

MAYOR MARTIN J. WALSH

HOUSING A CHANGING CITY

BOSTON 2030



Q1 REPORT

2016



HOUSING BOSTON 2030: QUARTERLY SUMMARY & SCORECARD

ACCOMMODATING GROWTH

With 565 new units permitted this quarter and 17,183 units permitted or complete to date, housing permitting is running at 124% of target. In addition, more than 3,000 new units representing \$1.4 billion in new investment were approved by the City this quarter, resulting in a active development pipeline of 18,644 units. In total, there are 35,826 new units of housing that are complete or underway in Boston. There are currently more than 8,000 new units of housing in construction in Boston – representing more construction employment in the housing sector than at any time in the last 20 years.

PERMITTED Q1-2016	PERMITTED TO DATE	% TARGET
565	17,183	124%

AFFORDABLE HOUSING

The City is meeting or exceeding targets in three of its five affordable housing categories. Production of deed-restricted units for the middle class is the highest-performing category, running at 155% of target.

Senior housing was stalled due to HUD's defunding of its Section 202 Elderly Housing program. With a new line item in its FY16 City Budget and City-owned land being made available for senior housing, three new developments are now in the pipeline, and senior housing production is getting back on track. Market-rate production of middle-class housing in more affordable locations had been below target for several years as developers focused primarily on downtown locations. In the last two years, however, there has been a shift toward more neighborhood locations and the pace of middle-income housing production has doubled over pre-2014 rates.

AFFORDABILITY GROUP	INCOME TARGET	UNITS TO DATE	% TARGET
Extremely Low-Income	Under 30% AMI	362	105%
Low-Income Family	Under 60% AMI	1,377	104%
Low-Income Elderly	Under 60% AMI	284	72%
Restricted Middle	Mostly 60-100% AMI	1,624	155%
Market-Rate Middle	Mostly 100-120% AMI	2,217	53%

HOMEBUYERS

While homebuyer programs are running at only 62% of target, these programs have been very effective at reaching the most priced-out and underserved populations. Scaling up these outcomes is the primary challenge ahead.

PURCHASES Q1-2016	PURCHASES 2014 TO DATE	% TARGET
51	409	62%

HOUSING BOSTON 2030: QUARTERLY SUMMARY & SCORECARD

AFFORDABLE HOUSING PRESERVATION

The City is meeting or exceeding targets on all three preservation goals. Most notably, while losses of up to 117 units by this point in the Plan would be consistent with the city's goal of keeping affordable housing losses under 3% through 2030, only 23 units have been lost to date.

PRESERVATION CATEGORY	UNITS AVAILABLE ON 3/31/16	% TARGET
Expiring Use Units	19,381	100.3%
13A Units	1,043	100.0%
BHA Occupied Units	12,194	101.1%

STUDENT HOUSING

While cumulative dorm permitting has not yet met target levels, 1,565 new dorm beds have been completed in the past two years. Dorm completions are now outpacing enrollment growth 3:1 resulting in 1,200 fewer undergrads in off-campus apartments in Boston. This puts the City at 102% of its target to reduce the number of off-campus undergrads by 50% by 2030.

DORM TYPE	PERMITTED Q1-2016	PERMITTED TO DATE	% TARGET
Undergrad	0	3,170	75%
Graduate	0	378	58%

ANTI-DISPLACEMENT

With Mayor Walsh's announcement of the creation of the *Office of Housing Stability* in his January 2016 State of the City Address, the City's anti-displacement actions have been elevated in importance. This new office will complement the existing Foreclosure Prevention and Homelessness Prevention programs already providing critical anti-displacement services.

ANTI-DISPLACEMENT ACTION	Q1-2016	2014 TO DATE
Homeowners Retained: Foreclosure Prevention	51	490
Tenancies Retained: Foreclosure Prevention	26	299
Homelessness Prevention: Seniors	39	364
Homelessness Prevention: Families	48	705
Homelessness Prevention: Individuals	29	227
TOTAL	193	2,085

