

Housing Choice in Southern New England Scoping Session Summary

Session Details

Location: Springfield, Massachusetts

Date: September 29, 2004

Participants:

- Don Bianchi, Massachusetts Association of Community Development Corporations
- Susan Bodington, Rhode Island Housing and Mortgage Finance Corporation
- Shiela Brush, Grow Smart Rhode Island
- Ted Carman, Concord Square Development Company
- Brenda Clement, Housing Network of Rhode Island
- Howard Cohen, Beacon Properties
- Joe Flatley, Massachusetts Housing Investment Corporation
- Bob Kanter, Connecticut Partnership Office, Fannie Mae
- Connie Kruger, Massachusetts Housing Partnership
- Bill Landry, Blish & Cavanaugh, LLP
- Mark Pelligrini, AICP, Town of Manchester, Connecticut
- Regina Winters, Mutual Housing Association of South Central Connecticut

Facilitator: William Klein, AICP

Observer: Paul Farmer, AICP

Notetaker: Catherine Ady, Regional Planning Program, University of Massachusetts

Methodology

The three APA Southern New England chapters (Massachusetts, Rhode Island, and Connecticut) assisted APA in the selection of participants in the scoping sessions who would represent a broad range of interests. The four-hour session included a guided discussion of the following general topics for the region: (a) changes in housing need over the past 20 years (demand); (b) changes in housing production and retention over the past 20 years, and the part politics plays (supply); and (c) the most promising housing tools and strategies in the region.

Unlike the other five Housing Choice Scoping Sessions, there is no written transcript of the proceedings of the Southern New England session due to technical difficulties with the audio recording equipment. For this reason, direct quotes from symposium participants are limited. However, APA staff was able to conduct a content analysis based on the detailed notes taken at the symposium, and code the responses to identify key themes, which are listed below.

Key Themes

- Change in Household Composition
- Homeownership Focus
- Political Acceptance of Affordable Housing for Seniors vs. Affordable Housing for Other Groups
- Regulatory Barriers In Place

- Immigration
- Impact of Federal Programs
(HOPE VI, Sections 8, etc.)
- Impact of the Local/Regional
Tax Structure
- Inadequate State Funding for
Housing
- Inclusionary Zoning Impact
- Lack of Support at State
Legislative Level
- NIMBY
- Other Demographic Impacts
- Role of the Developer
- Segregation
- Service Gap for the Very Low-
Income
- State of Economy: Boom/Bust,
Stable, Growing, Shrinking, etc.
- Use of Tax Credits
- Wage/Cost of Living Imbalance
- Workforce Housing

Session Summary

Southern New England, a region that historically has led the nation in implementing progressive approaches to producing and retaining affordable housing, is today struggling to address a growing housing choice problem. The crisis was brought on by massive economic and demographic changes, legitimate infrastructure and environmental challenges, and entrenched anti-growth sentiment according to participants at a recent housing scoping session held in Springfield, Massachusetts.

The September 2004 scoping session, convened by the American Planning Association and funded by the Fannie Mae Foundation, brought together housing experts

from the New England states of Massachusetts, Rhode Island, and Connecticut for a half-day open discussion on housing issues facing the region.

There was strong agreement among the participants that the nature of housing need in Southern New England has changed dramatically over the past 20 years. Despite stagnation in population and job growth across the region, changes in household composition and size, significant growth in the elderly population, and a massive influx of immigrants have dramatically affected housing demand. The general reduction in household size for all but the immigrant population has contributed to the increased housing demand. Generally, there are more households competing for units at all affordability levels.

Participants also agreed that increasing racial and economic segregation has made matters worse by concentrating demand for affordable housing in particular neighborhoods, towns, or cities. This is particularly true with regard to the immigrant population.

Changes in the regional economy are also having a significant effect on housing demand. The Southern New England economy has become less diversified as it has moved from a manufacturing base to a service base. Moreover, job growth has been stagnant in the region for a number of years leading to greater income stratification. Very low-income households in the region are especially at risk, particularly in the face of reduced housing subsidy. People are simply getting priced out of the market.

On the supply side, the housing choice issue in Southern New England varies somewhat from state to state, according to our experts. In Massachusetts, for instance, any discussion about providing affordable housing happens in the context of a political

climate that is generally anti-development and anti-tax. Over the past 20 years, increasing attention to issues of smart growth, quality of life, sustainability, and environmental quality has led to a highly discretionary and litigious system in which affordable housing competes with other community objectives and rarely survives as a high priority public policy issue.

For communities where housing choice is considered an important objective, public support all too often only extends to workforce housing and housing for the elderly, and not to housing for the very poor. “In New England, people want land use control over what is going next door-- they feel justified in stopping development,” says Joe Flatley of the Massachusetts Housing Investment Corporation.

Another factor affecting the supply of affordable housing in the region has been the increasing tendency of development regulations to contain discretionary provisions. For instance, while 30 years ago communities in Southern New England almost always listed multi-family residential structures as by-right uses in zoning ordinances, today virtually all multi-family, higher density, and mixed use development is a discretionary matter involving a lengthy public process and the issuance of conditional or special permits. Moreover, the growth of the environmental movement and the rise of more sophisticated approaches to stopping development have caused the development review process to become bogged down. A permit process that provides more certainty would be a good thing for housing choice, our participants believe.

