

# Let's Go Better Listening Session

*Affordable Homeownership, 9/16/2021*



- **Introductions**
- **Framework for Boston's Federal Funds**
- **Funding Overview**
- **The Current Reality of Homeownership in Boston**
- **Existing Efforts and Best Practices to increase the Supply of Homeownership Units**
- **Discussion Session**
- **Conclusion**



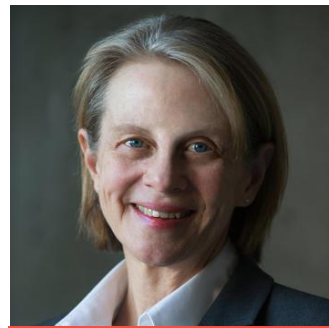
**OMAR KHOSHAFI**

*Director of Key  
Initiatives & Strategic  
Planning,  
Mayor's Office*



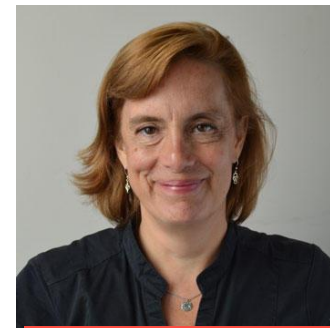
**SYMONE CRAWFORD**

*Director of STASH and  
Homeownership  
Operations, Mass  
Affordable Housing  
Association (MAHA)*



**SHEILA DILLON**

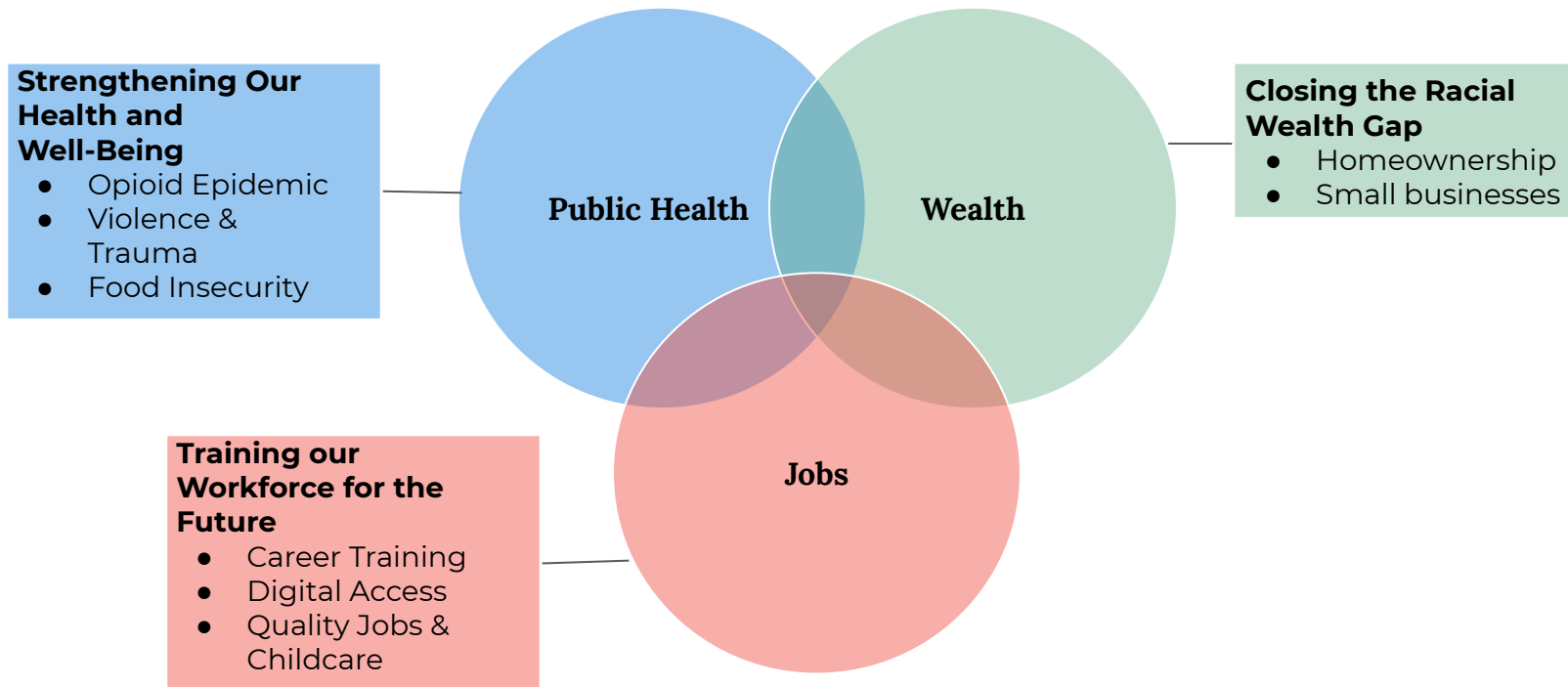
*Chief of Housing,  
Director of  
Neighborhood  
Development*