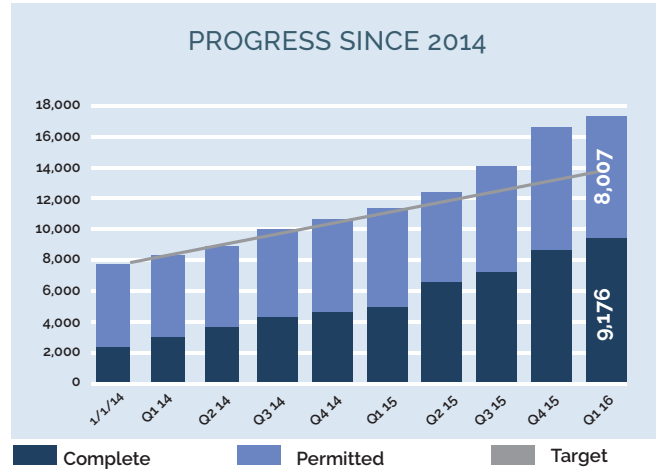
ACCOMMODATING GROWTH

PROGRESS TO DATE

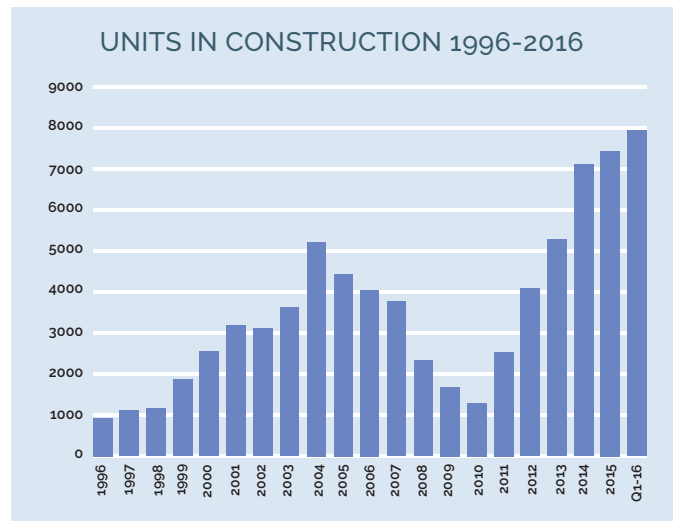
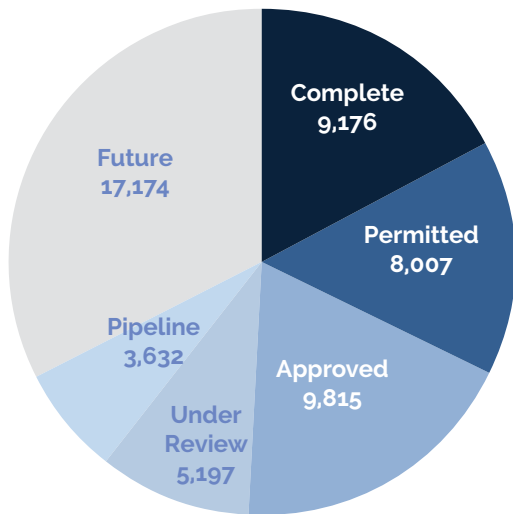
GOAL: CREATE 53,000 NEW UNITS BY 2030

With 17,183 units permitted or complete, housing production is running at 124% of the pace needed to achieve the City's target by 2030. There are currently over 8,000 units in construction in Boston – more construction activity than at any time in the last 20 years.

Another 18,644 units are active in the City's development pipeline resulting in a total of 35,826 units underway or complete – 68% of the 53,000 unit target.



PROGRESS TOWARD 53,000 UNIT GOAL



By the end of Q1 2016, enough new housing has been completed to house 20,237 new Bostonians. Completions are now exceeding projected population growth: in the last year enough housing came on line to house 5,900 people while MAPC's projection for population growth is 4,590 people per year. With the housing supply now growing faster than projected demand from population growth, pressures in the housing market should begin to abate.

ACCOMMODATING GROWTH

Q1 2016 HIGHLIGHTS

New Production Activity

With a quarterly target of 662 new units to achieve the 53,000 target by 2030, housing permitting activity this quarter is below target -- a normal occurrence during the winter quarter. However, with more than 3,000 new units approved this quarter, substantially higher production rates can be expected in future quarters.

Q1 2016 HOUSING PRODUCTION ACTIONS		
ACTION	UNITS	VALUE
APPROVED	3,047	\$1,378,000,000
PERMITTED	565	\$216,000,000
COMPLETE	784	\$335,000,000

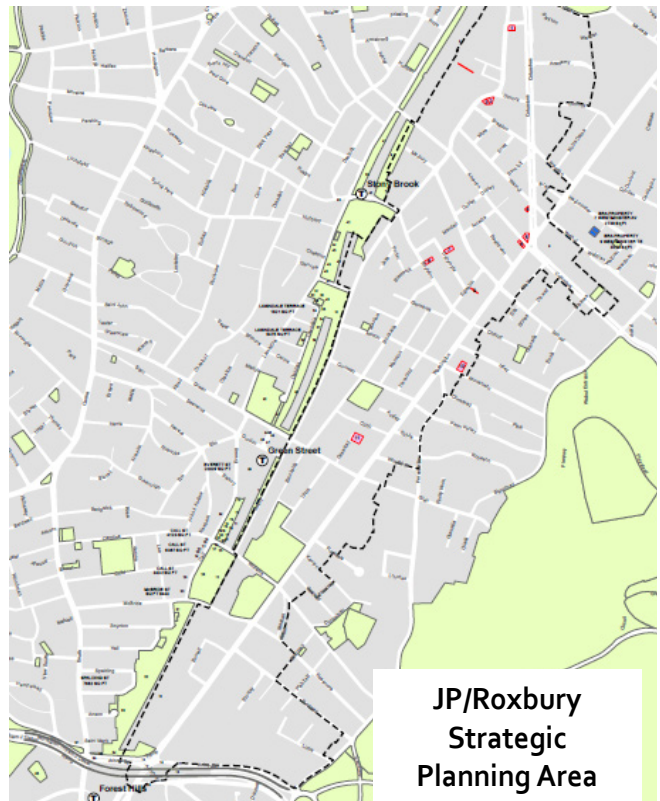


345 HARRISON AVE is the largest project to receive City approval in Q1 2016, with 585 new units

Strategic Planning Areas

The City has designated four areas as Strategic Planning Areas (SPA) suitable for managed growth. Farthest along are the PLAN JP/Rox and PLAN South Boston/Dot Ave SPAs that made significant progress in Q1 2016. Projected buildouts were presented to residents along with enhanced affordability options that could be generated from density bonuses in these areas.

Two additional SPAs, Glover's Corner in Dorchester and Dudley Square in Roxbury, have been designated. The Dudley Square SPA had its first public workshop in February, and community engagement in Glover's Corner is expected to begin later this year.

