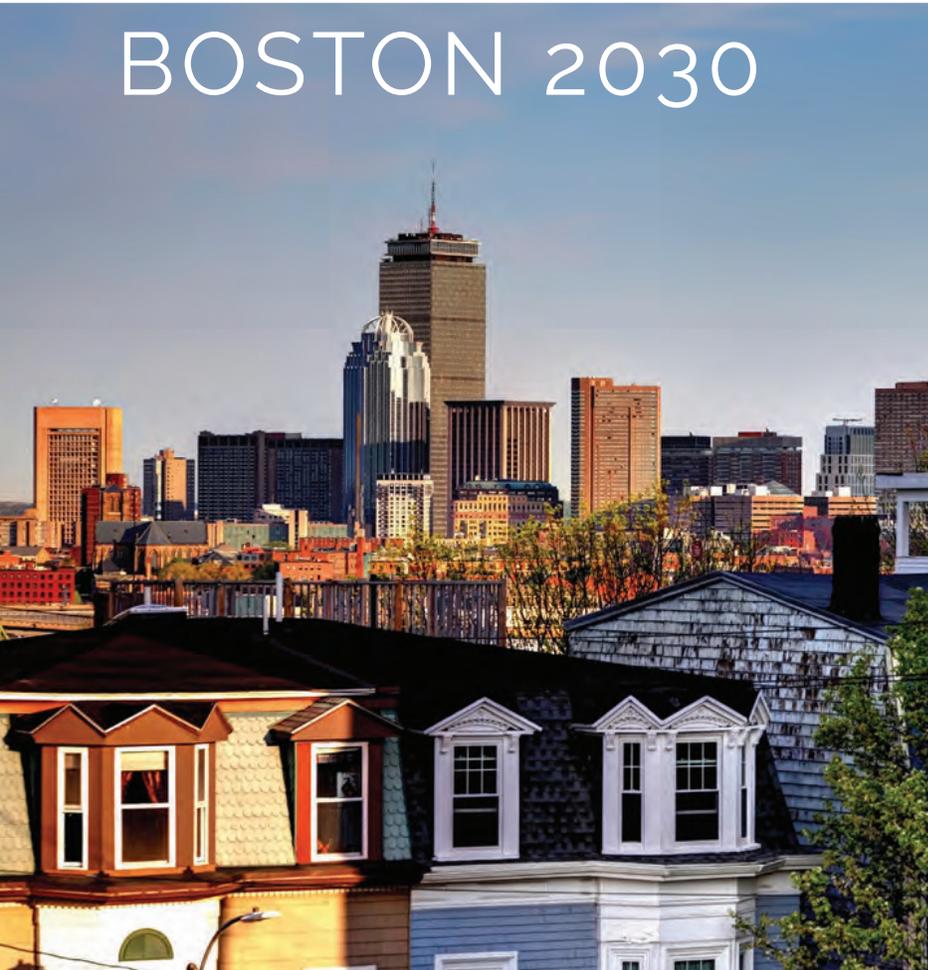


MAYOR MARTIN J. WALSH

# HOUSING A CHANGING CITY

## BOSTON 2030



Q2 REPORT

2016



# HOUSING BOSTON 2030: QUARTERLY SUMMARY & SCORECARD

## ACCOMMODATING GROWTH

With 17,205 new units permitted or complete, and another 20,700 units in the City's development pipeline, a total of nearly 38,000 new units are built or underway. This represents 72% of the City's 53,000 unit target for 2030. Permitting to date is running at 118% of the pace needed to achieve the City housing production target.

PERMITTED Q2 2016	PERMITTED TO DATE	% TARGET
239	17,205	118%

## AFFORDABLE HOUSING

The City is running at 98% of target in both its low income and very low income production programs, providing new units for a critical need. With more than 1,000 low-income units active in its pipeline, the City expects perform at or above target for the foreseeable future.

Senior housing production is expected to increase substantially due to a new line item in the FY16 City Budget that is enabling the City to support three new elderly developments in South Boston, Roxbury and Dorchester. These projects are expected to begin construction in FY17 and FY18.

Cumulative production of middle income housing has risen to 68% of target, a substantial increase in the pace of production in the last year. 1,100 new units were permitted in FY16, and with the focus on creating incentives to further stimulate the pace of production, the goal of producing 20,000 new units by 2030 is looking more achievable.

AFFORDABILITY GROUP	INCOME TARGET	UNITS TO DATE	% TARGET
Extremely Low-Income	Under 30% AMI	362	98%
Low-Income Family	Under 60% AMI	1,377	98%
Low-Income Elderly	Under 60% AMI	284	69%
Middle Income	60-120% AMI	3,738	68%

## STUDENT HOUSING

While undergraduate dorm production is running below target, undergraduate enrollment growth has also been below projections: only a 1.7% increase over the last two years. The combined effect of these two trends is that the number of off-campus students is declining at near-target rates. In addition, 294 more dormitory beds for Emerson have BRA approval, and another 812 at Northeastern are scheduled for Q3 2016 approval. An additional 3,700 beds are in the planning stages.

