The Greater Boston Housing Report Card 2003:

An Assessment of Progress on Housing in the Greater Boston Area

Bonnie Heudorfer

Barry Bluestone

Stein Helmrich

Prepared by:

The Center for Urban and Regional Policy (CURP)
Northeastern University

for

The Boston Foundation and

Citizens' Housing and Planning Association (CHAPA)

tBf The Boston Foundation

CITIZENS' HOUSING AND PLANNING ASSOCIATION

Center for Urban and Regional Policy
Northeastern UNIVERSITY

April 2004

Center for Urban and Regional Policy

The Center for Urban and Regional Policy (CURP) was launched in 1999 at Northeastern University as a "think and do tank"—a center where faculty, staff, and students from the university pool their expertise, resources, and commitment to address a wide range of issues facing cities, towns, and suburbs with particular emphasis on the Greater Boston region. It has produced an array of reports on housing, small business development, and workforce training; created new computer-based information tools for researchers, students, and government agencies; and sponsored major "action" projects, including the World Class Housing Collaborative, which is devoted to assisting community groups develop housing in their neighborhoods. CURP has also focused its attention on inner city development in older industrial cities in Massachusetts. A new collaborative is also underway aimed at helping small minority enterprises improve and expand their operations. In 2000, CURP produced the New Paradigm for Housing in Greater Boston report, a comprehensive document detailing the nature of the housing crisis in the region. CURP's Web site, www.curp.neu.edu, is a leading source of information for community leaders, public officials, urban researchers, and students.

Citizens' Housing and Planning Association

The Citizens' Housing and Planning Association (CHAPA) is a statewide organization that represents the interests of all players in the housing field, including nonprofit and for profit developers, homeowners, tenants, bankers, real estate brokers, property managers, and government officials. The organization is a sponsor of many research projects concerned with housing and in 1998 commissioned a study from the Donahue Institute at the University of Massachusetts entitled "A Profile of Housing in Massachusetts." This report began the work of measuring progress in key housing policy areas such as supply, affordability, and accessibility. CHAPA has assisted in the funding and development of this report.

The Boston Foundation

The Boston Foundation, one of the nation's oldest and largest community foundations, has an endowment of more than $630 million and made grants of more than $48 million to nonprofit organizations this year. The Boston Foundation is made up of 750 separate charitable funds that have been established by donors either for the general benefit of the community or for special purposes. The Boston Foundation also serves as a civic leader, convener, and sponsor of special initiatives designed to build community. For more information about the Boston Foundation, visit www.tbf.org, or call 617-338-1700.

UNDERSTANDING BOSTON is a series of forums, educational events and research sponsored by the Boston Foundation to provide information and insight into issues affecting Boston, its neighborhoods, and the region. By working in collaboration with a wide variety of partners, the Boston Foundation provides opportunities for people to come together to explore challenges facing our constantly changing community and to develop an informed civic agenda.

Design: Kate Canfield, Canfield Design

Cover Photo: Richard Howard, Richard Howard Photography

Contents

APPENDICES

LIST OF FIGURES AND TABLES

Preface

This *Greater Boston Housing Report Card 2003* follows a similar report completed eighteen months ago by the Center for Urban and Regional Policy (CURP) at Northeastern University in collaboration with The Boston Foundation and the Citizens' Housing and Planning Association (CHAPA). The on-going Report Card was developed as a diagnostic tool to assess the progress Greater Boston is making toward providing housing opportunities for all of its citizens.

Housing production goals for the region were established three years earlier in *A New Paradigm for Housing in Greater Boston*, a CURP report commissioned by the Roman Catholic Archdiocese of Boston and the Greater Boston Chamber of Commerce. Its authors warned that high housing costs and inadequate inventory were threatening the region's economic competitiveness and they called for an ambitious social compact to increase the supply of housing by more than 80 percent over existing production levels. The *New Paradigm* report projected that 15,660 units of housing were needed annually in the Boston PMSA[1] to meet housing needs and moderate the escalation in rents and home prices. Existing production was generating only about 8,500 units a year, of which an estimated 1,300 were designated for occupancy by low or moderate income households.