The effects of the recent fiscal crisis on the supply of affordable housing goes beyond reductions in housing subsidy, which one participant reported as being one-quarter of what it used to be. On the public investment front, states and municipalities have

found it near to impossible to get legislative approval for needed public infrastructure, such as sewer, transit and road projects. These public investments are often prerequisites to approving higher density multi-family housing of any kind, affordable or not.

However, participants pointed out that as often as not, environmental and infrastructure concerns turn out to be legitimate. For instance, many of the “easy” sites are already developed leaving the more environmentally sensitive lands for infill projects. Traffic, sewage disposal, and lack of transit options often constitute very real challenges for a community and for a developer wanting to expand housing choices.

Participants strongly agreed about the importance of leadership in getting affordable housing built. Mark Pellegrini, a Connecticut planner, pointed out that “If the governor doesn’t take the lead, no one will. This is because the legislature is a suburban entity—the majority of communities represented are suburbs that don’t want or care about high-density development. ‘It’s not my problem’ they say.” Strong statewide housing advocacy groups, such as the 35-year-old Citizens Housing Planning Association in Massachusetts, are critical.

In Rhode Island, affordable housing is not yet an issue about which local and state political leaders feel strongly. The public does not generally view affordable housing as a high priority issue either, even though housing advocates in the state can document the demand. Further complicating the provision of affordable units are regulatory barriers. According to Bill Landry, a partner at Blish & Cavanaugh, LLP, “impact fees and phasing mechanisms are keeping developers out of certain communities. Ultimately, developers are going to pass these costs onto the buyer.”

It is too early to determine whether the state's recent legislation requiring localities to prepare housing plans will have an affect on affordable housing supply or on public support for housing choice.

Although many of the housing issues discussed by Massachusetts and Rhode Island participants are also relevant to Connecticut, participants from that state reported that affordable housing is simply not a big issue with the Governor or the legislature and interest in housing choice at the local level is spotty at best. Explains Pellegrini, "housing is not an issue. The push now is toward economic development, the thought being that if you address economic development, the rest will fall into place. There is no champion for housing in Connecticut."

Other regional themes that were discussed during the scoping session included: public concern about the impact of higher density housing on school enrollments; the reduction in the number of for-profit developers involved in affordable projects due to profitability concerns; growing support from the business community for workforce housing; the fear of immigration; and the failure of inclusionary mechanisms to meet the needs of very low income households.

Despite the critical state of housing choice in Southern New England, when queried, five session participants felt more optimistic about the future of housing in their state than they felt 15 years ago, two felt about the same level of optimism, and four felt less optimistic than in the past.

Most Promising Strategies

Participants identified the following strategies as the most promising new initiatives in Southern New England:

- **Massachusetts Chapter 40R: Smart Growth Zoning Districts-**
 - Chapter 40R, which became law in June 2004, provides two strong incentives for communities to rezone smart growth zoning districts near transit, town or city centers, and other suitable areas for high density mixed housing/mixed use projects with an affordable housing component. Housing incentive payments are made to the community based on the number of units projected: \$10,000 for up to 20 units; \$75,000 for 21 to 100 units; and so on up to \$600,000 for 501 units or more. In addition, a one-time density bonus is paid to the community in the amount of \$3,000 for every building permit issued for an affordable housing unit within the smart growth zoning district. Communities that embrace Chapter 40R go to the head of the line for state funding of infrastructure improvements, such as sewer, water, and road projects, the funding for which comes from a smart growth trust fund. At least 20 percent of the units in the zone must be affordable (at or below 80 % AMI). Among other things, the law also requires a community to prepare a comprehensive housing plan.
- **Rhode Island Public Laws, Chapter 286-**
 - Chapter 286, which became law in July 2004, amends seven different chapters of the General Laws affecting housing and planning in the state.

The law requires municipalities that do not meet a ten percent affordable housing unit minimum to prepare an Affordable Housing Plan as a component of its local comprehensive plan housing element. A municipality with a state approved affordable housing plan may limit the annual number of units in for-profit comprehensive permits to one percent of the total year-round units in the community. Towns and cities with an approved plan also get funding priority for housing and community development grants. The law makes some important changes to the state comprehensive permit system. Low and moderate income housing must be integrated throughout the project, must be of similar scale and architectural style, and must be built and occupied at the same time as market rate units in the project. In order to be approved, a finding must be made by the permit granting authority that the project is consistent with the state-approved local affordable housing plan. The law also requires the state to prepare a 5-year state strategic plan for housing production, which will include state guidelines for higher density development applicable to all cities and towns. Finally, the law sets up the Housing and Conservation Trust Fund Commission and the Housing Act Implementation Oversight Commission to monitor implementation.

- **Inclusionary Housing Strategies-**

- Several session participants selected inclusionary housing as one of the promising tools in the region. Two important provisos, however, were attached to this selection: (a) voluntary inclusionary mechanisms rarely

work effectively unless they include very strong incentives, such as significant density bonuses and permit fast tracking; and (b) inclusionary tools, whether voluntary or mandatory, rarely are effective in providing housing for very low income households. “The problem with inclusionary zoning is that it does not meet the needs of the lowest income renters. Inclusionary zoning is serving a different group” notes Connie Kruger of the Massachusetts Housing Partnership.