MACDC
REAL ESTATE SUMMIT

July 22, 2014
GOALS For the Summit

• Help identify the types of real estate projects on which MACDC will focus a major portion of its MA advocacy efforts during the next 2 years.

• Help identify whether there are key real estate program or policy changes that would advance members’ RE work.

• Identify next steps, following this Summit.

  Advocacy is most effective when focused.
Today’s Agenda

1. Information sharing
   a. Data on recent MA funding of affordable housing
   b. MACDC Member survey on RE priorities

2. Small group discussions & report to the Summit
   a. Identify types of projects you have been unable to develop due to funding or policy/program constraints
   b. Identify types of projects that are priorities for you

3. Discussion on Prioritizing Resources & Policy Changes

4. Next Steps
Analysis of Historical Housing Data

MACDC Real Estate Summit
July 22, 2014

• Review of Unit and Subsidy Data for 4 Rental Rounds
  • Awards from May, 2012 through Feb., 2014 Supportive Housing Round

• Review of Unit Data only from July, 2014 Rental Round and June, 2014 Homeownership Round
Overview of Data from 4 Rental Rounds

- 96 Projects
- 5,016 Units
- $810 Million in Subsidy* (average $161,500/unit)
- Average Project Size: 52 units
- 3 Regular Rental Rounds and 1 Supportive Housing Round

* Includes estimates of tax credit equity
MACDC Member Market Share: Units

- 39 Projects Sponsored by MACDC Members: (41%)
  - 1,269 Units (25% of Total Units)
  - Average Project Size: 33 Units

- 57 Projects Sponsored by Others: (59%)
  (Other Sponsors include Non-Profits & For-Profits)
  - 3,747 (75% of Total Units)
  - Average Unit Size: 66 Units
MACDC Member Market Share: Subsidy

- Total Subsidy Awarded to All Sponsors: $810,256,455
- Average Subsidy Per Unit: $161,534

- Projects Sponsored by MACDC Members (39)
  - Total Subsidy: $211,222,926
  - Average Subsidy Per Unit: $166,448
  - Average Subsidy Per Affordable Unit: $172,427

- Projects Sponsored by Others (57)
  - Total Subsidy: $599,033,529
  - Average Subsidy Per Unit: $159,870
  - Average Subsidy Per Affordable Unit: $174,442
Tax Credit Projects vs. Projects with No Tax Credits: Unit and Soft Debt Subsidy Breakdown

MACDC Member Projects:
• 23 projects w/ low income housing tax credits, 16 with no tax credits

Data for All Sponsors:

• Unit Breakdown (Total 5,016 Units in 96 Projects)
  • Units in 66 Tax Credit Projects: 4,443 (89%. Average 67 units/project)
  • Units in 30 Projects with no Tax Credits: 573 (11%. Avg 19 units/project)

• Soft Debt Subsidy Breakdown (not incl. subsidy from tax credits)
  • Total Non Tax Credit Subsidy: $182,866,329
    • $ to Tax Credit Projects: $139,235,348 (76%. Average $31,338/unit))
    • $ to Non-TC Projects: $43,630,981 (24%. Average $76,145/unit))
Tax Credit Projects vs. Projects with No Tax Credits: Total Subsidy Breakdown

- Total Subsidy Breakdown (incl. tax credit equity)
  - Total Subsidy: $810,256,455
  - $ to Tax Credit Projects: $766,625,474 (95%)
  - $ to Non-TC Projects: $43,630,981 (5%)

- Total Subsidy Per Unit, Including Value of Tax Credits.
  - Tax Credit Projects: $172,547
  - Non-TC Projects: $76,145

- Total Subsidy Per Affordable Unit, Including Value of Tax Credits
  - Tax Credit Projects: $185,265
  - Non-TC Projects: $83,745
Available Info on July 2014 Rental Round Awards

