

MAYOR MARTIN J. WALSH

HOUSING A CHANGING CITY

BOSTON 2030



YEAR ONE REPORT

2015



In October 2014, Mayor Martin J. Walsh released "Housing a Changing City: Boston 2030", the Administration's plan to help Boston absorb its rapidly expanding population in a thoughtful, planned manner. This data-driven policy set specific goals, strategies for reaching these goals, and metrics by which the City would measure its progress.

One year into the Plan, Boston has seen record-breaking numbers of housing production across all levels. New legislation has been filed, and policies have been modified to create new incentives and resources for housing creation. Strategic planning areas have been put in place to create planned transit oriented-development that will positively influence our neighborhoods. City land is being redeveloped for housing at an unprecedented rate.

Many other accomplishments -- and challenges -- are outlined in this document. Among the deliverables of the Boston 2030 housing plan was regular reporting -- the release of quarterly and annual updates on the City's progress. To that end, we are pleased to present the first annual progress report on "Housing a Changing City: Boston 2030", which outlines the City's accomplishments, the key issues that have emerged in the first year of the plan, and the challenges that the City continues to face.

The accomplishments of the past year and the creation of this report reflect the work of a sizable group of partners. Boston's development community -- private developers, nonprofit developers, and community development corporations -- have stepped forward to create an unprecedented number of housing units; while doing so, they have been generous with their insights into the challenges of today's market. Many financial institutions have come together as well, to not only finance Boston's projects, but also to help us expand our programs for Boston's lower-income homebuyers. And the advocacy community has, as always, held our feet to the fire and kept us accountable.

Partners at the Federal and State level have been crucial in the creation of housing throughout the city, including -- but certainly not limited to -- the US Department of Housing and Urban Development, the State Department of Housing and Community Development, MassHousing, the Massachusetts Housing Partnership Fund, the Mass Housing Investment Corporation, the Community Economic Development Assistance Corporation, MassDevelopment, and many others.

Thanks as always to the team at the Massachusetts Area Planning Council for the demographic projections that guided the creation of the ambitious goals of our housing plan. They continue to work with us to analyze Boston's shifting demographics.

At the City of Boston, unprecedented levels of coordination have guided the execution of this plan. The Boston Redevelopment Authority, The Boston Housing Authority, the Inspectional Service Department, the Mayor's Office of Neighborhood Services, the Office of Workforce Development, the Office of Energy & Environment, the Office of Economic Development, the Commission on Affairs of the Elderly, the Mayor's Commission for Persons with Disabilities, the Boston Public Health Commission, the Office of Fair Housing and Equity, the Department of Neighborhood Development, and the Office of Mayor Martin J. Walsh have all made significant contributions to taking this from policy to reality.

We offer our thanks as well to the members of the Mayor's Housing Task Force, who have lent their time and talent to the creation of the policies that have made this year so successful.



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ACCOMMODATING GROWTH

2030 GOAL:

Create 53,000 new units of housing by 2030.

PERFORMANCE TO DATE

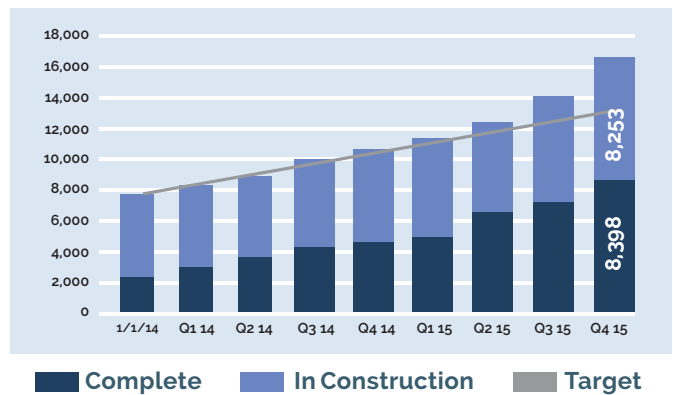
PERMITTING PROGRESS

More than 30,000 units are in the development process, which represents 57% of the City's 53,000 unit target.

Of those, 16,651 units are permitted or completed, representing 125% of the target rate needed to create 53,000 new units by 2030.

In addition, 13,522 units are in the development review and permitting process.

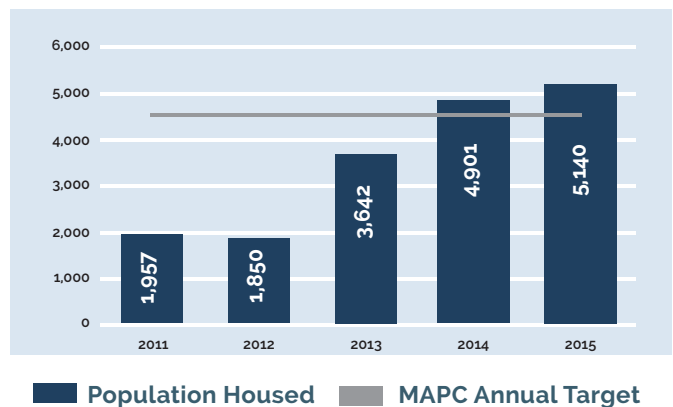
Permitted or Complete Units	16,651
BRA and DND Approved	8,539
BRA and DND Under Review	3,712
ISD Permit Applied Not Issued	1,271
TOTAL	30,173



POPULATION GROWTH CENSUS 2010-2015

While permitting may be ahead of plan, the completions needed to house Boston's expected population growth have only recently begun to keep up with projected demand. To meet the target population projections for 2030, enough housing to accommodate 4,700 new Bostonians needs to be added each year. From 2011 to 2013, production did not reach that level, resulting in lower vacancy rates and rising prices. By 2014, production began to meet the target. In 2015, production climbed to ten percent above target, which should result in less inflationary pressure on the market.

Growth Target Census 2010-2015	23,312
Capacity of Completed Units	19,782
Performance Toward Target	85%



2015 HIGHLIGHTS

NEW UNITS COMPLETED

- 3,807 new units of housing completed
- 75% increase over 2014 completions
- In 20 years of record keeping, this is the largest number of new units added in a single year to Boston's housing supply
- These new units represent enough housing to accommodate more than 5,000 new Bostonians



100 PIER 4

NEW UNITS PERMITTED

- 4,867 net new units were permitted, representing \$2.5 billion in housing investment
- This is the largest number of new units permitted in a single year in 20 years of record-keeping
- When complete, this housing will be enough to accommodate 7,000 residents



BOSTON EAST

NEW UNITS APPROVED

- A total of 4,140 new units were approved or funded by the City in 2015, but are not yet permitted.
- Of these approvals, 1,449 were for affordable units, representing 35% of all new approvals.
- This is a 55% increase over the 932 affordable units approved in 2014.



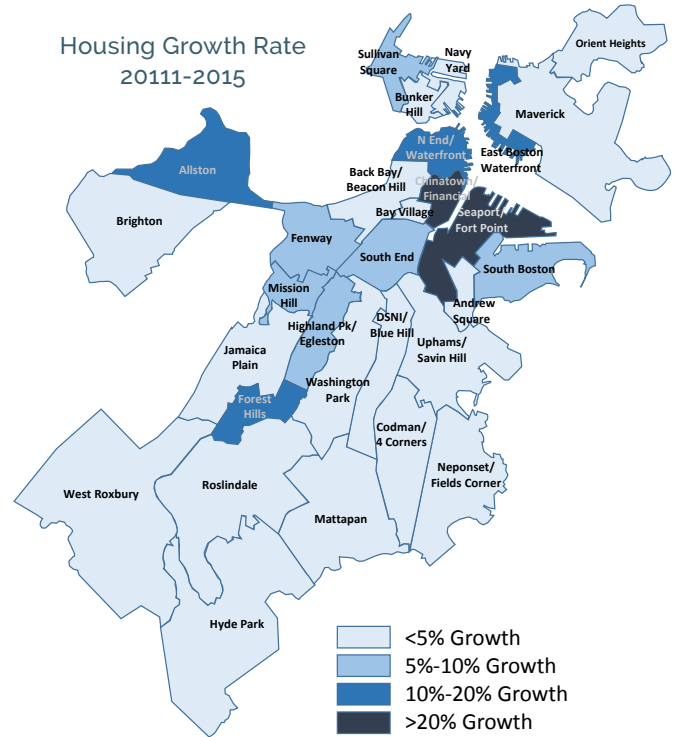
102-110 BROAD STREET

NEW INFORMATION TO CONSIDER

HOUSING GROWTH RATE 2011-2015

Boston's overall housing supply has grown by six percent since 2011; however, the pace of growth varies enormously between neighborhoods. In the centrally-located neighborhoods where market values make new development more economically attractive, developers are creating the greatest volume of housing. Boston's fastest-growing neighborhoods are the Chinatown/Financial District area and the Seaport/Fort Point area.

This concentration of development will not create the variety of housing options that Boston's growth demographics demand. There is, however, an encouraging trend emerging: the pace of housing production outside downtown is up substantially – from 906 units in 2013 to 2,108 units in 2015. The share of new production outside downtown is also rising. In 2013 only 28% of new starts were outside the downtown neighborhoods. By 2015 that share had risen to 43%.



JOB ACCOMMODATING DEVELOPMENT

More than 10 million square feet of new commercial and institutional development has come on line or gone into construction in the last two years. This provides strong evidence that Boston's surging housing market is not a speculative bubble as has been experienced in the past, but rather is supported by the strong fundamentals of a growing economy.

Furthermore, another 11.6 million square feet of commercial development has been approved by the BRA and DND. This would indicate that a strong jobs-based housing demand can be expected in the years to come.

JOB ACCOMMODATING DEVELOPMENT 2014-2015

Type	Complete (SF)	In Construction (SF)	Total
Office	3,739,124	1,139,501	4,878,625
Institutional	1,241,897	1,127,408	2,369,305
Commercial	471,033	521,316	992,349
Hotel	336,060	1,209,058	1,545,118
Other	629,111	203,052	832,163
TOTAL	6,417,225	4,200,335	10,617,560

CHALLENGES & OPPORTUNITIES

To ensure that Boston's housing plan remains current and relevant, the City, along with the Housing Task Force, will review new policies annually with an eye toward making course corrections and improvement. Below are some challenges and opportunities that could impact the City's ability to accommodate growth.

Strategic Planning Areas

In July 2015, the BRA launched a public process for two Strategic Planning Areas, one focused on Dorchester Avenue in South Boston, and the second focused on portions of Washington Street and Columbus Avenue in Jamaica Plain and Roxbury. These two areas have been identified as locations that can support new housing due to access to transit options and other assets, as well as development opportunities via underutilized land and former industrial sites. At the completion of the public process, new zoning guidelines will be recommended for these areas that will encourage new residential development, while increasing the availability of other community assets that meet the community's vision.

Greater Regional Action to Accommodate Growth

While Boston is planning for growth, the Boston Foundation's recent *Greater Boston Housing Report Card, 2014-2015: Fixing an Out-of-Sync Housing Market* makes it very clear that the need for new housing, particularly multi-family homes, is regional in nature. The City of Boston alone, with all good intentions, cannot build enough units to support regional growth. For this reason among others, Mayor Walsh signed the Greater Boston Regional Economic Compact in December of 2015, along with the chief executives of Boston, Braintree, Cambridge, Chelsea, Quincy, and Somerville. These neighboring cities have committed to a regional economic development strategy to market the region to global corporations and to coordinate efforts in the areas of Housing, Sustainability, and Transportation. This landmark agreement recognizes that many policy issues facing Compact members do not stop at city borders, and that regional challenges may be best served by collaborating on regional solutions. By working together, Compact members have created a means for coming up with new, potentially innovative solutions to common issues that will benefit more than just their own residents.

How Much Growth To Plan For?

The Massachusetts Area Planning Council (MAPC) projections used for the targets in this Plan represented the best available analysis at the time. However, as the realities of development, changing demographics, and economic expansion unfold, updated plan targets may be necessary. Current Census estimates for Boston's population growth are outpacing earlier projections.

There are a number of factors that may be driving this accelerated growth pace. For example, the reality of development impediments in many Greater Boston communities may be channeling more growth into cities and towns that are more welcoming to managed growth. Also, Boston's anticipated 15 million square feet of commercial development could represent a shift in regional employment patterns that drive up demand for housing in the city.

In the longer view, continuing improvements to the school system may result in declining rates of outmigration of families, resulting in an even greater demand for housing in the city. In fact, the Census Bureau's latest data are showing that family households in Boston are driving the increase in the number of households, which may suggest that this demographic shift is beginning.

