

# FY2027 H.2 BUDGET BRIEF

Maura T. Healey, Governor | Kimberley Driscoll, Lt. Governor

## Strengthening Massachusetts's Housing Foundation

Natalie E. Albanese, Fiscal Policy Manager

### Meeting the Housing Moment

The Healey-Driscoll Administration is using every tool in the toolbox to build more homes, lower costs for renters and homeowners, and safeguard residents from housing insecurity. A central pillar of this effort is the ongoing implementation of the *Affordable Homes Act*, Governor Maura Healey's historic housing legislation passed in 2024. Since the administration took office, nearly 100,000 new homes are in the production pipeline. The administration is tackling Massachusetts's housing shortage in creative ways with the State Land for Homes initiative, offering up more than 450 acres of surplus land to be turned into 3,500 new homes, as promised in Governor Healey's inaugural address. Moreover, Governor Healey established a dedicated funding source to turn vacant, underutilized commercial space into apartments and partnered with 165 MBTA communities to pass new zoning laws.



Additional housing wins include Governor Healey's ban on renter-paid broker fees, saving renters from paying thousands of dollars up front for a broker they didn't hire. Governor

### 100,000 Homes are in the Pipeline



**MBTA  
Communities:**  
7,000



**40B Zoning:**  
8,400



**HLC Capital  
Investments:**  
10,600



**Momentum  
Fund:** 500



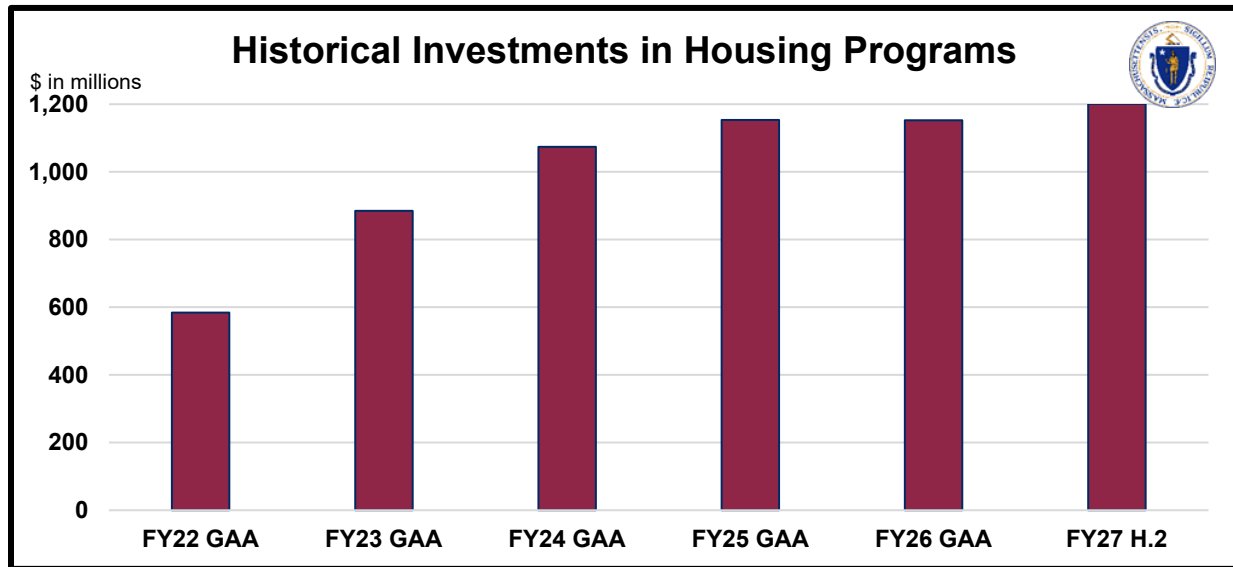
**Accessory  
Dwelling Units:**  
730



**Private Market  
Developments:**  
64,000

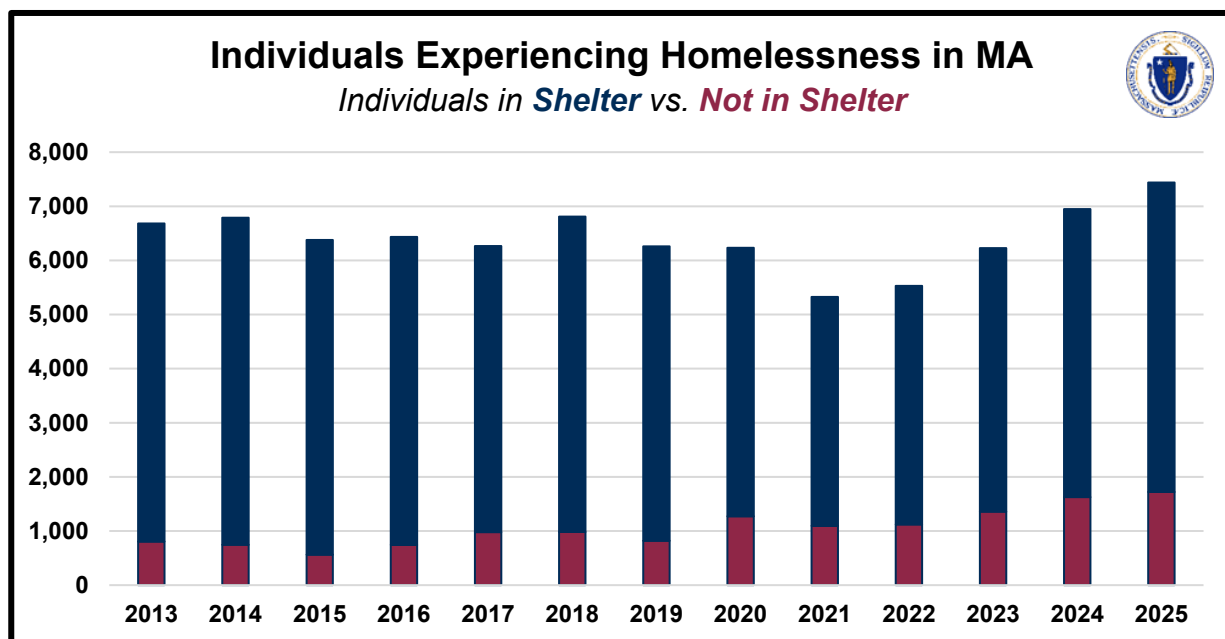


Healey's simplified permitting processes are spurring the development of accessory dwelling units (ADUs), a cost effective, smaller home, such as an in-law suite. Further, the administration is maximizing housing production through tax credits, generating an estimated 3,000 new units in 26 Gateway Cities from the Housing Development Incentive Program (HDIP) alone.



The Fiscal Year 2027 (FY27) House 2 budget recommendation furthers the administration's commitment to housing with a record \$1.2 billion in targeted and strategic investments at the Executive Office of Housing and Livable Communities.

