• Introductions
• Framework for Boston’s Federal Funds
• Funding Overview
• The Current Reality of Homeownership in Boston
• Existing Efforts and Best Practices to increase the Supply of Homeownership Units
• Discussion Session
• Conclusion
Introductions

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Framework for Boston’s Federal Funding

An Equitable Recovery for All Boston Residents

Strengthening Our Health and Well-Being
- Opioid Epidemic
- Violence & Trauma
- Food Insecurity

Closing the Racial Wealth Gap
- Homeownership
- Small businesses

Training our Workforce for the Future
- Career Training
- Digital Access
- Quality Jobs & Childcare

Public Health

Wealth

Jobs
Framework for Boston’s Federal Funding

While exploring investment opportunities in these areas, there will be an emphasis on solutions that incorporate **Arts & Culture** and **Climate Resiliency**.
What are Boston’s available resources for recovery?

Funding Overview

- **American Rescue Plan Local Aid**
- **American Rescue Plan - School**
- **American Rescue Plan - Housing and Homelessness**
- **Massachusetts Recovery Funds**
- **FEMA Reimbursements**
- **CARES Act (March 2020)**
- **Coronavirus Relief Bill (December 2020)**
- **City Operating Budget**
- **Infrastructure Investment and Jobs Act**
What is the impact of ARPA local aid in Boston?

**Total Funds**
- Boston estimated to receive $558 Million from ARPA, with $424 Million coming directly to Boston and an additional $134 Million from Suffolk County to come from the Commonwealth.

- $136.5 Million has been allocated to date for emergency relief investments and stabilizing Boston’s budget

**Guardrails**
- ARPA funding must be committed through December 2024

- Fit into one of the eligible “uses” of spending on the next slide
## Funding Overview

<table>
<thead>
<tr>
<th>Eligible Uses of ARPA Funding</th>
<th><strong>Support Public Health Response</strong></th>
<th><strong>Address Negative Economic Impacts</strong></th>
<th><strong>Equity-Focused Services</strong></th>
<th><strong>Replace Public Sector Revenue Loss</strong></th>
<th><strong>Broadband Infrastructure</strong></th>
<th><strong>Water &amp; Sewer Infrastructure</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What are Boston’s eligible uses of ARPA Funding?</strong></td>
<td>- Services to contain and mitigate the spread of COVID-19, including vaccination, medical expenses, testing, contact tracing, quarantine costs, capacity enhancements, and many related activities</td>
<td>- Deliver assistance to workers and families, including support for unemployed workers, aid to households, and survivor’s benefits for families of COVID-19 victims</td>
<td>- Additional flexibility for the hardest-hit communities and families to address health disparities, invest in housing, address educational disparities, and promote healthy childhood environments</td>
<td>- Ensure continuity of vital government services by filling budget shortfalls</td>
<td>- Focus on households and businesses without access to broadband and those with connections that do not provide minimally acceptable speeds</td>
<td>- Includes improvements to infrastructure, such as building or upgrading facilities and transmission, distribution, and storage systems</td>
</tr>
<tr>
<td></td>
<td>- Behavioral healthcare services, including mental health or substance misuse treatment, crisis intervention, and related services</td>
<td>- Support small businesses with loans, grants, in-kind assistance, and counseling programs</td>
<td>- Broadly applicable to Qualified Census Tracts, other disproportionately impacted areas, and when provided by Tribal governments</td>
<td>- Payroll and covered benefits for public health, healthcare, human services, and public safety staff to the extent that they work on the COVID-19 response</td>
<td>- Speed the recovery of impacted industries, including the tourism, travel, and hospitality sectors</td>
<td>- Eligible uses aligned to Environmental Protection Agency project categories for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund</td>
</tr>
<tr>
<td></td>
<td>- Payroll and covered benefits for public health, healthcare, human services, and public safety staff to the extent that they work on the COVID-19 response</td>
<td>- Rebuild public sector capacity by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs</td>
<td></td>
<td></td>
<td>- Rebuild public sector capacity by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs</td>
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</table>
Affordable Homeownership
A Briefing on the Current Reality
There are significant disparities in the homeownership rate, by race/ethnicity, which contributes to the disparities in wealth.

Source: ACS 2015-2019 5-year estimates, Table B25003. Race/ethnicity categories sum to more than Total HHs because there is some overlap between race and ethnicity.
Why is closing the homeownership gap so important?

- Closing the homeownership gap can help close the wealth gap as homeownership remains the way most individuals and families build wealth in the US.

- According to the Federal Reserve, as of 2019, the typical white family has eight times the wealth of the typical black family and five times the wealth of the typical Latinx family.

- Homeownership is also a means for wealth to be transferred from one generation to another in that parents who own homes have the ability to tap into equity for their children’s downpayments, education, and other investments for the future.
The Barriers to Homeownership Working Group identified five top barriers to first time homeownership, particularly for low- and moderate income buyers and BIPOC (Black, Indigenous and People of Color) buyers:

1. Lack of affordable supply & high cost entry into homeownership
2. Lack of downpayment, especially for “first generation” buyers
3. Low Credit Scores
4. High Student Loan Debt
5. Inability to compete with cash offers
Recently Expanded Programs to address lack of funds for downpayment, especially for “first generation” buyers

- **Increased Financial Assistance**
  - Increased downpayment/closing cost assistance from an average of $10,000 per household to up to $40,000 per household
  - Made more households eligible for our assistance - increased eligibility from 120% AMI to 135% AMI

- **First Generation Homebuying Program**
  - In partnership with MAHA, providing 2:1 match of a grant up to $5000 for first generation buyers to put toward closing costs/downpayments.
Current Programs that Address Lack of Supply/High Cost

- **ONE+Boston** - offers a discounted interest rate & increased downpayment/closing cost assistance, which results in more purchasing power for first time buyers. In other words, buyers can afford to buy more house.

