Commonwealth Housing Task Force

Quarterly Summary of Progress as of December 31, 2005

During the fourth Quarter of 2005, the Commonwealth Housing Task Force focused its efforts on (1) the passage of Chapter 40S – to hold communities harmless from school cost increases related to Chapter 40R; (2) the implementation of Chapter 40R (the Smart Growth Zoning and Housing Production Act) and protecting the source of funding for local incentives; (3) outreach to communities to provide information about the new program; (4) the extension of Section 548 – the expedited sales of surplus state land; (5) the call for an increase in state funding for affordability; and (6) an expansion in participation in the Task Force itself. Barry Bluestone, Eleanor White and Ted Carman, working through the Center for Urban and Regional Policy at Northeastern University, have carried out the staff work in coordination with active subcommittees and Boston Foundation staff. Angus Jennings, working with Ted Carman at Concord Square Development Company, Inc. also participated in this work.

The basic validity of the Task Report of 2003 has been underscored by changes in the State’s population and economy. Massachusetts was the only state to lose population in 2004, and one of only three to lose population in 2005. Although the rate of increase of housing prices has slowed, housing costs are still unaffordable to a large portion of our workforce. Businesses continue to find it challenging to recruit and retain workers—especially those in the 25-34 year old age brackets, which made up the largest segment of our population loss over the last 2 years. And although there has been some increase in multifamily rental production, due in large part to the Chapter 40B program, the majority of affordable units are priced to serve households at 80% of area median income while the market rate units have targeted high-income households. There has been virtually no production of modestly priced single-family homes on small lots, a product that is the linchpin of the recovery outlined in the Task Force Report (which led to the passage of Chapter 40R and Chapter 40S). Unless we can collectively convince communities to take advantage of these new statutes and their financial incentives, we will not see the amount or type of housing production necessary for the economic recovery that we all desire. There is, however, reason for optimism, as detailed in this report.

Working to Pass Chapter 40S: the School Cost “Insurance Policy” –Success!!

We are delighted to report that the Legislature passed Chapter 40S unanimously in both the House and Senate and it was signed into law by the Governor in November, 2005. This bill, implementing one of the original recommendations of the Commonwealth Housing Task Force Report, is a critical component for local communities considering participation in the Chapter 40R program. Again, as we saw with the passage of Chapter 40R, the strength of our coalition has proven to be extraordinary.

As reported previously, the analysis of school costs carried out by Ted Carman with assistance from Barry Bluestone, legislative staff, and the Administration was
completed earlier in 2005. The study confirmed -- as stated in the original CHTF Report -- that the cost of educating the students living in new single family homes often substantially exceeds the amount of property taxes and other revenues allocable to education that are collected for the housing. (Net costs relating to multifamily housing, as detailed in several prior studies and confirmed by the CHTF work, are relatively small.) As mentioned above, it was clear that this issue had to be addressed to assure that a range of communities will opt to participate in the voluntary Chapter 40R program and generate the desired level of housing production. The fear of rising school costs is the single most frequently cited reason for communities to oppose the production of modestly-priced housing. In contrast, million dollar homes typically generate sufficient tax revenue to support the public school children living in them and, thus, most cities and towns with strong enough markets to support sales prices at that level welcome expensive housing on large lots. Chapter 40R and 40S give us all an unprecedented opportunity to change that dynamic at the local level to stimulate the production of housing affordable to municipal workers, teachers, nurses, police and fire personnel, young college graduates and elderly parents.

As reported earlier, Chapter 40S was proposed to deal with this problem within the structure of education finance in Massachusetts. It provides for the State to cover any net education costs that may be incurred by communities that pass Smart Growth Districts under the provisions of Chapter 40R. It is estimated that there will be no costs until FY 2008, and that any costs will ramp up slowly as 40R districts are passed, housing is built, and families move into the new housing in the coming years. The new incremental costs of 40S are expected to be less than $2 million in 2008, and approximately only $35 million ten years from now, in 2014, when Chapter 40R is expected to be fully underway. This would represent only \( \frac{8}{10} \) of 1 percent of the Chapter 70 State education budget estimated for that year. This is a case where a fundamental structural problem can be addressed at very modest cost. Actual costs will be incurred by the state only if communities experience actual net school costs.

