

MassHousing's Workforce Housing Program

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NCSHA Meeting

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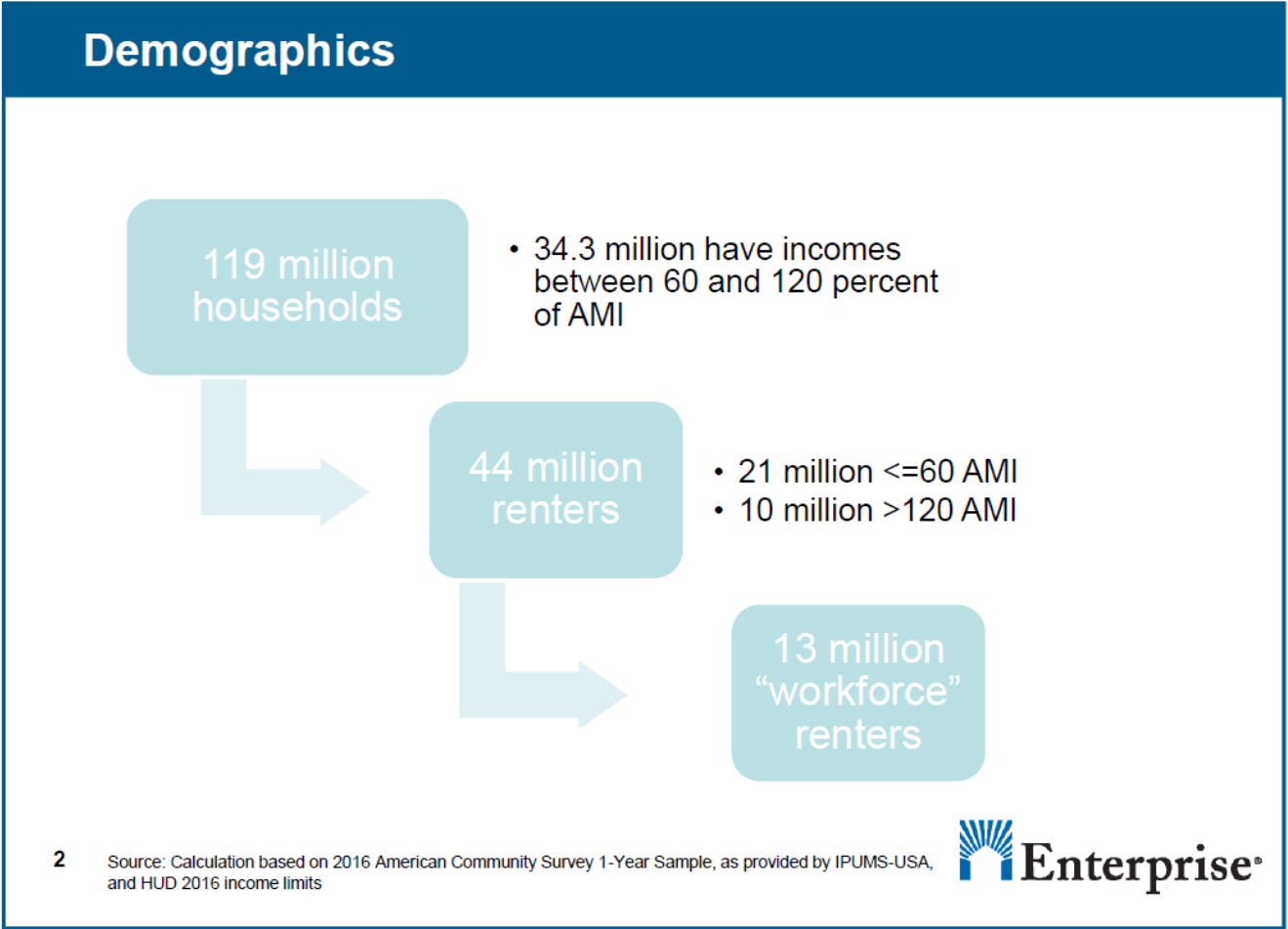


