



## Entry Form 2018 Annual Awards for Program Excellence

**Entry Deadline: Friday, June 15, 2018, Midnight ET**

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email [awards@ncsha.org](mailto:awards@ncsha.org).**

**Entry Title:** Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

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**Category:**

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**Subcategory:**

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**Entry Summary:** A 15-word (max) summary of the program, project, or practice you are entering.

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**HFA:**

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**HFA Staff Contact:**

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**Phone:**

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**Visual Aids:**

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF?    Yes        No

**Payment:**

My HFA is mailing a check to NCSHA.  
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**MassHousing**  
**Workforce Housing Program**  
**Rental Housing – Encouraging New Production**

**Program Overview** - MassHousing announced the creation of its Workforce Housing Program as the key component of the Agency's newly established "Opportunity Fund" in the Spring of 2016. Specifically, MassHousing has committed \$100 million of its own resources to leverage debt and equity financing with the goal of creating 1,000 new Workforce Housing (WFH) units. The program is designed to drive housing production that creates options for middle-income households who are ineligible for traditional affordable housing programs, but who are unable to afford market rents in Massachusetts.

The program was designed to be flexible, which has made it successful in addressing the need for middle-income units in very different markets in Massachusetts. In markets such as Boston where market rents are out of reach for most middle-class households, the Workforce Housing Program has provided a way to secure long-term affordability in neighborhoods with high or rapidly increasing rents. In other markets, the program is creating housing options that will allow local communities and their leaders to attract and retain middle-income residents to help build local economies.

Since its launch in April of 2016, MassHousing has approved \$57.5 million in commitments for 25 projects including 2,309 total units, of which 616 units will be affordable to middle-income households. MassHousing's program is unique because it is designed to finance units in vastly different communities and housing markets to account for needs in the entire state. Additionally, MassHousing's program is designed to work with **both** tax credit and non-tax credit deals. By structuring the program this way, the Agency has been able to work with new developers that do not specialize in affordable housing.

**Confronting the Middle-Income Squeeze in Hot Markets** - Producing housing that is affordable at a range of incomes so that working families can live in the city in which they work is one of the most pressing challenges facing communities. Due to high land and construction costs, coupled with restrictive zoning that makes building multifamily housing a challenge, it is difficult to produce units that can be rented at prices affordable to middle-income households, which for a family of four in the Boston area are those who earn \$64,700 to \$129,350 a year.

For communities with high median rents, addressing the shortage of affordable housing is critical to maintaining a robust economy and workforce, as is true in other high-cost markets across the country. Attracting young people is especially crucial, given that the current population of young adults in Greater Boston is barely sufficient to fill positions vacated by retiring baby boomers, much less to provide the labor force needed for robust economic growth. The strong economy in Massachusetts has contributed to the addition of 67,000 households between 2010 and 2014. During the same period, the housing stock increased only by 15,000 units which clearly illustrates the problem.

It is estimated that Greater Boston will need over 800,000 workers by 2030, which will require 200,000 additional units of housing. Of this, 21,000 are needed for middle-income households. And yet in Boston, fewer than 5,500 of the more than 17,000 units permitted since 2014 are for low-income or middle-income families.

**Increasing Income Diversification in Suppressed Markets** - In other parts of the Commonwealth, communities are looking to strengthen and grow their economies and attracting middle-income

households is an important part of this effort. Additionally, many of these communities have underutilized transit options into their cities, and Mayors seek an opportunity to capitalize on these assets.

Developing housing in these areas is yet another challenge, as developers face high construction costs but receive less rental income, based on lower rents, to meet their financing needs. As such, developers are working to partner with communities in order to close financial gaps in these transformational developments. In turn, they believe this will help to stimulate investment in neighboring properties. At the same time, because these developments are mixed income, they increase income diversification in the neighborhoods where they are built and help to revitalize downtown areas.

**Responding to the Need: A Housing Program for the Middle** - MassHousing's Workforce Housing Program offers net new resources from the Agency targeting middle-income households by incentivizing the production of new housing units, leveraging additional debt and equity funding.

The Program produces units with rents 10% below market and higher than tax credit rents restricted to those earning more than 60% AMI and up to 120% AMI for at least 30 years. MassHousing has focused on new production, with consideration for existing projects at risk of conversion to market or those that will convert from unrestricted market units to WFH. The Program provides soft debt in amounts up to \$100,000 per Workforce Housing unit with a \$5 million project limit (with some consideration for increases possible). In addition to its subordinate debt for this program, MassHousing provides first mortgage financing either directly or through a partnership with a commercial lender.

For residents in these units, owners certify that the income of the household falls within the required limits and recertification occurs every other year, as opposed to every year as in tax credit units. Rent increases for a household are capped at 3%.

