

Homes for Everyone

Ensure that people of all races and income levels have equal access to affordable housing through homeownership and rental opportunities in every community



Recommendation:

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Strategy 1

Expand rental and homeownership opportunities by enforcing anti-discrimination protections and affirmatively furthering fair housing.

Forty years after the passage of the 1968 Fair Housing Act, discriminatory housing and lending practices continue to shape access to opportunity for historically marginalized communities. The Act was intended to guarantee housing choice free from discrimination. Yet, many Greater Boston residents struggle to find safe, affordable homes in neighborhoods close to jobs, transportation, and good schools. In addition, difficulty accessing homes in neighborhoods with good air quality has contributed to a public health crisis that is disproportionately impacting people of color in communities with higher exposure to toxic air and overcrowding. Across the region, exclusionary zoning and permitting practices effectively prohibit housing for families with children, which also has the effect of excluding individuals based on race and class. These exclusionary practices include direct and indirect restrictions on the development of multi-family and smaller homes and restrictions on the number of bedrooms and age of occupants. In 2018, the National Fair Housing Alliance recorded the highest number of complaints of fair housing violations since record keeping began. Enforcement of existing anti-discrimination protections would provide accountability in cases of unequal treatment of protected groups, but it will take new policies and proactive measures by governments at every level to undo decades of structural and institutional barriers that continue to perpetuate segregation.

- ▶ **Action 1.1: Increase funding for fair housing education, testing, and enforcement.** Congress must ensure adequate funding of the Fair Housing Initiatives Program (FHIP) and the Fair Housing Assistance Program (FHAP), which provide critical resources to ensure enforcement of fair housing laws. The Massachusetts Commission Against Discrimination, along with the state Attorney General's Civil Rights Division, carries out fair housing enforcement activities at the state level. However, the majority of fair housing activities are carried out by federally qualified fair housing organizations and non-profit legal advocates with limited resources. One

¹ National Fair Housing Alliance. (2019). 2019 Fair Housing Trends Report.

key way to advance fair housing enforcement would be through creation of an active fair housing agency in Greater Boston. The Commonwealth could fund an assessment, assemble a coalition of groups to apply for HUD funds, or solicit other agencies to open a Boston office and support their funding application. In the short-term, the agencies and organizations responsible for enforcing anti-discrimination laws need resources and support to coordinate and provide consistent fair housing enforcement across the region and to adapt fair housing practices to the digital age. Similarly, organizations that conduct fair housing testing should receive additional resources to expand their work and strengthen coordination with enforcement entities.

▶ **Action 1.2: Require municipalities and state agencies to affirmatively further fair housing.** The Affirmatively Furthering Fair Housing (AFFH) Rule, signed into law by President Obama, directed state and local governments that received HUD funding to identify and proactively address the discriminatory outcomes of their policies and programs. Despite recent federal rollbacks, some state governments have voluntarily continued AFFH-related planning and implementation of strategies to reverse historic patterns of segregation in their communities. The Commonwealth should require that state agencies and all local governments affirmatively further fair housing in accordance with the principles of the AFFH Rule and the related MA Executive Order 478.² A statewide obligation would ensure that these activities are occurring across the state and not just within HUD entitlement communities. Every decision about the distribution of place-based resources and services should consider whether, how, and to what extent the outcome will reduce disparities and improve choices for protected classes. This decision-making should be integrated into criteria for specifically identified state or federal funds, transportation assistance, and discretionary awards for housing, community and economic development, transportation, education, environmental remediation, and conservation. Specific guidelines should be developed to evaluate the integration of AFFH decision-making in local plans, zoning and permitting processes, agency rules and regulations. The Commonwealth should establish tools and mechanisms to allow Regional Planning Agencies to work with municipalities and other stakeholders in developing regional AFFH analyses that enable communities to establish and implement common policies. Furthermore, state programs should provide bonus points and additional resources for outcomes that decrease segregation, with special attention to supporting municipalities with limited capacity. Along the same lines, members of Planning Boards and Zoning Boards of Appeals should be required to participate in state-funded fair housing training.

