



**Testimony of Joseph Kriesberg
President & CEO
Massachusetts Association of Community Development Corporations
Before the
Joint Committee on Housing
in support of
An Act to Promote Housing Choices (H.3507)
May 14, 2019**

Good morning Chairman Crighton, Chairman Honan, and members of the Committee. Thank you for the opportunity to testify today in support of Governor Baker's Housing Choice Legislation. My name is Joseph Kriesberg and I am the President of the Massachusetts Association of Community Development Corporations (MACDC). MACDC represents all 63 state-certified CDCs in Massachusetts as well as 26 other non-profit organizations that share our mission of expanding economic opportunity to families and places across the Commonwealth. MACDC members have long been engaged in addressing our Commonwealth's affordable housing challenges. In 2018 alone, CDCs built or preserved 1,535 homes, supported 84,224 families with housing, jobs, or other services, and collectively invested \$801.5 million in local communities. Collectively, our members own and manage over 18,000 apartments across the state.

Massachusetts faces a Severe and Multi-Layered Housing Crisis

The Massachusetts housing crisis has been well documented, but it's worth highlighting these challenges because it is important to understand the we don't face just one crisis, but four.¹

1. Inadequate supply
2. Lack of affordability
3. Racial and geographic inequity
4. Vacant and blighted housing in our weaker housing markets

I'd like to share a few data points to underscore these challenges.

Inadequate Supply:

- Annual housing production by decade has steadily declined, from over 30,000 per year in the 1970s, to less than 13,500 in the 2010s.

¹ Most the data noted below comes from the Massachusetts Housing Partnership's Center for Housing Data, which culled the data from numerous sources, including U.S. Census Bureau, Bureau of Labor Statistics, U.S. Department of Housing and Urban Development, Home Mortgage Disclosure Act, Mass. Community and Banking Council, Federal Reserve Bank, National Association of Home Builders.

- Without adding any more jobs or people, the state already has a housing supply gap of 39,000 units that is heavily concentrated in Metro Boston. As baby boomers retire, the housing supply gap will grow as new workers are needed to fill those jobs.

Lack of Affordability:

- Massachusetts has the third highest home values and seventh highest rents in the United States.
- Nearly one-in-five households are severely cost-burdened (pay more than half of their income for housing) and are not receiving housing assistance.
- Massachusetts has been a national leader in creating subsidized units for low-income households, yet the number of low-income renter households who are severely cost-burdened is more than 7 times the number of rent-restricted affordable units produced in the past 5 years.

Inequity:

- 50 years after the passage of Chapter 40B, more than 300 cities and towns still do not meet the modest benchmark of having 10% of their housing stock affordable to moderate income households, even though the state often allows them to count a single affordable unit four times.
- More than half of the multifamily units permitted over the last 5 years were in just 5 cities and towns, and more than half of the cities and towns in Massachusetts did not permit any multifamily housing in the past decade.
- In 2017, more than 45% of loans to African Americans were made in only 5 cities, and in 129 communities, no loans were made to African Americans. For Latinos, 42% of loans were made in 8 communities, and in 74 communities no loans were made to Latinos. Sixty-five cities and towns made no loans to either African Americans or Latinos.
- African American and Latino homeownership rates are dramatically lower than white homeownership rates. For example, in Essex County, while the homeownership rate for whites is 81.5%, the homeownership rates for both Latinos and African Americans was less than 30%.
- The wealth gap is even starker. In Boston, the median net worth of white households is \$247,500, while the median net worth for African American Households is \$8.

Vacant and distressed housing in weaker market areas:

According to a 2018 Report commissioned by MACDC and MassINC:

- Vacancy rates are elevated and steadily rising in many Gateway Cities. More than 1-in-10 housing units in Fall River, Fitchburg, Holyoke, and Pittsfield are vacant.
- With home values in most Gateway Cities remaining below 2006 levels, property owners have limited incentive to invest in their properties. Gateway cities and rural communities need manageable strategies to deal with their vacant and abandoned buildings.

MACDC supports H. 3507, An Act to Promote Housing Choices, filed by Governor Baker, because we believe the first step toward addressing our housing challenges is to fix our zoning and land use laws, so we can expand housing opportunities.

