



Testimony in Support of An Act Providing for Climate Change Adaptation Infrastructure
and Affordable Housing Investments in The Commonwealth (S.2924)

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to the

Joint Committee on Revenue

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Chairman Cusack, Chairman Hinds and distinguished members of the Committee, on behalf of our member organizations, I am testifying in support of *S.2924, An Act Providing for Climate Change Adaptation Infrastructure and Affordable Housing Investments in The Commonwealth*, and we are grateful to Sen. Eldridge and Rep. Elugardo for introducing this legislation to further advance the *Housing and Environment Revenue Opportunities (HERO) Coalition's* proposal this session.

MACDC also commends the Baker administration for its proposal to fund community-based initiatives to facilitate climate change adaptation, and particularly Secretary Kathleen Theoharides and her staff at the Executive Office of Energy and Environmental Affairs (EOEEA), for developing and implementing the Municipal Vulnerability Preparedness (MVP) program and the MA Climate Clearinghouse. Both efforts support municipalities in planning and preparing community-based solutions that add resiliency and safeguard residents and local resources and infrastructure from the impacts of climate change. Our members are becoming increasingly involved in these efforts themselves. Whether they are coastal CDCs like Neighborhood of Affordable Housing in East Boston or inland ones like Hilltown CDC in Western Mass, our members understand that low-income populations are often the most vulnerable to the impacts of sea level rise, extreme heat, severe weather, and other climate change impacts. CDCs are working both to build resiliency into their properties and their communities and to prepare to support disaster response efforts when there is a crisis.

We also have been working with the Administration and Secretary Mike Kennealy to meet the outstanding demand for housing opportunities in the red-hot Greater Boston market as well as the need for better housing opportunities in weaker markets in rural communities and many of our Gateway Cities. Our members have also been working with many others to ensure long-term housing stability and to avoid evictions during the COVID pandemic. Our members build and preserve more than 1,500 homes each year and currently own more than 18,000 affordable rental homes across the state. Our members

have a deep commitment to ensuring that everyone has a safe home that they can afford in a community where they can thrive.

To meet these shared values, MACDC had testified in support of S.10, at a hearing before this same Committee in June 2019. At that time we also suggested incorporating the changes included in S.2924, recommending that the Committee increase the underlying deeds excise fees by another 50 percent to fund and accelerate production of affordable housing across the Commonwealth and to ensure a higher level of support for low-income residents in our communities. (We also support establishing local options to generate targeted fees to support affordable housing, as proposed by several bills heard before the committee this session.)

Inarguably, our world has been upended since mid-March, when Governor Baker declared a state of emergency, and the COVID-19 Pandemic continues to impact every person and community across the state, our country, and most of the world. The Pandemic has exposed longstanding and often ignored economic, racial, and social disparities that disproportionately afflict Black people and communities of color across our Commonwealth and the country. We recognize that the scale of this crisis requires that we reimagine in many ways the role and functioning of government. This will require a significant investment of resources and fiscal inventiveness today and well into the future. The communities we serve are depending on you and us to marshal the resources and policies to mitigate the economic crisis even as we strive to counter the public health emergencies of COVID-19 and racism.

MACDC's Four-Step Agenda to Meet Commonwealth's Housing Needs

MACDC and its members believe that now is the time for the Massachusetts Legislature to act on housing, and in January 2019 we outlined a comprehensive four-step agenda to meet our Commonwealth's housing needs:

- Fix our zoning and land use laws, so we can expand housing opportunities;
- Protect tenants facing eviction and displacement;
- Secure new revenue to fund affordable housing; and
- Restore abandoned and poor-quality housing in weak housing markets.

Senator Eldridge's proposed legislation (S.2924) is an important step to addressing at least two, if not three, of these key objectives. The legislation would dedicate new funds both to affordable housing and to local "climate resiliency" efforts. Since Massachusetts' current deeds excise fee is less than half the fee in neighboring states and, in some cases, only one-third, we believe that now is the time to double the fee so we can address the Commonwealth's climate resiliency preparedness and to alleviate our statewide housing crisis.