▶ **Action 1.3: Prevent discrimination on the basis of rental history, credit, and history of incarceration.** Landlords routinely employ screening practices that deny housing to people with poor credit history, past convictions, and prior history of eviction. This practice perpetuates discrimination against people of color, especially low-income Black women who are disproportionately impacted by evictions.³ Landlords typically rely on tenant screening reports

² Executive Order 478, signed by Governor Deval Patrick, requires all state agencies to “consider the likely effects that its decisions, programs, services, and activities will have on achieving non-discrimination, diversity, and equal opportunity.”

³ Desmond, Matthew. (2014). Poor Black Women Are Evicted at Alarming Rates, Setting Off a Chain of Hardship. How Housing Matters Policy Research Brief. MacArthur Foundation.

prepared by private companies that are not held accountable for ensuring that the information they report is correct. In a competitive rental market, tenants often must apply for multiple apartments, incurring fees for individual application screenings. Traditional screening reports may turn up outdated or inaccurate information about a tenant’s eviction, criminal, or credit history. Different states have employed diverse strategies to address these barriers, including sealing eviction records, allowing tenants to appeal the disclosure of certain records, and encouraging the use of reusable tenant screening reports that allow tenants to verify that all of the information collected about them is true. In Massachusetts, existing fair housing protections do not go far enough to protect tenants from exclusion based on outdated or inaccurate information about their rental history, credit, and history of incarceration, and the Home Rule process limits the actions with which municipalities can require landlords to comply. Pending legislation would allow for sealing of Massachusetts Housing Court records ([H.1808/S.921](#) *An Act promoting housing opportunity and mobility through eviction sealing (HOMES)*), filed by Representative Michael J. Moran and Senator Joseph A. Boncore).

Strategy 2

Preserve affordability of the existing housing stock to help stabilize neighborhoods experiencing rapid change and to maintain housing opportunities at various cost levels.

Creating new, diverse housing options across communities is important to meet housing demand and ensure residents can find housing that meets their needs throughout their lifetimes. Yet, redevelopment pressures or expiring Affordable Housing deed restrictions pose a threat to existing lower-cost housing options. Since 2015, the Department of Housing and Community Development (DHCD) and its partners have preserved the long-term affordability of more than 15,000 units at risk of expiring affordability.⁴ The state invests significantly in preservation and its housing preservation law, Chapter 40T, is a nationally recognized best practice. The state and local communities should sustain these efforts, which are mainly directed at large multifamily deed-restricted Affordable Housing developments. However, most low- and moderate-income households live in unsubsidized housing units with affordability typically dependent on a softer market and/or the age or condition of homes. In rapidly gentrifying neighborhoods, these “naturally occurring affordable housing” (NOAH) units are the most vulnerable to speculative investment. Preservation of NOAH properties has gained significant interest in the last couple years, with innovative approaches emerging locally and across the country. Massachusetts and its municipalities should learn from these experiences and implement programs to preserve NOAH.

- ▶ **Action 2.1: Establish a statewide program to facilitate access to quick-strike acquisition and property improvement financing, especially for unsubsidized, smaller properties deemed “naturally affordable.”** Across many Greater Boston neighborhoods, NOAH properties are typically older triple-deckers and small multi-family buildings. In gentrifying neighborhoods, developers

⁴ CEDAC. (2018). Massachusetts Is Successfully Tackling The “Expiring Use” Housing Problem. Insites Blog.

and investors are quickly acquiring these properties, remodeling them, and raising rents or tearing them down to make way for luxury developments. Efforts by mission-oriented developers to acquire these properties and ensure their units are deed restricted to be affordable to lower-income households have been gaining steam. NOAH acquisition requires quick, nimble access to financing to compete with market-rate investors, which can be a challenge for developers accustomed to complex development deals involving multiple funding streams. Locally, the 100 Homes Project in Somerville and the Boston Opportunity Acquisition Program have been able to support quick-strike acquisitions by “pre-qualifying” responsible developers for a set amount of funding, which can then be used to purchase NOAH properties.

