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Economic development bill a boost to housing

One of the unintended consequences of the latest building boom in Boston has been the reduction in the number of units available for households earning less than \$100,000, so called “workforce housing.” With land in the city of Boston at a premium, supporting multifamily and transit-oriented development in surrounding municipalities and suburban markets appears to be the best option to provide for moderately priced developments affordable to a wider range of buyers and tenants.

The recent passage of the economic development bill originally proposed by Gov. Charlie Baker has provided some significant incentives for developers to embrace these surrounding areas, and combined with MassHousing Fund’s \$1 billion workforce housing initiative announced in May of this year, will hopefully lead to the creation of new, economically available units.

The bill provides for three main programs, which will be of particular interest to commercial real estate professionals looking to produce middle-market housing. The largest block of funding in the bill provides \$500 million to the MassWorks Infrastructure Program.

MassWorks provides funding to municipalities for improvements to support multifamily and mixed-use development along with economic development and transportation improvements to underserved areas. In older cities and towns, where infrastructure is not designed to handle an influx of new residents, MassWorks funding, particularly with their focus on the “Complete Streets”

design guidelines, could provide for the creation of bike lanes, sidewalk improvements and streetscape renovations which would be attractive to millennials and other younger occupants.

The bill also provides \$45 million in funding to the Brownfields Redevelopment Fund, which provides financial incentives to clean up and redevelop contaminated sites. These grants help support the reuse of environmentally impacted sites that might not otherwise be developed.

Finally, the bill provides \$45 million in capital funding to the Transformative Development Fund, which makes equity investments in projects with “transformative” qualities for so-called “Gateway cities.” Targeting and providing additional capital to specific projects around transit sites in surrounding communities can provide an anchor to spur development where land may be less expensive while allowing for landlords to charge lower rents or to sell condos on a more affordable scale.

Taken together, the funding of these three programs provides for a significant amount of available capital to either directly support projects or make the infrastructure improvements necessary in smaller or older municipalities to support redevelopment and bring about much-needed housing opportunities for middle-income workers in Massachusetts.

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