- Overall: 24 Projects Funded, 1,328 Units

- MACDC Members: 10 Projects, 424 Units (32%) *

- Of 22 projects where it was identified, 18 were tax credit projects, and over 90% of units are in tax credit projects

* Approximation, as one MACDC Member Project did not have unit information available
June, 2014 Homeownership Round

- DHCD Made Affordable Homeownership Subsidy Funds Available, for the First Time in More Than 5 Years, in Targeted Competition

- $9 Million in Awards from AHTF and HSF created 122 affordable homes, and 42 market-rate homes

- Four of five awards went to MACDC Members, with 79 affordable units (65%)
Conclusions from MACDC Study:

• MACDC Member Projects make up 25% of units funded in the 4 rental rounds, although in the 4th of these rounds (Supportive Housing round) they made up 58%.

• MACDC Member Projects made up 80% of the projects and 65% of the affordable units in the recent homeownership round.

• MACDC Member subsidy per unit is comparable to that of non-Members; slightly higher in per total unit, and slightly lower in per affordable unit.
Conclusions from MACDC Study (Continued)

• Low Income Housing Tax Credit Projects:
  • Created 89% of Units

  • Received 95% of Total Subsidy, Including TC Value

  • Received 81% of Soft Debt Subsidy in 3 regular rental rounds, but less than half the soft debt subsidy in the Supportive Housing Round.
    • On average, TC projects got less than half the amount of soft debt subsidy per unit as non-TC projects.

• On average, use more than twice as much subsidy per unit, including the value of TCs, as non tax credit projects
MACDC MEMBER SURVEY: REAL ESTATE

July 22, 2014
Survey Overview

- **Purpose:** Collect MACDC members’ preliminary views on:
  - Kinds of RE they hope to develop in next 3-5 years
  - Kinds of RE they think would benefit from more (or less) state resources
  - Useful changes in state housing policies

- **Conducted On-Line June 25 – July first**
- **20 groups completed surveys**
## Service Areas of Respondents

<table>
<thead>
<tr>
<th>TYPE OF SERVICE AREA</th>
<th>% REPLIES</th>
<th># REPLIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Boston</td>
<td>30%</td>
<td>6</td>
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<tr>
<td>Boston Metro Area</td>
<td>25%</td>
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<tr>
<td>Gateway Cities</td>
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<tr>
<td>Other Urban Areas</td>
<td>5%</td>
<td>1</td>
</tr>
<tr>
<td>Suburban</td>
<td>10%</td>
<td>2</td>
</tr>
<tr>
<td>Rural</td>
<td>5%</td>
<td>1</td>
</tr>
</tbody>
</table>

### Geographic Areas of Respondents

- Boston or Metro Boston: 11 of 20
- Northeast, Southeast or Cape: 6 of 20
- Western or Central MA: 3 of 20
## Development Priorities, Next 3-5 Years

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>Top Priority</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; Priority</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>Rental: LIHTC</td>
<td>18</td>
<td>2</td>
<td>20</td>
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<tr>
<td>Mixed-Use</td>
<td>6</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>Homeownership</td>
<td>4</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Preservation: Subsidized</td>
<td>9</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Rental: Too Small for LIHTC</td>
<td>7</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Hsg for Homeless or ELI</td>
<td>5</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Acquire Non-Subsidized</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Redevelop Foreclosures</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Senior Housing</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Commercial/Community</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Hsg – People w/ Disabilities</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>
Mixed Use & Commercial: What Do These Mean?