MassHousing's **Workforce Housing Program**

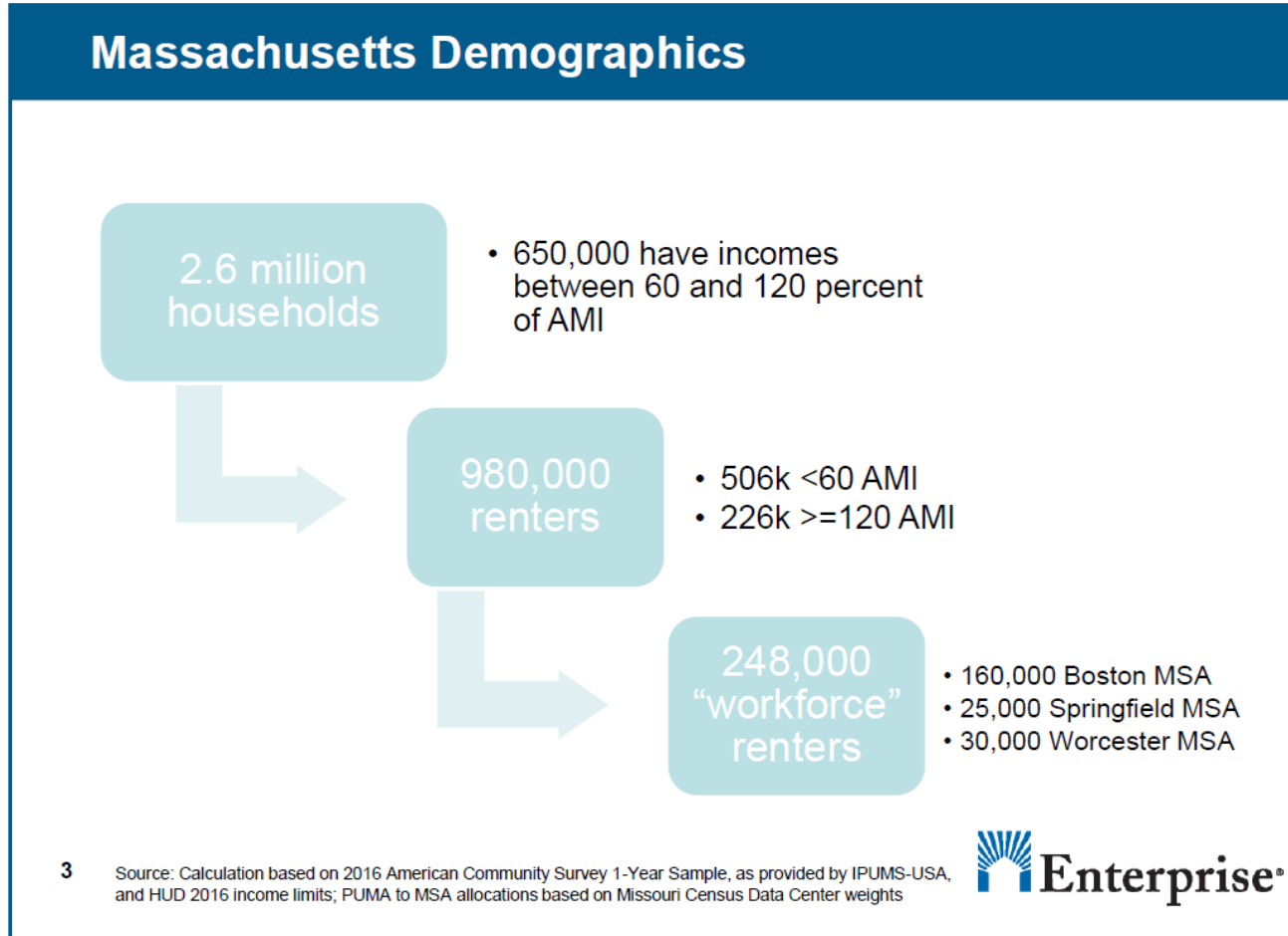
Investment of \$100 million from MassHousing's balance sheet to create rental housing affordable to households earning more than 60% of AMI and up to 120% of AMI.

Funding is provided to owners in the form of subordinate debt with an affordability restriction in place for a minimum of 30 years.

