



Joint Committee on Housing
Hearing on H.4138, The Affordable Homes Act
January 18, 2024
The State House, Gardner Auditorium

Chairman Arciero, Chairwoman Edwards, and Members of the Committee, thank you for this opportunity to provide comments on H.4138, the Affordable Homes Act filed by Governor Healey.

At the Roundtable, an organization of more than 95 CEOs and Senior Executives from large employers across the Commonwealth, our policy agenda centers on the state's competitiveness with a particular focus on the recruitment, retention, development and diversity of the state's talent pool...our chief competitive advantage. A competitive advantage that is being threatened by Massachusetts' high cost of living and doing business, which is contributing to a troubling outmigration of talent.

One of the key drivers of cost is housing, and Massachusetts is facing a housing crisis that poses a dire threat to our economy. Massachusetts is the [third most expensive state](#) in the nation to rent a home and the [fifth highest](#) to buy a home, and at a time when we need to increase production of housing, costs and other factors are making it increasingly difficult to build new units. This all contributes to the troubling outmigration of talent and the inability of employers to find workers to fill open jobs. For an economy historically based on access to the best talent in the world, this is a direct threat to the state's competitiveness.

According to data from the U.S. Census and the University of Massachusetts Donahue Institute as reported in the Boston Globe, in the year ending July 2023, about 39,000 more people left Massachusetts than moved in from other states. Over the past three years, 122,000 more residents moved out than moved in. Most alarming is that in 2022, nearly 60 percent of the net departures were people aged 25 to 44, young people and families who help drive the state's economy. In addition, the state's labor force – the number of people working or looking for work – has declined by 65,000 since the pandemic began in early 2020, according to the Labor Department.

Employers are feeling it. In our [2023 Talent and Competitiveness Survey](#) of Roundtable members, 75% of members reported that they anticipated some difficulty

in filling jobs in the next year. As one business leader said in that survey, "If you want the economy to run, you have to have an affordable place for people to live and reliable transportation."

Yet, Massachusetts is not affordable. The state was ranked 47th out of 50 states in its cost of living index and 49th in cost of doing business in CNBC's 2023 Top States for Business Rankings. As another business leader said in the Roundtable's survey, "The greatest challenge facing Massachusetts is affordability." And the greatest driver of affordability is the cost of housing.

It is imperative that significant housing legislation be passed this session. H.4138 includes a bold and thoughtful set of proposals designed to address this crisis head on. As the Committee considers this bill, and other good ideas being suggested by a wide variety of stakeholders, the Roundtable believes that priority should be given to those proposals that:

1. Increase production, through ideas such as allowing Accessory Dwelling Units across the Commonwealth and repurposing of vacant commercial properties and surplus state land for housing;
2. Target housing across the income spectrum and across the state with a focus on mixed use/workforce housing, by recapitalizing programs like HousingWorks and Commonwealth Builder; and
3. Continue to support and enforce programs and initiatives that are working such as the MBTA Communities Act and new ideas regarding local zoning reforms and the proposed Seasonal Communities Designation and Momentum Fund included in H.4138.

Business leaders also know there must be robust data collection and accountability. H.4138 requires the Executive Office of Housing and Livable Communities to "prepare a Statewide Housing Plan every 5 years based on regional outreach and robust data analysis." Others have called for the collection and tracking of local housing data, essential to both set and meet statewide housing production goals. For example, the Minneapolis Federal Reserve Bank has created a [Regional Housing Affordability Dashboard](#) that sets housing targets and uses the dashboard "to ensure our collective accountability to them." Plans, goals, data collection, measurement and accountability need to be key features of a comprehensive housing policy solution.

Finally, I am respectfully attaching a memo the Roundtable drafted regarding a homeownership idea not included in H.4138. As you know, "Section 529 Plans" offer a qualified tuition program with tax benefits that enables the contributor to prepay for future educational costs. The Roundtable looked at whether that model could apply to prepaying for housing costs and found that 15 other states currently offer tax-programs to facilitate the down payment for purchasing a home. Montana was the

first to initiate such a policy in 1998. The attached memo provides more information about the programs in each of those 15 states for your consideration. If you are interested in additional information about the idea in general, or specifics about any of the state programs, the Roundtable would be happy to provide that research.

Massachusetts is facing a housing crisis that is directly impacting our economy and competitiveness and H.4138 provides a terrific foundation to build upon to address it. The Roundtable is grateful for the Committee's focus on this issue and stands ready to work with the House and Senate to address this crisis this session so Massachusetts can continue to attract and retain the talent that drives our economy today and into the future.