

MassHousing's Planning for Housing Production Program

MassHousing
Special Achievement

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BACKGROUND AND SCOPE

MassHousing is a mission-driven housing finance agency working to confront the housing challenges facing the Commonwealth, to improve the lives of its people. As a state, Massachusetts is particularly challenged to produce enough new housing to support families and ensure a robust economy.

Massachusetts boasts a growing economy: There are more jobs in the state than ever before, and more job openings than there are unemployed workers to fill them. But housing production across the state has not kept pace with economic growth. Over the past two decades, Massachusetts has produced roughly half the number of new homes as it did during the 1980s and 1990s. This production shortfall has resulted in a severe housing shortage that stresses family budgets and in turn threatens the state's ability to attract and retain the kind of workforce needed to sustain future job growth.

Since 2010, metropolitan Boston has created 4.5 new jobs for every new home built in the region. Unfortunately, the region has added more than three new residents for every new home. Statewide, the year-over-year inventory of homes listed for sale has declined every month for more than **seven** straight years. Over that time, Massachusetts has added 346,000 new jobs, and home prices have risen by 34 percent. Only four of every ten home sales in Massachusetts are occurring at prices that are affordable to buyers; in 2009, seven of ten sales were affordable to the buyer. Half of Massachusetts renters are now cost-burdened, and Greater Boston's rents are among the highest in the nation.

WHAT'S DRIVING THE PROBLEM

Massachusetts struggles to respond effectively to the pressing need for new housing because, as a home rule state, land use decisions rest with the state's 351 cities and towns. Additionally, **under state law, local permitting bodies may only change their zoning codes with a two-thirds supermajority vote.** The existence of 351 separate local zoning codes and a supermajority rezoning threshold have combined to lock a slow-growth housing status quo in place and make it difficult for the state to respond to market demands for new housing.

Massachusetts does have one relief valve for housing growth: Chapter 40B, a 50-year old law that grants zoning relief to affordable and mixed-income housing developments proposed in municipalities where less than 10 percent of the housing stock is defined as affordable. This state law overriding local zoning has been an important housing production tool, producing roughly 70,000 new mixed-income homes, and driving almost all affordable housing construction outside of the state's largest cities. Unfortunately, housing developers' reliance on Chapter 40B to override restrictive local zoning codes has fed attitudes, at the local level, that housing is something that **happens** to municipalities, not something that municipalities choose to make happen and therefore needs to be opposed.

MassHousing acts as a land use regulator under Chapter 40B. In this role, the Agency has processed a total of 14,000 potential units to be built under Chapter 40B over the past five years. MassHousing frequently hears municipal complaints that Chapter 40B is a developer-driven process. The Agency also sees municipalities struggling to act proactively and achieve the kind of housing production that would allow their communities to achieve regulatory relief under Chapter 40B.

As a land use regulator, MassHousing seeks a more collaborative and less contentious Chapter 40B development dynamic. And as a state housing finance agency, MassHousing has a broader policy mission to combat the shortage of new homes for sale and rent, and to promote broad-based mixed-income housing production.

MASSHOUING'S SOLUTION

MassHousing launched its Planning for Housing Production Program in late 2017 to bridge these dual policy outcomes. **The Planning for Housing Production Program is a \$2 million, multi-year pilot program that is accelerating new housing production locally, by giving cities and towns a powerful new set of tools to implement local housing priorities.** The program is also resetting the way MassHousing interacts with municipalities, by making MassHousing a partner in municipal efforts to set their own course of housing production.

MassHousing built the Planning for Housing Production Program to be flexible. The program recognizes that local needs vary, that there is no one-size-fits-all approach to meeting the state's housing challenges, and that MassHousing will have the greatest impact when the Agency builds local capacity by meeting municipalities exactly "where they are."

Specifically, the program builds local capacity by implementing existing housing planning efforts. The program asks applicant municipalities what barriers currently hinder the execution of local housing plans for their city or town. The program then delivers high-capacity technical assistance that overcomes municipally-identified barriers. Technical assistance interventions may vary. Some communities require assistance implementing rezoning, while others need assistance advancing municipally-owned sites through the rezoning pipeline, designing infrastructure improvements, producing transparent data, or facilitating public engagement.

Regardless of the specific form of technical assistance, MassHousing's Planning for Housing Production Program drives positive change, by focusing on giving local stakeholders the tools they need to change the conversation around housing production. The program empowers communities to control their own development destinies, by progressing toward, achieving, and exceeding the 10 percent Chapter 40B affordable housing goal.

The Planning for Housing Production Program creates a new role for MassHousing, apart from the Agency's positions as an affordable housing bank, and as a land use regulator under Chapter 40B. It positions MassHousing as a partner for participating cities and towns, while creating a more proactive and collaborative housing production dynamic locally.