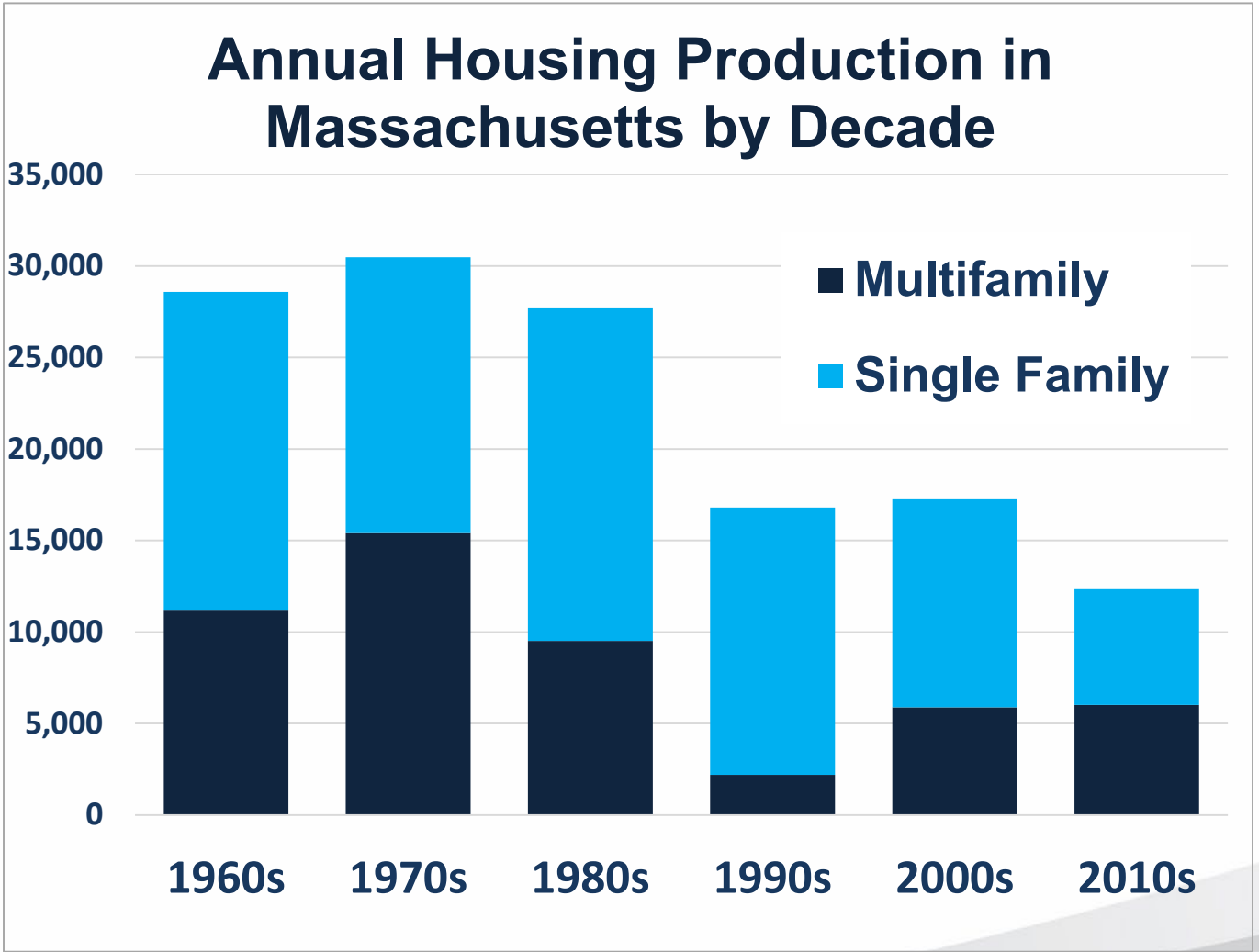
There are 13 million “workforce” renters in the United States...



... of whom 248,000 live in Massachusetts.