HOUSING BOSTON'S LOW-INCOME, NON-ELDERLY HOUSEHOLDS

2030 GOALS:

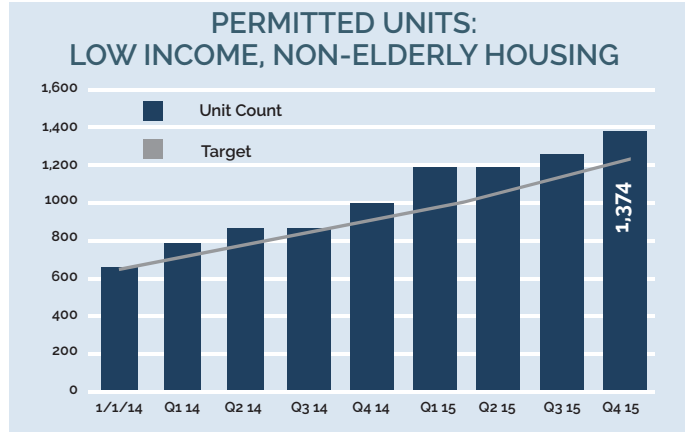
- Increase housing production for low-income, non-elderly households by 50 percent, to create 6,500 new affordable housing units
- Ensure that 1,700 of these new, affordable units are accessible to extremely low-income households
- Increase the ability of low-income and highly rent-burdened households to access new and turnover affordable housing units
- Improve access to housing that will accommodate non-elderly persons with disabilities

PERFORMANCE TO DATE

LOW-INCOME PRODUCTION 2011-2015

With 1,374 low-income non-elderly units permitted from 2011-2015, low-income production is currently running at 112% of the target rate needed to create 6,500 new units by 2030.

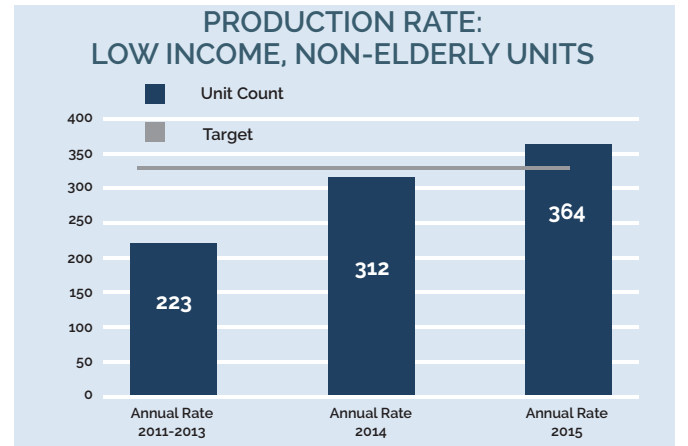
361 extremely low-income units have been permitted to date, representing 112% of the target pace needed to create 1,700 units by 2030.



LOW-INCOME PRODUCTION RATE

With 364 units permitted in 2015, low-income production is currently running at 63% above the pre-2014 pace, exceeding the City's target of a 50% increase.

With City development approvals for future low-income non-elderly housing up from 364 units in 2014 to 673 units in 2015, maintaining this increased pace of production should be possible, provided developers can secure the necessary state and private funding these projects require to proceed to construction.



LOW-INCOME DEVELOPMENT PIPELINE

In addition to the 1,374 units permitted to date, another 1,103 units have entered the City of Boston's development pipeline. Those 2,477 units represent 38% of the 2030 target of 6,500 units.

Permitted or Complete	1,374
City Approved for Funding/Real Estate	753
DND Pipeline	350
TOTAL	2,477

2015 HIGHLIGHTS

NEW UNITS COMPLETED

401 new low-income units were completed in 2015, including:

- One Greenway: 95 units in Chinatown
- Jackson Commons: 29 units in Roxbury
- Saint Kevin's: 80 units in Dorchester
- Northampton Tower: 185 low-income units created in the South End via acquisition/conversion

396 of these units were in government-assisted projects that received \$21,000,000 from the City, which leveraged another \$116,000,000 in other public and private resources. The other five low-income units were Inclusionary units created without public funding at Olmsted Place.

NEW UNITS PERMITTED

364 new low-income units were permitted in 2015, including:

- The Riverway: 60 rental units in Mission Hill
- Patriot Homes: 24 veterans' units in the former South Boston Police Station
- Bridgeview Center: 61 units with supportive services for low income families with disabilities and homeless households in Charlestown
- 75 Amory Ave: 39 units for low-income households and homeless families in Jamaica Plain
- Ashmont TOD II: 48 rental units in Dorchester
- 17 Court St Veterans: 37 new single person occupancy rooms for homeless veterans in downtown Boston

NEW UNITS FUNDED

In 2015, the City awarded funds or designated real estate to 19 low-income affordable housing projects, including 673 low-income non-elderly units. Significant projects include:

- Residences at Brighton Marine: 108 new affordable units targeted to veterans, 76 units for low-income
- 48 Boylston Phase I: 46 new low-income units for the homeless in Downtown Boston
- Cote Village: 70 new rental units in Mattapan, 63 of which are low-income
- Coppersmith Village: 56 new rental units in East Boston, 41 of which are low-income



JACKSON COMMONS



PATRIOT HOMES



COTE VILLAGE

NEW INFORMATION TO CONSIDER

COSTS OF HOUSING PRODUCTION

To maintain the pace of the planned 50% increase of low-income housing production, it will be necessary to lower the costs of production and to secure additional resources.

To control costs, the City has revised its design requirements, permitted new approaches to bidding, and reduced unit size requirements; however, the current market boom is pushing materials and labor costs higher, offsetting these savings.

One option with great potential to generate low-income affordable units at lower costs is the acquisition and conversion of existing housing stock into deed-restricted affordable housing. To date, 344 low-income units have been created in this way at an average per unit cost of \$270,000, which is about 30 percent less than new construction.

The Northampton Tower project shown here produced 185 low-income affordable units, including 25 for the homeless.



NORTHAMPTON TOWER

NATIONAL HOUSING TRUST FUND

The most important potential new Federal resource for low-income housing is the National Housing Trust Fund (NHTF). After years of delays, there is some positive movement. The Federal Office of Housing and Urban Development (HUD) will begin implementation in 2016. NHTF will provide grants to States to produce and preserve the supply of rental housing for extremely low- and very low-income households. As currently proposed by HUD, each site would receive a minimum of \$3 million out of a \$150 million initial allocation. This would likely fund three or four projects statewide.

At this funding level, the NHTF is a relatively minor resource, but its funding source (Fannie Mae and Freddie Mac profits) offers the potential for expansion in the future.

CHALLENGES & OPPORTUNITIES

To ensure that Boston's housing plan remains current and relevant, the City, along with the Housing Task Force, will review new policies annually with an eye toward making course corrections and improvements. Below are some challenges and opportunities that could impact the City's ability to meet the needs of its low-income residents.

Turning the Development Pipeline Into Housing

Currently, the City has a significant pipeline of low-income units that have received funding awards from the City, but require State funding commitments before they can proceed to construction.

The City is working with the State and Mass Housing to design an accelerated pathway to funding for mixed-income developments of significant size that can move into construction quickly, increasing the supply of affordable and moderately priced housing, and easing some of the pressure in the housing market.

Increased Regional Action

Providing housing for low-income, non-elderly residents is not simply an issue for Boston. With a strong regional real estate market, many neighboring cities and towns are also grappling with the issue of ensuring that economically vulnerable residents have safe, affordable places to call home. As discussed in the previous chapter, Mayor Walsh signed the Greater Boston Regional Economic Compact in December of 2015, along with the chief executives of Boston, Braintree, Cambridge, Chelsea, Quincy, and Somerville in hopes of taking a regional approach on Housing, among other issues.

Launching the Acquisition Opportunity Program

This affordable housing production strategy offers the greatest potential for creating long-term affordable housing more quickly and at lower cost. It can act as an important hedge against gentrification by preventing the displacement that can occur when real estate changes hands.

This initiative depends on identifying the right sites as they come on the market and being able to quickly act to secure the property in a highly competitive real estate market.

An understanding of this reality has guided the design of the *Acquisition Opportunity Program*. As currently designed, up to \$7 million in City funds will be available on a rolling basis along with access to project-based rental assistance vouchers from the BHA. This may be paired with 30 year, 3.5% interest debt financing being offered by first mortgage lenders willing to provide long term financing at reasonable terms.

Enhancing Access to Affordable Housing for Those Most in Need

The City remains committed to the principle that scarce affordable housing opportunities should go to those who are most in need by prioritizing the most rent-burdened tenants. This issue, along with the issue of allowing preference to neighborhood residents who have been displaced through the forces of gentrification is an ongoing discussion between HUD and Fair Housing officials.

PRESERVING AFFORDABLE HOUSING

2030 GOALS:

- Maintain a 97 percent or higher occupancy rate in BHA housing
- Raise public awareness of the challenges faced by public housing while growing local support for a variety of preservation strategies
- Retain at least 97% of Boston's 30,447 units of privately-owned, affordable rental housing, including more than 85 percent of the 4,200 units currently at risk
- Seek to preserve all of the 13A developments, and where preservation is not an option, ensure that 100 percent of tenants in those developments have access to alternate affordable housing

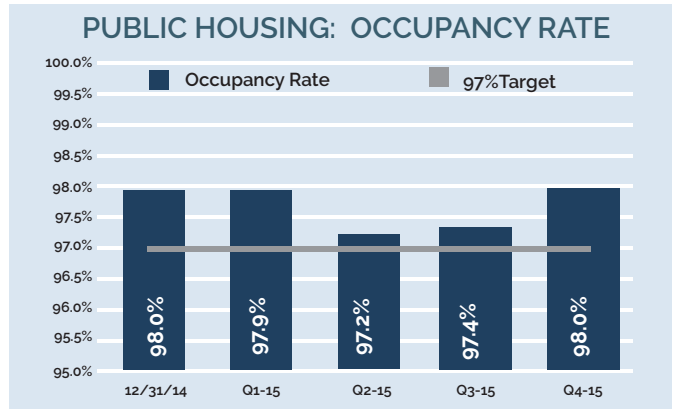
PERFORMANCE TO DATE

PUBLIC HOUSING

The BHA occupancy rate in Q4 2015 was 98.01%. This remains among the highest occupancy rates in the nation for a large urban housing authority.

The BHA achieved HUD High-Performer status for its Section 8 programs and the highest score in BHA history for HUD’s physical inspections of the public housing portfolio.

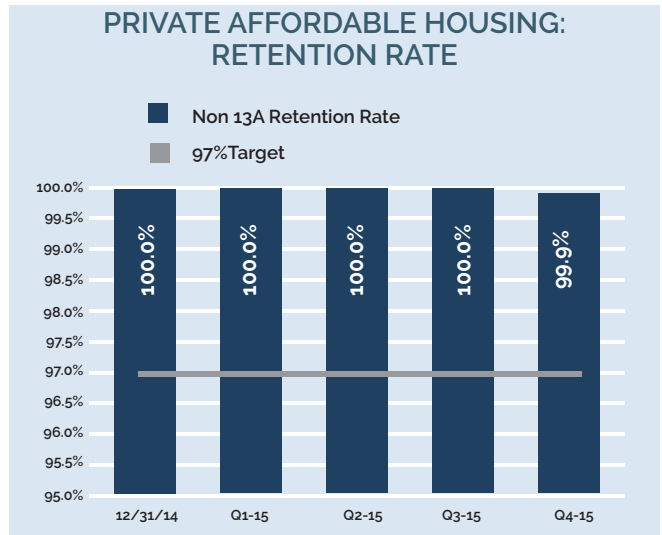
The BHA housed 115 Chronically Homeless Veterans with Federal Veterans Affairs Supportive Housing (VASH) vouchers this year.



PRIVATE AFFORDABLE HOUSING PRESERVATION

After two years with no losses of privately-owned affordable housing, there was one development where affordability was lost.¹ Yee Realty in Chinatown opted out with the loss of 12 affordable units, which brings the retention rate down from 100% to 99.9% -- still well above the City’s target of retaining at least 97% of the non 13A portfolio.

There were no losses in the 13A portfolio, which is comprised of low-income affordable units of rental housing that were created by MassHousing in the 1970’s.



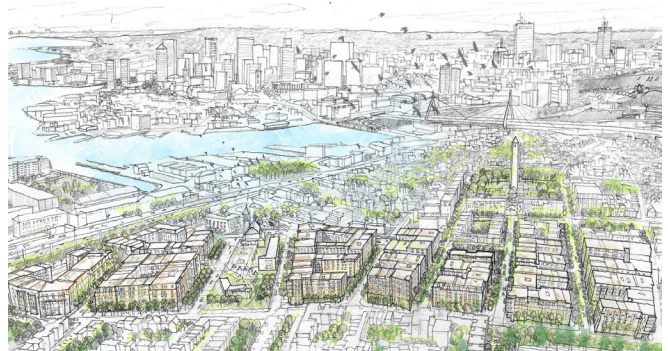
¹ The 2030 goal has been updated to 30,447 units to account for units not submitted prior to the Plan deadline.

2015 HIGHLIGHTS

PUBLIC HOUSING

The BHA has a \$2 billion redevelopment pipeline, one of the most ambitious development initiatives in its 75-year history. The BHA has designated developer partners for one-to-one replacement of 2,453 units of distressed public housing, as well as for the creation of more than 2,000 new units of mixed income housing. In 2015, the BHA's designated redevelopments included:

- Orient Heights in East Boston: Trinity Financial will redevelop the housing development, creating 330 brand new units of deeply subsidized housing while adding 69 market units.
- Charlestown: Corcoran Sun-Cal will develop 2,700 new units of mixed income housing, including 1,100 deeply-subsidized replacement units.
- Jamaica Plain: The Community Builders, Jamaica Plain NDC, and Urban Edge will renovate the 225-unit elderly/disabled Amory Street development, while adding up to 300 new units of mixed-income housing on vacant land at the site.
- South End: Inquilinos Boricuas en Accion will renovate and preserve 145 units of deeply subsidized low-income housing at West Newton Apartments.



