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?
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](image)

Data from U.S. Census Bureau, Building Permit Survey. Multifamily is defined as a structure with 2+ units.
Massachusetts has one of the lowest rates of housing production in the U.S. despite increasing population and substantial job growth.

From 2010 to 2017, Massachusetts added 303,000 new residents and 396,000 new jobs while only permitting about 99,000 new housing units.

Sources: U.S. Census Bureau and Bureau of Labor Statistics.
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

<table>
<thead>
<tr>
<th>City</th>
<th>Housing Permits</th>
<th>Net Migration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nashville</td>
<td>10.8</td>
<td>6.0%</td>
</tr>
<tr>
<td>Austin</td>
<td>10.6</td>
<td>10.3%</td>
</tr>
<tr>
<td>Raleigh</td>
<td>10.4</td>
<td>7.5%</td>
</tr>
<tr>
<td>Dallas</td>
<td>7.7</td>
<td>4.5%</td>
</tr>
<tr>
<td>Denver</td>
<td>7.7</td>
<td>5.8%</td>
</tr>
<tr>
<td>Atlanta</td>
<td>6.3</td>
<td>2.8%</td>
</tr>
<tr>
<td>Toronto</td>
<td>5.8</td>
<td>1.5%</td>
</tr>
<tr>
<td>Columbus</td>
<td>4.2</td>
<td>1.1%</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>4.2</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Miami</td>
<td>3.9</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Boston</td>
<td>3.1</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>2.8</td>
<td>-2.9%</td>
</tr>
<tr>
<td>New York**</td>
<td>2.4</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Chicago</td>
<td>2.1</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>2.0</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>1.9</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

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.

Chart shows the amount of new housing needed to achieve a balanced 6% vacancy rate for rental housing and 2% vacancy rate for owned-occupied based on county-level data from the U.S. Census Bureau's most recent American Community Survey (2017). Total housing needed to meet current statewide demand is approximately 39,000 units: 24,000 rental and 15,000 ownership.
We are facing a much larger supply gap over the next decade as new workers are needed to fill jobs vacated by Baby Boomers.

Baby Boomers in labor force projected to decline 70%

- 2010: 1,243,000
- 2030 (Status Quo): 380,000

Baby Boomer households projected to decline only 13%

- 2010: 866,000
- 2030 (Status Quo): 749,000

Data Source: MAPC population and labor force predictions for Greater Boston.
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.
Consequences:
Ramping “downzoning”
Unpredictable approval process
Difficulty achieving 2/3 zoning & permit votes
Little opportunity to build multifamily housing

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
How affordable is housing in metro Boston compared to other places?
Housing costs in Massachusetts are among the highest in the nation

3rd highest home values in U.S.

7th highest rents in U.S.

Source: 2017 ACS 1-Year Estimates, U.S. Census Bureau
Nearly twenty percent of households are severely cost-burdened and not receiving housing assistance.

Source: CHAS/HUD, 2010-2014
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

MHP analysis of DHCD and U.S. Census Bureau data
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.

Units Produced with State Subsidy Awards

Data from DHCD Subsidized Housing Inventory (as Dec. 2014) and U.S. Census Bureau, 2005-2014 1-Year ACS Estimates
How much of our housing is in “smart” transit-oriented locations?
Housing production is not well-aligned with transit, especially commuter rail.

Fixed rail access and multifamily units permitted 2007-2016

Data Source:
U.S. Census Bureau,
Building Permit Survey, 2007-2016
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

Map and data source: Center for Neighborhood Technology (www.cnt.org)
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.

Data from U.S. Census Bureau, Building Permit Survey. Note: in this and in all subsequent graphics, multifamily is defined as a structure with 2+ units and permits are as reported by cities and towns with imputed data by the Census Bureau for communities that fail to report.
Most of metro Boston is becoming more diverse, albeit slowly.

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

- 129 loans to blacks
- 50 only one loan to blacks
- 74 no loans to Latinos
- 45 only one loan to Latinos
- 65 no loans to either blacks or Latinos

Just 5 cities got...
- Brockton
- Boston
- Springfield
- Worcester
- Randolph

45.7% of total home-purchase loans to blacks in MA

Just 8 cities got...
- Springfield
- Lawrence
- Lynn
- Worcester
- Boston
- Methuen
- Brockton
- Revere

42.0% of total home-purchase loans to Latinos in MA

Brockton alone accounted for 18.4% for all loans to Blacks in Massachusetts, while accounting for only 1.7% of total loans in the state.

And black and Latino homeownership rates are dramatically lower than white homeownership rates.

### COMPARATIVE HOMEOWNERSHIP RATES
SUFFOLK AND ESSEX COUNTIES

<table>
<thead>
<tr>
<th></th>
<th>Suffolk County</th>
<th>Essex County</th>
</tr>
</thead>
<tbody>
<tr>
<td>LATINO</td>
<td>18.3</td>
<td>24.1</td>
</tr>
<tr>
<td>BLACK</td>
<td>29</td>
<td>29.1</td>
</tr>
<tr>
<td>WHITE</td>
<td>45.4</td>
<td>81.5</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>White Households</th>
<th>Black Households</th>
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<tbody>
<tr>
<td>$247,500</td>
<td>$8</td>
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</tbody>
</table>

Source: The Color of Wealth, 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
These wealth and income disparities also contribute to stark disparities in health and well-being.

Life Expectancy
- Back Bay: 90 Years
- Roxbury: 59 Years

3.5 miles, 30+ Years

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?
Clark Ziegler, Executive Director
Massachusetts Housing Partnership

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www.mhp.net

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