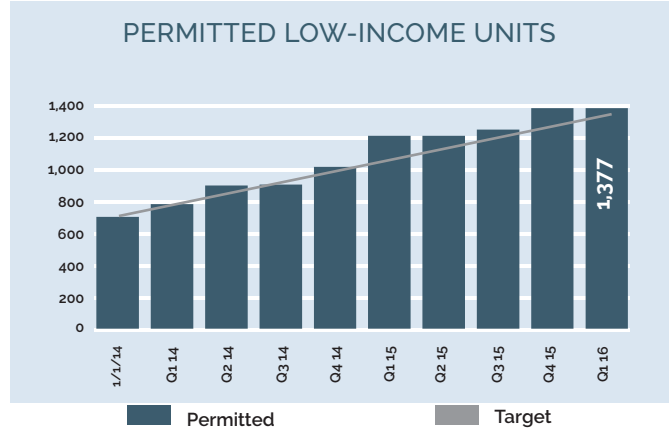


LOW INCOME HOUSING PROGRESS TO DATE

GOAL: CREATE 6,500 NEW LOW-INCOME, NON-ELDERLY UNITS BY 2030

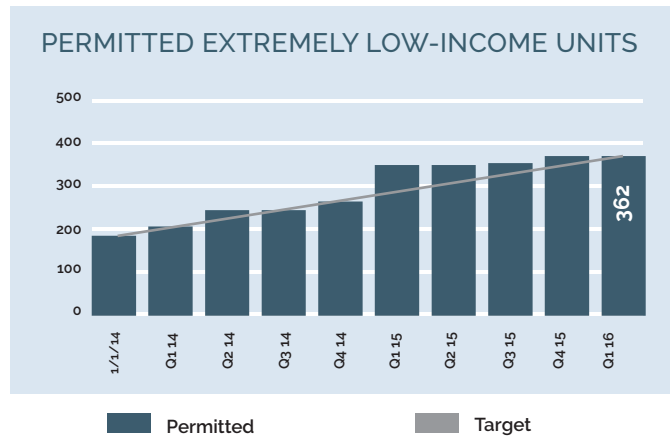
With 1,377 units permitted to date, low-income housing production is running at 104% of the target pace needed to create 6,500 new units by 2030.

These 1,377 low-income units were in 53 projects that received funding and real estate from the City.



GOAL: TARGET AT LEAST 1,500 AFFORDABLE UNITS TO EXTREMELY LOW INCOME HOUSEHOLDS

With 362 new units, permitted ELI housing production is running at 105% of the target pace needed to create 1,500 new units by 2030.



Q1 2016 HIGHLIGHTS

Low-Income Production Activity

Eight projects creating new low-income housing were funded this quarter by DND and the Neighborhood Housing Trust. These developments will create 450 new units of housing, 325 of which are low-income affordable. The City awarded \$27 million in funding and 143,000 square feet of City real estate that will leverage over \$200 million in other private and public resources.

Q1 2016 LOW-INCOME HOUSING ACTIONS		
ACTION	LOW-INCOME	TDC
FUNDED	325	\$230,000,000
PERMITTED	0	0
COMPLETE	0	0

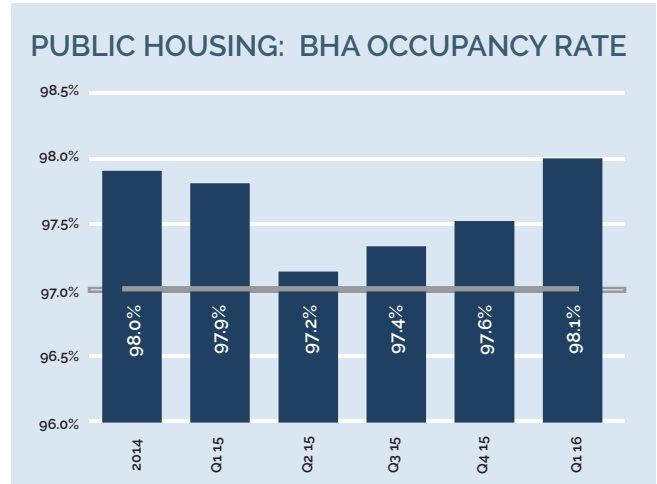


COTE VILLAGE is the largest affordable development approved on Q1 2016, with 60 new affordable units,

PRESERVING AFFORDABLE HOUSING PROGRESS TO DATE

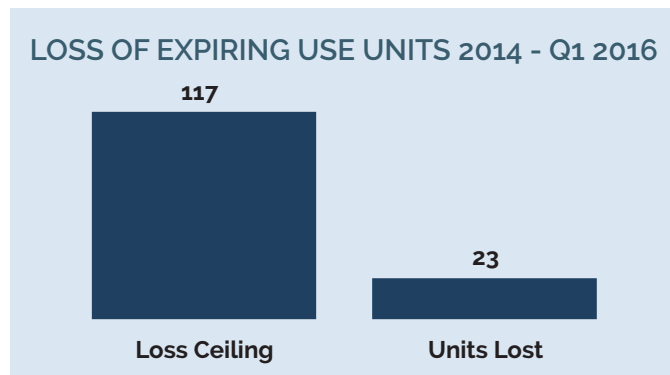
GOAL: MAINTAIN AN OCCUPANCY RATE IN BHA HOUSING OF 97% OR MORE

The BHA continues to exceed its occupancy target. The BHA's occupancy rate is currently higher than at any point since Housing Boston 2030 began in 2014.