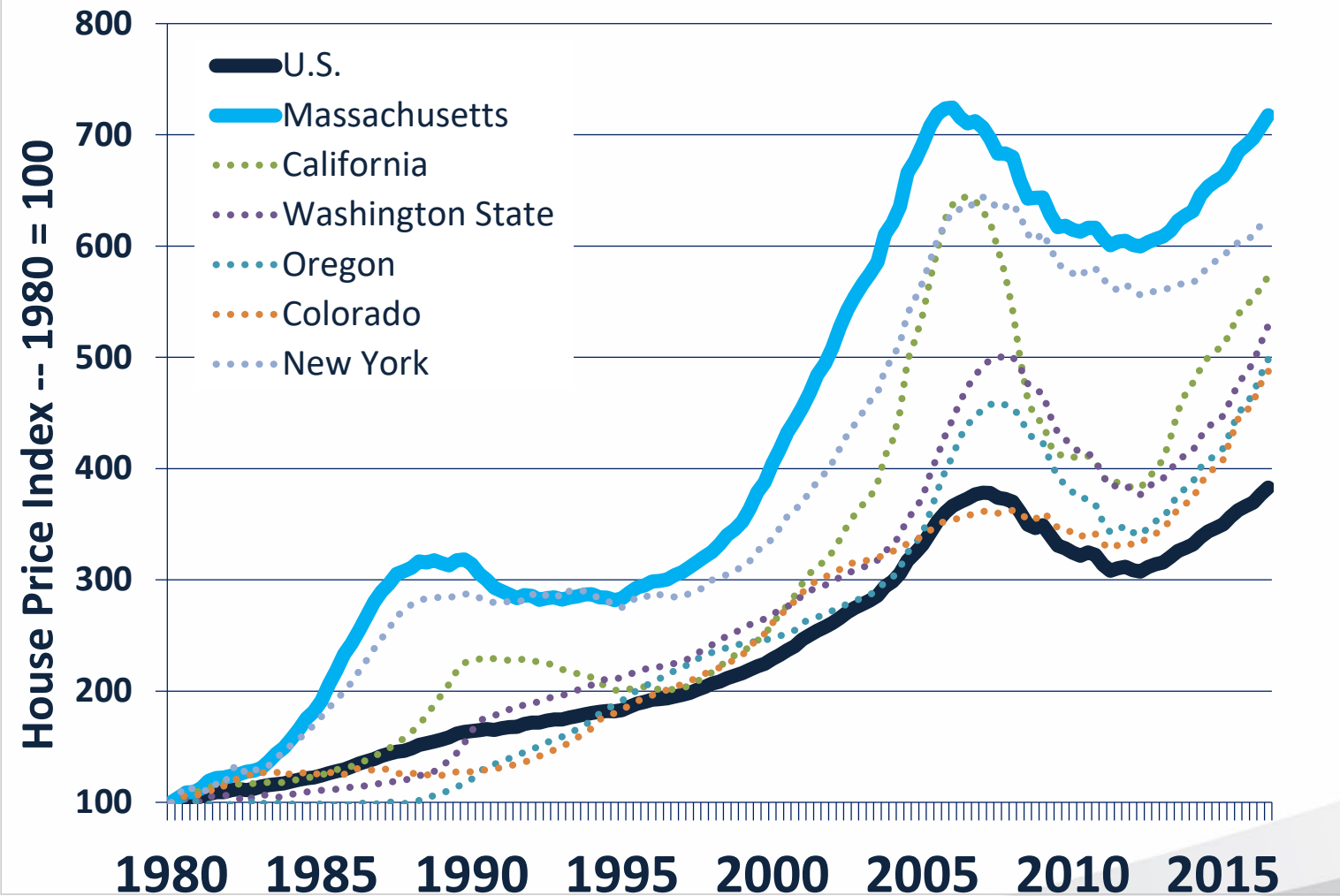


New housing production in Massachusetts is down by half



Massachusetts Housing Partnership Visualization of US Census Bureau, Building Permit Survey data