OUTCOMES

MassHousing concluded the first Planning for Housing Production funding round in March 2018. The Agency received 29 applications and funded 14 projects. These 14 projects are now ongoing and will deliver 4,200 new mixed-income housing units. As of May 2019, MassHousing is preparing to open a second application round. Below is a sampling of projects that illustrate the program's impact and attached is a quick overview of the proposals that received awards in the first round.

Salem is a medium-sized city north of Boston. The city recently concluded an extensive citywide master planning process, which brought a number of pressing housing needs to the forefront. The city saw many

residents – renters and prospective homeowners alike – struggling with housing affordability. Salem lacked the zoning needed to build the kind of inclusive, growing community to which the city aspires. However, previous rezoning efforts had failed, due to a lack of political consensus. MassHousing paired Salem with a team of consultants that has led a citywide public engagement campaign on housing affordability. This public engagement campaign has conducted resident engagement, storytelling, and myth-busting in support of affordable housing. Robust public engagement is building positive momentum, engaging a broader cross-section of residents than participated in previous housing and zoning conversations. Later in 2019, Salem will build on this momentum, by advancing a new smart growth zoning overlay district, and citywide inclusionary zoning.

Truro is a small community on outer Cape Cod. Like many communities on the Cape, Truro's economy is reliant on seasonal tourism. Truro is losing families, and experiencing difficulty housing its aging population and its lower-income service workforce. Only two percent of the town's housing stock is deed-restricted affordable housing. In response, the town identified a state-owned surplus land parcel that would be suitable for new affordable housing development. The town gained site control, but the four-acre parcel was constrained by site infrastructure. MassHousing's Planning for Housing Production Program delivered grant funds to Truro that allowed the town to engineer a public water line extension to the site. This new water line quadruples the site's buildable density. As of May 2019, the town has designated a developer for the site, which will become 41 new homes, including 33 new affordable homes, ranging from 30-100% of AMI.

Newton is a medium-sized and transit-rich community adjacent to Boston. Despite its location and transportation infrastructure, the city has a history of resident opposition to new housing growth. The city's new mayor recently joined a coalition of Boston-area mayors committed to driving increased housing production, and the mayor identified a low-density commercial corridor running the length of the city, as a prime opportunity for creating new housing. Newton estimates that 2,000 housing units would be in the immediate development pipeline in this corridor. Newton sought MassHousing's assistance in making the case for new housing to its constituents, by articulating the benefits of rezoning for housing growth. Through Planning for Housing Production, MassHousing has created a responsive data tool that will allow Newton to model the fiscal impact of up-zoning. Newton is now applying this data tool to a corridor-wide planning and rezoning effort, which will go to city council for approval later in 2019.

Scituate is a wealthier coastal town south of Boston that sought MassHousing's assistance in earning regulatory relief under Chapter 40B, by enacting zoning conducive to mixed-income housing growth. MassHousing and Scituate focused on promoting smart growth in a low-density corridor adjacent to a commuter rail station. With MassHousing's assistance, Scituate has enacted a new form-based code in the district. The new regulations replace low-density residential and strip commercial zoning with a dynamic new code that allows greater density and greater housing choices in a variety of forms, ranging from small cottages to multi-family structures. The new form-based code features both inclusionary zoning and density bonuses for affordable housing.

MassHousing: Planning for Housing Production



MassHousing is advancing the Governor's Housing Choice Initiative, by providing approximately \$2 million in programmatic funding to municipalities that are actively planning to increase their supply of affordable housing.

This program is forging new partnerships between communities and MassHousing, helping them achieve affordable housing production while controlling their own development destinies.

Program Intent

- 40B regulations reward proactive planning. However, relatively few municipalities have been active participants in planning for and delivering new affordable housing. Most municipalities have viewed 40B development as something that happens to them.
- MassHousing's new planning for housing production program helps **reset the way cities and towns interact with Chapter 40B and housing production**.
- This technical assistance program is **adding capacity at the local level** to implement local planning efforts.
- The program will be structured as a partnership between MassHousing and municipalities. This partnership will **empower communities to control their own development destinies**, by progressing toward, achieving, and exceeding the 10% 40B affordable housing goal.
- The Planning for Housing Production program complements other MassHousing efforts to **promote new housing production**, including the Workforce Housing Initiative, sponsorship of CHAPA's municipal engagement work, and sponsorship of the MAPC Metro Mayors Coalition regional housing initiative.

Program Overview

- MassHousing launched the Planning for Housing Production program as a multi-year pilot, funded with **\$2 million from the agency's Opportunity Fund**.
- The program focuses on **implementing existing local housing planning** in communities with potential 40B exposure (SHI below 13 percent).
- These proactive efforts will generate new mixed-income housing, while giving municipalities a stronger hand in managing 40B development.
- Participating municipalities have engaged in thoughtful and participatory local planning efforts, and have **identified impediments** to the full realization of their local planning efforts.
- MassHousing will provide municipalities with strategic technical assistance services that will **overcome locally-identified roadblocks**, and deliver **new housing growth consistent with local planning priorities**.
- The planning services MassHousing will offer communities will vary, depending on local needs, but may include rezoning, public infrastructure design, community development capacity-building, and data transparency initiatives.

