

One year into the Affordable Homes Act: How much have housing investments increased?

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Key Takeaways

- The Affordable Homes Act (AHA), a five-year bond bill signed in August 2024, authorized a wide range of capital housing investments through bond spending. Bond authorizations are not the same as budgetary investments: as with most bond bills, the bond authorizations in the AHA will likely not be fully budgeted during their five-year term of Fiscal Years (FYs) 2025 to 2029.
- As of the release of the FY 2026-2030 Capital Investment Plan, 44.2 percent of the AHA has been budgeted across its five-year term. This represents approximately \$2.28 billion in capital housing investments compared to the \$5.16 billion authorized in the bill.
- The Healey Administration has prioritized housing as a capital investment area, allocating more than 41 percent of bond cap increases to housing in FYs 2024-2026. This is a significant increase from FYs 2020-2023, when approximately 5 percent of bond cap increases were allocated to housing. However, because the overall bond spending cap grows at a modest pace and must also fund other issue areas, this may limit investment potential for other areas that depend on capital spending.
- Because bond spending is limited and grows modestly overall, this increased borrowing will not be enough to fully address the housing crisis. Revenue remains an urgent need. Policymakers should consider options such as allowing for new revenue sources like a local option transfer fee on high-end real estate sales. Additionally, the housing crisis requires further interventions such as zoning changes that encourage housing production, and tenant protections that prevent displacement.

Introduction

In August 2024, Governor Maura Healey signed the Affordable Homes Act (AHA), a five-year bond bill that aims to address the housing crisis by authorizing a wide range of capital investments. The AHA was signed in the midst of a deep housing shortage and affordability crisis: in February 2025, the state estimated that an additional 222,000 housing units must be built within the next decade in order to meet demand and stabilize housing costs.¹ The AHA was rightly celebrated as an important milestone in the Commonwealth's attempt to make housing more affordable.² However, as [MassBudget's 2024 paper on the AHA](#) notes, bond bills themselves are not investments and actual investment is planned in the capital budget each year. In June 2025, the Healey Administration released a [capital budget for Fiscal Year \(FY\) 2026, as well as an updated five-year Capital Investment Plan for FYs 2026-2030](#). This paper provides an updated look at investments from the AHA, and discusses the limitations of bond spending without new revenue.

Quick Review: Capital Budgets and Bond Bills

What is the Affordable Homes Act/What is a bond bill?

The Affordable Homes Act is a five-year *bond bill* focused on capital investments in housing. Bond bills contain a set of *bond authorizations*, which are options from which the governor can make investments in the capital budget. Bond authorizations are not investments, and total investment is typically lower than what is authorized in a bond bill. Bond authorizations generally last five years; for the Affordable Homes Act, these are FYs 2025-2029.³

What is bond spending?

Bonds are a way for the state to borrow money. The state sells bonds to investors, who are repaid over time with interest. The state uses income from selling bonds to finance capital investments. Most bonds are issued as *general obligation bonds* backed by the state's ability to raise revenue; they are typically not tied to specific projects. Each year a "bond cap" is established, which is the maximum that the state can issue in new bonds. This cap typically increases modestly each year.

What is the capital budget?

The Commonwealth has two primary budgets: the *operating budget*, which funds ongoing government activities and is typically funded by tax and fee revenue, and the *capital budget* which funds longer-term projects (such as constructing a building) and is financed primarily by borrowing through bond spending.

What is the Capital Investment Plan (CIP)?