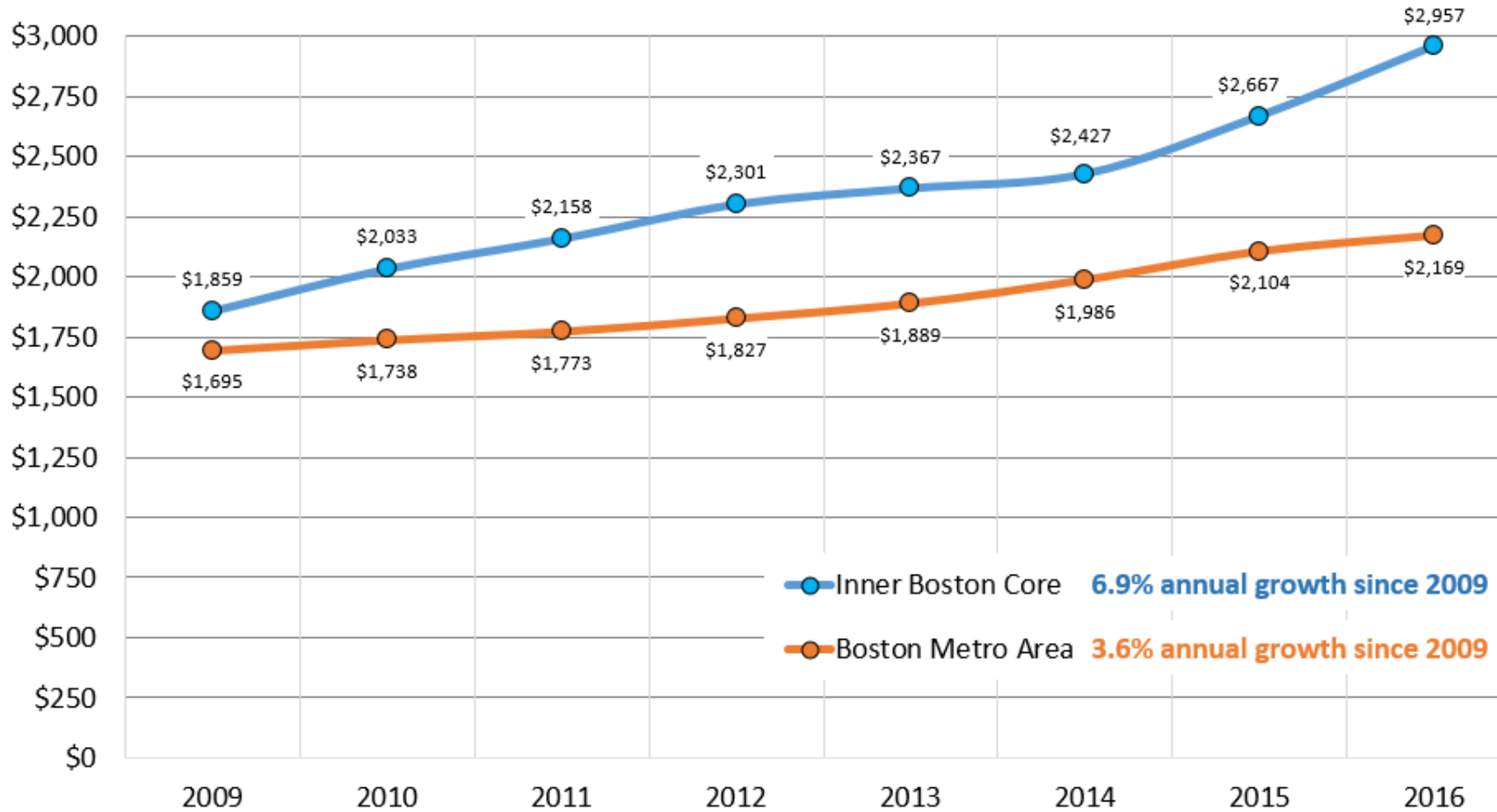
Slow production has inflated housing prices...



Massachusetts Housing Partnership Visualization of FHFA House Price Index – All Transactions data

...and created the US's third-costliest rental market

Average Asking Rents in Metro Boston



One would have to earn **\$118,280 annually** in order to afford spending **\$2,957** a month while spending 30% of income on rent.

The high price of housing has become burdensome for many working families, leading to a **loss of middle-income households in Greater Boston** between 1990 and 2014.

The Boston Foundation, 2016 Great Boston Housing Report Card

This trend is evident in the data from October 2018

In 2018, can middle class renters realistically “afford” to live in Boston?

