

COMMERCIAL REAL ESTATE INSIGHT & NEWS

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Massachusetts Communities Use ARPA Funds to Develop Novel Affordable Housing Programs

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MassHousing, Boston, Salem and Worcester have introduced novel programs using American Rescue Plan Act (ARPA) funds to create and preserve affordable housing following the U.S. Treasury's Final Rule on Coronavirus State and Local Fiscal Recovery Funds (SLFRF), which was published on January 27, 2022, and states that ARPA funds can be used for this purpose.

The Treasury's Final Rule specifies that "The deadline for costs to be incurred—which the final rule clarifies means obligated—December 31, 2024, is specified in the ARPA statute, and the Treasury will retain December 31, 2026 as the end of the period of performance to provide a reasonable amount of time for recipients to liquidate obligations incurred by the statutory deadline."

ARPA funds committed by the Massachusetts legislature to MassHousing's CommonWealth Builder Program have been used to provide financing for construction of 62 mixed-income housing units (56 rental apartments and 6 home ownership condominium units) at 25 Sixth Street in Chelsea and 80 mixed-income condominiums at the Preserve at Olmstead Green—the final phase of a project that started in 2006 on the former site of the old Boston State Hospital in Mattapan. Sixty-three of the homes at Preserve at Olmstead Green will be for affordable to moderate-income first-time homebuyers.

Boston's ARPA-funded housing initiatives range from subsidies to develop 150 parcels of city-owned land for affordable housing and funding the city's Large Building Green Energy Retrofits Program to funding comprehensive energy assessments for 2- to 4-unit housing.

Salem is using ARPA to fund one-time $1,000 payments to owners of residential rental properties with two or more units in return for a right of first refusal to purchase the property if it should be offered for sale.

Worcester intends to provide grants up to $30,000 per eligible unit to help owner-occupants resolve building or sanitary

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code violations and to provide grants up to $15,000 per eligible unit for lead abatement in properties built prior to 1978. In addition, Worcester is promoting grants of up to $100,000 for eligible developers to build 1- to 4-unit homeownership projects for first-time buyers in the 16 census tracts with less than a 30% homeownership rate.

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