

The Four Big Housing Challenges in Metro Boston



Next Level Housing Solutions

May 6, 2019

AVAILABILITY

How much housing do we need and how much are we actually producing?

AFFORDABILITY

How much does housing cost and how can we relieve the financial burden on lower-income households?

LOCATION AND MOBILITY

Are we building enough housing in smart locations where people can walk, bike or rely on public transit?

EQUITY

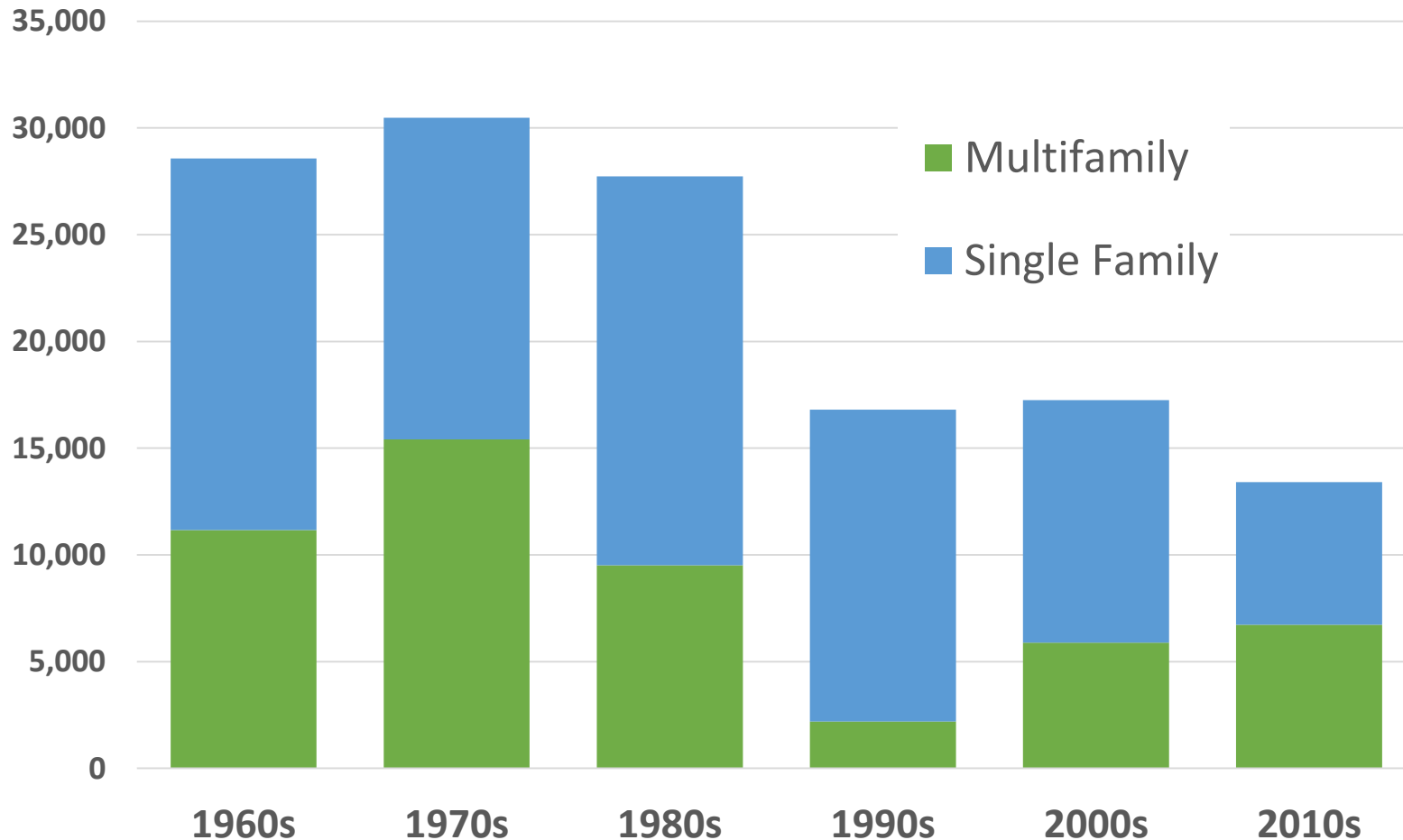
Do people have choices about where to live without facing discrimination or displacement?

HOUSING AVAILABILITY

**How much housing
are we producing
and how much do we need?**

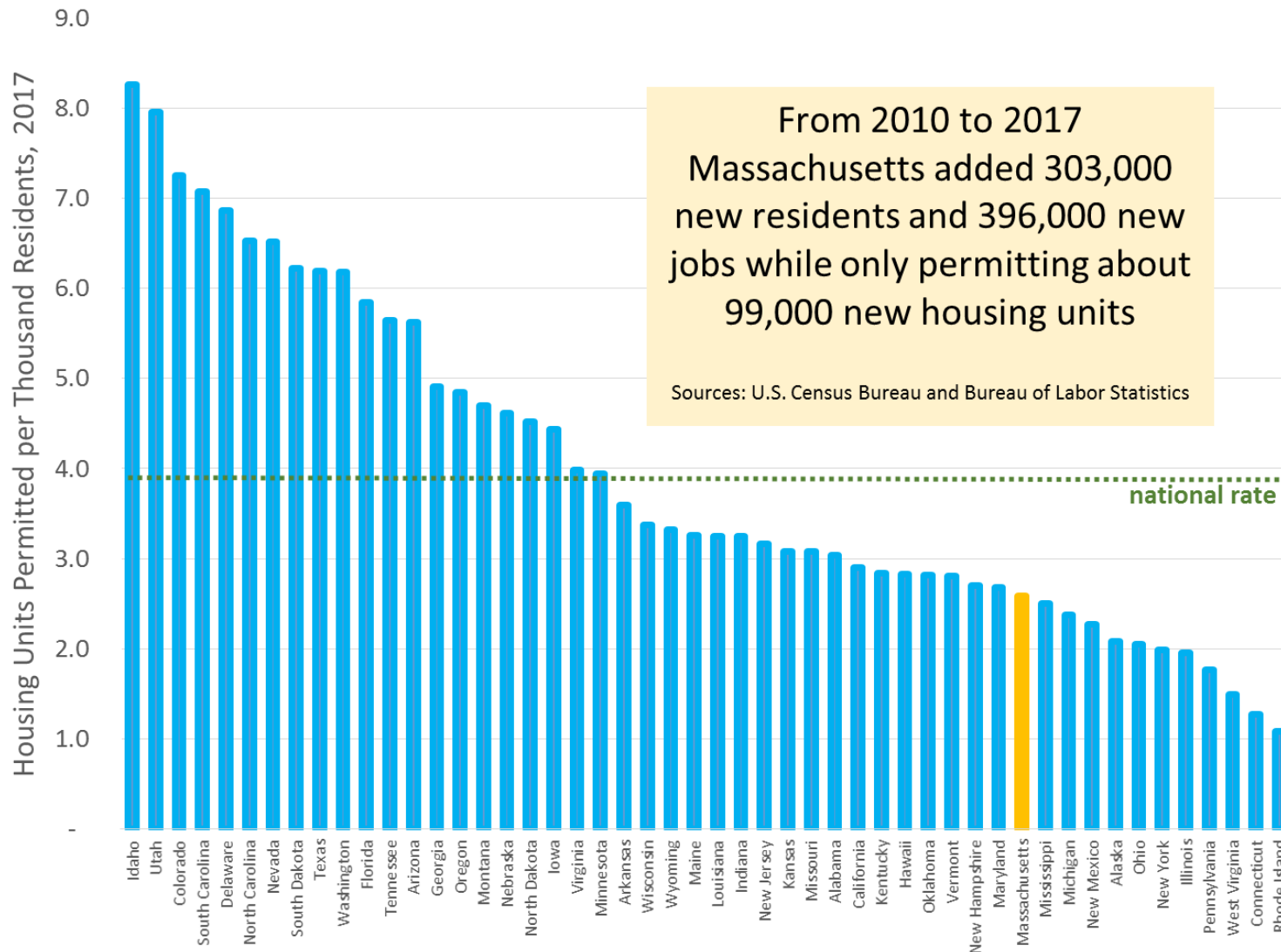
Housing production has sharply declined in Massachusetts despite increases in population and employment