To date, over 70% ONE+Boston buyers are BIPOC and over 45% who purchased with ONE+ earned below 80% AMI and nine were below 60% AMI.

<table>
<thead>
<tr>
<th>MORTGAGE TYPE</th>
<th>Conventional</th>
<th>ONE Mortgage</th>
<th>ONE+Boston</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price</td>
<td>$306,000</td>
<td>$397,000</td>
<td>$450,000</td>
</tr>
<tr>
<td>Your Down Payment Funds</td>
<td>$15,300</td>
<td>$5,955</td>
<td>$6,750</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>3.5%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Private Mortgage Insurance</td>
<td>$322</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Taxes &amp; Hazard Insurance</td>
<td>$361</td>
<td>$467</td>
<td>$527</td>
</tr>
<tr>
<td>MHP Interest Subsidy</td>
<td>$0</td>
<td>-$102</td>
<td>-$104</td>
</tr>
<tr>
<td><strong>Total Monthly Payment</strong></td>
<td><strong>$1,989</strong></td>
<td><strong>$1,989</strong></td>
<td><strong>$1,989</strong></td>
</tr>
</tbody>
</table>
Programs Currently “Under Construction” or Exploration

- **Credit Boost** program to provide grants for first time buyers to increase their scores.

- Working in conjunction with Mayor’s Office iLab to understand *student debt* load and exploring programs that would suspend debt during purchasing process and add it to the debt on the home.

- Exploring ways a first time homebuyer could partner with a non-profit to offer 100% *cash* on properties.
# CURRENT EFFORTS: INCREASING THE SUPPLY OF AFFORDABLE HOMEOWNERSHIP UNITS

<table>
<thead>
<tr>
<th>2011-To Date</th>
<th>Total Owner Units</th>
<th>Affordable Owner Units</th>
<th>DND Funding</th>
<th>All Public Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PUBLICLY FUNDED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete</td>
<td>534</td>
<td>284</td>
<td>$29,559,209</td>
<td>$39,744,079</td>
</tr>
<tr>
<td>In Construction</td>
<td>72</td>
<td>50</td>
<td>$7,401,075</td>
<td>$7,401,075</td>
</tr>
<tr>
<td>Total</td>
<td>606</td>
<td>334</td>
<td>$36,960,284</td>
<td>$47,145,154</td>
</tr>
<tr>
<td><strong>PRIVATE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete</td>
<td>8,149</td>
<td>303</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>In Construction</td>
<td>2,226</td>
<td>206</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td>10,375</td>
<td>509</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td><strong>ALL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete</td>
<td>8,683</td>
<td>587</td>
<td>$29,559,209</td>
<td>$39,744,079</td>
</tr>
<tr>
<td>In Construction</td>
<td>2,298</td>
<td>256</td>
<td>$7,401,075</td>
<td>$7,401,075</td>
</tr>
<tr>
<td>Total</td>
<td>10,981</td>
<td>843</td>
<td>$36,960,284</td>
<td>$47,145,154</td>
</tr>
</tbody>
</table>
### Current Efforts to Increase Supply of Housing

**Neighborhood Homes Initiative (NHI 2015+)**

<table>
<thead>
<tr>
<th>NHI 2015+</th>
<th>Units</th>
<th>DND Funding</th>
<th>DND Real Estate (Sq Feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete</td>
<td>117</td>
<td>$9,070,456</td>
<td>369,471</td>
</tr>
<tr>
<td>In Construction</td>
<td>18</td>
<td>$1,733,473</td>
<td>57,863</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>135</strong></td>
<td><strong>$10,803,929</strong></td>
<td><strong>427,334</strong></td>
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</tbody>
</table>
CURRENT EFFORTS TO ADDRESS THESE BARRIERS

Active Homeownership Pipeline

<table>
<thead>
<tr>
<th>Pipeline</th>
<th>Total Homeowner Units</th>
<th>Affordable Homeowner Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLICLY FUNDED</td>
<td>813</td>
<td>497</td>
</tr>
<tr>
<td>PRIVATELY FUNDED</td>
<td>4,331</td>
<td>429</td>
</tr>
<tr>
<td><strong>ALL</strong></td>
<td><strong>5,144</strong></td>
<td><strong>926</strong></td>
</tr>
</tbody>
</table>

**Average Cost per Unit** - $150K/unit per affordable unit in ownership deals = we will need about $74 million to pay for all of the 497 units in our pipeline. Much of which is in the City budget.
Discussion
Increasing Access to & Supply of Affordable Homeownership Units
DISCUSSION: STRENGTHENING PROGRAMS TO ASSIST HOMEBUYERS

- How can we target assistance to those that need it most?

- Are there other current programs that we should be expanding?

- Are there new solutions or initiatives we should start?
DISCUSSION: HOW DO WE INCREASE PRODUCTION OF AFFORDABLE HOMEOWNERSHIP UNITS?

• Should the City of Boston continue to fund production of affordable homeownership units?

• Are there new homeownership types that the City should consider supporting or “incentivizing”?

• Are there ways to decrease the cost of production so that we can build more?

• Other Ideas?
Conclusion - What We Heard
Conclusion - Next Steps
Next Steps

- Spread the word about the other #LetsGoBetter meetings
  - Repeating this meeting on 9/16
  - Other meetings on small business and the arts sector.
- You can also email us any follow up questions at [recover@boston.gov](mailto:recover@boston.gov)