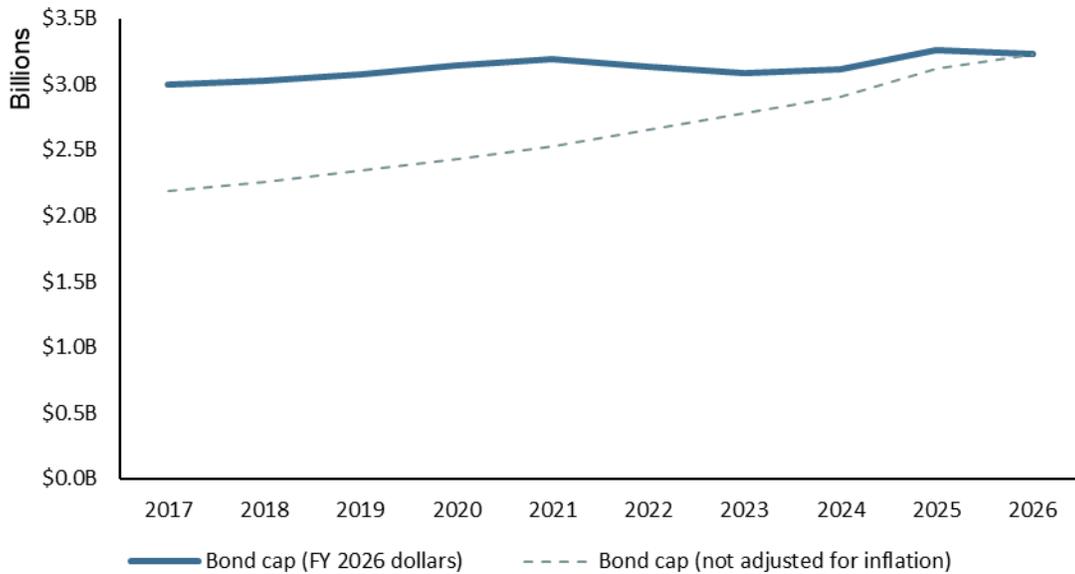
The Capital Investment Plan (CIP) is a 5-year plan for the capital budget. The plan contains the final *capital budget* for the upcoming fiscal year, and projected capital budgets for the following four years. Even though the capital plan covers five years, it is generally issued every year by the administration. This means that capital plans overlap, and the budgets in years 2 through 5 of the plan tend to change. In June 2025, the Healey administration released its [CIP for FYs 2026-2030](#).

State bond cap increased 3.5 percent from Fiscal Year 2025 to Fiscal Year 2026

State bond spending, which is borrowing in the form of issuing bonds, is constrained by legal limits on the Commonwealth's ability to take on new debt. Each year a "bond cap" is established, which is the maximum that the state can issue in new bonds to finance capital investments in that year's capital budget. A new five-year capital plan is released each year, which includes a capital budget for the upcoming fiscal year and projected capital budgets for the four following years. The projected budgets for future fiscal years often change before those years actually begin, as the state raises the bond cap annually and budgets are finalized based on that year's circumstances.

A body called the Capital Debt Affordability Committee oversees annual increases to the bond cap, and generally raises it by up to \$125 million each year. This allows bond spending to grow over time, but at a modest pace: over the last 10 years, bond cap increases have just slightly outpaced inflation. For FY 2026, the bond cap increase was \$110 million, or 3.5 percent, for a total bond cap of \$3.23 billion across the entire capital budget.⁴ This increase is slightly below the anticipated rate of inflation during FY 2026.

The state bond cap grows slowly over time, limiting total bond spending



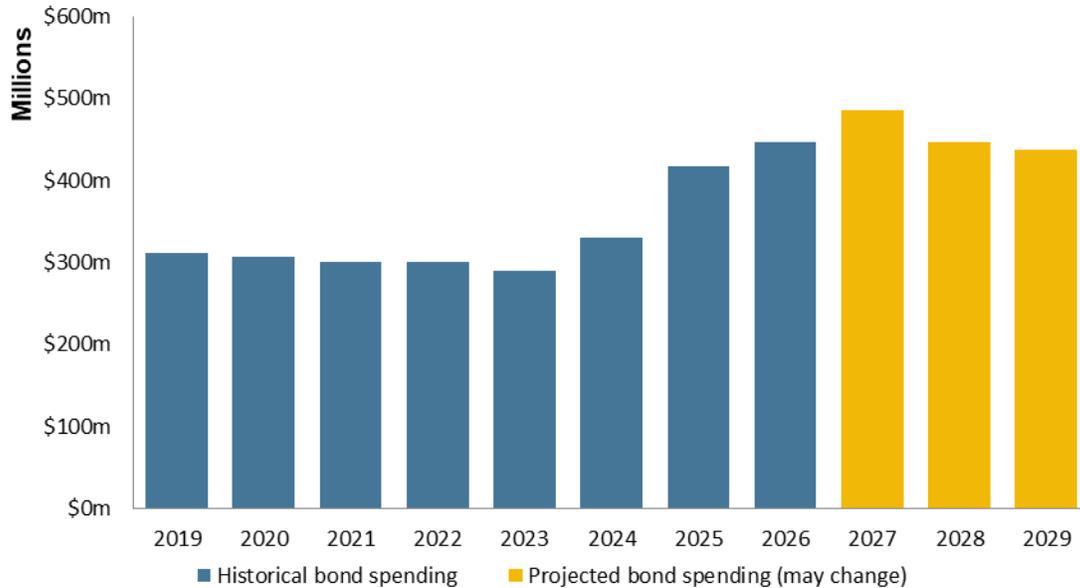
Source: Recommendations of the Commonwealth of MA Capital Debt Affordability Committee, 2017-2026