We joined many others, including members of the Administration, in testifying in support of Chapter 40S at the June 15th Legislative Hearing, and the CHTF, led by Co-Chair Larry DiCara, worked very hard to achieve passage of the bill through the legislative process in the House and Senate. Robert Beal, Paul Grogan, and Paul Guzzi all provided invaluable assistance. All of us should also express our gratitude to Senate President Travaglini (and David Friedman, his Counsel) and House Speaker DiMasi. Their strong support was instrumental in achieving unanimous votes in both the House and Senate. In addition, the key contribution of Senator Harriette Chandler in sponsoring and shepherding this bill should be recognized. Thanks and kudos also to Joint Housing Committee Chairman Honan, Joint Committee Chair Joyce, Joint Community Development Committee Chairman Torrisi, and to Jim McGlynn, Counsel to the Joint Committee on Housing. All made critical contributions towards building the support to achieve these votes.

In the coming months we will also be following up with State Treasurer Timothy Cahill and several staff members of the Massachusetts School Building Authority to
continue our discussions concerning overall funding for Chapter 40R and 40S, and to initiate discussions about coordinating the regulations for School Building Assistance with Smart Growth Zoning. Treasurer Cahill has agreed to explore ways in which the Treasurer’s office and the School Building Authority can be helpful to the long-term success of 40R and 40S.

**Working to Implement Chapter 40R**

During the fourth quarter of 2005, communities have begun to apply to DHCD for up to $50,000 each from the Priority Development Fund (provided by MassHousing and administered by DHCD so that communities can retain expert assistance to prepare Chapter 40R applications and implement the program).

Members of the CHTF staff have continued to meet with groups of local officials to explain the program and have also met upon request with individual communities to explore the benefits of Chapter 40R for their specific circumstances. It is quite clear that in a great many cases communities were not interested in applying for and implementing Chapter 40R prior to resolution of the school cost issue, as discussed in the preceding section. With Chapter 40S now on the books, and the issue of school costs essentially off the table as a reason to avoid Chapter 40R, we expect to see a significant increase in interest by local communities.

Many CHTF participants have strong relationships with local leaders. Please let CHTF staff know where you have heard of particular interest in learning more about Chapters 40R and 40S (or where you believe that Chapter 40R would be beneficial to a city or town), and we will respond with outreach to those communities. Just send a message to ewhite@housingpartnersinc.com and we will follow up with the community to offer support as may be needed. It will be especially helpful if you include the name of a contact person in the community with phone number and email address, but if you cannot provide that, just send the name of the city or town.

We are asked repeatedly which communities have expressed interest in Chapter 40R to date. Although several communities have actually begun work on 40R (notably Boston, Brockton, Chelsea, Chicopee, Dartmouth, Gardner, Lunenburg, North Andover, North Reading, Pittsfield, Plymouth, Watertown, and Weymouth/Abington/Rockland as part of the Tri-Town development area), most have been awaiting the outcome of our efforts on 40S. We have met with many other communities, but they have asked us not to publicize their names until they begin official work locally. In addition, we expect that many developers—both nonprofit and for-profit—will be exploring the use of Chapter 40R in partnership with communities as one alternative to Chapter 40B.

With funding now deposited in the Smart Growth Housing Trust Fund, and with Chapter 40S now enacted, we expect this list to expand significantly over the coming year. We have established a goal of 20 communities being in active stages of planning
for Chapter 40R districts, with 5 or 6 districts actually passed at the local level, by the end of 2006.

**Extending Provisions for the Expedited Sale of Surplus State Land**

While we have been able to secure initial funding for Chapter 40R from the existing sale of state surplus land as covered in the last Quarterly Report, we did face a disappointment over our attempt to extend Section 548, which would provide for the continued expedited sale of surplus state land in the future. The outstanding law expired in July 2005, and Section 548 has become quite controversial. As reported previously, we have been working with many others to develop compromise positions that would give local communities more input into the sales process, while still providing for sales (and sales proceeds) as expeditiously as possible. And we will continue to work hard to extend the basic provisions of Section 548. The current bill in play on this issue, House 4491, has been passed by the House but has not yet been acted upon by the Senate (as of 12/30/05). The provisions of this bill would result in a considerably longer process of disposition than under Section 548 and would not yield proceeds to the Smart Growth Housing Trust Fund as quickly (or at the same level) as the Chapter 40R/548 process. We will be working with the Legislature and the Administration early in 2006 to deal with these issues. The Administration estimates that by the end of 2006 there should be approximately $12 million in the Smart Growth Housing Trust Fund to fund the Chapter 40R incentive payments. Currently we understand that there is a total of approximately $3.1 million in the Smart Growth Trust Fund, with almost another $1 million to be deposited in the coming months. This amount should be adequate to fund 40R incentives in the near future, but it will be critical to establish a stable, long-term funding source for the future.

