the Boston Tenant Organizing Program (BTOP) to ensure that low-income tenants have a voice in the process of preserving their homes.

### 3. Develop and implement a 13A preservation strategy

Working with State and Federal agencies, CEDAC, the non-profit community, and tenant advocates, develop and implement a strategy to incentivize owners to preserve all or some of the affordable units at their property. This strategy would include working with the State on allowable rent levels of 13A and MRVP-supported units; obtaining additional project-based operating

subsidies to preserve units in 13A developments; prioritizing or considering out-of-round funding access for 13A developments; and extending 121A tax agreements.

### 4. Create 13A tenant rehousing assistance programs when tenancy cannot be saved

Although we have a goal to preserve the affordability of all 13A developments, some owners have already indicated that will not be possible. Working with our partners at the State and in the non-profit sector, we will execute strategies to ensure that the low-income tenants in those units will continue to have access to affordable housing options. This may include converting existing MRVP project-based assistance to tenant-based assistance in order to secure new housing; securing additional rent subsidies for displaced tenants; and, if needed, additional emergency allocations of homelessness prevention resources for tenants in these developments.

### 5. Reprioritize rental preservation resources

The City will prioritize its allocation of preservation funding for protecting the most at-risk developments, especially 13A developments. Recapitalization of developments that are not at imminent risk will become a second-tier priority.

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## BOSTON'S MIDDLE CLASS

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With its long history of offering opportunity to its citizens at all income levels, the city of Boston is proof that an economically inclusive city not only provides employers with the diverse workforce they need to build and maintain a strong economy, but also that providing opportunity across income levels leads to strong, healthy neighborhoods. Maintaining a strong middle class is critical to ensuring that Boston continues to be a thriving, diverse city where people want to live and employers want to locate.

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Today, Boston is facing an unprecedented and growing set of challenges as market forces erode housing options for the middle class. Retaining and growing Boston's middle class despite these challenges is critical to this housing plan, and is an important element in building the strong, inclusive city this plan envisions.

### **Boston's Middle Class**

Boston's middle class is broadly defined as households with annual incomes between \$50,000 and \$125,000. The starting point for this range was set at \$50,000, which reflects the fact that Boston's actual median household income in 2012 was \$53,136. The \$50,000 income level is also



where households start becoming ineligible for government-assisted rental housing, and where market-based housing solutions start becoming critical.

Boston still has a sizable middle class, representing 34 percent of Boston's population. However, compared to the region, Boston's middle class is smaller, younger, and has a homeownership rate substantially below the regional average (Table 12).

#### Middle Class Access to the Housing Market

As shown in Table 13, a substantial share of Boston's middle class is facing a housing market that is increasingly out of reach. A household earning approximately \$80,000 cannot even afford the bottom quarter of the homeownership market. These market conditions suggest that a significant segment of Boston's middle class finds Boston's homeownership market very unaffordable.

TABLE 12: **Boston's Middle Class Relative to the Region**

Middle Class Characteristic	Boston	Greater Boston
Share of Households In Middle Class	34%	39%
Homeownership Rate	43%	69%
Share of Middle Class With Incomes Under \$75,000	44%	40%
Share of Middle Class Aged 25-44	50%	39%

Source: 2012 American Community Survey Five-Year Estimates

TABLE 13: **Share of Rental & Ownership Market Affordable to Middle-Class Households, 2013**

Income	\$50K	\$60K	\$70K	\$80K	\$90K	\$100K	\$125K
Share of Ownership Market that is Affordable using Conventional Financing	5%	8%	14%	23%	33%	41%	60%
Share of Rental Listings that are Affordable Spending 35% of Income on Rent	9%	26%	41%	51%	65%	74%	88%

Source: Dept. of Neighborhood Development compilation of 2013 Sales and Rental Listings, The Warren Group, MLS, & Rental Beast.

The rental market does offer some additional options, but they are shrinking as Boston's current rental market remains strong. While an annual income of \$80,000 provides access to more than half of the rental listings in Boston (Table 13), the rental market is quickly becoming much less affordable. Median listing rents have increased at an annual rate of 13.2 percent since 2010, while incomes have only increased by 2.4 percent per year. If these trends continue, an increasing share of Boston's middle class will have significantly fewer rental options.

#### **Middle Class Access to the Neighborhoods**

The average middle-class homebuyer earning \$80,000 per year is largely priced out of seven of Boston's

15 neighborhoods, unable to afford even the bottom quarter of the housing market in those neighborhoods. They have moderate access (between 25 and 50 percent of the market) in three neighborhoods, and good access (more than 50 percent of the market is affordable) in only five of our 15 neighborhoods. To see this data mapped, please refer to Pages 59 and 60.)

The options for the average middle-class renter are better – only three neighborhoods are out of reach – and there is good access to nine other neighborhoods.





## Boston's Middle Class: Key Issues

If Boston is to continue to have a robust middle class in the years ahead, there are a number of challenges that need to be addressed. We can no longer assume that the middle class will be served as well by the housing market as it has been in the past. To that end, the City has identified the following four key issues:

### Accommodating Growth

Demographic projections show Boston's workforce growing by 26,600 households between 2010 and 2030 – a nearly 13 percent increase over the next 20 years. The share of the workforce that is middle income is projected to increase at the nearly the same rate, adding 10,500 households over the same period (Table 14).

In addition, Boston's senior population is growing. Between 2010 and 2030, Boston will gain 22,400

senior households. While this plan estimates the construction of 5,000 new units of senior housing, the majority of senior households will be housed in the existing housing stock. This growth of seniors living in existing housing means that fewer units will become available to the workforce, requiring an additional 17,400 units to meet working-age household demand. The combined growth of both senior and workforce households will create a need for an additional 44,000 units of workforce housing by 2030 (Table 15, page 50).

This plan budgets for the creation of 6,500 new units of low-income workforce housing (see Chapter 1). Of the remaining 37,500 units of workforce housing needed, the City estimates that 20,000 should be produced at the middle-income level (Table 16, page 50).

TABLE 14: **Projected Growth of Middle Class Households in the Workforce: 2010-2030**

Demographic Element	2010	2030	Growth	% Change
Middle-income Workforce Households	80,631	91,071	10,440	12.9%
Workforce Households (all income levels)	210,683	237,340	26,657	12.7%
% of Workforce at Middle-income	38.30%	38.40%	0.10%	0.1%

Source: MAPC 2030 Household Projections for Boston, August 2014

Middle-class units will be produced in three ways:

- Production of market-rate units which, due to their location and current market-rate rent levels and home prices, are affordable to middle-income households;
- City-assisted units produced in mixed income developments using direct financial assistance, or through Inclusionary Development Program requirements; or
- Housing units released back into the rental housing market through dorm construction.

Producing these 20,000 units of middle-income housing will require an annual production rate of more than 800 units per year from 2014 to 2030 to create 15,000 new units. In addition, Boston will need a robust pace of new dorm construction to return 5,000 existing units currently occupied by students to the middle class (See Chapter 5, Student Housing).

As shown in Table 17 (page 50), the current rate at which middle-income affordable units are being produced is not sufficient to achieve this production goal. The low rate of middle-income housing production is likely the product of two factors. First, the current cost profile of new construction makes building in lower-priced markets less financially feasible. In addition, the strength and profitability of the higher-end markets has attracted most of the development capital available to build for that market.

As new luxury units currently under construction and in the pipeline come online, it is likely that the demand for luxury unit production may decrease. Additionally, the growing demand for more moderately-priced housing may offer new development opportunities. We believe that Boston's development community will respond and meet this demand—but only if they can produce housing that is financially feasible and provides a reasonable return.

#### **Costs of Producing Housing for the Middle Class**

With typical multi-family development costs often exceeding \$400,000 per unit, developers are finding it difficult to build housing that is more moderately priced. Unless costs can be reduced, it will be difficult for the market to respond to the housing needs of Boston's middle class.

While some costs, such as the cost of building materials, may be harder for the City to influence, it is possible for the City to have a degree of impact over certain variables and costs associated with the development process. Decisions regarding density, design elements, parking, public amenities, and affordable housing requirements all have significant impacts on production costs. Labor costs can also be a factor in the financial feasibility of creating more moderately priced housing. Boston's administration is working closely with development professionals and the building trades to examine ways to reduce costs.


 TABLE 15: **Projected Workforce Housing Demand (All Income Levels): 2010-2030**

Sources of Need	Units
Accommodating projected growth of workforce households 2010-2030	26,500
Workforce units needed to replace units lost to increased senior population	17,500
<b>Total Production Needed</b>	<b>44,000</b>

 TABLE 16: **Projected Workforce Housing Supply for Middle-Income Households: 2010-2030**

Sources of Production	Units
Market-Produced Middle-Income Workforce Units to Accommodate Growth in Middle-Income Households	11,000
City Assisted Middle-Income Units Workforce Units - Financially Assisted /IDP Units	4,000
Middle-Income Units Released via Dorm Production	5,000
<b>Total Production</b>	<b>20,000</b>

 TABLE 17: **Middle-income (Market & Deed Restricted) Permitted by Year: 2011-2013**

Year	City Assisted & Inclusionary	Market-rate Units in Lower-Priced Markets	Total
2011	109	375	484
2012	175	224	399
2013	294	397	691
<b>Average Annual</b>	<b>193</b>	<b>332</b>	<b>524</b>

Source: City of Boston building permits issued 2011-2013. DND market analysis of 2013 sales &amp; listing rents

### Access to Homeownership

Currently, Boston has a lower homeownership rate than the region, and the surging real estate market is making it difficult to catch up. With almost half of Boston's middle class largely priced out of the homeownership market, more and more middle-class Bostonians looking to buy their first home are facing the choice of either continuing to rent or looking outside Boston. If home prices in Boston continue to rise more rapidly than incomes, more and more of Boston's middle class may find it necessary to leave the city.

Demographic trends underscore the importance of this issue. Forecasts show that from 2010 to 2030, households of residents in their 30s and 40s will be

the fastest-growing segment of Boston's workforce (Table 18). Additionally, households aged 35-44 have a significantly higher preference for homeownership than younger households (Table 19, Page 52). These demographics suggest that in the coming years, a more significant percentage of Boston's middle class will want to buy their first home.

Demographic projections also show that growth in family households will outpace the growth in non-family households. Approximately 54 percent of new housing demand (5,600 units) will come from family households. Smaller families (2-3 persons) will create a demand for approximately 3,100 new units, while larger families (4+ persons) will generate demand for about 2,500 units (Table 20, Page 52).

TABLE 18: **Projected Growth of Workforce-Aged Population by Age of Household: 2010-2030**

AGE	2010	2030	% CHANGE
20 - 24	88,129	80,486	-9%
25 - 29	74,691	73,565	-2%
30 - 34	53,393	67,303	26%
35 - 39	40,656	55,803	37%
40 - 44	36,685	53,243	45%
45 - 49	35,990	42,990	19%
50 - 54	34,170	34,488	1%
55 - 59	30,218	30,404	1%
60 - 64	25,833	29,301	13%

Source: MAPC 2030 Population Projections for Boston, August 2014


**TABLE 19: Homeownership Rate by Age Group, 2012-2030**

Age of Householder	Homeowners	Homeownership Rate
Under 25	621	3%
25-34	13,226	21%
35-44	16,218	37%

Source: 2012 American Community Survey Five-Year Estimates

**TABLE 20: Projected Middle-Class Housing Demand by Family Status**

Family Status	2010 Households	2030 Households	Growth 2010-2030	% Growth 2010-2030
Smaller (2-3 person) families	23,285	26,398	3,113	13%
Larger (4+ person) families	13,822	16,342	2,520	18%
Subtotal: Families	37,107	42,741	5,634	15%
Non Families	43,524	48,331	4,807	11%
<b>Total</b>	<b>80,631</b>	<b>91,071</b>	<b>10,440</b>	<b>13%</b>

Source: MAPC demographic projections for Boston, August 2014

**TABLE 21: Racial Disparities in Boston's Homeownership Market, 2012**

	White	Non-White
Share of Households In Middle Class	60%	40%
Share of City's Homeowners	65%	35%
Share of Home Purchase Loans 2012	80%	20%
Mortgage Loan Denial Rate, 2012	8%	19%

Sources: Mass Community Banking Council, Changing Patterns XX, 2014, 2012 American Community Survey Five-Year Estimate

### Fair Access To Credit

While Boston's middle class is far more diverse than that of the Greater Boston region, there are significant disparities in the homeownership market that need attention. As shown in Table 21, while 40 percent of Boston's middle class is non-white, only 20 percent of home purchase mortgages went to non-white borrowers

in 2012. Denial rates for non-white borrowers are more than double that for white borrowers. Unchecked, this could mean that by 2030, the disparity in homeownership rates between whites and non-whites could be even greater than it is today. This is a trend that will require thoughtful and deliberate action.





## Boston's Middle Class: Goals

1. **Double the pace of middle-income workforce housing production, creating 20,000 units citywide by 2030**

Reaching 20,000 new units of middle-income workforce housing will require increasing the pace of production to more than 800 units per year, for a total of 15,000 new units. Additionally, Boston's college and university partners must produce new dormitories in order to open up 5,000 units currently being utilized by students to the middle class.

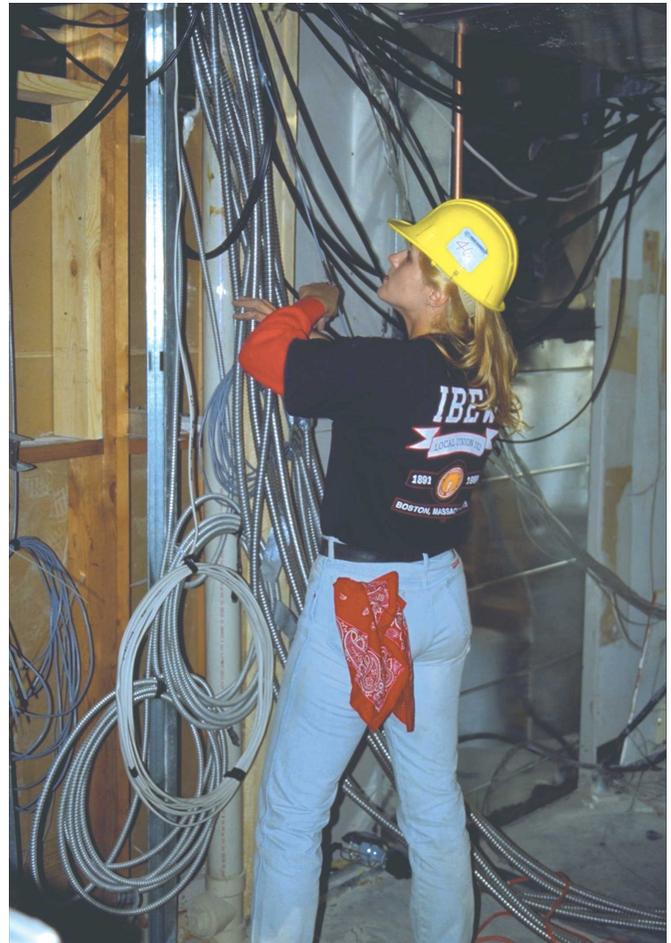
While the majority of unit demand is projected to be for rental housing, there will be an increased demand for homeownership units as well. Achieving this goal will require major efforts to increase private-sector housing development for the middle class in Boston. Approximately 4,000 middle-income assisted units will be created via the Inclusionary Development Policy or units subsidized in mixed-income developments.

2. **Expand and enhance homebuyer programs to help 5,000 middle class homebuyers purchase their first home**

This expansion will include buyers receiving financial assistance through the Boston Home Center, as well as buyers purchasing an income-restricted unit developed in partnership with the City.

3. **Work with non-profit and lending partners to increase mortgage lending, and ensure equal access to home mortgages**

This will require that the City better understand current lending practices, rates and disparities in the mortgage market. The City will work with lending institutions and non-profit advocacy groups to develop solutions and programs and establish ongoing monitoring of progress.



## Boston's Middle Class: Actions

### 1. Encourage private developers to create housing that is affordable to the middle class

In order to stimulate the production of middle-income housing, the City will work to provide a suite of incentives to the development community. The proposed incentives include efforts to:

**Allow significant density in areas affordable to the middle-class**, providing for more efficient developments. Locations targeted for higher density will include areas where market rents and housing prices are affordable to the middle class; where there is vacant and underutilized land available; where there are mixed-use development opportunities in commercial districts; and where there is good access to public transit. These growth districts will be identified in the Spring of 2015.

**Provide property tax incentives that will encourage the construction of housing affordable to the middle class.** These tax incentives will be targeted to developments located in areas of the city that are more affordable and can accommodate growth. In order to help reduce development costs, these tax benefits will eliminate property taxes during construction and reduce property taxes during the first three years of property stabilization. Following additional consultation with the development community and the State's Executive Office of

Housing and Economic Development (EOHED), the City anticipates finalizing the structure of these incentives and working with the EOHED to determine whether they can be accommodated under existing state tax incentive programs. A determination that the proposed incentives could be accommodated under existing programs would allow developers to access these incentives in early 2015.

**Allow reasonable modifications to the Inclusionary Development Policy (IDP)** in designated, more moderately priced areas. These modifications would allow a developer to use an IDP rent level closer to the market rate. This program change will assist with financial feasibility. After consultation with the development and housing advocacy communities, the City will modify the IDP Executive Order.

**Work with the building and construction trades to lower the cost of construction.** The Administration has worked with the building and construction trades on an innovative plan to apply residential construction rates to affordable and workforce housing projects. The initiative will employ a clearly-defined construction scope, will be limited to certain types of residential buildings (predominantly wood frame), and will target designated areas of the city that are able to support growth, but are still affordable to the middle class.



## **2. Create mixed-income housing using public resources and on-site Inclusionary Policy**

The City is currently undertaking an inventory of all publicly-owned land, and will look to assemble parcels for redevelopment with a focus on potential mixed-income housing developments. Both City and State agencies with major land holdings in Boston are supportive of this initiative and are committed to identifying opportunities to create mixed-income communities. The City expects that DND, BHA and BRA inventories will be completed in 2014, with other City and State agencies to follow in early 2015.

In addition, the City will explore policies by which direct public financial assistance could be used to encourage mixed income developments throughout the City. Any efforts to create affordable and mixed income housing using public funds or publicly-owned land will also require long-term affordability restrictions.

The City will continue to require that a substantial percentage of the Inclusionary Development Program (IDP) units be created on-site. In those cases where developers are allowed to meet their IDP obligation by creating the required affordable units off-site, these units should be created in close proximity to the market-rate development.

