

Housing Policy Blueprint for the Healey Administration

Top Housing Priorities for the Governor to support smart growth, equity, and housing affordability across the Commonwealth

Massachusetts needs more homes of all shapes and sizes across the Commonwealth. The affordability crisis is caused by a fundamental underlying shortage of units; various reports note that the Commonwealth needs to construct over 100,000 additional units by 2030 to close this gap. As Governor Maura Healey took office in January 2023, addressing the housing shortage topped her list of policy goals.

The powers of the Governor's office provide tools to help close the housing gap. To support housing production and help Massachusetts on a path toward a sustainable affordable housing stock, Governor Healey should: support zoning reform aligned with smart growth goals, expand successful programs that increase housing production, encourage the further expansion of 40R districts, and provide additional funding for housing programs.

The Healey Administration has already shown a strong commitment toward its housing goals. This document aims to provide a blueprint that will help guide the Healey Administration as they work to address the housing gap and make Massachusetts more livable for all its residents.

Background

Housing is one of the most pressing issues for Massachusetts. Various reports show staggering gaps between current housing needs and supply; the 2021 State-issued "Future of Work" report suggested we will need 200,000 new units by 2030, while other reports indicate a current need for over 100,000 units. The COVID-19 pandemic also illustrated the impact of housing challenges on inequity and health outcomes across the Commonwealth, demonstrating the further need to provide opportunities for stable, affordable homes for all citizens.

When Governor Maura Healey entered office in January 2023, her top policy goals were: clean energy, high-quality education, safe transportation, economic competitiveness, and **abundant housing**. She listed several goals to immediately support the expansion of the housing supply in the Commonwealth, including creating a new cabinet-level position, establishing the Executive Office of Housing & Livable Communities, and appointing a Secretary of Housing. The Healey Administration also pledged to repurpose unused state land and increase programs for first-time homebuyers and additional rental assistance. Roughly one year into the Healey Administration, residents generally approve of her actions to expand housing, but it remains the top concern for Massachusetts residents.

Housing Forward-MA applauds these policy actions by the Healey Administration. Reestablishing the cabinet-level Housing Secretary position emphasizes the urgency of the housing crisis and the Administration's willingness to dedicate additional personnel to the issue. Allocating over \$1.5 billion from the Capital Investment Plan to housing-related spending—targeting additional affordable housing acquisition, development, and rehabilitation, as well as preserving and renovating existing public housing—displays a significant financial commitment to these efforts. Advocating for the expansion of the Housing Development Incentive Program (HDIP) evinces a strategy focused on increasing housing supply, including expanding market-rate housing and units in municipalities outside the Boston metropolitan area.

There are even more ways for the state to leverage resources and reform policies to further increase the housing supply and alleviate price pressures for Massachusetts residents. These solutions are broad-based in geography and strategy; every municipality must do their part, and policies may have varying successes depending on local conditions. Thus, we encourage the Healey Administration to use all levers available to them: enforcing the MBTA Communities law, advocating for the expansion of proven programs, and encouraging reforms and modernization where necessary.

Housing Forward-MA believes that alleviating the housing crisis starts and ends with building more homes; early actions by the Healey Administration have been very encouraging. We hope the Governor's Administration continues to prioritize creative housing solutions that support smart growth and increased supply across our Commonwealth and offer various recommendations below to support this goal.

Recommendations

To expand housing opportunities across the state and prioritize equity, economic inclusion, and climate resilience, Massachusetts must focus on programs that will produce more housing. This document provides recommendations for policies that would close the housing gap and make Massachusetts a more affordable place to live. These recommendations cover many areas of housing policy; many are revenue-neutral, some require additional funds, and others reallocate state resources for existing programs. We hope the Healey Administration will:

1. *Support Zoning Reform for Smart Growth and By-right Housing Production*
 - Allow for streamlined Middle-Income Housing Development
 - Enforce and expand the MBTA Communities Act
 - Eliminate Single-Family Zoning and Parking Minimums statewide
2. *Reform Successful State-level Programs to Further Increase Housing Production*
 - Community Preservation Act
 - Enforce minimum obligations under existing law
 - Increase required spending on affordable housing projects
 - Limit excessive spending on public space acquisitions
 - Reform Chapter 40B by increasing affordability requirements
3. *Encourage the Further Expansion of 40R Districts and Related State Resources*
 - Support additional municipalities in adopting 40R districts
 - Expand funding for technical assistance
 - Support H.R. 237 to Increase the state's 40R reimbursement to municipalities
4. *Provide Additional Funding for State-level Housing Programs and Positions*
 - Fund the Housing Development Incentive Program (HDIP) pipeline
 - Expand the Neighborhood Stabilization Program
 - Hire state-level staff to help fast-track projects in smaller municipalities

Zoning Reform for Smart Growth and By-right Production

Through their zoning and land use regulations, communities dictate the types of growth and housing opportunities available to their residents. Restrictive land-use regulation makes new housing more expensive, if not impossible, to build. This often excludes low-income residents and people of color. Easing zoning restrictions would allow communities to build housing that meets the needs of an increasing population. Additionally, increasing residential density, expanding housing near transit and employment centers, and minimizing sprawl all help reduce emissions and reliance upon cars.

Zoning in Massachusetts has traditionally been a function of local government; however, there is precedent from Chapter 40B, MBTA Communities, and other initiatives for state action in this space. The Healey Administration can help promote smart growth and creation of more affordable housing by supporting statewide legislation that would eliminate restrictive, single-family zoning.

Allow for Streamlined Middle-Income Housing Development

Several states have recently passed laws allowing middle-income housing, by-right, within all residential or commercial zones. In Florida, the Live Local Act mandates that local governments allow projects that dedicate at least 65% of square footage to residential use and where at least 40% of units are affordable. It also provides property tax exemptions to residential developments that meet certain affordability requirements. The Live Local Act has already spurred many middle-income housing proposals, some of which are now beginning construction. California similarly passed AB 2011 which allowed for 100% affordable housing development in commercial zones, or mixed-income housing along commercial corridors to bypass local zoning restrictions and some state environmental reviews.

We need similar legislation here in Massachusetts. By allowing mixed-use development in residential areas or commercial corridors by-right, Massachusetts could immediately create new middle and low-income housing.

Boston Mayor Michelle Wu has already taken steps to streamline approval for affordable housing in Boston where more than 60% of units are affordable for residents making up to 100% AMI. Streamlining approvals for projects like these through the Executive Office of Housing and Livable Communities (EOHLC)—rather than local zoning boards—would be a huge step forward in easing affordable housing production across Massachusetts.

Enforce Transit-Oriented Development through the MBTA Communities Act

In January 2021, Massachusetts enacted Section 3A of the Zoning Act, also known as the “MBTA Communities Act,” to promote the construction of higher-density, transit-oriented housing. The law requires municipalities that benefit from MBTA services to establish zoning districts near said transit nodes that allow multi-family housing as-of-right. The goal is for more municipalities throughout Massachusetts to play a part in alleviating our housing crisis, to increase the housing supply while also improving the health of the environment and providing the workforce with easier access to public transit.

The 175 communities to which this law applies must meet various compliance targets. In January 2023, all municipalities were required to submit Action Plans to DHCD (now EOHLC). Between December 2023 and December 2025, depending on their size and the mode of MBTA transit serving the community, all municipalities are required to implement zoning plans to achieve “District Compliance.” As of this writing, eleven of the twelve “Rapid Transit” communities submitted a timely District Compliance

Application by the December 31st deadline: Braintree, Brookline, Cambridge, Chelsea, Everett, Malden, Medford, Newton, Quincy, Revere, and Somerville. The town of Milton was temporarily in compliance after a Town Meeting overwhelmingly approved an MBTA Communities rezoning plan. However, opponents organized and petitioned for a town-wide referendum where the compliant rezoning plan was overturned in a special election on February 14, 2024.

