

## ***Small Properties State Acquisition Fund***

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April 11, 2024

The Honorable Edward J. Kennedy  
Chair, Joint Committee on Bonding, Capital  
Expenditures and State Assets  
State House, Room 109-E  
Boston, MA 02133

The Honorable Michael J. Finn  
Chair, Joint Committee on Bonding, Capital  
Expenditures and State Assets  
State House, Room 42  
Boston, MA 02133

Re: H.4138 The Affordable Homes Act

Dear Chairs Kennedy and Finn, and Members of the Joint Committee on Bonding, Capital Expenditures and State Assets,

We are a group of Community Land Trusts (CLTs), Community Development Corporations (CDCs), funders, associations and community groups from across the state working to interrupt the trends of economic displacement and cost burden experienced by so many MA residents. To that end, we respectfully ask today for the inclusion of **\$25 million for the Small Properties State Acquisition Fund in the Affordable Homes Act (H.4138)**. This is one of many preservation-oriented programs and policies required to stabilize our local housing stock and keep people housed. As we produce new units to meet housing demand, we must also preserve existing units for long term affordability.

Fortunately, a Small Properties State Acquisition Fund would not be entirely new. It currently exists in pilot form, and we seek to scale it up for meaningful impact. The Small Properties State Acquisition Funding Pilot was established through the legislative process in 2022 with allocation of \$1 million. Administered by CEDAC, with the support of EOHLC, the pilot, rolling out in 2024, will provide soft loans to help organizations acquire housing from the private market and make that housing available at affordable rates to renters and homeowners.

### Small Property State Acquisition Fund (SPSAF) Basics

At the time of acquisition, non-profit organizations will apply for funding that will supplement a capital stack that includes traditional loans, philanthropy and other public sources. These SPSAF funds will help close the gap between the market purchase price and the anticipated revenue upon affordable resale or long-term management of the units as affordable rentals. The program is aimed at securing and stewarding 1-8 unit properties; it would provide funding on a rolling basis; and require a minimum of 30 years of affordability to forgive the loan.

### What about existing programs?

This housing advocate-designed program stands out from other established programs primarily for its scope—Community Land Trusts and some intrepid CDCs work very hard to protect some of the hardest to fund housing in our state—row houses, single family homes, duplexes, triple deckers and 6 families, etc. This same housing stock is core to the fabric of MA communities.

We have intentionally created a program that would support small project preservation in the face of rising market competition for these homes. Furthermore, the program would be administered on a rolling basis in order to match the schedule of private market real estate sales. Lastly, this program allows for acquisition of housing in any condition and is not limited to housing in disrepair.

**Neighborhood Stabilization Program**, administered by MassHousing, allows for both homeownership and rental (15 units max) but caps homeownership projects at 4, whereas SPSAF would support 1-8 homeownership and rental projects. NSP focuses on buildings that fail to meet basic safety standards, whereas SPSAF would support buildings in any condition. NSP is not a rolling program, whereas SPSAF would allow for funding requests as needed, to meet market realities.

**Housing Stabilization Fund**. HSP, administered by EOHLC, requires a minimum project size of 5 units. It is not available on a rolling basis.

The Small Properties State Acquisition Fund is designed to support the acquisition and preservation of small residential properties by mission-driven organizations that will maintain the affordability of the housing, and prevent the displacement that so many face when their homes are sold. The commodification of housing has become a driver of displacement, and this program gives CDCs and CLTs a better shot at interrupting this norm. This program would represent an affirmative state investment in housing for the public good in the face of the following:

- Speculative real estate sales are on the rise in **MA** (MAPC 2023), and as a result, we are losing once-affordable market housing to investment and commodification
- With a high amount of cash sales in both **Gateway Cities** and in **Boston/Somerville/ Cambridge** (50% and 33%, respectively, in 2019-2020), those with ready access to capital can buy quickly to win out over competition ([TOPA Coalition research brief](#))
- Low cost rentals have declined in **every state** from 2011-2021 (Harvard JCHS)
- The high cost of housing is the most common driver of people's displacement from their homes and communities (Housingworks)
- More than 50% of renters are cost burdened (>30% of income spent on rent and utilities) in several of the **Gateway Cities** including **Lawrence** (56 percent), **Lynn** (54 percent), **Brockton** (51 percent) and **Lowell** (50 percent) (The Boston Foundation 2021)
- 23% of **MA** renter HH are severely cost burdened (>50% of income spent on rent and utilities), with Black and Hispanic at higher share. Essex and Plymouth Co have a larger share of cost burden among low income renters than does Boston (The Boston Foundation 2021)
- The number of cost burdened renter households in **Greater Boston** grew substantially in the last two years, leading to a record high (The Boston Foundation 2023)
- The majority of **Greater Boston** renter households making less than \$75,000 are cost burdened. More than half of renters and a quarter of homeowners in Greater Boston are cost burdened. (The Boston Foundation 2023)

#### Small Property Acquisition Impact and Potential

To illustrate the potential impact of the fund, we highlight community land trust (CLTs) acquisitions in Greater Boston. **These organizations are committed to creating and preserving as deep affordability as possible** in communities experiencing the pressures of increasing housing and land values, that are also

primarily low income communities of color. Since 2013, but mostly within the last 4 years, community land trusts in Greater Boston have acquired and preserved 46 units of housing. (Please note that many community land trusts also do new construction, so the total housing portfolio across the 7 member CLTs of the Greater Boston CLT Network is approaching 300 units). A sample of affordability levels attained by some groups follows:

- Boston Neighborhood CLT: 75% of HH at or below 50% AMI, some up to 80% (Mattapan, Dorchester, Roxbury)
- Chinatown CLT: HH 40-80% AMI, majority of HH under 60% AMI (Chinatown)
- Somerville CLT: HH 65-110% AMI (80% of units below 100% AMI) (Somerville)

Right now, a project in the pipeline at one CLT is acquisition of a 2-family home in Dorchester that is occupied. These families have each twice received a notice to quit, so that the owner can sell more easily to a cash buyer. **With \$200,000 from the State, matched with \$200,000 from the City of Boston, we could permanently secure 2 units of affordable housing, and keep these families in their homes.**

#### Organizations Focusing on Small Properties Acquisition and Preservation

**Crucially, there are roughly 35 organizations from the Hilltowns to the Cape and Islands that do acquisition and preservation of housing or land for long term affordability.** Numerous CLTs and CDCs across the state have acquired small properties (8 units or under) for preservation of affordable housing, including but not limited to Chinatown CLT: 7 units (2019), 4 units (2023), Boston Neighborhood CLT: 15 units (2013-2018), 15 units (2019-2022), Somerville CLT: 5 condo units, 6 in 2024 (2022), Amherst CLT (6 units); Bread And Roses Housing in Lawrence (27 units); East Boston CDC (including 2022 acquisition of 36 buildings with under 8 units each); Somerville Community Corporation (over 150 units) Southwest Boston CDC, Worcester Common Ground (30 homes, 26 at 60% AMI, 4 at 80% AMI).

#### Housing Acquisition and Rehab: Rough Costs and Sources

**Housing acquisition costs, while high, are still lower than new construction costs.** CLTs and CDCs typically need 45-60% in subsidy to close an acquisition and meet the goal of long term affordability for the homeowner or renter. This money comes from the Acquisition Opportunity Program (AOP) (in Boston only), traditional mortgage lending, lines of credit, private individual donations and philanthropic giving, CPA and HOME funds and traditional mortgages in their acquisition deals. The Small Properties State Acquisition Fund is based on the success of Boston's AOP Program. It would benefit all of MA, which is strapped with high housing costs and the dispersive effects of market-driven displacement.

We thank you for your commitment to developing a strong housing landscape here in MA, in which all people have a secure home. We know we have an uphill climb, and we respectfully urge you to include \$25 million for a Small Properties State Acquisition Fund in the Affordable Homes Act. Given that the Pilot program will be implemented in the coming months, we believe this program would be easily integrated into our state's program offerings, and that it addresses a critical need unmet by existing programs. Please do not hesitate to contact Minnie McMahon at [mmcmahon@dsni.org](mailto:mmcmahon@dsni.org) with any questions.