MassHousing's Role

Municipality approaches MassHousing with housing needs and production goals



MassHousing provides funding for a planner/consultant to facilitate best implementation tools and strategies



"Friendly" 40B	40A Zoning Ordinance
40R Smart Growth Zoning	Municipal Sponsored RFP
Project management	Feasibility studies
Infrastructure Planning	Transparent Data



SAFE HARBOR



SAFER HARBOR

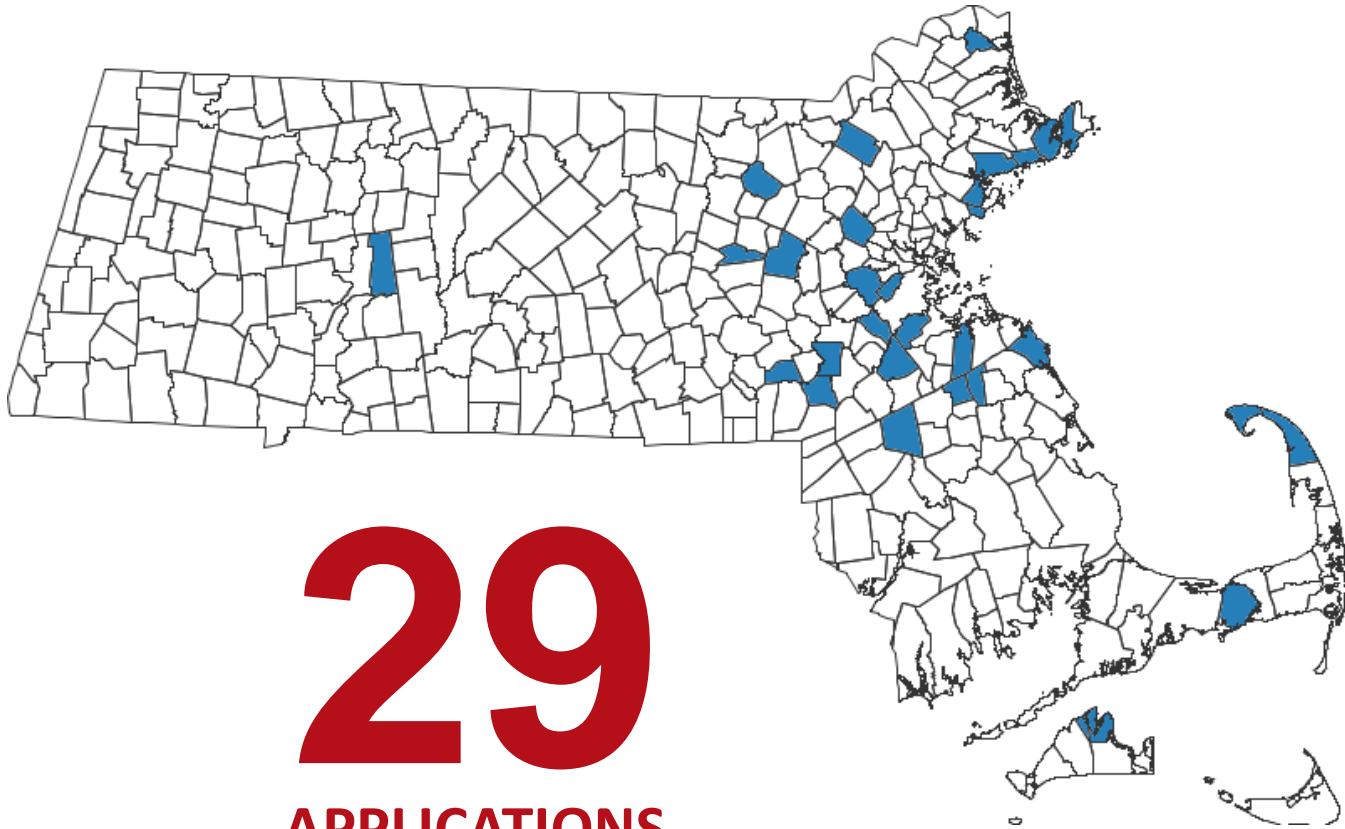


SAFEST HARBOR



Municipality meets or exceeds statutory minimum of 10%

Round One Overview



29
APPLICATIONS

Identified Impediments to Housing:

