

# Housing crisis 1 and 2

## Dual approaches needed for double-barreled crisis



Luc Schuster Nov 16, 2019

Greater Boston's affordable housing crisis is front-page news these days, and a frequent topic of conversation in housing circles. But the reference to a single housing crisis is off-base; we have two.

### **First Crisis: Access to Housing is a Human Right**

The first crisis is a consequence of the fact that we don't treat housing as a human right in this country. For low-income families, the problem actually has less to do with the cost of housing and more to do with inadequate income. Due to common circumstances such as unemployment, underemployment, disability, or old age, many families earn almost no money at all.



Even with low-wage work, market-rate housing is often far out of reach. Imagine a family of three with one full-time worker earning our new, higher \$12-an-hour minimum wage, or \$24,960 per year. According to Zillow, median rent for two-bedroom apartments currently on the market in Greater Boston is \$2,500 per month, or \$30,000 per year. In this scenario, rent alone costs more than *all* income earned by this family. Cut the \$2,500 per month rent in half, or add a second full-time worker earning the minimum wage, and rent would still cost well over half of household income, an almost impossible housing cost burden. In other words, we could make progress beyond our wildest dreams at reducing housing costs, and a low-income family like this would still be a long way from reasonably affording most housing provided by the private market.

With food and health care, we recognize that some number of people will have trouble paying for the basics, so our government provides a minimum standard of access through the Supplemental Nutrition Assistance Program (for food) and Medicaid (for health care). These programs are designed to expand and contract based on need (setting aside current politics).

Americans have no comparable safety net for housing. While the federal Section 8 program does provide rental assistance to low-income families, inadequate public funding means that fewer than half of eligible households actually receive a voucher. The inadequacy of our response has led to a variety of injustices: growing homelessness, overcrowding in small or substandard apartments, and housing costs that squeeze families' ability to pay for child care, transportation, and other essential needs. Policymakers and housing advocates, especially some of the great ones we have in Massachusetts, have worked hard to cobble together different low-income housing programs and subsidies that help many of these needy families. But it's a patchwork approach that leaves far too many behind.

## **Second Crisis: Middle Income Working Families Can Not Afford Housing Costs**

There's also a second crisis, which affects middle-income families headed by people such as teachers, salespeople, nurses, and retirees living on fixed incomes. This crisis is more directly tied to housing cost. If our private market was functioning properly and producing diverse, family-friendly housing, these families would be able to afford decent housing options without needing public subsidy. But they increasingly struggle to do so. This problem is especially pronounced in Boston's suburbs, many of which have a long history of banning the construction of townhomes, duplexes, triple-deckers, and modest apartment buildings that would serve these middle-class families. Thanks to these extreme prohibitions, many of our region's suburbs have instead seen a trend towards larger, and pricier, McMansion-style homes.

In recent years, the city of Boston has actually built a growing share of our region's new housing. But getting projects approved in the city is still quite difficult, leading most of the new production to be higher-end units that are not designed for middle income families, especially those with children. The research is clear that, as long as it adds units in the aggregate, even producing this housing helps moderate costs throughout the rest of the market. But these down-market effects take time, and the more expensive the development, the more remote its effects will be on the middle. Local home builders are focusing on high-end projects in Boston because when so little new home construction is allowed, they first focus on the top of the market to maximize potential profit. The more we open up development, the more builders will create middle-income housing as well.

Our booming regional economy has exacerbated the situation. Sky-high housing costs force middle-income families to live farther from work, increasing commute times and congestion, and decreasing savings rates and wealth creation. Businesses increasingly cite high housing costs as a competitive disadvantage for our region. There's even some evidence that skyrocketing housing costs are leading to declining birth rates among millennials who are concerned about their ability to make ends meet while supporting a larger family.

Fortunately, there's a lot we can do to address these two housing crises. On the middle-income crisis, almost anything we do to build more housing will help. Boston was once a city of 800,000 people, about 100,000 more than its population today, so the city itself can certainly accommodate more people. But the lowest-hanging fruit is in Boston's suburbs. A simple fix, the governor's Housing Choice Bill, would eliminate the current supermajority requirement that makes it easy to block local zoning reforms. Without this return to normal majoritarian rule, cities and towns that want to do the right thing and build more diverse housing options will continue to face long odds. It's a start, but a small step, because it still leaves important, shared housing production needs up to the goodwill of individual cities and towns.

More promising would be something like the state requiring every suburb with a commuter rail station to end its prohibitions on townhomes, duplexes, and apartments within, say, half a mile of these stations. A transit-oriented approach like this would have a triple benefit of addressing our middle-income housing crisis, addressing road congestion, and fighting climate change.

Conveniently, increasing housing production also lays the groundwork for addressing our low-income housing crisis. Reducing market rate housing costs would mean that public housing subsidies could be stretched further—funding for rental vouchers would cover more families and tax credits for affordable housing development would support more projects. Building new rental housing will help unlock some

of our wealthier suburbs for lower-income residents, since voucher holders can't move to a community that has few rental options to begin with.

Finally, as we allow more private development, we also could require home builders to set aside income-restricted units for lower-income residents through inclusionary zoning programs like 40B. We can even consider requiring a greater share of these units to be affordable to extremely low-income families. Our ability to leverage more affordable units through inclusionary zoning will depend on our willingness to permit significantly more multi-family housing development around transit and job centers.

But here's the catch: while necessary, freeing up our housing market so that we can build modest, family-friendly housing in every community will still be far from sufficient for addressing the needs of all low-income families. Absent a federal commitment to making housing a human right and creating something like a housing voucher entitlement program, we need to step up here in Massachusetts. We have enough wealth in this state to invest significantly more money in housing supports for low-income families—through things like dramatically expanding the state's rental voucher program or increasing tax credits for affordable housing production.

That's the challenge we face. Our two-headed problem is unlikely to be solved by a single measure.

A comprehensive housing reform bill that simultaneously addresses both crises would be great. But advocates hoping for an omnibus solution may well be disappointed. The same goes for lawmakers who would like to check the housing box for this session (and the next) and move on to other issues. These crises require a commitment to work on a variety of strategies in an ongoing way. Until we get on the same page – by in effect realizing there is no single page – we may find we can't make headway expanding housing opportunities for all Massachusetts residents.

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