To support local efforts to acquire NOAH properties, the Commonwealth should establish a program that provides resources for cities and towns to mobilize public-private partnerships for a more comprehensive suite of planning, as well as financing tools to facilitate NOAH preservation. While often seeded with public funding, these NOAH impact funds also generate investment by private lenders, philanthropists, local employers, and institutions. In addition to supporting acquisition, these initiatives can support pre-development costs and property improvements. The need for large-scale improvements in a potential acquisition is generally cost-prohibitive and deleterious to the success of a NOAH project without substantial additional subsidy. The Commonwealth should also provide resources to expand the use of project-based vouchers to maintain affordability of newly preserved scattered-site homes.⁵

- ▶ **Action 2.2: Align housing quality, accessibility, and energy efficiency programs to cost-effectively bring older properties up to code.** NOAH properties generally have higher operating costs because they are smaller and therefore cannot achieve the same efficiencies of scale as large multifamily buildings. They are also older properties and, therefore, more likely to require upgrades to meet basic health and safety standards. In weaker housing markets, these requirements can be a disincentive to rehabilitating a property because the investment might not be recouped. Even in stronger housing markets, rehabilitation costs disincentivize acquisition of properties that need more than modest improvements. These types of rehabs are particularly important for low-income, people with differing abilities, and older adults. By 2050, there will likely be an additional 150,000 households headed by someone over age 70, indicating a significant need for accessibility and other improvements that can allow older adults to age in place, if desired.

Upgrading NOAH properties does more than bring them in compliance with health and safety standards. Executed effectively, it can make these homes more energy efficient, accessible, healthy, and even lower long-term operating costs for landlords and occupants. In Massachusetts, many communities offer programs that tackle these building improvements independently (e.g., various [energy efficiency programs](#), [Get the Lead Out](#), the [Home Modification Loan](#), emergency repair grants, etc.). This

⁵ Scattered-site housing refers to affordable housing built on non-contiguous sites throughout a given community. Each scattered-site housing development includes fewer units than a typical large scale affordable housing development.

fragmented approach can undermine the co-benefits of executing these improvements cohesively. Other states, such as Vermont and Washington, have integrated healthy housing and energy efficiency programs, and have demonstrated significant health improvements among residents.⁶ The Legislature should pass legislation proposed by the Gateway Cities Caucus and filed by Representative Antonio Cabral and Senator Brendan Crighton ([S.1831/H.281](#), *An Act relative to neighborhood stabilization and economic development*), which would establish a commission to evaluate approaches to bringing older structures up to code in weak real estate markets, including by exploring strategies to better integrate various programs and resources. While integrating these programs in the commission’s scope would be an effective way to begin addressing fragmentation, local governments can and should advance integration of their own municipal residential efficiency and healthy housing initiatives.

Strategy 3

Help low-income households and members of marginalized groups achieve stable housing and homeownership through targeted assistance.

The cost of housing is the single greatest barrier to stable tenancies and the expansion of homeownership. This has been exacerbated by decades of discriminatory policies that have resulted in unequal ownership rates and access to areas of opportunity. Beyond supply side interventions to promote the creation and preservation of affordable housing, rental and homebuyer assistance can help households close the gap between their income and a home that supports their family’s wellbeing. Nationally, fewer than one in four households eligible for federally funded rental assistance receives it even though there is strong evidence demonstrating that rental assistance helps prevent homelessness and promotes greater housing stability. Stable housing provides people with the opportunity to focus on their health, education, financial mobility, and even homeownership. Homeownership is associated with greater housing stability later in life and remains the primary vehicle for wealth creation. Yet, communities of color remain largely excluded from homeownership. In Boston, Black and Latinx households are almost three times more likely to be denied for a mortgage loan than white households.⁷ Decades of discriminatory housing practices also mean that homebuyers of color are less likely to be able to tap the “bank of mom and dad” to make a down-payment on a home, to pay for college, or to make other critical investments in their future. More robust and targeted investment in first-time homebuyers can help counteract this glaring disparity.

