

Commonwealth of Massachusetts

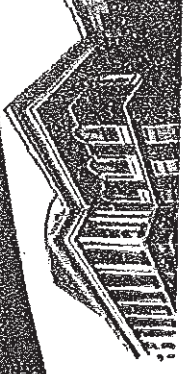
Executive Office of
Housing and Economic
Development



A Guide to The Massachusetts Statewide Housing Production Goal

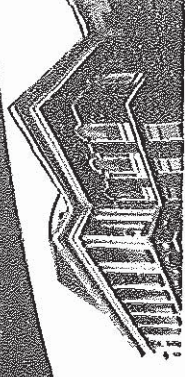
Department of Housing and
Community Development

What is the Statewide Housing Production Goal?



In November 2012, Governor Patrick announced a Statewide Housing Production Goal of 10,000 multi-family housing units per year through 2020. This goal includes the production of new affordable and market-rate housing units.

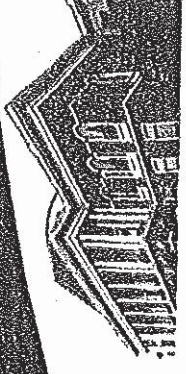
Why is the goal important?



The Statewide Housing Production Goal is important because:

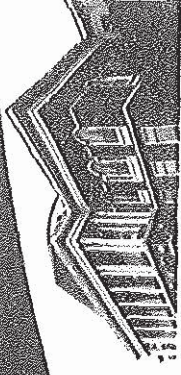
- The Commonwealth's economy depends on our ability to attract and retain its talented workforce, particularly for innovation industries;
- The high cost of housing plus transportation in many parts of the Commonwealth is a significant barrier in competing for the companies that depend on this workforce;
- Our workforce, as well as those now entering retirement, increasingly seek multi-family housing near transit and city/town centers;
- Unless we produce this housing, our cities and towns are at risk of losing the jobs essential for their and our prosperity; and
- The Commonwealth's goal of increasing the supply of multi-family housing, particularly near transit and city/town centers, aligns strongly with the Administration's goal of reducing greenhouse gas emissions and shifting modes of travel by 2020.

What is a Multi-Family Unit?



For purposes of the goal, multi-family housing is defined as all housing other than a single, detached, home. The homes can be for rent or for sale. They can be deed-restricted affordable housing or market rate. New housing includes substantial rehabilitation that creates new units, such as conversion of a mill to housing.

How will the goal be achieved?



The Statewide Housing Production Goal is a call to all communities and residents of the Commonwealth to work together toward creating the housing that we need.

Communities can make progress toward the goal by zoning land so that multi-family housing is allowed in reasonable locations, providing prompt and predictable zoning (e.g., as-of-right or expedited permitting in locations chosen by the community) and allowing for density. In communities with strong markets, including an affordability requirement or providing a bonus for affordability, will also help us in meeting the needs for housing our working families. A number of communities are already doing some or all of these things.

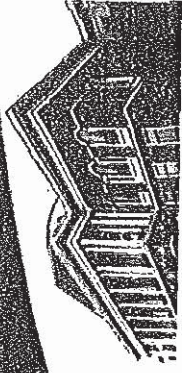
Developers, both for-profit and non-profit, can make progress toward the goal by proposing multi-family housing in areas that are well-situated to employment, and are walkable to public transit or city and town centers. Developers can also help us meet the goal by including affordable units and/or pricing units to the broad middle-range of families and individuals in our workforce.

The Patrick Administration will support the housing production goal by continuing to fund affordable housing at the highest possible levels, recognizing that the vast majority of multi-family housing is market-rate.

DHCD will work with communities to promote the goal through housing production that supports well-located multi-family housing (which, in combination, comprise the state's *Housing that Works* initiative). Communities, in partnership with the state, are supporting this type of housing today through Smart Growth Zoning (Chapter 40R and 40S) and its sister "Compact Neighborhoods" program, the Chapter 40B/Local Initiative Program, the Housing Development Incentive Program (Chapter 40V) to support market rate housing in Gateway Cities, and expedited permitting (Chapter 43D) in mixed use and residential districts.

The MassWorks Infrastructure Program, and other discretionary funding programs, provides a significant tool for the Administration in promoting well-located multi-family housing. Priorities have been established for projects that will produce this housing, including the use of state-endorsed districts and priority development areas as a way to target locations.

How will the goal be measured?

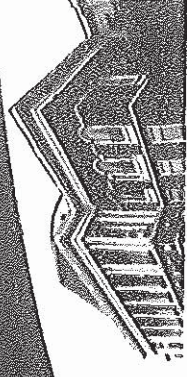


Progress toward the goal will be measured by the number of building permits issued each calendar year from January 1, 2013 through December 31, 2020. To ensure that progress is measured fairly and accurately, the Commonwealth will do a “baseline” calculation for 2012.

The Commonwealth will use a three-step approach to count building permits issued during 2012 and in succeeding years:

1. When available, typically in May each year, annual building permit data will be obtained from the U.S. Census Annual Building Permit Survey for each community.
2. Shortly thereafter, the Department of Housing and Community Development (DHCD) will ask the reporting communities to either accept the Annual Survey numbers or certify different building permit numbers. This step is necessary because there are at least two significant ways that the Survey does not accurately count multi-family housing units as we define them (see the next section)
3. In July of each year, the Commonwealth will announce the prior calendar year’s multi-family building permit numbers for the state as a whole and for each community.

