

Executive Summary

Leading the Way: A Housing Strategy for Boston outlines the City of Boston's campaign to increase and protect Boston's housing supply over the next three years. Since January 1999, Mayor Thomas M. Menino has focused on housing as a top priority for his Administration. This report details a strategy to build on the Administration's commitment to create and preserve housing in Boston.

Under the Mayor's leadership, this three-year campaign will unify and focus all of the City's housing agencies around a comprehensive Strategy to advance key objectives: produce new housing at all income levels and preserve as much of the City's affordable housing as possible. The Strategy sets ambitious goals that will result in the production of 7,500 new units. This includes 2,100 affordable units, 4,300 new market rate units and the restoration of 1,100 vacant public housing units. In addition to the production of new housing, 10,000 units will be preserved.

To meet the goals set forth, Boston's Housing Strategy combines existing programs with new resources and initiatives. It includes a strategic plan to use **\$30 million** in City resources, **5.5 million square feet** of City-owned land, valued at **\$15.5 million**, and calls for **\$50-\$100 million** of new private capital dedicated to affordable housing.

In total, this Housing Strategy represents public and private investment of more than \$2 billion over the next three years.

In this report, the City of Boston:

- Identifies the complex forces that shape the Boston housing market in 2000;
- Reviews the policies and programs City housing agencies have in place to address Boston's housing needs;
- Defines a series of strategies that build on and expand Boston's current housing initiatives to meet ambitious production and preservation goals;
- Calls on partners to help Boston meet our objectives;
- Outlines a plan for action and accountability to ensure that our goals are met.

BOSTON'S HOUSING CHALLENGES IN A REGIONAL MARKET

In the first year of the 21st Century, Boston is financially strong. Metropolitan Boston has the fourth largest economy in the nation. Over 18,000 new jobs were created in Boston alone last year, and over 42,000 new jobs in the metropolitan area. This puts enormous pressure on the regional housing market. Boston's housing challenges reflect many factors:

- Other than Boston, only seven of the 129 communities in the metropolitan area meet the minimum goal that 10% of their housing stock is government-assisted, affordable housing. This has created a 37,000-unit shortfall in affordable housing, most highly concentrated in Boston's closest neighbors. With almost 20% of its stock subsidized, Boston provides over 40% of the region's affordable housing.
- Federal spending for housing has dropped from a high of 7.5% of the Federal budget in 1978 to only 1.5% today.
- Housing production metro-wide is only 56% of what is needed to meet the growing demand in the region.
- The end of rent control as well as owner prepayments of Federal mortgages have resulted in almost 18,000 affordable rental units in Boston going to market prices over the last five years.

These factors have resulted in some severe housing impacts in Boston today:

- In a city of 228,500 households, over 54,000 spend more than 50% of their incomes on housing.
- Boston has a record number of homeless – 5,820, exceeding the previous record of 5,299 set in 1994.
- An average two-bedroom apartment in Boston now lists for \$1,448 per month – 59% higher than the \$909 listing price in 1995.
- House prices are up 23% from just a year ago. Only one in four Bostonians can afford the average price of \$224,000.
- Over 15,000 households are on the waiting list for public housing.

BOSTON'S RESPONSE

While the City of Boston cannot solve the regional housing crisis alone, Mayor Menino has committed his Administration to providing leadership. Boston's Housing Strategy recognizes that the regional and local imbalance of supply and demand and the resultant hardships created by our strong growth require two immediate responses:

- 1) **We must increase the supply of housing.** Production of new housing for people at all income levels is needed to achieve a balanced and stable housing market.
- 2) **We must preserve and protect the affordable housing we have.** Preservation of existing housing and protection for households who are casualties of our strong economy must be an immediate priority.

The report details both existing programs in the City’s tool kit and new initiatives to help us meet our goals. The \$30 million recently committed by Mayor Menino is an important new City resource to help meet these ambitious goals. The City has a strong commitment to make units created or preserved available to a range of incomes. Our strategies will preserve the City’s economic diversity and ensure that Boston doesn’t become a city of rich and poor. Set-asides of newly-created affordable units and aggressive use of rental vouchers and counseling will insure that affordable units can serve very-low income and homeless persons and families. Developers will be encouraged, through the use of tax incentives, to produce housing for middle-income families.

