

# Now & Next

## Affordable Housing Alert

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### **Massachusetts Governor Signs Affordable Homes Act**

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The bill provides extensive funding opportunities for owners and developers in the Commonwealth of Massachusetts and establishes new policies to support the production and preservation of affordable housing.



#### **What's the impact?**

- The bill provides \$5.1 billion in funding opportunities to affordable housing initiatives in Massachusetts and establishes comprehensive policies encouraging housing production and preservation.

On August 6, 2024, Governor Healy signed the [Affordable Homes Act](#), which is the largest investment in housing in Massachusetts history. This historic legislation was sent to the Governor by the Massachusetts House of Representatives and the Senate on August 1st following extensive negotiations

# What's in the Massachusetts Affordable Homes Act?

The Affordable Homes Act will provide \$5.1 billion in funding authorization and comprehensive policies to support the production and preservation of affordable housing, including:

- / Doubling the Affordable Housing Trust Fund to \$800 million, doubling the Housing Innovations Fund to \$200 million and nearly tripling the Housing Stabilization and Investment Fund to \$425 million
- / \$2 billion in funding for the rehabilitation of public housing
- / \$425 million in various local housing initiatives
- / \$50 million for local capital projects grant program to support housing choice designation for communities, including a grant program to assist MBTA communities

## **NEW FUNDING FOR AFFORDABLE HOUSING**

The legislation also includes investments in numerous new funding programs, including:

- / \$100 million for the Middle-Income Housing Fund administered by MassHousing
- / \$100 million for the Commonwealth Builder Program
- / \$50 million for MassHousing to capitalize a Residential Production Momentum Fund for the development of mixed-income and workforce multifamily housing production
- / \$275 million for green housing initiatives
- / \$175 million for Housing Choice Infrastructure

## **EXPANDED TAX CREDIT AND INCENTIVE PROGRAMS**

In addition to these funding authorizations, the bill expands tax credit and incentive programs to increase housing production with the following:

- / \$10 million annual Homeownership Production Tax Credit
- / Increasing the Community Investment Tax Credit to \$15 million
- / Doubling the Historic Rehabilitation Tax Credit to \$110 million annually through the year 2030 to help preserve and repurpose historic buildings
- / Tax incentive program for "qualified conversion projects" consisting of the rehabilitation of vacant commercial property for residential or mixed uses

## **ZONING POLICIES**

The bill also establishes several key policies related to zoning, including:

- / Allowing Accessory Dwelling Units (ADUs) by right in single-family zoned districts
- / Authorizing the designation of “seasonal communities”, including parts of the Cape and Islands, as well as the Berkshires, which would allow for preferences for housing seasonal community workers, the adoption of zoning ordinances permitting undersized lots to be used for attainable year-round housing and the construction of tiny houses for use as year-round housing units

## **Additional housing bill provisions**

The bill also establishes an Office of Fair Housing and Fair Housing Trust Fund, mandating the establishment of a statewide housing plan, and establishing special commissions on extremely low-income housing, senior housing, and accessible housing for persons with disabilities.

Lastly, it is important to highlight what was omitted from the bill. The legislation that passed does not include changes to Chapter 40B, the MBTA Communities Law, or to the Community Preservation Act (CPA) that were contemplated in prior versions of the bill.

## **Opportunities for owners and developers**

Our affordable housing team will continue to track the development and implementation of this legislation. We are available to advise how our clients can access these opportunities. For more information on the content of this alert, please contact your Nixon Peabody attorney or:

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