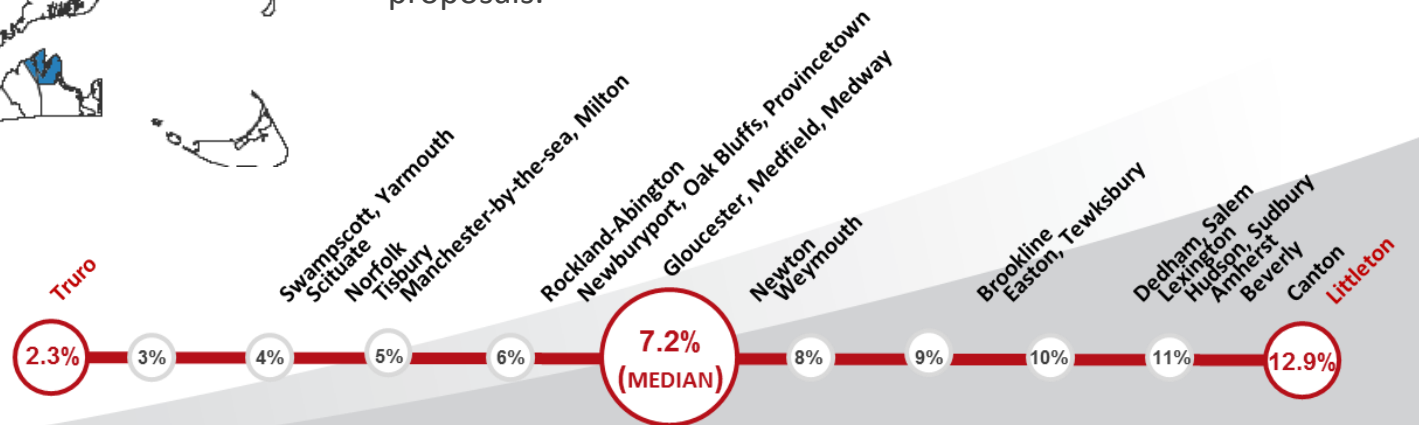
- Restrictive zoning
- Lack of staff capacity to evaluate publicly- or privately-owned development sites
- Lack of funds to begin public infrastructure design
- Need to engage in public dialogue around housing implementation, and a lack of data to quantify the benefits of new housing production.

Types of Assistance Sought:

- Implementing rezoning
- Advancing municipally-owned sites through the development pipeline
- Designing public infrastructure in anticipation of a MassWorks application
- Producing transparent data
- Facilitating public engagement around specific development proposals.