Annual Housing Production in Massachusetts by Decade



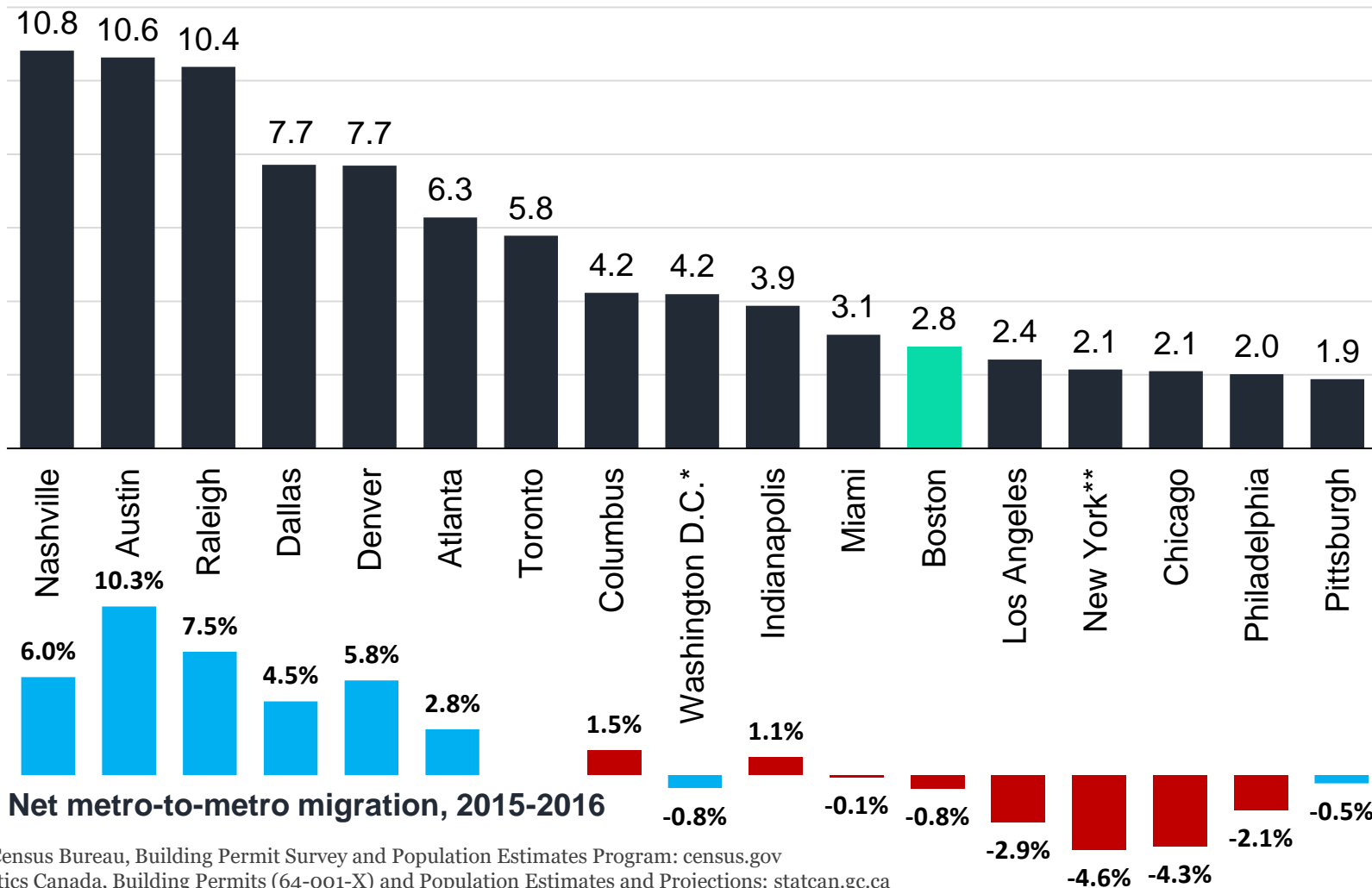
Data from U.S. Census Bureau, Building Permit Survey. Multifamily is defined as a structure with 2+ units.

Massachusetts has one of lowest rates of housing production in the U.S. despite increasing population and substantial job growth



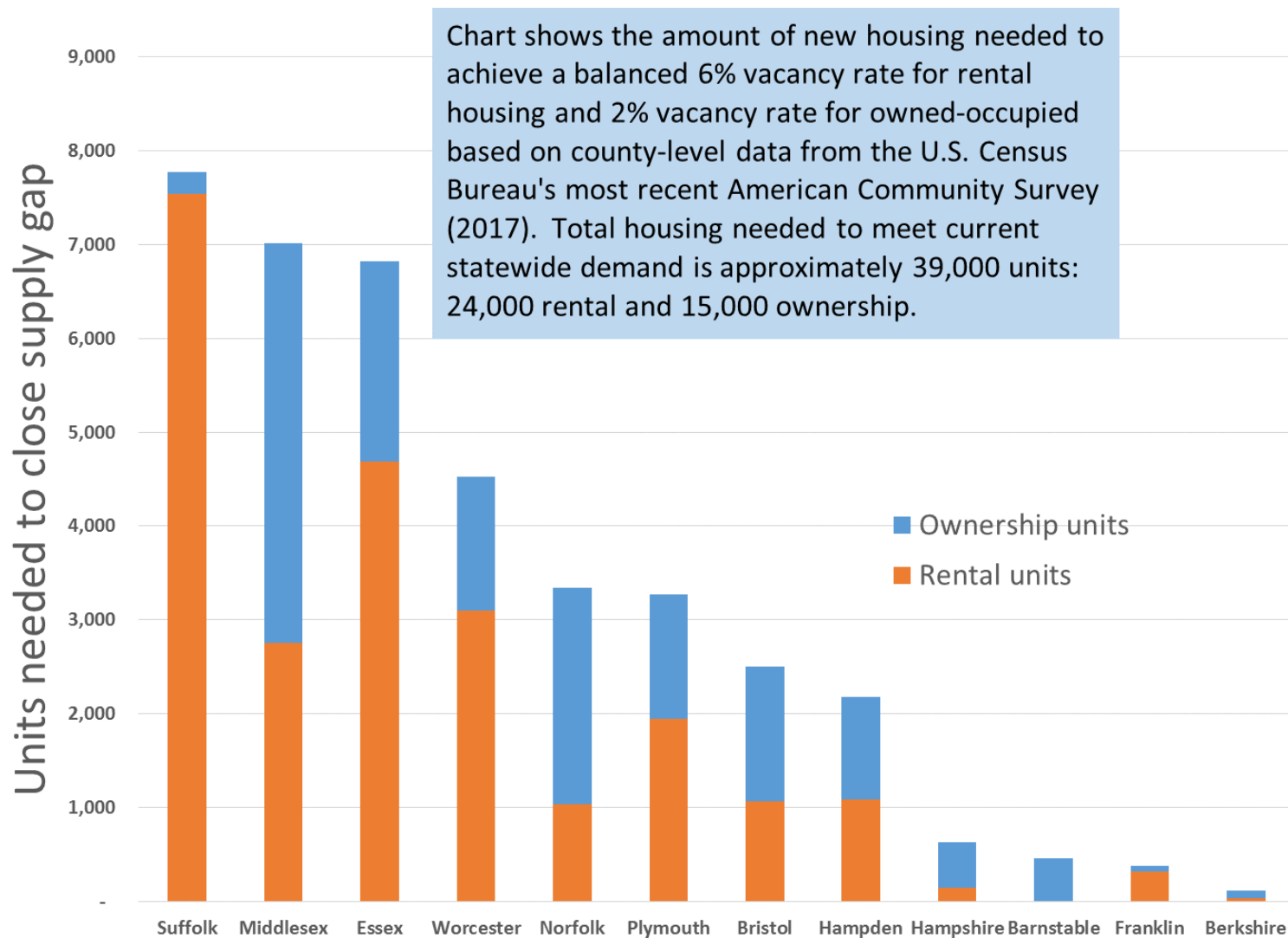
Metro Boston is producing much less housing than its primary economic competitors – and is a net loser from domestic migration

Housing permits per thousand residents, metro competitors 2016

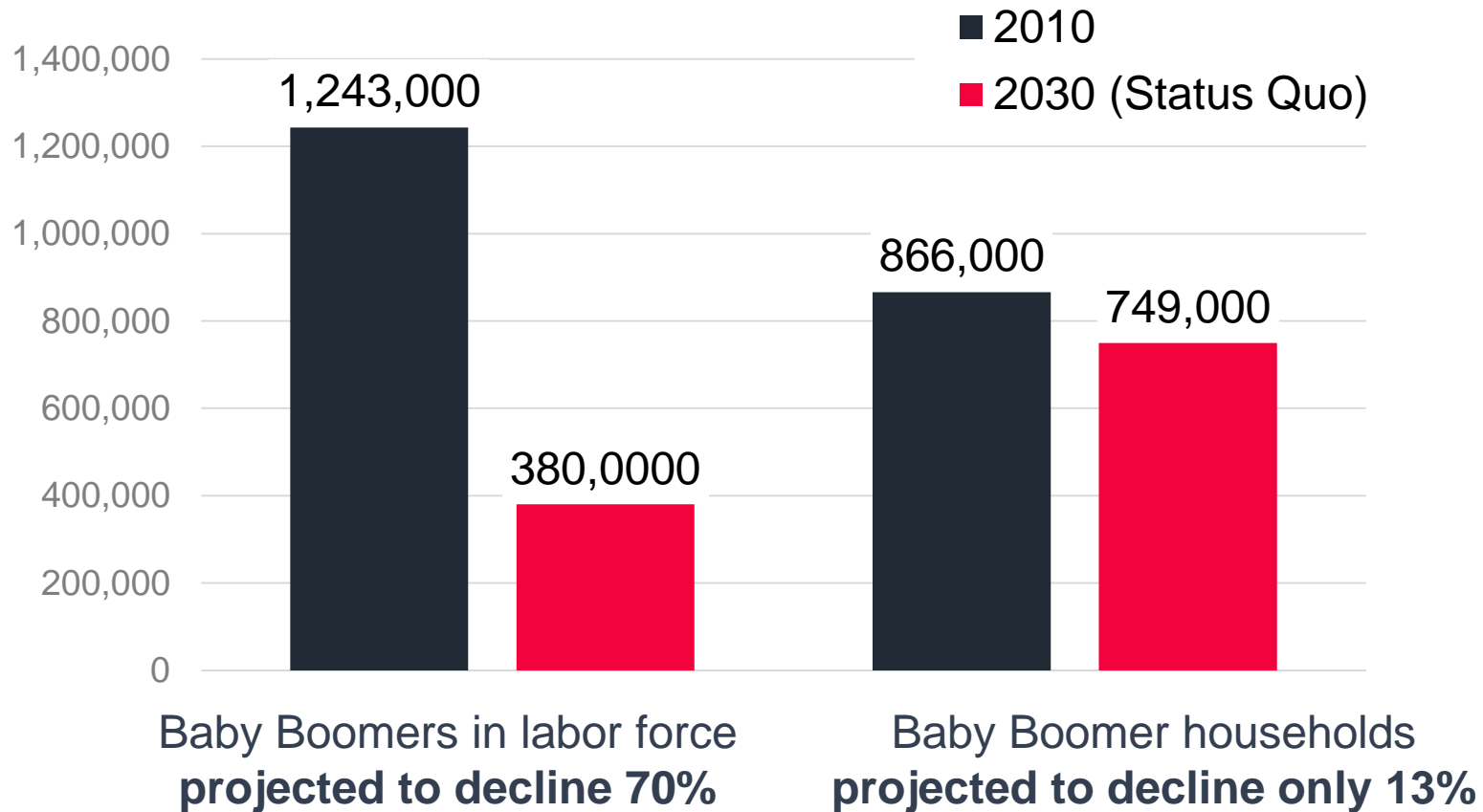


U.S. Census Bureau, Building Permit Survey and Population Estimates Program: census.gov
 Statistics Canada, Building Permits (64-001-X) and Population Estimates and Projections: statcan.gc.ca