## **3. Make City-owned infill lots available for mixed-income homeownership development**

The City owns nearly 300 vacant lots that could be quickly developed into mixed-income housing by making these parcels available to nonprofit and small builders at no or low cost in exchange for affordability. The City will facilitate development on these parcels by establishing a set of pre-approved designs that can receive fast track building code review and bypass extensive design review.

## **4. Streamline permitting processes to help small builders develop affordable homes on privately-owned vacant parcels**

Small housing development projects undertaken by smaller builders are a critical part of the City's efforts to promote middle-class housing production in lower-priced neighborhoods. From 2011 until 2014, 73 percent of all private new housing production in Dorchester was in small projects of 1-9 units. In East Boston, 31 percent of all private new housing was in small projects; in Hyde Park, the share was 100 percent. Yet the City's permitting systems do not make it easy for these smaller builders to build. Permitting a small project generally requires an application, followed by several rounds of approvals or rejections from the Zoning Board of Appeals, the community input process, and BRA Design Review.

To avoid costly changes, additional requirements, or long delays, builders will often design homes that conform narrowly to the requirements of zoning, even if the resulting design is not as appropriate for the site as one requiring zoning relief. A system where adherence to narrow zoning requirements trumps good design is not a system that is going to yield middle-class housing production of the quality and scale that this plan envisions.

In order to address these issues, the City intends to engage the small builder community to help develop practical reforms to the City's small project permitting system that reward good design, are efficiently administered, and have predictable timelines. The City has already begun implementing important permitting reforms and will engage the small builder community to provide feedback and direction in early 2015.





### **5. Enhance homebuyer assistance programs and advocate for equity in the homeownership market**

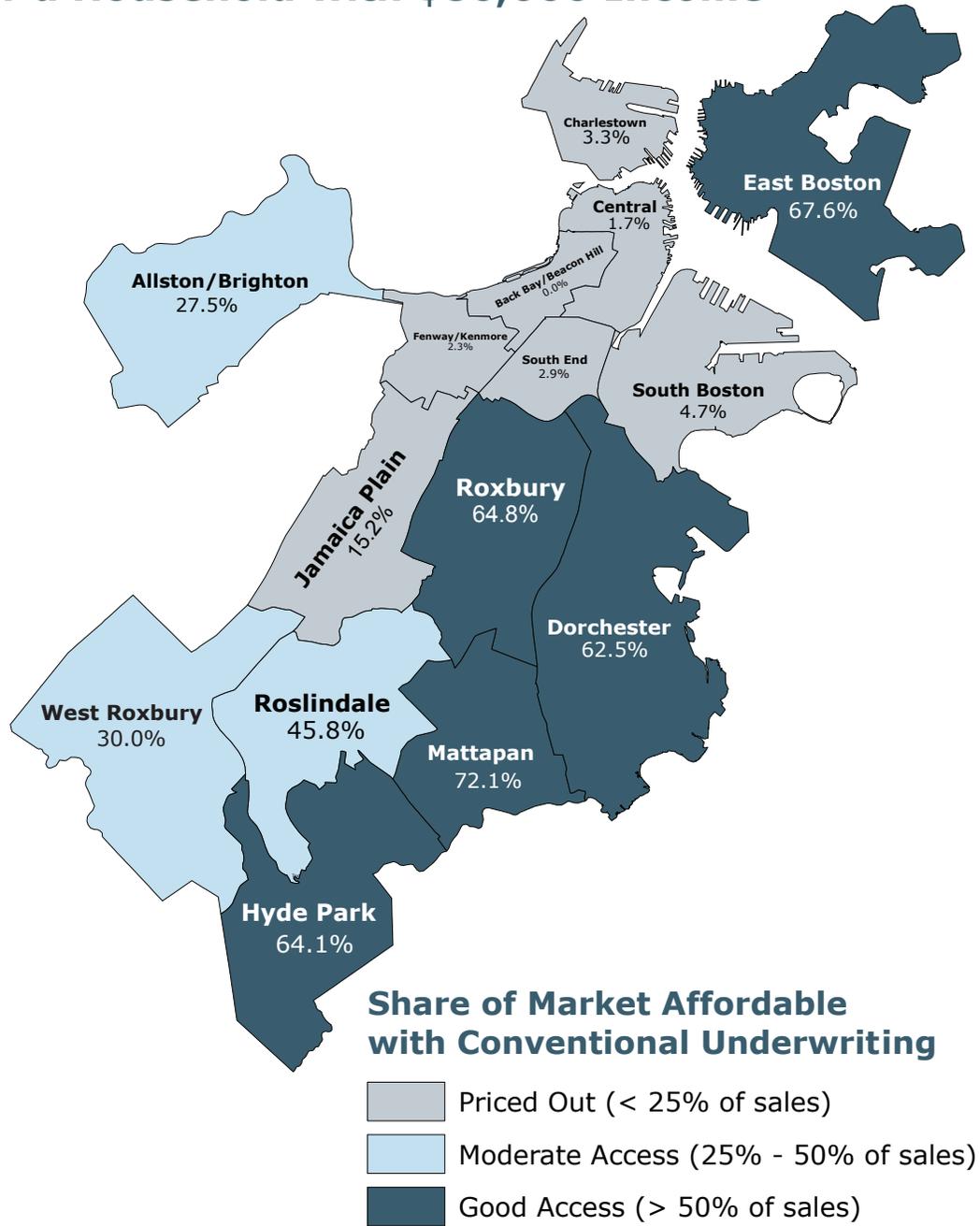
The City needs to increase homeownership in Boston, particularly among Bostonians of moderate means. To that end, the Department of Neighborhood Development will work closely with the Massachusetts Community Banking Council, MassHousing, Massachusetts Housing Partnership, Massachusetts Affordable Housing Alliance, the Homeownership Action Network, and our private

lending partners to better understand lending activity in Boston. This information will assist DND in creating new homebuyer tools and initiatives to increase the number of homeowners throughout Boston.

In order to better mitigate the root causes of the current racial disparities in homeownership rates and mortgage lending in Boston, the Office of Fair Housing and Equity will establish a Fair Lending Initiative. This effort will work to educate, test, and bring enforcement when necessary.

MAP 1: The Middle Class Homeowner

## Access to the Homeownership Market for a Household with \$80,000 Income

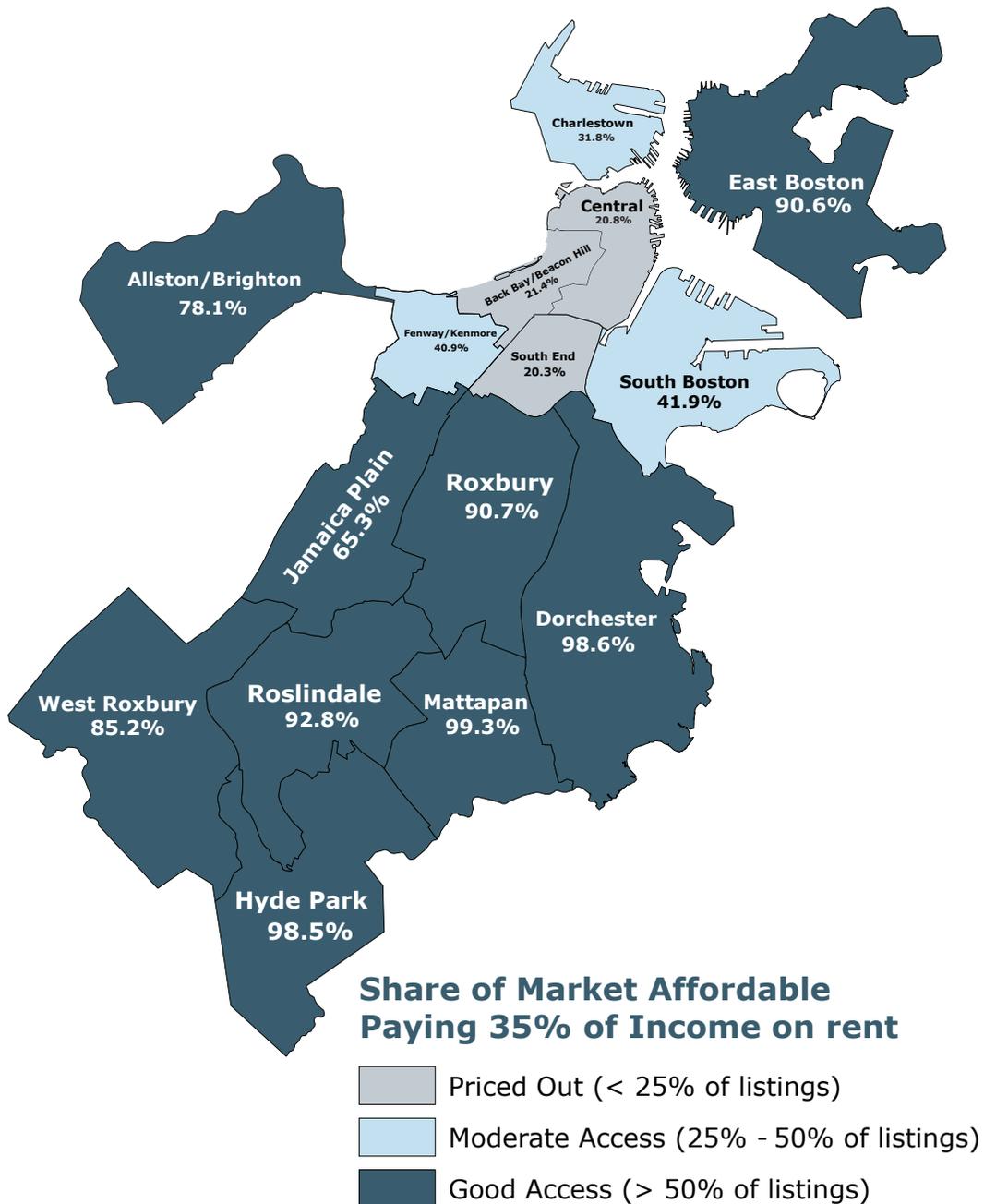


Source: Warren Group Sales Data



MAP 2: The Middle Class Renter

## Access to the Rental Market for a Household with \$80,000 Income



Source: Warren Group Sales Data

## HOUSING BOSTON'S SENIORS

One of the greatest challenges between now and 2030 will be meeting the housing needs of seniors, who represent Boston's fastest-growing and most economically-challenged demographic group. As more Baby Boomers enter retirement, seniors will occupy an increasing share of Boston's housing stock.

In order to ensure that Boston continues to support its seniors, and to maintain the stability and diversity of our neighborhoods, Boston will need to provide its seniors with viable housing options and support services. Providing this housing and associated supports must be done while adjusting to the reality that federal funding for developing affordable senior housing has decreased substantially.

### **Housing Affordability with Declining Incomes**

With retirement comes a significant decrease in household income. The median household income of seniors

is 60 percent below households in the pre-retirement age group of 45-64, and is projected to remain low for the rest of their lives. However, while the income of seniors decreases, the cost of housing does not usually decline appreciably at retirement. For most seniors, housing and its related expenses continue to rise at the same time that medical expenses have also increased, making the high cost of rent even more challenging.



### Housing Affordability for Senior Renters

Seventy percent of seniors living in rental housing have extremely low-incomes (under \$25,000) and only 16 percent have incomes greater than \$50,000 (Table 22).

Although 84 percent of senior households are considered to be low-income (income under \$50,000), most of these low-income seniors have housing they can afford. As shown in Table 23, 30 percent of low-

income senior renters are paying more than half of their income on rent, while 62 percent of low-income seniors live in one of the 11,886 units of public or privately owned subsidized housing. However, 5,739 low-income seniors are not in any form of subsidized housing, and are classified as highly rent burdened. These low-income seniors are a priority for attention and action.

TABLE 22: **Incomes of Senior Renters, 2012**

Characteristic	2012 Households	% of Senior Renters
All Senior Renter Households	22,983	100.00%
Senior Renter Households, Income Under \$25,000	16,146	70.30%
Senior Renter Households, Income \$25,000 - \$50,000	3,091	13.40%
Senior Renter Households, Income Above \$50,000	3,746	16.30%

Source: 2012 American Community Survey Five-Year Estimates, Public Use Microdata Sample (PUMS), BRA Research Division<sup>1</sup>

TABLE 23: **Housing Status of Low-Income Senior Renters, 2012**

Housing Status in 2012	Households	% Total
In Subsidized Housing	11,886	62%
Unsubsidized, Highly Rent Burdened	5,739	30%
Unsubsidized, Not Highly Rent Burdened	1,612	8%
<b>Total Low-Income Senior Renter Households</b>	<b>19,237</b>	<b>100%</b>

Source: City of Boston Department of Neighborhood Development 40B inventory, 2012 American Community Survey Five-Year Estimates

### Housing Affordability for Senior Homeowners

Senior homeowners are in much better financial condition than renters. Only 22 percent of homeowners have extremely low incomes; the majority of senior homeowners fall into either the middle or upper income bracket (Table 24). Fifty-seven percent of senior homeowners are no longer paying a mortgage, which makes housing costs more affordable.

Although the majority of senior homeowners are not burdened by housing costs, there are more than 4,000 extremely low-income Boston senior homeowners for whom upkeep, taxes, and utilities can present significant financial challenges. When large capital needs occur, these owners often have few financial options. In addition, the capital expenses associated with installing energy-efficient heating systems and

windows may prevent these owners from making investments that could substantially reduce their monthly bills and improve their quality of life.

The Boston Commission on the Affairs of the Elderly reports that 19 percent of Boston's seniors have physical mobility issues that can affect their ability to live at home. While the majority of senior renters live in senior-oriented housing designed to address these issues, most senior homeowners live in housing that was not designed for people with impaired mobility. Adaptations, such as wheelchair-accessible bathrooms, can be costly and prohibitively expensive for most very low-income homeowners. In addition, the demands of managing capital projects, ongoing repairs, and home maintenance can become difficult for many senior homeowners.

TABLE 24: **Income Profile of Senior Homeowners**

Characteristic	2012 Households	% of Senior Homeowners
All Senior Homeowner Households	19,237	100.00%
Homeowner Households, Income Under \$25,000	4,325	22.50%
Homeowner Households, Income \$25,000 - \$50,000	5,031	26.20%
Homeowner Households, Income Above \$50,000	9,881	51.30%

Source: 2012 American Community Survey Five-Year Estimates, Public Use Microdata Sample (PUMS), BRA Research Division



## Housing Boston's Seniors: Key Issues

For Boston to continue to support its seniors and to address their housing and support services needs, new strategies must be developed to address the following key issues:

### Accommodating Growth

Demographic projections show a 53 percent increase in the number of senior-headed households between 2010 and 2030, as the largest portion of the Baby Boom generation reaches retirement age (Table 25).

One of the factors contributing to this rapid growth is a low out-migration rate. Typically, Boston has experienced a sizable out-migration as seniors reach retirement and move to warmer climates and retirement communities. Today, that trend is being offset by seniors electing to remain in Boston and an influx of seniors moving into the city. A review of patterns from 2008 to 2012 showed that while an average of 2,050 seniors move out of Boston each year, an additional 1,430 seniors move in.

Many of Boston's seniors already have the housing they want, and, with their numbers increasing, will occupy a larger share of the existing housing stock. Some of these seniors will choose to age in place. Other senior households with declining incomes will need to access affordable rental housing. The City will work with the affordable housing community to develop additional units to fill this need.

The City will also need to work with the private development community to encourage the development of market-rate senior housing. By 2030, there will be an estimated 27,000 senior homeowners. Many of these homeowners would benefit from a housing option that would allow them to downsize while remaining in neighborhoods where they have lived for decades. For each senior homeowner who moves to a senior-oriented development, a housing unit opens for a family wanting to stay or relocate in Boston.

**TABLE 25: Projected Growth of Senior Population and Senior-Occupied Housing Units 2010-2030**

Demographic Characteristic	2010	2030	Growth 2010-2030	% Growth 2010-2030
Senior Population	62,237	97,393	35,156	56%
Housing Units Occupied By Seniors	42,016	64,433	22,418	53%

Source: MAPC Demographic projections for Boston, August 2014

By 2030, it is predicted that lower-income senior households will represent two-thirds of the growth in senior households. The City and its partners will need to prepare not only for increased demand for affordable housing, but also to find new ways to support and expand housing support services (Table 26).

While the rapid aging of Boston's population will begin to abate after 2030, we expect a sustained demand for senior housing well past the mid-point of the 21st century. Significantly, in 2034, the last of the baby boomer generation will be aged 70 or older. This dramatic spike in older Bostonians suggests a continued need for supportive senior housing.

Seniors over age 80 have the lowest incomes and highest rent burdens and often require housing that accommodates disabilities. In addition, one-half of

Boston's seniors 80 years and older live alone. Chronic isolation and associated loneliness in seniors has been identified by researchers as a great public health risk.

The City expects that housing built for seniors will largely be one-bedroom apartments in buildings with associated common living spaces. These units can be easily converted to suit other populations should the demand for senior housing drop. However, since household income falls so dramatically with retirement, the likelihood of sustained demand for quality, affordable supportive housing for seniors will remain high.

#### Rising Costs of Producing Affordable Senior Housing

The cost of producing low-income senior housing has risen sharply. As affordable senior housing is not able to support any significant amount of private debt, the

TABLE 26: **Senior Households by Income, 2010 - 2030**

Income Level*	2010	2030	Change 2010-2030
<\$50,000	27,990	42,599	14,609
\$50,000-\$125,000	10,386	16,106	5,720
>\$125,000	3,640	5,728	2,088
<b>Total</b>	<b>42,016</b>	<b>64,433</b>	<b>22,418</b>

Source: MAPC Demographic Projections for Boston, August 2014. \* MAPC provided household income projections by Area Median Income; the City converted these into the dollar income ranges used in this Plan. For the purposes of the City's analysis, <\$50,000 is considered to be 0-60% AMI, \$50,000-\$125,000 is considered to be 60%-150% AMI, and >\$125,000 is considered to be >150% AMI.



use of public funding to create this housing has also grown. Total development costs are up 89 percent since 2000, necessitating an increase of 143 percent in public subsidy (Table 27).

### Significant Cuts to Senior Housing Programs

The aging of the Baby Boom generation is a nationally significant demographic trend, yet the two Federal programs that had funded much of the City's senior housing activities have been severely cut back over the last ten years. The Section 202 program provided both development and operating subsidies to produce affordable senior housing. In 2010, the Section 202 program stopped providing development subsidies. On average, that subsidy amounted to \$131,000 per unit – a cost that will need to be made up from other City and State sources. While the Section 202 program still provides rent subsidies, there has been relatively little new production resulting from this reformulated program.

