



June 26, 2020

Senator Eric P. Lesser, Senate Chair
Representative Ann-Margaret Ferrante, House Chair
Joint Committee on Labor and Workforce Development
State House
Boston, Massachusetts 02133

Re: ***House Bill No. 4529, An Act enabling partnerships for growth***

Dear Senator Lesser and Rep. Ferrante

On behalf of the Home Builders and Remodelers Association of Massachusetts (HBRAMA), I write to express our strong support for *H. 4529, An Act Enabling Partnerships for Growth*. The HBRAMA is the statewide trade association for the residential construction industry in Massachusetts with more than 1,400 member companies. Our members build single-family homes, townhomes and apartments. Increasingly, they are also involved in the remodeling and improving of existing single-family homes.

This unprecedented public health crisis has plunged our nation into an economic recession. No sector of the Massachusetts economy has been spared the devastating effects of the novel coronavirus pandemic. This includes the residential construction industry. COVID-19 has dealt a serious blow to the homebuilding industry, impacting jobs, the economic activity, and the very quality of life of the citizens of the Commonwealth.

That housing is extremely expensive in Massachusetts and becoming more so is an undisputed fact. The simple reason is that too many people are chasing too few units. There simply is not enough housing to meet demand, moderate prices, or close the affordability gap. Consider these facts:

- The Citizens' Housing and Planning Association estimated that there is a shortage of 158,769 affordable rental homes for extremely low-income households in Massachusetts.
- The MAPC, which serves the 101 cities and towns of Metropolitan Boston, estimates that more than 400,000 new housing units will be needed by the year 2040 if the region is to keep growing its economic base.
- And the lack of housing options is not just a problem for Greater Boston. A recent study by the Cape Cod Commission found that housing supply continues to be in high demand on the Cape, with both year-round rental properties and affordable houses needing a big boost in inventory.

- According to the Commission's study, there is an approximate demand of 22,000 housing units, and 7,000 year-round rental units. This means that approximately 29,000 units need to be created on Cape Cod to properly meet the needs of permanent residents, as well as those who visit for vacation or work in the summer months.

Home prices in Massachusetts have increased at the fastest rate in the nation and metropolitan Boston rent prices rank among the highest in the country. The number of communities with median prices above \$1 million has doubled in the past decade. At the same time Massachusetts has one of the lowest levels of housing production in the nation.

Building permit data published by the U.S. Census Bureau reveals that through the month of May, permits for both single-family homes and rental units were down substantially compared to the same period last year. That's not surprising given the advent of the pandemic in February and Governor Baker's declaration of a state of emergency on March 10. What's particularly troublesome is that over the course of the past three years – years of strong economic growth and historically low mortgage interest rates – housing production actually fell in Massachusetts from a total of 17,778 units in 2017 to 17,365 in 2019. Without prompt action, those numbers will be much worse for 2020 – jeopardizing the Baker Administration's goal of creating 135,000 new housing units by 2025.

That is why the HBRAMA urges you to support Sections 76 – 85, 94, 107-108 and 198-199 of H. 4529 that would enact the Governor's Housing Choices Bill. These provisions will advance the state's need for housing while respecting the important role municipalities play in guiding new housing production. It incorporates ideas and suggestions from legislators, municipal officials and housing experts, while avoiding the pitfall of trying to impose a new mandate on cities and towns. It is also a complement to the Housing Choices Program of incentives and rewards for municipalities that deliver sustainable housing growth.

The Housing Choices Bill also represents an unprecedented consensus by all the major stakeholders to advance housing policy in the Commonwealth. It is especially notable that both the Massachusetts Municipal Association and the real estate and development industry – two groups that have historically opposed each other on matters of housing and zoning – support this legislation.

The Housing Choices Bill does not mandate what projects are approved – it simply establishes a more realistic standard of judgment. It lowers the voting threshold for specific zoning changes and certain special permits from 2/3rd to a simple majority. That means that more projects – projects that are right for their communities and have community support – will get built, allowing increased opportunities for all of their residents

Zoning changes where the threshold would be lowered to a simple majority include;

- Multifamily housing in specific locations, including 40R eligible locations those locations within a half mile of transit
- Mixed- use areas of commercial and residential development if certain characteristics are confirmed
- Open Space Residential Development (otherwise know as cluster development)
- Smart Growth and Starter Home Developments under Chapter 40R
- Accessory Dwelling Units

Due to the Credit Crisis of 2008 and the Great Recession of 2009, residential construction in Massachusetts came to a halt as projects lost their financing, companies sought to preserve capital and demand fell. To ensure that these projects would remain viable and promote job creation, economic growth and tax revenue, the Legislature passed the Permit Extension Act of 2010. The Permit Extension Act established a two-year tolling period that extended the term of permits for real estate development projects that had received local or state approval.

The economic conditions that necessitated the enactment of the Permit Extension Act of 2010 now appear mild compared to the devastation being wrecked upon our state's economy by the pandemic. Consequently, the HBRAMA joins with NAIOP Massachusetts in urging the committee to include language for a 2020 Permit Extension Act in the final bill.

The HBRAMA also supports the funding line items for community development, housing, and the increase in the Housing Development Incentive Program annual cap found within *H. 4529, An Act Enabling Partnerships for Growth*.

The women and men of the HBRAMA are committed to expanding housing opportunities for individuals and families of all incomes. We implore you to include Housing Choices and a Permit Extension in any economic development bill reported out of committee and help them make affordable housing a reality for everyone in the Commonwealth.

Respectfully,



Matthew Anderson
President

C: Senate President Karen E. Spilka
Speaker of the House Robert A. DeLeo
Senator Michael Rodrigues, Chair, Senate Committee on Ways and Means
Rep. Aaron Michlewitz, Chair, House Committee on Ways and Means
Senator Brendan Creighton, Senate Chair, Joint Committee on Housing
Rep. Kevin G. Honan, House Chair, Joint Committee on Housing