GOAL: RETAIN AT LEAST 97% OF PRIVATELY-OWNED AFFORDABLE RENTAL HOUSING

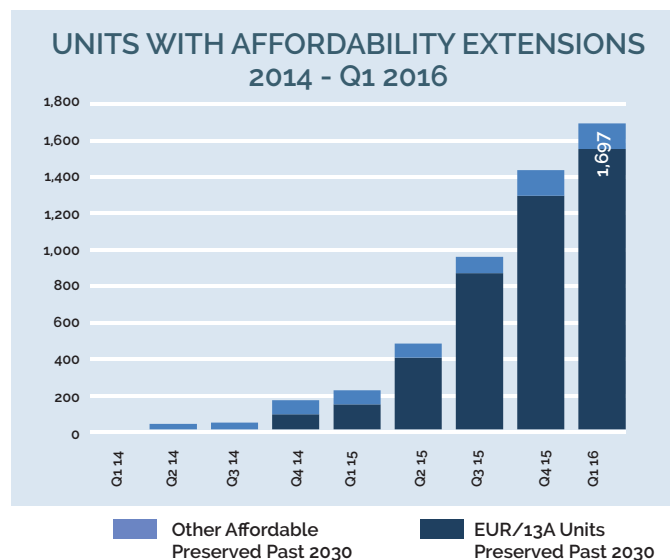
This goal requires that no more than 886 units be lost by 2030. By this point in Housing Boston 2030, losses should be kept under 117 units ("loss ceiling"). With only 23 units lost since 2014, the City is running well ahead of target.



Additionally, none of the 1,043 units funded under the State's 13A program have been lost.

GOAL: PRESERVE HOUSING AFFORDABILITY PAST 2030

While HUD's Expiring Use Restrictions and the expiration of the State's 13A restrictions present the greatest risks for losses of affordable housing, there are other types of housing (e.g. cooperatives, homeownership, non Federal/State units) that could be lost due to financial insolvency, foreclosure or physical obsolescence. Although there are no targets for this activity, the City does track and report all units that have executed affordability extensions through the end of Housing Boston 2030. Since 2014, 1,697 units have been extended to 2030 or beyond.



PRESERVING AFFORDABLE HOUSING

Q1 2016 HIGHLIGHTS

Two elderly developments undergoing refinancing/ renovation began construction this quarter: Lyman School Apartments in East Boston (45 units) and Genesis House in Brighton (209 units).

Hartwell Terrace in Roxbury was restructured using the HUD RAD program, resulting in the preservation of six units for extremely-low income households and 11 units occupied by over-income tenants being moved to market rate

251 units in three preservation projects were approved for a total of \$2,800,000 in City funds this quarter: Quincy Tower (Chinatown), Wayne at Schuyler (Dorchester), and 1392 Dorchester Ave (Dorchester).

Q1 2016 HOUSING PRESERVATION ACTIONS		
ACTION	UNITS PRESERVED	TDC
APPROVED	325	\$230,000,000
PERMITTED	0	0
COMPLETED	0	0

Two projects associated with the BHA's Whittier Street Choice Neighborhoods redevelopment were funded:

Whittier Street Choice Phase I: \$2,550,000 in City funding to preserve 68 BHA units and create 15 new affordable units

Madison Melnea Cass Apts: \$1,750,000 to create 33 the Whittier Choice replacement units and create 44 new affordable units.

Additionally, the BHA currently has a pipeline of ten projects with 2,736 units to be redeveloped and preserved, and 1,999 new units.

Q1 2016 BHA REDEVELOPMENT ACTIONS		
ACTION	BHA UNITS	NEW UNITS
APPROVED	101	59
PERMITTED	0	0
COMPLETED	0	0



QUINCY TOWER in Chinatown is the largest preservation project to be approved in Q1 2016, with 161 units at elevated risk.



MADISON MELNEA CASS APARTMENTS: 33 replacement BHA units for the Whittier Choice redevelopment, 44 new affordable units.

BOSTON'S MIDDLE CLASS PROGRESS TO DATE

GOAL: CREATE 20,000 NEW UNITS AFFORDABLE TO THE MIDDLE CLASS INCLUDING 4,000 DEED- RESTRICTED AND 16,000 MARKET RATE UNITS

Deed Restricted Production. With 1,624 new units permitted, production of deed-restricted units for the middle class is running at 155% of target. Most (86%) of these units were On-Site Inclusionary Units. In addition, most of these long-term affordable units have been targeted to middle class households with incomes between 60% -100% AMI.