The CDBG program is the primary funding source for the City's senior homeowner assistance programs and foreclosure prevention services. This source has been cut by a third over the last ten years.

### Increase in Support Services Required to Meet a Growing Need

As our population ages, an increased number of our seniors will need housing support services to ensure their safety and comfort. An increasing number of low-income seniors will need support to find and secure affordable housing, while low- and moderate-income homeowners will need assistance to repair and adapt their homes. The City already has some of these services in place, however, it is anticipated that they will need to be expanded and additional support services and programs will be created. Working with our non-profit partners, the City will identify the most critical support services needed and put in place a coordinated system that responds effectively and efficiently to the needs presented.

TABLE 27: **Funding of New Senior Housing 2000-2014**

Per Unit Funding	2000-2003	2004-2007	2008-2011	2012-2014
Total Public Funds	\$134,233	\$190,029	\$282,413	\$326,238
Total Development Cost	\$177,312	\$212,333	\$358,904	\$334,622
% of Costs From Public Funds	76%	89%	79%	97%

Source: City of Boston Department of Neighborhood Development

Boston has a strong non-profit housing development sector with a demonstrated commitment to housing seniors with dignity and creating opportunities to age in vibrant communities. These housing providers do more than provide housing. They work to maintain seniors in community or neighborhood housing rather than institutional settings. Typically, they partner with community service providers, re-invest development fees and rental proceeds into services, and raise philanthropic dollars to provide a rich array of programs in their housing.

These supported housing units for seniors allow them to age in vibrant and well-connected communities that

dramatically improve emotional and physical health outcomes. These supported housing communities can also create a platform for innovation and cost savings in the delivery of healthcare. Boston's robust and sophisticated medical institutions can become important partners in bringing innovation to Boston's strategy to house its growing senior population; by supporting production of this form of housing, Boston can draw in the considerable expertise of its health care leaders. By promoting innovation in this sector, the City can demonstrate the cost-effectiveness of senior housing in preventing or delaying nursing home placements.





## Housing Boston's Seniors: Goals

### 1. Maintain Boston's historic pace of creating new low-income housing for seniors, despite the termination of Federal Section 202 development funding

The City will assist with the production of 1,500 units of new, low-income senior rental housing by using a combination of local, state and federal funding.

### 2. Encourage the market to develop 3,500 units of senior-oriented housing

Developing 3,500 units of market-rate housing for the elderly of which 2,500 will be affordable to middle-income seniors. This will also allow more than 15 percent of elderly homeowners to downsize and provide seniors with more supportive housing options. This initiative will also free up larger homes for Boston families.

### 3. Provide increased housing stabilization and support services to senior homeowners and renters

The City will meet this goal by identifying the most critical services needed to help seniors retain their existing housing, or assist them to access alternative housing. Working with non-profit partners, the City will create and expand service programs for Boston's seniors.



Mayor Walsh, US Representative Capuano, Representative Sanchez, MA Secretary Gornstein and others join activist Maria Sanchez in breaking ground for the Roxbury Crossing Senior Development, 40 units of affordable senior housing.

## Housing Boston's Seniors: Actions

### 1. Increase funding for senior housing and housing support services

Establish additional resources in the City's budget to support the production of senior housing and expanded senior housing stabilization programs. This resource will be contingent on budget availability. (Please refer to Chapter 8, Resources).

In conjunction with the senior and housing advocacy communities, Boston will advocate for additional State and Federal resources to fund low-income senior housing, which would act as a replacement for the loss of Federal Section 202 capital funds. Massachusetts had received \$20 million annually in Section 202 funding.

### 2. Utilize City-owned land and buildings for the creation of affordable senior housing

Where appropriate, City-owned land and buildings will be made available for the development of affordable senior housing.

### 3. Explore options for senior housing on Main Streets

Continue to evaluate opportunities to site senior housing in neighborhood commercial centers. Seniors benefit from the close proximity to shopping and public transportation, while commercial areas benefit from additional customers and foot traffic.

### 4. Engage the development community to better understand the opportunities and challenges to creating market-rate senior housing

Boston's development community has created very few unsubsidized senior housing developments. The City of Boston will engage the development community to better understand the opportunities and barriers that exist when creating market-rate elderly developments. After this examination, the City will respond with incentives to encourage this type of development.

### 5. Examine models in other cities for "in-law" apartments

The City of Boston should explore models being used in other cities that encourage the creation of in-law apartments. If deemed appropriate for use in Boston, the City will work with the architectural community and permitting/approval agencies to design a program to support this type of senior housing.



## 6. Establish a Senior Housing Assistance Network

The City of Boston's Commission on Elderly Affairs and non-profit partners will collaborate to create programs designed to provide housing services and education for seniors. To assist our diverse senior population, all services should be offered in multiple languages. The Senior Housing Assistance Network will assist seniors with the following:

*Housing Search* – to help seniors find appropriate housing and help with associated moving costs

*Application Assistance* – to assist seniors with complicated housing applications

*Court Advocacy* – to assist seniors if they are required to go to court for matters including non-payment of rent or other housing issues

*Housing Education* – to educate seniors in group sessions on issues such as tenant rights, senior homeownership programs, utility programs, and Senior Circuit Breaker Tax Credits

*Reverse Mortgage Information and Counseling* – to ensure that seniors are provided information on reverse mortgage products so they can make informed decisions

*Hoarding Services* – the City will partner with experienced, locally-based organizations to create a hoarding program using research-based best practices that provides clean-up services and assists with associated mental health needs

*Income Maximization Efforts* – increased access to those benefits that help pay for necessities including medication, health care, food, and utilities, means that seniors will have additional resources to meet their housing needs

## 7. Provide Senior Energy Retrofit Services

The City will provide deferred energy retrofit loans to very low-income senior homeowners who regularly exhaust their fuel assistance because of energy inefficiency. This loan, which will be offered in partnership with Renew Boston and ABCD, will have zero payment due until the sale or transfer of the home. This means that 100 percent of the energy cost savings will go to the senior to improve their quality of life.

## 8. Support Senior Housing Innovation Demonstration

In conjunction with the City of Boston's Commission on Elderly Affairs, the Boston Public Health Commission, and nonprofit partners, establish an innovative demonstration program that strengthens the partnership between supported housing and healthcare providers. This program will seek to demonstrate the healthcare cost savings of aging in community and create new mechanisms to invest this savings in the production and operation of supported housing. To maximize the demonstration value, we hope to involve the university community to monitor and evaluate results.

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## HOUSING BOSTON'S STUDENTS

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One of Boston's greatest resources is the world-class network of colleges and universities that call the city home. These institutions are among the key drivers of the region's economic strength, and underpin Boston's worldwide reputation as a hub of innovation and learning. Not simply educators and global pioneers, these institutions are important employers and contributors to Boston's cultural vibrancy. Despite the benefits Boston's thriving educational community brings to our city, these institutions also exert enormous pressure on the city's housing market.

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Every student moving to Boston needs a place to live—whether on-campus in a dormitory or off-campus in rental housing provided by the private market. The City of Boston and its university and college partners share responsibility in ensuring that all of Boston's students find housing that is healthy and safe, while maintaining vibrant neighborhoods in which student renters do not overtake the city's limited supply of workforce housing.

### **Off-Campus Students often Displace the Workforce from Rental Housing**

In 2013, more than 152,000 students came to Boston to pursue post-secondary degrees at the colleges and universities operating programs within city limits. Approximately 16,000 of these attended community colleges, while 136,000 attended four-year institutions.<sup>1</sup>



Many of the students who go to school in Boston also choose to reside in the city (Table 28). Of the more than 72,000 students at four-year universities who chose to live in Boston in 2013, more than 36,000 lived in off-campus rental housing at 13,380 unique addresses<sup>2</sup> throughout the city.<sup>3</sup>

Of these students, approximately 11,746 are living in units that are classified as 1-3 family residential properties, most of which were originally built to house Boston's workforce.<sup>4</sup>

As shown in Graph 1, the rental housing market pressure exerted by students is intensified by the clustering of educational institutions into a few specific neighborhoods, i.e., Allston/Brighton, Fenway/Kenmore, and Jamaica Plain/Mission Hill. This clustering creates concentrated local competition where investors are willing to pay premiums for housing, which can then be rented by the bed to students.

The reasons students choose to live off-campus are varied, but of note is the fact that the cost of university-provided housing can be significantly higher than the cost of private housing, encouraging students to compete in the private market to find cheaper rents.

Residential landlords have capitalized on the ever-increasing demand for student housing near colleges and universities by renting to groups of students. These groups can afford to split monthly rent payments among more income streams than a family household. This results not only in families becoming displaced from the market, but also in creating a market trend toward higher rents, which encourages students to take on additional roommates to share the rent burden.

While rents in Boston are the highest in neighborhoods adjacent to downtown, the neighborhoods closest to universities have substantially higher rents than

TABLE 28: **Students Living On-Campus vs. Off-Campus**

	<b>Undergrad</b>	<b>Graduate</b>	<b>Total</b>
Housed On Campus Total	37,543	3,414	40,957
Housed On Campus in Boston	33,226	3,132	36,538
Housed Off Campus Total	49,792	46,032	95,824
Housed Off Campus in Boston	20,600	15,684	36,284

Source: City of Boston Request for Off-Campus Student addresses issued after meeting with Mayor Walsh on June 3rd, 2014.

neighborhoods with similar housing stock in other areas of the city. In 2013, the average monthly rent in Allston-Brighton was \$1,900; in the Fenway-Kenmore neighborhood, rents topped \$2,300. Meanwhile, in neighborhoods with fewer students, such as Roslindale, West Roxbury, Roxbury, and Dorchester, the average monthly rent in 2013 was \$1,600.<sup>5</sup>

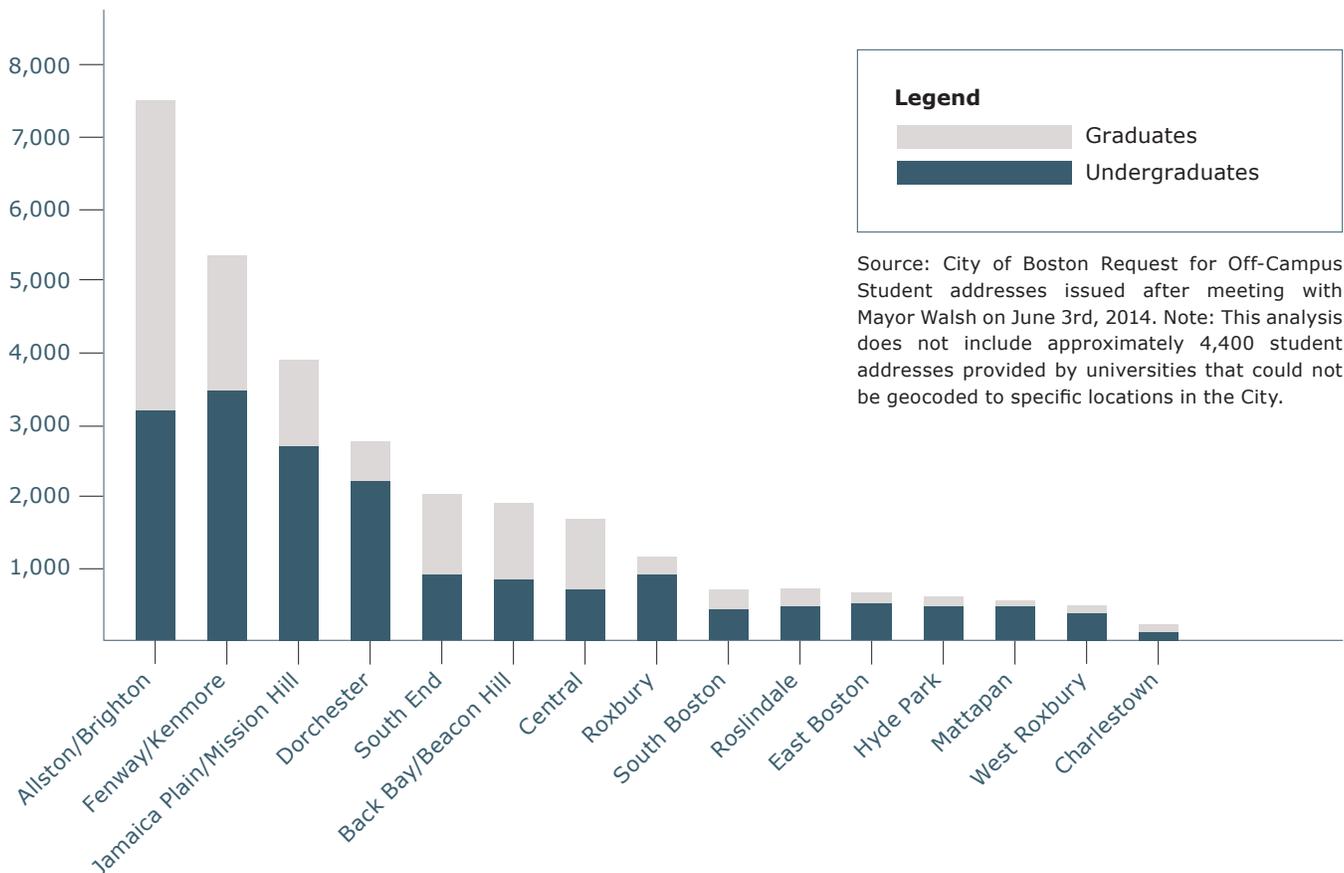
An important part of Boston’s workforce housing production strategy must include reducing the pressure students create in the rental housing

market. Assuming stable enrollments, for every three additional students housed in dorm beds, approximately one unit of rental housing is returned to the workforce housing market.<sup>6</sup> Therefore, student housing creation is a critical relief valve for Boston’s rental housing market.

**Ensuring Safe Student Housing**

Students are also at particular risk for living in unsafe housing. Code violations often go unreported due to high unit turnover among students and low engagement

GRAPH 1: **Location of Students Housed Off-Campus**



Source: City of Boston Request for Off-Campus Student addresses issued after meeting with Mayor Walsh on June 3rd, 2014. Note: This analysis does not include approximately 4,400 student addresses provided by universities that could not be geocoded to specific locations in the City.



levels between students, parents, and City officials. Some students may be unaware of their rights as tenants, while others, particularly out of state and international students, are so desperate for housing that they are willing to accept low housing standards despite paying high rents.

While the majority of Boston's landlords and rental real-estate brokers are law-abiding, there are unscrupulous individuals disregarding City and State housing codes meant to protect students. For example, the City's zoning code limits the number of undergraduates

living in one housing unit to four. An analysis of off-campus housing addresses filed by students with their universities during the 2013 school year found 645 unique addresses with more than four undergraduate residents; however, many of these addresses have more than one unit. A deeper analysis of these properties prioritized 149 units<sup>7</sup> at highest risk for overcrowding; these units are now being proactively inspected by the City. To see density maps of Boston's student populations by neighborhood, please refer to Pages 85 and 86.



## Housing Boston's Students: Key Issues

For Boston to continue to be an international leader in higher education, it must develop new strategies to expand the supply of student-specific housing, increase production of on-campus dormitories, and ensure all off-campus student housing is healthy and safe. To do this, the City must address several challenges:

### University Enrollments Continue to Increase

During the period from 1995 to 2010, student enrollments at Boston-based colleges and universities rose by approximately 21 percent, adding more than 29,000 students to the Boston housing market. More than half of this growth can be attributed to a massive increase in graduate student enrollments, which grew 47 percent during the same period (Table 29).

While recent trends toward online education may dampen these growth rates in future decades, the

increasing importance of post-secondary and advanced degrees in both the American and international economies suggests that further enrollment growth in Boston remains likely. With each new enrollment that comes without new housing production, the pressure on the housing market increases.

### More than 20,000 Undergraduates are Housed Off-Campus

There are more than 84,000 students enrolled at undergraduate programs within the city of Boston.<sup>8</sup> However, on-campus housing is provided for only 43 percent of these students. This means that almost 50,000 undergraduates enter the private rental housing market each year, and of these, more than 20,000 choose to live in Boston (Table 28, page 70).

TABLE 29: **Student Enrollment Trends at Boston's Institutions (1995-2010)**

	1995	2000	2005	2010	Change 1995 to 2010	% Change 1995 to 2010
Undergraduate Totals	104,503	103,520	104,801	118,126	13,623	13%
Graduate Totals	32,994	33,977	39,009	48,641	15,647	47%
Combined Total	137,497	137,497	143,810	166,767	29,270	21%

Source: National Institute for Education Statistics IPEDS Data Center. Note these numbers are larger than enrollment figures mentioned elsewhere in this report as IPEDS includes undergraduates in non-Boston based programs.



While students are spread throughout Boston, the majority of off-campus undergraduates are clustered in three neighborhoods: Allston/Brighton, Fenway/Kenmore, and Jamaica Plain/Mission Hill.

These numbers only account for undergraduate degree programs based in Boston. The actual number of undergraduates living in private rental housing within city limits is likely even higher, given that students from colleges and universities in surrounding communities may also choose to live in Boston.

These figures also do not separate students in the private rental market from commuter students who live at home. While some universities have no commuter students, others, like UMass Boston, have significant numbers of commuter students. Therefore, not all of the 20,000 students living off campus are exerting pressure on the rental market. (Note: community colleges are not included in the analysis in this chapter, as the vast majority of their enrollments are commuters.)

### **Graduate Student Housing is in Short Supply**

In 2013, 43 percent of Boston students living off-campus were enrolled at the graduate student level. Boston-based programs enrolled nearly 49,000 graduate students, yet only seven percent of these students were provided with housing on-campus. In fact, only eight percent of the new dorm beds built in the past 12 years in Boston were made available for students enrolled in graduate programs.

Graduate student enrollment in Boston has increased by nearly 50 percent since 1995; there are more than 15,000 graduate students living off-campus in Boston. If graduate enrollment growth continues, it will further exacerbate the pressure graduate students place on the strained rental housing market (Table 29, page 73).

It is important to note that graduate student housing is fundamentally different from undergraduate housing. First, a significant percentage of graduate students are working professionals who enroll in degree programs; that is, they are residents who become students, rather than students who move to Boston to study and in doing so, create demand for additional housing. Second, graduate students tend not to be associated with the same types of behavior and quality of life issues as undergraduates. That said, graduate student housing may provide unique opportunities since it tends to meet with less resistance than dormitories and could potentially be located farther from campus, in areas where land is more plentiful and less expensive.