Here’s the math...

Median monthly rent: \$ 2,613

Median annual rent: \$ 31,356

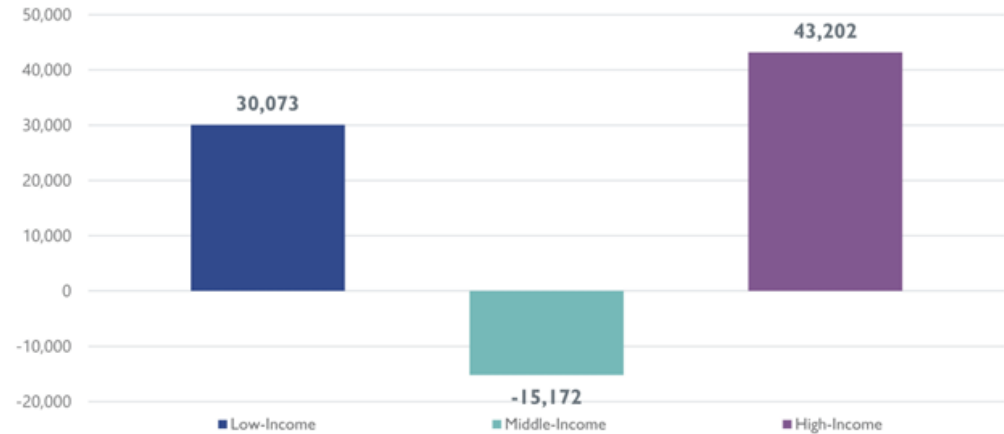
Median household income: \$ 61,267

At the median, rent in Boston costs 51% of income.

Source: Boston Indicators analysis of Zillow Rent Index and American Community Survey data, adjusted for inflation (2018\$)

*“In almost all of Boston—150 out of 170 residential census tracts—**households earning median income for that tract cannot “afford” median rent in that tract.**”*

Change in # of households by household income buckets, Boston, 1990-2014

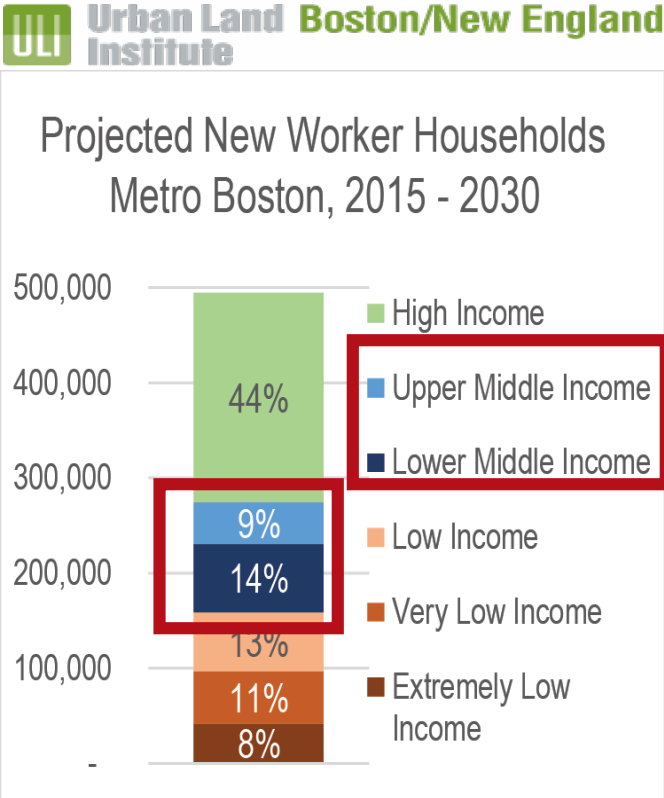


Source: Boston Indicators analysis of American Community Survey-PUMS data. “2014” data is from 2012-2016 ACS 5-year estimates

From “Boston’s Booming... But For Whom? Building Shared Prosperity in a Time of Growth”
Luc Schuster and Peter Ciurczak, Boston Indicators, October 2018

“Greater Boston will need more housing if it is to attract and retain the workforce that its growing economy demands.”