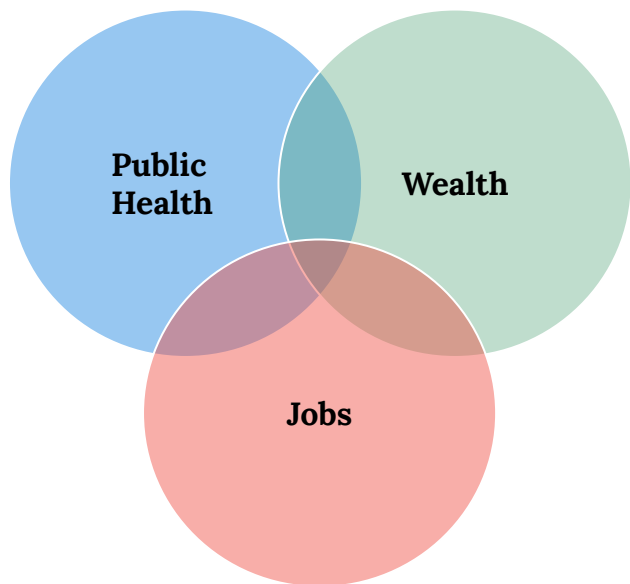


**MAUREEN FLYNN**

*Deputy Director,  
Boston Home Center,  
Department of  
Neighborhood  
Development*

