Introduction

The Affordable Homes Bill is the largest housing investment of its kind in Massachusetts history, designed to meet the moment and meaningfully impact the supply of housing in the state. Today, too many Massachusetts families are struggling under the burden of rising housing costs and limited housing availability. Across the state, the supply of housing has failed to keep up with demand. Between 2020 and 2030, the state needs at least 200,000 new homes to accommodate growth and achieve a healthy vacancy rate; currently only 1.6% of housing units are available for sale or rent. The state’s high housing costs are disproportionately burdening low-income households. Sixty-four percent of renters earning less than $35,000 – the equivalent of 200,000 households – spend half their income on housing. At the same time, homeownership is increasingly out of reach for many, especially Black and Latinx communities, for which homeownership rates are half those of White communities.

Meeting this moment requires bold initiatives that support the Healey-Driscoll Administration’s goals of affordable and abundant housing – that is exactly what the Affordable Homes Act does. This more than $4 billion bill is a comprehensive package of spending, policy, and programmatic actions and is more than two times as large as the next largest housing bond bill.

- **Capital Authorizations**: $4B in capital authorizations to support public housing, existing housing production & preservation programs, & new initiatives
- **Tax Credits**: Tax credits like CITC & new **Homeownership Production Tax Credit** to increase housing production and development
- **Policy Initiatives**: Legislation & executive orders to reduce barriers to housing production & preservation, strengthen protections for tenants, provide new tools for local communities, and develop new housing policies for seniors and those with the lowest incomes

Taken together, the bill supports the creation of more than 40,000 homes that otherwise would not have been built. The bill will also preserve, rehab, improve, or support more than 27,000 existing units, including improvements to over 7,000 public housing units and the decarbonization of 3,000 public housing units. These proposed investments are designed to impact those who need support the most. More than 80% of the bond authorizations in the bill...
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will benefit low-income households, with up to 50% of proposed authorizations benefiting Extremely Low-Income (ELI) households or residents with disabilities.

Historic Investments in Public Housing

The Affordable Homes Act includes ground-breaking investments in public housing, which plays a vital role in housing vulnerable populations, with more than half of the units occupied by extremely low-income seniors and persons with disabilities. Specifically, the bill includes $1.6B to make long overdue investments in maintenance, accessibility, and resilience for one-quarter of the state’s public housing portfolio. This funding includes $1.5B for the Public Housing Capital Fund to support the repair, rehabilitation, and modernization of public housing units across the state, with $150M dedicated to the decarbonization of public housing units through the installation of heat pumps and electric utilities. The bill also includes $100M for the Public Housing Mixed Income Demonstration Program, which supports Local Housing Authorities (LHAs) who partner with developers to add mixed-income developments on LHA land, leveraging funds to maintain and preserve public housing while increasing the overall housing supply.

Driving Development

The Affordable Homes Act also includes $1.83 billion in funding to help drive housing production and preservation in Massachusetts. Among the many investments and policy proposals included in the bill are:

- **$425M for the Housing Stabilization and Investment Fund** to support preservation, new construction, and rehabilitation projects.

- **$175M for the HousingWorks Infrastructure Program** to fund municipal infrastructure projects to encourage denser housing development.

- **$100M for the Public Housing Mixed-Income Housing Demonstration Program** to support Local Housing Authorities (LHAs) who partner with developers to add mixed-income developments on LHA land.

- **$100M for CommonWealth Builder** to spur construction of affordable homeownership opportunities in Gateway Cities and other similar markets.

- **$50M for the Momentum Fund**, a pioneering initiative designed to leverage state resources to support large scale, mixed-income multifamily development.
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• Making the Community Investment Tax Credit Program permanent and increasing it from $12M to $15M per year to support the critical work of Community Development Corporations.

• Creating a new Homeownership Tax Credit designed to produce homes affordable to first-time homebuyers earning not more than 120% area median income (AMI).

Supporting our Most Vulnerable Residents and Increasing Housing Opportunities

The Affordable Homes Act includes investments that will directly fund the creation of approximately 22,000 new affordable housing units, more than 4,000 of which will be reserved for ELI households. The bill will also support roughly 12,000 additional units of middle-income housing. Additionally, the bill authorizes several hundreds of millions of dollars estimated to create up to 1,900 new home ownership opportunities. Significant investments include:

• $800M for the Affordable Housing Trust Fund, which will provide flexible resources to create or preserve affordable housing for households whose incomes are not more than 110% of AMI.