The Housing Choice legislation will help us make progress with two of the challenges outlined above – the lack of housing supply and the geographic inequities in our housing market. The Housing Choice bill makes it easier for cities and towns to adopt smart, pro-housing zoning ordinances and to pass special permits for mixed use, transit-oriented development. We are particularly pleased that the legislation makes it easier for cities and towns to adopt inclusionary zoning, enable accessory dwelling units, and to adopt special permits for mixed-income, equitable TOD projects.

Under the current requirement of a super majority, a small group of people can block progress and stifle debate. Proposed zoning changes that flow from a thoughtful and inclusive planning process can be blocked even when most stakeholders support the change. We think this legislation, especially when combined with the Governor’s Housing Choice program, has the potential to change the conversation at the local level, and to spur cities and towns to reexamine their zoning and land use practices. CDCs and other local advocates will be newly empowered to push for smart growth zoning, multi-family housing, affordable housing and equitable transit-oriented development. We think this legislation will advance our goal of making all communities more welcoming and inclusive of everyone, regardless of their income, race, ethnicity, family status or any other such consideration. We believe this legislation makes it harder for cities and towns to “choose” exclusion and easier to choose inclusion.

MACDC also supports the H. 1288 & S.775, An Act Relative to Housing Reform, sponsored by Rep. Honan, Rep. Vargas and Sen. Boncore, that would combine Housing Choice with three additional provisions - (1) requires multifamily zoning in municipalities served by the MBTA (2) Sets affordable housing production goals (3) allow judges discretion to impose a bonding requirement on frivolous abutter appeals. 50 years after the passage of Chapter 40B, this legislation would help ensure that more cities and towns update their zoning laws, promote smart land use decisions and build more housing.

Housing Choice is an essential first step toward addressing our housing crisis, but it must not be our only step. MACDC is also advocating for the following:

Step Two - Protect tenants facing eviction and displacement. MACDC supports proposed legislation that will ensure every low-income tenant in Massachusetts would have the right to legal counsel when facing an eviction. Currently, landlords almost always have an attorney and tenants rarely do. This imbalance yields predictable results. We also support proposed legislation that would give tenants the right to purchase their own buildings – possibly by partnering with a developer or nonprofit organization when owners put these properties up for sale.

Step Three – Secure new revenue to fund affordable housing. No matter how much new housing we can create, thousands of households will be unable to afford that new housing without public support. Currently, we provide subsidies to just one out of four eligible households and just 1% of the state’s operating budget goes to housing. We must do better. We need to secure new revenue – both locally and statewide – to build and preserve more housing that is affordable to low- and moderate-income households that are severely rent burdened.

Toward that end, we support proposals this session to double the deeds excise tax and dedicate 40% of the new revenue to affordable housing, 40% to climate resiliency investments, and 20% to support the CPA Trust Fund. We also believe that the Governor should accelerate the implementation of last year's \$1.8 billion Bond Bill; at the current rate of spending, it will take 9 years to reach its goals, so we urge the Governor to reduce this time period to no more than 6 years.

Step Four – Restore abandoned and poor-quality housing in weaker housing markets. While much of our Commonwealth faces rapidly rising home prices, other communities in Massachusetts struggle with the challenges of weak real estate markets. We support legislation filed by Rep. Antonio Cabral and Sen. Brendan Crighton (H.177/S.1627) calling for an ambitious neighborhood stabilization initiative to put these properties back to productive use.

Every day hard-working families across the Commonwealth are receiving eviction notices as rents go up and up. Every day investors beat out families by offering cash to sellers seeking to capitalize on today's high home prices. Every day our housing shortage grows more extreme. Every day the problem gets worse and we lose opportunities to address the crisis.

The time for action is now. We urge the legislature to enact Housing Choice legislation as soon as possible. We further urge the Baker Administration and the legislature to work collaboratively to negotiate any compromises needed to get this down quickly. At the same time, we stand ready to assist this Committee and the entire legislature as they continue working to enact additional housing measures as outlined above before the close of this session.