6 E4 the Future, Inc. (2016). Occupant Health Benefits of Residential Energy Efficiency.

7 Campen, J. (2018). Changing Patterns XXV: Mortgage Lending to Traditionally Underserved Borrowers & Neighborhoods in Boston, Greater Boston, and Massachusetts 2017. Massachusetts Community & Banking Council

► **Action 3.1: Increase funding for rental assistance and supportive services to promote stable tenancies, economic mobility, and better health outcomes.**

Recent evidence has found that pairing rental assistance with services can promote housing stability, better health outcomes, and economic mobility among recipients. This is an important strategy for preventing homelessness. For example, Section 8 voucher recipients and public housing

residents are eligible for the Family Self Sufficiency Program, a savings and financial counseling program with a strong record of improving financial mobility among participants. Many other supportive service approaches, some facilitated by innovated health system and housing partnerships, are proven to improve recovery and health outcomes among residents with substance use disorders or other complex health conditions.

More funding is necessary to expand programs to a greater number of eligible households and to support the operating costs associated with facilitating access to services for these households. Waitlists for federal and state-funded rental assistance remain long. The Massachusetts Legislature should continue to increase funding for the state-supported rental assistance program, the Massachusetts Rental Voucher Program, as it has for the last few years. The state also approved an update to the payment standards, which better aligns voucher payments with market rents, increasing voucher recipients' competitiveness in the rental market. The Commonwealth should also allocate separate resources to improve the efficiency and effectiveness of service delivery of rental assistance programs and supportive services. In the short-term, more local governments should consider supplementing federal and state rental assistance by leveraging Community Preservation Act (CPA) funding, as demonstrated by the many communities that have adapted to provide rental assistance to residents financially impacted by the COVID-19 pandemic. One example of a pre-existing local rental assistance initiative is the Town of Boxborough, which for several years has operated a program that provides some low-income households with \$250 in monthly rental support.

Action 3.2: Diversify and increase overall resources for first-generation homebuyer down payment, closing cost, and mortgage interest rate buy-down assistance, especially for members of underserved populations. More than two-thirds of renters view the down payment as a barrier to owning a home, a challenge that is most common in expensive housing markets such as Greater Boston. In 2019, DHCD and Mass Housing launched the Racial Equity Advisory Council for Homeownership, which aims to increase the rate of non-white homeownership in the Commonwealth. One strategy the Council considered is the development of a statewide down payment and mortgage interest buy-down fund with support from public and private sources. Mass Housing currently offers a down payment assistance loan for first-time homebuyers and several municipalities operate their own down payment assistance programs.

There is considerable opportunity to expand resources for these types of initiatives. More municipalities should leverage CPA and housing trust fund resources to support down payment and interest rate buy-down initiatives, as the City of Boston is modeling with its new ONE+ Boston Mortgage program. The Commonwealth should also support employer and anchor institution participation in these initiatives through tax incentives and matching funds. There are many precedents for this across the country, including employer-sponsored programs that pair municipal down payment match with on-site homeownership counseling, and even low-interest

and forgivable loans (e.g., Washington D.C., Philadelphia, Baltimore, etc.). Furthermore, language access should not be a barrier to purchasing a home. The Commonwealth should ensure that all documentation that requires signature of prospective homeowners are translated and made available in the five most commonly spoken languages in Massachusetts, besides English. This includes all disclosure forms and any documentation relating to home inspection.

In limited and carefully defined circumstances, it might be appropriate to reduce or eliminate long-term deed restrictions in programs that subsidize affordable homeownership opportunities to help low-income/low-asset households, and especially families of color, to build intergenerational wealth.