To allow for flexibility to respond to changing markets, MassHousing allows the long-term affordability restrictions to be 10% higher than the established AMI rent and income limit, which is based on the market conditions at the time of underwriting.

**Program Impact and Success** - Through the Workforce Housing Program, MassHousing has set the goal of creating 1,000 Workforce units. Since the Program's launch, MassHousing has approved \$57.5 million in commitments for 25 projects including 2,309 total units, including 616 Workforce units.

The developments are in 14 cities and towns throughout the Commonwealth with differing housing markets and concerns. The majority of developments include all three levels of housing affordability, helping to meet housing needs of all those who call Massachusetts home. Some examples include:

**Holmes Beverly.** This is a 67-unit mixed-income development located in downtown Beverly on the North Shore of Massachusetts, about 26 miles from Boston. The development is adjacent to a commuter rail station, and is being developed by a woman-owned development entity on an excess parcel that the state put out for bid. The development will have 16 Workforce units, nine more than would have been otherwise required under local zoning. Of these, 14 units will be restricted at 80% AMI and 2 units will be restricted at 110%, making it a true mixed-income development. A household would need to earn an estimated \$110,000 to afford a 2-bedroom market-rate unit in Beverly, but a family will need to earn just

\$70,000 to afford a 2-bedroom WFH unit restricted at 80% AMI at Holmes Beverly, and \$97,000 to afford the rent for a 2-bedroom unit restricted at 110% AMI.

**246 Norwell.** This six-unit 100% Workforce development will be affordable to those making less than 70% AMI, with rents for the 2-bedroom units estimated at \$1,566 a month. Notably, it will also be built to Passive House standards reducing utility costs. The rents are estimated to be about \$174 less than apartments in the neighborhood and far less than the median asking rent in Boston. It is located on what was a vacant parcel of land in the Dorchester neighborhood of Boston, which is minutes from a commuter rail station, within one mile from a subway stop, and near an urban center. The flexibility of the program allowed MassHousing to participate in the permanent financing with a local lender to realize the vision of the developer to bring housing at a scale and affordability level suited to the needs of the local community.

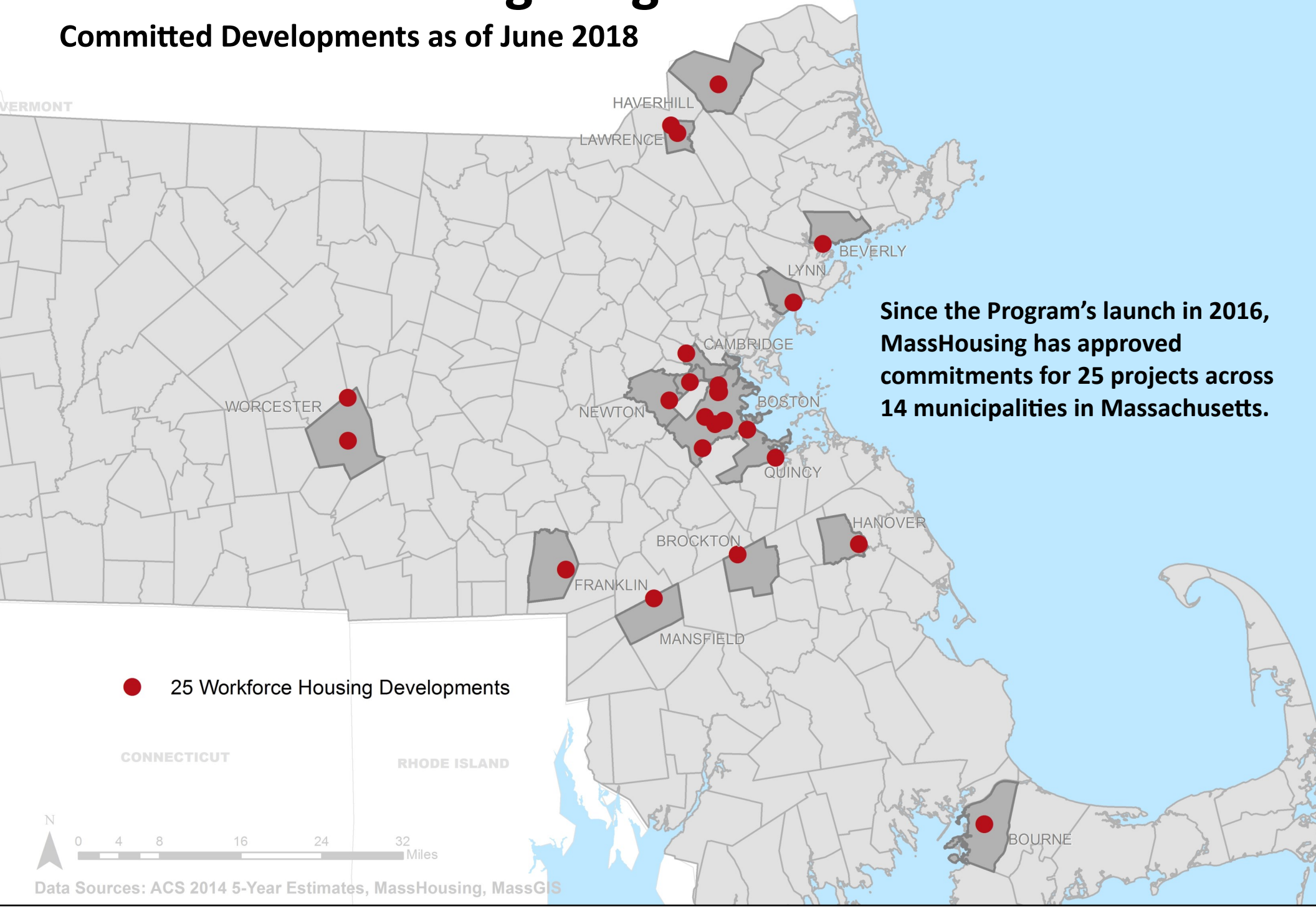
**Concord Highlands.** This proposed six-story, 98-unit family development in Cambridge represents the largest affordable multifamily development to be built in the City in over 40 years. The development will include housing restricted at incomes at 30%, 60%, 80% and 100% of AMI, providing housing options for a variety of households in one of the most expensive housing markets, not just in Massachusetts, but the entire country. To afford a 2-bedroom unit in Cambridge, a household would need to earn around \$104,000, while with the lower workforce housing rents, a family would only need to earn around \$74,000 to afford a unit restricted at 80% of AMI and \$93,000 to afford a 100% AMI unit.