## Investing in Homelessness Prevention

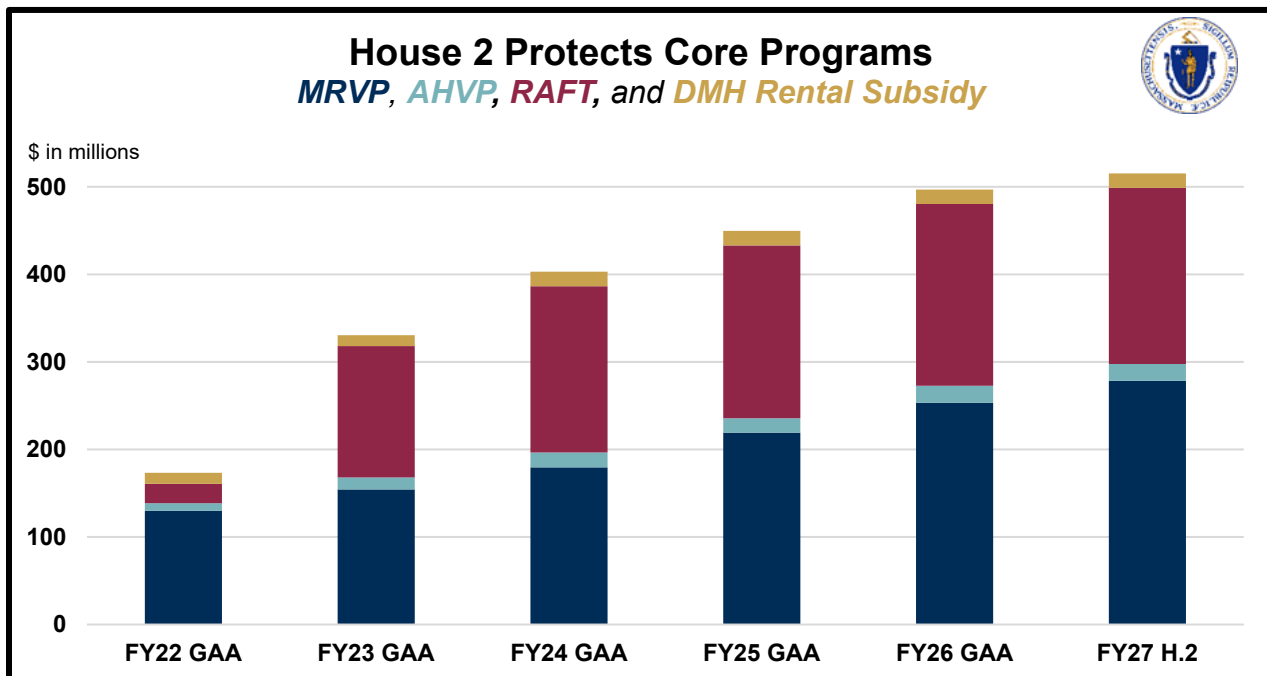


As of the U.S. Department of Housing and Urban Development's (HUD's) most recent assessment of the number of people experiencing homelessness, homelessness is at an all-time high in America. Approximately 7,400 individuals are experiencing homelessness in Massachusetts, a 7 percent increase above HUD's previous count. To help address this challenge, the House 2 budget proposal recommends \$150 million for programs supporting individuals experiencing homelessness, a 9 percent increase above the FY26 GAA. House 2 notably proposes \$12 million for Winter Beds, a winter shelter initiative to support 800 additional shelter beds to protect individuals experiencing homelessness from life threatening injuries during the cold winter months. Creating a new, dedicated funding stream for winter shelter capacity supports cities and towns with improved planning and allows shelter providers to deliver more effective, life-saving services.

Building on the commitment to helping vulnerable residents, House 2 also recommends \$114 million for Homeless Individual Shelters to enable 2,800 shelter beds, day programming capacity for approximately 600 people, street outreach, meal programs and transitional and permanent housing initiatives.

### Protecting Core Housing Services

The House 2 budget proposal recommends a historic investment of \$278 million for the Massachusetts Rental Voucher Program (MRVP), a 10 percent increase above the FY26 GAA. This proposed level of funding is expected to support the leasing of over 11,500 vouchers, including at least 340 new project-based vouchers. Ensuring a strong investment in MRVP is an integral step in the administration's effort to keep people securely housed.



The House 2 budget recommendation further reflects the administration's commitment to actively uplifting populations who are most likely to experience challenges in accessing affordable housing through investments such as:

- \$19.3 million for the Alternative Housing Voucher Program (AHVP) to provide rental assistance through 890+ vouchers for persons with disabilities.
- \$16.5 million for the Rental Program for Department of Mental Health (DMH) Clients which, coupled with an expected additional \$26 million investment from DMH, will support housing vouchers for DMH clients.

House 2 also proposes \$201 million for Residential Assistance for Families in Transition (RAFT), a short-term eviction and homelessness prevention program. RAFT is a successful and flexible tool, averaging \$4,400, but up to \$7,000 per year, to keep a family safely in their home and out of the unstable nature of the shelter system. RAFT serves approximately 47,000 households each year, making it the Commonwealth's most efficient resource to protect housing security.