• $200M for the Housing Innovations Fund to support innovative and alternative forms of rental housing for people experiencing homelessness, housing for seniors and veterans, and transitional units for persons recovering from substance abuse.

• $100M for Middle-Income Housing to support housing development for households earning up to 120% AMI and improve home ownership opportunities.

• $70M for the Facilities Consolidation Fund (FCF), which supports the development of appropriate community-based housing for Department of Mental Health (DMH) and Department of Developmental Services (DDS) clients.

• $55M for Community Based Housing (CBH), which supports appropriate housing for people with disabilities who are not clients of DMH or DDS.

• Establishes a Supportive Housing Pool Fund to provide critical assistance for supportive housing by funding staffing, case management, service coordination and other tenancy-related services not funded through other sources.
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Climate-Focused Investments

The Clean Energy and Climate Plan calls for a 35% reduction in residential building energy use by 2030. To support that goal, the bill includes **$275M for Sustainable and Green Housing Initiatives**, which supports the creation and preservation of transit-oriented housing and sustainable and climate-resilient affordable multifamily housing. The authorization also creates a **new**, innovative program to accelerate and unlock new housing through, for example, office conversions and development of modular homes. This investment is **on top of the $150M** included within the public housing capital program for decarbonization efforts. The bill also supports the Administration’s “whole of government” approach to meeting state climate goals by directing that all state housing investments prioritize and incorporate the state’s climate and decarbonization goals to the maximum extent feasible.

Continuing the Healey-Driscoll Commitment to Confronting the Housing Crisis

Since its first day in office, the Healey-Driscoll Administration has signaled its commitment to confronting the Commonwealth’s housing crisis. The Affordable Homes Act builds on the previous actions and investments the Administration has taken to drive more abundant and affordable housing across the state.

This year alone, Governor Healey, alongside the newly created Executive Office of Housing and Livable Communities, has awarded over $300 million in state and federal resources to accelerate projects that seek to build and preserve over 2,000 affordable housing units. The Administration’s FY24-FY28 Capital Investment Plan also represented an historic investment in housing, increasing the annual investment in housing by approximately 18% to help finance the construction of hundreds of new affordable housing opportunities per year. The Administration is further committed to more efficiently leveraging state volume cap as a tool to increase housing; it is currently working on implementing volume cap strategies that further Administration goals in 2024.

The fiscal year 2024 state budget also makes historic investments in housing, with **$1.07 billion** in funding for key programs that **combat homelessness** and **support housing affordability**, including:

- **$190M for Residential Assistance for Families in Transition** to help households avoid eviction and possibly homelessness.

- **$110M for Homeless Individual Shelters**, which will preserve over 2,600 shelter beds for individuals experiencing homelessness.
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- **$107M for Subsidies for Public Housing Authorities**, critical funding to maintain the operations of our state-funded public housing.

- **$16.5M for the Rental Subsidy Program for DMH Clients**, which will help expand access to safe, affordable housing for clients at DMH.

- **$8.9M for Sponsor-Based Permanent Supportive Housing** to help reduce chronic homelessness.

- **Creates 750 new rental vouchers through the Massachusetts Rental Voucher Program (MRVP)**, including project-based vouchers which are instrumental to the development of affordable housing.

- **Increases the benefit level at HomeBASE to $30,000 over 24-months** to help EA-eligible families exiting family shelter.

- **Authorizes the creation of project-based vouchers through the Alternative Housing Voucher Program** to help the development of accessible housing for non-elderly disabled individuals.

And the **tax reform package** recently signed into law included numerous provisions designed to drive housing production and address the high cost of housing, including:

- **Raising the Low-Income Housing Tax Credit** annual authorization from $40M to $60M to spur the creation of at least 3,300 new units of affordable housing annually.

- **Increasing the statewide cap on the Housing Development Incentive Program (HDIP)** to create an estimated 12,500 new homes in Gateway cities.

- **Creating a local option property tax exemption for affordable housing.**

- **Increasing the rental deduction cap** from $3,000 to $4,000.