CHARLESTOWN



AMORY STREET

PRIVATE AFFORDABLE HOUSING

Considerable progress on the preservation agenda was made in 2015: 1,195 units of privately-owned affordable rental and cooperative housing in 14 developments were preserved. All had financial restructuring and most (1,025 units) also had capital reinvestments. Most had substantial extensions of their affordability requirements, with all developments now protected until after 2030.

Notable among these projects is Renwood PWA Housing. Located in three buildings in Roxbury and the South End, this housing development preserved 23 units of low-income housing with supportive services. The City provided \$1.7 million of the \$4.9 million development budget.



RENWOOD PWA HOUSING

CHALLENGES & OPPORTUNITIES

To ensure that Boston's housing plan remains current and relevant, the City, along with the Housing Task Force, will review new policies annually with an eye toward making course corrections and improvements. Below are some challenges and opportunities that could impact the City's ability to achieve its preservation goals.

Public Housing: Turning Development Opportunities into Development Action

The 4,300-unit development agenda that the BHA embarked on this year will require public and private funds to be raised in the coming years. In total, the proposed developments could cost more than \$2 billion to develop. While most of the funding for these projects will come from private sources and market-rate units, public resources will likely still be needed to finance the low-income replacement units.

At this early stage, these public resource requirements have not been fully established; however, as long as the City carefully manages its schedule of production and redevelopment projects, these resource allocations and needs can be balanced.

Private Affordable Housing: Preservation

While the long-term preservation of almost 1,200 units in 2015 is good news, none of those preserved units were among the 3,050 units that were identified as at elevated risk in 2014.

Of those 3,050 units, 12 have been lost (Yee Realty) and 3,038 units remain at elevated risk. Preserving these units will be an ongoing challenge and priority for the City.

BOSTON'S MIDDLE CLASS

2030 GOALS:

- Double the pace of middle-income housing production, creating 20,000 new units of housing affordable to Boston's middle class workforce
- Expand and enhance the City's homebuyer programs to help 5,000 middle class homebuyers purchase their first home
- Work with non-profit organizations and lending partners to increase lending and ensure equal access to home mortgages

PERFORMANCE TO DATE

MIDDLE INCOME HOUSING PRODUCTION

With 4,044 units permitted, middle income production is currently running at 81% of the target of 5,000 units by this point in the plan. Deed-restricted middle income unit permits are running at 157% of target -- 1,573 units against a target of 1,000 units. Permits for units of market-rate housing affordable to the middle class are currently running at 62% of target.

To create 20,000 units by 2030, 1,000 units per year must be permitted annually. For the first time, production exceeded that amount in 2015, helping to close the production gap. The City's 2030 goal will be met if deed-restricted and market-rate middle income housing continues to be produced at the same pace as in 2015.

CITY-ASSISTED HOMEBUYERS

While the number of City-assisted homebuyers is running below target, there was a 14% increase in participation from 2014 to 2015, the result of a 66% increase in purchases of City-assisted units. The Boston Home Center has expanded outreach efforts with community groups, non-profits, and new community partners. New marketing efforts include a targeted digital and stronger social media presence. In 2015, 3,760 people attended 155 Boston Home Center classes, workshops, and seminars.

EQUAL ACCESS TO HOMEOWNERSHIP

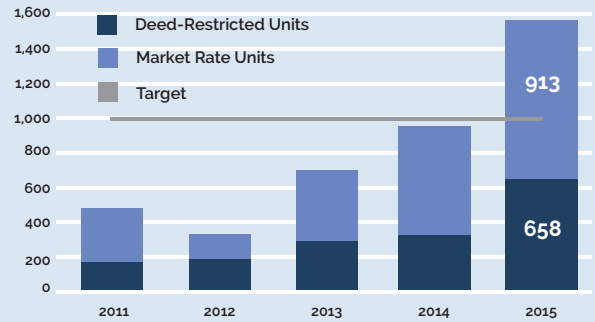
The Boston Home Center's homebuyer assistance program continued to perform highly in promoting fair housing in the homeownership sector. The Massachusetts Community Banking Council reports that less than one-third of new home purchase mortgages in 2014 in the open market went to persons of color, below the 40% share of the market that would be anticipated. Two-thirds of City-assisted homebuyers were persons of color, double the participation rate experienced in the private market.

The Boston Home Center has also substantially increased its number of participating mortgage lenders.

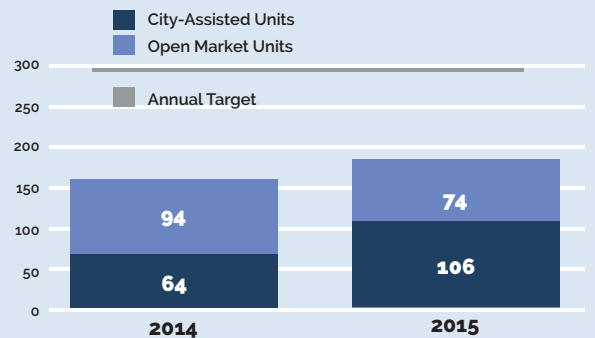
MIDDLE INCOME HOUSING: PIPELINE & PRODUCTION

	Market Units	Deed Restricted	TOTAL
Target	4,000	1,000	5,000
Permitted	2,471	1,573	4,044
% Target Achieved	62%	157%	81%

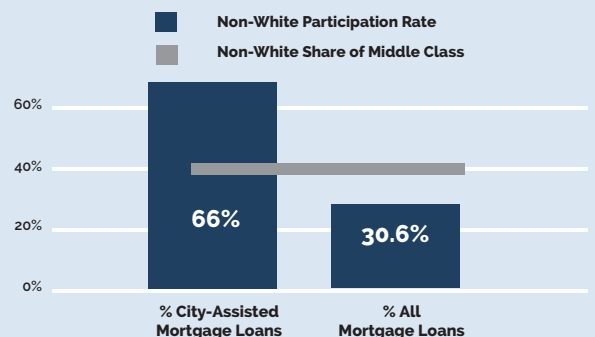
CUMULATIVE ANNUAL PRODUCTION



MIDDLE INCOME HOMEBUYERS



MIDDLE INCOME MORTGAGE PARTICIPATION RATES



2015 HIGHLIGHTS

NEW UNITS COMPLETED

622 new units of housing affordable to the middle class were completed in 2015, a 17% increase from 2014. Significant completions this year included:

- The Lancaster, Brighton: 55 new condominiums, 33% affordable to middle-income homebuyers
- The Viridian, Fenway: 350 new rental units including 38 income-restricted units affordable to middle income renters
- Olmsted Place, Mission Hill: 196 rentals, with 32 middle-income units



THE LANCASTER

NEW UNITS PERMITTED

1,573 new units of housing affordable to the middle class were permitted in 2015, 63% more than the 964 units permitted in 2014. Notably, 658 of the 1,573 units permitted this year are long-term affordable deed-restricted units, more than in any other year in the past 20 years of record-keeping. Notable projects include:

- Seaport Square B&C, South Boston: 832 rental units, 96 middle-income affordable
- 97 Beverly, Downtown: 239 rental units, 191 middle-income, and 48 low-income units
- The Riverway, Mission Hill: 85 condominiums, 43 middle-income affordable



97 BEVERLY

NEW IN 2015

The most significant new middle class initiative was the Neighborhood Homes Initiative (NHI), which provides packages of City-owned lots at below-market prices to smaller contractor-builders to build pre-designed 1- and 2-family homes affordable to the middle class. Funding from the City is available to increase the affordability of some homes. One third will be affordable to 80% AMI homebuyers, one third at 100% AMI, and the final third will be market rate.

To date, 297,000 square feet of City-owned land has been made available, with another 552,000 square feet in the pipeline.

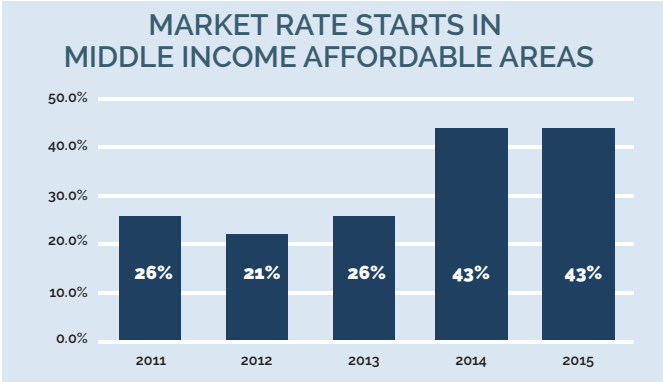


NHI 2-FAMILY HOME DESIGN

NEW INFORMATION TO CONSIDER

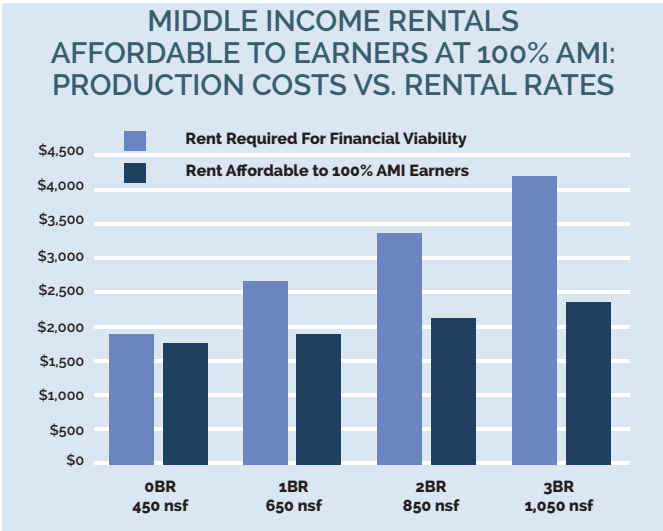
DEVELOPMENT IN MARKET AREAS AFFORDABLE TO THE MIDDLE CLASS

A key element of the City’s plan for the middle class is the production of new housing in market areas that are more affordable to those earning a middle income. The share of new development outside downtown has almost doubled in recent years, resulting in middle-income affordable units in market-rate developments.



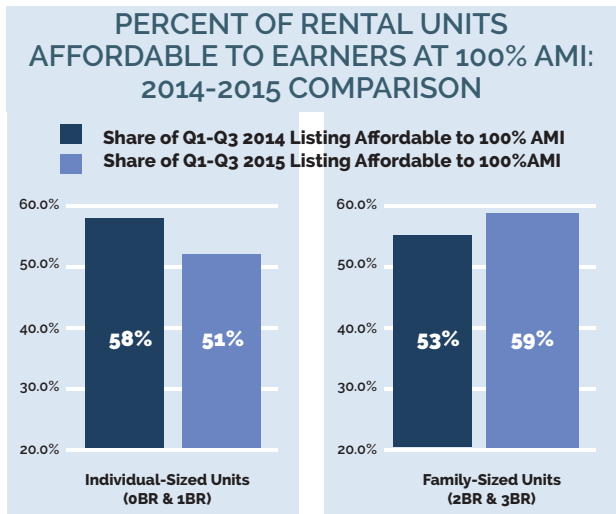
COSTS OF PRODUCTION

To better understand the development financials behind its middle class strategy and Inclusionary policies, the City engaged a highly-respected development finance consultant to model the costs of developing housing in different market areas. That analysis showed that in mid-market areas of the city, production costs require a rent of \$4 per net square foot to be financially viable. Land costs, labor rates, and other development costs are all elements contributing to the \$4/sf rent requirement.



As shown here, the required rent of \$4/sf is affordable to a household earning 100% Area Median Income (\$69K - \$94K) only in the smallest unit sizes. Family-sized units are too expensive to produce at a price affordable to a middle class family.

This reality shows that the City will need to redouble its efforts to reduce production costs. It is also increasingly clear that new production in the neighborhoods will primarily benefit the middle class indirectly, by relieving pressure on the existing older housing stock.



CHALLENGES & OPPORTUNITIES

To ensure that Boston's housing plan remains current and relevant, the City, along with the Housing Task Force, will review new policies annually with an eye toward making course corrections and improvements. Below are some challenges and opportunities that could impact the City's ability to achieve its housing goals for the middle class.

Making Middle-Income Development More Financially Feasible

The current cost of producing mid-market housing may impede the pace of production in lower-priced market areas. To successfully build in the lower-market areas, developers will need to have a lower cost profile. Savings could be realized through more efficient construction, lower land costs, or through offering a product where rents would be higher than the local market conditions. These higher rents could be driven by superior quality construction or more desirable location, for example, close to the waterfront or transit. To address these issues, several initiatives are underway:

- State legislation opening up more State lands for housing development (Hearing held Oct 27th).
- State legislation allowing cities and towns to offer temporary property tax relief to developers of middle-class housing (Hearing held Dec 10th).
- The City has two million square feet of City-owned real estate in the disposition process that should create more than 1,000 new units of housing.

Housing Innovation Lab

Looking for new ways to produce housing at lower costs and increase middle income housing production, The Housing Innovation Lab is exploring a Mid-Market Development Strategy, including:

- Density Bonus Policy to incent developers to build more affordable units in targeted locations
- Housing Innovation Competition to create more affordable neighborhood homes that utilizes creative design solutions for smaller living.
- An Accessory Dwelling Unit Policy Pilot to provide residents the ability to modify the current housing stock to meet future needs.