## An Equitable Recovery for All Boston Residents



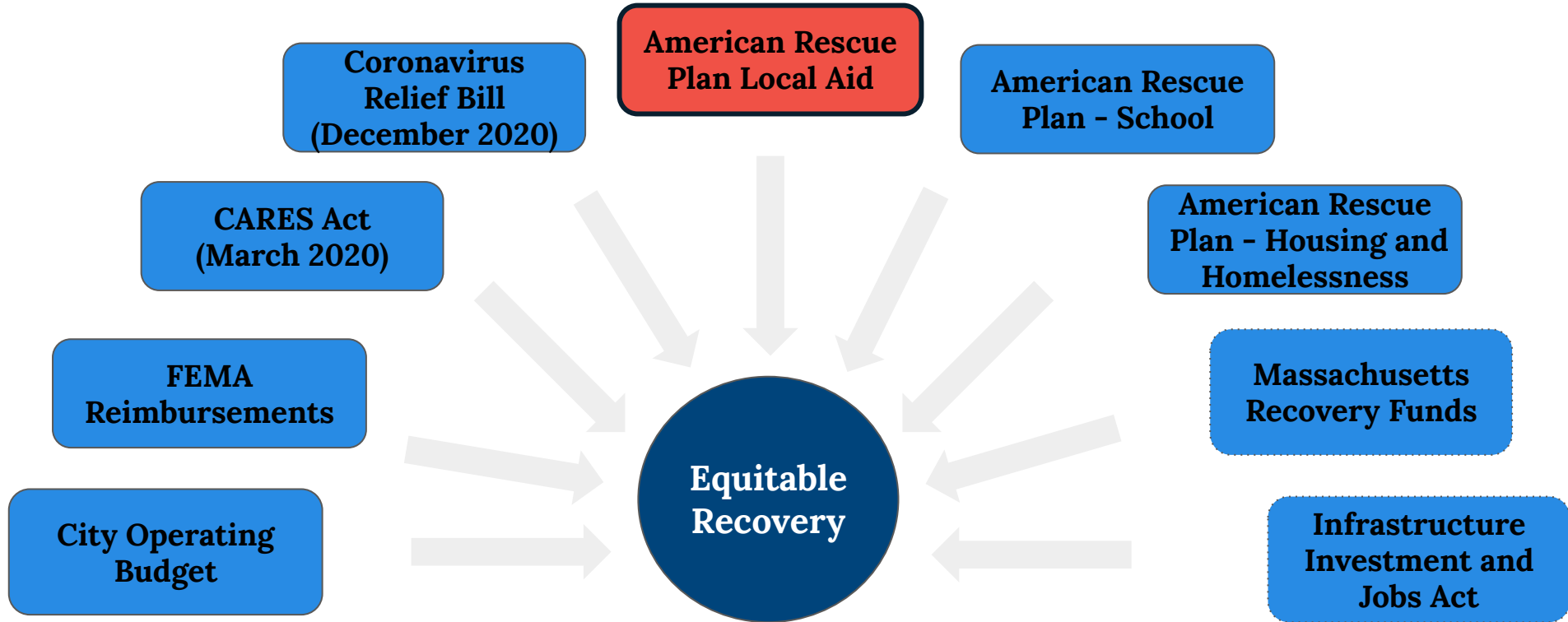


## Additional Lens

*While exploring investment opportunities in these areas, there will be an emphasis on solutions that incorporate **Arts & Culture** and **Climate Resiliency***

# What are Boston's available resources for recovery?

Funding Overview



## Total Funds

- Boston estimated to receive **\$558 Million** from ARPA, with \$424 Million coming directly to Boston and an additional \$134 Million from Suffolk County to come from the Commonwealth.
- **\$136.5 Million** has been allocated to date for emergency relief investments and stabilizing Boston's budget

## Guardrails

- ARPA funding must be committed **through December 2024**
- Fit into one of the **eligible "uses" of spending** on the next slide



# What are Boston's eligible uses of ARPA Funding?

## Funding Overview



### Support Public Health Response

- **Services to contain and mitigate the spread of COVID-19**, including vaccination, medical expenses, testing, contact tracing, quarantine costs, capacity enhancements, and many related activities
- **Behavioral healthcare services**, including mental health or substance misuse treatment, crisis intervention, and related services
- **Payroll and covered benefits** for public health, healthcare, human services, and public safety staff to the extent that they work on the COVID-19 response

### Address Negative Economic Impacts

- **Deliver assistance to workers and families**, including support for unemployed workers, aid to households, and survivor's benefits for families of COVID-19 victims
- **Support small businesses** with loans, grants, in-kind assistance, and counseling programs
- **Speed the recovery of impacted industries**, including the tourism, travel, and hospitality sectors
- **Rebuild public sector capacity** by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs

### Equity-Focused Services

- **Additional flexibility for the hardest-hit communities and families** to address health disparities, invest in housing, address educational disparities, and promote healthy childhood environments
- **Broadly applicable** to Qualified Census Tracts, other disproportionately impacted areas, and when provided by Tribal governments

### Replace Public Sector Revenue Loss

- **Ensure continuity of vital government services** by filling budget shortfalls
- **Revenue loss is calculated** relative to the expected trend, beginning with the last full fiscal year pre-pandemic and adjusted annually for growth
- **Recipients may re-calculate revenue loss** at multiple points during the program, supporting those entities that experience revenue loss with a lag