Action 3.3: Provide first-generation homeowner counseling and direct relief to facilitate homeownership among student loan borrowers. Even though higher education is associated with lower rates of unemployment and higher earnings later in life, student loan debt is a significant barrier for many younger homebuyers. According to the Federal Reserve, about 20 percent of the decline in homeownership among young adults is attributable to student loan debt.⁸ Student debt reduces borrowers' ability to save for a down payment and contributes to higher debt-to-income ratios that make it more difficult to qualify for a mortgage. Student debt is also associated with lower credit scores later in life, one reason being that higher debt burdens contribute to higher rates of default. These barriers are likely more acute for borrowers of color, especially Black households, who on average graduate with higher loan burdens and are more likely to experience default.⁹

For many young homebuyers, addressing student debt will be a first priority on the way to purchasing a home. Several Boston area community development corporations already offer student debt counseling alongside other homeownership counseling programs. The Commonwealth should support these initiatives, as well as other forms of targeted homebuyer programming. State and local government should also consider integrating loan forgiveness options into existing first-time homebuyer assistance and lending. Strategies include allowing borrowers to consolidate student and mortgage debt, offering soft second mortgages to help borrowers pay off debt, or offering grants comparable to down payment assistance. An example from another state, the Maryland Smart Buy Program, pairs debt forgiveness with first-time homebuyer financing. In its first three years, 2016-2019, the program has facilitated the purchase of 216 homes.

8 Mezza, A., Ringo, D., and Sommer, K. (2019). Can Student Loan Debt Explain Lower Homeownership Rates for Young Adults? Consumer and Community Context, V.1, N.1. Federal Reserve Board Division of Research and Statistics

9 Researchers have associated these higher default rates with a variety of factors including riskier loan products, greater attendance at for-profit institutions, employment discrimination, wage disparities, lower ability to receive parental repayment support.

Best/emerging practice: Racial disparities in homeownership are the highest they've been in the last 50 years.¹⁰ Homeownership rates for Massachusetts households of color lag well behind nationwide rates (34 vs. 46 percent).¹¹ Efforts to eliminate these racial inequities must seriously consider the decades of discriminatory practices and unequal access to wealth creation opportunities that have contributed to these outcomes. A reasonable means to address these impacts would be to create programs that directly target supports to households most impacted by past discriminatory practices, in effect by creating race-conscious programming. That can often be challenging, since the same laws that protect individuals from racial discrimination do so in part by prohibiting race-specific programming.

The Massachusetts Affordable Housing Alliance (MAHA) has found an innovative approach to address disparities in homeownership by focusing on first-generation homebuyers. Launched in 2019, the Saving Towards Affordable & Sustainable Homeownership (STASH) program aims to close the racial homeownership gap by providing first-generation homebuyers with homebuyer counseling and matching savings towards a down payment on a home within Massachusetts. The STASH program has attracted even greater participation from people of color (96 percent) compared to MAHA's other first-time homebuyer programs, which have historically drawn more diverse participation. Almost half of the program's first 50 participants met the match requirement, and six purchased a home in the last year. By focusing on first-generation homebuyers, MAHA is better able to serve a population that lacks access to generational wealth often enjoyed by peers whose parents have previously owned a home. One in five home purchases in the United States is made possible by a parent's financial support, according to a report from Legal & General, a UK based financial services firm.¹² MAHA indicates this program is the first of its kind in the country and serves a population - first-time homebuyers of color - which needs special and concerted attention to overcome generations of racial discrimination.

10 Urban Institute. (2020). Breaking Down the Black-White Homeownership Gap. Urban Wire.

11 U.S. Census Bureau. (2017). American Community Survey. As presented by MassHousing's Innovation Team.

12 Legal & General. (2019). New Study Ranks 'The Bank of Mom and Dad' 7th Largest Housing Lender in the U.S. in 2018. <https://www.lgamerica.com/about-us/news/detail/2019/01/27/New-Study-Ranks-The-Bank-of-Mom-and-Dad-7th-Largest-Housing-Lender>