### **On-Campus Housing Varies by Institution**

Today, there are 37,543 undergraduate dorm beds in Boston. More than 7,000 dorm beds are either currently in construction or planned for future development as part of the approved Institutional Master Plans that larger universities have filed with the Boston Redevelopment Authority. If Boston were to house all of its undergraduates on-campus, the higher education community and the City would need to plan and build 39,468 dorm beds (Table 31, page 77).

TABLE 30: **Off Campus Students Living in Boston during the 2013-2014 School Year by College or University**

	<b>Undergraduate Students Off-Campus in Boston</b>	<b>Graduate Students Off-Campus in Boston</b>	<b>Total Students Housed Off-Campus in Boston</b>
Northeastern University	4,365	2,644	7,009
University of Massachusetts Boston	4,817	1,158	5,975
Boston University	1,327	4,518	5,845
Berklee College of Music	3,135	N/A	3,135
Boston College	889	1,780	2,669
Massachusetts College of Pharmacy and Health Sciences	1,288	468	1,756
Suffolk University	1,196	517	1,713
Harvard University	32	1,346	1,378
Tufts University (Health Sciences)	-	1,178	1,178
Simmons College	149	557	706
Wentworth Institute of Technology	616	51	667
Urban College of Boston	629	N/A	629
Massachusetts College of Art and Design	588	31	619
New England Conservatory of Music	232	268	500
Massachusetts Institute of Technology	29	467	496
MGH Institute of Health Professions	-	303	303
Boston Architectural College	139	153	292
Boston Conservatory	223	67	290
Fisher College	279	N/A	279
Emmanuel College	179	65	244
Benjamin Franklin Institute of Technology	222	N/A	222
Bay State College	193	N/A	193
Emerson College	67	110	177
Wheelock College	6	3	9
<b>Total</b>	<b>20,600</b>	<b>15,684</b>	<b>36,284</b>

Source: City of Boston Request for Off-Campus Student addresses issued after meeting with Mayor Walsh on June 3rd, 2014. Note that Commuter students are not separated out from this analysis – some students living off-campus are likely living at-home. This analysis includes both full-time and part-time students.



The rate of on-campus housing varies greatly by institution. Boston College leads Boston-based undergraduate programs by housing 80 percent (7,202) of its student body on-campus and has plans on file to build another 810 dorm beds. This will take the college's on-campus housing rate to nearly 90 percent. Meanwhile, Northeastern University provides the second largest number of undergraduate dorms of any university in Boston (7,838); however, this accounts for less than 60 percent of the student body (Table 31).

The City recognizes that on-campus housing production is challenging for institutions. Dorms must compete for the same capital dollars and finite real estate as other priorities, including new science labs or increased instructional space, and smaller schools may lack the resources and scale to independently create the housing they need.

#### **Community Support for Dorm Creation is Unpredictable**

While nearly all Boston's community groups and neighborhood associations agree that Boston's colleges and universities need to house a greater percentage of their students on-campus, opinions vary widely on the proper places to site these dorms.

To effectively mitigate the pressure student renters place on the housing market, student dorms need to be located in close proximity to colleges and universities or in close proximity to transit, have access to the

amenities that students desire, and have sufficient density to house a large number of students. This density also makes dorm construction more financially feasible.

A core challenge is that housing towers filled with students often create concern among community groups and neighbors. If institutions and private dorm developers are to build dorm beds in sufficient numbers in the coming years, the City and the community must develop an effective process for selecting dorm locations and, once the community process is complete, continue to support these developments through construction.

#### **The Rental Market Rewards Off-Campus Student Overcrowding**

As outlined earlier, landlords of properties in proximity to universities can maximize rents by marketing their properties to groups of students, who can then divide the rent burden across roommates. The result is often cheaper housing than students can find in on-campus dorms and increased incomes for landlords who are able to charge rents higher than those that a one- or two-income household would be able to afford. In these shared housing situations, each additional bedroom space allows a landlord to attract a paying customer as long as the overall cost per roommate is reduced by the additional space. If left unregulated, the market trend is toward overcrowding.

TABLE 31: Undergraduate Enrollment versus Dorm Beds Provided

	Undergrad Enrollment	Currently Housed on Campus	Additional new On-Campus beds in Pipeline	Difference b/w Enrollment and Planned Beds
University of Massachusetts Boston	12,366	0	2,000	10,366
Northeastern University	14,345	7,838	1,720	4787
Suffolk University	5,779	1,206	0	4573
Boston University*	15,990	11,136	523	4331
Berklee College of Music	4,402	1,194	450	2,758
Massachusetts College of Pharmacy and Health Sciences	3,499	675	0	2,824
Wentworth Institute of Technology	3,708	1,860	305	1,543
Emerson College	3,720	2,093	405	1,222
Massachusetts College of Art and Design	1,776	654	0	1,122
Boston College	9,049	7,202	810	1,037
Bay State College	1,194	180	0	1,014
Urban College of Boston	767	0	0	767
Simmons College	1,732	1,003	0	729
Fisher College	978	309	48	621
Benjamin Franklin Institute of Technology	463	36	0	427
Boston Architectural College	407	0	0	407
Boston Conservatory	545	161	0	384
Wheelock College	837	523	0	314
Emmanuel College	2,035	1,336	500	199
New England Conservatory of Music	430	137	250	43
<b>Total</b>	<b>84,022</b>	<b>37,543</b>	<b>7,011</b>	<b>39,468</b>

Source: Enrollment and housed on campus figures from Fall 2013 University Accountability Reports unless otherwise noted. Pipeline data from City of Boston Institutional Master Plan or provided by universities. Note that commuter students are not separated out from this analysis unless otherwise noted. Therefore, the difference between enrollment and planned beds may be overestimated as commuter students do not require dorms. Analysis includes both full-time and part-time students. \*BU enrollment excludes study abroad and commuter students.



## Housing Boston's Students: Goals

### 1. Create 16,000 new undergraduate student dorm beds, reducing the number of students living off-campus in Boston by 50 percent

The City will do this by increasing dorm production rates and by working with universities to ensure that this new on-campus housing is affordable to students. Assuming current undergraduate enrollment growth rates, an increase of 16,000 beds will cut in half the number of students competing for off-campus housing in 2030.<sup>9</sup>

The City estimates that production of 16,000 dorm beds will effectively return 5,000 units of housing currently occupied by students to the Boston workforce after accounting for enrollment growth.<sup>10</sup> At current construction rates, this commitment will require private and institutional investment of \$2.2 billion to finance construction.<sup>11</sup> This rate of dorm construction is in line with previous investments made by universities in the past decade.<sup>12</sup>

### 2. Create dedicated housing for 2,500 additional graduate students

Currently, there are only 3,404 dedicated graduate student beds citywide. Graduate student housing is difficult for universities to prioritize; however, many of these beds could be created by private developers at off-campus locations. If, for example, constructing graduate dorms is 20 percent more expensive than constructing undergraduate dorms, an additional 2,500 graduate beds would require private and institutional investment of \$405 million to finance construction.

### 3. Improve living conditions for off-campus students

The City of Boston will use all tools to vigorously enforce housing codes and create improved communication with students and families.



## Housing Boston's Students: Actions

### 1. Partner with colleges and universities to set specific student housing commitments

The City must work with all large universities to establish firm commitments to house a greater percentage of their student bodies on-campus and ensure that any growth in enrollment also corresponds with a growth in housing. These plans will set numerical targets for dorm creation, as well as deadlines for decreasing dependence on private rental housing. To that end, these plans should also identify target rents for dorms that are competitive with the rents students can obtain by sharing private market rental housing. Dorm creation targets should also include a growth factor commitment, so that if enrollment plans increase, the commitment for increased housing production should increase in a corresponding fashion. These plans should be negotiated with the BRA and finalized by the end of 2016.

### 2. Explore public-private partnerships to create off-campus dorms and student villages

The City recognizes that it is not reasonable to expect that universities will be able to house 100 percent of their student populations, particularly at the graduate student level, in on-campus housing. Therefore, the City must play a facilitating role between institutions, the community, and private-sector developers with expertise in designing and

developing off-campus student housing. Privately-financed dorm space unlocks production by defraying project costs and risk across multiple partners, and, unlike on-campus dorms, has the added benefit of being subject to City taxes.

While not every site is appropriate, several successful off-campus models have been piloted by both Northeastern and Harvard Universities. Any effort to create off-campus housing must also include strategies for security and student supervision that are acceptable to the community.

One particularly promising model of dorm bed creation is shared institutional master leasing between several different universities in a single development. By distributing the commitment to rent dorm space across multiple institutions, this may allow for the development of student housing at a rate that may not be financially feasible for universities acting alone. This option may be particularly attractive to smaller universities with fewer resources available for capital projects.

The City will host an exploratory session with developers and universities to identify barriers to co-development of off-campus housing and outline strategies for fast-tracking one or more development projects.



### 3. **Work with the community to establish approved locations for both on- and off-campus student dormitories**

The City will continue to work with colleges and universities through the Institutional Master Plan process to set ambitious goals for on-campus housing and forge agreements with neighborhoods on the specific locations for that housing.

Additionally, the City will work with neighborhoods, universities, and the development community to identify areas that are suitable for off-campus student housing. This housing will be subject to specific requirements such as university-employed live-in residential advisors.

The City will partner with developers, universities, and community members to establish specific criteria for locating and developing off-campus dorms by fall 2015.

### 4. **Work collaboratively with Greater Boston area college leaders and mayors to address student housing issues in the region**

Any effort to address student housing challenges in Boston inevitably impacts student housing in the greater Boston area. It is in the region's best interest to work collaboratively to find student housing that is both healthy and safe for all Greater Boston's students. Future meetings with mayors and college leaders from surrounding communities will help ensure that this issue will be addressed in the long-term.

Additionally, the City should explore opportunities to help university employees buy homes or secure apartments near their campuses. This type of assistance has the potential to attract working and middle-class families back into these neighborhoods and to increase the number of people using public transportation to work in Boston.

### 5. **Enforce the updated University Accountability Ordinance**

In Summer 2014, the Boston City Council passed a University Accountability Ordinance, which was signed into law by Mayor Walsh. The ordinance requires each higher education institution to report either quarterly or by semester its total number of enrolled students, the number of students housed both on- and off-campus, the locations of all university-owned or affiliated housing, and the specific addresses of each student housed off-campus in Boston.

In order to protect student identities, this law requires all student data to be provided anonymously and without any personal identifiers.

Building on Mayor Walsh's work with Boston's higher education community, the ordinance will help the City better understand the locations of off-campus students, correct student housing safety concerns, and better analyze the impact students have on the city's housing market.

By capturing this data on a regular basis going forward, the City can monitor progress towards the goals of this plan. To that end, the City should commit to publishing a regular report on the trends identified in this data as well as the City's response to student housing concerns.

**6. Establish routine proactive inspections of all off-campus student housing**

In 2013, the City enacted a new rental housing ordinance calling for the inspection of all rental housing units at least once every five years. Using this new structure, as well as the data provided by universities on the addresses of off-campus students, the City should begin prioritizing the inspection of student housing units. As a priority, any properties suspected of illegal, dangerous or overcrowded housing should be brought to the top of the list and proactively inspected.

**7. Improve communication with students and families about housing conditions**

To ensure students and their families are aware of their rights as tenants and know how to report unsafe and dangerous conditions, the City should

produce and distribute through the universities a "Housing Rights For Students" pamphlet that explains their rights as tenants and where to call if they need help. Additionally, to assist students with finding safe housing during their housing search, the City should launch an accompanying website which provides transparent data on complaints, code violations, and police activity at all addresses citywide. To enhance the utility of this data, the City should host a hackathon to encourage student innovators to produce an application targeted for their peers to use.

**8. Use fines available under the Problem Property Ordinance to make operating unsafe and overcrowded off-campus housing financially non-viable**

Unfortunately, some absentee landlords are only motivated by their financial bottom line and fail to maintain their student-occupied properties. In order to motivate action by this small but recalcitrant group, the City should deploy the Problem Properties Ordinance, including a previously unused rule that allows the City to fine the owners of designated "problem properties" \$300 per violation per day.

"My greatest concern is the health and safety of every young college student living off campus in overcrowded apartments"

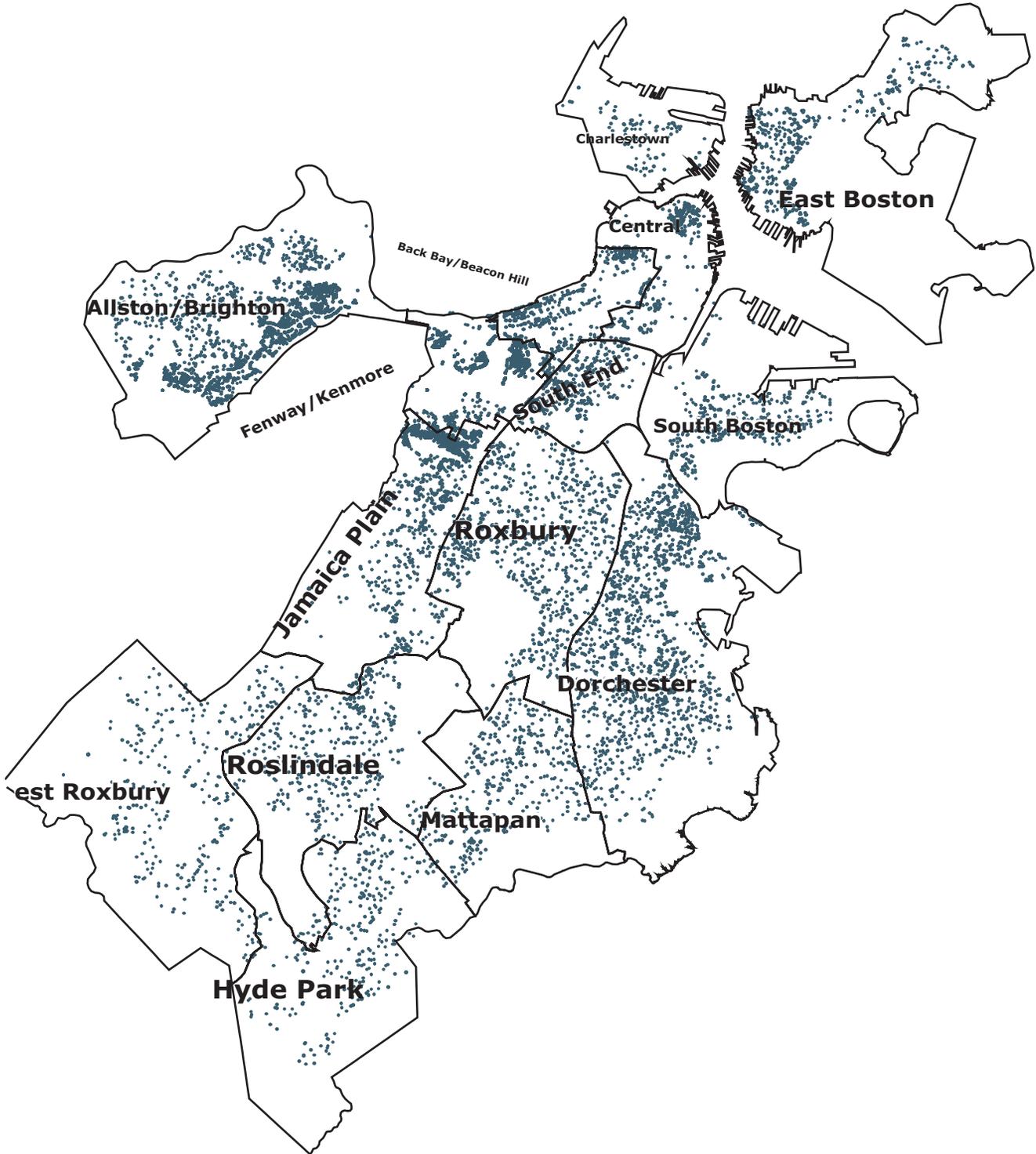
- Mayor Martin J. Walsh



## NOTES:

- 1 Enrollment figures from University Accountability Reports. This figure does not include non-Boston based students attending Harvard and MIT. The majority of these students is housed on-campus and therefore exerts minimal pressure on the Boston housing market.
- 2 An address can contain multiple units. This analysis does include 4,444 addresses provided by universities that could not be geocoded.
- 3 Housing numbers provided and confirmed via data request to universities.
- 4 From address data provided by universities. These 11,746 students are living in 7,072 unique parcels; a parcel often includes multiple units.
- 5 MLS listings
- 6 Assumes 2 students per off-campus address, the average found in data provided by universities. This also assumes that one third of new dorm beds built goes to students currently living off campus in other municipalities.
- 7 These addresses are in three groups: 1) parcels that have more students than number of bedrooms 2) residential 1-3 family parcels that have more students than 3x the number of units at the parcel 3) larger rental parcels with 10+ students. This analysis does not include approximately 4,400 addresses provided by universities that could not be geocoded to specific addresses in the City.
- 8 This figure does not include Harvard and MIT, which have large undergraduate programs in Cambridge. The majority of their students are housed on-campus and therefore put minimal pressure on the Boston housing market.
- 9 These statistics assume a .5 percent annual increase in undergraduate enrollment. Additionally, this analysis assumes that one third of new dorm beds built go to students currently living off-campus in other municipalities.
- 10 Same enrollment growth and municipality mix assumptions as above. Additionally, assumes that 10 percent of students living off-campus live at home. For those not living at home, we assume that there are two students per apartment (the average found in address data provided by universities.)
- 11 The average cost per dorm bed for all dorm beds built between 1999 and 2013 was \$135,000 per bed.
- 12 From 1999 to 2013 there were 12,376 new dorm beds created in Boston at a total development cost of \$1.67 billion. This represents growth rate of 884 beds per year and an investment rate of \$119 million per year.

