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A HOUSING START

GIVEN THE DEARTH of housing construction in Massachusetts, it makes sense for the Romney administration to propose linking a small amount of local aid to this important social and economic activity. Because of the fiscal crisis, the program would not begin for nearly 16 months, giving the Legislature plenty of time to maximize the impact of the incentives.

The Romney plan would move $50 million from one of the local aid accounts to a special housing allotment. Beginning in July 2005, communities would get $3,000 for every occupancy permit issued for new or rehabilitated housing during the previous year.

This plan has the virtue of simplicity, but that is also its chief defect. Romney chose $3,000 without polling local officials to determine whether it is enough. The incentive would apply to multimillion-dollar mansions — hardly a pressing societal priority — as well as $200,000 starter homes.

"What we want to do is incentivize housing across the board," said Eric Kriss, Romney's secretary of administration and finance. He's right that a price ceiling sensible in today's economy might seem laughably low in a decade or so, but that doesn't mean that every permit deserves an equal bonus.

The nonprofit Citizens' Housing and Planning Association, or CHAPA, has proposed a bill that would provide communities $1,250 for housing units built under the state's 40B law. These units, with two or more bedrooms, must be affordable to people targeted by the law — those making 80 percent or less of the median income, or $62,650 for a family of four in the Boston area. People earning more are also having trouble finding housing they can afford, and the incentives should apply to homes built for them as well.

The Legislature needs to find a middle way between Romney and CHAPA, and it would be better if the Legislature found new money instead of tapping the existing local aid account. Any new program should not tamper with Chapter 40B.

New housing may not be as burdensome as many suburban communities think. CHAPA and the Donahue Institute at the University of Massachusetts released a study this week showing that single-family developments do not attract as many school-age children as one of the widely used formulas predicts. And as the study points out, new housing offers benefits that the usual formulas are not designed to measure. Employers can more easily find workers to expand their businesses. People who graduate from local high schools and colleges can afford to stay in the area. Families with children under age 18 become prime contributors to the local economy.

City and town governments, dependent on the property tax, get little from these gains. The state benefits through sales and income taxes. It ought to send some of the money to local communities as a housing incentive.

CCM-101

City of Cambridge

O-4.

IN CITY COUNCIL

March 24, 2003

VICE MAYOR DAVIS
COUNCILLOR DECKER
COUNCILLOR GALLUCCIO
COUNCILLOR MAHER
COUNCILLOR MURPHY
COUNCILLOR REEVES
COUNCILLOR SIMMONS
MAYOR SULLIVAN
COUNCILLOR TOOMEY

ORDERED: That the City Manager be and hereby is requested to report back to the City Council with an analysis of Governor Romney's plan linking local aid to housing construction in Massachusetts and its potential impact on Cambridge (see attached Boston Globe editorial); and be it further

ORDERED: That the City Manager analyze, in a similar fashion, the legislation proposed by the Citizens' Housing and Planning Association, which would provide cities and towns monies for housing units built under the state's 40B law.

In City Council March 24, 2003.
Adopted by the affirmative vote of nine members.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D. Margaret Drury

D. Margaret Drury
City Clerk

CM-69

ORDER # 4

Requesting the City Manager to report back to the City Council with an analysis of Governor Romney's plan linking local aid to housing construction in Massachusetts and its potential impact on Cambridge.
Vice Mayor Davis

ORDER ADOPTED.

In City Council March 24, 2003