Increasing Homebuyer Access

While the rise in pace of affordable homeownership production is helping, this strategy alone will not result in the volume of homebuyers that the City seeks. A companion strategy will be needed to increase access to the private market. The current strategy of enhancing access to credit and helping with down payments is no longer enough. The City is working with mortgage lenders to explore options.

HOUSING BOSTON'S SENIORS

2030 GOALS:

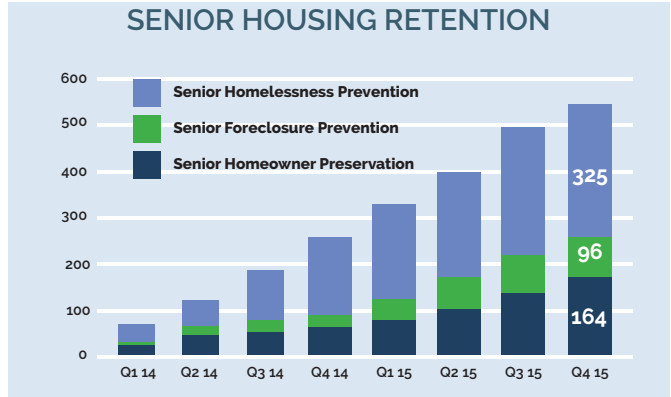
- Maintain the historic pace of low-income senior housing production, despite the elimination of Federal 202 capital funds and reduction of CDBG, creating 1,500 new affordable senior housing units
- Encourage the market to develop 3,500 units of senior-oriented housing, allowing seniors to downsize
- Provide increased housing stabilization and support services for seniors who wish to remain in their current housing, and assist those who need to find a more accessible, supportive setting

PERFORMANCE TO DATE

SENIOR HOUSING RETENTION

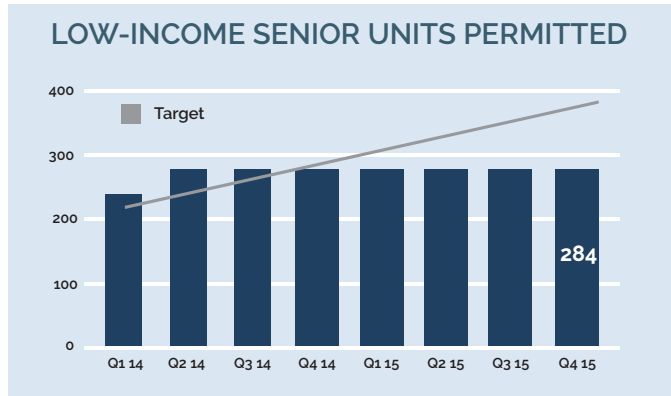
The number of low-income senior households living in Boston is projected to rise by 52% between 2010 and 2030. It is anticipated that many of these households will want to remain in their existing housing as long as they are financially and physically able. To that end, the City continues to invest and expand its housing retention activities for seniors. Since 2014, almost 600 senior households have been able to retain their housing with City assistance.

- 325 low-income senior renters were able to retain their housing through homelessness prevention programs
- 260 senior homeowners were stabilized in their housing through major home repair programs and foreclosure prevention services



AFFORDABLE SENIOR HOUSING PRODUCTION

Defunding of the Federal Section 202 Elderly Housing program has had a significant impact on low-income housing production. It has been almost two years since the Boston's last Section 202 project went into construction. With 284 units to date, production is running at 76% of target.



MARKET-RATE SENIOR HOUSING PRODUCTION

Other than a few market rate senior units in a mixed-income affordable development, no market rate senior units have been permitted to date.

Currently, The Circle in Brighton is Boston's only market-rate senior development in the BRA's development pipeline.



THE CIRCLE

2015 HIGHLIGHTS

NEW UNITS COMPLETED

2015 was a remarkable year for affordable elderly affordable housing development, as four new developments were completed, adding 192 units:

- Hong Lok House in Chinatown, 75 units
- Spencer House in Egleston Square, 37 units
- Quincy Commons in Roxbury, 40 units
- Roxbury Crossing Senior Housing, 40 units

It has been 12 years since this many elderly affordable units were completed (2003).



SPENCER HOUSE

DEVELOPMENT PIPELINE

The City renewed its commitment to affordable senior housing, adding a new \$1.75 million budget line item in FY16. The City now has three affordable senior developments in the pipeline:

- O'Connor Way Elderly : The BHA is partnering with the South Boston Neighborhood Development Corporation and Caritas, Inc. to develop 47 new units of low-income senior housing on vacant land in South Boston
- Jewish Community Housing for the Elderly: 61 new affordable units in Brighton
- 16 Ronald Street is a parcel of City-owned land in Dorchester that has been offered for development as affordable senior housing

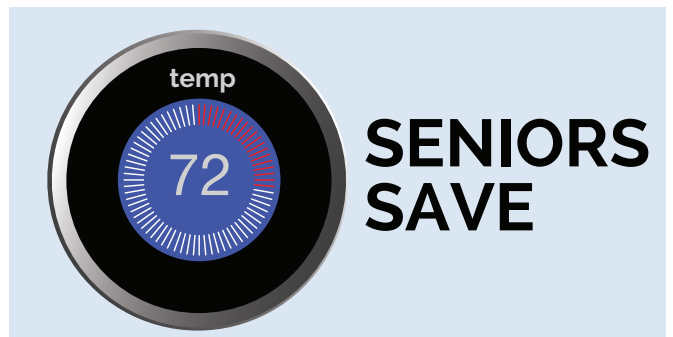


O'CONNOR WAY ELDERLY

NEW IN 2015

Mayor Walsh launched Seniors Save, a proactive heating system replacement program for senior citizen homeowners in Boston. Aging and inefficient heating systems are replaced before a catastrophic failure results in no heat for a senior. New, more energy efficient heating systems result in both capital and fuel savings for the senior homeowner, which can be used to stabilize the senior homeowner's budget for items such as food and medicine.

Since Seniors Save was announced, more than 100 applications have been sent out and 66 seniors have applied and are receiving assistance from the program.



SENIORS SAVE

NEW INFORMATION TO CONSIDER

FUNDING FOR LOW-INCOME SENIOR HOUSING

On July 28, the City provided testimony at the State House in support of City-initiated legislation to create a set-aside of state Affordable Housing Trust Funds (AHT) for the development of new low-income senior housing to help offset the impacts of the defunding of the Federal Section 202 Program. The legislation was reported favorably by the Joint Committee on Housing, and referred to the House Committee on Ways & Means where it awaits further action.

The City is discussing this legislation with DHCD and its State partners.

INCREASING SENIOR ACCESS TO PUBLIC HOUSING

In recognition that there will be a 52% increase in the number of low-income seniors looking for affordable housing by 2030, the BHA proactively took action to revise the tenant selection process in its elderly/disabled developments.

Under the previous rules, up to 70% of units in an elderly/disabled development could be occupied by elderly persons, with up to 30% of units occupied by non-elderly persons with disabilities. Under the revised policy, the BHA will increase the elderly share to 80% over a number of years. The BHA is continuing to accommodate the need for housing for people with disabilities through this transition with its public housing and Section 8 portfolio.



IMPORTANT INFORMATION FOR BOSTON'S SENIOR HOMEOWNERS



SENIOR HOUSING ASSISTANCE NETWORK

This Plan called for the creation of a Senior Housing Assistance Network to provide housing services and education for Boston's senior citizens. To help with this effort, multiple City agencies have worked with local community partners to implement several new initiatives. These efforts include a new partnership with the Metropolitan Boston Housing Partnership's Hoarding Intervention and Tenancy Preservation Project to help Boston seniors address issues with hoarding. In addition, the City has increased efforts to prevent foreclosures with elderly home owners through education and personal intervention. In 2015, 69 elderly homeowners received foreclosure assistance from DND, with 51 seniors receiving a positive resolution.

And, for the first time, the City has produced a housing resource guide for Boston's senior homeowners. With this new document, seniors will have a one-stop shopping guide of important information about government homeownership programs and elderly services, important tax information, and helpful phone numbers for senior homeowners.

CHALLENGES & OPPORTUNITIES

To ensure that Boston's housing plan remains current and relevant, the City, along with the Housing Task Force, will review new policies annually with an eye toward making course corrections and improvements. Below are some challenges and opportunities that could impact the City's ability to meet the housing needs of its seniors.

Market Rate Senior Housing

There has been virtually no private market-rate production of senior housing, despite the reality that seniors are Boston's fastest-growing demographic group. This lack of senior housing production may be the result of new production that is already heavily oriented toward smaller units, meeting the needs of many higher-income downsizing seniors. There may be limited market opportunities for senior-only developments.

It may also be that seniors with the economic means to afford new construction already own their own home and are not yet ready for downsizing, or have not yet seen the right kind of downsizing option for their needs. The City is currently working with two developers who are planning new developments for these downsizing homeowners. In this development model, homeowners on a fixed income will be able to convert their equity into an affordable unit with services. Going forward, the City will convene a roundtable of developers to better understand the impediments to senior housing development.

Creating Development Opportunities through Real Estate Offerings

As resources for affordable senior housing are expanded at the City and State level, the disposition of publicly-owned real estate will be a critical tool to generate the pipeline of projects to use those resources.

The O'Connor Way Elderly development in the City's affordable pipeline was the result of a BHA property sale, and DND has another site in the Four Corners section of Dorchester currently on the market for development as affordable senior housing. Going forward, the City will need to identify more sites appropriate for elderly housing in the DND, BRA, BHA, and State real estate portfolios.

Rising Demand For Age-In-Place Services

It is anticipated that the majority of seniors in Boston will want to age in place as long as they are physically able. That reality was played out earlier this year with the launch of the Senior Saves program that helps lower-income seniors replace their old, inefficient high CO₂-emission furnaces with new energy-efficient low-emission systems. In just 16 weeks, Senior Saves enrolled enough clients to fully utilize an entire year's funding, requiring the City to find additional resources rather than denying seniors needed services just as winter set in.

This experience is emblematic of the increasing demand for housing stabilization services, which will continue to rise, given demographics that project a 52% increase in seniors in Boston by 2030.

Additional resources for senior housing stabilization services will be needed, yet most of the growing funding sources (e.g. Linkage and IDP) are currently dedicated to housing production, not housing stabilization.

HOUSING BOSTON'S STUDENTS

2030 GOALS:

- Create 16,000 undergraduate and 2,500 graduate student dorm beds
- Reduce undergraduates living off-campus in Boston by 50%
- Reduce unsafe housing conditions in off-campus apartments

PERFORMANCE TO DATE

DORMITORY PRODUCTION & PIPELINE

To achieve the City's 18,500-bed production target by 2030, 4,625 new dorm beds should have been permitted by 12/31/15. With 3,548 grad and undergrad beds permitted since 2011, total dorm production is running at 77% of target.

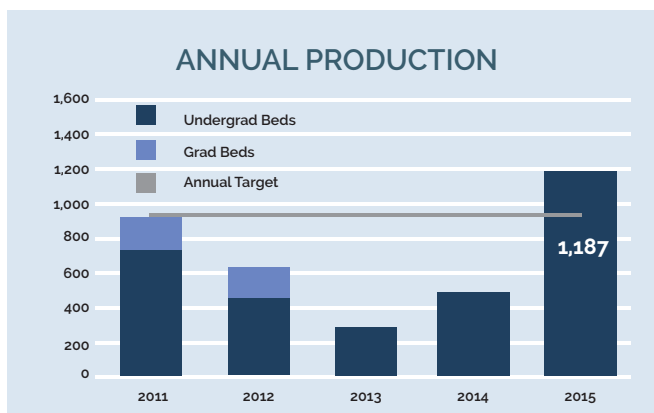
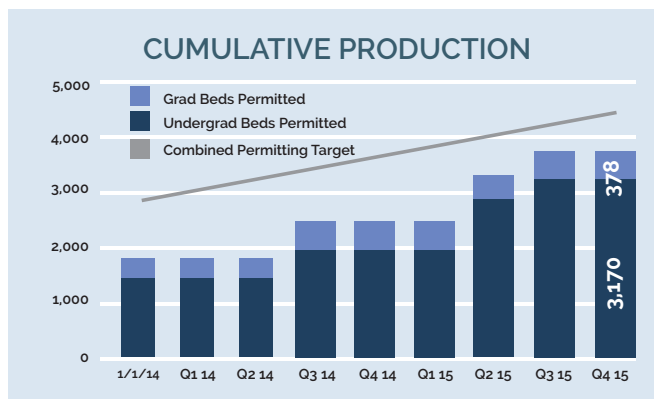
2015 was the City's best year so far for dorm production. As shown here, 2015 was the first year where the annual production of dorm beds (1,187) substantially exceeded the annual target of 925 beds.

In addition to the 3,548 beds permitted to date, another 5,258 beds have been proposed by the colleges and universities, resulting in a total of 8,806 beds either permitted or planned. The challenge is to identify the additional 9,694 beds (52% of the 2030 target) needed to meet the City's production targets.