ACTIVITY	Q2 2016	2014 TO Q2 2016	% TARGET
Undergrad Dorms Permitted	0	3,170	72%
Reduction in Off-Campus Undergraduates	0	1,242	80%

# HOUSING BOSTON 2030: QUARTERLY SUMMARY & SCORECARD

## AFFORDABLE HOUSING PRESERVATION

The City is exceeding targets on its preservation goals. Most notably, while losses of units with Expiring Use/ Affordability Restrictions ("EURs") of up to 134 units by this point in the Plan would be consistent with the city's goal of keeping EUR losses under 3% through 2030, only 23 units have been lost to date.

With an occupancy rate of 98.1%, BHA is running at 101% of its 97% occupancy target.

PRESERVATION CATEGORY	UNITS AVAILABLE ON 6/30/16	% TARGET
Expiring Use Units	29,369	100.4%
BHA Occupied Units	12,294	101.1%

## ANTI-DISPLACEMENT

185 families and individuals have retained their housing as a result of the City's two current anti-displacement programs: Foreclosure Prevention and Homelessness Prevention. With the Office of Housing Stability beginning operations in Q3 2016, the City is expecting to see even higher rates of anti-displacement activity in the months and years ahead.

ANTI-DISPLACEMENT ACTION	Q2 2016	2014 TO DATE
Homeowners Retained: Foreclosure Prevention	46	536
Tenancies Retained: Foreclosure Prevention	26	321
Homelessness Prevention: Seniors	42	406
Homelessness Prevention: Families	53	758
Homelessness Prevention: Individuals	18	245
<b>TOTAL</b>	<b>185</b>	<b>2,266</b>

## HOMEBUYERS

While cumulative homebuyer assistance is currently running below target, program enhancements over the past year (e.g. significantly expanding the number of participating lenders) is delivering improved results. Homebuyer financial assistance in FY16 is up 24% over FY15. In addition, there are now more than 200 new affordable homeownership units in construction, most of which will be coming on line in FY17.

PURCHASES Q2 2016	PURCHASES 2014 TO DATE	% TARGET
50	448	61%

# ACCOMMODATING GROWTH

## PROGRESS TO DATE

### GOAL: CREATE 53,000 NEW UNITS BY 2030

With 17,205 units permitted or complete, housing production is running at 118% of the pace needed to achieve the City's target by 2030.

Combining the 17,205 units that are already permitted or complete with the 20,727 units that are in the City's development pipeline results in a total active development portfolio of 37,839 units.

As shown here, more than half of that development pipeline (12,200 of 20,700 units) has already received the necessary zoning approvals from the City and can proceed to permitting at any time.

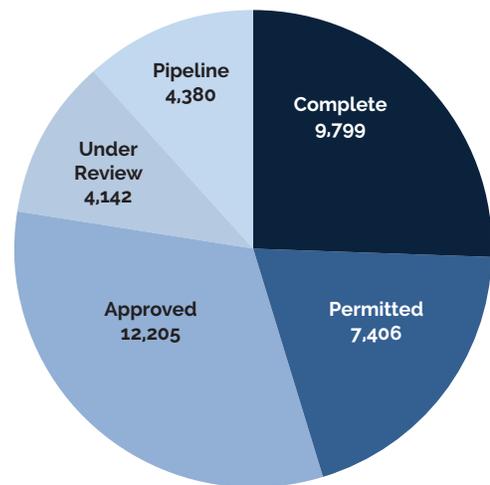


### ACCOMMODATING GROWTH

By the end of Q2 2016, enough housing has been completed to house 22,841 new Bostonians. This is meeting 89% of MAPC's projected growth of 25,643 new people since the 2010 Census. While production hasn't fully caught up with growth yet, the gap is closing fast – two years ago, production met only 66% of demand from growth.

Indeed, when the 7,406 units now in construction are completed, enough housing will have come on line to accommodate 37,000 new residents and production will begin outpacing population growth for the first time. It is hoped that when production outpaces growth, rent and home price escalation will lessen.