As District Compliance becomes required, it is imperative that the state ensure all communities meet their obligations. On January 16, Attorney General Andrea Campbell issued an advisory to the town of Milton about the MBTA Communities Act, explaining that compliance is NOT optional. Attorney General Campbell previously warned non-compliant communities that they risk civil enforcement action, administrative consequences (losing certain state funding), and possible liability under state and federal fair housing laws. The MBTA Communities Act is an important first step in requiring more housing and greener, transit-oriented development. With strong enforcement, it will increase much needed multi-family housing, helping alleviate the housing shortage and reduce carbon emissions.

Advocate for Eliminating Single-Family Zoning

When considering zoning regulations that have been historically damaging and exclusionary, single-family zoning is at the top of the list. By only allowing one unit on a plot of land, single-family zoning makes owning or renting much more expensive. This has historically excluded low-income residents, people of color, and immigrants. Single-family zoning also contributes to suburban sprawl, increasing carbon emissions, and making housing more expensive.

While we don't advocate for fully eliminating single-family housing, we encourage the Healey Administration to consider options that will mandate cities and towns to make some necessary changes. For example, in California, Senate Bill 9, which took effect in January 2022, allows single-family zoned plots of land to be subdivided into four adjacent lots. In 2019, Oregon passed HB 2001, requiring cities with populations greater than 10,000 to allow duplexes on any residential parcel where single-family dwellings are allowed. Massachusetts could follow these examples and mandate that certain cities allow for upzoning, either by parcel subdivision or allowing smaller multi-family structures, duplexes, triplexes, or even fourplexes. These changes will help Massachusetts achieve our climate, equity, and housing goals.

Support Successful State-level Programs

Over the years, Massachusetts has developed several state-level policies that have been effective in adding affordable housing to our communities. In order to build on these successes, HFMA recommends the following adjustments to the Community Preservation Act and Chapter 40B. We believe both programs have served Massachusetts citizens well, but we can make minor adjustments in order to further improve their effectiveness.

Community Preservation Act

The Community Preservation Act (CPA) allows communities in Massachusetts to implement a property tax surcharge to support local development activities. The community may add a surcharge of up to 3% of underlying property tax and then must allocate at least 10% of CPA funds to each of the following three categories: open space, historic preservation, and affordable housing. These funds offer a flexible funding stream for local governments to bolster planning and development goals. It was enacted in 2000, and as of writing, 195 of 351 eligible communities have opted into the CPA.

Over the last twenty-plus years, CPA funds have been used to create over 25,000 affordable units across the state. HFMA believes that—either with stronger enforcement of the current rules or with minor changes—the CPA could be used more effectively to increase our affordable housing stock.

Enforce Minimum Obligations

A recent [report](#) by MA Housing Solutions found that 70 communities that have enacted the CPA are not spending the required 10% of CPA funds on affordable housing. Statutorily, 10% must be allocated to each of the three categories; the additional 70% is flexible funding.

Massachusetts residents deserve compliance with the law as written—and enacted via voter local referendum. For many communities, the CPA represents a significant source of funding to support crucial investments in affordable housing. At a bare minimum, CPA funds should be used as the law requires to support affordable housing.

The state should encourage all communities to meet the current obligations regarding housing spending. Whether this is official enforcement through the Attorney General's office or simply using the bully pulpit, it is important that more attention be focused on requiring these communities to meet the minimum standards.

Increase Obligatory Spending on Affordable Housing Projects

We should also consider increasing the minimum percentage of CPA funds spent on affordable housing from 10% to 40%. The scope and importance of our current housing shortage demands more investment. 40% of CPA funds is a reasonable investment for each community; given the flexible nature of CPA funds, local governments will still be able to allocate this funding to projects as they see fit. Acceptable uses vary; current programs include affordable housing acquisition and development, emergency rental assistance, or municipal housing staff salaries. According to HFMA calculations, if every community had spent 40% of CPA funding to date on housing, projecting a constant state-level expense per unit constructed, an additional 12,000 affordable units would be available today.