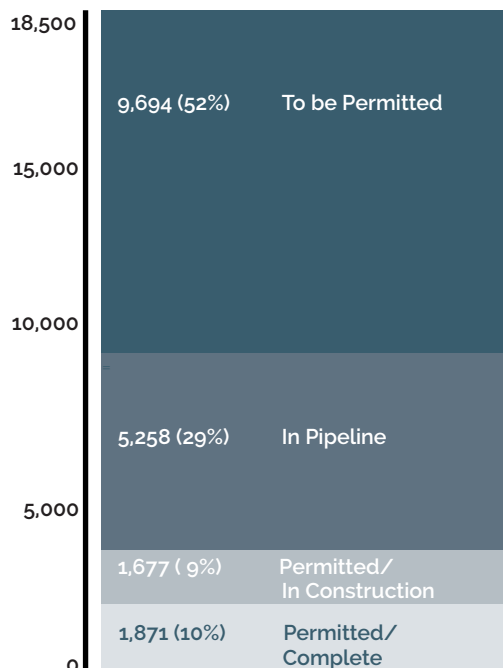
OFF-CAMPUS UNDERGRADUATE STUDENTS

The number of off campus undergrad students in Boston's neighborhoods is governed by enrollment levels, and the number of beds completed (not permitted) to house those students. Since 2011, 1,493 undergraduate beds in seven dormitory projects have been completed. Another 378 graduate student beds have been added at Boston University Medical and Harvard Business Schools. Offsetting these gains, 133 dormitory beds were converted to non-dormitory uses in 2012 and 2013.

Based on data reported by colleges and universities in the fall of 2015, the City estimates that there was a decrease of approximately 1,515 off-campus undergraduates living in Boston's neighborhoods between 2013 and 2015. This number exceeds the 1,436 students required to achieve the City's goal of a 50% reduction of off-campus students by 2030. This decline occurred because dormitory bed production of 1,395 beds from September 2013 to September 2015 exceeded enrollment growth of 499 students.



DORMITORY PRODUCTION & PIPELINE



2015 HIGHLIGHTS

NEW DORMITORIES

With 1,187 new dorm beds permitted this year, dorm production is more than double the 2014 record (490 beds) and more than quadruple the 2013 pace. New dorms this year include:

- Emerson College, Downtown. 395 undergrad beds
- Boston College, Brighton. 540 beds
- New England Conservatory, Fenway. 252 beds

In total, these new dorms will add more than a half million square feet of new student housing, at a cost of over \$200 million.

In 15 years of recorded data for dormitory production, there has been only one year, 2007, that has outperformed 2015.



**NEW ENGLAND CONSERVATORY
STUDENT CENTER**

NEW IN 2015

In April, the City released its first Student Trends report.

This report, based on the increased reporting requirements from the Colleges and Universities that went into effect in 2014, shows clearly the impacts of students on Boston's housing market.

The report shows for each institution the on-campus and off-campus housing arrangements of its student body. This creates greater transparency and accountability for both the City and the institutions on this important issue.

NEW INFORMATION TO CONSIDER

ENROLLMENT

Since 2013, enrollment in Boston's colleges and universities has grown by 1.7%: 2,541 more students than two years ago; however, the vast majority of this growth (more than 2,000) students is at the graduate level. Graduate enrollments have gone up at 3.6% in the past two years, while undergraduate enrollment has increased at a modest .5%.

Of the 24 reporting institutions, 11 reported enrollment increases (shown here) and 13 reported enrollment declines. Northeastern University reported the greatest increase in enrollment at 8.35%, or 678 new undergraduates and 1,826 graduates. It should be noted that Northeastern University has offset some of this new enrollment with a recently completed 720-bed dormitory, and has planned for another 1,000 beds to be developed on its campus.

The City of Boston will continue to analyze enrollment growth at universities and work with these institutions to ensure corresponding increases in their student housing commitments.

Enrollment Increases 2013-2015	2013	2015	Growth	%
Northeastern University	29,998	32,502	2,504	8.35
University of MA Boston	16,277	17,030	753	4.63
Wentworth Institute	3,952	4,756	624	15.8
Harvard University	3,830	4,019	189	4.93
Boston College	13,525	13,694	169	1.25
Tufts University (Health Sciences)	2,632	2,786	154	5.85
MA College of Pharm. & Health Sciences	4,469	4,622	153	3.42
MGH Institute of Health Professions	1,302	1,418	116	8.91
Urban College of Boston	767	853	86	11.21
Massachusetts Institute of Technology	11,301	11,359	58	0.51
Fisher College	978	1,005	27	2.76
Boston Conservatory	774	801	27	3.49

DORMITORY PIPELINE

Of the 5,258 dorm beds currently proposed by Boston's colleges and universities, 985 have completed the community review process, have been approved by the BRA Board, and should start construction in 2016. Another 800 beds are currently in the review process and should be approved in the near future. The remaining 3,743 beds have not yet filed applications with the BRA, but are included in the Institutional Master Plans.

As shown in the table, this pipeline extends to 2019, and will be updated as more progress is made. Offsetting this progress, however, is the planned demolition of 1,033 dormitory beds as part of the campus reconfigurations at Boston College, Boston University, and Emmanuel College.

DORMITORY PIPELINE	BEDS
Emmanuel College Julie Hall	691
Emerson College Little Building	294
Northeastern University Burke Street	800
Boston University Student Village III	523
Boston College Shea Field	550
St. Gabriel's Graduate Student Housing	400
UMass Boston Dorms Phase I (2018)	1,000
UMass Boston Dorms Phase II (2019+)	1,000
TOTAL PIPELINE	5,258

CHALLENGES & OPPORTUNITIES

To ensure that Boston's housing plan remains current and relevant, the City, along with the Housing Task Force, will review new policies annually with an eye toward making course corrections and improvements. Below are some challenges and opportunities that could impact the City's ability to meet the housing needs of its students.

Increased Enrollments, Particularly at the Graduate Level

While the number of students in Boston enrolled in Boston programs has grown by 2,500 students over the past two years, the vast majority (over 2,000) of the newly enrolled students are at the graduate level. If enrollments continue to rise at the same rate or faster than student housing production, any new housing gains will be lost to the increased population. In addition, graduate students are significantly more likely than undergraduates to live in the off-campus housing market. Therefore, the increased population of graduate students may be creating additional pressure on the supply of housing. Fortunately, however, graduate students do not usually create the same quality of life concerns in neighborhoods and, unlike undergraduates, graduate students may already be living in the Boston off-campus housing market prior to enrolling.

Using Institutional Master Plans to Increase Dormitory Production Commitments

Reaching the ambitious 18,500 new dormitory bed goal will require the dedicated commitment of both universities, developers, and community members. Institutional Master Plans (IMP) serve as the formal documentation of university commitments around student housing. The City will continue to negotiate master plans which will advance the Mayor's student housing goals.

Facilitating Private Dorm Production

While privately-developed dorms were once considered a novel approach to student housing, this strategy for housing students has become mainstream across the U.S. and is gaining ground in Boston. UMass is pursuing that approach in its 1,000-bed dorm facility on its campus in Dorchester; Northeastern is proposing 600 privately developed beds on its campus; and several other schools have expressed interest in exploring privately developed dorms near transit nodes. A fully-private dorm, funded through private investment dollars, has yet to be completed at an off-campus location, but continuing to advance and support this strategy will be critical to meeting our goal.

Capacity of Smaller Institutions

Increasing dormitory space is a particularly difficult challenge for Boston's smaller schools, which may not have the capacity to finance additional dorm construction. One promising strategy, used by Simmons and the School of the Museum of Fine Art, is to partner with other local schools to lease excess dorm capacity from nearby schools. A variation on this strategy could be for a smaller school to partner with a larger school to jointly develop a new dorm to be shared by the two schools. Privately-developed dorms may also be a pathway for these schools where the developer, not the institution, raises the capital needed for the development.

STRONG, HEALTHY NEIGHBORHOODS

2030 GOALS:

- Mitigate impacts of gentrification through targeted homebuying programs, strategic acquisitions, community land trusts, tenant assistance, and expanded outreach to seniors
- Reduce the number of foreclosures on homeowners to fewer than 20 per year
- Reduce the lender-held REO inventory by at least 50 percent by 2016
- Successfully resolve problem properties using all available regulatory tools
- Support the creation of mixed-income developments and neighborhoods
- Build on the Healthy Homes initiatives, forming new connections between housing and health

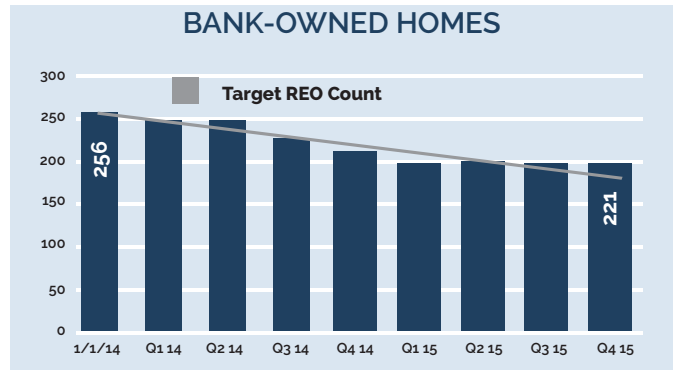
PERFORMANCE TO DATE

ANNUAL FORECLOSURE RATE

With a rate of approximately 18 foreclosures per quarter in 2015, Boston maintains a very low foreclosure rate for a city of more than 80,000 homeowners; however, the rate has been rising in recent months. Some evidence suggests that these foreclosures are lenders attempting to close their books on the remaining defaulted sub-prime loans from the mid-2000s.

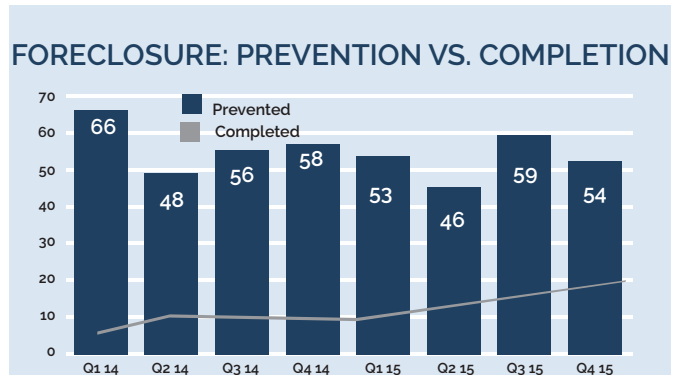
BANK-OWNED HOMES

The number of bank-owned (REO) homes declined by 14%, from 256 at the beginning of 2014 to 221 at the end of 2015. After significant reductions in 2014, the REO stock remained stable in 2015, as new foreclosures kept pace with REO sales.



FORECLOSURE PREVENTION

From 2014-2015, the Boston Home Center and its nonprofit partners prevented 441 homeowners from going into foreclosure. Six additional homeowners who sought assistance during this timeframe were foreclosed upon. On a quarterly basis, the City and its partners are preventing foreclosures at three times the rate the banks are completing them.



LEAD PAINT & FAIR HOUSING INITIATIVE

In the first year of the Boston Lead Paint & Fair Housing Initiative, the Office of Fair Housing And Equity (OFHE) achieved 225% of its projected five-year goal for lead outreach and education.

The Inspectional Services Department is on target for lead determinations, at 21% of its five-year goal.

HOMEOWNERSHIP ACCESS

The City's homebuyer assistance programs continued to perform highly in promoting fair housing in the homeownership sector. Two-thirds of City-assisted homebuyers were persons of color; twice the participation rate experienced in the private market.

2015 HIGHLIGHTS

DISTRESSED PROPERTIES 1997-2015

In 2015, the number of distressed buildings in Boston dropped to the lowest level ever recorded in 18 years of building surveys. The number of distressed residential properties declined from 147 in 2013 to 121 in 2015, an 18% decline. With 129,000 buildings in Boston, distressed properties now represent less than two tenths of one percent of Boston's buildings.

TAX-FORECLOSED BUILDING INVENTORY STATUS

The declining inventory of distressed properties is also reducing the number of vacant properties taken by the City through the tax foreclosure process. As of the end of 2015, DND had no new buildings in its inventory that were not already in the disposition process, awaiting redemption by the former owner, or being held for governmental uses.

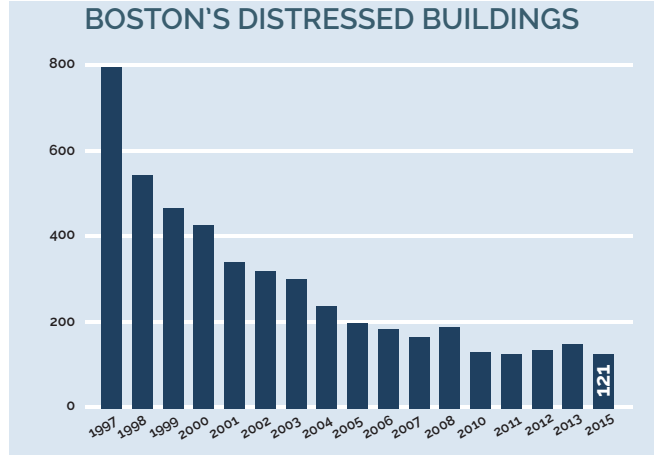
LEAD PAINT & FAIR HOUSING INITIATIVE

The Office of Fair Housing And Equity (OFHE) partnered with Navin Associates to conduct the City's first community survey targeted to high-risk areas regarding lead paint risks and housing discrimination.

