

# HOUSING STRATEGIES FOR MALDEN

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Evan Spetrini, Senior Planner and Policy Manager  
Alex Pratt, Community Development Director



This presentation is online at [cityofmalden.org/housing](http://cityofmalden.org/housing)

# Background

- City hires MAPC to create Housing Production Plan (HPP)
- HPP Advisory Committee begins to meet; scope of work narrowed to Housing Needs Assessment (HNA)
- HNA published in June 2019 with key findings
  - Most Malden households are low income
  - Most Malden households rent; most renters are cost burdened
  - Not enough affordable housing to meet needs of Malden residents
- Mayor asks City and MRA staff to develop housing strategies
  - Park St. rally underscores importance of addressing housing needs

# Key Terms in Housing Policy

- **Low income** means earning 80% or less of the Area Median Income (AMI)
  - Sometimes called low- to moderate-income depending on the program
- **Housing cost burden** is when a household spends more than 30% of their income on housing costs
  - Housing costs include rent, utilities, mortgage, insurance, etc.
  - **Severe** cost burden is 50% or more of income spent on housing
- **Affordable** means housing that is deed-restricted and set aside for households at 80% AMI or below
  - Deed-restrictions ensure that the unit will cost 30% of income or less to households at a specified income level (at or below 80% AMI)
  - Housing **affordability** is an umbrella term for any housing that costs less than 30% of a household's income. Not necessarily deed-restricted.

# What Low-Income Looks Like

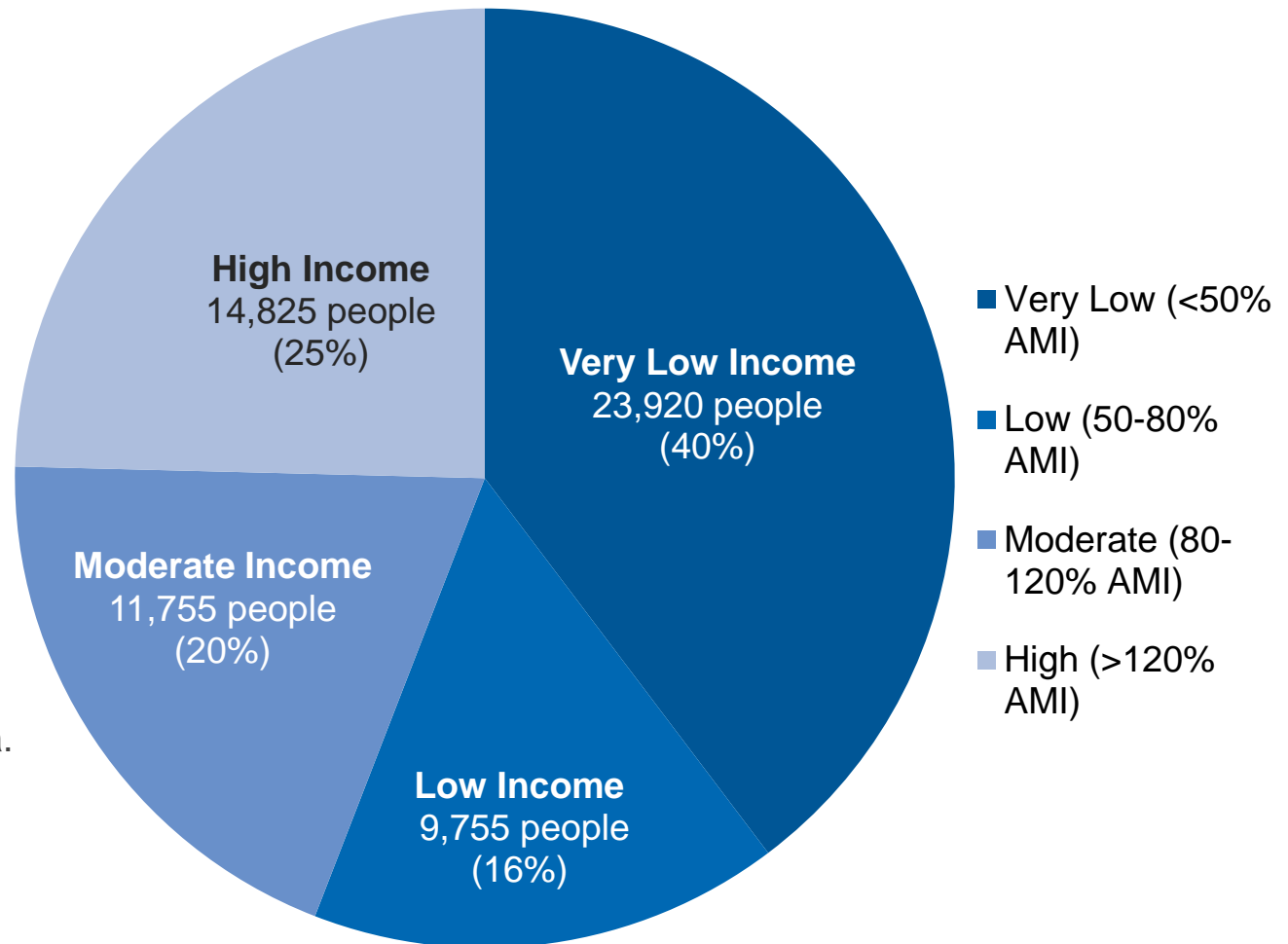
Family Size	1	2	3	4	5	6
30% AMI	\$24,900	\$28,450	\$32,000	<b>\$35,550</b>	\$38,400	\$41,250
50% AMI	\$41,500	\$47,400	\$53,350	<b>\$59,250</b>	\$64,000	\$68,750
80% AMI	\$62,450	\$71,400	\$80,300	<b>\$89,200</b>	\$96,350	\$103,500