**Funding for Affordability**

The CHTF, under the auspices of the Strategic Planning Committee led by Robert Beal, continues to focus on advocacy for a significant increase in state funding to support housing affordable to households at 80 percent of median income and below. The CHTF’s support for the agenda of the statewide housing advocacy groups, such as CHAPA, has helped to generate support for affordable housing legislation in this budget session and to achieve some modest gains. As reported previously, a CHTF group met in 2005 with Governor Romney and his top staff to make the case directly.

The Committee will be looking at new initiatives to generate new attention and funding for affordability. This will be a major part of the Committee’s agenda for 2006. We are particularly interested in receiving ideas and feedback about the affordability agenda during the next plenary meeting of CHTF, to be held in late January or early February, 2006.
Streamlining the Administrative Process for Applying for Chapter 40R Approval

We have had initial discussions with DHCD about ways to make it easier for communities to apply for and receive approval of Chapter 40R districts. Mass Housing’s Priority Development Fund provides planning money for communities that do not have sufficient staff capacity to carry out the design of a Chapter 40R district, and that funding has proven to be extremely valuable. To the extent that CHTF has sufficient resources to support this effort, CHTF staff will assist communities in applying for these technical assistance funds.

Spreading the Word about Chapter 40R

Barry Bluestone, Eleanor White, Ted Carman and Angus Jennings have continued to make presentations throughout the State about Chapter 40R and 40S to cities and towns, professional organizations, practitioners in the field, and others. The first communities are beginning to apply for State technical assistance and planning funds to design Chapter 40R districts and to bring them through the local approval process.

CHTF staff has prepared a comprehensive plan to implement outreach to planning officials, local elected officials, affordable housing advocates, realtors and others to assure widespread education about the benefits of Chapter 40R. You should be hearing about information sessions in various areas of the State, and of course CHTF members are encouraged to attend. You are also encouraged to be supportive of 40R if the subject comes up in your town. Please get in touch with any of us if you need help in this regard.

One very exciting part of this initiative is a partnership we have forged with the Greater Boston Association of Realtors, one of the constituent divisions of the Greater Boston Real Estate Board. Barry Bluestone and Eleanor White made the first of a series of presentations on December 7, 2005 in Framingham, and Barry and Ted Carman will make the second on January 19, 2006 in Boston. GBAR will donate all registration fees paid by attendees to support the work of the Commonwealth Housing Task Force. We will also be scheduling presentations at the local level with local officials and advocates arranged by members of GBAR. GBAR represents over 7000 residential realtors in the Greater Boston area, and its membership can be powerful allies in the effort to generate community participation in the Chapter 40R program. We are very grateful to GBAR for this interest and support. We have also begun discussion with the Massachusetts Association of Realtors, the state-level component of the National Association of Realtors. NAR has identified Smart Growth as a major priority for this year, and MAR’s new President, David Wluka, is also enthusiastic about Smart Growth in general and Chapter 40R in particular. We expect to be working closely with MAR and its membership to advocate for local passage of Chapter 40R districts.

In addition to these GBAR presentations and the initiation of a strong working relationship with both that organization and MAR, all of the staff continued to make both
formal and informal presentations on the Massachusetts housing situation and the Chapter 40R and 40S legislation throughout the State, and participated in numerous media interviews on these subjects.

During this quarter, Barry Bluestone made formal presentations to the WBZ Business Breakfast Forum, the Rental Housing Association, the Realty Guild, and the Build Boston Conference. Eleanor White made presentations to the Massachusetts Community and Banking Council, the Rappaport Institute at Harvard University and the Real Estate Bar Association (both with Ted Carman), the Greater Boston Chamber of Commerce Housing Task Force, the New England Women in Real Estate Affordable Housing and Community Development Group, a graduate class at Northeastern University, the Greater Boston Real Estate Board Government Affairs Committee, and the Massachusetts Association of CDC’s Real Estate Development Group.

Numerous meetings and/or discussions have also been held by Ted Carman, Eleanor White and Angus Jennings with organizations (the American Planning Association – Massachusetts, the Massachusetts Association of Planning Directors, multiple Regional Planning Agencies, the Builders Association of Greater Boston, the Homebuilders Association of Massachusetts, the New England Chapter of the Congress of New Urbanism), developers, and individual town planners, planning directors, community development directors, and local elected officials in communities throughout the State.