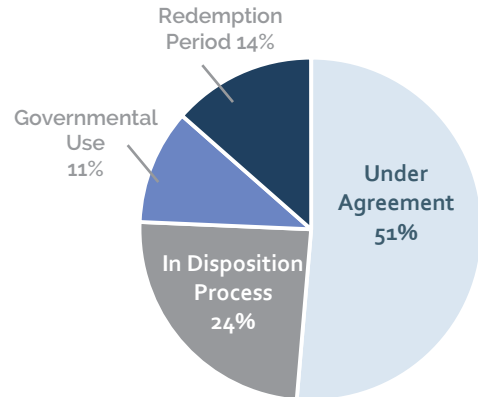
The Lead Paint Partnership between OFHE, ISD, the Boston Home Center, and the Boston Public Health Commission reported a strong year's worth of education activities, including de-leading 53 units of housing, and training 36 new contractors to conduct safe lead removal.

AFFIRMATIVE MARKETING

In 2015, the Office of Civil Rights conducted 21 affirmative fair housing marketing lotteries for affordable units created with public funding, or through the Inclusionary Development Policy. 27 new Affirmative Fair Housing Marketing Plans were approved.



2015 TAX-FORECLOSED BUILDING BY STATUS



Lead Inspections (ISD)	70
Contractors Trained: Lead Safe Renovations (BHPC)	36
Homeowners Trained: Lead Safe Renovations (BHC)	96
Households Educated: Fair Housing & Lead (FHE)	5,643
Units Delead: Lead Safe Boston (BHC)	53

NEW INFORMATION TO CONSIDER

FORECLOSURE: PETITIONS & PREVENTIONS

While the foreclosure crisis of the last decade has ended, banks have not stopped their foreclosure activities.

The number of foreclosure filings seen in early 2014 may be a “floor level” of foreclosure activity; however, as long as banks are issuing mortgages, there will always be a small number of homeowners in default. For this reason, there will always be a need for foreclosure prevention services, even though there are virtually no sub-prime or high-APR mortgages being issued any more.

In addition, there has been a rise in the number of petitions in 2015. This matter is currently being analyzed to see if this is normal housing market activity, or an indicator of a shift in the marketplace.

DISABILITY HOUSING TASK FORCE

In the original version of this plan, access to housing for persons with disabilities was only discussed in regard to housing Boston’s low-income, non-elderly residents; however, The Mayor’s Disability Housing Task Force (DHTF) convened three times in 2015 to assess and outline all housing needs of the disability community.

The DHTF has formed working groups with three main areas of focus:

1. Increasing the supply of housing for non-elderly persons with disabilities;
2. Improving the search process to obtain accessible housing and training providers of affordable housing;
3. Increasing support services related to housing for persons with disabilities.

The DHTF will complete its plan within the next sixty days, and begin implementation immediately following.

HUD FAIR HOUSING RULEMAKING

On July 16, 2015, the US Department of Housing and Urban Development (HUD) issued a final rule with regard to the obligation to affirmatively further fair housing. While the obligation is part of the Fair Housing Act of 1968, this rule was designed to clarify and set clear guidelines on how HUD grantees can “further the Act’s goals of promoting fair housing and equal opportunity.” In order to achieve these goals, and for communities to analyze the local “fair housing landscape and set locally-determined fair housing priorities and goals,” HUD grantees will be required to complete an Assessment of Fair Housing (AFH).

The new rule and Assessment of Fair Housing requires grantees to address fair housing issues that cut across all sectors of access and opportunity. HUD grantees can build on existing collaboration between housing and transportation, education and employment access, environmental, health, and other community assets. Expanding access to opportunity will rely on engagement among many government agencies in concert with community participation.

SUPREME COURT DECISION

On June 25, 2015, the U.S. Supreme Court issued a decision in the case *Texas Department of Housing and Community Affairs v. The Inclusive Communities Project*. This was a closely watched case in the fair housing community. The decision upheld the principle that claims of discrimination based on membership in a protected class can be based on an allegation of disparate impact.

Disparate impact is a theory of discrimination where a facially neutral policy or practice has a “disproportionately adverse effect” on members of protected classes and is “otherwise unjustified by a legitimate rational”. Intent to discriminate is not a requirement. Disparate impact cases generally rely on statistical analysis. Bringing claims of housing discrimination using disparate impact theory is an important tool in continuing to eliminate discriminatory housing practices.

CHALLENGES & OPPORTUNITIES

To ensure that Boston's housing plan remains current and relevant, the City, along with the Housing Task Force, will review new policies annually with an eye toward making course corrections and improvements. Below are some challenges and opportunities that could impact the City's ability to meet the challenge of strong, healthy neighborhoods.

Foreclosure and the Housing Marketplace

That foreclosures are occurring at such low levels is good news, but one area of focus should be the growing number of senior homeowners and the rise of reverse mortgage lending. Many senior homeowners have significant amounts of home equity, enhanced by Boston's strong real estate market. That equity may prove to be a target for unscrupulous lenders and scams. With the Senior Housing Assistance Network established, it must become a valuable tool for connecting with Boston's seniors to warn them of emerging threats.

Pending Court Decision

In late 2015, the case *Burbank Apartments Tenants Association, et al. v. William M. Kargman, et al.*, was argued before the Massachusetts Supreme Judicial Court on appeal. This case is about the applicability of the Federal Fair Housing Act and Massachusetts General Law c. 151B to a property owner's choice to not renew project-based Section 8 housing subsidies. The result of this case could have wide-reaching implications for owners of subsidized housing, by requiring that fair housing impacts be included in these opt-out decisions.

Assessment of Fair Housing

As a result of HUD's release of the final rule on affirmatively furthering fair housing, the City of Boston will be required to complete an Assessment of Fair Housing in late 2017. HUD recently has released the Assessment of Fair Housing Toolkit and AFFH Rule Guidebook to guide HUD grantees through this process, and the City has begun preliminary planning for the AFH. The City of Boston is in a positive position to achieve the goals of AFH – the City's housing agencies and other departments collaborate on a regular basis

about building healthy, sustainable homes, and the City can build upon strong relationships with state and other regional agencies. As part of this process, the City will be convening a Fair Housing Task Force to examine the fair housing landscape, the impediments and barriers to housing choice, and recommendations to address those concerns.

Fair Lending

As part of a Fair Lending Initiative, OFHE will work with City housing agencies, housing advocates, and academics to examine racial disparities in homeownership rates and mortgage lending, with an eye toward targeted improvement of current City educational efforts about mortgage lending and fair lending. The Fair Lending Initiative will seek to review current research, educational efforts, and best practices in fair lending, to understand economic issues at play, and to provide information to prospective homebuyers for issue spotting.

Legislative Efforts

There are a number of legislative actions underway to promote fair housing and equity goals:

- An Act Relative to Promoting Fair Housing Practices (Rep. Evandro Carvalho) Bill H.162 Joint Committee on Consumer Protection and Professional Licensure.
- An Act to Increase Fair Housing Protections for Survivors of Domestic Violence (Rep. Gloria Fox) Bill H. 1301. Joint Committee on the Judiciary. A hearing was held May 2015; decision is pending.
- An Act Relative to Lead Abatement (Rep. Jeffrey Sanchez) Bill H.2049 Joint Committee on Public Health. A hearing was held June 2015; decision is pending.

GREEN AND SUSTAINABLE HOUSING

2030 GOALS:

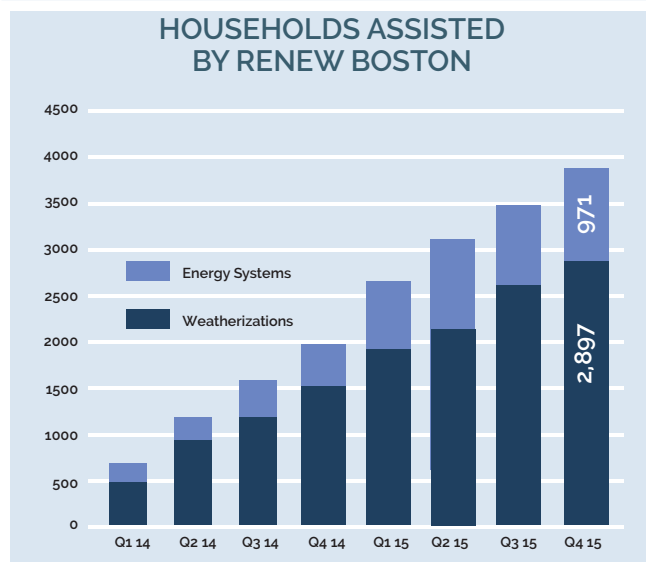
- Increase energy efficiency of existing housing units
- Work to reduce carbon impacts and incorporate advanced sustainable building design in new housing developments
- Prepare Boston's housing stock for sea-level rise, extreme heat and other natural disasters

PERFORMANCE TO DATE

ENERGY EFFICIENCY UPGRADES

Renew Boston provides home energy assessments to more than 4,000 Boston households each year. Those assessments generate follow-up actions ranging from technical assistance to furnace replacements.

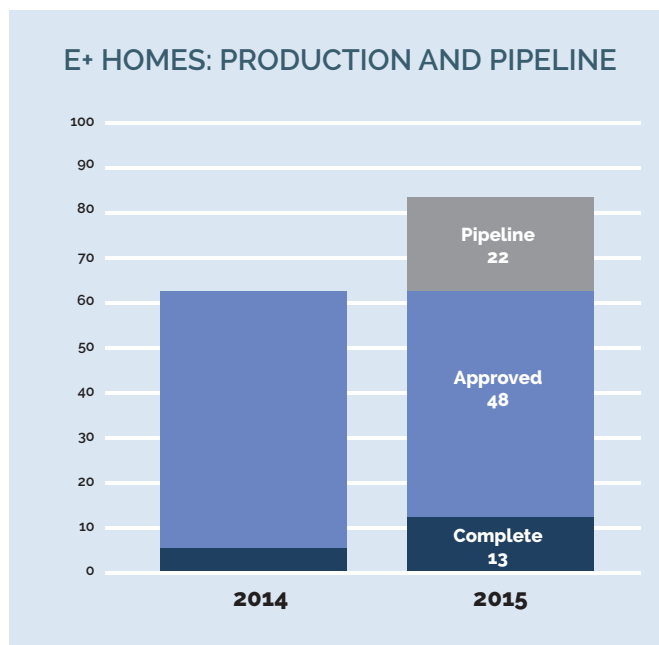
Since 2014, Renew Boston has completed more than 3,800 weatherization and furnace replacement projects. The average weatherization project saves the consumer 21 mmBTU in energy costs each year and the average furnace replacement saves an additional 18 mm BTU annually.



ENERGY POSITIVE HOUSING INITIATIVE

The Energy Positive Housing Initiative (housing that uses zero net energy or generates more energy than it consumes) continues to grow. 48 units have completed the approval process are expected to start construction in 2016.

An additional 22 new units were added to the development pipeline in 2015 with approvals expected in 2016.



2015 HIGHLIGHTS

TRANSIT-ORIENTED GROWTH

Adding more than 90,000 people to Boston's population by 2030 will also result in more automobiles with the resulting environmental and congestion impacts; however, if much of that growth can be in locations with excellent access to transit, the need for additional vehicles can be substantially reduced.

New development in 2015 is fulfilling the commitment to a transit-oriented growth policy: 3,339 units, 75% of all new housing starts, were within a five-minute walk of a major transit line. By comparison, only 37% of Boston's overall housing stock is that close to transit. Significant developments permitted in 2015 within a five-minute walk to transit include:

- 25 Morrissey Blvd. 278 units
- Seaport Square Parcels B & C: 832 units
- The Riverway: 145 units, 102 affordable



25 MORRISSEY BOULEVARD

E-POSITIVE HOUSING

2015 saw the completion of another E+ (energy positive) Green Building project. Completed E+ projects are demonstrating the financial and practical feasibility of high performance green buildings, as well as the cost and health benefits for owners and occupants. This seven unit development at Dorr & Highland Streets in Roxbury was the initiative's first fully privately-funded development.



DORR & HIGHLAND STREETS

NEW INFORMATION TO CONSIDER

E+ ENERGY DEVELOPMENT

While mainstream green residential practices continue to make measurable advances, including a recently completed all-private Zero Net Energy project and a proposed private E+ building project in permitting, overall rate of progress has slowed. High construction costs and now low energy costs are contributing factors. Countering this trend is the growing imperative to address climate change through green house gas emission reductions.



226 HIGHLAND STREET

CHALLENGES & OPPORTUNITIES

To ensure that Boston's housing plan remains current and relevant, the City, along with the Housing Task Force, will review new policies annually with an eye toward making course corrections and improvements. Below are some challenges and opportunities that could impact the City's ability to meet the challenge of creating green and sustainable housing.

Building for Future Conditions

Buildings constructed today must be prepared to meet future challenges, including climate change and resource scarcity. Yet today's over-heated construction market is driving up project costs and is compelling teams to scale back up-front costs, even at the expense of future operations.

"Mainstreaming" of high performance design and building practices may offer the greatest opportunity for market rate and affordable housing developers to build better buildings that remain affordable today and in the future. New and improving technologies including solar PV and combine heat and power (CHP) systems are providing pathways to improve project energy performance while reducing operating costs and GHG emissions.