An updated look at housing investments in the 2025 Capital Investment Plan (CIP)

As noted in [MassBudget's 2024 report](#), the AHA has yielded meaningful increases in capital housing investments since its passage. The increase was particularly significant from FY 2024-2025, where the housing capital budget increased by more than 26 percent after adjusting for inflation. The increase from FY 2025-2026 has been more modest, at just under 7 percent. As of the current CIP, and based on current rates of anticipated inflation, the reduced purchasing power of FYs 2028 and 2029 dollars would represent a slight decrease compared to FY 2027. However, as further modest increases to the bond cap are approved, housing appropriations for FYs 2027-2029 may increase again in future capital budgets.

Bond spending for housing has grown significantly since 2019

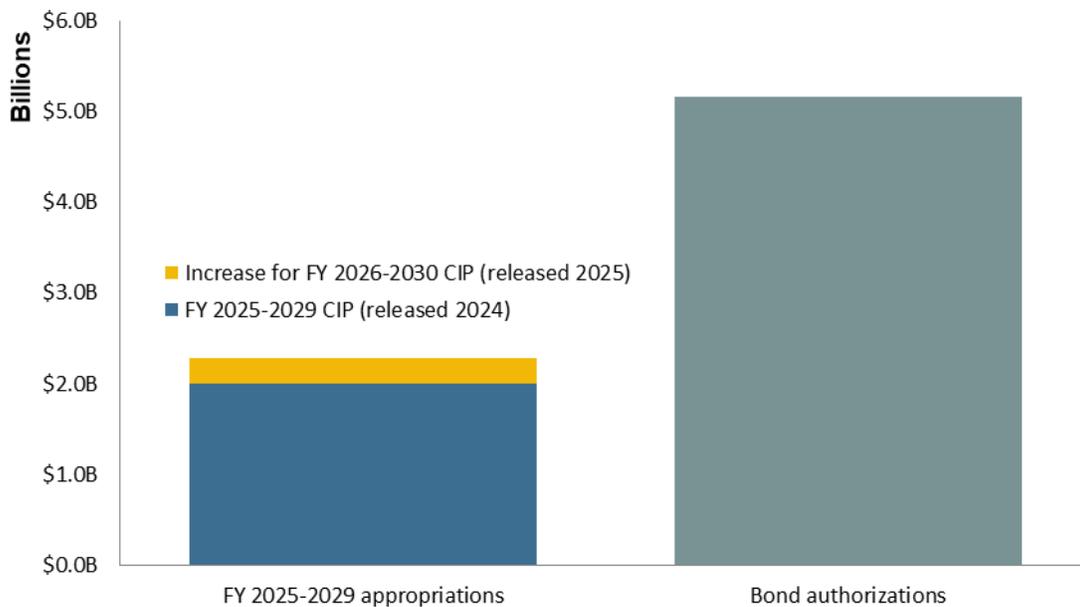
Fiscal Year (FY) 2026 dollars. Does not include federal funds or non-bond cap spending.



Source: Commonwealth of MA capital budgets and FY 2026-2030 Capital Investment Plan

As of the most recent CIP, approximately 44.2 percent of the AHA (\$2.28 billion) has been budgeted across FYs 2025 through 2029.⁵ This is approximately 13.9 percent more than the 2025-2029 housing total from last year’s CIP, which was approximately \$2.0 billion.