### PROGRESS TOWARD 53,000 UNIT GOAL: 37,839 UNITS



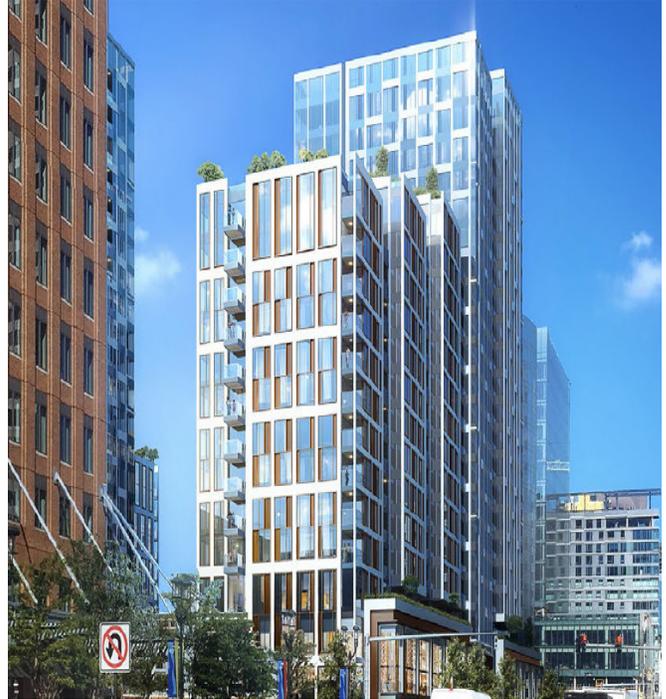
# ACCOMMODATING GROWTH

## Q2 2016 HIGHLIGHTS

### New Production Activity

Although the number of new units permitted this quarter (239 units) was the lowest since the Housing Plan began, this appears to be an aberration, not a new trend. The number of units that are well into the permitting process (have BRA approval and have filed with ISD) has more than tripled over the past six months from 1,399 units on Jan 1, 2016 to more than 4,000 units on July 1st. 1,200 of those units are already partially permitted – having pulled demolition, excavation or foundation permits. Nonetheless, the City is investigating this rise in unissued permits to be sure that it is not the result of any systemic obstacles in the permitting process itself.

New development approvals this quarter were at a near record pace: 2,525 new units approved through BRA and DND. To put this in perspective, the City needs to approve 2,650 units *per year* to meet its 53,000-unit target.



Seaport Square Block M's 733 units make it the largest project to receive City approval in Q2 2016. It is the second largest development approved in the last 20 years.

### Q2 2016 HOUSING PRODUCTION ACTIONS

ACTION	UNITS
APPROVED	2,525
PERMITTED	239
COMPLETE	603

# 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 98% of the target pace needed to create 6,500 new units by 2030.

These 1,377 low-income units were in 53 projects that developed 2,034 units of housing. The City invested \$75 million and provided 162,000 square feet of real estate to create these units. These resources leveraged another \$393 million in State and Federal resources.

PERMITTED LOW-INCOME UNITS

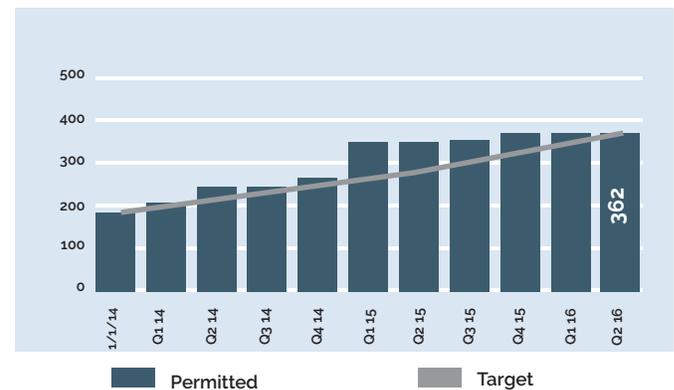


## GOAL: TARGET AT LEAST 1,500 AFFORDABLE UNITS TO EXTREMELY LOW INCOME HOUSEHOLDS

With 362 new units permitted ELI housing production is running at 98% of the target pace needed to create 1,500 new units by 2030.

304 of these 362 units have been targeted to formerly homeless households.

PERMITTED EXTREMELY LOW-INCOME UNITS



**OXFORD PING ON:** 77 newly constructed rental units reserved for low-income elders in Chinatown completed in Q2 2016.



**WALNUT AVENUE:** this gut rehab of an older project completed in Q2 2016, yielding 30 new units for formerly homeless residents of Pine Street Inn.

# LOW INCOME HOUSING Q2 2016 HIGHLIGHTS

## Low-Income Production Activity

Q2 2016 had a significant number of completions that occurred. Oxford Ping-on in Chinatown, Walnut Avenue Apartments in Roxbury and Harrison Tower in the South End were completed this quarter, adding 172 new low-income units to Boston's housing stock. In addition, 20 new low-income units were approved by the BRA in the 97-unit Rope Walk Complex in Charlestown.

In addition, there are 30 low-income projects with almost 1,000 units in the pipeline. All of these projects have been awarded City funding or land, and are now securing additional resources.

Q2 2016 LOW-INCOME HOUSING ACTIONS		
ACTION	LOW-INCOME	TDC
APPROVED	20	\$32,625,000
PERMITTED	0	0
COMPLETE	172	\$72,600,000



The redevelopment of **HARRISON TOWER** and its 76 low-income units in the South End was completed in Q2 2016.

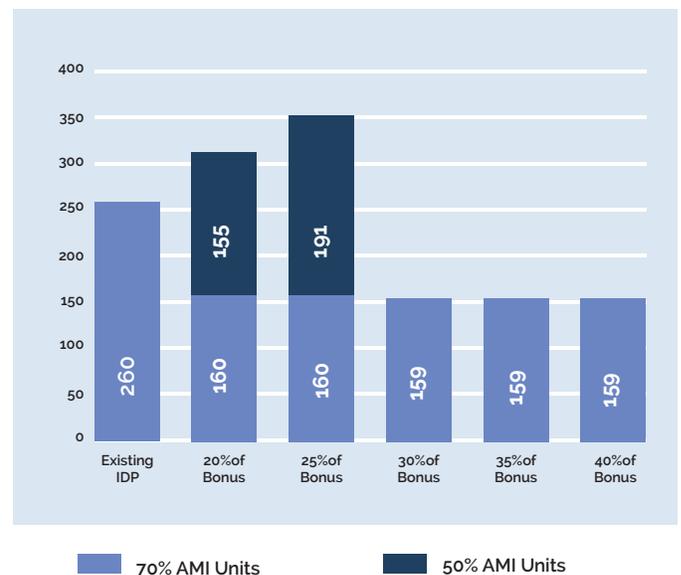
## NEW IDEAS

### Low-Income Density Bonus

As part of the Plan JP/ROX planning process, the City has been working with community leaders and residents to develop a new Density Bonus Program that allows developers to build at greater density in exchange for greater low-income affordability.