We hope the Healey Administration will see this opportunity to significantly increase municipal funding to housing projects while maintaining local flexibility.

Limit Excessive Spending on Open Space Acquisition

Under some conditions, HFMA believes the CPA should be more restrictive when it comes to the acquisition of open space. Certain communities have recently used CPA funds to purchase land explicitly to prevent the creation of needed new housing, under the guise of “open space preservation.” While technically allowed under the law, this use of CPA funds directly contributes to the state’s housing shortage. HFMA believes these problems could be minimized by limiting town acquisition of open space once municipalities hit a certain threshold, then only using funds to support open space maintenance or programming.

Chapter 40B

Chapter 40B allows developers to bypass local zoning if a city or town does not have either 1.5% of its total land area or 10% of year-round units dedicated to affordable housing. The 40B law has been a marked success, contributing to the construction of over 60,000 units since the 1970s, with over half dedicated to families making under 80% AMI.

While 40B has been incredibly successful, we should consider updating it to reflect the current state of housing in Massachusetts. Originally enacted in 1969, 40B’s affordability requirements have not been updated in over 50 years. In the interim, most towns have either achieved the 10% required to avoid 40B projects or have no further desirable, developable land. As a result, 40B has slowed its pace in bringing new affordable units to the Commonwealth.

Today, Massachusetts needs each municipality to build more housing, especially more affordable housing. Increasing the threshold of affordable units in order for a city or town to be exempt under 40B from 10% to 15% of total housing units would greatly help us produce the homes needed in Massachusetts. While controversial, we believe an increase in affordability requirements is possible and necessary to help increase affordable housing production. This is a small increase in most communities but could represent a large opportunity for increased affordable housing in areas ready for additional production.

Encourage Expansion of Chapter 40R and Resources

In 2004, Massachusetts enacted the “Smart Growth Zoning and Housing Production Act,” also known as Chapter 40R to promote smart growth development. 40R provides financial incentives to municipalities when they zone for increased density around transit and village centers. 40R provides for a community based planning process to create these new zones, which also requires 20% of all housing be affordable to low and/or middle-income residents. 40R also offers an easy way for cities and towns to comply with the MBTA Communities Act, which requires districts to allow by-right multi-family housing; by implementing a 40R district, a municipality can satisfy the requirements of the MBTA Communities Act and alleviate housing prices by increasing the housing stock while receiving increased financial incentives from the state.

As of 2019, 42 municipalities had created 51 districts accounting for 22,213 zoned units and 3,759 built or permitted. Once more fully constructed, these districts will provide sizable payments—sometimes higher than \$1 million—to municipalities and simultaneously contribute many units toward reducing the state-wide housing shortage.

Support Additional Municipalities in Adopting 40R Districts

These 51 districts are a good start. However, with 351 Massachusetts municipalities, these 42 towns represent only 12% of communities that could be taking advantage of these state financial incentives. The state-wide housing shortage requires that we build more homes in more municipalities; encouraging more towns to build denser districts will help reduce the gap between housing supply and state-wide demand.

The state should increase outreach and support for all cities and towns to take advantage of 40R by creating more smart growth districts. This can be accomplished through various methods, including communicating the benefits of participation, highlighting success stories, increasing financial incentives, or allocating staff time and resources to market potential 40R districts to eligible communities.

Expand Funding for Technical Assistance

Many smaller municipalities lack sufficient staff in their planning or housing departments to develop 40R proposals. These cities and towns may need assistance in developing and executing the implementation of 40R districts. Fortunately, several organizations provide planning grants to help municipalities develop 40R plans.

We believe that these grants should be expanded to encourage further development of 40R districts. Local planners, city and town officials need to be made aware of their existence. Between increasing funds and raising awareness, we believe more municipalities would embrace 40R districts.