FY 2026-2030 Capital Plan budgets 44.2% of AHA over its 5-year term



Source: Commonwealth of Massachusetts five-year Capital Investment Plans, Affordable Homes Act text

The Healey Administration has prioritized housing in the capital budget by allocating a substantial portion of bond cap increases to housing investments. Across FYs 2024-2026, 41.4 percent of bond cap increases were used to increase the housing capital budget. This is significantly more than housing's overall share of the Capital Investment Plan, which was 13.8 percent as of the most recent CIP. It is also a significant increase from recent years: across FYs 2020-2023, only 5.3 percent of bond cap increases were used to increase spending for housing.

The urgency of the housing crisis warrants these increased investments. However, due to caps on overall bond spending, it will limit the funds available for other areas. Between FYs 2025-2026, the housing capital budget grew by approximately \$47.2 million, or 7.0 percent after adjusting for inflation. Thus, only \$62.8 million in new general obligation bond capacity—from the \$110 million increase—was available to increase bond spending in all other non-housing areas of capital investment. These non-housing areas include public infrastructure, environmental investments, and economic development. These funding limitations illustrate the importance of raising new revenue in addition to fully utilizing the bond cap.

Most of this additional housing spending was allocated to public housing (\$17 million increase), the mixed-income housing demonstration program (\$10 million increase), HousingWorks (\$8.5 million increase), and the Commonwealth Builder program (\$8 million increase). Starting in FY 2027, the capital plan also includes smaller appropriations for several new line items.

Selected Line Item Summaries: Fiscal Year 2026 Housing Capital Budget

Affordable Housing Trust Fund (H002)

Provides grants to create or preserve affordable housing for households with low and moderate incomes.

Public Housing (H012)

Funds the repair, rehabilitation, and modernization of public housing units across the Commonwealth.

Mixed-income Housing Demonstration (H024)

Provides grants to Local Housing Authorities that partner with developers to add mixed-income developments on Local Housing Authorities' land.

HousingWorks (H034)

Funds grant programs to increase affordable housing production. These include the Housing Stabilization Fund and the Climate-Resilient Affordable Housing grant, previously funded through separate line items.

Commonwealth Builder (H040)

Funds grants for the production of for-sale, below market homeownership opportunities in communities disproportionately impacted by the Covid pandemic. Previously funded by the American Rescue Plan Act (ARPA).

One Mortgage (H041)

Funds low-interest loans and other assistance for first-time homebuyers with low and moderate incomes.

MassDREAMS (H042)

Funds down payment and closing cost grants for first-time homebuyers with low and moderate incomes.

Accessory Dwelling Unit Incentive (H043)

Supports grants related to pre-development and development of accessory dwelling units throughout Massachusetts.

Seasonal Communities (H044)

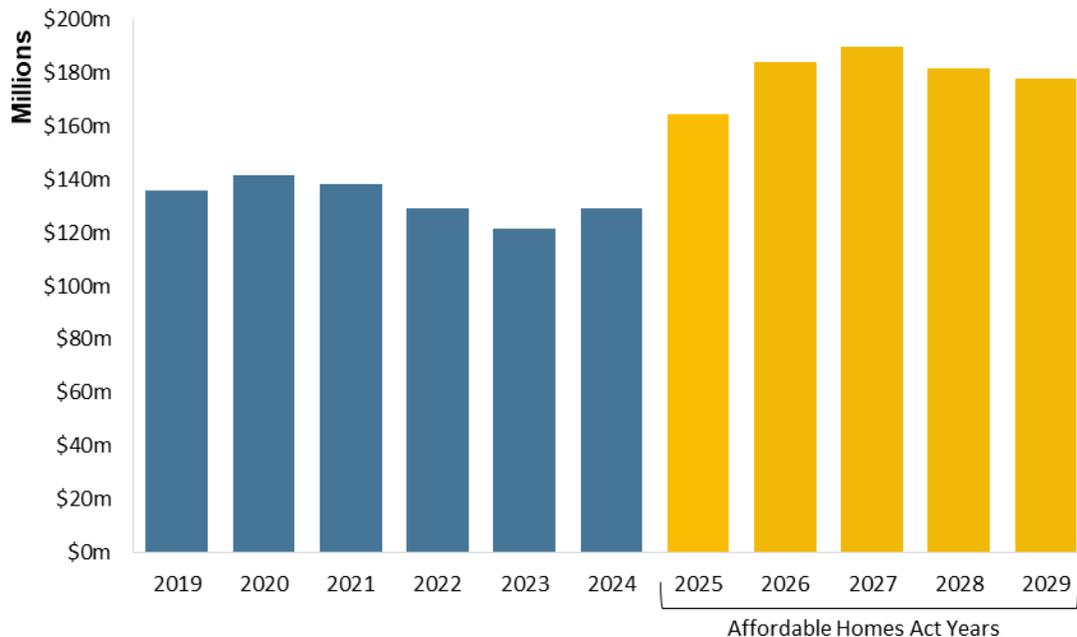
Supports grants for housing initiatives in Seasonal Communities through activities related to planning and zoning, pre-development and development, and infrastructure.