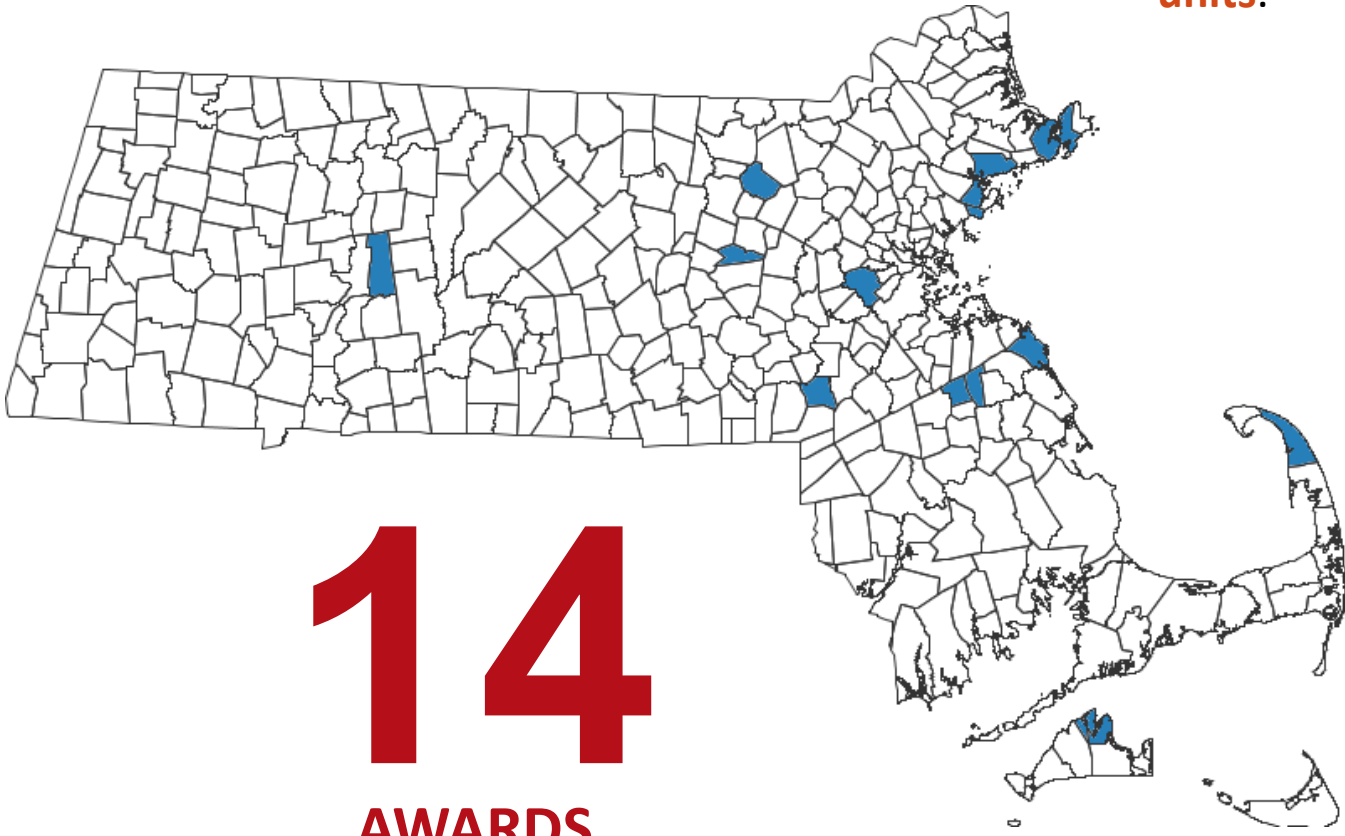


**Subsidized
Housing
Inventory
Spread**

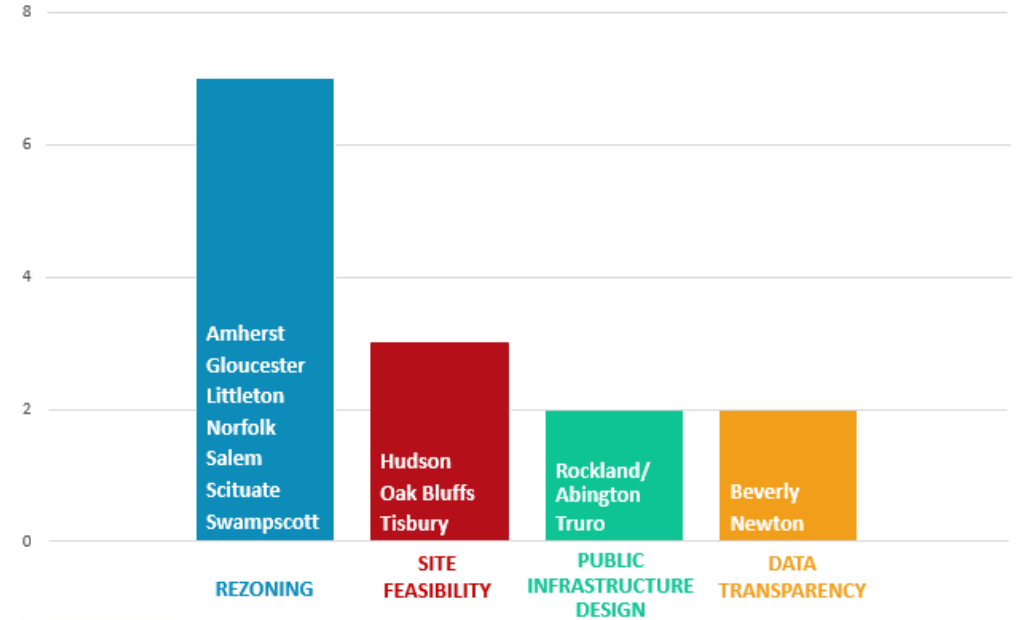


Round One Results

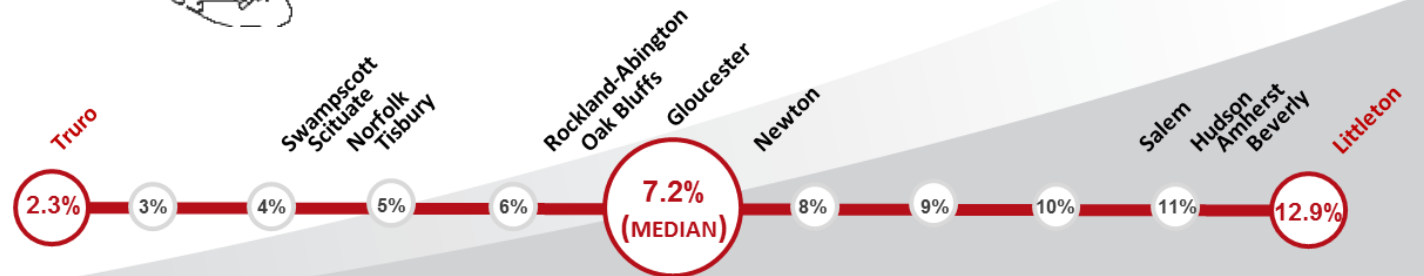
MassHousing will **fund a total of 14 projects**, allowing these cities and towns to **deliver more than 4,200 new mixed-income housing units**.



14
AWARDS



Subsidized
Housing
Inventory
Spread



Abington-Rockland

- **Housing Context:** Both Abington and Rockland have active development pipelines that are constrained by a lack of drinking water. The towns share a water treatment plant.
- **Existing Planning:** Rockland utilized a Community Compact grant to produce a housing production plan, which recommended the adoption of a downtown 40R district. Town Meeting approved the 40R zoning unanimously. Water constraints prevent the district's full approval at DHCD. Rockland has three active projects, totaling 83 units, in its immediate 40R pipeline. Abington has two developers exploring a potential total of 500 units.
- **The Project:** MassHousing will fund \$150,000 in engineering design work, in anticipation of a \$1.6M MassWorks application this summer.