Barry Bluestone, Eleanor White and Ted Carman have also participated in numerous interviews and conversations with representatives of the media this quarter, resulting in stories in the Boston Globe (both news and editorials), Boston Herald, WBZ, Banker and Tradesman (both news and editorial), Massachusetts Apartment Owner (the magazine for members of the Rental Housing Association), Boston Business Journal, State House News, Commonwealth (the magazine published by MassINC), the Patriot Ledger, and Business Today.

As mentioned above, the next plenary session of the CHTF will be held at the Boston Foundation in late January or early February, 2006. CHTF Co-Chairs and staff will present status reports and commentary on the progress of the Task Force. We will want to get feedback from the membership on the outreach plan and on the advocacy agenda.

We encourage you to regularly visit the Boston Foundation/CHTF website at www.tbf.org/chtf. We welcome all comments and suggestions for improvement. The website serves as the central repository for documents, status reports and resource material on the Task Force itself, Chapter 40R, Chapter 40S, press coverage, and related matters. CURP staff, led by Barry Bluestone and Joe Christo, are responsible along with Tim Gassert at the Boston Foundation for updating the CHTF website on a regular basis.
Thanks again especially to Mary Jo Meisner, Tim Gassert and Maura Fogarty of the Boston Foundation, and Joe Christo of CURP, for their successful effort in bringing this website to reality.

Follow up by the CHTF Legislative Committee

The Legislative Committee, headed by Co-Chair Larry DiCara and including members from the legal and development communities, local and state officials, will be convening to review the regulations promulgated for Chapters 40R and 40S to determine if any technical corrections are needed. This Committee played a critical role in the initial drafting of the two statutes and in reviewing the drafts of the regulations. Now that communities are beginning to gain experience in using the regulations, we know that the committee will continue to be extremely important in monitoring the implementation.

Potential New Initiatives

Members of the Task Force and others are encouraged to forward ideas for other housing initiatives where the demonstrated effectiveness of the Task Force may make a difference. We have been approached by various groups interested in transportation, zoning and permitting issues, as well as the spectrum of affordability concerns, and will be reviewing the degree to which resources can be stretched to move into new areas.

Expansion of the Task Force and the Search for Resources

We have been gratified again this Quarter with requests from many new people to participate in the Task Force. As we speak about Chapter 40R, we also are receiving requests from more elected and appointed local officials to get involved in the CHTF, and they are a most welcome addition as well.

The Boston Foundation, under the leadership of Paul Grogan and Mary Jo Meisner, continues to play the critical role of convener of the Commonwealth Housing Task Force. We are indebted to them and their staff for their wisdom and generosity.

Finally, a committee of the Task Force, under the leadership of Paul Grogan and Mary Jo Meisner of the Boston Foundation; Jerry Rappaport, Jr., co-chair of CHTF; and Robert Beal, chair of the Strategic Planning Committee, continues the effort to raise the resources necessary to support the ongoing work as outlined above. A major fundraising effort will be launched in 2006. In connection with that committee, we are pleased to report that we have received an additional small grant from the Federal Home Loan Bank of Boston (thank-you to CHTF participants John Eller and David Parish for your ongoing and unwavering support) and the previously mentioned support from the Greater Boston Association of Realtors. Special thanks to those CHTF participants who have made financial contributions to allow this work to go forward.
Also thank you to all of the CHTF participants for your continued enthusiasm and participation. So that we may keep in touch with you, we again ask that you please update our mailing list information if you have not yet done so, with your name, affiliation, address, phone, fax and email. Please send updates to ewhite@housingpartnersinc.com.

We welcome comments and suggestions. You can reach Eleanor White at Housing Partners, Inc. (617-924-7240 or ewhite@housingpartnersinc.com); Barry Bluestone at the Northeastern Center for Urban and Regional Policy (617-373-8595 or b.bluestone@neu.edu); and Ted Carman at Concord Square Development (617-482-1997 or carman@concordsqdev.com). Please note that email messages about CHTF may often be coming from Maura Fogarty at The Boston Foundation (maura.fogarty@tbf.org) so please include her email address in your list of allowed senders and do not delete her messages!

Respectfully submitted: Eleanor White, Barry Bluestone, Ted Carman
January, 2006