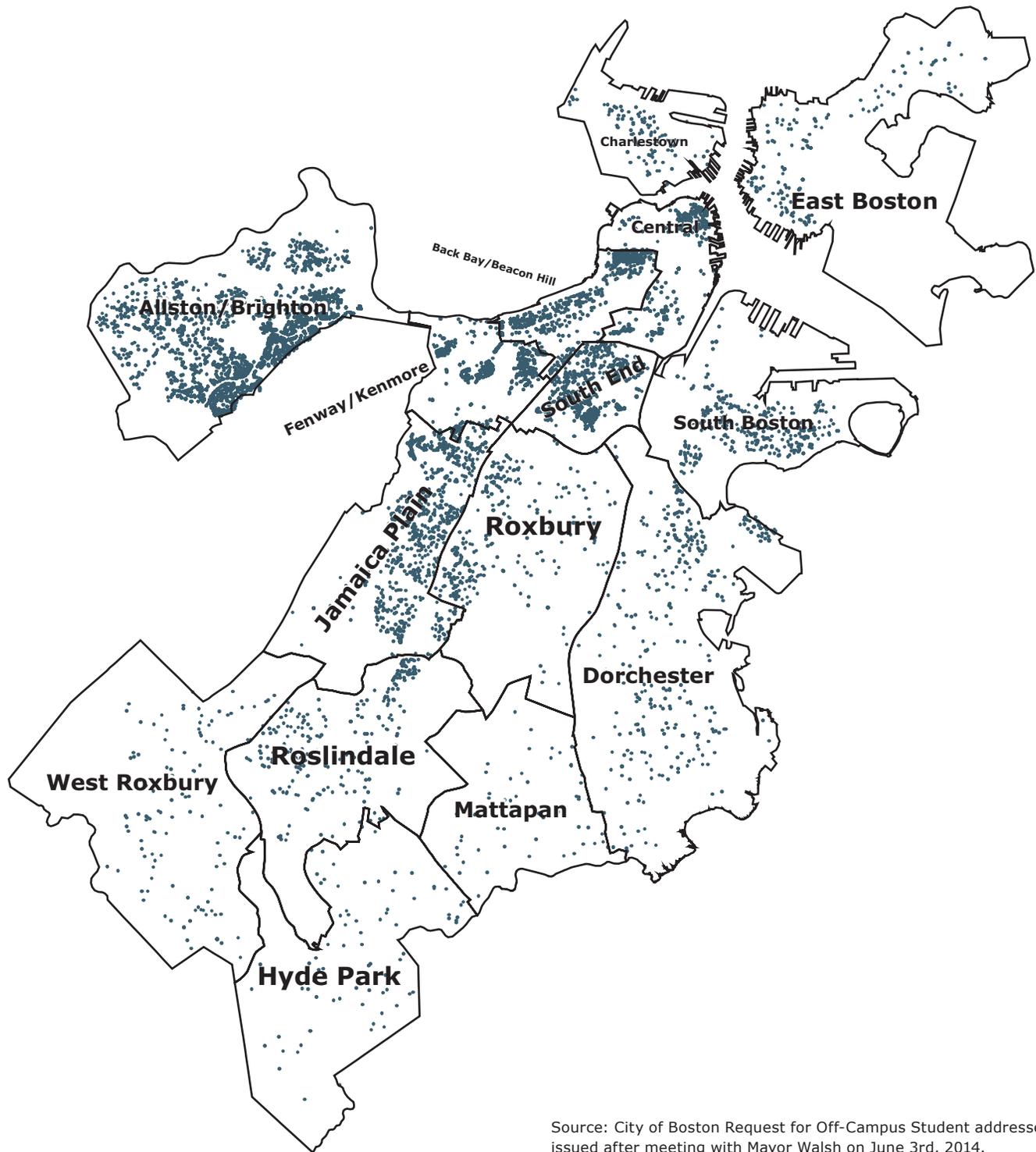
MAP 3: Locations of Off-Campus Undergraduate Students



Source: City of Boston Request for Off-Campus Student addresses issued after meeting with Mayor Walsh on June 3rd, 2014.



MAP 4: Locations of Off-Campus Graduate Students



Source: City of Boston Request for Off-Campus Student addresses issued after meeting with Mayor Walsh on June 3rd, 2014.

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## STRONG, HEALTHY NEIGHBORHOODS

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The strength of Boston lies in its vibrant neighborhoods. To support the health and well-being of those neighborhoods, a housing plan must support stability, diversity, economic empowerment, and the health of all of Boston's residents.

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For Boston's neighborhoods to thrive, the City must address the needs of a growing and changing population. Planning for growth does not mean losing sight of the more than 600,000 Bostonians that are already living here, but instead means supporting housing that works for all income levels, and providing innovative solutions to house such diverse groups as emerging artists,

young entrepreneurs, families with or without children, our workforce, and our seniors.

The City has identified four key issues that are critical to maintaining strong neighborhoods: mitigating gentrification, foreclosure prevention and intervention, providing a diversity of housing choices, and strengthening the connection between homes and health.



## Building Strong, Healthy Neighborhoods: Key Issues

### Gentrification

Boston is becoming an increasingly successful city, with desirable neighborhoods that offer easy access to downtown, and strong neighborhood business districts. With such success, though, comes the potential for gentrification.

Gentrification is a condition in which higher-income households occupy an increasing share of a neighborhood's housing stock, while simultaneously, the share occupied by lower-income households declines. By this definition, Boston has several neighborhoods that show signs of gentrification.

Demographic projections indicate that households with incomes above \$125,000 will grow at a faster pace than all other non-senior demographic groups (Table 32).

Table 33 shows the occupancy changes by income in Boston's housing stock from 2000-2012. This

analysis reveals that there may be two levels of gentrification occurring: in six neighborhoods, only low-income households are declining, while another five neighborhoods appear to be losing both their low-income and middle-class households.

Although four neighborhoods do not appear to be gentrifying, the inclusion of the Fenway as a non-gentrifying neighborhood is most likely misleading, due to the large number of college students residing in off-campus housing in the neighborhood.

Gentrification puts increased pressure on moderately priced existing housing, making it less and less affordable to low- or middle-income households. This can quickly change the nature and dynamics of a neighborhood, and make it difficult for long-term residents to stay in their community. It is not acceptable that residents who worked diligently to strengthen their community could potentially be priced out of their neighborhoods.

TABLE 32: **Projected Growth of Workforce Aged (<65) Households 2010-2030**

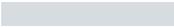
INCOME LEVEL	2010	2030	Growth	% Growth
<\$50,000	87,138	96,888	9,751	11%
\$50,000-\$125,000	80,631	91,071	10,440	13%
>\$125,000	42,914	49,380	6,466	15%
<b>TOTAL</b>	<b>210,683</b>	<b>237,340</b>	<b>26,657</b>	<b>13%</b>

Source: MAPC Household Projections, August 2014

TABLE 33: 2000-2012 Change in Share of Housing Stock by Income of Occupant

Planning District	Lower Income (<\$50K)	Middle Income (\$50K-100K)	Income Over \$100,000
CENTRAL	-21%	-8%	+29%
CHARLESTOWN	-12%	-17%	+28%
SOUTH BOSTON	-16%	-8%	+24%
SOUTH END	-16%	-8%	+24%
JAMAICA PLAIN	-10%	-7%	+17%
WEST ROXBURY	-41%	+8%	+33%
BACK BAY/BEACON HILL	-33%	+7%	+27%
HYDE PARK	-32%	+14%	+18%
DORCHESTER	-22%	+5%	+17%
ROSLINDALE	-21%	+4%	+17%
ALLSTON/BRIGHTON	-10%	0%	+10%
ROXBURY	+5%	-7%	+2%
MATTAPAN	+7%	-1%	-6%
EAST BOSTON	+5%	+5%	-10%
FENWAY/KENMORE	+27%	-8%	-18%
<b>CITYWIDE</b>	<b>-12%</b>	<b>-1%</b>	<b>13%</b>

**Legend**

	Low & Middle-income Gentrifying
	Low-income Gentrifying
	Not Gentrifying Significantly

Source: 2000 United States Census & 2012 American Community Survey Five-Year Estimates



### Foreclosures

While Boston weathered the foreclosure crisis of the late 2000s better than most cities, the issue has not been entirely solved. In 2013, 232 foreclosure petitions were filed by lenders; 56 percent of these petitions (131 homes) were against owner-occupant homeowners. In 2013, 94 homes were foreclosed upon, of which 37 percent (35) were owner-occupied. While foreclosures resulting from sub-prime resets are no longer a major issue, there are still foreclosure risks from job losses, unexpected health crises, and family emergencies. The challenge will be to prevent as many homeowner foreclosures as possible.

There are currently 224 lender-owned or real-estate owned (REO) properties in Boston, most of which are vacant. Many of these properties have been bank-owned for years. Lenders typically do not hold properties for extended periods, but many foreclosures also have title issues which can require a complete re-foreclosure to resolve. Meanwhile, buildings languish, often remaining vacant and negatively affecting the neighborhood. The challenge the City faces is to work with lenders to move these REO properties back into the housing supply quickly and insist that they are transferred to responsible owners.



556 Park Street first appeared on the tax-delinquency rolls in 1999, but was not foreclosed upon until 2011. It remained under appeal until 2014, but is currently in the first stages of assessment, pre-disposition.

### Problem Properties

Strong neighborhoods are created around a perception of safety and vitality. Unfortunately, there are some properties in Boston that diminish neighborhoods' quality of life due to neglect or outright disregard for the Commonwealth's building and housing codes. In some cases these properties may be epicenters of crime; in others, they may be visual blights that pose a safety hazard for the community. In all cases, the City must hold the owners of these problem properties accountable for making required improvements.

To do so, the City established a problem property task force, operated out of the Mayor's Office, with the power to levy fines against absentee landlords of blighted and crime-ridden properties. Upon designation as a problem property, the task force can levy \$300 fines per day per outstanding code violation, and can also charge owners the cost of the public safety response to their properties. In the coming years, the City must continue this effort.

Additionally, there several hundred properties in Boston that are consistently tax-delinquent. The City must continue to prioritize foreclosures on the tax-taking list that have remained blighted and vacant for multiple years with no resolution.

### Diverse Housing Choices

A healthy neighborhood is one that provides a variety of housing options to support a diversity of ages, incomes and races. Communities with opportunities for both homeownership and rental are more stable; so too are neighborhoods that create a balance between housing for lower-income households and housing that serves middle- and higher-income populations.

Boston is one of America's most diverse cities racially, culturally, and economically. However, separation by race, culture and income is significant. Some neighborhoods have heavy concentrations of affordable housing, while others are below the citywide average. To improve diversity throughout Boston, the City must increase production of affordable housing in sections of the city with lower levels of affordable housing. In neighborhoods where there is already a high concentration of affordable housing, the City will encourage mixed-income development.

Strong housing policy must also support the creation of housing that helps communities foster economic growth – for example, creating opportunities for young, emerging artists to have live-work space, or creating innovative spaces where young entrepreneurs can cluster together to engage in their work.



Lastly, neighborhoods maintain their sense of history and strength when they are able to provide options for long-time residents to remain in their communities as they age, either in their own homes, or in more supported environments. These housing options must be developed across the city, helping to mitigate the impacts of growth and gentrification.

### Housing and Health Connections

Boston's world-renowned healthcare industry makes it an ideal setting to forge new partnerships that support the connections between health, housing, and economic opportunity in our neighborhoods.



The City should explore convening leaders from Boston's hospitals, insurance companies, and healthcare providers, along with members of the affordable housing development community, for the purpose of developing a strategy to make Boston the nation's leader in connecting housing to health.

Currently, the Metropolitan Area Planning Council, the Conservation Law Foundation, the Massachusetts Housing Investment Corporation, and others are developing tools and metrics to support and track health benefits derived from housing development efforts. These tools should supply new data which will aid informed decision making and support innovation going forward.

The City will continue to support housing-related health programs through the Healthy Homes Initiative. This initiative, a partnership between the Boston Public Health Commission, the Inspectional Services Department, and the Office of Fair Housing and Equity, is targeted to reduce lead paint poisoning in children. Despite significant progress, lead paint remains an issue. Not only is it a public health concern, but it also limits housing options for families with small children. The City will establish a joint City agency initiative to focus on expanding housing access for families by increasing the number of lead-safe, healthy homes, encouraging lead-safe renovation practices, and increasing public awareness of de-leading resources and best practices.

## Strong, Healthy Neighborhoods: Goals

### 1. Mitigate the impacts of gentrification

Working with its partners, the City will accomplish this using targeted homebuyer assistance programs, strategic acquisitions, community land trusts, and expanded tenant and senior services.

### 2. Reduce the number of foreclosures on home owners to fewer than 20 per year

The City will continue its foreclosure assistance and prevention efforts.

### 3. Reduce the lender-held REO inventory by at least 50 percent by the end of 2016

Working with banks and other lenders, the City will establish clear timetables for the disposition of REO properties.

### 4. Support the creation of mixed-income developments and communities

### 5. Successfully resolve problem properties using all available regulatory tools

The City must address blight by aggressively using code enforcement, the City's Problem Property Task Force, and the tax foreclosure process when applicable.

### 6. Form new connections between housing and health

Leveraging Boston's leadership in healthcare, the City will build on its Healthy Homes Initiative to support improved health incomes for all Bostonians.





## Strong, Healthy Neighborhoods: Actions

### 1. Mitigate the Impacts of Gentrification

#### ***Expand Homebuyer Assistance Programs***

Enhanced neighborhood stabilization can be achieved by facilitating home purchases in areas that are showing early signs of gentrification, but still have a relatively affordable housing stock. The expansion of programs should include funding for post-purchase repairs to give buyers more options at the lower end of the housing market (Chapter 3).

#### ***Provide neighborhood stability through non-profit acquisitions***

The City, working with its funding partners, will create a new acquisition/conversion program that makes it easier to acquire existing rental properties and convert them into permanent affordable housing. This new program will seek to provide access to privately funded acquisition capital, and offer out-of-round gap funding from affordable housing programs (Chapter 1).

#### ***Explore the use of community land trusts***

In gentrifying neighborhoods, the City will work with non-profit and quasi-governmental funding entities to help community-based organizations acquire land. This land will then be held for future affordable and mixed-income housing development. Community land trusts have been used in Boston

with proven success. For example, for the past thirty years, the Dudley Street Neighborhood Initiative (DSNI) land trust has ensured that new development in the community serves a broad range of income levels and needs.

#### ***Mitigate the impacts of condominium conversions through an extension of the Condominium Conversion Ordinance***

Although condominium conversions can have negative impacts on tenants in any neighborhood, this activity may be a significant source of gentrification-induced displacement. While the Condominium Conversion Ordinance cannot legally limit condominium conversions, it can provide increased tenant protections.

#### ***Explore options to support senior homeowners in gentrifying areas***

Low-income senior homeowners may face excessive tax bills because their property is in an area where taxes are rising. These seniors may sell and move if rising taxes become a financial burden. Options exist for tax deferrals, and there are State circuit breaker laws that can help mitigate the tax impacts on seniors. In order to support use of these programs, the City will establish, under the leadership of the City of Boston's Commission on Elderly Affairs, a program of outreach and education for senior homeowners.

## 2. Maintain foreclosure prevention and assistance programs

Although the volume of foreclosures has declined from the 2008 peak, there continues to be some demand for foreclosure prevention services. The City will continue to closely monitor all foreclosure activity and to work through its network of non-profit partners to assist homeowners who are delinquent with their mortgage payments. In addition, foreclosure prevention programs must be continually updated to ensure they are current with all legal and financial assistance available.

## 3. Partner with lenders to reduce REOs

The City will work with lenders to get a firm schedule as to when they will dispose of the 200 properties remaining in their REO portfolios. Lenders will be asked to engage in dispositions that create opportunities for owner occupants and/or responsible investor-owners.

## 4. Support housing creation that meets the needs of a diverse community

The City must encourage and support housing developments that provide rental and ownership opportunities and serve a range of incomes, ages and needs.

In addition, to promote greater diversity in all of Boston's neighborhoods, the Office of Fair Housing and Equity will use its affirmative marketing

programs and services to inform residents about housing opportunities throughout Boston and the region. Through the establishment of a Fair Housing Advisory Committee, the City will also explore ways to improve the Low-Income Housing Tax Credit Program to make those units available to residents with the most need, and ways to make the Housing Choice Voucher Program the mobility tool it was intended to be within Fair Housing guidelines. The City will also enhance its homebuyer education courses with Fair Housing rights training to aid good home ownership outcomes among persons of color.

## 5. Reduce the number of problem properties

Some of the City's worst landlords view code enforcement fines and bad publicity from police activity as the cost of doing business. Therefore, at the small number of designated problem properties owned by these bad actors, the City should use the power of the Problem Property Task Force to charge owners \$300 per day per uncorrected violation, as well as to bill the owners for the costs of the public safety response to the property. These measures are designed to make it financially infeasible to negligently operate a blighted property in the City. To ensure this tool is used effectively to turn around blighted properties, the City should maintain a list of the 25 most problematic properties in the city and focus on the aggressive implementation of these financial penalties.



Additionally, the City should use the tax foreclosure process to strategically acquire vacant and blighted property. While Boston consistently maintains a property tax collection rate of nearly 99 percent, at any given time, there are several hundred properties citywide with tax delinquencies of two years or more where the City has filed a tax taking to reserve the right to foreclose if the delinquency remains unpaid.

In cases where blighted and vacant properties have remained on the tax taking list for multiple years with no resolution, the City will continue to move to prioritize these foreclosures. Once in the City's inventory, the City can control the sale of these properties, not only returning them to productive use, but where appropriate, using the sale as an opportunity to create deed-restricted affordable and middle-income housing.

## **6. Support new connections between Boston's health care industry and housing development**

The City will work with stakeholders to bring policy makers and practitioners in the healthcare fields together with nonprofit and private community development professionals. Convening this conversation will result in new programs and pathways that support the connection between housing and health benefits.

Boston must partner with local experts and institutions to help find new ways to direct resources towards housing quality improvements, and to ensure that communities with demonstrated health disparities reap the benefits of the Affordable Care Act's requirements for health care industry investment.

In addition, working with the Inspectional Services Department, the Boston Public Health Commission, the Office of Fair Housing and Equity, and others, the City must continue to support the success of Boston's Healthy Home Initiative in order to promote good health outcomes for Boston's children and families.

## GREEN AND SUSTAINABLE HOUSING

As a coastal city, rising seas, storm surges, and other extreme weather events pose a significant threat to Boston's infrastructure and neighborhoods, including its housing stock. The City is currently in the process of updating its Climate Action Plan, which will be released by the end of 2014. The updated plan will help ensure Boston achieves its carbon reduction goals and is prepared for the impacts of climate change. It is important that Boston's housing goals support this initiative.

Boston is a national leader in preparing for the impacts of climate change and reducing greenhouse gas emissions to mitigate climate change. The City has set aggressive carbon reduction goals of 25 percent by 2020 and 80 percent by 2050. Boston's current Climate Action Plan, with active involvement and support from Boston's residents, businesses, institutions, and community partners, has helped the city make significant progress towards reaching these goals.

But while these efforts are beneficial, Boston must prepare for the potential of more severe weather events, and must aid Bostonians in retrofitting aging housing stock to not only withstand those challenges, but also to become more energy-efficient and self-sustaining overall. Boston must also strive to produce new green housing that positively contributes to the environment and to the city.