Abington and Rockland	
SHI	6.3%
Project Category	Public Infrastructure Design
Amount Granted	\$150,000
Potential Units	183



Amherst



- **Housing Context**: Housing in Amherst's residential neighborhoods is unaffordable to families and long-term residents, who compete for housing with UMass students. The town is concerned that it faces both rising home prices, and a shrinking population of working families.
- **Existing Planning**: A recent master plan and housing production plan both recommended enacting zoning changes to facilitate greater housing choice.
- **The Project**: Amherst's partnership with MassHousing will allow the Town to identify publicly owned parcels suitable for new affordable housing development, and will reduce the regulatory barriers to mixed-income housing by creating a 40R smart growth overlay district.

Amherst	
SHI	11.3%
Project Category	Rezoning
Amount Granted	\$ 45,000
Potential Units	240

Beverly

- **Housing Context:** In recent years, Beverly has rezoned its downtown to allow for mixed-use development, and enacted a 40R district to accommodate 75 new by-right units. The City has permitted 500 multi-family TOD projects since 2015.
- **Existing Planning:** Beverly is currently working to rezone an industrial waterfront near its commuter rail to allow for TOD housing. These efforts are constrained by resident concerns about the current pace of development.
- **The Project:** Beverly will create a data transparency tool that will model the impact of current and future downtown housing development on school enrollment, automobile usage, public safety costs, and the adequacy of water and sewer infrastructure. Beverly's development impact tool will advance the buildout of the City's 40R and downtown districts, and will assist the exploration of additional upzoning efforts.



Beverly	
SHI	11.6%
Project Category	Data Transparency
Amount Granted	\$ 30,000
Potential Units	75

Gloucester



- **Housing Context**: Gloucester sees itself as both a regional jobs center, and as a bedroom community serving the broader region. Planning efforts, including a 2017 Housing Production Plan and recent downtown studies, have highlighted a need for sustained housing growth.
- **Existing Planning**: The City aspires to steer development to its infrastructure-rich downtown, while preserving environmentally-sensitive open space.
- **The Project**: Gloucester will advance a comprehensive reworking of its zoning ordinance, by modernizing dimensional and use tables, density standards and permitting thresholds, and by exploring a transit-oriented development district, in order to unlock new mixed-income housing development in the City's downtown.

Gloucester	
SHI	7.2
Project Category	Rezoning
Amount Granted	\$ 50,000
Potential Units	50

Hudson

- **Housing Context:** Hudson is enjoying a downtown revitalization that has increased demand for housing across the Town. The Town is currently above the 10 percent Chapter 40B threshold, and is exploring strategies for adding to its affordable housing stock ahead of the 2020 Census.
- **Existing Planning:** The Town has identified two surplus municipal properties that may accommodate affordable redevelopment. Redevelopment is consistent with recent planning, and local officials want help engaging residents and maximizing the development opportunity.
- **The Project:** Hudson will conduct predevelopment studies and drive public engagement that will enable the development of as many as 50 new units of affordable housing.



Hudson	
SHI	11.2%
Project Category	Site Feasibility
Amount Granted	\$ 55,000
Potential Units	50

Littleton



- **Housing Context**: Littleton has grown its housing stock by 10.7 percent over the past five years, and Town Meeting has adopted a number of housing best practices, including a senior residential development bylaw, an accessory dwelling unit bylaw, inclusionary zoning, and the creation of a local affordable housing trust. The Town's SHI is 12.9 percent and the Town is committed to further growth.
- **Existing Planning**: Littleton's master plan identified the area around its commuter rail station as a priority growth area.
- **The Project**: In partnership with MassHousing, Littleton will engage residents and other stakeholders in a public process that will rezone the area around the Town's commuter rail station for new housing growth, potentially utilizing 40B, 40R, or 40A.

Littleton	
SHI	12.9%
Project Category	Rezoning
Amount Granted	\$ 65,000
Potential Units	150

Newton

- Housing Context:** Newton’s new mayor has expressed the desire to use new housing to build an economically diverse and welcoming city for residents of all ages. The City has committed \$500,000 to a comprehensive corridor study along Washington Street, where a developer has site control to deliver 1,000 new units. An additional 1,500 units are in the pipeline across the rest of the City. Newton is an active participant in the MAPC Metro Mayors Regional Housing Initiative.
- Existing Planning:** Newton officials have identified community opposition and restrictive, outdated zoning as the primary barriers to implementing the City’s inclusive housing vision.
- The Project:** Newton seeks assistance in demonstrating the compatibility of new housing development with municipal finances. Newton’s project will create a data transparency tool that will model the fiscal impact and economic development opportunities created by new housing.