Public housing investments have increased, but are unlikely to close repair backlog in the near term

Public housing was the largest single category of bond authorizations in the AHA. In FY 2025, \$157.1 million was allocated to public housing capital investments.⁶ For FYs 2026-2029, the updated capital plan appropriates another \$758.2 million for a five-year total of \$915.3 million (not adjusted for projected inflation). This amount represents approximately 41.6 percent of the \$2.20 billion that was authorized in the AHA for public housing, and approximately 40.2 percent of total planned capital investments for housing over this five-year period.

Public housing budgets increased after the Affordable Homes Act was passed

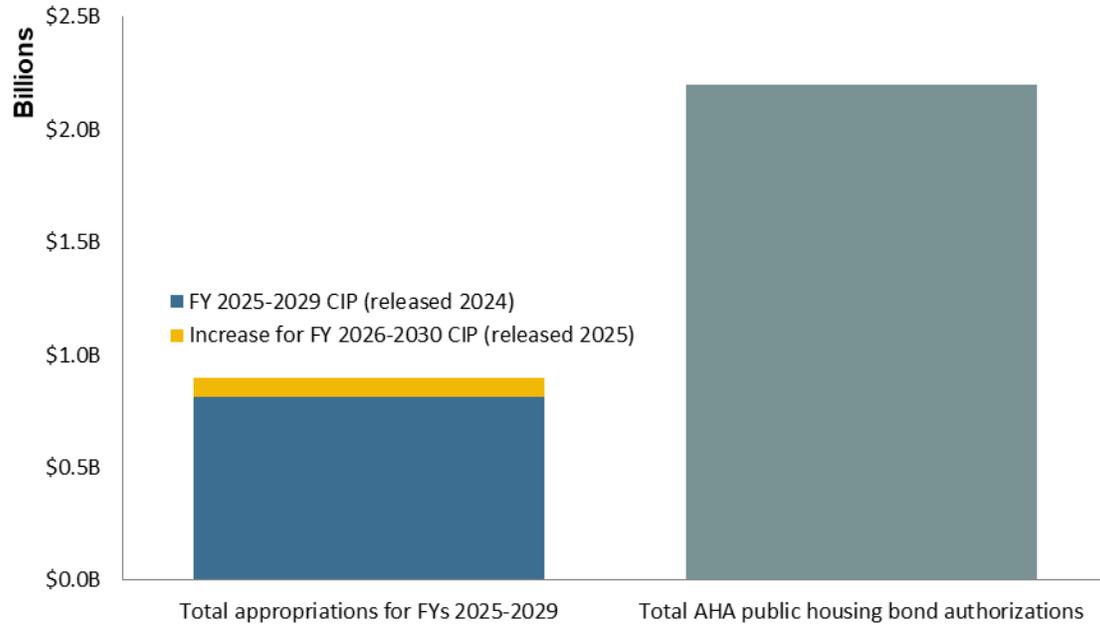
Fiscal Year 2026 dollars. Includes public housing general fund and other related line items.