Without adding any more jobs or people the state has a housing supply gap of 39,000 units that is heavily concentrated in metro Boston



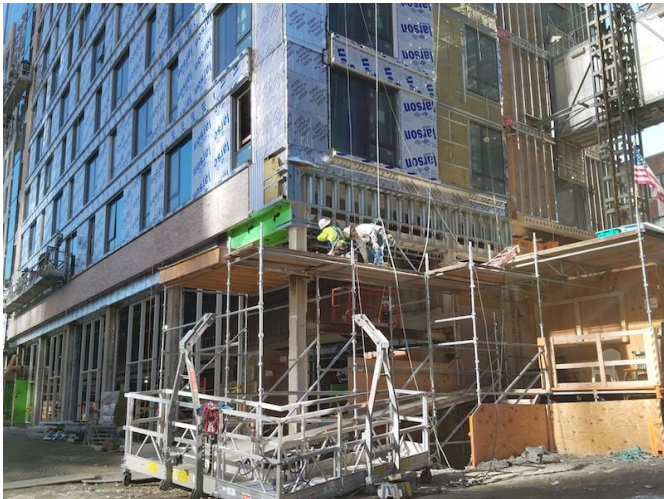
We are facing a much larger supply gap over the next decade as new workers are needed to fill jobs vacated by Baby Boomers



Two major drivers behind housing supply gap

ABOVE-AVERAGE CONSTRUCTION COST

Cost per square foot to build multifamily housing in metro Boston is about 20 percent above national average (RS Means data)



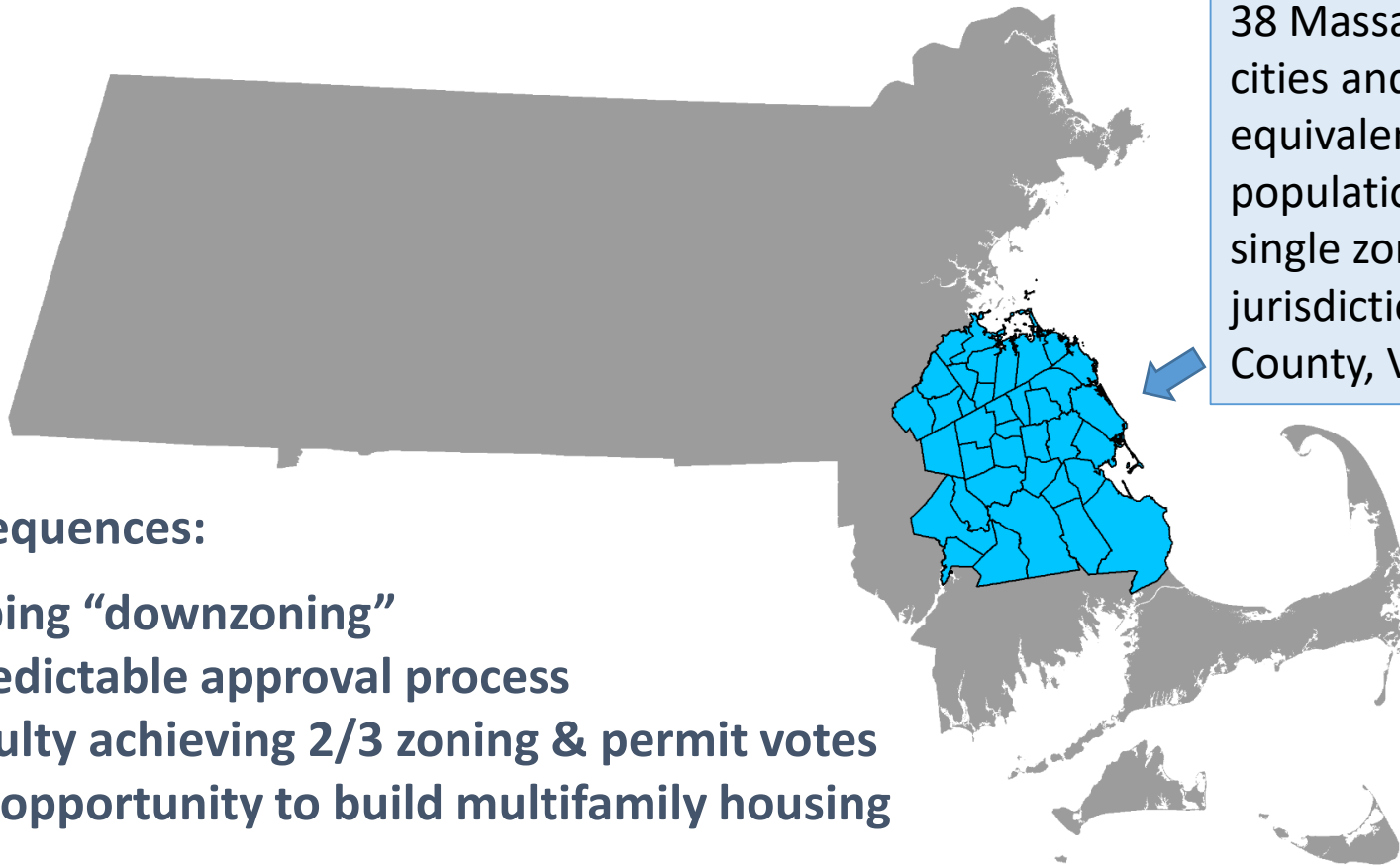
HYPER-LOCAL LAND USE REGULATION

Massachusetts has some of the smallest zoning jurisdictions in the U.S.

Most states regulate land use at the county or regional level



Massachusetts has 351 independent zoning jurisdictions with a median population of 10,000



38 Massachusetts cities and towns are equivalent in population to a single zoning jurisdiction in Fairfax County, VA

Consequences:

Ramping “downzoning”