Sincerely,

The Greater Boston Community Land Trust Network:

John Smith, Exec. Dir., **Dudley Street Neighborhood Initiative**, Boston

Sharon Cho, Director, **Dudley Neighbors, Inc.**, Boston

Lydia Lowe, Exec. Dir., **Chinatown CLT**, Boston

Meridith Levy, Exec. Dir., **Boston Neighborhood CLT**

Caroline Ellenbird, Director, **Comunidades Enraizadas CLT**, Chelsea

Ben Baldwin, Exec. Dir., **Somerville CLT**

Jon Ellertson, Clerk, **Highland Park CLT**, Boston

Noah Frigault, Dir. of Special Initiatives, **Commonwealth Land Trust**, Boston

Joy Gary, Exec. Dir., Boston Farms CLT, Boston

Denise Johnson, Exec. Dir., **Andover Community Trust**

Linda Slakey, Board President, **Amherst Community Land Trust**

Angie Liou, Exec. Dir., **Asian Community Development Corporation**, Boston, Malden, Quincy

Keith Mahoney, VP of Communications and Public Affairs, **The Boston Foundation**

Cathy Hoffman, **Cambridge Housing Justice Coalition**

Lee Farris, President, **Cambridge Residents Alliance**

Eliza Parad, Dir. of Municipal Democracy, **Center for Economic Democracy**, Boston

Karen Chen, Exec. Dir., **Chinese Progressive Association**, Boston

Mike Leyba, Co-Exec. Dir., **City Life / Vida Urbana**, Boston

Sarah Assefa, Coalition Organizer, **Coalition for Worker Ownership and Power**, Statewide

Alex Caldarelli, President/Exec. Dir., **East Boston Community Development Corporation**

Hannah Hafter, Lead Organizer, **Episcopal City Mission**, Statewide

Jim Oldham, Exec. Dir., **Equity Trust, Inc.**, Amherst + Statewide + National

Laura Moynihan, Executive Director, **Falmouth Housing Trust**, Falmouth

Dave Christopolis, Exec. Dir., **Hilltown CDC**, Chesterfield + Hilltowns

Emily Kawano, **Land & Housing Justice Collaborative**, Pioneer Valley- Greenfield to Springfield

Includes: Valley CLT, Franklin County CLT; Valley Housing Co-op, Amherst CLT, Lower Valley CLT, Neighbor 2 Neighbor, Wellspring Cooperative, Equity Trust, Willow (PREC) Permanent Real Estate Cooperative, Flo-op Cooperative

Mary Wong, Director/Senior Lending Officer, **Local Enterprise Assistance Fund (LEAF)**, Statewide + National

Isaac Simon Hodes, Executive Director, **Lynn United for Change**, Lynn

Hillary Pizer, Associate Exec. Dir., **Massachusetts Affordable Housing Alliance**, Statewide

Emily Haber, CEO, **Massachusetts Association of Community Development Corporations**, Statewide

Mat Thall, **Massachusetts Association of Housing Cooperatives**, Statewide

Ann Jochnick, **Massachusetts Law Reform Institute**, Statewide

Jenezka Roman, **Massachusetts Public Health Association**, Statewide

Miles Gresham, Policy Director, **Neighbor to Neighbor Massachusetts**, Springfield, Holyoke, Worcester, Lynn

Mimi Ramos, Exec. Dir., **New England United 4 Justice**, Boston

Jeanne DuBois, Exec. Dir., **Southwest Boston CDC**

Saul Shanabrook, **Valley Housing Cooperative**, Greenfield

Sawna Caradwyn, Dir. of Finance, **Willow Permanent Real Estate Cooperative**, Holyoke

Yvette Dyson, Exec. Dir., **Worcester Common Ground**

Puja Kranz, Advocacy and Youth Leader Manager, **YWCA Cambridge**