Newton	
SHI	7.5%
Project Category	Data Transparency
Amount Granted	\$ 50,000
Potential Units	325

Norfolk

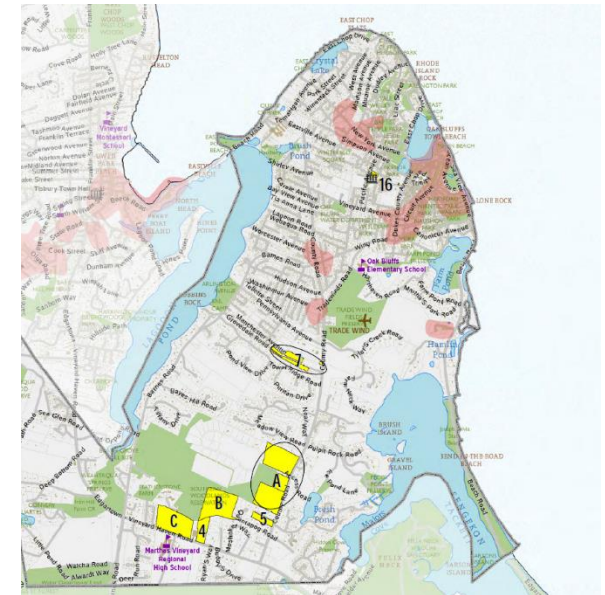
Norfolk	
SHI	4.8%
Project Category	Rezoning
Amount Granted	\$ 45,000
Potential Units	125



- **Housing Context**: Norfolk saw a sharp uptick in 40B activity in the past few years. MassHousing staff encouraged local officials to meet 40B demand with active planning for housing growth that would reflect local priorities.
- **Existing Planning**: Norfolk engaged in a thoughtful housing production planning exercise, and adopted its housing production plan in late 2017. The HPP is certified with 40B safe harbor until late 2018. The Town is using its safe harbor period to advance new growth consistent with its planning goals.
- **The Project**: Norfolk will implement the recommendations of its recent housing production plan, by rezoning the area around its town center and commuter rail station for new housing growth. The project anticipates zoning for 125 new TOD units.

Oak Bluffs

- **Housing Context:** Like other Martha's Vineyard communities, Oak Bluffs households face a combination of rising home prices and a rapidly shrinking supply of year-round homes available for sale or rent. Despite having higher overall incomes than the island average, the median Oak Bluffs household makes less than half the annual income needed to afford the median-priced single-family home in the Town.
- **Existing Planning:** Following an Island-wide housing production planning process, Oak Bluffs has identified a publicly-owned site for affordable development.
- **The Project:** Through its Planning for Housing Production grant, Oak Bluffs will conduct predevelopment feasibility work, including wastewater planning, financial feasibility, a zoning review, and preliminary site engineering, on a Town-owned parcel, advancing the development of up to 60 new affordable housing units.



Oak Bluffs	
SHI	6.8%
Project Category	Rezoning
Amount Granted	\$ 90,000
Potential Units	60

Salem

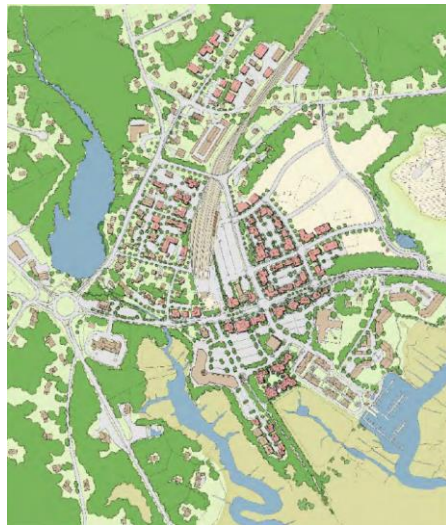
- **Housing Context:** Salem recently conducted an extensive master planning process, Imagine Salem, which highlighted the link between affordable housing and economic growth.
- **Existing Planning:** The City wishes to further engage its residents around specific housing solutions that will help meet the vision of the City's master plan.
- **The Project:** MassHousing will help Salem implement its Imagine Salem plan, by pursuing a new mixed-use zoning district in the City's Bridge Street Neck neighborhood, conducting a citywide public engagement campaign around affordable housing needs, and advancing a new inclusionary zoning ordinance. This project supports Salem's efforts to meet new housing demand, estimated by MAPC, of 2,700 new housing units by the year 2030.



