

NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

Deadline: Wednesday, June 15, 2016

Visit ncsha.org/awards to view the Annual Awards Call for Entries.

Instructions: Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact awards@ncsha.org or 202-624-7710.

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name: _____

HFA: _____

Submission Contact: (Must be HFA Staff Member) _____ **Email:** _____

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

Use this header on the upper right corner of each page:

HFA: _____

Entry Name: _____

Select the appropriate subcategory of your entry and indicate if you are providing visual aids.

Communications	Homeownership	Legislative Advocacy	Management Innovation
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

MassHousing
Rental Housing – Encouraging New Production
MassHousing’s Workforce Housing Program

Overview

MassHousing’s Workforce Housing Program is the beginning of what’s next in affordable housing. Virtually every day a new story is written in the press about the housing challenges facing working families. MassHousing’s Workforce Housing Program confronts that challenge. It is a program that delivers on the promise of quality mixed-income housing; a program that protects working families from economic displacement over the long term.

Generally, affordable housing finance produces rental units at levels dictated by federal subsidies, topping out at 60% of the so-called area median income. This represents less than \$60,000 a year for a family of four in Greater Boston. Unfortunately, the Commonwealth’s affordable housing system delivers virtually no housing for incomes above this level.

The reality is that many middle-income families simply cannot afford market rents and this has gotten worse as rents have increased faster than incomes. One in three families in metro Boston falls in the workforce housing range targeted by this program. These families know all too well that paying their rent means they cannot pay for other things their families need. They feel the pain of annual rent increases, in many cases as much as 13% annually over the past five years. This dynamic threatens housing affordability and stability across the state.

Launched in April of 2016, MassHousing’s Workforce Housing Program will stimulate the creation of new units of “workforce housing” to serve middle income households. In March of this year, MassHousing committed \$150 million in new resources for a program to be known as the **Opportunity Fund** to support mission-driven housing initiatives of the Agency. Of this, \$100 million of this fund is designated specifically for workforce housing. These funds represent **net new resources** from MassHousing which will not diminish the existing pool of resources that is in place for housing that serves very low and low-income households in Massachusetts.

Background - The Need

Households in Massachusetts earning between 61% and 120% of area median income (AMI) are the group that is most unable to afford market rents and home prices. Stagnant wages and rapidly increasing rents have led to many families being rent burdened or priced out of many high opportunity neighborhoods.

There is no question that housing low- and extremely-low-income (ELI) households remains a policy and funding priority for the Commonwealth – as a significant gap still exists between the number of extremely low-income (ELI) renters and the number of affordable units available for them to rent.¹ However, affording market-rate housing has also become a challenge for middle-income families.

¹ Leopold, Josh, Liza Getsinger, Pamela Blumenthal, Katya Abazajian, and Reed Jordan. *The Housing Affordability Gap for Extremely Low-Income Renters in 2013*. Washington, DC: Urban Institute, 2015.

Working families have found themselves being pushed further and further outside of Greater Boston in order to find housing options they can afford. Unfortunately, many households cannot live so far from their jobs – workers like teachers, nurses, and police officers. In these cases, where they must live close to their jobs, families are forced to spend more than the recommended 30% of their monthly income on housing.²

The metro Boston market is experiencing record economic growth with median asking rents increasing by more than 13.2% per year since 2010. In contrast, income has only increased by an average of 2.4% annually during this time.³ Census data from 2008 shows that a third of Boston metro area households fall in the income range of 60-120% AMI.⁴ At the same time, the Brookings Institution now ranks Boston number one in income inequality among large U.S. cities.⁵

Addressing the high cost of housing and the shortage of affordable housing is critical to maintaining a robust economy and workforce in Massachusetts, as it is in many other states. Here, a combination of high land and construction costs, together with restrictive zoning have led to a significant gap between what households can afford to pay and the cost of building housing⁶.

Funding Terms

Eligible developments must:

- Have local support (as evidenced by local approvals and/or significant financial support);
- Meet a market need; and create new affordability for working age households. A strong priority will be placed on new construction and adaptive reuse, but program funds may be used in support of a refinancing and/or rehabilitation of an existing development where previously unrestricted units of workforce housing will be restricted as workforce housing units.

MassHousing's investment through the ***Opportunity Fund*** for workforce housing will:

- provide up to \$100,000 of subsidy per workforce housing unit with a per project cap of \$5,000,000;
- leverage state-owned land, if available;
- be targeted to individuals and families with incomes of 61% - 120% of AMI (perhaps higher in certain high cost areas) – more specifically, rents must be restricted at levels that are above the LIHTC rents and below market rents where the property is located

² Mauricio, Kaili. Mapping New England: Rent as a Percentage of Income, by County. Communities and Banking, Boston: Federal Reserve Bank of Boston, 2013.

³ Kusisto, Laura. "Rising U.S. Rents Squeeze the Middle Class". The Wall Street Journal. May 8, 2016.

⁴ Urban Land Institute. *Priced Out: Persistence of the Workforce Housing Gap in the Boston Metro Area*. Washington, D.C.: Urban Land Institute, 2010, p 9.

⁵ Berube, Alan and Natalie Homes, *City and Metropolitan inequality on the rise, driven by declining incomes*. Washington, DC: Brookings Institution, 2016.

⁶ Bluestone, et al. 2015 p 41.

- be part of development financing that remains consistent with MassHousing's enabling statute, ensuring that in addition to the workforce housing tier, at least 20% of the units in a financed development will be affordable to households at or below 80% of AMI;
- ensure that these workforce housing units will be deed restricted as affordable to households with incomes generally between 61% and 120% of AMI for 40 years.
- allow the long-term affordability restrictions to be 10% higher than the AMI rent and income limit established based on the market conditions at the time of underwriting. This is to create flexibility to respond to changing markets.
- after initial income certification, require those households living in the workforce housing units to recertify their incomes every other year.

Targeting Priority Developments

MassHousing has developed this program in collaboration with our sister agency, the Department of Housing and Community Development, and Governor Charlie Baker. Consistent with state housing priorities, MassHousing anticipates setting aside \$25 million out of the workforce housing fund for transformative projects that are leveraging locally- or state-owned land; are creating income diversity in communities of opportunity; are part of a larger economic development initiative; are creating transit oriented developments; are an important component of a locally-approved affordable housing plan; or are part of a multiphase project with an affordable homeownership component. MassHousing is working collaboratively with state and local partners to identify developments where its funding may be anticipated to have the greatest impact.

Program Impact and Leverage

MassHousing anticipates that this program will create approximately 1,000 new workforce units and be used in two primary ways: (1) to create a workforce tier in new developments that will include traditional affordable housing (i.e. at or below 80% of AMI); and (2) to buy workforce units in market transactions that would not otherwise include meaningful income diversity. In each case, MassHousing expects to provide first mortgage financing. For the affordable housing transactions, MassHousing expects to provide first mortgage financing directly, through its HFA Risk Share, MAP and other products. In the market transactions, MassHousing expects to provide financing through a partnership with a commercial lender. In each case, workforce housing funds will leverage substantial additional debt and equity funding. In all, MassHousing expects that this program will leverage up to a billion dollars in total development and create 3,000 – 5,000 total units of housing that will serve low, moderate and middle-income residents in Massachusetts.

The model of mixed-income housing is at the core of what MassHousing is all about. It is at the heart of the statute that first created the Agency in 1966 and with this new workforce housing program, MassHousing invests anew in the advancement of this vision. This program will create true-mixed income developments that will form the bedrock of strong communities across Massachusetts.