Unpredictable approval process

Difficulty achieving 2/3 zoning & permit votes

Little opportunity to build multifamily housing

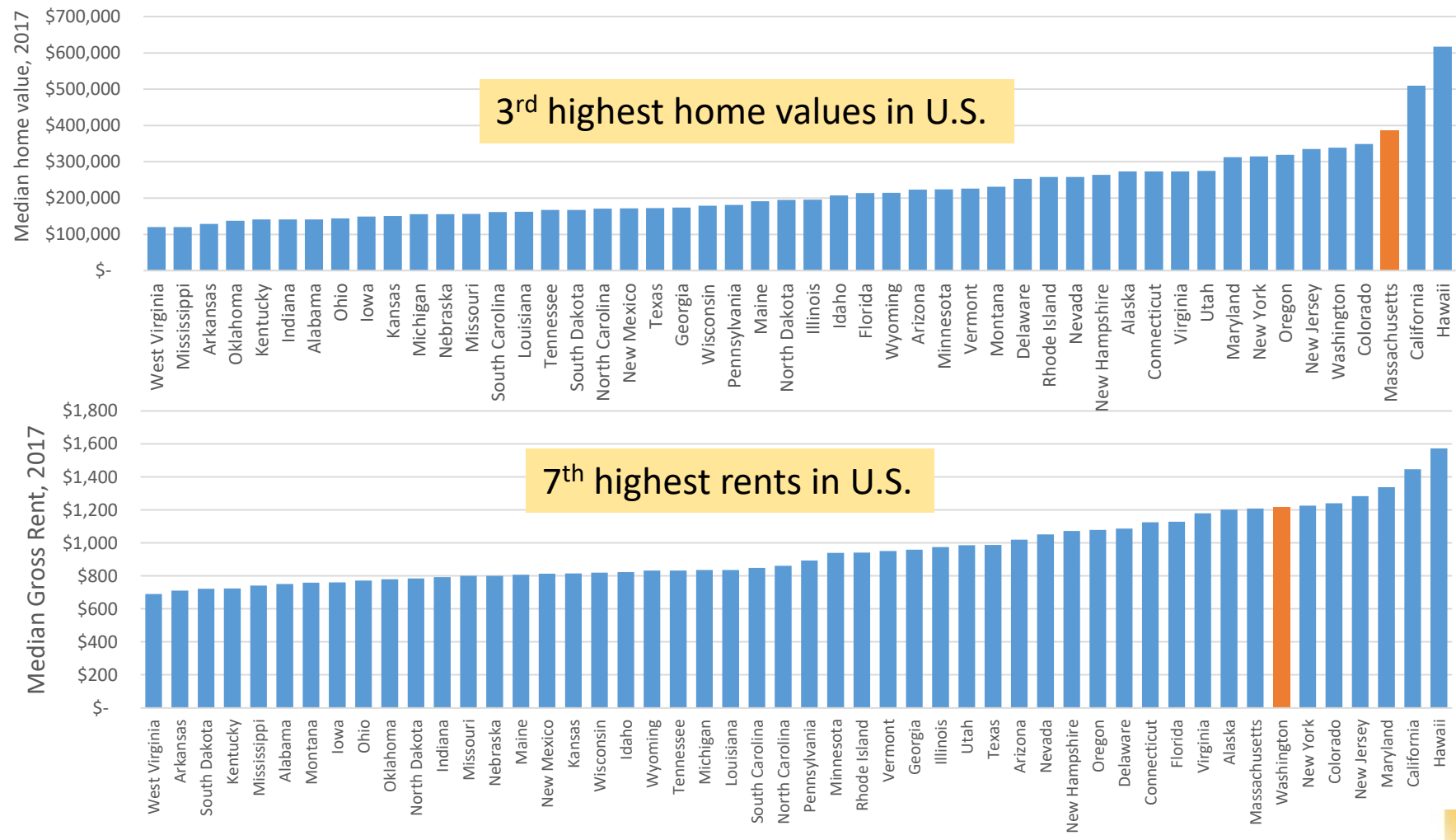


Created by Massachusetts Housing Partnership
Data Source:
U.S. Census Bureau

HOUSING AFFORDABILITY

**How affordable is housing in
metro Boston compared to
other places?**

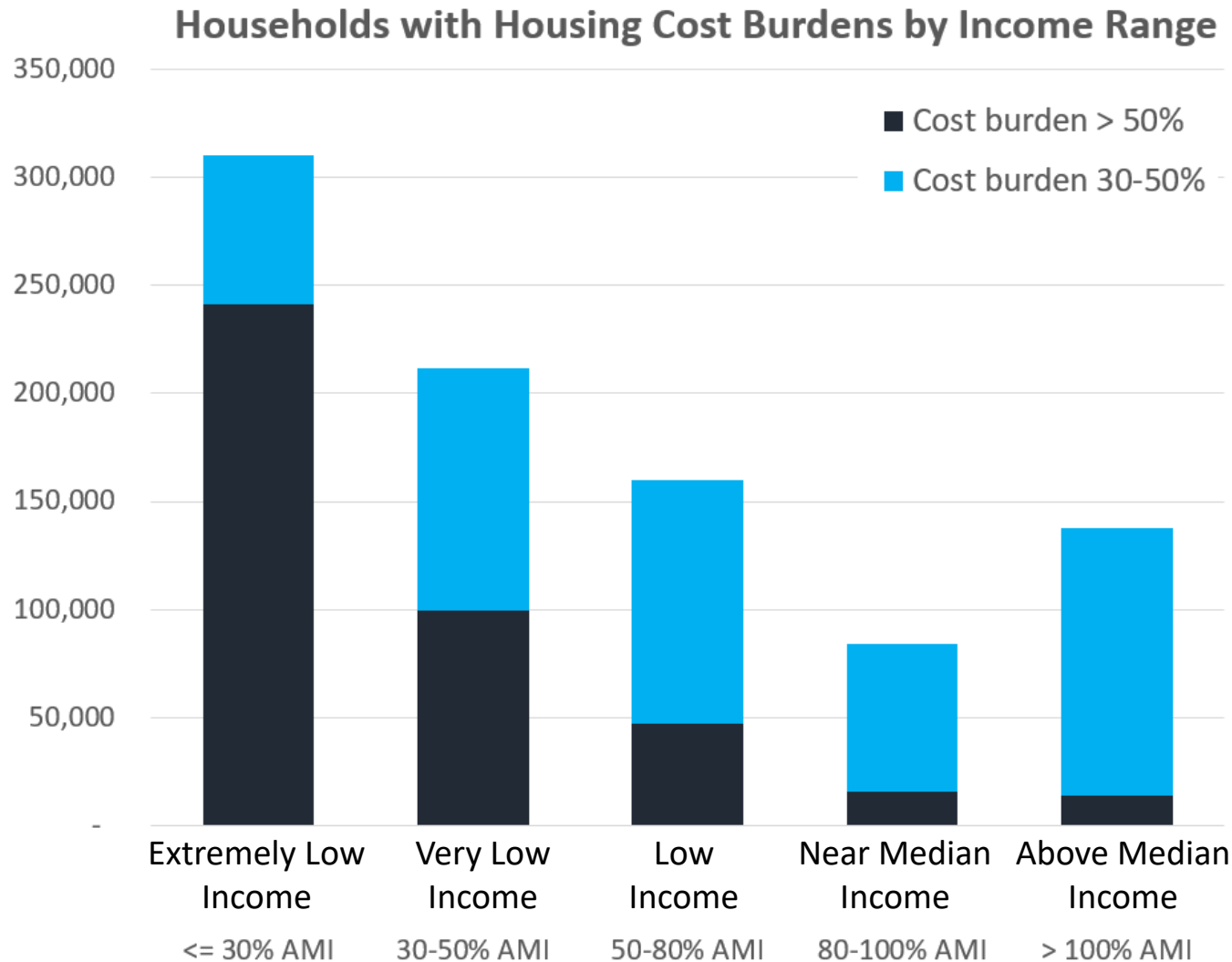
Massachusetts' housing costs are among the highest in the nation



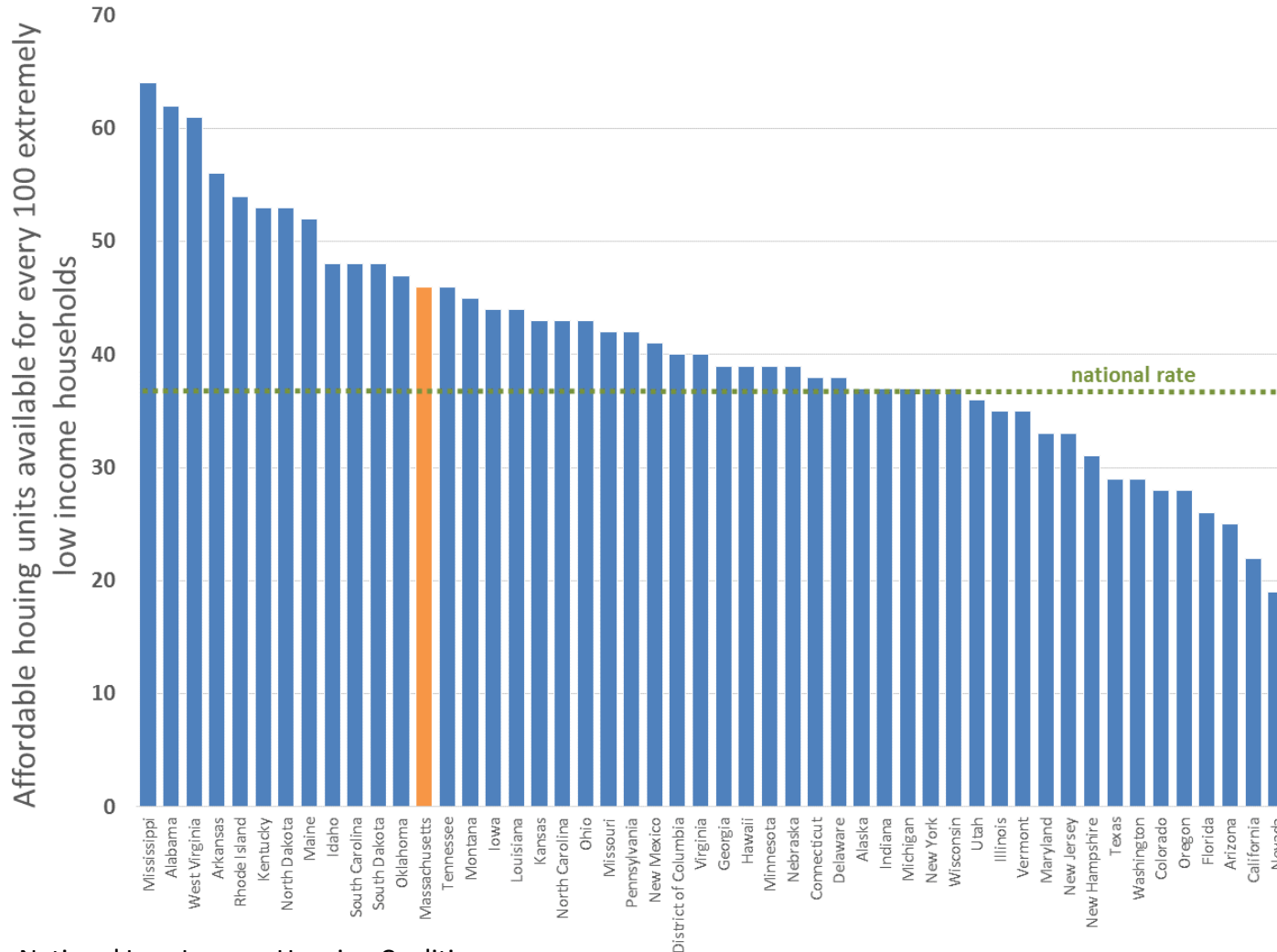
Source: 2017 ACS 1-Year Estimates, U.S. Census Bureau



Nearly twenty percent of households are severely cost-burdened and not receiving housing assistance.

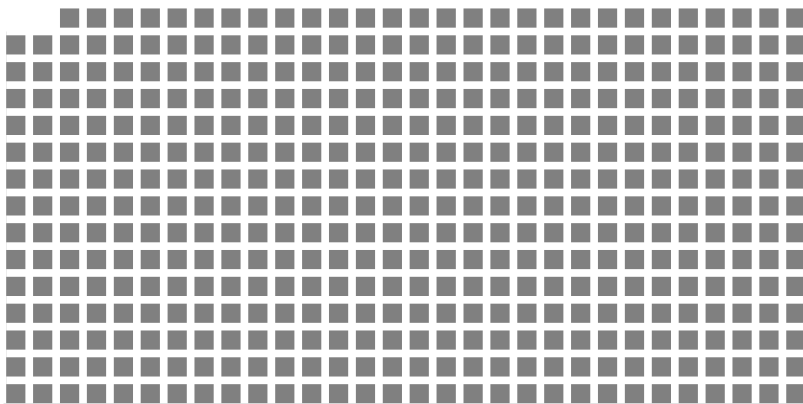


Massachusetts is a national leader on subsidized housing for low-income households – and tops the list among high growth, high-cost states



Source: National Low Income Housing Coalition

Subsidized housing production is critically important but it also has a very limited impact on the housing supply and housing affordability gap