PROPOSED E+ DEVELOPMENT
ALLANDALE ROAD

RESOURCE DEVELOPMENT

2030 GOALS:

- Increase the amount of City-controlled resources available for affordable housing by \$20 million from \$31 million per year to \$51 million per year
- Work to maintain funding levels from existing programs, including CDBG, HOME and LIHTC
- Evaluate the resources needed to achieve the production goals of the Housing Plan on an ongoing basis, recognizing that costs and revenues will change over time

PERFORMANCE TO DATE

AFFORDABLE HOUSING RESOURCES

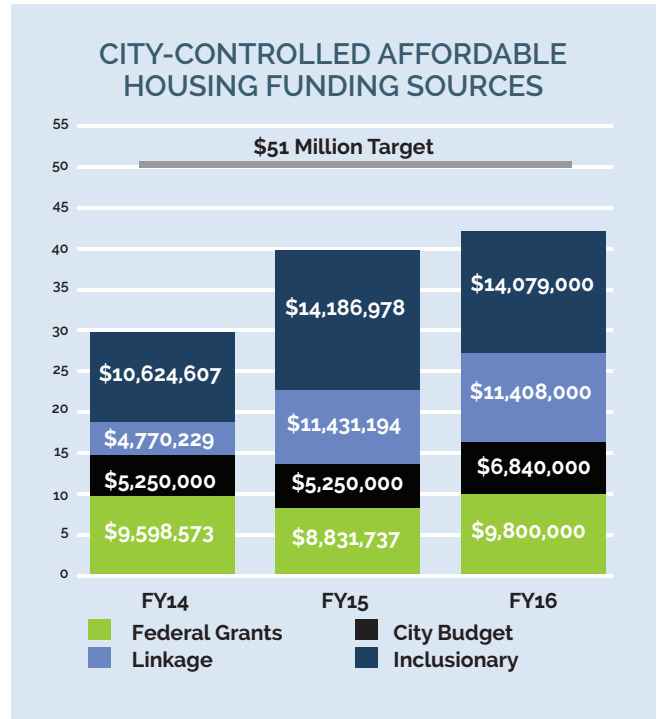
Significant progress has been made toward achieving the City’s goal of increasing affordable housing resources by \$20 million over the course of the plan. The amount of City-controlled resources for affordable housing has risen by more than \$10 million, from \$31 million in FY14 to \$41.6 million in FY16¹.

Key sources of the additional revenues are:

- A new \$1.75 million line item in the City budget for senior housing
- Rising Inclusionary Development Program (IDP) collections from a growing housing sector
- Rising Linkage collections from commercial and institutional growth that support the Neighborhood Housing Trust (NHT)

In total, City-generated resources for affordable housing (IDP, Linkage, City Budget) have risen 57%, from \$20.6 million in FY14 to \$32.3 million in FY16.

78% of all affordable housing funding managed by the City of Boston now comes from City-generated sources, up from 68% in FY14.



¹ City Budget and Federal Resources are FY14-FY16 budgeted amounts. Inclusionary and Linkage revenues are the scheduled collections from developers in each fiscal year.

2015 HIGHLIGHTS

INCLUSIONARY CASH-IN-LIEU CHANGES

In December 2015, Mayor Walsh signed a new Executive Order updating the City's Inclusionary Development Policy. Key policy changes from this order include a substantial increase in the amount of the cash-in-lieu option to fund units off-site.

In recognition of the fact that the value to developer of cashing out varies widely depending on the market values of the units being cashed out, the new IDP created three market sectors with differing contribution requirements. New requirements include increasing the unit requirement from 15% to 18% of the project units, and increasing the minimum payment per unit from \$200,000 to \$300,000 in mid-market areas and to \$380,000 in higher market areas.

This increase in Cash-In-Lieu requirement will enable the City to create more units, often with greater affordability, in off-site locations than would have been produced on-site.

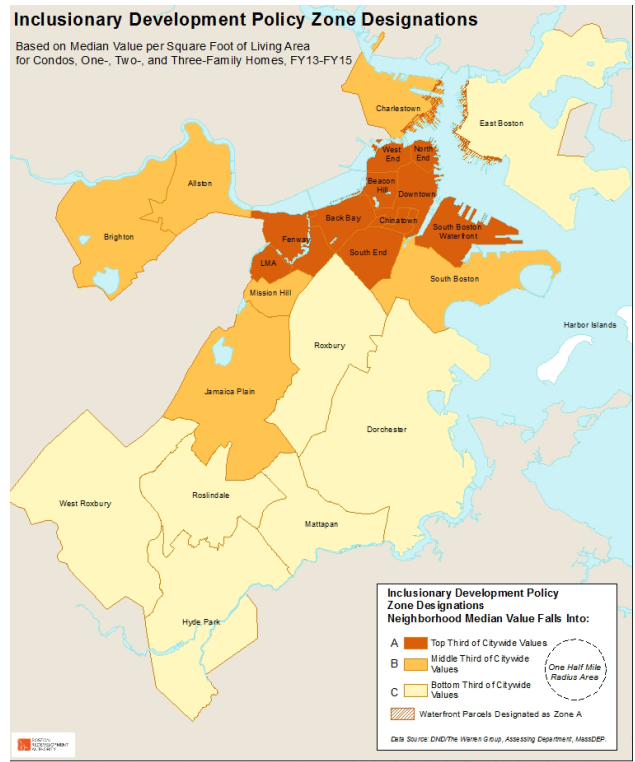
SENIOR HOUSING

In its FY16 Budget, the City created a new Senior Housing line item and provided \$1.75 million from its operating budget. This was a key first step toward rebuilding a senior housing development pipeline, after Washington cut the capital funding for the HUD 202 Program.

In a companion effort to generate matching funds at the State level, the City's legislation was favorably reported out of Committee.

EXPANDED USE OF 4% TAX CREDITS

One of the strategies that the City sought to implement to increase production was making greater use of 4% Low Income Housing Tax credits. While these tax credits yield less equity than the 9% Tax Credits, they were an underutilized State resource that could fund projects immediately, rather than waiting in a multi-year queue for the 9% Tax Credits. In 2015, the City approved eight projects with 588 affordable units for 4% Tax Credits.



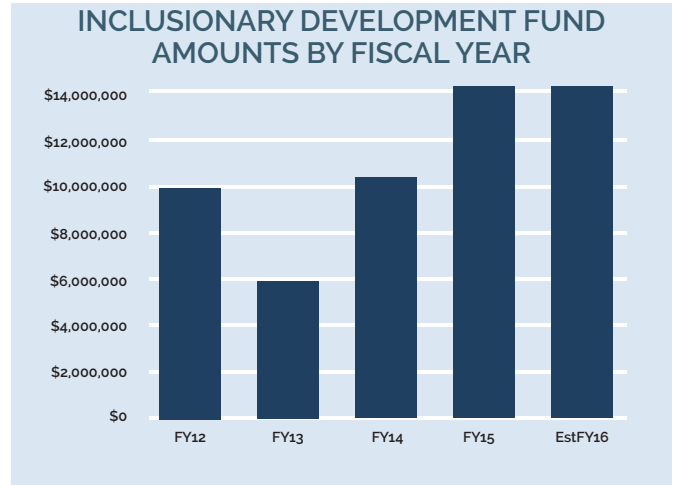
JEWISH COMMUNITY HOUSING FOR THE ELDERLY

NEW INFORMATION TO CONSIDER

INCLUSIONARY DEVELOPMENT FUND

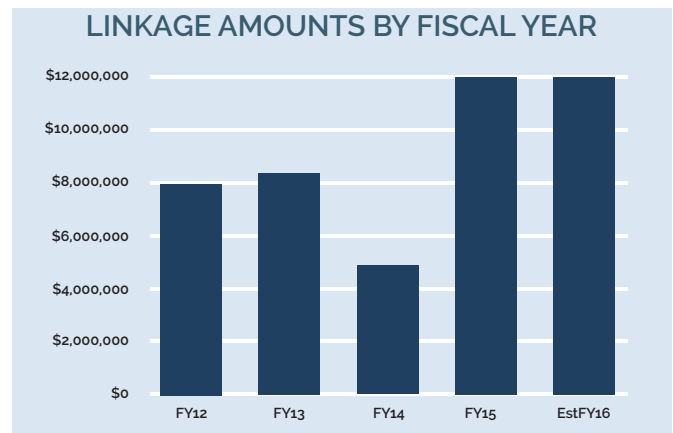
The impact of the resurgent housing market is now being seen in contributions to the Inclusionary Development Policy (IDP) Fund. Average annual income rose from \$8.7 million in FY12-14 to \$14.1 million in FY15-FY16.

The impact of the change in the policy itself on the IDP fund is more difficult to forecast. While the increased per-unit contribution minimum has increased in most neighborhoods, and central Boston condominium developers can choose the IDP contribution over providing units on-site, the increased contribution minimum may also encourage more developers to meet their IDP commitment on-site.



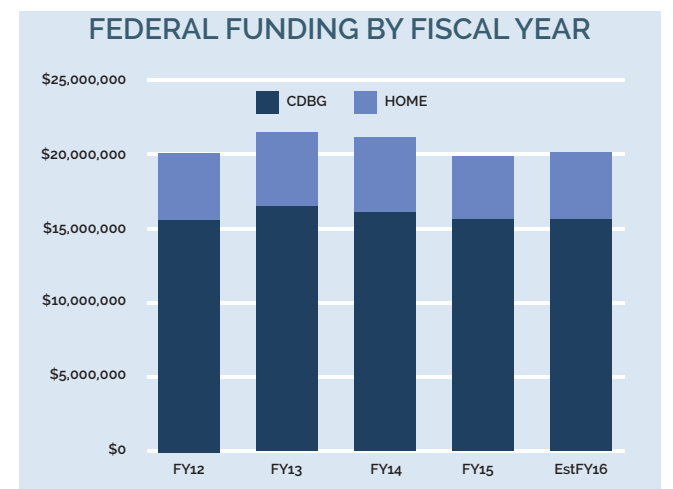
LINKAGE

As with the resurgent housing sector, a growing commercial sector is resulting in rising Linkage revenues to the Neighborhood Housing Trust. Average annual income rose from \$7.2 million in FY12-14 to \$12.2 million in FY15-FY16. This second figure is likely to rise as there will be new payments triggered in the second half of FY16 that are not yet included in the estimates.



FEDERAL FUNDING

Federal grants to the City of Boston for housing and community development have remained relatively stable at about \$20 million per year. 100% of HOME funds are allotted to affordable housing, while 25% of CDBG funds are used for affordable housing as well as human services, fair housing, neighborhood economic development, open space, small business and other program delivery services. CDBG is a particularly important resource because of its flexibility. Unlike HOME, Inclusionary, and Linkage funds that are tied to housing production and preservation, CDBG can fund housing stabilization services like home repairs that are critical to the City's strategy for helping seniors age-in-place. With a projected 52% increase in seniors by 2030, stagnant CDBG funding will become increasingly problematic.



CHALLENGES & OPPORTUNITIES

To ensure that Boston's housing plan remains current and relevant, the City, along with the Housing Task Force, will review new policies annually with an eye toward making course corrections and improvements. Below are some challenges and opportunities that could impact the City's ability to raise the resources it needs to deliver on its housing agenda.

Inclusionary Development Policy Changes

The recent updates to the Inclusionary Development Policy (IDP) offer the potential for increased resources; however, it will be a few years before the true impact of this policy change will be experienced. Any project that had applied for zoning relief or had filed certain paperwork with the BRA before Jan 1, 2016 will still be governed under the previous policy. New projects that fall under the new requirements are likely to be at least a year or more until they get through the BRA's Article 80 review process, begin construction, and make their first payments to the IDP fund.

Linkage Update

The Linkage program began in 1983 with a \$5.00 per square foot fee. More than 30 years later, the fee has increased to \$8.34 per square foot – a 67% increase. By comparison, the cost of housing in Boston (measured by CPI/Shelter from the Bureau of Labor Statistics) has increased by 193% over the same period. The City is permitted to inflation-adjust in the fall of 2016, but that adjustment is limited by State regulation and would be only a partial fix. Any further updating of the Linkage Program would require State legislative action.

Community Preservation Act

The Community Preservation Act (CPA) is still being considered as a potential new revenue source. 160 communities across the state have passed CPA votes since the program was created in 2000.

The model currently being evaluated includes the minimum 1% surcharge, exempting the first \$100,000 of value and providing exemptions for low-income and elderly homeowners. It would result in approximately \$14 million for housing, open space and historic preservation. An additional \$4 million annually in State funding could be generated if the State continues to match at the current 29.7% rate.