As shown here, a significantly higher number of affordable units could be created under a carefully designed Density Bonus program. It also shows that a Density Bonus Program that is too aggressive could result in fewer affordable units as developers opt out and build fewer units at lower densities. This could be a hugely significant advance in low-income housing production – for the first time, low-income housing could be created without large public subsidies.

### IMPACT OF INCREASING DENSITY BONUS SET-ASIDES\*



# PRESERVING AFFORDABLE HOUSING

## PROGRESS TO DATE: PUBLIC HOUSING

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

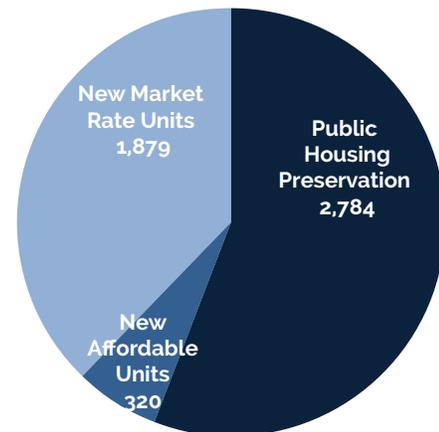
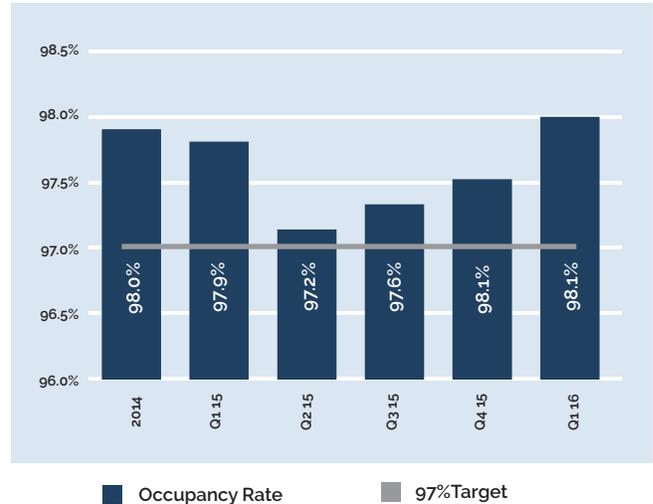
The BHA continues to exceed its occupancy target. The BHA's occupancy rate is currently higher than at any point since Housing Boston 2030 began in 2014.

### GOAL: USE INNOVATIVE FINANCING STRATEGIES TO RENOVATE AND REDEVELOP BOSTON'S PUBLIC HOUSING

The BHA currently has nearly 5,000 units in twelve projects in development, totally 2.1 billion in redevelopment and renovation. These are complex projects and partnerships and will be implemented over the next several years. Trinity Financial has filed its Letter of Intent with the BRA to begin construction on the Orient Heights redevelopment project in East Boston, which will yield 373 new/redeveloped units.

In early 2017, the South Boston Neighborhood Development Corporation will break ground on construction of 46 new units of low-income elderly housing on formerly vacant BHA land adjacent to the Maryellen McCormack housing development.

PUBLIC HOUSING: BHA OCCUPANCY RATE



## Q2 2016 HIGHLIGHTS

### Whittier Choice Neighborhoods Application

In Q2 2016, the BHA filed an application with the US Department of Housing and Urban Development for \$30 million of financial support for the Whittier Choice Neighborhood Project.

This would be a transformative redevelopment of the community redeveloping 150 public housing and adding 261 new affordable and market-rate units.