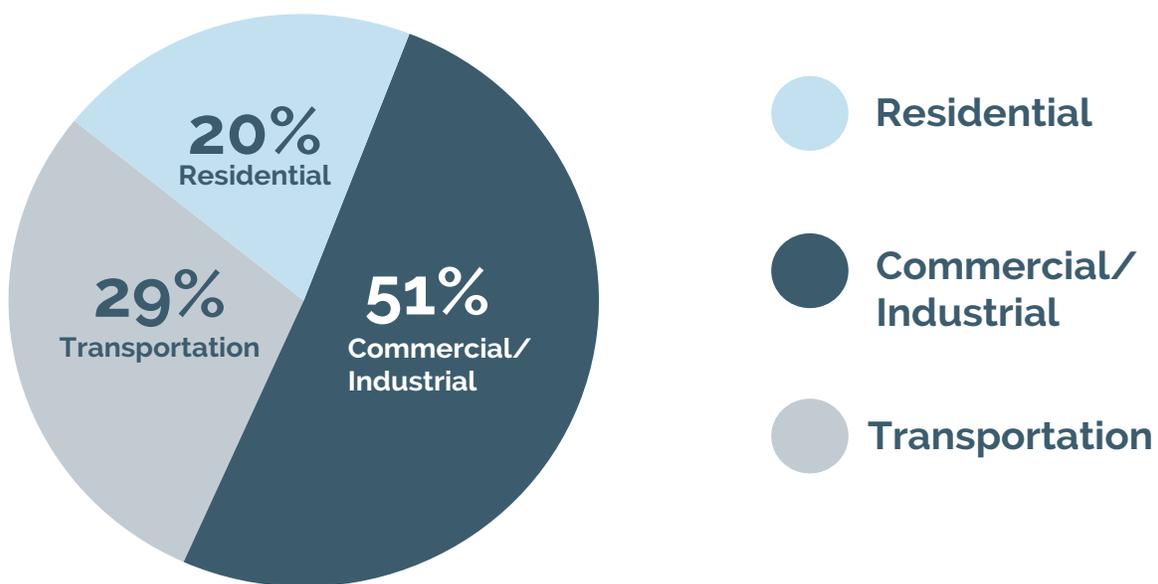
### More than 20 Percent of Boston's Carbon Footprint Comes from Housing

Residential housing accounts for approximately 20 percent of citywide greenhouse gas emissions (Graph 2). The City's Climate Action Plan calls for the residential sector to reduce emissions by approximately 100,000 metric tons of CO<sub>2</sub>e by 2020. National and regional policies such as the Regional Greenhouse Gas Initiative (RGGI) and new proposed Federal power plant regulations will continue help reduce emissions from our buildings over time. However, if Boston is to reach its greenhouse gas reduction goals, Bostonians must make significant reductions in the amount of energy used in our homes.

### Accommodating and Encouraging Growth in the City

Boston's successful growth is a critical factor in the regional and state effort to reach carbon reduction goals. The more jobs and people that migrate to Boston, as opposed to the surrounding suburbs, the lower the region's carbon footprint will be. Urban dwellers generally live in smaller housing units than suburban residents, using less energy to heat and cool. According to the 2014 Vehicle Census of Massachusetts, city dwellers are also more likely to take public transportation, bike, or walk to work (Graph 3).

GRAPH 2: Greenhouse Gas Emissions by Sector



The lack of affordable and more moderately priced housing is often a driving force for people leaving the city. A robust plan not only to accommodate Boston's growth, but also to encourage it through increased production of more affordable and accessible housing, will make for a healthier, more sustainable city and region.

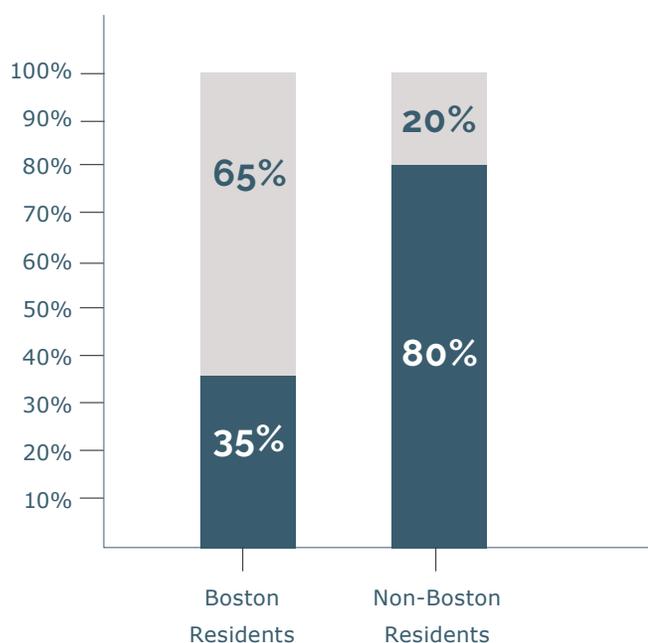
### Preparing for Climate Change

Even if the world were to stop emitting greenhouse gas emissions today, the planet would continue to warm due to the carbon that has already been released into our atmosphere. While the City is taking steps to reduce emissions, it must ensure that all housing, public or private, existing or proposed, is

prepared for the impacts of climate change over the projected lifespan of the building.

To address the matter of climate vulnerable properties, Boston completed "Climate Ready Boston: Municipal Vulnerability to Climate Change" in 2013. The report assessed how climate change might impact city services, facilities and infrastructure. As part of this report, the Boston Housing Authority (BHA) identified seven high-priority vulnerable properties, which account for approximately 1,500 units of housing in low-lying, coastal areas. The BHA's upcoming annual and five-year capital construction plans will begin to address these vulnerabilities. In the short term, buildings will be upgraded when old or outdated equipment is replaced.

GRAPH 3: **Commuter Mode Share**



#### Legend

- Drive alone
- Take alternative transportation

Source: Vehicle Census of Massachusetts, Metropolitan Area Planning Council, 2014



In addition, more extreme weather events will adversely impact Boston's energy delivery system, and Boston's homes should be prepared to respond to more frequent power outages. Ensuring that homes are well-insulated in the event of a power outage is an important way to help homes remain comfortable and safe in adverse conditions.

### Green Buildings

A growing segment of new homes in Boston and across the US are being built to green building standards. According to the US Green Building Council (USGBC), a building is "green" when the planning, design, construction, and operation of that building begins with several central considerations, including energy use, water use, indoor environmental quality, material selection, and the building's effects on its site. While there are a variety of standards and models for green buildings, the most commonly adopted standard is the USGBC Leadership in Energy and Environmental Design (LEED). More than 140 buildings in Boston have LEED Certification.

In 2007, Boston became the first city in the U.S. to adopt green building standards by amending Article 37 of the municipal zoning code to require that

all large-scale projects meet LEED certification standards. Expanding green building design into the residential market will be key to enhancing the sustainability of Boston today and in the future.

### Energy Affordability

With home energy use estimated to cost Bostonians between \$1,500 and \$4,000 per year, reducing the costs through energy efficiency and other reduction measures will not only help the City meet its greenhouse gas reduction goals, but will also help keep homes more affordable. According to the State Department of Energy Resources, Massachusetts has the sixth highest electricity costs, and the seventh highest natural gas costs in the US.

Despite a recent dip in natural gas prices, prices are back on the rise. Since natural gas is the primary fuel for generating electricity in the region, NSTAR raised their electricity rates between 2013 and 2014. The cost of home heating oil, which is the primary heating fuel for 31 percent of Massachusetts residents according to the US Office of Energy Information Administration Survey, is also rising. Prices have tripled since 1990 and doubled since 2005.

## Green and Sustainable Housing: Key Issues

### The cost of green buildings: debunking the myth

Despite study after study demonstrating otherwise, conventional wisdom holds that green buildings are more expensive to build and operate than traditional construction. A recent review from USBGC of roughly 21,000 projects totaling 3 billion square feet made a compelling business case for green buildings, surmising that “building green does not necessarily need to cost more, particularly when cost strategies, program management and environmental strategies are integrated into the development process right from the start.”

The story of 81 Brent Street, Dorchester’s first LEED Platinum home, is a prime example. After being told that green, affordable housing was not possible in her neighborhood, Cynthia Loesch, a community leader with no building experience, set out to prove otherwise. At the end of the project, Ms. Loesch was able to build a three-family home for approximately \$450,000, a cost on par with conventional construction. The home is 45 percent more energy efficient than the average home, and since the home was completed in 2011, the Loeschs have yet to turn on their heating system.



81 Brent St: This LEED Platinum home in Dorchester is 45% more energy efficient than the average home.



### Getting from Energy Efficient to Energy Positive

As the City continues to advance green building through innovative policies and practices, it must also look beyond energy efficient buildings toward energy positive homes. Boston's Energy Positive (E+) Housing Program has demonstrated that energy positive homes are possible. The primary requirement of an E+ home is that it generates more energy than it consumes. The first project, completed in August 2013, was a four-unit development that will produce approximately twice as much energy as it consumes. While the units did cost about 15 to 20 percent more than a conventional unit, they sold quickly and will have reduced expenses over time.

### Retrofitting Boston's Existing Housing Stock

While greening new construction is important, Boston must also make significant improvements to its existing building stock, both in terms of energy efficiency and climate preparedness. Since only one percent of the city's building stock is replaced each year, an extensive retrofitting plan is essential. The City of Boston, in partnership with the Commonwealth and the utility companies, has excellent residential energy efficiency programs. In 2013, Boston was named the most energy efficient city in the nation based on its policies and programs, and Massachusetts was named the most energy efficient state. Through the City's Renew Boston program, residents living in buildings with four or fewer units can receive a free energy assessment that



Boston's first Energy+ housing development in Roxbury produces about twice as much energy as it consumes.

includes energy efficient light bulbs, a programmable thermostat, and other products to help reduce energy consumption. The assessment also connects them to rebates, incentives, and installation services for home weatherization.

Most energy efficiency and renewable energy programs and incentives, such as Renew Boston, primarily target homeowners who are in a position to make the investments in their homes and will reap the savings; however, renters make up 66 percent of the city's residents. In addition, low-income homeowners may not have the capital to make these investments.

To that end, innovative financing and incentives are key to motivating landlords, renters, and homeowners to make the necessary investments in Boston's existing housing. To address the renter-related energy efficiency challenge, Renew Boston developed the "Whole Building Incentive", which provides landlord coordination support and additional utility incentives when all units in duplexes and triple-deckers undergo weatherization at the same time.

Boston recognizes the significance of multifamily building energy performance and looks to recapitalize and reinvigorate the Energy Retrofit Program. Originally funded by the Federal American Recovery and Reinvestment Act and Boston's Inclusionary

Development Program funding, the program helped owners perform energy audits on affordable multifamily buildings to evaluate building performance and undertake strategic energy improvements. Boston will work with partners such as the Local Initiatives Support Collaborative, New Ecology, Action for Boston Community Development, the Commonwealth's Clean Energy Center, and Boston Community Capital to create a new program that provides technical and financial assistance to owners of affordable multifamily properties, creating operating savings and stabilizing project cash flow.

Boston's existing housing stock will also need to be retrofitted to prepare for the changing climate, coastal flooding, and extreme heat. Boston's coastal neighborhoods such as East Boston, Dorchester, South Boston, the North End, and Charlestown are particularly vulnerable to sea-level rise and storm surge. There are a variety of actions that homeowners, renters, and landlords can take in the near term to minimize this risk and the potential damage that can occur.



## Green and Sustainable Housing: Goals

The following goals provide a high-level framework concerning Boston's leadership in green housing. More specific goals and actions relating to sustainable housing will be released with the 2014 Climate Action Plan Update.

### 1. Increase energy efficiency of existing housing units

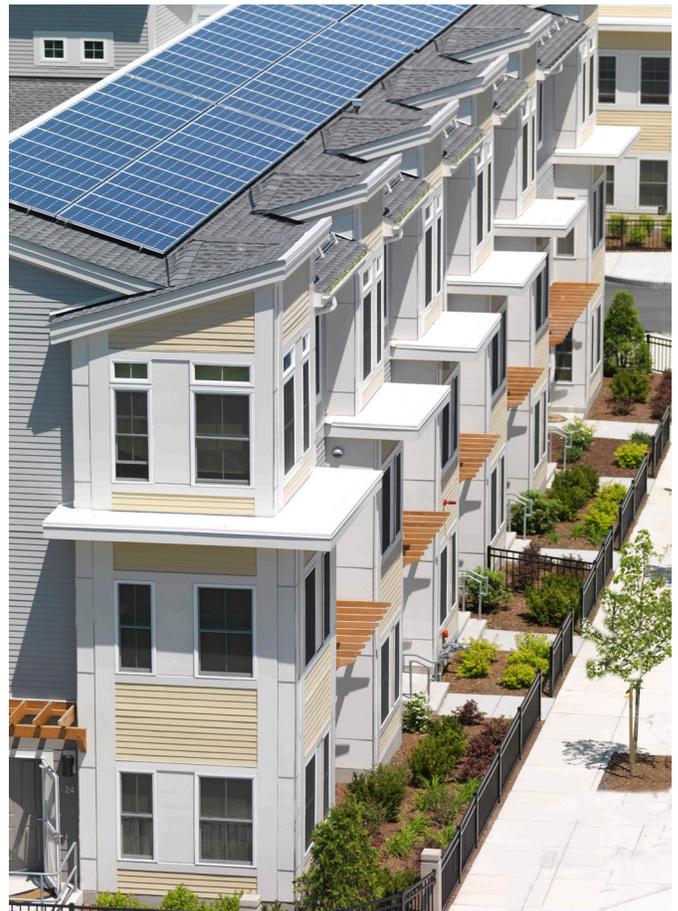
Building system upgrades and home weatherization will be critical for meeting the city's climate action goals. It will also help stabilize monthly energy bills for residents.

### 2. Work to reduce carbon impacts and incorporate advanced sustainable building design in new housing developments

Progressively advocate for green building and energy efficiency standards for all new and major renovations of residential building as the markets develop. Work to achieve these standards with minimal impacts to overall development costs.

### 3. Prepare Boston's housing stock for sea-level rise, extreme heat and natural disasters

The City will continue to work on educating renters and homeowners alike about projected climate impacts, and what they can do to prepare their homes. Simultaneously, the City will explore policy options, planning initiatives, and incentives to ensure that new and existing housing is prepared for the effects of climate change.



Solar panels on Old Colony BHA housing

## Green and Sustainable Housing: Actions

### 1. Recognize and promote green building leaders

The City of Boston will expand its efforts to recognize leadership in green building design and construction. The annual Greenovate Boston Awards should recognize a residential green building renovation and new construction project each year. Furthermore, the City should help facilitate and organize an annual Green Home tour, which will provide education for homeowners, contractors and builders.

### 2. Incorporate green building education into job training programs

The City of Boston will partner with local high schools and universities to help students develop the job skills necessary for a changing and evolving green building industry. As an example, the City will strive to mirror the partnership that was established with the New England Regional Council of Carpenters on the four-unit E+ development in Roxbury, where up to 125 union carpenters and apprentices donated skills and gained experience in E+ building.

### 3. Explore energy scores for residential housing

A home energy score is similar to a car's mile-per-gallon rating. There are a variety of programs and standards for scoring or rating homes based on their energy efficiency. The City will explore promoting such rating systems for homes and apartments.

### 4. Enforce the building energy code

Boston adopted the stretch energy code in 2010 to improve the energy efficiency of new construction. As of 2014, this stretch code has been fully adopted across the state. The City of Boston will continue to support the building industry to help them meet these building code energy standards.

### 5. Identify opportunities to integrate no-cost energy assessments into the permitting process

A home renovation project is an ideal time to undertake home energy efficiency improvements. The City should explore how to coordinate no-cost home energy assessments with the permitting process, in order to encourage Boston households to take advantage of the energy programs that are available.

### 6. Continue to explore new outreach strategies for Renew Boston

Renew Boston will continue to utilize and expand community-based outreach to sign up residents for home energy assessments and to support eligible projects through the weatherization process. The City will also explore ways to improve the coordination between Renew Boston's outreach and the Boston Home Center to further drive participation in the program.



### **7. Improve owner access to retrofit project finance**

Working with its partners, the City will continue to promote financing programs for multi-family housing energy efficiency and resiliency projects. In addition, the City will strengthen current programs, develop innovative financing structures, and commit new investment capital to funding building system upgrades.

### **8. Ensure developers, owners, and tenants understand how climate change will impact housing and provide guidance on preparing their homes and buildings for these impacts**

To reach and motivate its residents, the City will continue and expand its outreach campaign about the projected climate impacts facing neighborhoods and what individuals can do to reduce their vulnerabilities. The City will identify technical and financial resources, with special attention to the needs of low-income and vulnerable populations.

These resources will support residents in preparedness actions, such as elevating utilities in the basement, insulation, hurricane-proofing roofs, and landscaping strategies that reduce extreme heat and mitigate flooding.

### **9. Prioritize new construction along public transit and increase other options for alternative modes of transportation**

Where feasible, encourage infill and density along existing and proposed public transportation corridors. Explore reform of parking standards to accommodate non-automobile centric development; increase the bikeability and walkability of Boston's neighborhoods by accelerating implementation of the Complete Streets Guidelines.

### **10. Ensure that BHA buildings meet their current Climate Action Goals**

By 2020, the BHA will reduce energy and water consumption in their properties by 25 percent. Options to exceed this goal will be explored.

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## RESOURCE DEVELOPMENT

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To ensure the prosperity of the city reaches every corner of Boston, the City must be a responsible steward of public funds, carefully investing these valuable resources for the greatest benefit. The City is lucky to have strong partners who generously fund housing production and programs in Boston.

Although the City has these strong partners, funding for community development and affordable housing is decreasing. It is more important than ever to control costs while identifying new sources to support Boston's growing demand for housing.

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Affordable housing in Boston is funded using both public and private resources. Boston is fortunate to have strong working relationships with many public and quasi-public funders including the US Department of Housing and Urban Development (HUD), the State Department of Housing and Community Development (DHCD), MassHousing, MassDevelopment, Mass Housing Partnership (MHP),

the Massachusetts Housing Investment Corporation (MHIC), Metropolitan Boston Housing Partnership (MBHP), and the Community Economic Development Assistance Corporation (CEDAC). In addition, the City benefits from a network of private banks, non-profit organizations, and philanthropic lenders that are committed to the development of affordable and mixed income housing.



In order to determine new financial models and resources for housing production and programs, it is important to understand the current sources of funding available to the City.

