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To the Honorable Senate and House of Representatives,

I am pleased to submit for your consideration “The Affordable Homes Act.”

The Commonwealth faces an increasing housing shortage. The demand for both market rate and affordable housing has significantly increased, and the Executive Office of Housing and Livable Communities estimates that the Commonwealth must produce 200,000 homes by 2030 to tackle the existing housing shortage and meet growing demand. This legislation, together with the increases to the Low-Income Housing Tax Credit and the Housing Development Incentive Program, enacted in *An Act to improve the Commonwealth’s competitiveness, affordability, and equity*, are projected to create over 40,000 new homes and preserve or support an additional over 27,000 homes over the next 5 years. An additional 114,000 market-rate homes are already completed, under construction, or in the pipeline for completion by 2030 if conditions allow them to move forward. The legislation I file today will accelerate production to reach our 200,000 home goal and help ensure that a significant portion of that goal is comprised of long-term affordable housing.

This legislation proposes not only a comprehensive funding strategy to increase the supply of housing, rehabilitate and modernize public housing, and support affordable housing opportunities for our residents across the state, but also recommends policy initiatives to address fair housing and equity concerns, provides critical protections to vulnerable tenants and authority for cities and towns to raise revenue to address their unique affordable housing needs.

The bond authorization I propose today will provide \$4.12 billion in capital authorization to support the following key initiatives:

- **Investing in Public Housing**
 - \$1.5 billion in new capital authorization to make capital improvements across the over 43,000 units of state-aided public housing, including \$150 million dedicated to the decarbonization of public housing and \$15 million for accessibility upgrades.

- \$100 million in new capital authorization for the Public Housing Demonstration Program to encourage housing authorities to pursue innovative, market-driven strategies and leverage private resources.

- **Driving Housing Production & Preservation**

- \$800 million in new capital authorization for the Affordable Housing Trust Fund to support private affordable housing development.
- \$425 million in new capital authorization for the Housing Stabilization and Investment Trust Fund to support preservation, new construction, and rehabilitation projects.
- \$275 million in new capital authorization for sustainable and green housing initiatives:
 - Accelerate and support innovative housing strategies, including repurposing existing commercial or office space for housing development. This authorization will also support a new social housing demonstration program;
 - Develop transit-oriented housing; and
 - Support the creation and rehabilitation of sustainable and climate resilient affordable multifamily housing.
- \$50 million in new capital authorization for a Momentum Fund to capitalize a permanent, revolving fund and seeded through state and private investment, to accelerate development of mixed-income multifamily housing.
- \$175 million in new capital authorization for the HousingWorks Infrastructure Program.
- \$50 million in new capital authorization for the Neighborhood Stabilization Program for redevelopment, reconstruction, repair, acquisition, and rehabilitation of abandoned and foreclosed properties.
- \$35 million in new capital authorization for Housing Choice Grants.
- \$30 million in new capital authorization to support efforts to utilize state surplus land for housing and other purposes.
- \$25 million in new capital authorization for Community Planning Grants.

- \$20 million in new capital authorization to recapitalize the 40R Smart Growth Housing Trust Fund.

- **Supporting Vulnerable Populations**

- \$200 million in new capital authorization for the Housing Innovations Trust Fund to support innovative and alternative forms of rental housing for residents who need extensive support services.
- \$70 million in new capital authorization for the Facilities Consolidation Fund to create community-based housing in rental developments for clients of the Departments of Developmental Services and Mental Health.
- \$60 million in new capital authorization for the Home Modification Loan program to provide loans to make access and safety modifications to the homes of persons with disabilities and seniors.
- \$55 million in new capital authorization for the Community-Based Housing program to create housing for people with disabilities.
- \$50 million in new capital authorization for the Early Education and Out of School Time program to help build early education facilities that children from families with low incomes.

- **Supporting Middle Income & Home Buyers**

- \$100 million in new capital authorization to support the creation of affordable homeownership units through the CommonWealth Builder program.
- \$100 million in new capital authorization to support the creation of mixed-income rental housing that is affordable for households whose incomes are too high for traditional subsidized housing but are priced out by market rents.
- \$50 million, included within the authorization of the Affordable Housing Trust Fund, to support first-time homebuyers through the MassDREAMS program.

The bill also contains tax credit proposals to help support our community development corporations and their work creating affordable housing and livable communities and a new homeownership production tax credit program:

- Making the Community Investment Tax Credit permanent and increasing it from \$12 million to \$15 million per year to support the work of community development corporations.
- Creating a new Homeownership Production Tax Credit to award up to \$10 million in tax credits annually to produce homes affordable to moderate-income first-time homebuyers.

Finally, this bill includes policy proposals and statutory changes to address the Commonwealth's housing shortage, establish tenant protections, and provide additional tools for localities to address their unique affordable housing needs. Key highlights include:

- **Unlocking Housing Production and Preservation**

- Requiring the Executive Office of Housing and Livable Communities to prepare a statewide housing plan every five years.
- Allowing accessory dwelling units to be built by-right in single family zoning districts in all communities.
- Adding inclusionary zoning to the list of zoning changes municipalities may pass by simple majority.
- Establishing a temporary streamlined process for the disposition of land under the control of state and public agencies for housing purposes.
- Establishing a Supportive Housing Pool Fund to provide critical assistance for supportive housing by funding staffing, management, service coordination and other tenancy-related services not funded through other sources.
- Public housing reforms to allow housing authorities to operate more effectively and efficiently, reduce maintenance backlogs, and ensure resident protections.

- **Supporting Local Communities**

- Establishing a local option real estate transfer fee of 0.5% - 2% paid by the seller of property on the portion of the sale over \$1 million, or the county median home sales price, whichever is greater. Revenue raised through a real estate transfer fee would be required to be used for affordable housing purposes, including for public housing, through a community's municipal affordable housing trust fund.
- Creating a "seasonal communities" designation to create housing policies and resources to better serve the needs of these communities.
- Reforming the Commonwealth's receivership statute to permit courts to allow the sale of vacant properties in receivership to nonprofits for fair market value to rehabilitate and sell affordably to income-eligible first-time homebuyers.

- **Fair Housing & Tenant Protections**

- Establishing an Office of Fair Housing within the Executive Office of Housing and Livable Communities to support and coordinate enforcement initiatives, fair housing testing and outreach/education.

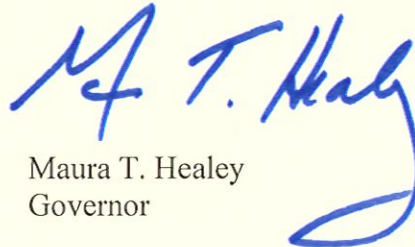
- Establishing a process for tenants to petition a court to seal eviction records.

- **Commissions**

- Establishing a Senior Housing & Age-Friendly Communities Commission to recommend policy, programs, and investments to expand the supply of sustainable, broadly affordable supportive senior housing and appropriate community supports.
- Establishing a commission to recommend policy, programs, and investments to expand the supply of housing affordable to households with extremely low incomes for those earning not more than 30% of the Area Median Income.

This housing bond bill will help strengthen our communities through the preservation and creation of affordable housing. I urge you to enact this legislation promptly to ensure that we meet the housing needs of the people of the Commonwealth.

Respectfully submitted,



Maura T. Healey
Governor