- Many different concepts
- 7 interested in RETAIL space
- 3 interested in 1st floor commercial with housing above
- Many other ideas (one response apiece)
  - Workforce housing
  - Artists housing
  - Incubator or commercial kitchen
  - Renovate an arts center
  - Day care
  - Sustainable enterprises, e.g., green jobs
## Priority Uses for More $$, With & Without Increased Funds

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>LEVEL FUNDS</th>
<th>WITH NEW $</th>
<th>TOTALS</th>
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<tbody>
<tr>
<td>Rental: Too Small for TC</td>
<td>10</td>
<td>8</td>
<td>18</td>
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<tr>
<td>Rental: LIHTC</td>
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<td>17</td>
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<td>Homeownership</td>
<td>5</td>
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<td>Acquire Non-subsidized</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Hsg: People W. Disabilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Redevelop Foreclosures</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
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</table>
## RE to Get LESS $, If Level Funding

<table>
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<tr>
<th>PROJECT TYPE</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>Commercial/Community</td>
<td>8</td>
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<tr>
<td>Acquire Non-Subsidized</td>
<td>7</td>
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<td>Senior Housing</td>
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<td>Redev Foreclosures</td>
<td>4</td>
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<td>Rental: LIHTC</td>
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<tr>
<td>Hsg: People W. Disabilities</td>
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<tr>
<td>Housing for Homeless</td>
<td>1</td>
</tr>
<tr>
<td>Preservation Subsidized</td>
<td>1</td>
</tr>
<tr>
<td>Rental: Too Small for TC</td>
<td>0</td>
</tr>
</tbody>
</table>
# Interest in Income Targeting

<table>
<thead>
<tr>
<th>Income Tier</th>
<th>Little Interest</th>
<th>Some Interest</th>
<th>Quite Interested</th>
<th>Very Interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELI &lt;30% AMI</td>
<td>5%</td>
<td>10%</td>
<td>30%</td>
<td>55%</td>
</tr>
<tr>
<td>Low 30-60% AMI</td>
<td>10%</td>
<td>0</td>
<td>5%</td>
<td>84%</td>
</tr>
<tr>
<td>Moderate 61-80% AMI</td>
<td>0</td>
<td>30%</td>
<td>25%</td>
<td>45%</td>
</tr>
<tr>
<td>Middle or Market &gt;80% AMI</td>
<td>15%</td>
<td>45%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Chart shows the percentage of respondents who rated their interest in serving each income tier, from “little interest” to “very interested.”
Policy Changes: LIHTC Program

- Diverse ideas, no duplication among replies.
- Representative individual responses re. projects & process:
  - Small project set-asides, or funding outside rounds
  - Preference for TOD markets, with inflating costs & competition
  - Scattered site projects: View them equally to projects with concentrated properties
  - Promote projects that stabilize neighborhoods
  - Less emphasis on large family units
  - Higher cost limits
  - More predictable/frequent funding rounds
Policy Changes: Other State Programs

- Again, diverse ideas, no duplication among replies.
- Representative individual responses re. new funding:
  - Low cost funds for acquisitions, including occupied housing
  - More $ for: brownfields, homeownership, senior hsg
  - Small property rehab funds to do 20-30 rehabs/year
  - Some subsidy for middle income
  - More MRVP rent subsidy for ELI, very low income, youth housing

- Other responses:
  - Ease of zoning
  - Flexibility on per unit cost cap to facilitate hsg in strong markets
  - Flexibility on environmental regs for urban sites
Instructions for Small Groups

1. Identify any kinds of RE projects each organization has wanted to do but could not due to lack of state funding or state policy or program constraints.
   - List these on a sheet of poster paper

2. Identify each organization’s top 2-3 RE development priorities (regardless of whether or not funds are available).
   - List these on a separate sheet of poster paper
   - If possible, indicate how many organizations have the same priorities

3. Identify someone in your group to present the lists to the Summit.

You have 20 minutes to work together in your small group.
Discussion on RE Resource Advocacy Priorities

• If new resources are obtained:
  • What kinds of projects should be prioritized?

• If level funding, should resources be reallocated?
  • What should get more money?
  • What should get less money?

• Are there other policy or program change priorities?
Next Steps

• What conclusions can we draw from today’s Summit?
  • Do we have any recommended directions for MACDC advocacy during the next 2 years?

• What addition information, if any, do we need?

• Who else do we want to talk with outside MACDC & its Members?