The following is an outline of the various resources the City currently uses to build and preserve affordable housing.

## FEDERAL FUNDING RESOURCES

### Community Development Block Grant (CDBG)

The City receives an annual allocation of funds directly from HUD, based on a national formula. This program provides funds to the City for a range of neighborhood development activities including but not limited to neighborhood business development, homeowner assistance, homebuyer assistance, housing development, Fair Housing Initiatives, Metrolist and Affirmative Marketing Activities, job training programs, and community gardens. Forty-three percent of Boston's CDBG grant goes to housing-related activities.

### HOME Partnership Program (HOME)

Directly allocated to the City by HUD, this program provides funds to the City to undertake affordable housing development and preservation. HOME funds are also allocated to the State, and eligible Boston developments may apply to the State for matching funds.

### Lead Hazard Control (LHC)

The City receives Lead Hazard Control Grants from HUD through a competitive process. These funds are used to remove lead-based paint, primarily in homes with children under the age of six.

### Low Income Housing Tax Credits (LIHTC)

This is the single largest Federal resource for affordable housing. Managed by the State, Federal 9% and 4% LIHTC allocations are awarded to developments through competitive applications. The tax credits are sold to investors and the funds raised are used to pay for the cost of building and preserving affordable housing.

### HUD Section 202 Funding

Historically, this program provided both capital funds as well as on-going operating support for affordable elderly housing developments. In FY10, HUD made significant cuts and changes to the program, eliminating the capital funding. Currently, the program only provides operating support for elderly developments, and is provided to the State for distribution.

### Federal Competitive Programs

The federal government offers special purpose grants through national competitions. Recently, Boston successfully secured and utilized Neighborhood Stabilization Program funds, Choice Neighborhoods Implementation and Planning Grant funds, and Community Challenge Planning Grant funds for use in its affordable housing and community development efforts.

## STATE RESOURCES

The Commonwealth of Massachusetts has always been a critical partner with the City in the development and preservation of affordable housing. The City does not directly receive State funds; rather, affordable housing developers pursue State funding through competitive funding rounds.

### Housing Bond Bill Funds

The State funds much of its affordable housing activities through multi-billion dollar Housing Bond Bills. The Bond Bill provides approximately \$100 million annually for private affordable housing throughout the Commonwealth. These resources are allocated to a number of State programs that provide funding for new housing production, rental preservation, supportive housing, and accessibility modifications.

### State Tax Credits

In addition to the Bond Bills, the State legislature approves state tax credits that are used to support

affordable housing and community development activities. Like the federal LIHTC program, the state tax credits are awarded to eligible developments on a competitive basis, and the credits are sold to raise private capital used in housing development.

### State Real Estate

Massachusetts' State agencies, such as the Department of Transportation (DOT) and the Department of Capital Assets Management (DCAM), are significant owners of real estate in Boston. When State properties are no longer needed, they can become valuable sites for redevelopment.

### Other State Resources

Critical financing and subsidies for housing developments are provided by MassHousing, MassDevelopment, MHP, MBHP, CEDAC, and others. Additionally, State programs such as MassWorks and Brownfield Funding can be critical to ensuring the feasibility of an affordable housing development.





## CITY RESOURCES

### Linkage Program

Created in 1983 through a State enabling act, the Linkage Program charges a fee on all commercial and institutional development projects larger than 100,000 square feet. The current housing rate of \$8.34 per square foot was established late in 2013. Uses of Linkage housing funds are tightly restricted by the Linkage enabling law. These funds can only be used for low- and moderate-income housing production and preservation.

### Inclusionary Development Program (IDP)

The City's IDP allows private developers of market-rate housing to make "cash in lieu of" or cash-out payments to the City if the required IDP affordable units are not located on-site at the market-rate housing. The arrangement must be agreed to in advance by the BRA, and the funds generated are used to support the creation of affordable units in other developments throughout Boston.

### City Appropriations

Beginning in 2001, the City dedicated funds it received from the sale of surplus property as a resource for the development of affordable housing. More recently, the City has also provided a direct annual allocation from the General Fund to further support the creation and preservation of affordable housing.

### City Real Estate

The Department of Neighborhood Development (DND) and the Boston Redevelopment Authority (BRA) have real estate holdings that are often used to support the creation of affordable housing. In some cases, the real estate is sold for a nominal price to affordable housing developers to provide a substantial real estate subsidy for these developments.

## RESOURCE TRENDS

In recent years, there has been a reduction of Federal resources for housing programs. The funding for public and private affordable housing development has been especially impacted. The City has been able to identify and make available funding to partially offset these losses.

### City-Controlled Resources

Boston's allocations of CDBG and HOME funds have been subject to substantial cuts over the past ten years. The CDBG program cuts have been made slowly but steadily, with the total allocation reduced by more than 26 percent over the last 10 years. The HOME funding cuts are more recent and substantial in nature; since 2012, Boston's allocation of HOME funds has been reduced by more than 47 percent. It is expected that further cuts to these two critical resources will be proposed.

Revenue from the Linkage program has been relatively stable, relying on commercial and institutional building development. The City anticipates that this resource will remain relatively level.

The greatest increase to Boston's revenue sources has been a 95 percent increase of IDP Funds. No assumption has been made that IDP Funds will continue to increase at this rate. The housing market is cyclical in nature, and it is anticipated that IDP revenue will show variation throughout the term of this housing plan (See Table 34).

#### Externally-Controlled Resources

##### **State Subsidy Programs**

Over the last five years, Boston developments have received consistent support from the State subsidy funding programs, averaging almost \$35 million per

year (Table 35, page 108). With a pipeline of strong affordable housing developments in Boston, we believe that the State will make every effort to sustain that level of support.

##### **Federal Tax Credits**

LIHTCs are a critical resource for the production and preservation of affordable housing. Currently, an allocation of 9% LIHTCs can raise as much as \$160,000 per unit of funds to pay for eligible costs. These 9% Credits are extremely attractive to affordable housing developers, but the amount of 9% LIHTC allocated to the State in any given year is limited, making competition fierce. Boston currently has a multi-year queue of affordable housing developments seeking an award of this valuable federal resource from the state. Somewhat less constrained, 4% LIHTC is a function of the State's private bond cap authority. Currently,

TABLE 34: **10 Year History of Boston's Housing Fund Sources**

REVENUE SOURCE	2004-2007	2008-2011	2012-Q2/14	% Change 2004-2014
Average Annual CDBG Appropriation <sup>1</sup>	\$22,173,549	\$19,583,061	\$16,383,737	-26.1%
Average Annual HOME Appropriation	\$8,267,209	\$8,069,049	\$4,344,446	-47.4%
Average Annual Linkage Collection	\$6,429,130	\$6,431,029	\$6,526,585	1.5%
Average Annual City Budget Appropriation	\$3,707,750	\$5,162,000	\$5,250,000	41.5%
Average Annual IDP Cash-Outs Approved <sup>1</sup>	\$5,190,445	\$5,455,338	\$10,153,505	95.6%

<sup>1</sup>Represents total City allocation of CDBG funding, of which an average of 43% goes to housing activities

<sup>2</sup>Cash Out Agreements take effect at building permit issuance. Funds are collected over a period of up to seven years.



an allocation of 4% LIHTC from MassHousing or MassDevelopment can raise as much as \$100,000 per unit of funding. Although less lucrative than the 9% LIHTC program, the allocation of 4% LIHTC can be obtained more quickly, shortening the development timeline and providing potential cost savings. The availability of 4% LIHTC is expected to remain stable, and Boston is working on developing financial models that will result in more affordable housing developments accessing this resource.

#### **Other Federal Programs**

Although trends indicate that fewer federal resources will be made available for affordable housing

and community development, Boston continually monitors the availability of competitive grants from HUD. In recent years, DND successfully applied for and received a Choice Neighborhood Implementation Grant of \$20.5 million to support affordable housing and community improvements to the Quincy Street Corridor. The BHA has received a Choice Neighborhood Planning Grant for the Whittier Street Development and expects to submit an application for an Implementation Grant soon.

TABLE 35: **State Subsidy Funds for Affordable Housing in Boston 2009-2013<sup>1</sup>**

Year	Funding
2009	\$24,299,552
2010	\$44,619,638
2011	\$35,336,542
2012	\$31,799,755
2013	\$38,410,463
<b>Average Annual</b>	<b>\$34,893,190</b>

<sup>1</sup> This accounting does not include tax credits

## Resource Development: Key Issues

Additional resources are required to meet Boston's growing need for affordable housing. To meet the goals of this housing plan, the City will need to secure a housing budget of \$51 million, an increase of \$20 million annually. The City must also continue to successfully leverage both private and public resources to support the increased production this plan envisions (Table 36).

### POTENTIAL INCREASES: CITY SOURCES

#### Inclusionary Development Program Fund

In July 2014, the management of the IDP Fund was transferred from the BRA to DND. There remains \$57.2 million in obligations to the City, with \$54.7 million of those obligations not yet due or collected. This

\$57.2 million has yet to be obligated to any affordable housing projects (Tables 37 and 38, page 110). These uncommitted obligations have been factored into Boston's \$31 million current annual revenue projections.

Additional IDP resources will come from new market-rate developments that are approved to make cash-out payments, rather than build affordable units on site. In addition, Boston will consider changes, such as increasing the amount of the cash-out floor price to be closer to the actual cost of producing an affordable unit, which would increase the amount that would be paid into the IDP Fund. This one change could significantly increase the funding available for affordable housing.

TABLE 36: **Estimated Annual City Funding Requirements to Deliver Boston 2030 Goals**

Housing Program	Current City Funding	Projected Need
Senior Homeowner Assistance	\$2,100,000	\$3,100,000
Non-Senior Home Repairs	\$2,600,000	\$2,500,000
Homebuyer Assistance	\$1,100,000	\$2,100,000
Affordable Homeownership Production	N/A	\$1,600,000
Low Income Family Rental	\$22,200,000	\$32,000,000
New Low Income Elderly	N/A	\$7,100,000
Low Income Rental Preservation	\$3,000,000	\$3,000,000
<b>TOTAL</b>	<b>\$31,000,000</b>	<b>\$51,400,000</b>



The City of Boston also believes it is important to simplify and standardize the process for cash-out agreements, assuring that all cash-out requests are evaluated consistently.

### Linkage Program

The governing legislation of the Linkage Program allows the City to make adjustments for inflation every three years. In order to prevent the future loss of Linkage income when inflation adjustments are not implemented in a timely manner, the City intends to make the inflationary adjustment automatic. The

adjustment would take effect no more than 30 days after the publication of the inflation index on the 3-year anniversary of the last adjustment.

Making other significant changes to the Linkage Program will require action through the State Legislature. While the City is not opposed to making changes, such as lowering the square footage threshold below the current 100,000 square foot level, such changes must be more fully discussed with Boston's State, nonprofit and commercial development partners.

TABLE 37: Cumulative IDP Fund Status as of July 1, 2014

Transaction	Amount
Value of All Executed Agreements Since 2000	\$101,346,599
+ Value of Pending Agreements Awaiting Execution	\$12,820,086
= Total Estimated IDP Revenues Paid or Owed	\$113,866,685
- IDP Funds Expended/Awarded As Of 7/1/14	\$56,653,882
<b>= Uncommitted Balance As Of 7/1/14</b>	<b>\$57,212,803</b>

TABLE 38: Cash Status of IDP Fund as of July 1, 2014

Transaction	Amount
Uncommitted Balance As Of 7/1/2014	\$57,212,803
- Revenue Remaining To Be Collected	\$54,682,092
<b>= Uncommitted Cash As Of 7/1/2014</b>	<b>\$2,530,711</b>

**Community Preservation Act (CPA)**

The CPA allows communities to create a local Community Preservation Fund for open space, historic preservation, and affordable housing. Community preservation monies are raised locally through a surcharge of the tax levy against real property of up to three percent. Municipalities must adopt CPA by ballot referendum. Currently, 155 cities and towns across the Commonwealth have approved CPA.

In addition to funds raised by the surcharge, the CPA statute created a statewide Community Preservation Trust Fund. This fund provides matching distributions of funds each year to communities that have adopted CPA. The matching funds come from a surcharge on transaction fees at the Registry of Deeds and special appropriations by the State legislature.

The current statute allows for communities to exempt the first \$100,000 of value for all properties and also allows the exemption of 100 percent of the value for

low-income and elderly homeowners. If Boston were to adopt a surcharge of one percent, and provide these exemptions, funds from CPA would provide a significant revenue stream to support affordable housing, historic preservation and open space initiatives (Table 39).

In addition to the local funds that CPA would generate, Boston would receive matching funds from the State’s Preservation Trust Fund. Table 40 (page 112) illustrates the amount of State funds that Boston could receive based on the current 52.2 percent match rate. Communities can decide on the distribution of funds across the three areas covered under the CPA, as long as each area - open space, historic preservation and affordable housing - receives at least 10 percent of the total available.

Even if only half the CPA revenues were dedicated to affordable housing, this new resource would provide approximately \$10 million of the estimated \$20 million in new funding required by this plan. The City should

**TABLE 39: Potential CPA Revenue with 1% Surcharge Exempting First \$100,000 of Value on all Properties and 100% Exemption for Low-Income & Elderly Homeowners**

	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Yearly Total</b>
Total tax levy	\$678,415,075	\$923,921,484	\$22,061,837	\$1,624,398,396
CPA Revenue: 1% surcharge Before Exemptions	\$6,784,151	\$9,239,215	\$220,618	\$16,243,984
CPA Revenue: 1% surcharge With Exemptions	\$3,946,994	\$8,989,338	\$200,601	\$13,136,933



consider supporting the placement of a CPA measure on the ballot, provided the affordable housing, open space, and historic preservation advocacy communities are able to organize a coalition to facilitate passage of this measure.

**City Budget Appropriation**

Working with the budget office, the City will also seek to establish a dedicated line item in the annual budget to support senior housing programs. This new funding will support senior homeowner programs, including home repair, energy conservation, and foreclosure prevention programs. In addition, a part of these additional appropriations will support new rental housing production for seniors, preservation of at-risk existing senior housing, and services to help the most cost-burdened seniors achieve access to existing affordable housing. City resources dedicated for senior housing programs will be dependent upon other budget needs, and reviewed yearly.

In addition to creating its own line item for senior housing, Boston will recommend that the incoming State administration make a similar commitment to its seniors by adding a line item in the State budget for senior housing.

**POTENTIAL INCREASES: EXTERNAL RESOURCES**

Boston will need to continually look for new resources to support the housing goals established in this plan. This effort will include finding ways to leverage increased private funding, while looking for new philanthropic partners.

It will also include finding ways to better access existing programs such as the State Tax Credit Program for Gateway Cities, the Federal 811 Housing for Persons with Disabilities Program, and MBHP’s Home Modification Loan Program (also used to create housing opportunities for owners and tenants with disabilities). In addition, the City will work with the State to reinvigorate programs such as the Priority Development Fund and Transit-Oriented Development Housing grants to support additional housing development in Boston.

TABLE 40: **Projected Housing Funds from CPA**

Surcharge Income	\$13,136,933
State Matching Funds (52.2%)	\$6,857,479
Total CPA Income	\$19,994,412
<b>If 50% were allocated to Affordable Housing</b>	<b>\$9,997,206</b>

## Resource Development: Goals

1. Increase the amount of City-controlled funds available for affordable housing by approximately \$20 million per year, from \$31 million to \$51 million, in order to meet the increased production goals outlined in this plan
2. Work to maintain funding levels and support existing programs, such as CDBG, HOME and LIHTC, Federal Leased Housing, Public Housing Capital and Operating Programs. Work to counter recent national trends that would further reduce the availability of these valuable resources
3. Continually evaluate the resources needed to achieve the production goals of this housing plan, recognizing that costs and revenues will need to be continually adjusted

An important function of the Housing Task Force will be to oversee progress on this housing plan, including the budget required to meet stated goals. The City will work with the Housing Task Force to evaluate the budget and make changes as required.

The City must continue to advocate for continued Federal funding. The success of this housing plan depends on continuing to receive critical funding for the creation and preservation of both public and private affordable housing.





## Resource Development: Actions

### 1. Review the Inclusionary Development Program

Review the Inclusionary Development Cash-out Policy to determine the feasibility of a higher cash-out floor price, coupled with a simpler, less discretionary policy for approving cash-out requests.

### 2. Explore creating a line item in the City and State budgets for senior housing programs

To respond to the increased senior population, request a Senior Housing Line Item in the City and State budget to support low-income senior housing production and senior homeowner and renter stabilization and support services.

### 3. Adjust Linkage regulations to increase revenue

Implement automatic Linkage fee adjustments. Work with the commercial development community and State legislative leadership to consider lowering the 100,000 SF exemptions, in addition to other responsible changes that would result in increased revenue.

### 4. Evaluate the Community Preservation Act

Evaluate the impacts and benefits of CPA. Consider supporting a broad coalition to facilitate the passage of the measure. If passed, work with the State to maximize the match funding available.

### 5. Identify new resources and maintain existing funding

Continue to explore all Federal, State and private resources that could help to further the goals of this plan. Work with housing advocates and other State agencies to support maintaining or increasing existing funding levels. Examine new and reinvigorate existing programs to support growth.

### 6. Maintain and sharpen Boston's competitive edge

Continue to work with housing developers to present the most competitive, cost-effective affordable housing applications to DHCD and other State funders. This includes applying new building efficiencies, designs, and technologies to reduce construction costs where possible.

### 7. Work with State and private partners to expand funding options for new affordable housing

Working closely with DHCD and public/private lending partners, the City will develop alternate funding paths for new affordable housing production that expands both State and City capacity.

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## GOVERNMENT EFFICIENCY AND ACCOUNTABILITY

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Successfully delivering on the goals of this plan requires that the City not only make significant changes to its approach to housing development, but also requires significant reforms in how it conducts its business. There are many existing administrative systems that, left unchanged, will present substantial obstacles to achieving the goals of this plan. A new administration presents a singular opportunity to make the necessary reforms toward a more efficient, and more transparent, City Hall.

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Mayor Walsh has already demonstrated his support for major reforms to the City's permitting process in order to support his economic development goals. A major component of this permitting reform will include transparency improvements, which are critical to achieving community support for the increased housing development envisioned by this plan. Furthermore, the housing services provided by both government

and non-profit partners can achieve greater results for Bostonians through enhanced collaboration. As the City embarks on the new priorities established within this plan, Boston is in a unique position to establish regional and even national leadership on housing policy. However, this vision can only be realized through accountability to the goals established here and through strong, lasting partnerships.