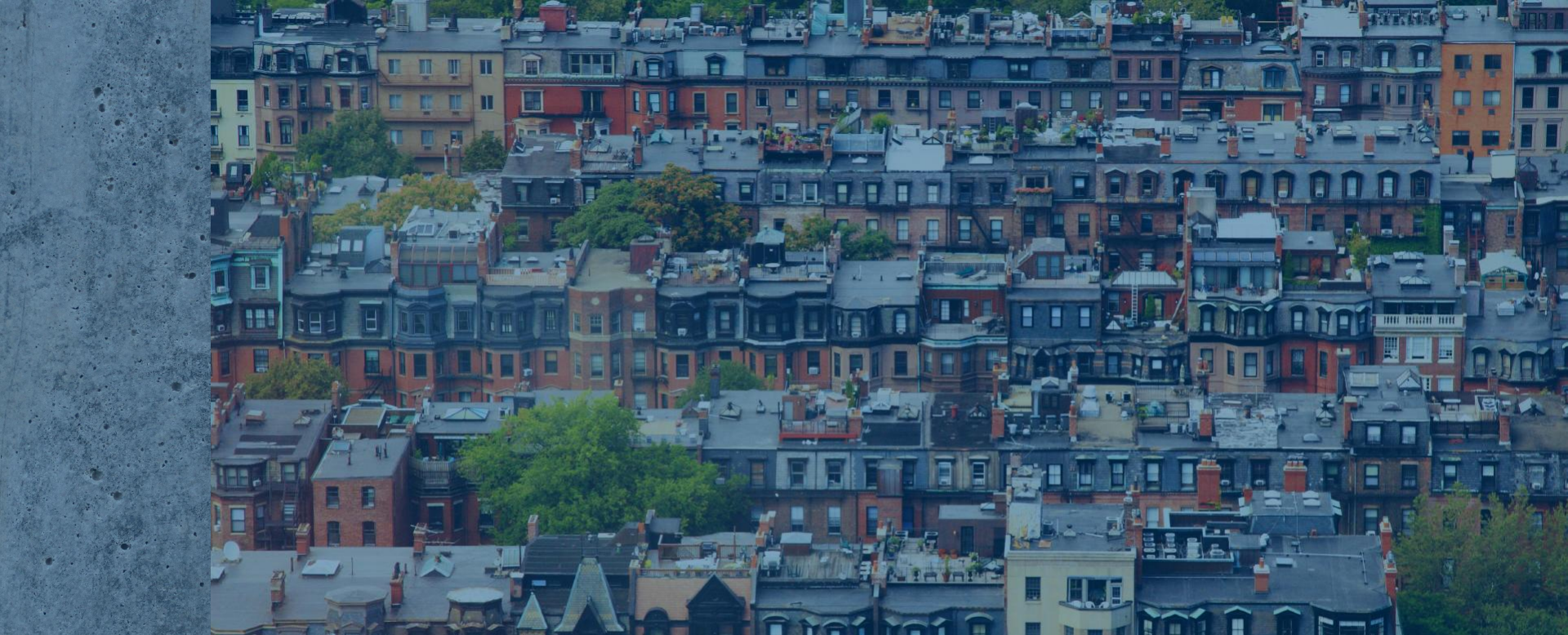
### Broadband Infrastructure

- **Focus on households and businesses** without access to broadband and those with connections that do not provide minimally acceptable speeds
- **Fund projects that deliver reliable service** with minimum 100 Mbps download / 100 Mbps upload speeds unless impracticable
- **Complement broadband investments** made through the Capital Projects Fund

### Water & Sewer Infrastructure

- **Includes improvements to infrastructure**, such as building or upgrading facilities and transmission, distribution, and storage systems
- **Eligible uses aligned to Environmental Protection Agency project categories** for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund





# Affordable Homeownership

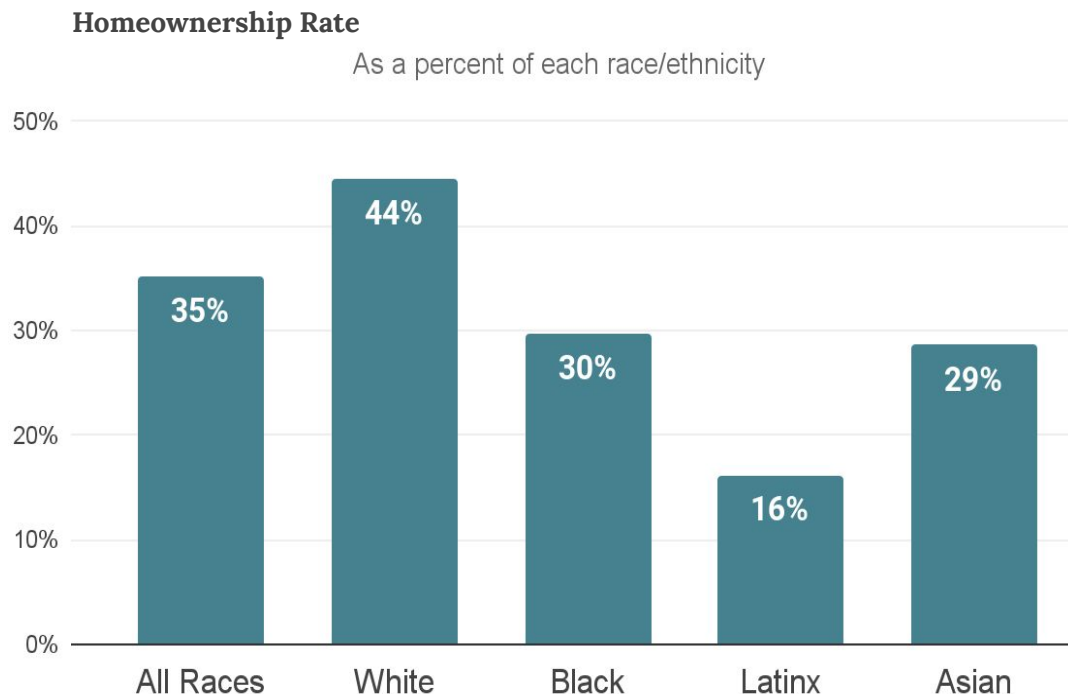
*A Briefing on the Current Reality*

# CLOSING THE HOMEOWNERSHIP GAP IN BOSTON

A national issue with profound impacts on BIPOC households



**There are significant disparities in the homeownership rate, by race/ethnicity, which contributes to the disparities in wealth.**



Source: ACS 2015-2019 5-year estimates, Table B25003. Race/ethnicity categories sum to more than Total HHs because there is some overlap between race and ethnicity.

## Why is closing the homeownership gap so important?

- Closing the homeownership gap can help close the wealth gap as homeownership remains the way most individuals and families build wealth in the US.
- According to the Federal Reserve, as of 2019, the typical white family has eight times the wealth of the typical black family and five times the wealth of the typical Latinx family.
- Homeownership is also a means for wealth to be transferred from one generation to another in that parents who own homes have the ability to tap into equity for their children's downpayments, education, and other investments for the future.

The *Barriers to Homeownership Working Group* identified five top barriers to first time homeownership, particularly for low- and moderate income buyers and BIPOC (Black, Indigenous and People of Color) buyers:

1. Lack of affordable supply & high cost entry into homeownership
2. Lack of downpayment, especially for “first generation” buyers
3. Low Credit Scores
4. High Student Loan Debt
5. Inability to compete with cash offers

## Recently Expanded Programs to address lack of funds for downpayment, especially for “first generation” buyers

- ***Increased Financial Assistance***
  - Increased downpayment/closing cost assistance from an average of \$10,000 per household to up to \$40,000 per household
  - Made more households eligible for our assistance - increased eligibility from 120% AMI to 135% AMI
- ***First Generation Homebuying Program***
  - In partnership with MAHA, providing 2:1 match of a grant up to \$5000 for first generation buyers to put toward closing costs/downpayments.



# CURRENT PROGRAMS TO ADDRESS THESE BARRIERS




Mitigating impact on BIPOC households



## Current Programs that Address Lack of Supply/High Cost

- **ONE+Boston** - offers a discounted interest rate & increased downpayment/closing cost assistance, which results in more purchasing power for first time buyers. In other words, buyers can afford to buy more house.

To date, over 70% ONE+Boston buyers are BIPOC and over 45% who purchased with ONE+ earned below 80% AMI and nine were below 60% AMI.

THE ONE+Boston DIFFERENCE			
			
MORTGAGE TYPE	Conventional	ONE Mortgage	ONE+Boston
Purchase Price	\$306,000	\$397,000	\$450,000
Your Down Payment Funds	\$15,300	\$5,955	\$6,750
Interest Rate	3.5%	3%	2%
Private Mortgage Insurance	\$322	\$0	\$0
Taxes & Hazard Insurance	\$361	\$467	\$527
MHP Interest Subsidy	\$0	-\$102	-\$104
<b>Total Monthly Payment</b>	<b>\$1,989</b>	<b>\$1,989</b>	<b>\$1,989</b>

## Programs Currently “Under Construction” or Exploration

- **Credit Boost** program to provide grants for first time buyers to increase their scores
- Working in conjunction with Mayor’s Office iLab to understand **student debt** load and exploring programs that would suspend debt during purchasing process and add it to the debt on the home.
- Exploring ways a first time homebuyer could partner with a non-profit **to offer 100% cash** on properties.