223,845

Low income renter
households with severe
housing cost burden

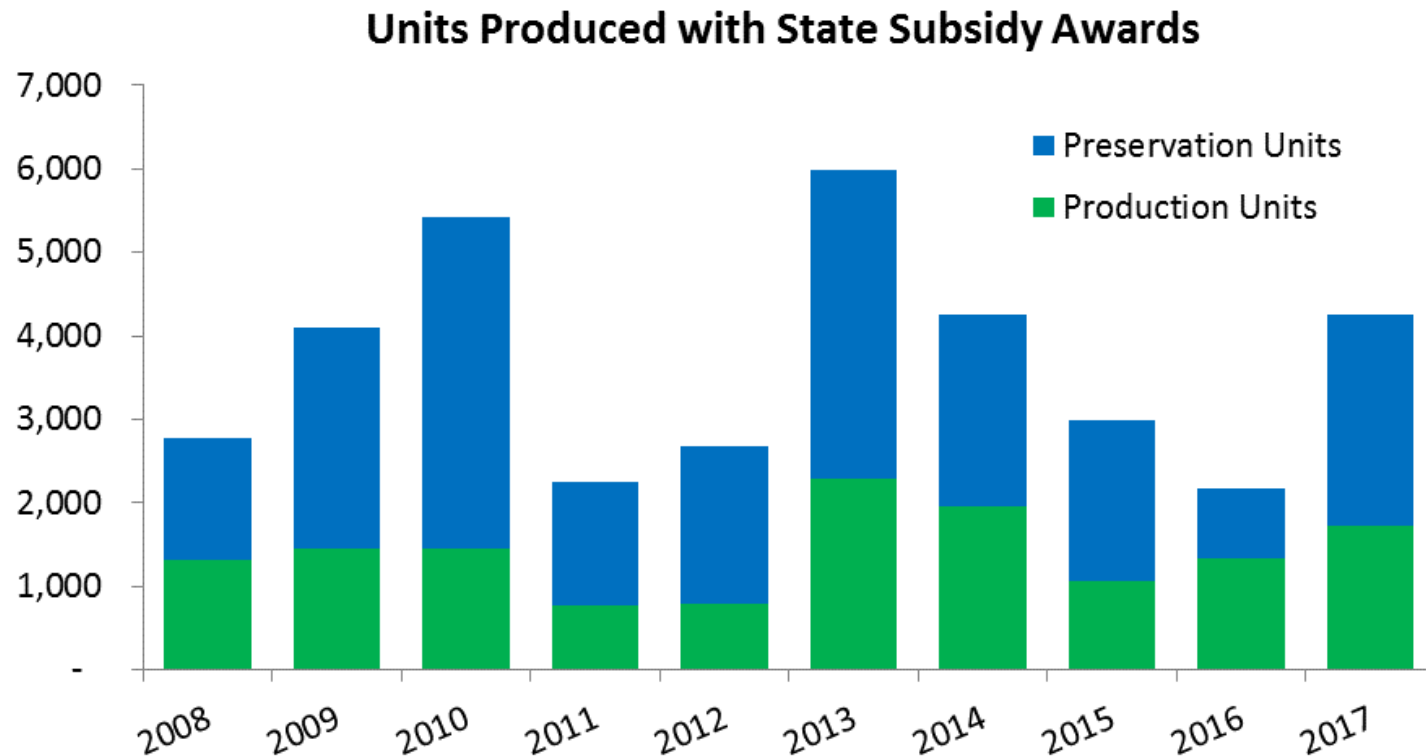


7,066

Restricted affordable units
produced in the past 5 years

Our capacity to subsidize affordable housing production is limited and has not significantly grown over the last decade

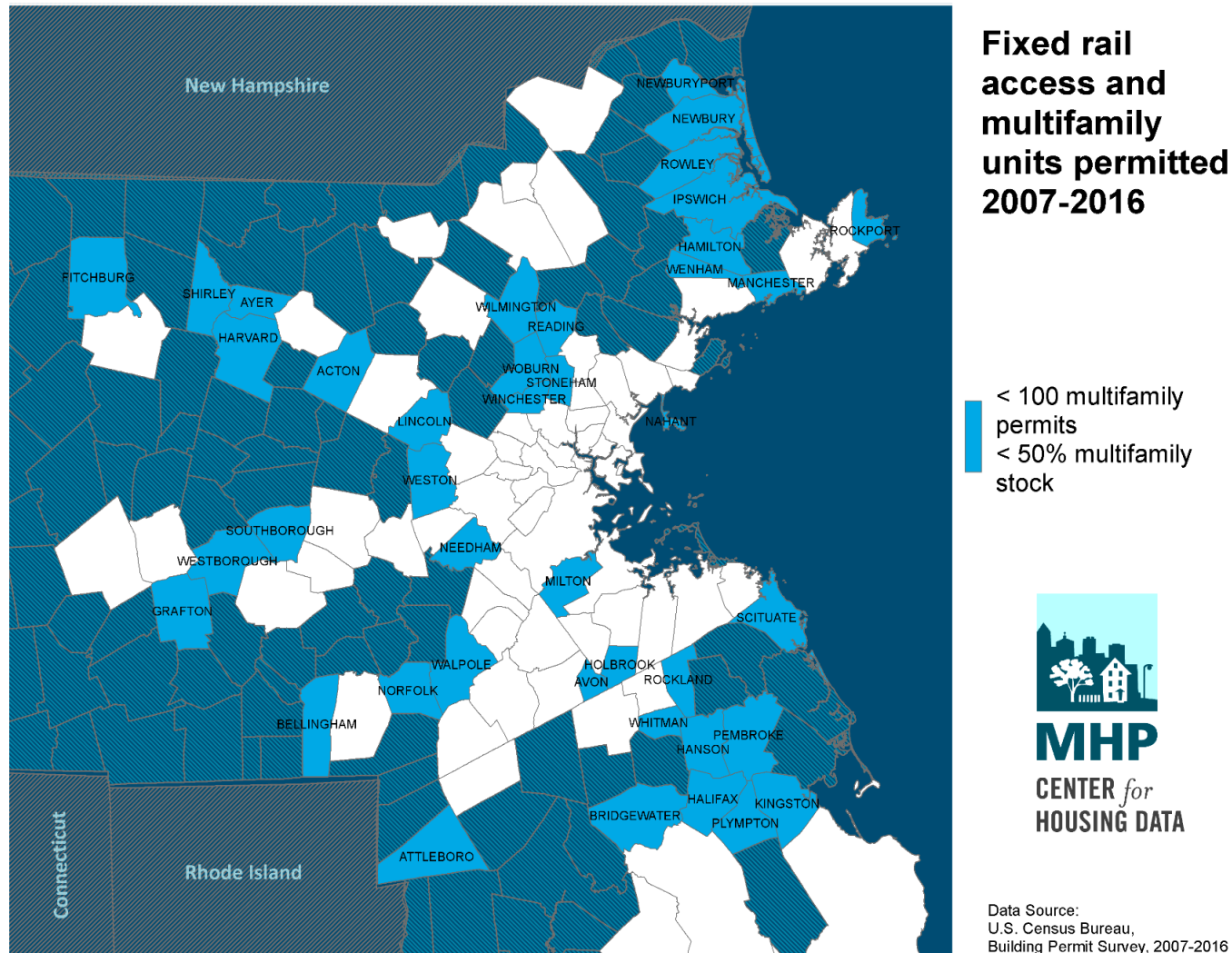
Over the past decade state and federal subsidy has supported over 33,000 affordable housing units in Massachusetts, but only about 14,000 (or 1,400/year) were newly-produced units.