## Government Efficiency and Accountability: Key Issues

### The Permitting Process is Complex and Difficult to Navigate

The City has a complex permitting process, which, although created to protect the public good, has had the unintended consequence of stifling development and creativity while increasing costs and time for completion of projects. The zoning process can force developers to submit significant and sometimes costly changes to designs, and the community process can be opaque and unpredictable.

To avoid delay, developers will often design homes that conform narrowly to the requirements of zoning, even if the resulting design is not as good for the site as a building that requires zoning relief. A system where adherence to narrow zoning requirements trumps good design is not a system that is going to yield housing production of the quality and scale that this plan envisions.

A changing Boston requires the ability to build well-designed, cost-efficient housing, and changes to the permitting process will remove significant bottlenecks toward achieving this goal.

### The Development Process lacks Transparency

Currently, it is challenging for interested citizens to engage fully in the development process. While the City's key development agencies have made significant

improvements to making information about specific developments available to the public, the process of finding this information can be challenging. There are also limited opportunities for the community to make its voice heard outside of scheduled community meetings. Furthermore, data about development projects is often unavailable or scattered across multiple sources.

Increasing housing development to the level envisioned in this plan will require completing numerous projects that will need zoning relief. However, only through transparent community process can the City ensure that new residential development conforms with the character of Boston's neighborhoods and does not create quality of life concerns.

### Housing Services are fragmented and distributed across Agencies

Bostonians who want to rent an apartment, purchase a home, or repair their current home have many opportunities to do so. There are many City programs available to assist citizens at all socio-economic levels; however, there is no single point of entry for issues around housing. Additionally, it can be difficult for citizens to locate the assistance they need unless they are aware of the specific program or agency in which that program is housed.

Currently, housing resources are spread across City agencies, including the Department of Neighborhood Development, the Boston Housing Authority, the Boston Redevelopment Authority, the Fair Housing Commission, the Boston Public Health Commission, and the Inspectional Services Department. Additionally, several important housing services in Boston are coordinated through non-profits as well as programs operated by the Commonwealth. The result is a piecemeal process that can be intimidating to enter, difficult to understand, and too often passes applicants from agency to agency with no common oversight regarding outcomes.

By not having a single access point for all housing issues, the City loses potential opportunities to assist additional people. In addition, housing services in the

City have a broad range of requirements, applications, and waiting lists that can be overwhelming to those who need assistance. Program requirements should be simplified whenever possible.

#### **Boston's Leadership in Innovation remains untapped for Housing**

Boston is a leader in creating housing at all socioeconomic levels; however, this leadership has mainly been established through the City of Boston's relationship with more traditional development partners. Currently, Boston is a hotbed of innovation, but the city's housing policy and development community could do more to partner with the innovation sector in finding technologies, designs or policies that result in new and better housing for Bostonians.





## Government Efficiency and Accountability: Goals & Actions

### 1. Improve the permitting process to stimulate greater housing production

To achieve a greater rate of housing production, the City must remove the administrative red tape and inefficient processing that add risk and cost to development. While the community voice must be heard in shaping the development of neighborhoods, through improved management and community outreach, the results of the permitting process can be made much more predictable for both developers and neighbors. To address existing permitting challenges, the City must take the following actions:

**Improve the permitting application and administrative process by creating a universal online application portal** that will allow developers to track the status of all permits associated with a project, along with identified timeframes for regulatory decisions on each permit. Further reforms to the process should explore options to allow a developer to apply for concurrent zoning relief and design review guidance.

**Reform the Zoning Board of Appeals** through the recently launched ZBA sub-committee targeting small business and small residential construction. By hearing these cases in a separate forum, the City expects scheduling to become smoother and turn-

around times to decrease for cases heard at the sub-committee as well as for larger housing development projects heard before the full ZBA. Additionally, further reforms should target improving the process used to notify the community of issues heard before the ZBA so that all community members are aware of the appropriate forum and timeline for community comment.

#### **Launch a residential zoning reform process**

Working closely with community partners, establish a process to create more as-of-right support for housing production citywide. This process will identify specific areas to be re-zoned for residential density around selected transit nodes. Additionally, this process should include zoning reforms to allow for increased as-of-right development for residential projects sited on vacant lots to encourage appropriate infill throughout the neighborhoods.

**Strengthen performance management** throughout the permitting process. City managers will be immediately made aware of permits outside of acceptable review timelines, so that they can work with employees to improve results. Through data-driven accountability, the City can earn a reputation for delivering more timely and consistent decisions during the development process.

## 2. Commit to complete development transparency

A housing agenda that will increase Boston's housing stock by 20 percent and generate \$21 billion in new development will have long-lasting impacts in all neighborhoods. To that end, residents must be able to easily see what is happening and what is going to happen in their neighborhood at all times. Currently, the City does not have good systems for providing this kind of universal transparency.

While key development agencies such as the BRA, DND, and ISD all have websites where information about their activities is available to the public, this information has not been assembled into a single, user-friendly platform where the public can have a complete, up-to-date understanding of everything that is happening in their communities.

Under the oversight of the Department of Innovation & Technology, the City will create a new, easy-to-access and interactive **Boston Development Online** website. On this site, residents will find all development activities and related public meetings in an easy-to-use platform. Simple features can provide huge benefits; for example, users should have the ability to type in an address, bring up a map of nearby projects, and link to existing web resources (BRA, ZBA, City-owned property sales, etc.).

The website should also provide mechanisms for residents to provide direct input into proposed

development projects. Input options should include both traditional outreach (community meetings and City staff contact information) as well as new communication vehicles designed to reach a broader audience, such as online community forums monitored by City staff. The website must also have multilingual capacities to ensure that non-English speakers can also be informed and have a say.

DND will pilot a new development website this Fall that will allow the public to access all DND-led developments and City-owned surplus property, along with an online forum for community comment. The lessons learned from this pilot launch will be used to launch the Boston Development Online platform in Fiscal Year 2016.

## 3. Centralize the City's housing-related resources

A recommendation of the Mayor's Housing Transition Team that should be implemented on a priority basis is for a consumer-friendly, one-stop center where people in need of housing can more easily access every opportunity available to them.

At the same time, the City wants to ensure that it retains multiple access points for consumers to obtain services in a language and context with which they are comfortable. For many Bostonians, the most convenient and comfortable access point may be a community-based organization, church, or trusted health care provider. Others might



not be comfortable contacting a government agency or using a web site. Therefore, the City will strive to find a solution that provides comprehensive services through a one-stop portal, while also continuing to collaborate with trusted local organizations.

The City of Boston also recognizes that the regulations governing how affordable units are made available are by no means uniform; different subsidy programs can require very different procedures for selecting tenants or buyers. The City also believes that significant progress can be made in simplifying the process if the cooperation of funders and property owners can be secured.

In order to centralize and coordinate housing-related resources, the City will:

***Launch an online housing center*** streamlining the process by which Bostonians can access housing opportunities and assistance. While programs today are often marketed based on who the service provider is, the Online Housing Center will focus instead on presenting services based on customer need. A rent-burdened senior looking for new affordable senior housing, a low-income family seeking a subsidized rental, or a first-time homebuyer looking for an income-restricted homeownership unit will all have different needs.

Upon reaching the Online Housing Center, customers will be able to identify whether they need assistance as renters, current homeowners, or potential homebuyers, and will have access to a simple wizard which can walk them through determining their potential eligibility for programs.

The first launch of this website can simply link customers to each service provider's individual applications for services. Future additions to this website should explore leveraging a strong back-end customer relationship management software (such as DND's investment in Salesforce.com) to create customer assistance cases that will be managed by trained housing experts who will have accountability for results.

Those Bostonians who prefer to access services through a local community-based provider will continue to be encouraged to do so. The City will partner with community-based organizations, churches and others to ensure that social workers, housing counselors, and others are fully trained on how to use the website to assist their clients. This will help ensure that all Bostonians have access to the same services, regardless of how or where they enter the system.

***Explore co-locating City housing policy and service providers at one location.***

The City agencies focused on housing are spread across City Hall, DND's offices at Court Street, BHA's offices at Chauncy Street, and other sites. Co-locating these services may be an opportunity not only for simplifying access for customers and partners, but may also increase the level of collaboration across service and management teams while reducing administrative overhead costs. In 2015, the City should undertake a cost-benefit study to explore co-location of these services.

***Bolster the City's strong partnerships with community-based organizations to expand outreach.***

Community Development Corporations, housing service agencies, and other community-based organizations are essential partners for the City. These organizations often assist hard-to-serve individuals and families, such as linguistic minorities, people with disabilities, seniors, and others who might otherwise have difficulty accessing services. These organizations are also physically proximate to the people being served, can deliver services in the evenings and on weekends, and can leverage significant private and federal money that may not be available to a City agency. Additionally, these groups can bring an entrepreneurial component that might otherwise be missing. The City will continue to fund these organizations to deliver key services and programs including homeownership education, foreclosure counseling, home repair, lending, lead paint abatement, and more.

**4. Establish Boston's Leadership in Housing Innovation**

Although Boston is an epicenter for innovation in the architecture, design, finance and policy realms, few of the innovative new housing models envisioned in our academic and research centers are actually put to use in Boston.

To accelerate the pace of housing innovation, the City will seek partners to create a Housing Innovation Lab, focused on deploying real and practical solutions to address housing needs within Boston. Through a consortium of government, academic, and private-sector partners, the lab's focus will be to rapidly turn ideas into homes.

A successful Housing Innovation Lab should explore all facets of Boston's housing challenges, including innovations to lower the costs of housing, creating greater accessibility through improved design, or using housing policy as a tool for reducing crime. With the right investment and partnership, Boston could be the world leader in establishing next-generation housing that is greener, safer, smarter and more enjoyable for all Bostonians.

To be successful, the Housing Innovation Lab will need the backing and staff support of a well-resourced non-profit or academic partner that the City will work to recruit.



## 5. Ensure ongoing accountability to this plan

In order to successfully implement a comprehensive, 17-year plan, the City must put into place a rigorous process of reporting and accountability. To that end, the City must establish a process by which progress is regularly reported and the plan will be continually updated to keep up with evolving needs and market conditions. To do so, the City will:

***Publish a work plan with clear deadlines*** for each of the goals established in this plan. By creating this work plan by the end of 2014, the City can establish both short- and long-term accountability toward accomplishing these goals.

***Create a quarterly performance scorecard*** that tracks the key operational performance measures central to this plan, and publish this plan using the Boston About Results platform.

***Provide the public with an annual report*** within 60 days of the end of each calendar year that tracks the overall progress made on all of the major strategic goals of this plan. This report should identify the results achieved in addition to the major areas where progress is lacking and assess the

issues driving these trends. This report should also provide updated demographic and market analysis to ensure the goals and strategies of the plan are still relevant and viable.

***Regularly convene the Mayor's Housing Task Force*** to review the progress and issues raised in the annual report. One of the primary responsibilities of the Task Force will be to make recommendations on changes to the plan's goals or strategies where necessary and appropriate.

***Continue to partner with the Office of Fair Housing and Equity***, bearing in mind that accessibility to opportunity is key to achieving diversity. Boston must remain a diverse and welcoming city by ensuring access to fair lending practices, addressing impediments to housing choice, reducing racial and economic segregation, improving access to employment and services, and facilitating broader access to quality healthcare and quality education.

These mechanisms will ensure that Housing a Changing City: Boston 2030 is a living, continually evolving plan that will consistently be calibrated to meet Boston's changing housing needs.

# APPENDICES

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## Appendix A: Demographic Methodology

The City of Boston is grateful for the work done by the Metropolitan Area Planning Council (MAPC) in providing detailed demographic data for this housing plan. MAPC's methodology is explained in the following statement.

### MAPC Population and Household Projections

The population, household, and housing demand projections used for this plan were prepared by the Metropolitan Area Planning Council, the regional planning agency for 101 cities and towns in Metro Boston. MAPC is responsible for preparing socioeconomic and land use projections for the region to support a variety of planning activities, and in January 2014 the agency released population and housing demand projections for the region and its municipalities to the year 2040. A full report, technical documentation, data visualizations, and data downloads are available at [www.mapc.org/projections](http://www.mapc.org/projections). This release represents the most detailed and robust effort ever conducted to forecast the region's future demographic change and housing need.

The projections were developed in consultation with an advisory team that included academic experts, state agencies, neighboring regional planning agencies (RPAs), and staff from the City of Boston. MAPC reviewed reports from other regions nationwide to assess the current state of practice and also reviewed prior projections for our region to assess their accuracy and identify opportunities for improvement. Data sources for the projections include Decennial Census data from 1990, 2000, and 2010; American Community Survey (ACS) data from 2005 to 2011; fertility and mortality information from the Massachusetts Community Health Information Profile (MassCHIP); housing production information from the Census Building Permit Survey database; and MAPC's Development Database.

Since the future cannot be predicted with certainty, identifying a range of possible futures may prove more useful than a single forecast. Our projections include two scenarios for regional growth. Each scenario reflects different assumptions about key trends. The "Status Quo" scenario is based on the continuation of existing rates of births, deaths, migration, and housing occupancy. Alternatively, the "Stronger Region" scenario explores how changing trends could result in higher population growth, greater housing demand, and a substantially larger workforce. Specifically, the Stronger Region scenario assumes that in the coming years:

- the region will attract and retain more people, especially young adults, than it does today;
- younger householders (born after 1980) will be more inclined toward urban living than were their predecessors, and less likely to seek out single family homes; and
- an increasing share of senior-headed households will choose to downsize from single family homes to apartments or condominiums.

Of the two scenarios, Stronger Region is more consistent with the housing, land use, and workforce development goals of MetroFuture, MAPC's regional plan for sustainable and equitable growth and development in the region. As a result, MAPC recommends that municipalities, state agencies, and other users adopt this scenario as the basis for future planning. To that end, Executive Office of Housing and Economic Development has adopted Stronger Region as the basis for the Commonwealth's multifamily housing production goal, and MassDOT is using this scenario for transportation planning purposes.

Consistent with MAPC's recommendations, this plan utilizes the Stronger Region scenario as the basis for planning. Boston's adoption of the Stronger Region scenario for housing planning purposes is an important step toward collective municipal efforts to promote greater housing opportunity and a growing workforce.

### Methodology

Boston's population and household projections reflect a variety of inputs and independently-developed estimates. MAPC developed both regional projections and unconstrained municipal projections, and then adjusted those municipal projections for consistency with regional totals. To support the development of this housing plan, MAPC then conducted additional analysis and adjustment to address issues of particular importance to Boston. As a result, the projections in this plan may not be identical to those previously published.

MAPC first developed regional projections of population by age, gender, and race, utilizing a standard cohort survival methodology with age- and race-specific fertility and mortality rates based on information from the Massachusetts Department of Public Health (DPH). We use disaggregated and adjustable age- and race-specific migration rates to and from the region, based on migration data available from the U.S. Census Bureau’s American Community Survey (ACS) and Public Use Microdata Sample (PUMS). The group quarters population (residents of dorms, nursing homes, prisons, etc.) is estimated as a percent of the population or, for the college-age population, as a fixed number. Household estimates are produced using regionwide age-specific headship rates derived from the decennial census, and are disaggregated into households by type (family/non-family) and size.

Municipal population projections were initially developed using age- and municipal-specific fertility and mortality rates from DPH. Net migration by age for each municipality was calculated using the vital statistics method, which compares the actual population in 2010 to the “expected” population derived from Census 2000 counts and recorded deaths during the subsequent ten year period. Any difference between the observed and expected population is assumed to be the result of migration in or out. The independently-projected population for each of the 164 cities and towns were summed and compared to the regional control total to produce an adjustment factor applied universally to each age cohort so that the municipal sum matches the regional total.

To estimate change in households, regional headship rates (by household type) are applied to the population in households for 2010 and forecast years, and the difference is calculated. This change in households is added to the actual household counts by age from Census 2010 to produce future year household estimates by householder age. MAPC also used housing type preferences specific to householders of a given age and type in each municipality. Consistent with the assumptions behind the Stronger Region scenario, the housing type preferences assume a slight decrease in

single family housing preference among younger (under 40) and older (over 65) householders in the coming years. For purposes of this plan, MAPC used Boston-specific income data to forecast households by income. (See below for more detail.)

The projections also incorporate assumptions about changes in the vacancy rate. Existing vacancy by tenure (owner/rental units) was compared to ‘natural’ vacancy rates which enable turnover in the market without an excess of vacant units. In consultation with Professor Barry Bluestone of Northeastern University, MAPC adopted a ‘natural’ vacancy rate of 1.5% for ownership units, and 7% for rental stock. The housing unit demand estimates assume that if there is currently an excess of vacant units (as is the case in the ownership market), it will satisfy some increment of future demand and less new production is needed; and if there is a shortage of vacant units (true for the rental market), then additional units—over and above household growth—are needed to achieve a natural vacancy rate.

**Income Categories**

MAPC’s household projections utilize income categories based on those defined by the US Department of Housing and Urban Development (HUD), which characterize households both by their size and their income relative to the Area Median Income (AMI.) While not as immediately intuitive as income categories based on absolute income, the advantage of this approach is its sensitivity to household size, such that a large and small household with comparable incomes may be in different categories reflecting the difference in the cost of living. Since the median income in the City of Boston (\$53,000) is approximately 60% of the regional median income that HUD uses (\$91,800), a relevant definition for “low income” in the city would include those households earning no more than 60% of AMI (\$55,100 for a family of four.) The income breaks by household size are presented in the table below.

To project future year households by income, MAPC assumed that the distribution across income levels would remain consistent for each combination of householder age and household type.

Income Category	Household Size					
	1	2	3	4	5	6
<30% AMI	\$19,300	\$22,050	\$24,800	\$27,550	\$29,800	\$32,000
30% - 60% AMI	\$38,556	\$44,064	\$49,572	\$55,080	\$59,486	\$63,893
60% - 80% AMI	\$45,100	\$51,550	\$58,000	\$64,400	\$69,600	\$74,750
80% - 100% AMI	\$64,260	\$73,440	\$82,620	\$91,800	\$99,144	\$106,488
80% - 120% AMI	\$77,112	\$88,128	\$99,144	\$110,160	\$118,973	\$127,786
120% - 150% AMI	\$96,390	\$110,160	\$123,930	\$137,700	\$148,716	\$159,732



## Appendix B: Acknowledgments

The City of Boston and Mayor Martin J. Walsh would like to thank the members of the Mayor's Housing Task Force 2014 and the Working Groups for their hard work on this housing plan.

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The City of Boston and Mayor Martin J. Walsh would like to thank the members of the Mayor's Housing Transition Team for their hard work and dedication in laying the groundwork for this housing plan.

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