Additional Funding or State-level Programs and Positions

While there are many revenue-neutral levers the Healey Administration can use to encourage increased housing production, there is also a need to further fund existing programs. There are many state programs that have been successful in the past, yet funding constraints have limited the potential benefits. Increased funding for staffing, grants, and incentives could help streamline permitting and approval, reducing time and administrative costs to build new housing.

Fund the Housing Development Incentive Program (HDIP) Pipeline

The Housing Development Incentive Program (HDIP) provides tax and subsidy incentives for new market-rate housing in “Gateway Cities,” twenty-six designated municipalities across Massachusetts. The program offers local tax exemptions or state tax credits for “qualified project expenditures,” usually new construction or redevelopment costs, excluding acquisition or demolition. As of February 2023, HDIP has funded 2,687 new units with an annual budget of \$10 million. These units represent important housing investments that provide new housing options to prevent more affordable housing from “filtering up” and becoming unaffordable to lower-income residents.

There are currently at least \$40 million in shovel-ready HDIP projects awaiting approval, far exceeding the annual budget. Additionally, since HDIP temporarily suspended applications, the actual figure may exceed this. Governor Healey has already proposed increasing the HDIP allocated funding to \$50 million in 2024, and \$30 million annually thereafter. We applaud this proposal and hope that the administration will continue expanding HDIP funding.

Expand the Neighborhood Stabilization Program

The Neighborhood Stabilization Program (NSP) provides capital grants to municipalities and non-profit developers with the goals of addressing disinvestment and renovation. Many Massachusetts communities fund similar local programs to rehabilitate existing housing; this typically offers a relatively inexpensive way to revitalize struggling areas and add affordable housing options. These programs are often funded through federal programs such as the Community Development Block Grant (CDBG), municipal programs such as Boston's Acquisition Opportunity Program, or a combination thereof.

In June 2023, the Healey Administration announced an additional \$8.1 million in NSP grants that will fund the redevelopment of 56 affordable homes. Since its founding in 2022, the program has funded 87 homes, including 46 new homeownership opportunities for first-time low-income homebuyers. These investments are a great first step, but we hope that these investments continue. Rehabilitation of existing housing is a cost-effective way of contributing to the housing stock with longer-term affordability requirements while also removing blight and revitalizing communities.

Hire State-level Staff to Help Fast-track Projects in Smaller Municipalities

Closing the housing gap requires projects of all types, sizes, and geographies to be built. Much attention is paid to larger developments that add dozens or even hundreds of units, but equally important are the infill sites that are used to create small- and medium-sized projects. These smaller projects often do not have the access to capital or the time to wait months or even years for zoning and permitting approvals. Housing Forward-MA, in our "[Housing Policy Blueprint for Boston's Next Mayor](#)," called upon the City to dedicate planning staff to fast-track these smaller projects. Mayor Michelle Wu has done exactly this; in October 2022, she signed an Executive Order directing the adoption of new policies to fast-track the development review process of housing proposals where 60% of units are dedicated to those below Greater Boston AMI. The previous approval process for affordable housing took as long as 337 days to complete; the Mayor hopes these processes will cut that time in half.

We believe this same approval process would be effective for every community across Massachusetts. For many municipalities, planning staff are constrained by a lack of resources needed to fast-track smaller projects. We encourage Governor Healey to further develop the state-level housing team by dedicating staff to help smaller municipalities in fast-tracking these developments. This task will speed the development of smaller units in areas less likely to have the zoning board's and the public's focus and reduce the housing shortage in smaller cities and towns.



Housing Forward-MA is a nonprofit research and education organization focused on developing and disseminating accurate data related to housing creation in Massachusetts and the broader economic impacts of housing supply and demand. By providing training, education, and model policy proposals our organization will support organizing and advocacy efforts for affordable, workforce housing across the state. For more information, please visit our website: www.housingforwardma.org.