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

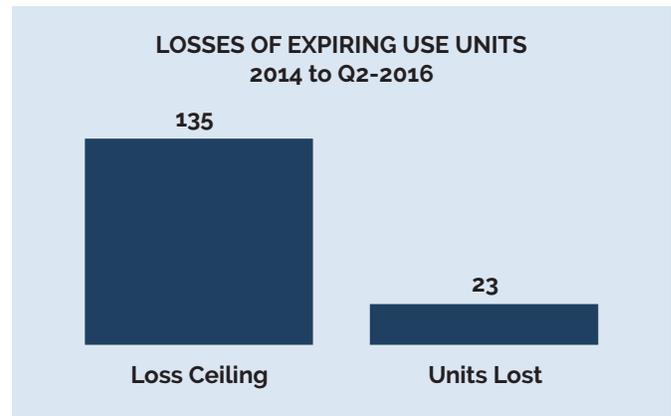
# PRESERVING AFFORDABLE HOUSING

## PROGRESS TO DATE: PRIVATELY-OWNED RENTAL

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

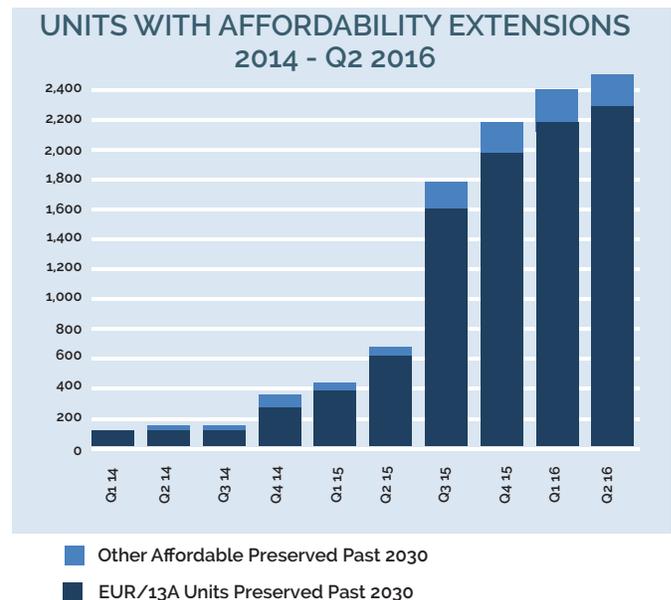
This goal requires that no more than 913 units be lost by 2030. By this point the Plan, losses should be kept under 134 units ("loss ceiling"). With only 23 units lost since 2014, the City is running well ahead of target.

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



### GOAL: PRESERVE HOUSING AFFORDABILITY PAST 2030

While the Expiring Use Restrictions (EUR) and 13A stock 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 the Plan. Since 2014, 2,507 units have been extended to 2030 or beyond.



## Q2 2016 HIGHLIGHTS

The 76-unit Adams Templeton Elderly development that is undergoing refinancing/ renovation began construction this quarter

The 147-unit Cottage Brook Apartments completed \$20 million in upgrades this quarter

Q2 2016 HOUSING PRESERVATION ACTIONS		
ACTION	UNITS PRESERVED	UNITS LOST
APPROVED	0	0
PERMITTED	76	0
COMPLETED	147	0

# BOSTON'S MIDDLE CLASS PROGRESS TO DATE

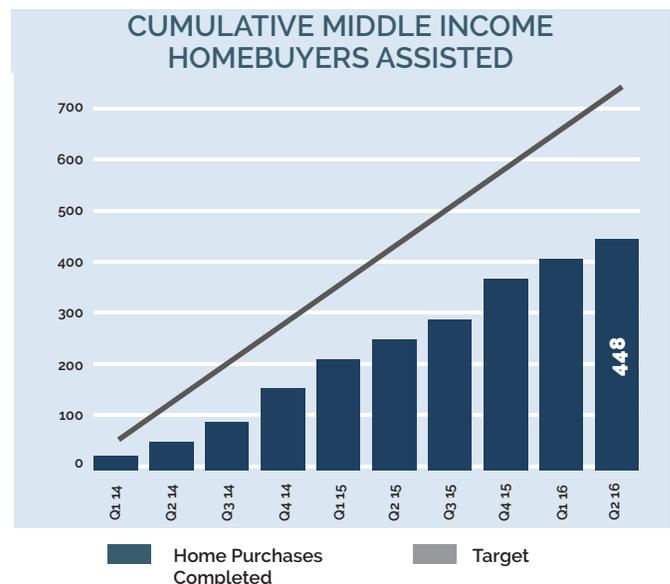
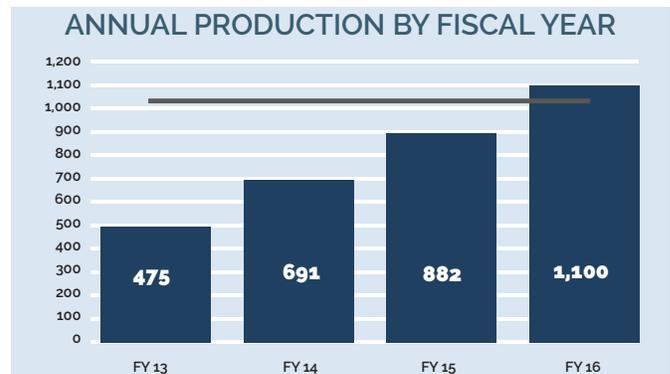
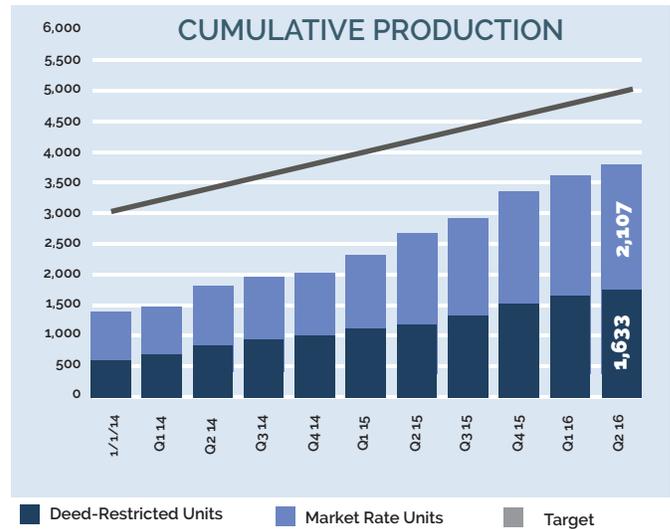
**GOAL: CREATE 20,000 NEW UNITS AFFORDABLE TO THE MIDDLE CLASS INCLUDING 4,000 DEED- RESTRICTED AND 16,000 MARKET RATE UNITS**

A total of 3,740 new middle-income units have been permitted to date. While the plan envisioned about 20% of these units coming from deed-restricted development, and 80% from market-rate development targeted to lower priced areas, the deed-restricted share has been double what was projected. This means that a greater share of the middle-class units will be protected from market forces over time.

