

Pipeline Update: Housing

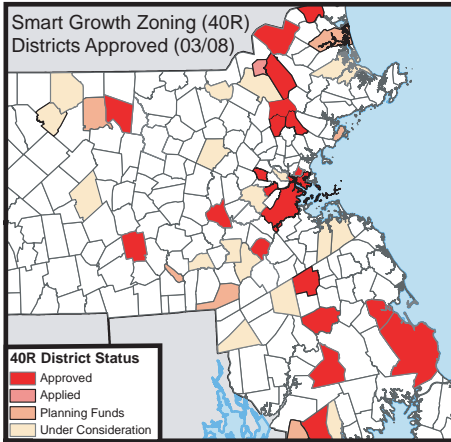
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JOHN LAWARE
LEADERSHIP
FORUM



40R/40S Smart Growth

Adoption of 40R "Smart Growth" Districts continued to expand statewide. As of March 2008, 21 municipalities (up from 16 in 9/2007) had approved the new zoning overlay districts, with allowances for 7,324 housing units. Another 29 cities and towns were considering or had applied for 40R zoning overlay districts.

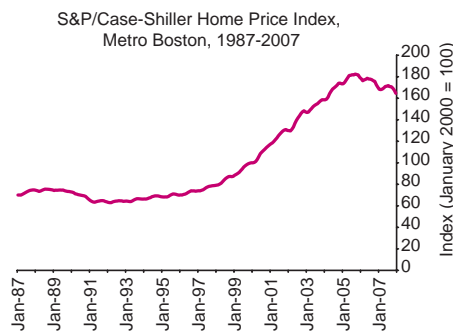


Source: Commonwealth Housing Task Force

Costs

Data provided by the City of Boston shows a 2% decline in Boston home prices from 2006 to 2007. This decline is led by three-family homes (-11%) and two-family homes (-8%). Single-family prices were unchanged and condominium prices were up 1%.

According to the S&P/Case-Shiller Home Price Index*, Greater Boston home prices declined 10% between the peak in September 2005 and December 2007. Nationally, home prices have fallen 10% since the national peak in the second quarter of 2006. During the last housing recession from 1988 to 1992, Greater Boston home prices declined 16%, but increased 189% from the trough in January 1992 to the peak in September 2005.

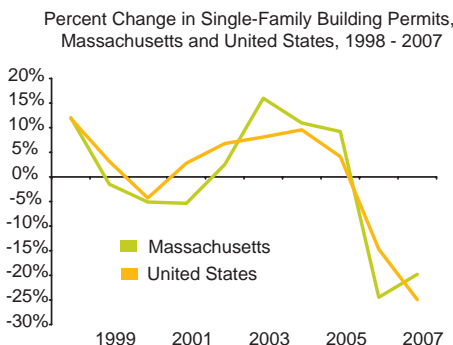


Source: Standard & Poors

The Massachusetts Association of Realtors® reports that Massachusetts single family sales prices fell 1.3% from 2006 to 2007, but condominium sales prices increased 2.5%, to \$282,000. Single-family prices, at \$345,500, were only 1.6% higher than in 2004 (\$340,000). From January 2007 to January 2008, the supply of single-family homes on the market increased from 10.4 months to 15.4 months (compared to 5.9 months in 2005).

Supply

Massachusetts' building permits has slowed, with permits issued for 14,874 units in 2007, down 20% from 2006 and 39% from 2005. This compares to a national drop of 25% from 2006 to 2007 and 36% since 2005.



Source: US Census Bureau

*The Case-Shiller index is based on repeat sales and is considered more accurate than other indices, and is not directly comparable to City of Boston or Massachusetts Association of Realtors measurements.

Supply (continued)

Chapter 40B is the state's "anti-snob zoning" law that allows developers to use a comprehensive permit process in towns that are less than 10% affordable. **According to CHAPA, as of 10/2007, 51 Massachusetts municipalities had met the 10% threshold, compared to 23 in 1997.** An additional 38 towns are likely to meet the 10% goal in the near future. A recent attempt to repeal 40B by ballot initiative did not gather the required number of signatures.

Stability

The City of Boston's annual homeless count (completed in December) found 6,901 homeless in Boston, up 3.9% from 2006. The number of children increased 21% and now make up 27% of the homeless population. The Commonwealth's homeless caseload has also increased. The most recent data shows a 5% increase to 2,955 individual homeless cases from 11/2006 to 11/2007, and a 22% increase to 1,857 families from 9/2006 to 9/2007.

Preservation of affordable units is difficult given expiring subsidy contracts between private owners and HUD. **As of February 2008, CEDAC reports that of the original 88,693 HUD Section 8 contract units in Massachusetts, 5,616 (6.3%) of these units have been lost, and another 19,475 units (22%) are at risk between now and 2010.**

The sub-prime lending crisis continues to undermine the stability of homeowners through foreclosures. Please see the special report, *Data Snapshot: Foreclosures*, for a detailed look at this issue.

According to CHAPA, in January, Governor Patrick released his FY2009 budget recommendations. DHCD appropriations would increase 11% from FY2008. While many programs were level funded, a \$13 million increase is proposed for public housing operating subsidies. In addition, \$5 million for foreclosure prevention and \$8.25 million to implement the recommendations of the Homelessness Commission have been included in the budget, outside of DHCD.

The US House of Representatives Committee on the Budget reports that President Bush's FY09 budget request cuts Community Development Block Grant (CDBG) funds by 18%, with a loss to Massachusetts of \$20.3 million in funding. Overall, the FY09 request for HUD programs is 3% less than FY08, with CDBG facing the largest cut.

The *Pipeline Updates* are quarterly reports created by the Boston Foundation's Boston Indicators Project for the John LaWare Leadership Forum. These reports draw on the newest data and research available from federal, state and local agencies, local research institutes and partner organizations. For a link to these data sources and the John LaWare Leadership Forum, see www.bostonindicators.org or www.tbf.org.