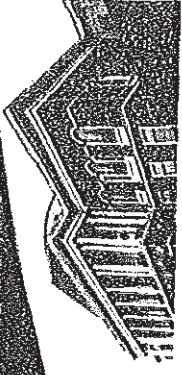
How is permit data collected and reported?



For many years, the Building Permit Survey has collected reports from communities, either monthly or annually (for smaller ones) on building permits issued, categorized by the number of units. The categories are: 1 unit; 2 units; 3 or 4 units; and 5 units or more. Permit data is available online between 1996 and 2012, by month, with the most up-to-date data available for April 2013.

The Building Permit Survey defines “one unit” to include single family attached homes. For purposes of the Statewide Housing Production Goal, such homes are considered multi-family because joint structures are generally more energy and infrastructure efficient and have lower development costs than single family detached homes. The Building Permit Survey defines “new” to exclude rehabilitation, even where substantial rehabilitation results in converting industrial or commercial building into housing units, such as the many mill conversions that re-use existing and historic assets. Our measurement approach will include both single family attached homes and substantial rehabilitations that create new homes.

How else could the Commonwealth measure progress?



The U.S. Census Bureau regularly releases a number of surveys with data relating to housing. DHCD has concluded, however, that the Building Permit Survey, as corrected or revised by the communities themselves, is the most accurate, timely, and locally specific approach for measuring progress toward the goal.

Every 10 years, the U.S. Census counts the number of housing units. Since this next occurs in 2020, it is not possible to measure progress from year-to-year.

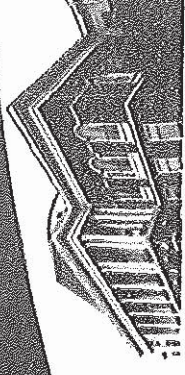
The American Community Survey (ACS) is an annual sampling of facts and characteristics, including the number of housing units. The ACS attempts enough sampling so that certain information is available on a state, county, municipality or even neighborhood level. However, to obtain information down to the municipal level, it must aggregate data from multiple years and therefore cannot measure progress year-to-year. For more information, see http://www.census.gov/acs/www/about_the_survey/american_community_survey/

The American Housing Survey is an annual sampling that includes national estimates of the number of housing units (and many other housing characteristics). Since this is only at a national level, it is not possible to measure statewide or community-by-community progress. It is also an estimate, not a count. For more information, see <http://www.census.gov/housing/ahs/about/faq.html>

The Survey of Construction is an annual sampling that includes estimates for national and regional construction permits, starts and completions. Because this data is at a national and regional level, it is not possible to measure statewide or community-by-community progress. It is also an estimate, not a count.

An explanation by the U.S. Census Bureau of the Building Permit Survey, and the differences between that survey and the Survey of Construction, is contained on the following webpage: http://www.census.gov/construction/nrc/about_the_surveys/

Do others agree that this is the appropriate measurement?

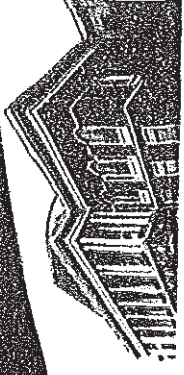


DHCD spoke with a number of key stakeholders to determine the best way to measure the Statewide Housing Production Goal. These stakeholders concurred that the Building Permit Survey was the best approach.

Nationally, building permit data is used by a number of public and private organizations: e.g., the Conference Board for developing its index of leading economic indicators, the Federal Reserve Board to analyze national and regional economic conditions, the Department of Housing and Urban Development to evaluate housing programs, financial institutions to estimate mortgage demand, and private businesses for market planning, material use, and investment analysis.

In Massachusetts, building permit data is used by many organizations to count and forecast housing production. For example, the Metropolitan Area Planning Council (MAPC) used building permit data to inform the land use goals of the 2008 MetroFuture regional plan and will be using such data for a regional and municipal housing demand projection to be released later in 2013.

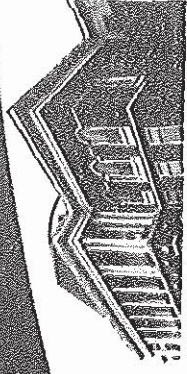
Will the location efficiency be factored into the measurement of the Goal?



Location efficiency—in other words, whether the housing is located near transit, city/town centers or connected to significant employment centers—will not be directly measured by the number of building permits issued for multi-family homes.

Although location efficiency will not be incorporated into goal measurement, DHCD will attempt to track major developments and their locations. For certain types of multi-family development, DHCD is already tracking location—e.g., in smart growth districts or in projects funded with affordable housing resources. MAPC has agreed to assist in tracking the location of housing units completed, under construction, or planned in its region (101 municipalities) through an online development tracking tool called the Development Database.

Who do I contact for further
information?



Larry Field, Department of Housing and Community Development:

Laurence.field@state.ma.us