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Affordable Housing Organizing Committee (AHOC)

Anti-Displacement Strategies Tool Box

Introduction

Somerville has undergone many changes that have re-vitalized its neighborhoods, supported the flourishing of the arts, and made it a more vibrant, more diverse, and more desirable place to live. Change continues, and will accelerate with the coming of the Green Line.

These changes have come with a cost – creating tremendous upward pressure on residential and commercial rents in most parts of the City, and leading to the conversion of a hundreds of reasonably affordable private rental housing to less affordable condominiums.

Over time, the increased cost of Somerville housing has forced out many of our cities low and moderate income renters, and left some residents who wish to purchase their first home with no choice but to leave Somerville to find a more affordable location. Housing market changes have been especially hard on families with two or more children, as the supply of larger units decreases with their conversion to multiple smaller condominiums.

This trend of spiraling costs and resulting displacement has been well documented in many previous housing studies and is clearly evidenced by declining public school populations.

AHOC is highly concerned that the coming of the Green Line, in addition to other planned development, will significantly exacerbate displacement, particularly impacting neighborhoods close to new transit stops -- where large numbers of low and moderate income renters and/or immigrant households live.

Even before the Green Line arrives, the combination of speculation, unscrupulous lending practices, and the economic downturn have led to a spiraling number of home foreclosures in these same low and moderate income communities further threatening the fabric of our City.

While we strongly support the expansion of public transportation as critical to achieving important environmental and economic development goals, and to improving the lives of Somerville residents at all income levels, we call on the City to work with us to **proactively develop and support an anti-displacement strategy** as part of its planned and thoughtful response to ongoing and impending changes.

Anti-displacement in today's political climate cannot be achieved by any one strategy alone, and depends upon implementation of a multi-faceted approach. The anti-displacement toolkit should include a comprehensive mix of legal protections, affordable housing development and funding strategies, affordable housing preservation strategies, workforce/economic development strategies, and renter and homeowner assistance resources.



Goal: Minimizing displacement of Somerville residents should be a top priority of housing policy makers in both the Administration and on the Board of Aldermen. For the purposes of this policy, "minimizing displacement" means:

- Protecting the affordability of existing rental and ownership housing;
- Increasing the supply of affordable rental and ownership housing for individuals and families, including families with one or more children old enough to need their own bedroom(s);
- Ensuring the availability of rental housing that is affordable to individuals and families within incomes as low as 15% of the area median income;
- Developing strategies and programs that support housing retention by renters and homeowners who find themselves temporarily unable to maintain rent or mortgage payments due to an unexpected crisis; and
- Developing strategies and programs that support housing retention or, if that is not possible, relocation within Somerville to alternate, more affordable housing by renters or homeowners who (a) are no longer able to maintain their housing, due to infirmity or disability, or (b) are at risk of displacement because their usual income cannot keep pace with the rising housing and home maintenance costs.

Policies that can help Somerville meet this goal

1. Adopting or revising existing municipal ordinances and policies to increase the supply of -- and funding for -- affordable housing resources in Somerville

- **Amending existing inclusionary zoning requirements** to better address the needs of Somerville residents by:
 - (a) increasing the required percentage of affordable units across the City to 15%;
 - (b) setting income targeting requirements to the Somerville median income (rather setting income requirements based on much higher incomes in the Greater Boston area);
 - (c) designing a point system which can encourage creation of more deeply subsidized units and/or development of larger sized family units; creating Equitable TOD districts (one ½ mile from train stations) with higher requirements and incentives for family-sized affordable housing—for example, Inclusionary Zoning could be 17.5% in these areas;
 - (d) creating a DIF (district increment financing program) for areas with anticipated market change, around new stations, such as Assembly Square, Innerbelt, and Union Square, to be used to fund the stabilization of or development of affordable housing in those designated areas; and



- (e) amending the current zoning ordinance to incentivize the development of a higher percentage of inclusionary rental units and to facilitate the sale of inclusionary homeownership units to non-profit corporations that are willing and able to rent the units out as affordable rental apartments).

➤ **Increasing linkage payments:**

- (a) lowering the threshold to assess the impact of smaller developments (e.g., 10-15,000 square feet), perhaps at a proportionately lower unit rate;
- (b) expanding the definition of commercial to include currently exempted commercial uses; and
- (c) inserting an annual escalator clause to eliminate the need for periodic recalculations of the rate.