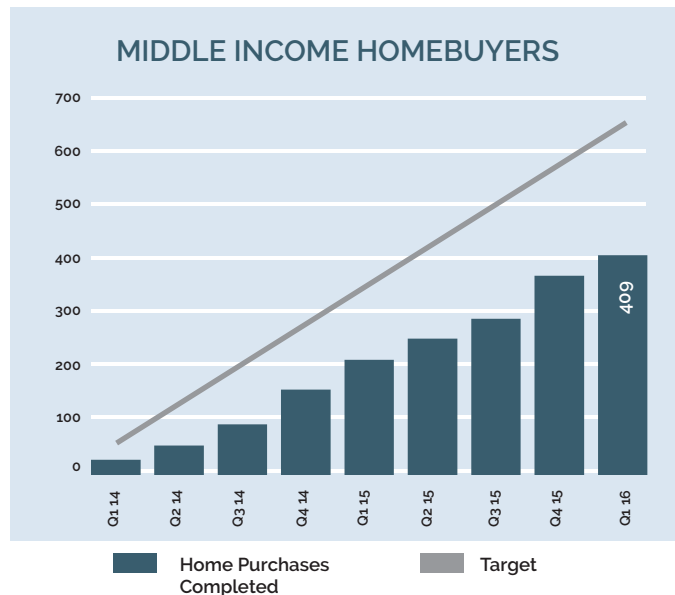
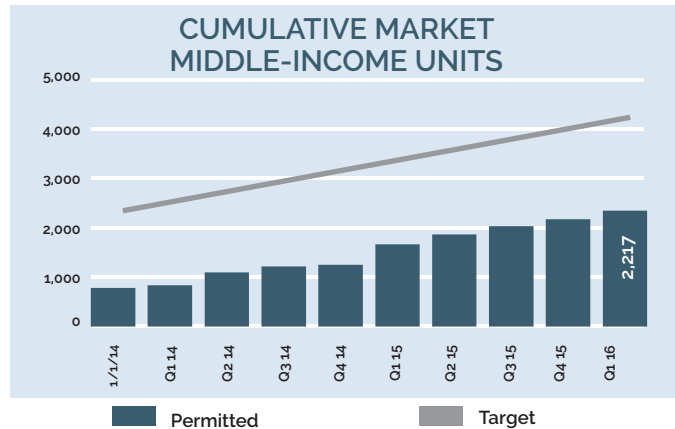
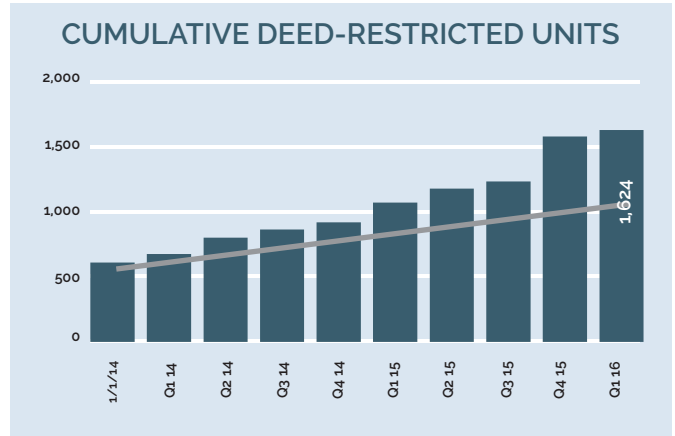
Market Production. Private market-rate production of units affordable to upper-middle income households (>100% AMI) is running at only 53% of target. However, the pace of production in the last two years is more than double the pace of previous years, so the production gap is closing.

Total Production. Achieving the 20,000-unit target requires a combined (deed restricted and market) production pace of 1,000 units per year. For the last two years, combined production has been in excess of 1,200 units per year.

GOAL: HELP 5,000 MIDDLE-CLASS HOUSEHOLDS BUY THEIR FIRST HOME

With 409 new homebuyers assisted since 2014, homebuyer assistance programs are currently running at 62% of target. With market prices increasingly out-of-reach for many homebuyers, more and more of the assisted homebuyers are purchasing below-market deed restricted units – 63% of buyers in the last year compared to 48% the year before.

The pace of permitting of affordable homeownership units is up 39% over the past year compared to a year earlier. As these units come on line, the pace of homebuyer assistance should rise substantially.



BOSTON'S MIDDLE CLASS

Q1 2016 HIGHLIGHTS

Deed Restricted Unit Production

With a quarterly target of 50 units to achieve the 4,000 unit target by 2030, housing production activity this quarter is meeting target. With 313 new deed-restricted middle-income units approved this quarter, the pace of production should increase in future quarters.

Q1 2016 RESTRICTED MIDDLE INCOME UNITS

ACTION	60-100% AMI	>100% AMI	TOTAL
APPROVED	313	0	313
PERMITTED	48	0	48
COMPLETED	93	0	93

Market Rate Unit Production

With a quarterly target of 200 units to achieve the 16,000 unit target by 2030, market-rate production of middle-income housing is not meeting target this quarter - this is normal for the winter quarter. With more than 400 new units approved this quarter, significantly higher production rates can be anticipated in future quarters.

Q1 2016 MARKET MIDDLE INCOME UNITS

ACTION	UNITS
APPROVED	418
PERMITTED	178
COMPLETED	132

Middle Income Homebuyers

With a quarterly target of 74 units to achieve the 5,000 buyer target by 2030, and 51 new homebuyers this quarter, homebuyer assistance is running at 62% of target pace.

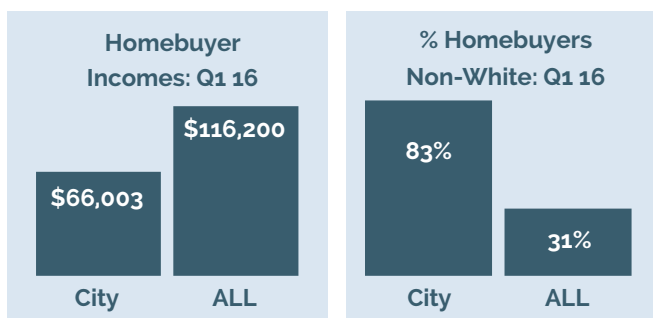
However, as shown here, the City is reaching the most priced out segment of buyers, and is reaching the most underserved markets. Scaling up these outcomes is the key challenge going forward.



WATERMARK SEAPORT had the most new deed-restricted middle-income completions, 45 units.



OLMSTED GREEN MIXED-INCOME DEVELOPMENT in Mattapan approved 60 market-rate apartments affordable to the middle class in Q1 2016.