The deeds excise fee has remained at the same level since 1969. Based on data apparent in Governor Baker’s earlier proposal (S.10), as well as data provided by the Suffolk County Registry of Deeds, doubling the fee would raise approximately \$350 million per year in new revenue. Even if we double the fee from the current level of \$4.56 per \$1,000 to \$9.12 per \$1,000, Massachusetts wouldwill still have a lower fee than most neighboring states.

State	Rate per \$1000	\$400,000 home sale	Split
NH	\$15	\$6,000	Half paid by seller and half paid by buyer
NY	\$12.50	\$5,000	
VT	\$12.50	\$5,000	
CT	\$10.52	\$4,208	
<i>MA Proposal</i>	<i>\$9.12 (double)</i>	<i>\$3,648</i>	
RI	\$4.60	\$1,840	All paid by seller
ME	\$4.40	\$1,760	Half paid by seller and half paid by buyer

The need for new housing revenue is clear. Compared to the 40 percent dedicated to health care, only one percent of the state’s operating budget goes towards housing, even though poor housing quality is one of the key social factors undermining good health. The importance of high quality, affordable housing has been made even more evident by the COVID Pandemic as overcrowded housing has been a major contributor to the spread of the virus.

In April 2019, The Federal Reserve Bank of Boston’s New England Policy Center issued a report, *“The Growing Shortage of Affordable Housing for the Extremely Low Income in Massachusetts,”* which indicates that the housing supply for the poor in Massachusetts is inadequate – only 48.6 housing units for every 100 extremely low-income household – and shrinking. This represents approximately two units fewer than we had at the start of the decade. By 2035 Massachusetts will need between \$843 million and \$1.03 billion annually to preserve existing subsidized housing as well as to increase our inventory to keep up with projected population growth.

While the legislature did approve a \$1.8 billion affordable housing bond bill in 2018, the annual bond cap for housing was just \$238 million in FY 2020, far below the level needed

to address our housing needs. And while the Governor's FY 2020 Capital Budget provided long overdue, albeit small increases in funding for public housing, it further cut funding for private affordable housing production and preservation. We cannot afford merely to tread water or to rescind our investments in new affordable housing.

Proposed Use of \$350 Million in New Revenue

- **Climate Resiliency:** We have formed a solid alliance with environmental advocates, who support Governor Baker's climate resiliency initiative, and support doubling the deeds excise fee. We believe that 50 percent of the new revenue should go toward these Climate Resiliency efforts as proposed by the Governor. We have a shared understanding that high-quality affordable housing is a key component of climate resiliency.
- **Affordable Housing:** We believe the other 50 percent of new revenue should be used for affordable housing programs, and we respectfully recommend that 60 percent of the new funding go towards the Affordable Housing Trust Fund and 40 percent toward the Housing Preservation and Stabilization Trust Fund to augment the funding needs of the Massachusetts Rental Voucher Program and to undergird our support for Massachusetts' extremely low-income households. Funds from this fee could also be used to provide immediate rent relief to minimize evictions during the current Pandemic.

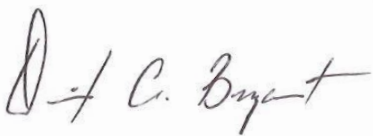
MACDC also would support incorporating provisions that allow municipalities to pass local real estate transfer fees (*e.g. H.1769/S.773*). This additional tool to raise revenue empowers communities to meet local needs for affordable housing.

Our *HERO Coalition* stands united. As housing advocates, we recognize the need to protect our communities and our homes from climate change, sea level rise, and extreme heat. As environmental advocates we recognize that we must protect the people who live in those communities from displacement, excessive rent burdens, and housing instability. And as residents of this Commonwealth, we recognize that the future of our economy, our communities, and our children depends on our willingness to take bold action now.

Economic challenges loom large for many families and businesses in every corner of the state. MACDC members work to help prepare families and small businesses to meet these trials where they are. We believe the dedicated funding proposed for this program is an important equitable investment in the Commonwealth's citizens and communities that is consistent with other efforts by the Legislature and the Baker administration.

Additional resources for community-based implementation of climate change adaptation practices and sustainable funding for affordable housing production to expand housing opportunities will complement equitable community economic development and neighborhood stabilization efforts across the Commonwealth. We are committed to working with your Committee, the Legislature, and the Baker administration to realize these shared goals and to work collaboratively to narrow this opportunity divide.

Respectfully submitted,



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