-Building for the Middle: Housing Greater Boston’s Workforce Urban Land Institute/Boston/New England



Middle-income household needs represent almost a quarter of the new workforce housing need over the next 12 years

Program Parameters



Gateway Residences, Lynn



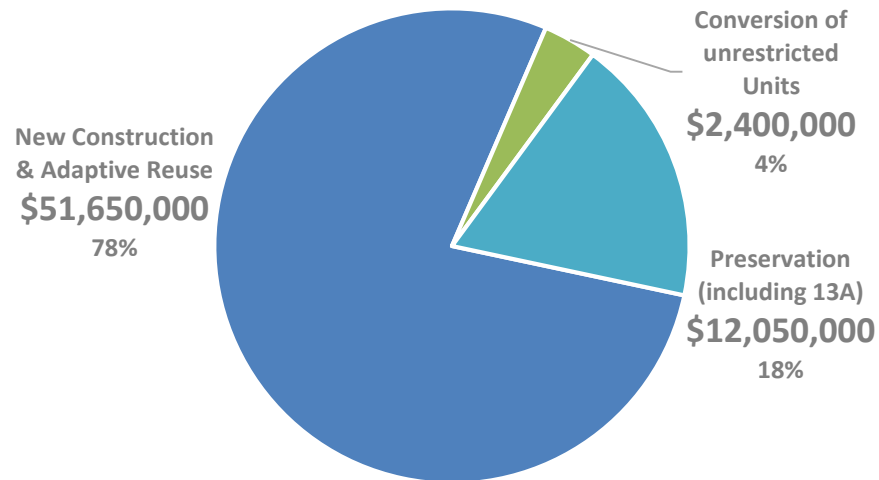
Olmsted Green, Boston

- Targeted to those earning more than **60% of AMI** and up to **120% of AMI**, with **rents 10% below market** and higher than LIHTC
- Focused on **new production**, with consideration for **existing projects** at risk of conversion to market
- Soft debt in an amount up to **\$100,000 per workforce housing unit** with a **\$5 million project limit** and **0% interest rate**
- Affordability restrictions are in place for the longer of **30 years** or the **outstanding term of the loan**
- Principal repayment is due **upon sale or refinance.**

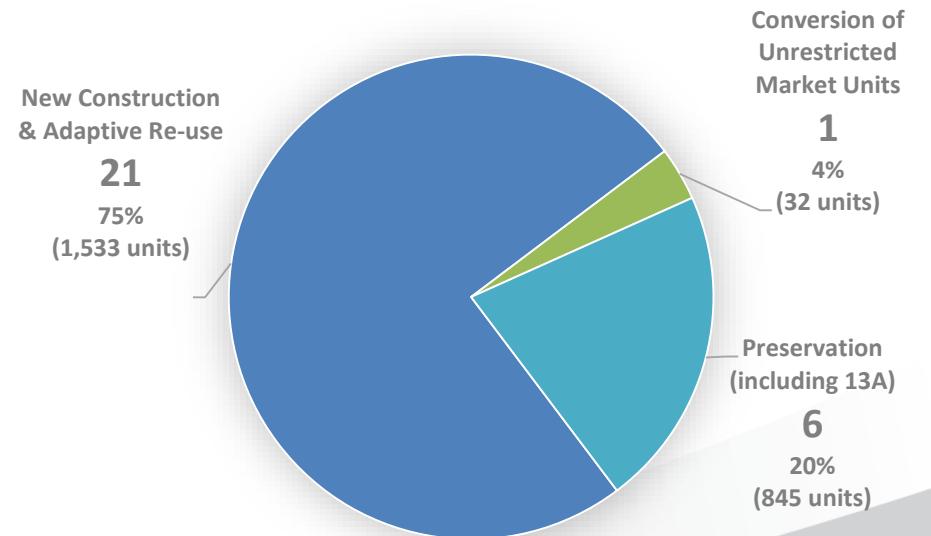
Progress to Date

Projects with funding commitments will create **729 new units** affordable to middle-income families.

We have closed or committed **\$66.1 million** of the \$100 million Workforce Housing Initiative fund.