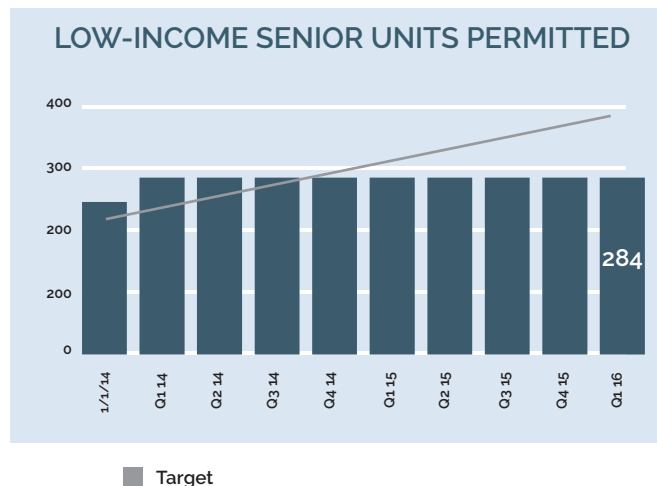
ALL: Income to afford median priced 1-fam/condo Q1-2016.

ALL: 2014 MCBC report on lending to minority homebuyers.

HOUSING BOSTON'S SENIORS PROGRESS TO DATE

GOAL: CREATE 1,500 NEW UNITS OF HOUSING FOR LOW-INCOME SENIORS

The impact of the defunding of the Federal 202 Elderly Housing program has had a significant impact over the past two years – production is running at 72% of target. However, the addition of an Elderly Housing line item in the City's FY16 budget has allowed the City to rebuild its senior housing pipeline. The City now has three projects with 152 low-income elderly units in pre-development.



GOAL: CREATE 3,500 NEW UNITS OF MIDDLE AND MARKET RATE SENIOR HOUSING

There is only one market-rate senior development in the City's pipeline despite the demographic imperative that this is Boston's fastest-growing market segment. This suggests that there may systemic impediments to producing market-rate senior housing in Boston. Developers may already be producing the smaller units that seniors desire (59% of new market production has been zero and 1-bed units) and as a result are serving this demographic without age-restricting their buildings.



Boston's only market-rate senior housing development: **CLEVELAND CIRCLE**

As part of the *2016 Housing Boston 2030 Update*, the City will investigate this issue further and decide if new strategies or new goals are appropriate.

HOUSING BOSTON'S SENIORS

Q1 2016 HIGHLIGHTS

Senior Housing Production

Two elderly developments advanced this quarter:

- The 47-unit O'Connor Way Elderly project being developed by South Boston CDC and Caritas Communities on BHA land was funded;
- The 80-unit market-rate Cleveland Circle development filed for permits and pulled permits to start demolition.



O'CONNOR WAY ELDERLY in South Boston was approved for City funding.

Q1 2016 SENIOR HOUSING PRODUCTION

ACTION	LOW-INCOME	MIDDLE/MARKET
APPROVED	47	0
PERMITTED	0	0
COMPLETED	0	0

Senior Housing Retention

Housing Boston 2030 anticipates that most seniors will be housed in their existing housing, and that housing retention support is an important tool for meeting the housing needs of its seniors. While no target for retention activities was set, these programs are very active. In Q1-2016, 52 senior homeowners and 314 senior renters with helped with housing retention services. Notable this quarter:

Ulin House. This 239-unit development in Brighton owned by Jewish Community Housing completed a recapitalization/renovation that included \$19 million in repairs and upgrades.

Seniors Save. This program that helps low-income seniors replace outdated, high-emission furnaces with new more energy-efficient ones posted a four-fold increase in its outputs over Q4-2015.

Q1 2016 COMPLETED SENIOR HOUSING RETENTION ACTIONS

PROGRAM	OWNER	RENTER	TOTAL
Seniors Save	19	0	19
Senior Home Rehabilitation	8	0	8
Emergency Repairs	14	0	14
Subsidized Housing Preservation	0	239	239
Home Foreclosure Prevention	11	0	11
Homelessness Prevention	0	75	75
TOTAL	52	314	366

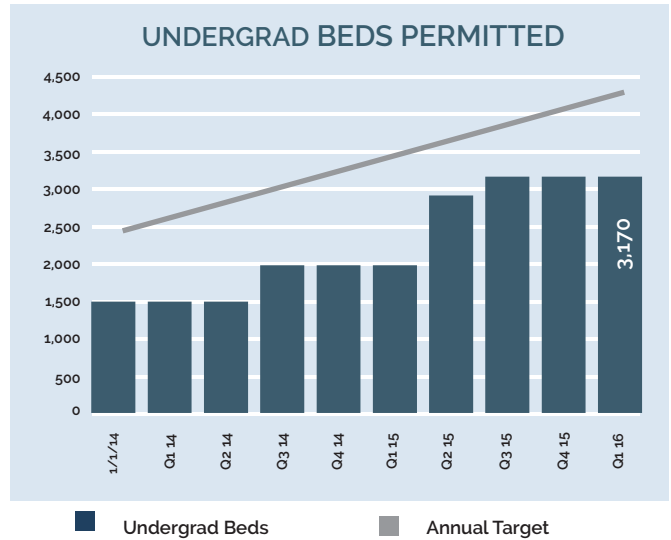
HOUSING BOSTON'S STUDENTS PROGRESS TO DATE

GOAL: CREATE 16,000 NEW UNDERGRAD DORM BEDS BY 2030

With 3,170 undergrad beds permitted to date, dorm production is currently running at 75% of target.