KEY INITIATIVES TO ACHIEVE PRODUCTION AND PRESERVATION GOALS

- **Public Housing:** The City will bring back on line all 1,100 long-term vacant units of public housing. New financing tools will leverage State and Federal funding for public housing revitalization. This will be the first time in over 20 years there will be no boarded up public housing in Boston.
- **Land for Housing:** The City will make 1,000 parcels, valued at \$15.5 million, available for development; catalogue on the Web all of its developable land resources; negotiate with other land owners and start construction on major development sites. City Requests For Proposals (RFPs) for land disposition will promote mixed-income housing or will use the net proceeds of a market sale of land for affordable housing uses.
- **\$50-\$100 Million Low-Interest Loan Fund:** Boston businesses and institutions will be called upon to contribute to a low-interest loan and grant pool to finance affordable housing. Partnership contributions will increase the impact of City funding and deepen affordability.
- **Development Process Reforms:** The City will support its housing producers by:
 - 1) Continuing to expedite the City’s permitting systems, including the appointment of a “Permits Czar,” to facilitate the development process;
 - 2) Creating a new dynamic for community review and participation that will address legitimate community concerns while responding to developers’ needs for timelines and predictability;
 - 3) Implementing new comprehensive planning and zoning management initiatives to facilitate housing development.
- **Abandoned and Vacant Housing Initiatives:** Seniors and low- and moderate-income homeowners will receive technical assistance and funding to bring units back on line. Receiverships will be employed to attack the most intractable owners of abandoned property.
- **Housing Preservation Alliances:** The City will provide funds to help tenants avoid displacement and to help non-profits buy buildings in transitional neighborhoods before the prices spiral out of control.

- ***Preserving At-Risk State and Federal Housing:*** The City will work with owners and non-profit partners to preserve units at-risk of losing subsidies or affordability restrictions. Additionally, the City will also call upon the Massachusetts Housing Finance Agency (MHFA) to protect all affordable units in its SHARP developments.
- ***Employer Homeownership Challenge:*** The City will encourage employers to contribute to employee homeownership. Matching grants and loans will increase affordability and allow more employees to own in the City.

PARTNERS AND RESOURCES:

In order to meet its goals, much will be required from the City and its partners:

The City of Boston is taking the lead. The City will:

- Contribute \$30 million in new City funds from the sale of City assets and from the surplus property fund to increase affordable housing;
- Support production and preservation efforts by using \$131 million in locally managed funds, including CDBG, HOME, Linkage, Lead Paint Abatement Funding, Public Housing Capital Funding and revenues from surplus property sales to leverage another \$760 million in public and private development financing;
- Provide funds from its new Inclusionary Development policy;
- Lobby for and utilize increased Linkage fees for affordable housing;
- Make 1,000 of its parcels of City-owned land available for housing development;
- Coordinate land acquisition and aggregation from other private and public sources;
- Further improve its housing permitting process and create new community review procedures that will make the housing development process more predictable;
- Advocate for a regional, statewide and national commitment to housing production, and a fair share of resources for Boston;
- Convene a blue-ribbon panel to examine other, new City housing resources, including bond revenues and tax abatements to be dedicated to affordable housing.

The City will ask much of its partners:

The pipeline of ready-to-go housing projects is tremendous. The City has projects in the pipeline *right now* that can quickly turn this funding into affordable housing. To get these units on line and encourage more, we will call on our partners to help us sustain Boston's economic vitality and diversity.

- The Federal and State Governments must provide more resources for affordable housing.

- Business and institutional partners will be asked to contribute to a \$50 - \$100 million housing finance pool of low-interest loans and grants to help us leverage City resources even further.
- Colleges and Universities will be asked to create more student housing.
- Private developers will be asked to step up production with new housing designed to community standard.
- Rental property owners will be called on to make a pledge to cease excessive rent increases that are increasingly commonplace in this tight market.
- Neighborhoods must put out the welcome mat for new housing.
- The region must do its fair share to meet regional housing demand.

A PLAN FOR ACTION AND ACCOUNTABILITY

The success of our Housing Strategy will be measured on how much housing we produce and preserve and how well we keep Boston affordable to a broad range of incomes. It is important to establish goals and a system of oversight and accountability. This report suggests the following ways to keep our Strategy on track:

- City Housing Agencies will develop clear performance goals and timelines along with clear lines of responsibility for achieving those goals;
- The Mayor's Housing Advisory Panel will meet semi-annually at which time the City will provide a report on its performance;
- The Advisory Panel will also reassess the Housing Strategy on a regular basis to ensure that the City's efforts are still strategic and appropriate for the housing issues we face at the moment.

In summary, the Menino Administration is committed to ensuring a place in the City for all Bostonians. City housing agencies will focus intensely on production and preservation through a series of new initiatives combined with tried and true programs. Boston is fortunate to have an array of partners with energy and talent who are committed to working with the City to find solutions. Over the past year, we have reviewed an extensive and impressive catalogue of housing actions assembled from many individuals, elected officials, developers, community organizations and advocacy groups. Their input has informed our report and energized our work.