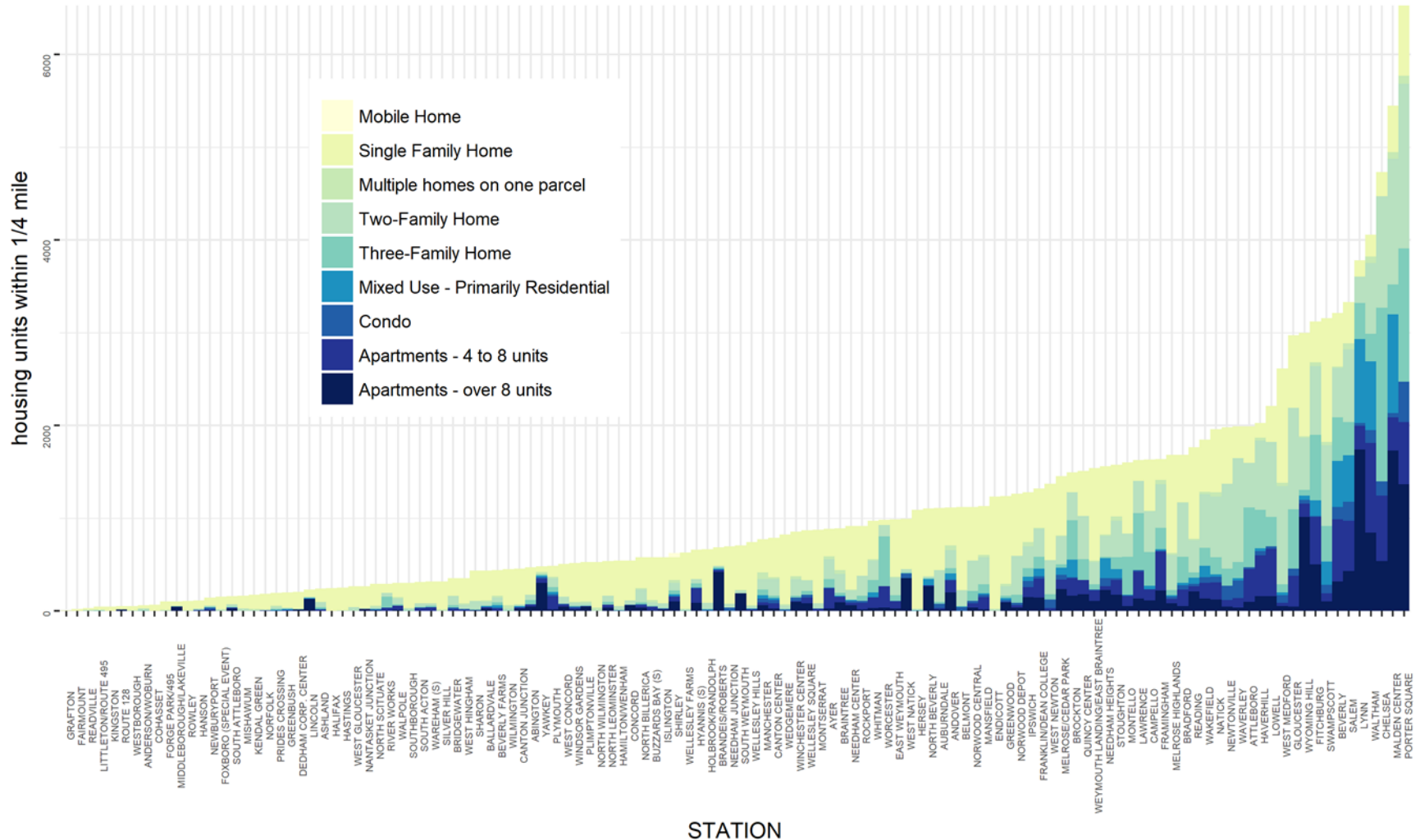
HOUSING LOCATION

**How much of our housing is in
“smart” transit-oriented locations?**

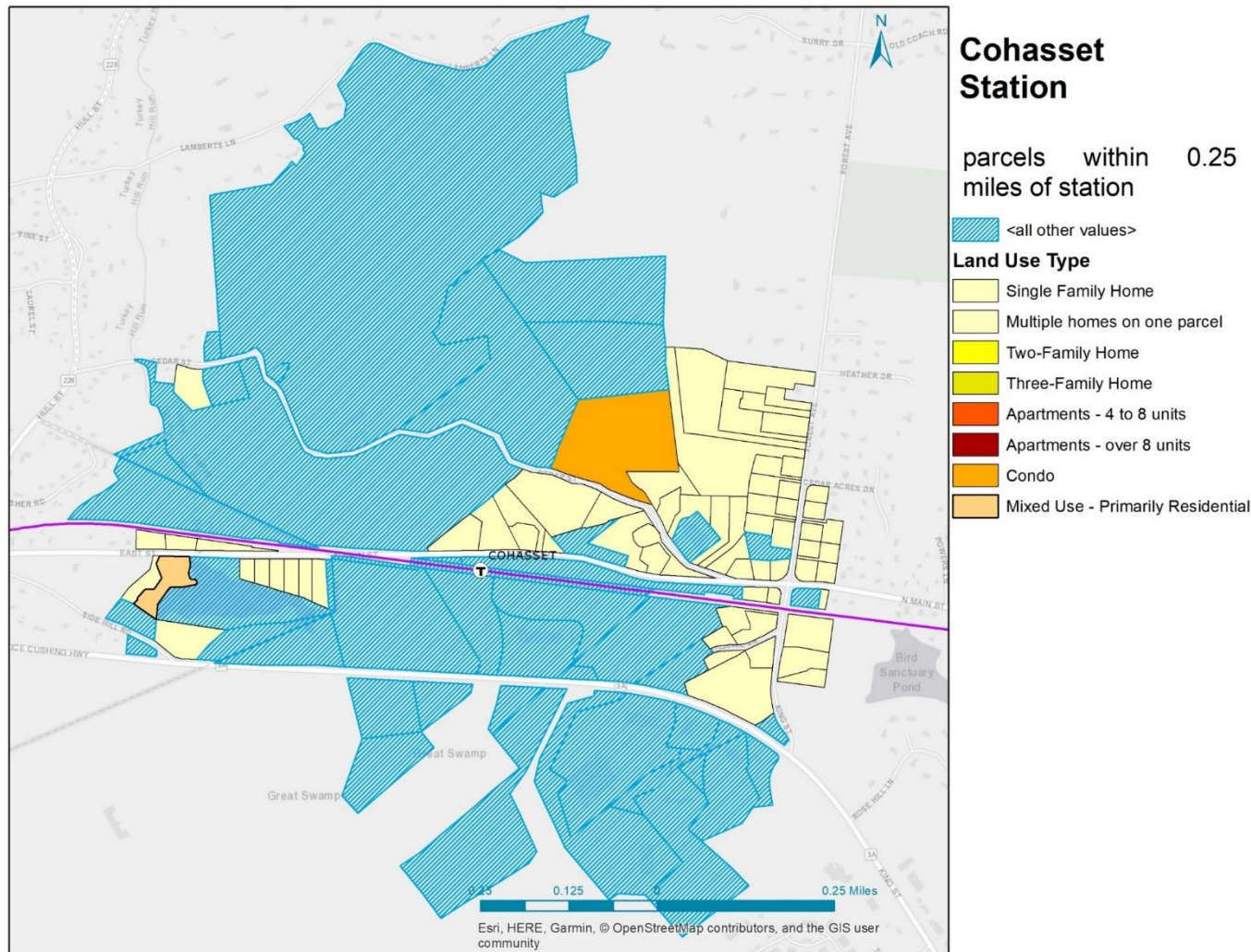
Housing production is not well-aligned with transit, especially commuter rail



Resulting in a median density of less than *6 units per acre* within ¼ mile of commuter rail stations



Many commuter rail stations are surrounded by nothing but low-density, single-family homes



MHP analysis of local assessors data compiled by MassGIS

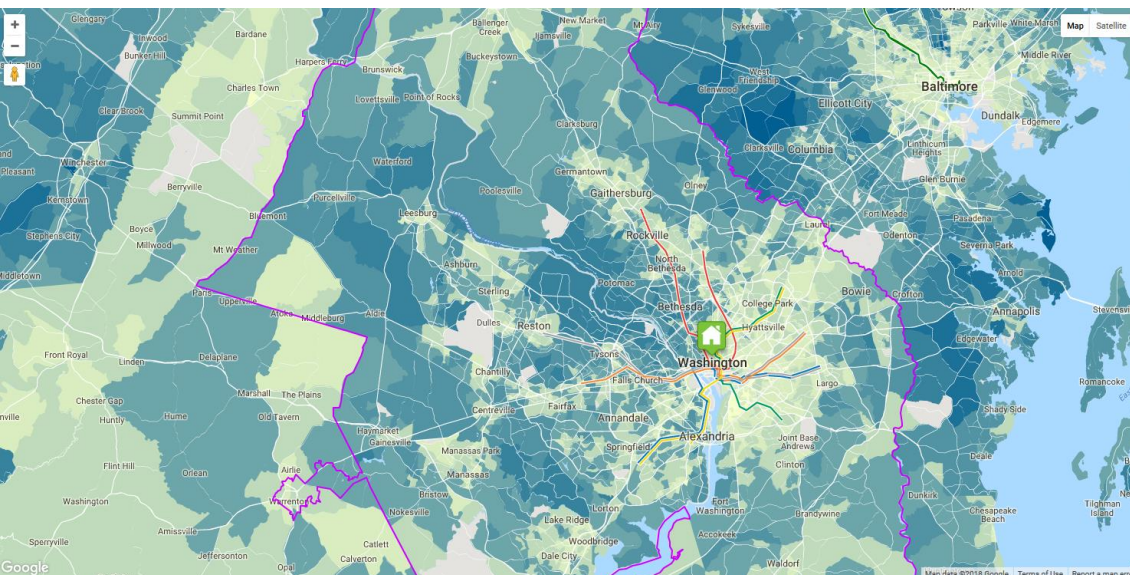
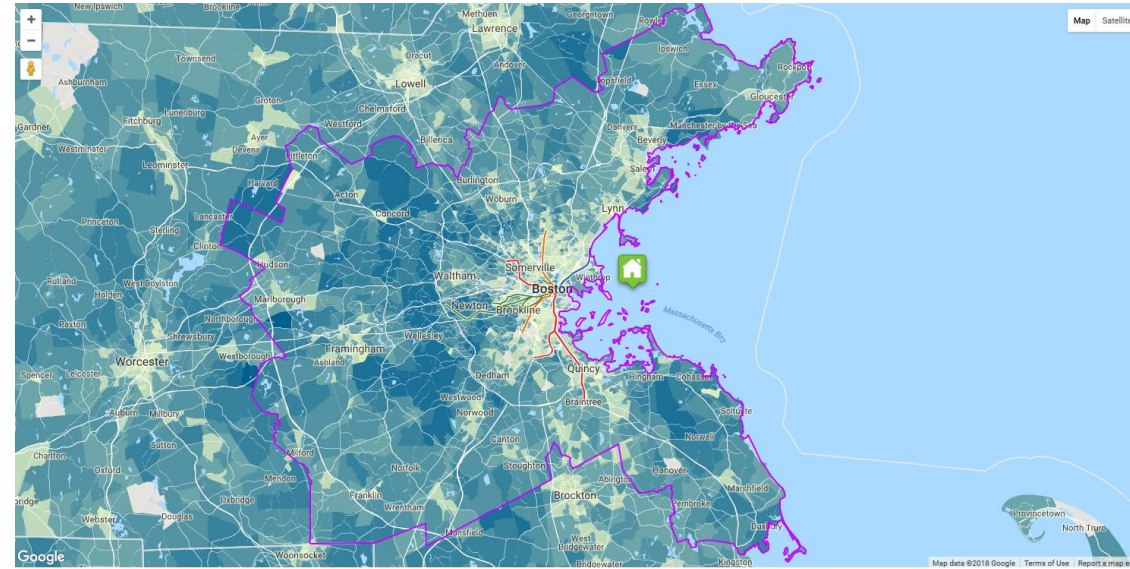
Our competitor regions do a better job aligning housing and transit

METRO BOSTON (Boston Transportation Planning Region)

- 40% location-efficient neighborhoods
- 14% transit ridership
- 7.8/10 job access compared to other U.S. regions