**Burbank and Houghton Village.** These developments represent examples of the key role the WFH Program played in preserving housing for middle income households in expensive markets. Burbank Gardens, located in the Fenway (Park) Area of Boston, had an expiring use restriction, leaving tenants facing the possibility of conversion to market rents. Many households earned too much to qualify under the Low-Income Housing Tax Credit program, but not enough to afford market rents. Setting the WFH restriction at 90% of AMI provides a significant discount to market rents. The expected rent for a 1-bedroom WFH unit is estimated at \$1,746, which is approximately \$600 less than market rents. Similarly, when Houghton Village faced the end of a use restriction, the WFH Program maintained affordability for a variety of incomes in the city of Newton, a suburb of Boston with a limited supply of affordable housing. Importantly, the larger units at the development provide housing options for families and where a 3-bedroom market rate unit would typically rent for an estimated \$3,500 per month, rents on the WFH units will be about \$1,000 less.

**Conclusion** - The Workforce Housing Program has enabled MassHousing to invest in a range of developments that target the middle-income market through the production of quality mixed-income housing. The program has proven attractive to developers who must meet the demand for housing from middle income tenants in a high-cost housing market. It has been of equal interest to community leaders who see the program as a means of creating income diversity in their neighborhoods and generating economic activity. The flexibility built into the program has enabled MassHousing to respond to the needs of different markets. It is important to note that this has meant that MassHousing's Workforce Housing Program is produced new low and middle-income housing in all parts of the state – not simply concentrated in the City of Boston. A partnership with the state has also enabled us to leverage government-owned transit-oriented land that will be transformative for neighborhoods and further housing goals.

# Workforce Housing Program

## Committed Developments as of June 2018



Since the Program's launch in 2016, MassHousing has approved commitments for 25 projects across 14 municipalities in Massachusetts.



# Workforce Housing Developments in Boston

- Workforce Housing Developments
- Blue Line
- Green Line
- Orange Line
- Red Line
- Silver Line
- Commuter Rail

## Brighton Marine, Brighton

- 102 Units (32 Workforce)
- Workforce units restricted at 80% and 120% AMI

Brighton Marine Rents	1-Bed
Workforce 80% AMI	\$1,390
Workforce 120% AMI	\$2,044
Neighborhood Market Study Comparison Rents (black squares)	
E3 Apartments	\$2,980
Continuum	\$3,640

## Burbank Gardens, Fenway

- 52 Units (13 Workforce)
- Workforce units restricted at 90% AMI

Burbank Gardens Rents	1-Bed
Workforce 90%	\$1,603
Neighborhood Market Study Comparison Rents (black triangle)	
XII Stoneholm	\$2,300

## Residences at Fairmount Station, Hyde Park

- 27 Units (3 Workforce)
- Workforce units restricted at 70% AMI

Residences at Fairmount Rents	1-Bed
Workforce 70%	\$1,242
Neighborhood Market Study Comparison Rents (black diamonds)	
Stony Brook Commons	\$1,855
Parkside on Adams	\$1,950