Overall production rates are rising, as shown in the graph to the right. From 475 units in FY13 to 1,100 units in FY16, annual production has now risen above the 1,000 unit per year pace needed to achieve the 2030 target of 20,000 units.

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

With 448 new homebuyers assisted since 2014, homebuyer assistance programs are currently running at 61% of target. Performance against this goal is improving, however: our first time homebuyer loan program has helped 24% more people purchase a home in FY2016 than FY2015. There are also 206 new units of affordable homeownership now in construction in Boston. As these units come on line, homebuyer production rates will rise considerably.



# BOSTON'S MIDDLE CLASS

## Q2 2016 HIGHLIGHTS

### Production of Middle Income Units Q2 2016

Production of middle-income units has been slow this quarter, the inevitable result of the lag in getting these units approved over the first few quarters of this plan. However, with more than 500 new units approved this quarter by BRA and DND, higher production numbers are expected in the near future.

Q2 2016 MIDDLE INCOME PRODUCTION			
ACTION	60-100% AMI	>100% AMI	TOTAL
APPROVED	276	229	505
PERMITTED	32	139	171
COMPLETED	26	101	127



**SOUTH BAY CENTER**, Dorchester, 475 units: 62 deed-restricted middle-income units, were approved in Q2 2016. At least half of the market-rate units are expected to be affordable to those earning less than 120% AMI.

### State Actions in Q2 2016 in support of Middle-Income Housing

Mayor Walsh's *Workforce Housing Property Tax Incentive* legislation was incorporated without substantive change into the Municipal Modernization Package and is expected to be signed into law in Q3 2016. This will allow the City to provide 5-year property tax abatements to developers that create new housing that is affordable to Boston's workforce.

On May 11, 2016, the State announced a new \$100 million fund to create 1,000 new rental units affordable to the middle class (61% AMI -120% AMI). Operated out of MassHousing, the Fund will provide up to \$100,000 per unit in funding. With virtually no Federal or State sources of funding for people in this income category until now, the City has been almost entirely dependent on its own resources to serve the middle class. This initiative creates a new partner for the City and should enable the City to step up production of new middle-income rental housing. The City is identifying middle-income projects that would benefit from this resource.



# HOUSING BOSTON'S SENIORS

## PROGRESS TO DATE

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

Senior housing production is currently running at 69% 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 and now has three projects with 142 low-income senior units in pre-development.

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

Virtually no units of this type have been produced, despite the demographic imperative that seniors are Boston's fastest-growing market segment. This lack of age-restricted productions may be occurring for a number of reasons. Some possibilities:

- systemic impediments to producing market-rate senior housing in Boston;
- 59% of new market production has been zero and 1-bed units, potentially serving a senior demographic looking to downsize;
- suburban developers may be better positioned to meet the need of creating larger-scale, age-restricted communities with services.

In FY17, the City will engage the private development community to better understand why market-rate senior housing in the city's neighborhoods is not being proposed, and if there are actions that the City should be taking to help facilitate that kind of development, or to adjust current and/or future expectations.



**O'CONNOR WAY ELDERLY** in South Boston will bring 46 new units of low-income elderly onto the market upon completion.

# HOUSING BOSTON'S SENIORS

## Q2 2016 HIGHLIGHTS

### Senior Housing Production

Two senior housing developments achieved significant milestones this quarter:

- The 34-unit **Hearth at Four Corners** was designated for City-owned land on Ronald Street.
- The 92-unit market-rate **Waterstone At The Circle** started demolition this quarter, and is expected to be fully permitted early in Q3 2016.



**HEARTH AT FOUR CORNERS** in Dorchester was approved by the Department of Neighborhood Development in May.

#### Q2 2016 SENIOR HOUSING PRODUCTION

ACTION	LOW-INCOME	MIDDLE/MARKET
APPROVED	34	0
PERMITTED	0	0
COMPLETED	0	0

### Senior Housing Retention

The plan acknowledges that many seniors will prefer to remain housed in their existing housing, and that housing retention support is a critical part of meeting the housing needs of Boston's seniors. While no target for retention activities was set, these programs are very active. In Q2 2016, 38 senior homeowners and 118 senior renters were helped with housing retention services.

Notable this quarter:

- **Adams Templeton Elderly**. Renovation and preservation of the 76-unit development in Dorchester is being financed by MassHousing and LIHTC. Construction began in May. Its affordability will be extended to 2031.