Data based on HUD program income limits as of June 28, 2019.

# Examples of Low-Income Households

- Single parent with two kids earning \$45,000 (under 50% AMI)
  - He could afford to spend \$1,125 on monthly housing costs
  - A market-rate two-bedroom is \$2,311, or 62% of his income
- An elderly couple receiving \$35,000 in social security
  - They could afford to spend \$877 on monthly housing costs
  - A market-rate one-bedroom is \$1,900, or 65% of their income
- Recent college graduate earning \$50,000
  - She could afford to spend \$1,250 on housing, including utilities
  - A market-rate studio is \$1,608, or 39% of her income on rent.

# Malden's Population by Income Level



Data from 2019 U.S.  
HUD Low-Moderate  
Income Summary Data.

# Malden's Housing Needs

- Approximately half (47%) of Malden households are cost burdened
  - 56% of renters and 34% of homeowners are cost burdened
  - About half of cost-burdened households are severely cost burdened
- Most Malden households can't afford to rent or buy in Malden today without becoming cost burdened
  - The average Malden worker earns \$45,000
  - Median household income is \$60,000, and lower among renters
  - Median single family home is \$435,000, at least \$185,000 more than the median household can afford, assuming good credit and large down payments
  - The median household would spend 42% of their income on the median rent (\$2,100); renter households would spend 50%

# Strategies for Malden to Consider

- Affordable Housing Trust Fund
- Inclusionary Zoning Financial Feasibility Analysis
- Security Deposit Pilot Program



# Affordable Housing Trust Fund

- More than 100 communities use AHTFs to steer their affordable housing strategies; established under state law
- AHTFs preserve and create affordable housing
- Most AHTFs administer CPC funds set aside for community housing; they also receive other funds (developer fees, state and federal grants, etc.)
- Governed by local affordable housing stakeholders and experts

# Expendable Trust Fund

- Now: developer mitigation fees go to Expendable Trust
  - \$2,000 per unit
  - Split evenly between Mayor and Council
  - Council splits its share evenly between the 11 councillors
- Proposal: 50% would go to Affordable Housing Trust Fund
  - Remaining half would be split consistent with current practice
  - Would not be retroactive; applies only to incoming funds
  - Mayor has committed to doing this voluntarily with his share
  - More than \$1M expected to be paid from JAG and Overlook Ridge in the coming year.

# Inclusionary Zoning

- Inclusionary zoning (IZ) requires developers to build Affordable housing as a part of new development
  - Leverages private sector housing market to create Affordable units
  - Does not change what can or cannot be built
- Many components to IZ, which are set by municipality
  - Percent of units required to be Affordable
  - Level of Affordability (30% AMI? 50% AMI? A mix?)
  - Requirement can scale up based on project size
  - Fractional units

# Why Do We Need An Analysis?

- We need to design a policy that works for Malden
  - Malden has its own real estate market and housing needs
  - Goal is to maximize Affordable units without becoming cost prohibitive
- A financial feasibility analysis will allow us to:
  - Understand the impacts of inclusionary zoning on development
  - Set goals using informed local data based on Malden's needs
- The MRA is applying funding to hire a firm to conduct an analysis (\$25,000 - \$35,000)

# Security Deposit Pilot Program

- Households need to pay first month's rent, last month's rent, and a security deposit to get an apartment, creating a major obstacle for low-income households
- ABCD is applying for CPC funds to administer a Malden Security Deposit Pilot Program with MRA oversight
- Security deposits for qualifying households would be paid by ABCD directly to the landlord; upon end of tenancy the funds would be returned to ABCD for reuse in this or other City-approved housing programs.

# Next Steps

- Affordable Housing Trust Fund
  - Requires order from Council to establish the fund
  - Council Order can direct Expendable Trust funds to AHTF
- Inclusionary Zoning
  - Resolution supporting IZ financial feasibility analysis, and supporting development of IZ policy based on that analysis
- Security Deposit Pilot Program
  - Resolution supporting ABCD's application for security deposit program