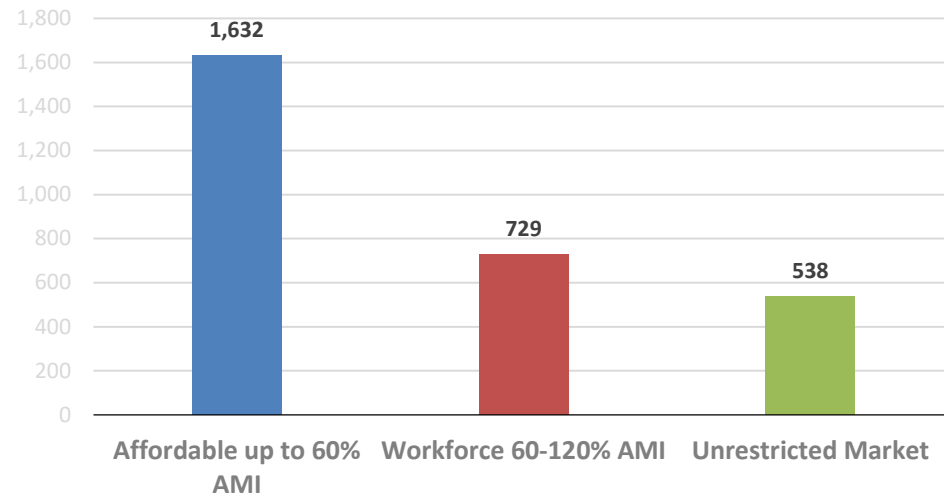


We have funded **28 projects** in 16 cities and towns.

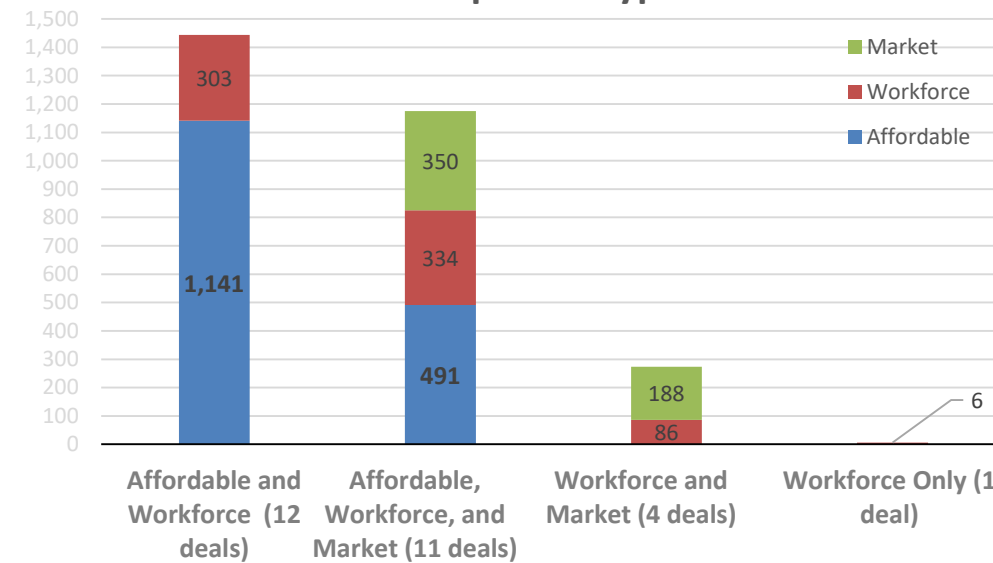


Developments funded through the Workforce Housing initiative will help address the need for new housing at all income levels.

Unit Type



Development Type



MassHousing's investment of \$66.1 million has leveraged over **\$807 million in other sources.**



Workforce Housing 2.0

How Do We Sustain The Program?



112 Rantoul Street, Beverly



The Residences at Fairmount Station,
Boston – Hyde Park

- The April 2018 \$1.8b Mass. Housing Bond Bill authorized up to \$100 million for workforce housing.
- Developing alternative model to provide both a return of capital and a return on capital to improve long-term sustainability.
- Considering securitizing the 2.0 portfolio

Questions?
Comments?

Thank You!