#### Q2 2016 COMPLETED SENIOR HOUSING RETENTION ACTIONS

PROGRAM	OWNER	RENTER	TOTAL
Seniors Save	13	0	13
Senior Home Rehabilitation	11	0	11
Emergency Repairs	6	0	6
Subsidized Housing Preservation	0	76	76
Home Foreclosure Prevention	8	0	8
Homelessness Prevention	0	42	42
<b>TOTAL</b>	<b>38</b>	<b>118</b>	<b>156</b>

# HOUSING BOSTON'S STUDENTS

## PROGRESS TO DATE

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

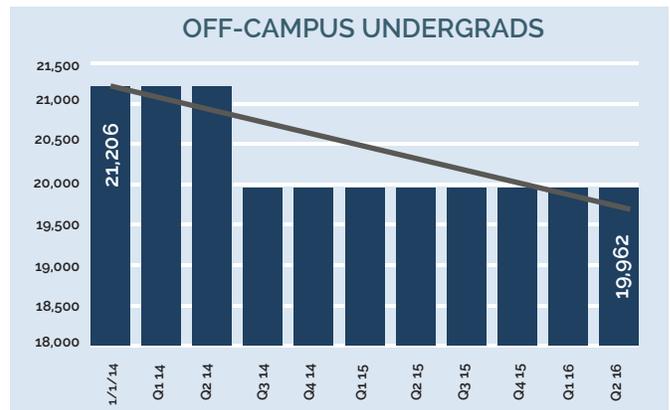
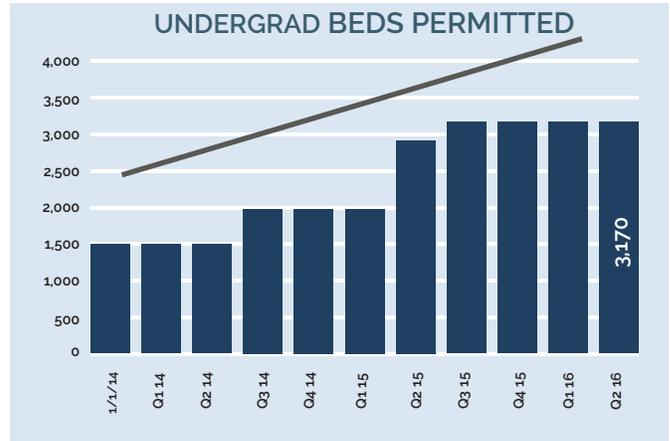
With 3,170 undergrad beds permitted to date, dorm production is currently running at 72% of target.

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

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

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

The most recent reports from the colleges and universities show a decline of 1,242 undergrads living in off-campus housing in Boston compared to the fall of 2013. This puts the City at 80% of target for off-campus undergrad reduction.



## Q2 2016 HIGHLIGHTS

### Dorm Production

No new dorm beds were approved, permitted or completed this quarter. However, 1,797 beds approved by the BRA should be moving into construction in the near future. Of those, the 691-bed Julie Hall at Emmanuel College is expected to start its demolition work this summer.



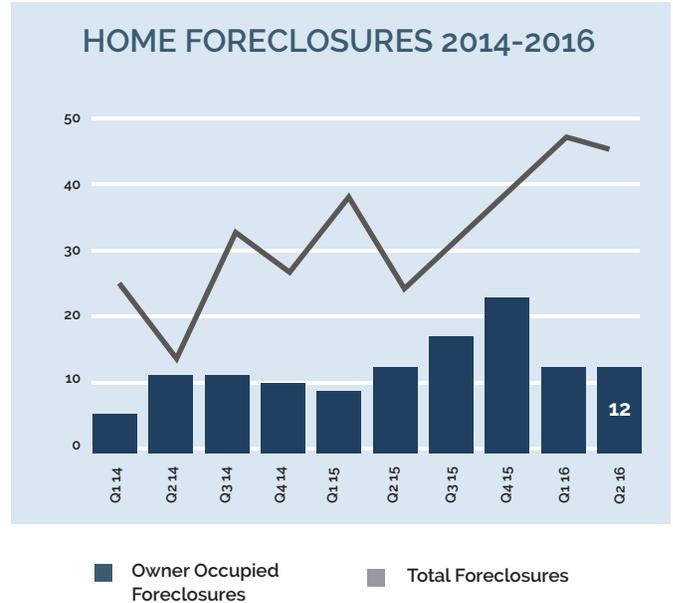
691-bed new **JULIE HALL** at Emmanuel College.

# 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 72% over the past year, foreclosures on homeowners have remained relatively steady, from 11 in Q2 2015 to 12 in Q2 2016. In Boston, the spike in foreclosure activity is on investors, not homeowners.