### **Advancing Housing Stabilization**

Over the past three years, the Healey-Driscoll Administration has remained committed to its goal of making shelter brief, rare, and non-recurring with fiscally and operationally sustainable programs. House 2 recommends \$259 million for the Emergency Assistance Family Shelter and Services (EA) program, a 6 percent decrease below the FY26 GAA. Through a collaborative effort across state agencies, cities and towns, and shelter providers, the number of families in shelter today is approximately 70 percent lower than the shelter crisis's peak of 7,500 families. Decreased shelter spending coincides with the administration's efforts to divert families from emergency shelter through increased access to diversion and stabilization programming, a more stable and cost-effective way to address family homelessness. To enhance shelter safety, House 2 includes \$5 million for security and accessibility grants, estimated to support necessary safety upgrades in family shelter units. Security upgrades will include increased camera coverage, door alarm installation, lighting improvements, and more.

A majority of families have exited the state's shelter system through HomeBASE, a housing stabilization program included in the House 2 budget proposal at \$82 million. HomeBASE provides up to \$30,000 over a 2-year period to help cover housing-related costs and a case manager to connect families to community resources. HomeBASE is critical in increasing housing security after experiencing homelessness and reducing returns to shelter.

The FY27 House 2 budget recommendation features \$7.5 million for Family Shelter Diversion, a new, distinct program to divert families experiencing homelessness from shelter with flexible financial assistance to rapidly rehouse and find suitable alternative housing. Diversion programming serves as an upstream prevention, emphasizing the administration's goal of reducing family homelessness through targeted investments that promote long-term housing stability.

### **Supporting Communities**

The FY27 House 2 budget proposal recommends \$126 million for public housing programs, a 2 percent increase above the FY26 GAA. Public housing provides affordable and safe housing for vulnerable populations at higher risk of housing insecurity, including low-income

families and individuals, the elderly, and persons with disabilities. The state-aided public housing portfolio houses approximately 70,000 of our state's residents in 41,000+ housing units, operated by 228 Local Housing Authorities (LHAs) located across the state.

The Administration's FY27 budget proposal includes a record investment of \$118 million for Subsidies to Local Housing Authorities, a \$2.2 million or 2 percent increase above the FY26 GAA to help Local Housing Authorities keep pace with inflation. Additionally, the House 2 proposal maintains a \$6.5 million investment in the Service Coordinators Program, supporting resident service coordinators at LHAs across Massachusetts. Coordinators are integral staffers at LHAs, helping preserve tenancies in senior housing, connecting elders with healthcare services and transportation, and mediating disputes.

Furthermore, the FY27 House 2 proposal includes a \$3 million investment for Community Action Agencies (CAAs). Supported by funding administered by the Executive Office of Housing and Livable Communities, CAAs serve approximately 600,000 individuals annually in Massachusetts through a variety of programs focused on housing assistance, food insecurity, mental health resources, job readiness training, and other community needs.

### **Unlocking Housing with Transportation Infrastructure Investment**

This year, as part of the proposed *Chapter 90 Bond Bill*, the administration is seeking authorization to borrow \$200 million for transportation infrastructure that directly supports new housing development. These investments could include a variety of transportation improvements, such as road upgrades, sidewalks, intersection and safety features, bicycle infrastructure, and more, as part of the administration's 'whole-of-government approach' to boost housing production and support the state's economic competitiveness. All too often, one barrier to housing is a lack of adequate infrastructure. This capital funding will offer a flexible tool to unlock housing production, which will make Massachusetts more affordable and competitive.

This funding is part of the historic \$8 billion comprehensive transportation investment plan over the next 10 years made possible by leveraging Fair Share surtax revenues that are dedicated to the Commonwealth Transportation Fund. These investments are consistent with the recommendations of the Transportation Funding Task Force, which called on the Commonwealth to enhance transportation infrastructure that supports connections to housing, economic opportunities, and workforce mobility, to ensure that Massachusetts communities and our state economy continue to grow and thrive.