Salem	
SHI	11%
Project Category	Rezoning
Amount Granted	\$ 59,000
Potential Units	353

Scituate

Scituate	
SHI	4.4%
Project Category	Rezoning
Amount Granted	\$ 27,000
Potential Units	300

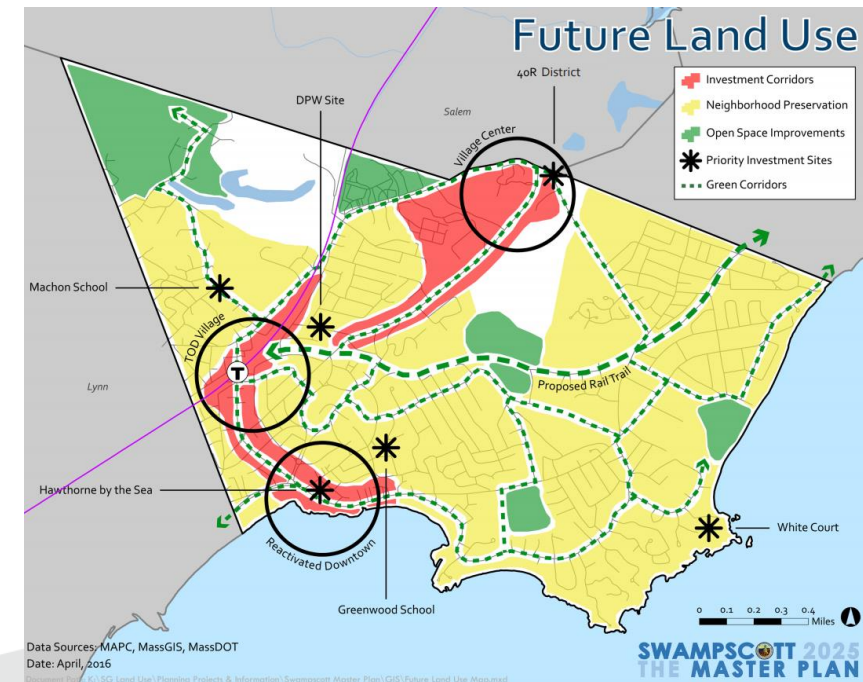


- **Housing Context**: Scituate's economic development plan envisions the creation of vibrant new village centers near commuter rail station areas, with local business growth supported by increased residential density.
- **Existing Planning**: The Town's planning has also identified a shortage of smaller, more affordable homes affordable to residents of a variety of means. After supporting the redevelopment of a commuter rail lot into 75 units of mixed-income housing, Scituate is now seeking to modernize its zoning bylaws to help create greater economic diversity in the Town.
- **The Project**: Scituate will implement the recommendations of its housing production plan and village center vision plans, by creating new Town-wide affordable housing guidelines, advancing the creation of a new 40R district around the Greenbush commuter rail station, implementing a Town-wide inclusionary zoning ordinance, and exploring the creation of affordable starter homes on nonconforming lots.

Swampscott

- **Housing Context:** Recent master planning and housing production planning processes have mobilized Swampscott residents and officials in support of housing equity and access, and a diversified housing stock.
- **Existing Planning:** Early planning implementation successes include the creation of 38 units of affordable housing on Town-owned land, the creation of an affordable housing trust, and the adoption of inclusionary zoning. The Town desires a stronger hand in steering housing growth, through planning and the achievement of incremental 40B safe harbors, to limit the reach of less compatible 40Bs.
- **The Project:** Swampscott will implement the recommendations of its master plan and housing production plan, by creating a new 40R zoning overlay district around its commuter rail station

Swampscott	
SHI	4.3%
Project Category	Rezoning
Amount Granted	\$ 45,000
Potential Units	38



Tisbury

- **Housing Context:** Like other Martha's Vineyard communities, Tisbury households face a combination of rising home prices and a rapidly shrinking supply of year-round homes available for sale or rent.
- **Existing Planning:** Tisbury is meeting its affordable housing needs by aggressively investing in public infrastructure to support new housing, deploying CPA funds for affordable housing, enacting more permissive zoning for multifamily housing and accessory dwelling units, and partnering with the high-capacity Island Housing Trust CDC.
- **The Project:** The Island Housing Trust has identified a 4-acre industrial site near downtown Vineyard Haven to be redeveloped for as many as 80 new affordable homes. MassHousing will help Tisbury and the IHT advance this public-private partnership by supporting extensive predevelopment work at the site, including financial feasibility, site planning, infrastructure planning, and rezoning.



Tisbury	
SHI	4.9%
Project Category	Site Feasibility
Amount Granted	\$ 90,000
Potential Units	80

Truro



Truro	
SHI	2.3%
Project Category	Public Infrastructure Design
Amount Granted	\$ 67,500
Potential Units	32

- **Housing Context:** Truro's economy centers on lower-wage hospitality jobs. Home prices are driven by seasonal housing, and the Town faces a shortage of housing affordable to its year-round and seasonal workers. Truro's SHI stands at 2.3 percent.
- **Existing Planning:** The Town is actively advancing strategies for creating more deed-restricted affordable housing. Truro identified a vacant 4-acre MassDOT parcel that could accommodate new housing. Truro secured the transfer of the DOT Cloverleaf property to the municipality, under the Baker-Polito Administration's Open for Business initiative. Current site infrastructure will only support 12-16 new housing units.
- **The Project:** In order to maximize the Cloverleaf property's impact, Truro sought assistance designing a water line extension to the site. Infrastructure improvements will enable a doubling or tripling of the site's future density. A developer RFP will be issued this summer.