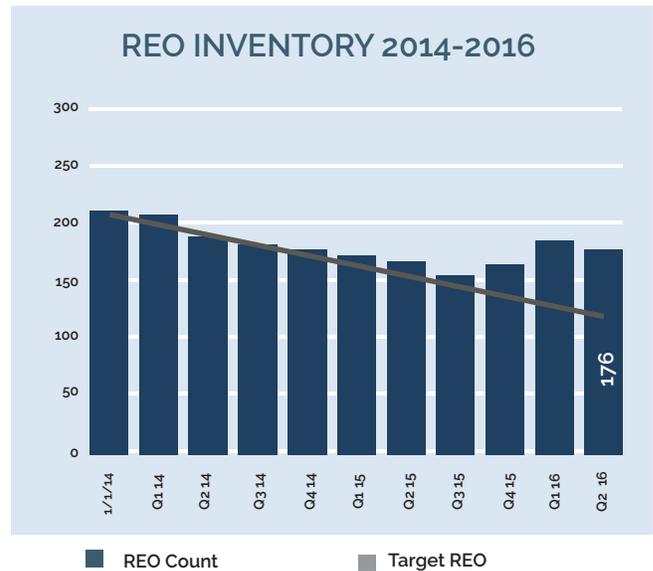


## GOAL: REDUCE THE NUMBER OF REO PROPERTIES BY 50%

After two consecutive quarters of rising REO counts, the count declined slightly this quarter. The higher-than-expected REO count is the likely result of two converging forces:

- the doubling of foreclosure activity from 2014-2016 as the banks tried to clear their ledgers of the last of their bad loans while prices are good, and
- a significant increase in foreclosed properties that are being bought back by the banks at the foreclosure auction. Before 2016, banks were taking into REO about 55% of foreclosures. In 2016, that rate is closer to 70%.

Taken together, these forces are creating a growing REO inventory that needs to be watched carefully. The City will be assessing which banks have a rising inventory of REOs, and contacting them to determine their plan of action for returning these properties to the housing market.



## STRONG NEIGHBORHOODS Q2 2016 HIGHLIGHTS

### Foreclosure Prevention

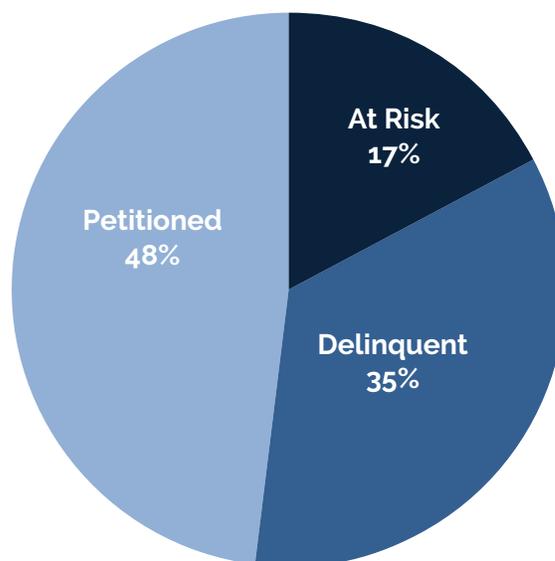
The City's network of non-profit providers were able to successfully prevent 46 foreclosures in Q2 2016.

Almost half of those prevented foreclosures were all the way to the petition stage, the final step before foreclosure. Had those foreclosures has not been prevented and those homes were taken by the banks, the pace of homeowner foreclosures would be almost triple what it is now.

### Bank Acquisitions

With 19% of REO acquisitions this quarter, Fannie Mae is the top REO-acquiring entity this quarter. All of the foreclosures this quarter come from loans originated during the subprime boom of 2000-2009.

### FORECLOSURES PREVENTED BY DEFAULT LEVEL IN Q2 2016



### Q2 2016 FORECLOSURE ACTIVITIES ALL & TOP THREE LENDERS

LENDER	FORECLOSURES	% ORIGINATED 2000-2009
FNMA	5	100%
US BANK	4	100%
WELLS FARGO	3	100%
<b>ALL</b>	<b>26</b>	<b>100%</b>

# ANTI-DISPLACEMENT PROGRESS TO DATE

## Anti-Displacement Actions

Since 2014, more than 2,200 households have been able to retain their housing as a result the City's Homelessness Prevention and Foreclosure Prevention programs.

## Acquisition Opportunity Program

In Q2-16, the City launched the pilot round of the new Acquisition Opportunity Program (AOP). 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.

By the end of Q2 2016, two AOP developers had been approved:

- Southwest Boston CDC for \$800,000 to support the acquisition of an 8-unit building, and
- East Boston CDC for \$2.2 million to support the acquisition of 11 buildings/30 units

A third developer, NOAH, also in East Boston, is expected to be approved early in Q3 2016.

## Q2 2016 HIGHLIGHTS

### New Initiatives

In Q2-16 the DND and the Office of Fair Housing & Equity piloted a new Diversity Preservation Policy. Its goal is to stabilize neighborhoods and help reduce displacement by providing a preference to neighborhood residents for up to 50% of the units at initial rent-up. This policy is only available in areas that already have highly diverse populations, and have significant numbers of households at risk of displacement from rising housing costs.

This pilot will be offered only through the end of 2017 at which time its impacts on housing access will be evaluated. 52 Montebello Road in Jamaica Plain is among the first projects to participate.

ANTI-DISPLACEMENT ACTION	Q2 2016	2014-DATE
Homeowners Retained: Foreclosure Prevention	46	536
Tenancies Retained: Foreclosure Prevention	26	321
Homelessness Prevention: Seniors	42	406
Homelessness Prevention: Families	53	758
Homelessness Prevention: Individuals	18	245
<b>TOTAL</b>	<b>185</b>	<b>2,266</b>



52 MONTEBELLO ROAD in Jamaica Plain.