GOAL: CREATE 2,500 NEW GRADUATE STUDENT DORM BEDS BY 2030

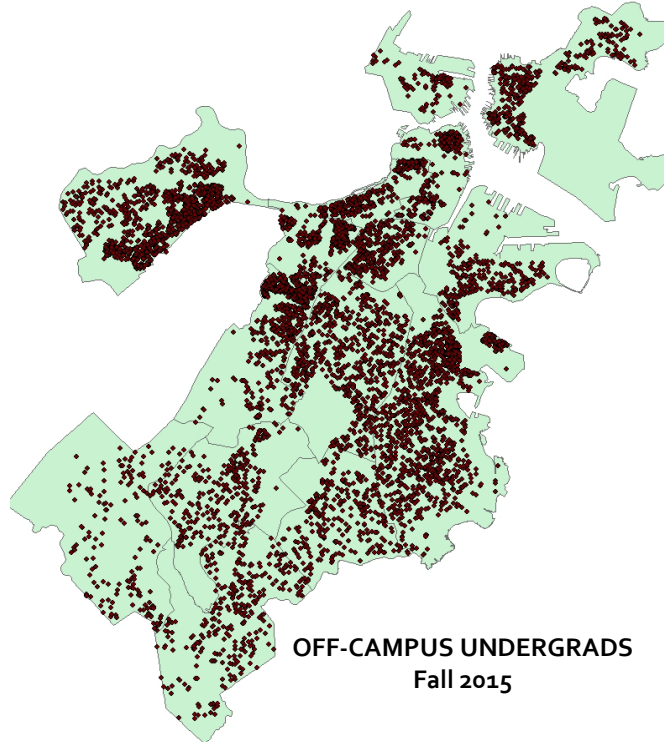
With 378 grad beds permitted, graduate student housing is running at only 58% of target.



GOAL: REDUCE THE NUMBER OF OFF-CAMPUS UNDERGRADS BY 50% BY 2030

To reduce the number of undergrads living off-campus in Boston from 20,600 in 2013 to 10,300 by 2030, a reduction of 1,212 students is required by this point in the Plan.

Dorm completions over the last two years (1,565 beds) have outpaced enrollment growth (499 undergrads) 3:1 resulting in declining off-campus undergrad populations. The most recent reports from the colleges and universities show a decline of 1,242 undergrads living in off-campus housing in Boston. This reduction puts the City at 102% of its target.



HOUSING BOSTON'S STUDENTS

Q1 2016 HIGHLIGHTS

Dorm Production

Two dormitory projects with a net of 448 new dorm beds were approved by the BRA Board this quarter:

- Emmanuel College/Julie Hall. Existing dorm with 220 beds will be demolished and replaced with a 691-bed facility
- Boston University Myles Standish Hall: Redevelopment and modernization will result in 23 fewer dorm beds.

Q1 2016 DORM PRODUCTION		
ACTION	UNDERGRAD	GRAD
APPROVED	448	0
STARTED	0	0
COMPLETED	0	0



691-bed new **JULIE HALL** at Emmanuel College.

Undergrad Populations

There are currently 1,677 new dorm beds now in construction and with enrollment growth rates near zero, the decline in off-campus undergrads experienced in 2014 and 2015 is expected to continue into 2016.

Another 3,800 net undergrad beds are in the colleges' and universities' development pipeline. More than 1,500 of those beds are active in the permitting process and are likely to be built in the next couple of years.



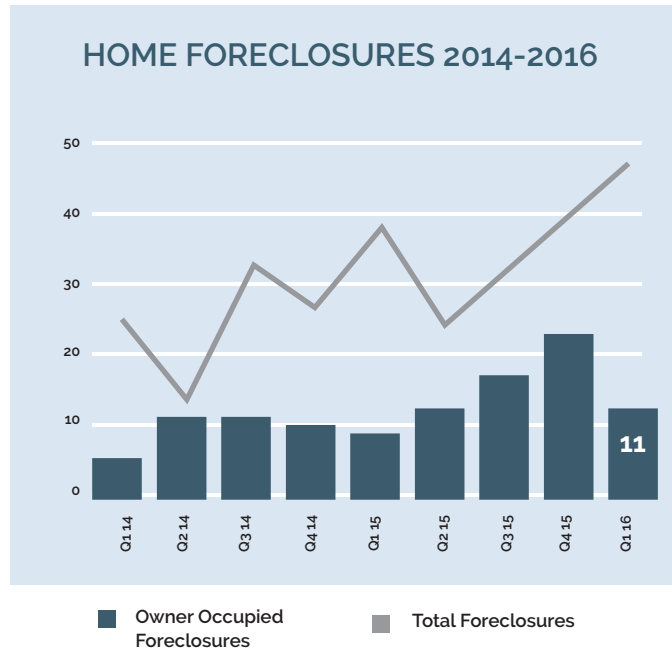
One of four dorms currently in construction, Emerson College's **1-3 BOYLSTON PLACE DORM** will create 395 new undergrad beds

STRONG NEIGHBORHOODS PROGRESS TO DATE

GOAL: REDUCE FORECLOSURES ON HOMEOWNERS TO UNDER 20 PER YEAR

Achieving the City's target requires a quarterly foreclosure rate of 5 per quarter. This goal, set in a time of rapidly declining foreclosure rates, may not be achievable now as lenders step up their foreclosure activities as values rise in their delinquent portfolio.

