

November 2014

Mayor's Comprehensive Housing Plan – 2014-2030

Plan is good start to addressing critical need but funding issues will dictate success

Mayor Walsh released a comprehensive housing plan for Boston in October that projects changing needs by housing sector and recommends policy action through 2030. The plan outlines objectives to produce 53,000 new units of housing, a 20% increase. To meet the housing goals, an annual housing budget of \$51 million is recommended, which would require an additional \$20 million in new housing funds each year. Half that goal is estimated to come from the Community Preservation Act, but Boston voters would have to approve a 1% property tax surcharge.

Demographic forecasts from 2010 through 2030 by the Metropolitan Area Planning Council (MAPC) indicated that Boston's population will increase by more than 91,000 people to 709,000 by 2030, which will equate to 49,100 new households. Due to fewer people inhabiting each housing unit and more Boston seniors remaining in their homes, new housing stock must be built to meet demand.

Middle-Income Housing

Middle-income housing has been most problematic to build given Boston's land and labor costs, yet it is critical to provide reasonable housing options to maintain a strong local economy. The plan's middle-income housing goal is to create 20,000 units by 2030, which would require 800 more units a year for a total of 15,000 new units and 5,000 units made available through the building of new college dormitories.

The housing plan envisions a large increase in middle-income housing units, but with limited city funding. Of the 53,000 new housing units planned, over 65% are identified as middle-

income or market rate housing unassisted by city funds. The creation of 4,000 middle-income units with help from IDP funds is planned. The breakdown of the \$20 million in new revenue shows that 86% is targeted to low income or elderly housing and home repairs. The City will rely more on the private sector to create middle-income housing with its help in the following ways:

- Allow additional density in selected areas
- Provide property tax incentives
- Modify the IDP to allow higher rent levels in lower-priced areas of the City
- Work with building trades to lower costs

New Funding Options

The housing plan identifies possible public funding sources that would generate \$20M annually. The public sources are:

- Inclusionary Development Program (IDP) – increase cash-out payments and allocate \$57.2M owed to the City by developers
- Linkage Program – make allowable inflationary increases automatic
- Community Preservation Act (CPA) – Seek voter approval of CPA that would impose a 1% surcharge on residential and business property tax bills less allowable exemptions adopted, which would also generate some state matching funds. The CPA is estimated to create \$20M of which \$10M would be used for housing, but the state match assumption is optimistic.
- City Budget Line Item – establish a dedicated line item in the City's annual operating budget to support senior housing programs