- **The amendment of parking requirements that hinder the development of affordable, extra-bedroom units for families.** Parking requirements should be reduced if such reduction is necessary to encourage (a) an increase the number of affordable housing units created under a development proposal beyond that currently required by IZ or (b) to encourage development of larger size affordable family units and/or (c) to encourage development of a greater percentage of units available to those below 50% AMI than is otherwise required by IZ.
- Using the **sale and development of public properties** to promote the development of affordable housing by including language in the RFP stating a preference for proposals that include affordable housing either directly (by developing a parcel as affordable housing) or indirectly (by allocating a higher share of the proceeds of the sale to the Affordable Housing Trust Fund)
- Consider use of tax or other **incentives upon sale of multi-units** for a seller who agrees to sell a portion of its units at an affordable rate.
- **Facilitate creative partnerships to use funding** from federal Housing and Urban Development (HUD), Department of Transportation (DTA) and Environmental protection Agency (EPA) along with any available state Transit Oriented Development (TOD) funds to support the development of housing with higher percentages of affordable units as part of equitable TOD within one half mile of transit nodes
- **Partnering with Tufts University** to develop more on-campus housing, thereby taking pressure off the local community.



- **Implementing a multi-family homebuyer assistance program**, whereby the owner/resident receives a low or no interest loan and/or subsidy to facilitate purchase of the multi- unit property, including the unit s/he plans to occupy, in exchange for agreeing to rent the other units at an affordable rent in perpetuity.
- Working with AHOC, local non-profits and others to **target protections to development hot spots**: working with property owners intending to sell their properties to find ways to mitigate displacement, e.g., by arranging sales to private, non-profit, or institutional buyers who are willing to commit to maintaining affordability.
- Working for passage of the **Community Preservation Act**
- Supporting a **Transfer Tax** on properties bought and sold for a profit (with exemptions related to circumstances, including when sold for the development or preservation of permanently affordable housing),
 - Option 1: Start at 5% and decrease to 0% after 5 years of owner occupancy
 - Option 2: Start at 6% and decrease to 1% after 5 years of owner occupancy
 - Option 3: A .5% to 2% transfer tax on properties sold with an exemption for a certain amount of profit (i.e. only taxed after sale of a certain value).

2. Protecting tenants in units that are being converted to condominiums

The City should work toward passage of a **local condominium conversion ordinance** that would provide stronger protections for tenants undergoing displacement as a result of condominium conversion.

3. Protecting affordable housing resources in existing expiring use properties

Over the course of the next ten years, federal affordability protections will expire on X rental units. It is critical that the City take aggressive action to prevent the loss of these affordable units. In November, 2009, the state passed important legislation to protect tenants living in these so-called "expiring use" buildings and giving the Commonwealth (or its designee, for example, the local housing authority or a non-profit developer) the right of first refusal to purchase any such buildings for the purpose of preserving the affordability of its rental units. The City should work with the Somerville Housing Authority, SCC, and other non-profits interested and qualified to acquire and manage such properties to develop a strategy for preserving the affordability of expiring use properties, should the current owners decide to opt out of their affordability commitments to the federal government. In addition, the City should provide the legal and technical resources needed by tenants, non-profits and others to encourage and/or require the renewal of affordability contracts by existing owners.



4. Protecting the affordability of ownership properties for seniors and other persons on fixed incomes

Somerville currently has a number of effective programs and initiatives designed to aid low income homeowners. For example, the City offers diverse property tax abatement and tax deferral programs designed to prevent displacement of low income homeowners whose property values have escalated. In addition, the City runs high quality programs for lead paint abatement and is able to offer small numbers of no-interest and low interest loans for repairs on owner occupied housing and rental properties (in exchange for agreeing to keep rents at an affordable rate). However, it is important that efforts to protect seniors and other low income homeowners be expanded. Some suggested strategies include:

- **Home Maintenance Assistance:** Somerville should consider partnering with non-profits like SCC to provide home maintenance assistance (ranging from help with repairs to help with snow and leaf removal) to seniors who are no longer able to maintain their own homes and who can't afford to pay for that assistance, in exchange for gradually acquiring equity in the property and eventually being able to place a deed restriction on the property to ensure its future affordability when the senior eventually leaves. Unlike conventional reverse mortgages, the program should assure that the senior can remain in their home for as long as they are able to do so.
- **Weatherization:** Somerville should aggressively promote efforts to assist tenants and homeowners to access weatherization assistance (and programs replacing inefficient boilers, furnaces, and electrical appliances) that can dramatically reduce their heating (and air conditioning) costs.
- **Reverse Mortgages:** Somerville should consider partnering with non-profits and local financial institutions to provide reverse mortgages to seniors who need extra income to remain in their home. Unlike conventional reverse mortgages, the program should assure that the senior can remain in their home for as long as they are able to do so. To the extent that the reverse mortgage program is partially subsidized, the property should be subject to a deed restriction, so that it may be sold or rented as affordable housing after the senior leaves.

5. Using local zoning and municipal resources to **encourage economic development** that provides local residents with enhanced access to well-paying, benefited jobs and **expanding access to education and training** for Somerville households that need to upgrade their job skills and strengthen their employability in a changing market.