



CELEBRATING  
55 YEARS

# nerej

**There is a housing crisis in Mass. and there is movement on finding solutions as well - by David O'Sullivan**

October 27, 2023 - Spotlights



David O'Sullivan

Another season is in full swing. Autumn is a time where we feel the crisp refreshing air and vibrant colors of the trees turning. But fall is also a time of increasing darkness and cold chills.

So it is with the housing industry this fall. There is a housing crisis in Massachusetts and there is movement on finding solutions as well. But nothing happens overnight. The Healy administration has put forth actions to make housing a priority and her first move was the reorganization of the cabinet and making the position of housing secretary. The administration is trying to pull off a delicate tightrope act, promising “to be aggressive” in tackling the housing crisis, while contending with sluggishness and sometimes even outright resistance from cities and towns when it comes to approving and building new homes. This message at the start of her term has been a welcome change and builds upon the previous administration passing the MBTA Communities Act. Recently governor Healy released a five-year, \$4.1 billion housing bond bill, The Affordable Homes Act, that will significantly increase investment in public and affordable housing to help combat the state’s housing crisis. This plan should create more than 40,000 homes in the state and represents the largest investment in housing in the state’s history. This multi-pronged approach includes \$4 billion in capital spending authorizations, 28 substantive policy changes or initiatives, three executive orders and two targeted tax credits. All are directed at reducing barriers to the production and preservation of housing, and giving communities the tools to develop more housing where they need it. The majority of the spending will have benefits for moderate- and low-income households. This action complements the housing tax credits that were part of the tax relief package recently signed into law. The Affordable Homes Act also looks to preserve and rehabilitate homes for low income households as well as moderate income households. As part of this package, governor Healey will also sign three executive orders creating a Housing Advisory Council to develop a statewide housing plan, creating an Unlocking Housing Production Commission to develop recommendations for streamlining housing production, and directing state agencies to develop an expanded inventory of state-owned land suitable for housing. These actions are all steps in the long process of solving the housing crisis.

The darker side of the bill for the development community and some residents is a new policy initiative allowing communities to have a local option to adopt a real estate transfer fee of 0.5% to 2% on the portion of a property sale over \$1 million or the county median sales price. This fee if imposed would be paid for by the seller and used to fund affordable housing developments within that community. The real estate market is already tight and home prices are high and this would just add cost to transactions. We already have issues with affordability out of the governor’s control. Continued high interest rates are hampering buyers from being able to afford a home, causing existing owners to hold on to their homes keeping inventories low and affecting developers from making new projects financially feasible.

Another housing bill that was passed during the Baker Administration and is now receiving a lot of attention is the MBTA Communities Act. It requires any community which falls under this definition to create at least one zoning district which is of reasonable size and that permits multifamily housing as of right without zoning variances or special permits. As the guidelines have been developed and

deadlines near for actions, many cities and towns are in an uproar that the state is mandating them to change their zoning. For developers this creates many new opportunities to build housing that would be more affordable to many residents in these cities and towns. The minimum density of 15 units an acre in these districts is often much denser than what exists in these communities and is only subject to a site plan review process. These new districts will start coming online in the next year and will be transformative in streamlining the approval process for new multifamily housing.

So as with the fall season, there is some refreshing news and some darkness in the housing industry. Stay tuned for what's to come.

David O'Sullivan, AIA, is the president of O'Sullivan Architects, Inc., Reading, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540