METRO WASHINGTON, DC (National Capital Transportation Region)

- 60% location-efficient neighborhoods
- 13% transit ridership
- 8.3/10 job access compared to other U.S. regions



HOUSING EQUITY

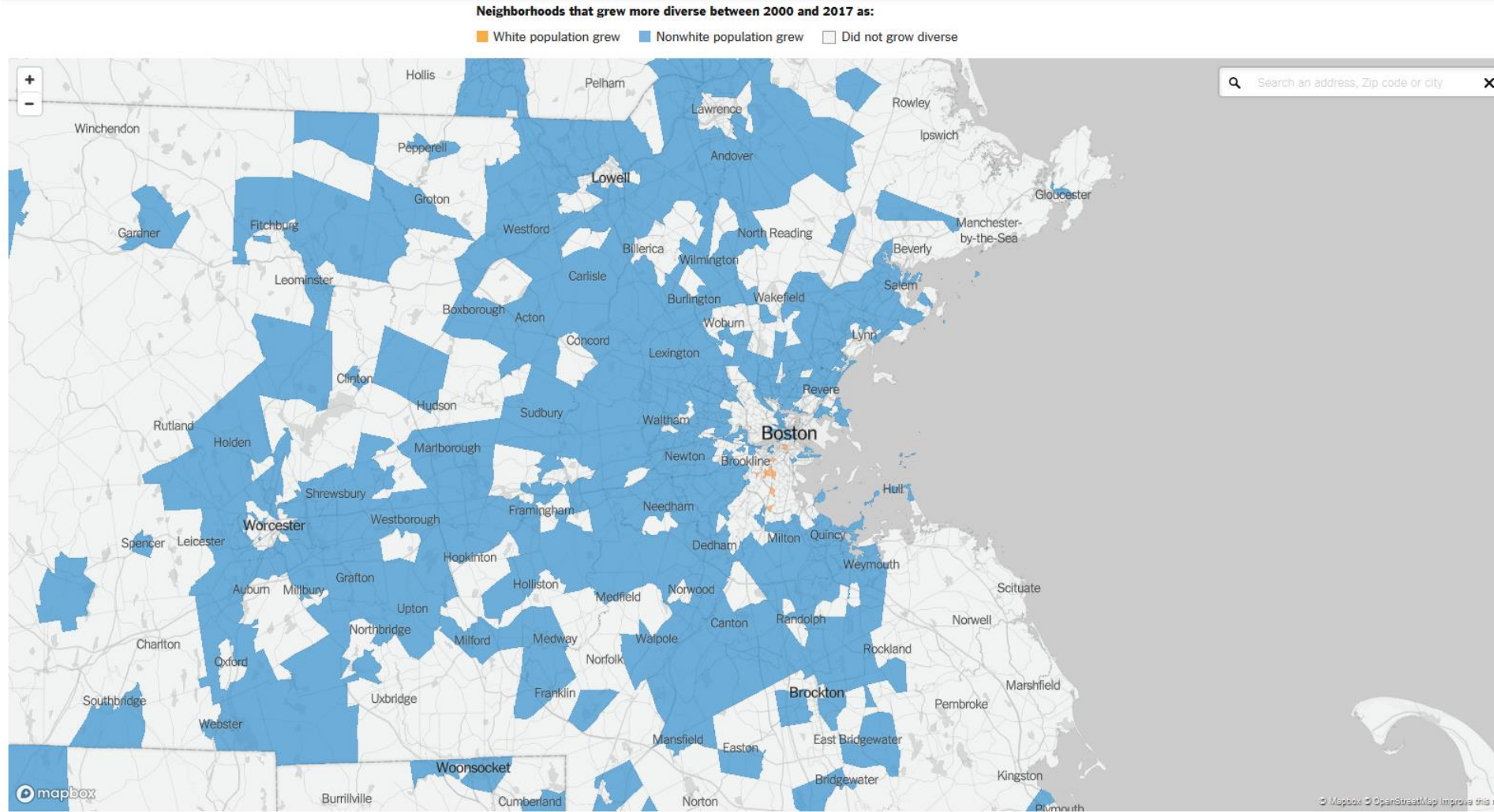
What is the geography of housing opportunity in metro Boston?

More than half of the multifamily units permitted over the last five years were in just five cities and towns: Boston, Cambridge, Chelsea, Everett and Watertown.



Meanwhile more than half of the cities and towns in Massachusetts (177 of 351) did not permit any multifamily housing in the past decade

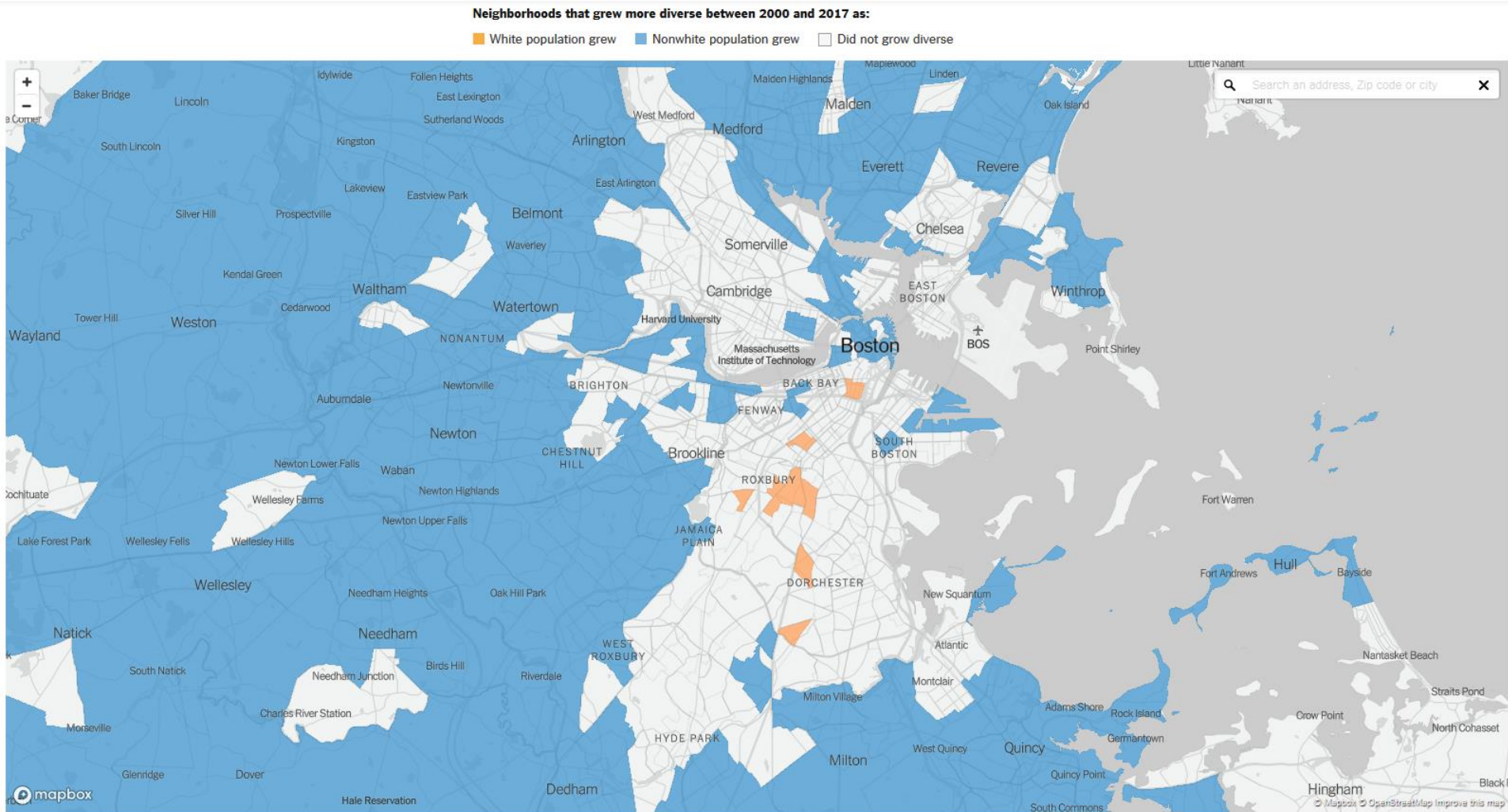
Most of metro Boston is become more diverse, albeit slowly



White refers to non-Hispanic white. Sources: Census Bureau, Home Mortgage Disclosure Act data, standardized tract boundaries from socialexplorer.com