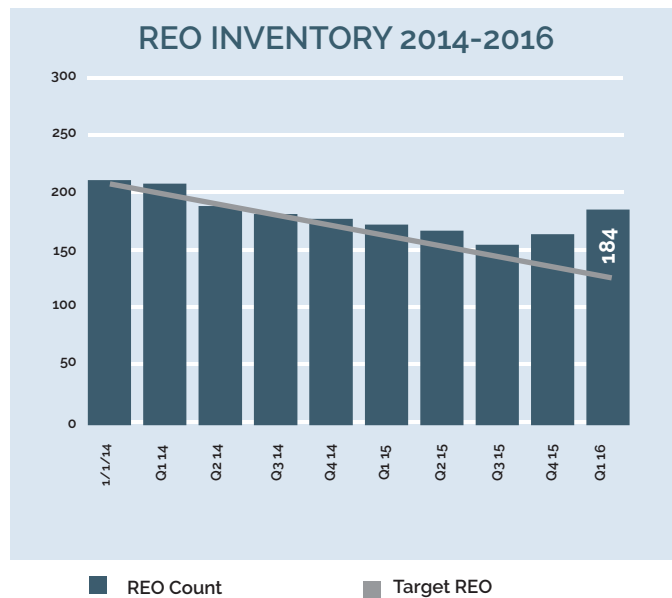
While foreclosures overall are up significantly, foreclosures on homeowners are not. In Boston, the spike in foreclosure activity is on investors, not homeowners.



GOAL: REDUCE THE NUMBER OF REO PROPERTIES BY 50%

Achieving the City's REO goal requires reducing the REO inventory to 131 homes. For the same reasons as cited above, the REO inventory is not declining at the pace in experienced in 2014 and most of 2015.

New this quarter is a significant rise in the share of foreclosures that are becoming REO (bank-owned). For the past two years, about 55% of foreclosures were purchased by the bank at the foreclosure sale with the rest being purchased mostly by real estate investors. In Q1-2016, banks took back 72% of the properties at the foreclosure sale. This is likely the result of banks having more confidence in real estate values, and becoming no longer willing to accept below-market offers coming from the investors. The rise in the REO inventory this quarter is the result of this new policy that has the banks taking properties (36 this quarter) at almost double the pace they are selling them (19 this quarter).



STRONG NEIGHBORHOODS

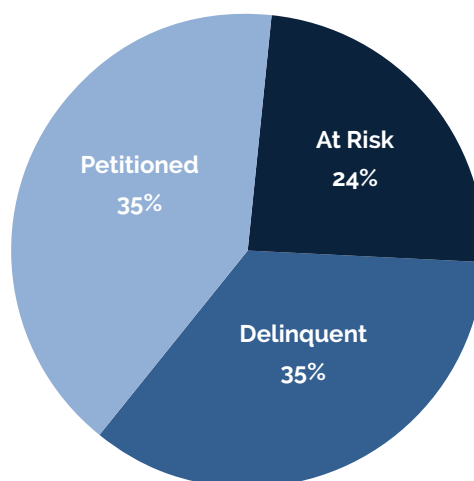
Q1 2016 HIGHLIGHTS

Foreclosure Prevention

The City's network of non-profit providers were able to successfully prevent 51 foreclosures in Q1-2016.

Twenty one of those prevented foreclosures were at the petition stage, the final step before foreclosure. Had those foreclosures not been prevented, the pace of homeowner foreclosure would be almost triple what it is now.

FORECLOSURES PREVENTED BY DEFAULT LEVEL IN Q1 2016



Bank Actions

With 22% of foreclosures this quarter, Fannie Mae is the top-foreclosing entity this quarter, but 70% of their foreclosures were on investor-owners. Almost all of the foreclosures this quarter come from loans originated during the subprime boom of 2000-2009.

Q1 2016 FORECLOSURE ACTIVITIES ALL & TOP THREE LENDERS		
LENDER	FORECLOSURES	% ORIGINATED 2000-2009
FNMA	10	100%
US BANK	7	100%
DEUTSCHE BANK	5	100%
ALL	46	89%

ANTI-DISPLACEMENT Q1 2016 HIGHLIGHTS

A New Housing Priority

In his January 2016 State of the City Address, Mayor Walsh elevated the importance of the City's anti-displacement efforts with the creation of the Office of Housing Stability. This new office is charged with the responsibility of preventing involuntary displacement in all its forms.

The new office will be a new division of DND, and recruiting or a new director of this office began in Q1 2016, with a goal of having it up and running at the beginning of FY17.



MAYOR WALSH announces the creation of the Office of Housing Stability at the 2016 State of the City address.

Existing Anti-Displacement Actions

The City currently already funds two significant anti-displacement programs: Foreclosure Prevention and Homelessness Prevention.

Since 2014, more than 2,000 households have been able to retain their housing as a result of these programs

ANTI-DISPLACEMENT ACTION	Q1 2016	2014-DATE
Homeowners Retained: Foreclosure Prevention	51	490
Tenancies Retained: Foreclosure Prevention	26	299
Homelessness Prevention: Seniors	39	364
Homelessness Prevention: Families	48	705
Homelessness Prevention: Individuals	29	227
TOTAL	193	2,085

New Initiatives

In Q1 2016, the City set aside \$7.5 million of Inclusionary Development Funds to support the new Acquisition Opportunity Program. This program provides funds to for-profit and non-profit entities to acquire existing housing that is currently providing housing at reasonable rents but is at risk because it is on the market. The first Request For Proposals for this program will be issued in Q2-2016.

ACQUISITION OPPORTUNITY PROGRAM PILOT ROUND

REQUEST FOR PROPOSALS FOR
DEVELOPER PREQUALIFICATION AND FUNDING:

RFP Issue Date: April, 2016
Final Date for Submissions: December 31, 2016

