



The Greater Boston Housing Report Card 2019
**Supply, Demand and the Challenge
of Local Control**



Conclusions and Policy Discussion

Insufficient Housing Supply

This year's Greater Boston Housing Report Card points to three persistent challenges that the region has faced over the past several decades: insufficient housing supply, lack of housing affordability, and inequity in access to housing with its attendant racial and socioeconomic segregation.

Massachusetts is one of few states where most land use decisions are made by municipal governments without regional, county, or state oversight. In this environment, it is no surprise that insufficient housing supply reflects how little land is zoned to allow for the development of new housing—particularly multifamily housing, which is often disfavored by local residents, especially where it is not the current norm. Although multifamily housing production has rebounded since the recession, it is still well below historic levels, falls short of current demand, and is heavily concentrated in just a handful of communities—primarily Boston, Cambridge, and Somerville. While most new housing being produced in Greater Boston is at price levels that are not affordable to low- or moderate-income (LMI) households, additional supply at least expands the overall stock of housing and can help slow the inflation of rents and home prices across the market.

LEGISLATION

A logical first step to address this supply crisis would be enactment of Governor Baker's Housing Choices legislation, which enjoys broad support from planners, local officials, business leaders, and the development community. Filed in late 2017 and refiled again this year, the bill would bring Massachusetts in line with 41 other states by moving from a two-thirds supermajority to a simple majority vote to adopt zoning changes related to housing production, housing affordability and smart growth. The Housing Choices bill is an important first step that would empower local housing advocates and strike a more reasonable balance between local land use

regulation and the housing needs of Greater Boston and the Commonwealth as a whole. The bill is not, by itself, a solution to the region's housing supply problem and it would likely be at least a year or two after enactment before any significant impacts would become apparent.

There are four additional steps the legislature should consider that are also being pursued in other parts of the country:

- requiring that every city and town adopt viable multifamily zoning in areas most suitable for higher-density housing (e.g., in town/neighborhood centers or adjacent to public transportation) as is now under serious consideration in California;
- allowing duplexes, townhouses and other multifamily housing types by right in all single-family zones, as recently adopted in Minneapolis;
- allowing accessory dwelling units (ADUs or "in-law apartments") under certain conditions in all single-family zones, as adopted in Portland, Oregon, Los Angeles, and Seattle; and,
- penalizing frivolous appeals of local approvals to build new housing where the appeals are simply a delay tactic that raise no significant issues of law or fact.

NON-LEGISLATIVE INITIATIVES

Lessons learned from best practices research and interviews with local officials also point to some immediate steps that would foster additional housing production—particularly multifamily housing—without the need for legislation. New or expanded initiatives might include:

- increased technical support for cities and towns seeking to identify land appropriate for housing development;
- promotion of design and development models for multifamily developments of less than 50 units;

- guidance and support for civic leaders interested in learning about housing needs in their city or town and becoming advocates for new housing;
- public education about the economic benefits of new housing and data showing the minimal, if any, net fiscal impact on local school budgets; and
- support for local organizations that advocate for new housing (“yes in my backyard”) and counterbalance opposition to affordable and higher-density housing.

Lack of Affordable Housing

The lack of affordable housing in Greater Boston is a severe and deep-seated problem that will not be solved by additional market-rate housing production alone. Massachusetts is a national leader in its support for the development and preservation of affordable housing, with robust state housing investment and subsidy programs that date back to the late 1940s. That bipartisan leadership was recently displayed in near-unanimous legislative approval for a \$1.8 billion housing bond bill and increases in the state low income tax credit. Each of the last two state administrations has also increased the Commonwealth’s annual capital budget commitment to affordable housing. A recent analysis by the National Low Income Housing Coalition found that the Boston MSA ranks third in the nation in terms of meeting the housing needs for extremely low income individuals and families through affordable units.

State-funded affordable housing development and rent subsidy programs face a dilemma, however, in that costs are rising at least as fast as public resources, and the percentage of low-income housing needs being met goes up by only a small fraction each year.

PRESERVE EXISTING AFFORDABILITY

The federal government and Massachusetts state government have invested billions of dollars in the construction of subsidized rental housing in Greater Boston and some of that affordability is at risk of being lost either through conversion to market-rate housing or from lack of investment. It is typically much more cost effective to preserve an existing affordable unit than to build a new

one. The state has made housing preservation a priority in its allocation of resources for the private development of affordable housing and in 2009 enacted a landmark state law, Chapter 40T, that creates a right of first refusal for state designees to acquire properties and preserve their affordability when they would otherwise be lost from conversion to market rates. It is essential that these efforts continue to prevent an even larger shortfall in the number of available units that are affordable to low-income and extremely low income households.