Source: Commonwealth of MA capital budgets, Capital Investment Plan for FY 2026-2030

Despite these substantial investments in maintaining and improving public housing, a multi-billion dollar repair backlog means that additional resources will be needed in order to ensure that all public housing residents have access to a safe and healthy home. This backlog was estimated by the Commonwealth in October 2023 to be \$4.25 billion.⁷ Future bond cap increases will allow the Commonwealth to increase public housing investments over the next few years, but are highly unlikely on their own to facilitate fully closing such a large backlog in the near term. Additionally, as construction costs continue to rise, the cost of closing the backlog will also increase. Even if the AHA's public housing authorizations were spent in their entirety, they would cover less than half of the backlog.

Public housing investments have grown but are lower than the amount authorized



Source: Commonwealth of Massachusetts five-year Capital Investment Plans, Affordable Homes Act text (H4977)

The AHA is an opportunity to implement innovative new models

In addition to new investments and policy changes, the AHA included bond authorizations for promising new pilots that would increase equity and seed innovative housing models if funded. These include a social housing pilot, and a pilot program for small property acquisitions to create and preserve affordable housing.

- The **social housing pilot** was included as part of a \$275 million bond authorization for a range of innovative and sustainable housing initiatives. Social housing is a form of mixed-income housing that generally includes public or not-for-profit ownership, permanent affordability, and a formal decision-making role for tenants. Social housing models have been successful in other parts of the world, and tend to be more financially sustainable than subsidizing affordable development by the private sector.
- The **Small Properties State Acquisition Funding Pilot** received a \$10 million bond authorization. This fund would allow nonprofits to purchase and rehabilitate properties of 1-8 units, keeping them affordable long-term and preventing displacement. Affordable housing preservation strategies such as this one are a critical piece of addressing the housing crisis, as corporate investors purchase more small properties and affordable units approach the end of their affordability term.

New revenue continues to be an urgent need in addressing the housing crisis

The AHA continues to yield increases in state housing investment, which are likely to continue modestly as bond caps are raised. However, these increases will continue to be constrained by strict limits on state debt and bond cap growth, as well as the fact that multiple important areas such as transportation and environmental improvements also compete for bond spending in the capital budget. To ensure that the Commonwealth can address the housing crisis as well as other pressing challenges, new revenue remains essential.

The next several years will be an opportunity to keep building on these increased housing investments and to fund some of the promising and innovative ideas included in the AHA. Given the scale and urgency of the housing crisis, implementation of the AHA should take place alongside other policy interventions such as allowing for new revenue sources like the local option transfer fee on high-end real estate sales, zoning changes that encourage housing production, and tenant protections that prevent displacement.

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Endnotes

¹ Commonwealth of Massachusetts Executive Office of Housing and Livable Communities, "[A Home for Everyone: A Comprehensive Housing Plan for Massachusetts](#)," 2025.

² The term "affordable housing" is often used to describe subsidized housing as well as less expensive non-subsidized housing. Here, we are referring to both: the AHA includes investments in the production and preservation of subsidized housing, as well as increased production of non-subsidized housing with the goal of stabilizing housing costs.

³ Massachusetts General Laws, "[Appropriations for other than ordinary maintenance; unencumbered balance.](#)" Part I, Title III, Chapter 29, Section 14. Massachusetts law states that bond authorizations are valid for the five fiscal years following June 30th of the calendar year in which they are made.

⁴ Commonwealth of Massachusetts Executive Office of Administration and Finance, "[Capital Debt Affordability Committee Fiscal Year 2026 Recommendation to the Governor](#)," December 13, 2024. Page 5.

⁵ The total of \$2.28 billion consists of \$398.7 million from FY 2025, and an additional \$1.88 billion budgeted across FYs 2026 through 2029 in the most recent CIP which covers FYs 2026-2030.

⁶ Commonwealth of Massachusetts, "[FY 2026-2030 Capital Investment Plan by Capital Agency: Executive Office of Housing and Livable Communities](#)," June 30, 2025. The public housing total is the sum of line items H011, H012, H024, H026, and H029.

⁷ Commonwealth of Massachusetts Executive Office of Livable Communities, "[The Affordable Homes Act: Research and Analysis](#)," October 2023.