# CURRENT EFFORTS: INCREASING THE SUPPLY OF AFFORDABLE HOMEOWNERSHIP UNITS



2011-To Date	Total Owner Units	Affordable Owner Units	DND Funding	All Public Funding
<b>PUBLICLY FUNDED</b>				
Complete	534	284	\$29,559,209	\$39,744,079
In Construction	72	50	\$7,401,075	\$7,401,075
<b>Total</b>	<b>606</b>	<b>334</b>	<b>\$36,960,284</b>	<b>\$47,145,154</b>
<b>PRIVATE</b>				
Complete	8,149	303	\$0	\$0
In Construction	2,226	206	\$0	\$0
<b>Total</b>	<b>10,375</b>	<b>509</b>	<b>\$0</b>	<b>\$0</b>
<b>ALL</b>				
Complete	8,683	587	\$29,559,209	\$39,744,079
In Construction	2,298	256	\$7,401,075	\$7,401,075
<b>Total</b>	<b>10,981</b>	<b>843</b>	<b>\$36,960,284</b>	<b>\$47,145,154</b>

# CURRENT EFFORTS TO INCREASE SUPPLY OF HOUSING

Neighborhood Homes Initiative



<b>NHI 2015+</b>	<b>Units</b>	<b>DND Funding</b>	<b>DND Real Estate (Sq Feet)</b>
Complete	117	\$9,070,456	369,471
In Construction	18	\$1,733,473	57,863
<b>TOTAL</b>	<b>135</b>	<b>\$10,803,929</b>	<b>427,334</b>

# CURRENT EFFORTS TO TO ADDRESS THESE BARRIERS

## Active Homeownership Pipeline



Pipeline	Total Homeowner Units	Affordable Homeowner Units
<b>PUBLICLY FUNDED</b>	813	497
<b>PRIVATELY FUNDED</b>	4,331	429
<b>ALL</b>	<b>5,144</b>	<b>926</b>



**Average Cost per Unit** - \$150K/unit per affordable unit in ownership deals = we will need about \$74 million to pay for all of the 497 units in our pipeline. Much of which is in the City budget.





# Discussion

*Increasing Access to & Supply of Affordable Homeownership Units*

# DISCUSSION: STRENGTHENING PROGRAMS TO ASSIST HOMEBUYERS



- How can we target assistance to those that need it most?
- Are there other current programs that we should be expanding?
- Are there new solutions or initiatives we should start?

# DISCUSSION: HOW DO WE INCREASE PRODUCTION OF AFFORDABLE HOMEOWNERSHIP UNITS?



- Should the City of Boston continue to fund production of affordable homeownership units?
- Are there new homeownership types that the City should consider supporting or “incentivizing”?
- Are there ways to decrease the cost of production so that we can build more?
- Other Ideas?



# Conclusion - What We Heard

**B**



# Conclusion - Next Steps

**B**

- **Fill out our survey:** [bit.ly/gobetterbos](https://bit.ly/gobetterbos)
- **Spread the word** about the other #LetsGoBetter meetings ----->
  - Repeating this meeting on 9/16
  - Other meetings on small business and the arts sector.
- You can also **email us** any follow up questions at [recover@boston.gov](mailto:recover@boston.gov)

## BOSTON, LET'S GO BETTER!

Help inform how the City of Boston invests \$400m in one-time federal funds to jumpstart Boston's equitable recovery.

To participate, you can fill out our survey, join us for a community meeting (schedule below), call **311** or visit [boston.gov/recover](https://boston.gov/recover) to learn more.

### Initial Community Meetings 5:30-7:30pm

**August 26**  
Affordable Homeownership

**August 31 (3pm)**  
Supporting Small Businesses

**September 1 (12pm)**  
Substance Use Disorders

**September 1**  
Access to Internet & Career Training

**September 8**  
Career Training for Quality Jobs  
(i.e. green jobs, life sciences)

**September 14 (3pm)**  
Supporting Small Businesses

**September 15**  
Quality Jobs & Childcare

**September 16**  
Affordable Homeownership

**October**  
Additional community meetings



**SURVEY:** [BIT.LY/GOBETTERBOS](https://bit.ly/gobetterbos)

To request translation and/or interpretation services, please contact: [noreily.cirino@boston.gov](mailto:noreily.cirino@boston.gov) and [LCA@boston.gov](mailto:LCA@boston.gov) two weeks in advance.