INCREASE AND MAKE MORE EFFICIENT USE OF RESOURCES

Federal and state advocacy to devote additional resources to housing development and low-income rental assistance is critical. Beyond that, it is essential that we find ways to make more effective use of existing resources. That may include ensuring a more efficient match between the type of housing that is built and what is in demand, adopting new construction techniques, increasing use of low-cost or no-cost public land for new housing development, and leveraging the existing subsidized housing stock by enabling tenants to purchase homes or otherwise secure housing in the unsubsidized market.

INCLUSIONARY ZONING

Strong markets provide unique opportunities to create new affordable housing units without public subsidies through inclusionary zoning. Those policies have been effective in creating thousands of affordable housing units in cities like Boston and Cambridge, and they mitigate the concern that development of market-rate housing provides little direct benefit to low- and moderate-income residents in surrounding neighborhoods. The policy challenge for cities and towns is to establish inclusionary zoning requirements that allow sufficient density to make housing development economically feasible; otherwise inclusionary zoning has the potential to worsen our housing situation by discouraging new development.

While this Report Card shows that most communities in Greater Boston have adopted some form of inclusionary zoning, the results are mixed and there may be significant opportunities to work with cities and towns to make those

bylaws and ordinances more effective. Wider utilization of regulatory modeling tools would help achieve that objective in conjunction with data now being collected by the Massachusetts Housing Partnership (MHP) on the effectiveness of existing inclusionary bylaws.

Inequity in Access to Housing

Segregation has long been present in the Greater Boston area and residential patterns of race and income documented in this report show that inequity in access to housing continues to be a significant regional problem. Current racial residential patterns¹ are often attributed to individual choices, private discrimination, and economic pressures. But the legacy of federal, state, and local policies are serious contributors to the region's current segregated living patterns, and the persistence of segregation is driven by both economic and institutional factors.

While federal and state laws now provide strong protections against housing and lending discrimination, those laws are not universally enforced and it is clear from the data that historical patterns of segregation persist. Our research shows minor reductions in segregation in recent decades, but these have done little to diminish disparities in access to opportunity for black and Latino households or reduce economic inequality at the municipal level. Moreover, we have seen that increased diversity at the regional level does not automatically result in more integrated municipalities, nor is it likely to reverse decades of disinvestment in communities of color.

PUBLIC POLICY INTERVENTION

Two public policy interventions have potential to break patterns of segregation. First is the development and expansion of state housing finance programs that promote upward mobility, such as mortgage products that target historically underserved borrowers and construction of affordable housing in all types of communities.

A good example is the Commonwealth's ONE Mortgage Program, which was developed in response to racial discrimination in mortgage lending and has enabled more than ten thousand low-income households of color to become successful homeowners. Broader state financing

initiatives to promote racial equity in mortgage lending are currently underway.

The second is strong enforcement of state and federal fair housing and antidiscrimination laws that go beyond the letter of the law to capture its broader social goals. It is not unusual for communities to make permitting decisions or to propose zoning amendments that effectively prohibit rental housing for families with children, which also has the effect of exclusion by income and race. Developers and local officials may also talk "in code" about their intentions to develop housing that will not attract people with different racial or ethnic characteristics than current residents. We encourage the Commonwealth's Attorney General to use her existing authority to: (1) diligently review proposed zoning changes for potentially discriminatory effects; and, (2) forcefully address permitting decisions that are explicitly biased against rental housing for families with children. Nonprofit legal advocacy is also critical to ensure that federal and state fair housing laws are being thoughtfully and vigorously enforced.

FILLING CRITICAL DATA GAPS

No discussion of housing policy in Greater Boston is complete without addressing an underlying problem: a chronic insufficiency of data that makes it needlessly difficult to analyze and craft solutions to the major housing challenges facing the region. Much of that missing data is routinely collected and maintained by city and town governments and yet never aggregated at the state level. The region would be much better positioned to plan for housing development if the following data were provided to the state and its regional planning agencies at least annually:

1. current zoning ordinances and bylaws;
2. current zoning maps in standard geographic information system (GIS) format;
3. property-level detail from local assessors; and
4. basic property-level data (e.g., number of units, number of bedrooms) for all new addresses added to the state E911 database.

With this data in hand we could answer some critical policy questions in future versions of the Greater Boston Housing Report Card that cannot be answered today: How much of our new housing is within a half-mile or a quarter-mile of transit? How much of our new housing is in “walkable” neighborhoods that require fewer, if any, vehicles? How much of our housing is located within a short commute from concentrations of employment?

Local decisions about housing have a profound impact on the state economy. It is not unreasonable for state government, which provides more than a billion dollars in annual local aid to its cities and towns, to require in return that those communities share their data to improve our shared destiny and promote our shared prosperity.



For most of the last century Greater Boston has been a national leader in addressing the housing needs of its residents. As much as has been accomplished, this Report Card illustrates that serious challenges remain and that new ones have emerged. The need for strong civic leadership on housing is as great as ever.