Source: Census Bureau data mapped by The New York Times

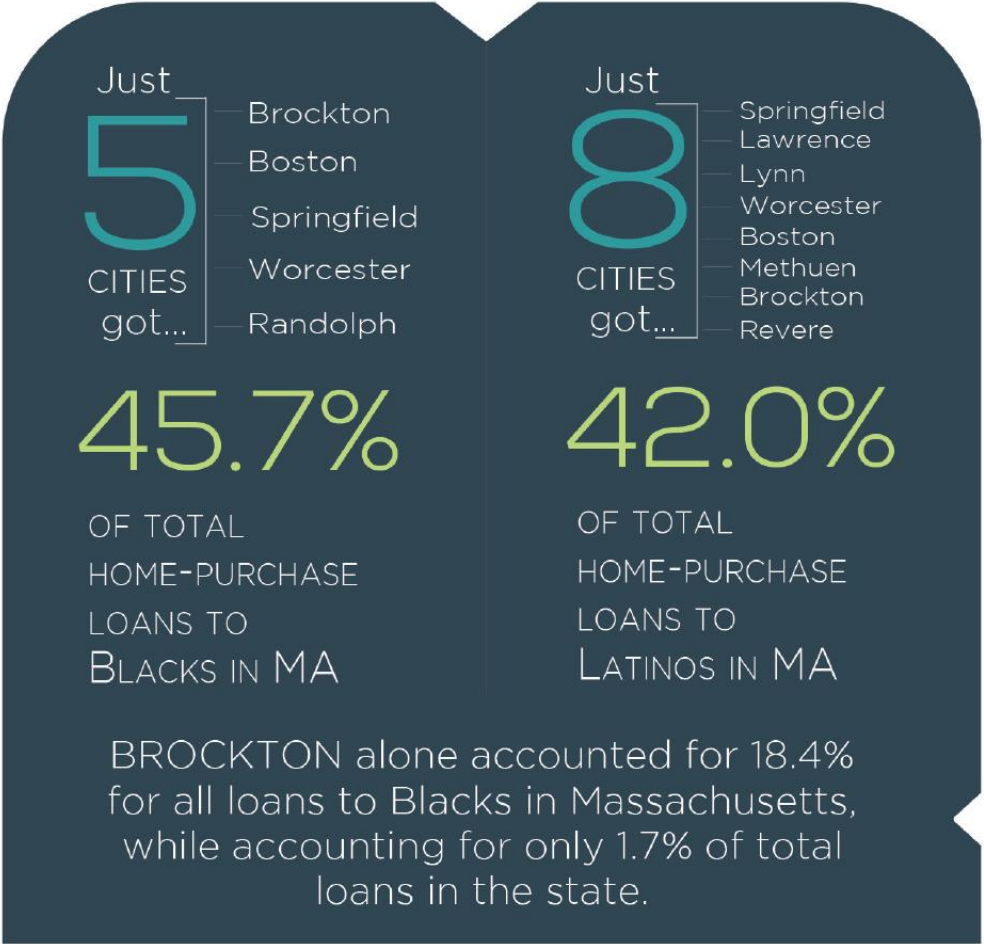
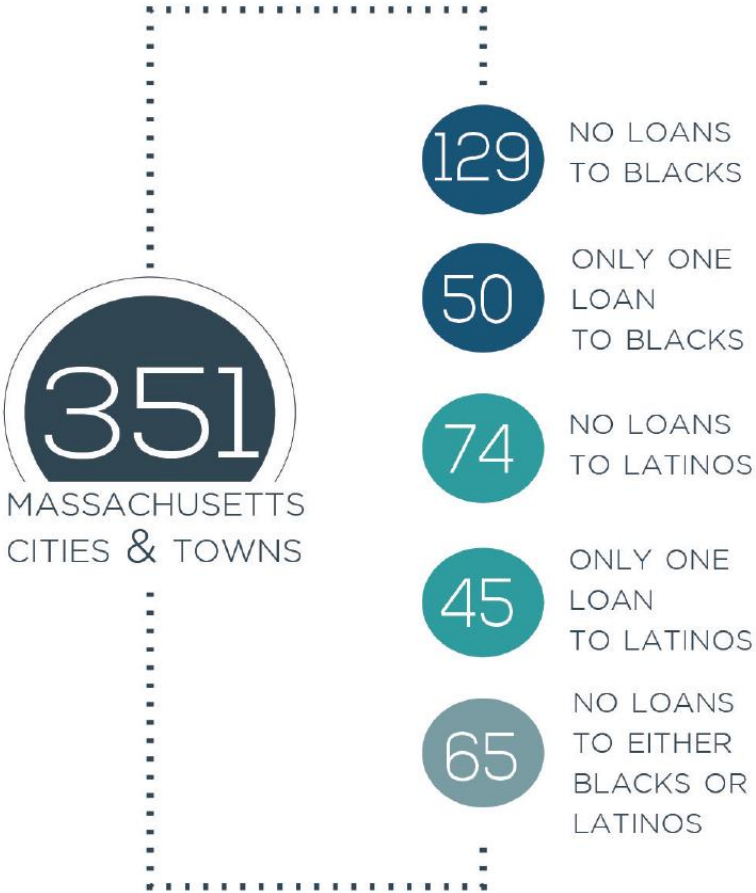
Strong economic growth & unmet housing demand is displacing Boston households of color



Source: Census Bureau data mapped by The New York Times

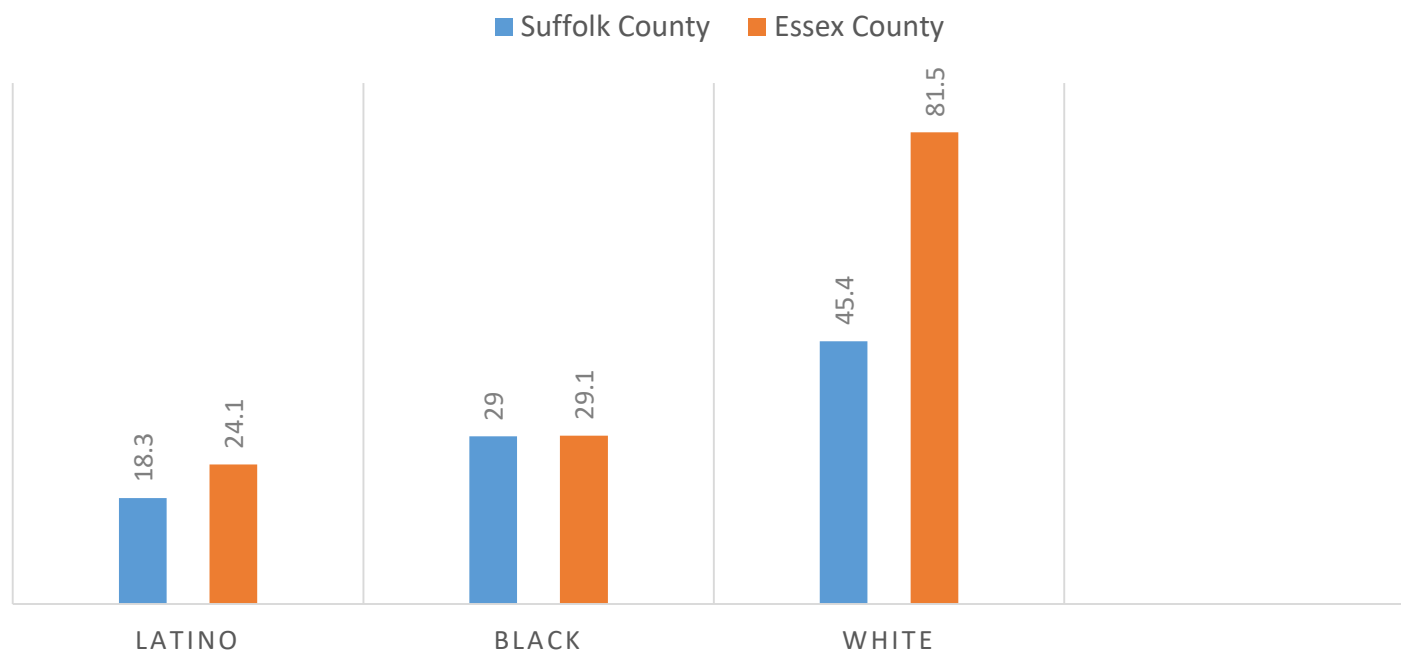
Home purchases are extremely concentrated by race

BLACK & LATINO LENDING STATEWIDE



And Black and Latino homeownership rates are dramatically lower than White homeownership rates.

COMPARATIVE HOMEOWNERSHIP RATES SUFFOLK AND ESSEX COUNTIES



Source: NAHB

Income inequality is among the highest nationally, and exacerbates racial inequities.

Income Inequality

Boston was recently ranked 7th nationally for income inequality (down a bit from #1 in 2014)

Source: Brookings Institution

Median Net Worth In Boston

White Households	Black Households
\$247,500	\$8

Source: Federal Reserve Bank of Boston

Credit

1/3 of Bostonians have poor or no credit.

The cost of poor credit over the course of a lifetime is over \$200,000.

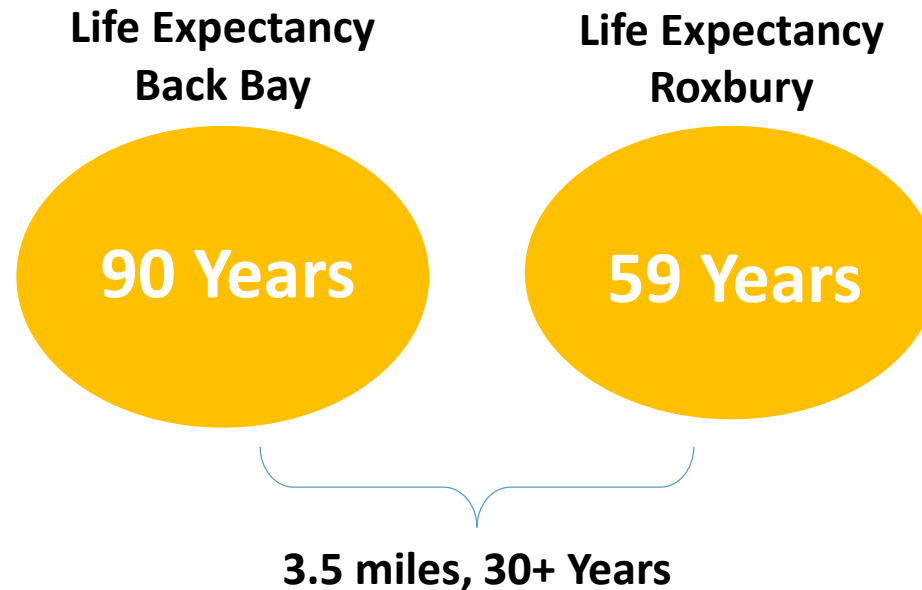
Source: Boston Builds Credit

Black residents are more than 2X as likely as White residents to be poor.

The poverty rate for Latinos is 3X the rate for White residents.

Source MA Health Council

The impacts of these disparities on health and well-being are stark illustrations of the impact of this inequity.



Source: Boston Univ. School of Public Health

The Black infant mortality rate is more than double the White infant mortality rate.

We know our current efforts are insufficient.



How will we take them to the next level?



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For additional data and housing market analysis visit www.mhp.net/data