GOVERNMENT EFFICIENCY AND ACCOUNTABILITY

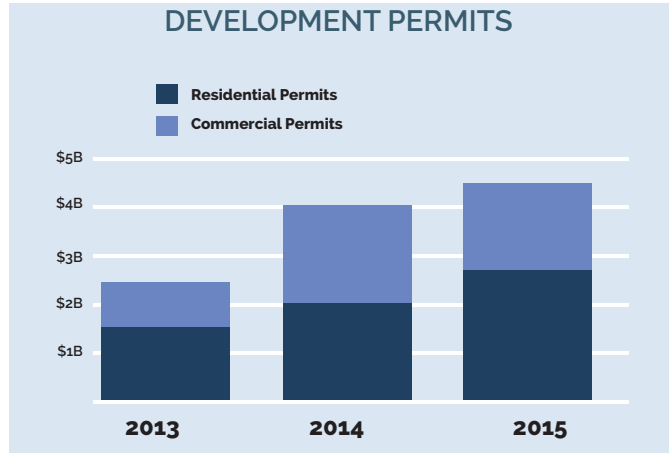
2030 GOALS:

- Improve the permitting process to unlock greater housing production
- Commit to complete transparency on development
- Organize the City's housing-related resources to improve ease of access to service for Boston's residents
- Establish Boston's leadership in housing innovation by creating a Housing Innovation Lab
- Ensure ongoing accountability to this plan

PERFORMANCE TO DATE

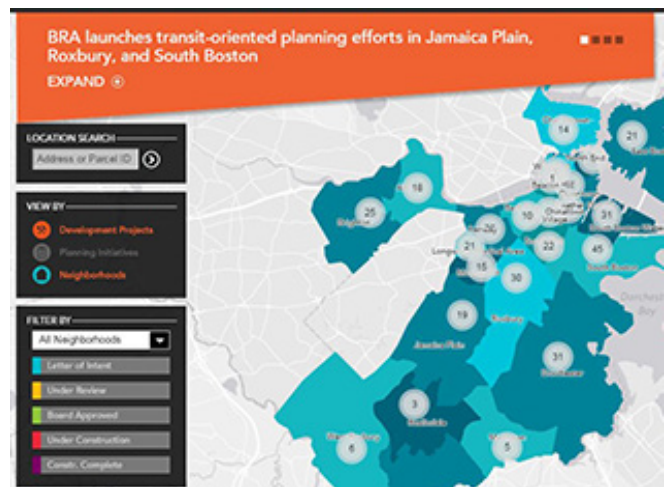
ISD PERMITTING PRODUCTIVITY

The value of new development permits issued by ISD has risen from \$2.55 billion in 2013 to \$4.34 billion in 2015 – a 70% increase in productivity. Residential permits were up 74%; commercial permits were up 58%.



INFORMATION ACCESS

As part of the effort to increase transparency and accountability in government, both DND and the BRA revamped their web sites. In fact, the BRA's Agency webpage itself is an interactive site that allows visitors to learn about every development project occurring in Boston. Similarly, DND has partnered with CoUrbanize to create a site, linked from their front page, which allows for and encourages input from the public about current projects. It has proven to be an invaluable tool, particularly for residents unable to attend the public meetings that DND conducts.



In Q1 2015, the City began issuing Boston 2030 Quarterly Reports that document progress on meeting its housing goals. The objective of these reports is to promote greater accountability on the part of the City for delivering on its housing objectives. These reports have clearly documented where the City is succeeding and where its performance is not up to expectations.

HOUSING A CHANGING CITY BOSTON 2030 QUARTERLY REPORT: OCTOBER 2015

- 2030 Progress to Date**
- New Production.** New housing starts are currently running at 122% of the pace needed to create 53,000 new units by 2030. 15,375 units are complete or in construction; another 9,718 have been approved through BRA or DND; and another 3,787 are under review at ISD, BRA & DND. In total, 28,880 of the 53,000 units² are underway. Boston's housing stock is growing at a faster pace than at any time over the last 15 years. 3,241 units have been completed in 2015 alone.
 - Low Income Production.** New low-income, non-elderly starts are currently running at 1,243 units, or 10% of the pace needed to create 6,500 new units by 2030.
 - Preservation of At-Risk Housing.** No affordable units have been lost since 2014.
 - Public Housing.** The BHA continues to exceed its 97% occupancy target.
 - Middle Income Production.** Currently running at 85% of the pace needed to create 20,000 units by 2030, or 4,009 units.

2015 HIGHLIGHTS

SIMPLIFIED ACCESS TO HOUSING ASSISTANCE

In 2015, the City undertook the first steps toward creating a more coordinated and customer-friendly housing assistance system with the creation of the *Senior Housing Assistance Network* that brings together the full range and senior housing assistance services. The creation of the *Office of Housing Stability* in 2016 will further advance this cause by bringing together anti-displacement and rehousing assistance services under one roof.

HOUSING INNOVATION LAB

In late 2014, the City was awarded a grant from the Bloomberg Foundation to create the Housing Innovation Lab. In 2015, the i-Lab began its work focusing on developing new strategies and approaches to creating more new housing affordable to the middle class. In 2016 the i-Lab will make its first recommendations and begin its implementation demonstrations.

CHALLENGES & OPPORTUNITIES

To ensure that Boston's housing plan remains current and relevant, the City, along with the Housing Task Force, will review new policies annually with an eye toward making course corrections and improvements. Below are some challenges and opportunities that could impact the City's ability to achieve its goals of efficiency and accountability.

Housing Assistance Access

While the *Senior Housing Assistance Network* and the *Office of Housing Stability* are positive steps toward creating a more customer-focused housing assistance system, there remains much to do to create the seamless and easy-to-access system that Housing Boston 2030 envisions. The City acknowledges that this will be an ongoing and incremental process, step-by-step improving the systems year after year, and ensuring through collaboration with the Disability Access Housing Task Force and the Office of Fair Housing and Equity, that access for all is maintained. Application of new technologies to enhance access will be a priority in the near term.

APPENDIX

- [Workplan Activities Report](#)

TOPIC	ACTION ITEMS	STATUS
<p>HOUSING BOSTON'S LOW-INCOME, NON ELDERLY HOUSEHOLDS</p>	<p>Prioritize cost efficient, high quality developments when selecting projects for City funding programs</p>	<p>Ongoing</p>
	<p>Secure access to existing State programs by offering reasonably-priced projects consistent with State priorities</p>	<p>Ongoing</p>
	<p>Create new, permanently affordable units to serve extremely low income households by converting at least 1,700 Section 8 vouchers into project based assistance for rental developments</p>	<p>Ongoing</p>
	<p>Create an Acquisition/Conversion program to acquire existing rental housing and convert into long-term affordable housing</p>	<p>In Process</p>
	<p>Create new financing model to fund low-income rental housing without using 9% LIHTC resources</p>	<p>Complete</p>
	<p>Create new processes to help those with the greatest need efficiently access affordable units</p>	<p>Not Yet Started: (New City web site in process)</p>
	<p>Work with the Commission for persons with disabilities to establish a task force to better understand the ongoing housing needs of the disabled community</p>	<p>Complete</p>

TOPIC	ACTION ITEMS	STATUS
PRESERVING AFFORDABLE HOUSING	PUBLIC HOUSING	
	Explore Federal legislation to allow more fungibility between public and leased housing program funding	Ongoing
	Develop site by site capital strategies	Ongoing
	Continue to seek resources for redevelopment	Ongoing
	Continue energy performance contracting	Ongoing
	Diversify funding sources, linking new efforts to education, jobs, and health programs where suitable	Ongoing
	Continue to implement back office efficiencies and technology enhancements	Ongoing
	PRIVATE AFFORDABLE HOUSING	
	Continue aggressive preservation efforts for every expiring unit	Ongoing
	Continue to support Tenants at Risk and Boston Tenant Organizing	Ongoing
	Develop & implement a 13A preservation strategy	In Process
	Create 13A tenant rehousing assistance programs when tenancy can not be saved	Not Yet Started: (No units lost)
	Reprioritize rental preservation resources towards at-risk units	Complete

TOPIC	ACTION ITEMS	STATUS
HOUSING BOSTON'S MIDDLE CLASS	Encourage private developers to create housing that is affordable to the middle class.	
	<ul style="list-style-type: none"> Allow significant density in middle class affordable areas 	In Process: First 2 growth zones: new zoning in Spring; 2nd 2 zones announced
	<ul style="list-style-type: none"> Property Tax Incentives 	In Process: Legislation filed
	<ul style="list-style-type: none"> Revisions to IDP For Middle-Income Development 	Complete
	<ul style="list-style-type: none"> Labor Agreements for Middle-Income Development 	In Process: Conversations ongoing
	Create mixed income housing using public resources + on site Inclusionary Policy	
	<ul style="list-style-type: none"> Complete inventory of all publicly owned land 	Complete
	<ul style="list-style-type: none"> Assemble parcels for redevelopment with a focus on potential mixed income housing developments 	Ongoing
	Make City owned infill lots available for mixed income homeownership development	Complete: Neighborhood Homes Initiative
	Streamline permitting processes to help small builders develop affordable homes on privately owned vacant parcels	Complete: New ZBA subcommittee
Enhance homebuyer assistance programs and advocate for equity in the homeownership market	Ongoing	

TOPIC	ACTION ITEMS	STATUS
HOUSING BOSTON'S SENIORS	Increase funding for senior housing and support services	Ongoing
	City-owned land/buildings for senior housing	Ongoing
	Main Street Senior Housing	Not Yet Started
	Engage developers to understand why they are not building market-rate senior housing	Not Yet Started
	Evaluate In-Law Apartment Zoning to create senior housing	In Process: (Housing Innovation Lab)
	Establish a Senior Housing Assistance Network	Complete
	Provide senior energy retrofit services	Complete
	Senior Housing Innovation Demonstration	Not Yet Started

TOPIC	ACTION ITEMS	STATUS
HOUSING BOSTON'S STUDENTS	Partner with colleges and universities to set specific housing commitments	Ongoing: Majority set specific goals summer 2015
	Explore public-private partnerships for off-campus dormitories	In Process: <ul style="list-style-type: none"> Private dorms proposed currently in development on-campus Off-campus sites currently under consideration
	Work with the community to establish approved locations for both on- and off-campus student dormitories	In Process: <ul style="list-style-type: none"> For specific dorm proposals More comprehensive planning not yet begun
	Work collaboratively with Greater Boston area college leaders and mayors to address student housing issues in the region	In Process: <ul style="list-style-type: none"> College conversations complete Regional Mayor's Compact signed
	Enforce new University Accountability Ordinance	Complete
	Establish routine proactive inspections of all off-campus student housing	In Process
	Improve communication with students and families about housing conditions	In Process: New web site launched
	Use Problem Property Ordinance to address unsafe properties with uncooperative owners	In Process
	Explore co-development model for sharing dormitory production across institutions	In Process

TOPIC	ACTION ITEMS	STATUS
STRONG, HEALTHY NEIGHBORHOODS	Mitigate gentrification	
	<ul style="list-style-type: none"> Expand Homebuyer Assistance Programs in areas showing early signs of gentrification 	Ongoing
	<ul style="list-style-type: none"> Undertake strategic non-profit acquisitions 	In Process: Acquisition funding RFP this spring
	<ul style="list-style-type: none"> Explore use of Community Land Trusts 	In Process: Housing Innovation Lab
	<ul style="list-style-type: none"> Expand tenant and senior services 	In Process: Office of Housing Stability
	<ul style="list-style-type: none"> Condominium Conversion Ordinance extension 	Complete
	<ul style="list-style-type: none"> Reduce tax burdens on seniors in gentrifying areas 	In Process: Legislation filed
	<ul style="list-style-type: none"> Maintain foreclosure prevention programs 	Ongoing
	<ul style="list-style-type: none"> Partner with lenders to reduce REO properties 	Not Yet Started
	<ul style="list-style-type: none"> Housing creation that meets the needs of a diverse community 	Ongoing
	Reduce Problem Properties	Ongoing
	Support Health Care and Housing Connections	Not Yet Started

TOPIC	ACTION ITEMS	STATUS
GREEN AND SUSTAINABLE HOUSING	Recognize and promote green building leaders	Ongoing
	Incorporate green building education into job training programs	In Process
	Explore energy scores for residential housing	In Process
	Enforce building energy code	In Process
	Identify opportunities to integrate no cost energy assessments into the permitting process	In Process
	Continue to explore new outreach strategies for Renew Boston	Ongoing
	Improve owners access to retrofit project finance	In Process
	Ensure developers, owners, and tenants understand how climate change will impact housing and provide guidance on preparing their homes and building for these impacts	In Process: Study to be released in Q1 2016

TOPIC	ACTION ITEMS	STATUS
RESOURCE DEVELOPMENT	Update Inclusionary Development Cash Out Policy	Complete
	Line Item in City Budget for Senior Housing	Complete
	New Senior Housing line item in State Housing Budget	In Process
	Adjust Linkage	Not Yet Started
	Evaluate Community Preservation Act	In Process
	Identify new resources and maintain existing funding	Ongoing
	Sharpen City's competitive edge for State funding	Ongoing
	Work with State and Private partners to develop alternate funding paths to produce affordable housing	Ongoing

TOPIC	ACTION ITEMS	STATUS
GOVERNMENT EFFICIENCY & ACCOUNTABILITY	Improve the permitting process to facilitate housing production	
	• Universal online portal	In Process
	• Reform the ZBA	Complete
	• Launch residential zoning reform process	Ongoing: Imagine Boston 2030
	• Strengthen performance management	In Process
	Complete transparency on development	
	• Boston Development Online web site	Ongoing: Transparent, but disparate
	Provide better access to housing by centralizing/coordinating housing-related services	
	• Launch online housing center	Not Yet Started
	• Explore co-locating City housing policy and service providers	In Process
	• Bolster City's partnerships with community-based organizations to expand outreach	Ongoing
	Establish Housing Innovation Lab	Complete
	Ensure ongoing accountability for implementing and updating Boston 2030 Plan	
	• Publish a work plan with clear deadlines	Not Yet Started
	• Create quarterly performance scorecards	Complete
	• Provide the public with an annual report	Ongoing
	• Regularly convene the Mayor's Housing Task Force	Ongoing
	• Continue to partner with the Office of Fair Housing and Equity	Ongoing