The report's advisory committee also identified the need for improved data collection and analysis. It noted that numerous governmental agencies, for profit and nonprofit organizations, and professional real estate associations maintain statistics about their own programs, but there was no central agent that analyzed these data in a comprehensive manner for the purpose of assessing the region's progress in meeting its housing needs. *The Greater Boston Housing Report Card* was developed to do that. It serves the following purposes:

- To assess economic trends and market conditions that affect current and projected housing needs;
- To collect, consolidate, and report housing data from various public and private sources that can be used to assess the adequacy of production levels;
- To improve accessibility and utility of information so that individual sectors and participants can evaluate performance; and
- To measure progress in key areas of housing development, including production and rehabilitation, and public support.

The Greater Boston Housing Report Card 2002, issued in October 2002, was the first assessment of how the region was doing against the *New Paradigm* goals. It concluded that, despite the call for a concerted effort to expand the region's housing supply, production continued to lag substantially behind demand, leading to even higher housing prices and rents throughout the region.

With the region still experiencing slow economic growth and having shed tens of thousands of jobs, with the rental market the softest it has been in three years, and home price appreciation moderating, the question may be asked, "Is 15,600 new units per year for the Boston PMSA (equivalent to about 18,000 units per year for the larger area covered by the *Housing Report Card*) still an appropriate goal?" This year's Report Card addresses that question. It examines the issues that influence housing markets and analyzes recent trends and production levels. It also probes the characteristics, as well as the level, of federal, state and local support for housing. And it takes a closer look at which communities within the region are taking steps to expand the supply and preserve and improve the existing inventory.

Executive Summary

Two and a half years of a weakened economy, a decline in the number of renter households in the region, and a welcome increase in the production of multi-family housing has had the predictable effect of reducing rents modestly throughout Greater Boston. But the reductions in rent are so modest compared with the enormous run-up between 1998 and 2001 that rent has become "unaffordable" to the median income renter household in an increasing number of municipalities in the region.

As for owner-occupied housing, a reduction in the pace of single family production over the past year plus an increase in sales due to low mortgage interest rates (allowing some renters to become homeowners) has led to a further erosion in vacancy rates and a consequent rise of 9.6 percent in the median house price in Greater Boston in 2003. The only apparent impact of the general economic slowdown and a decline in the overall number of households in the region is that the rate of appreciation has fallen from the 14.4 percent experienced in 2002.

Now, depending on the strength of a recovering economy, we can expect rents and home prices to increase again in 2004 and 2005, as they did during the extraordinary 1998-2001 period when rents rose by nearly 7 percent a year and housing prices skyrocketed by approximately 50 percent in just three years. This is due to the fact that even with the economic slowdown, a reduction in the number of households, and an increase in multi-family rental production, rental vacancy rates have not yet exceeded what is considered a normal 6 percent level. Worse yet, the vacancy rate for owner-occupied housing has slipped to just 0.6 percent, well below a normal 2 percent rate. Any substantial uptick in the economy could lead to increased housing demand that would push these rates still lower, spurring another round of sharp price increases.

In light of these findings, we conclude that unless there is a concerted effort to increase housing production beyond even the improved level achieved in 2003, more and more households will be priced out of the market or will end up paying an exorbitant share of their incomes to cover rent or mortgage. Ultimately, this trend might be self-correcting, if firms find it too difficult to recruit workers in such a costly market and the economy stagnates as a result. But this is, of course, a socially costly way to "resolve" the housing crisis.

Key Findings

Economic and Demographic Change in the Region

The Boom Years – From the beginning of 1995 through December 2000, employment increased by 321,000 in the Boston MA-NH Metropolitan Area (Boston PMSA) to a total of nearly 2.1 million. Unemployment declined from 4.7 percent to just 2.2 percent. The strong economy added to household income and attracted workers into the region.

During the decade between 1990 and 2000, the total number of households in the Boston region increased by 129,265 or an average of nearly 13,000 per year. Over the same period, only 91,567 units of new housing were produced – leading to extremely low vacancy rates in both owner-occupied and rental housing.

Recession Aftermath – The economy was in recession in 2001, but even with a return to modest GDP growth, the number of jobs in Greater Boston continued to decline between December 2000 and August 2003. By the end of this period, there were nearly 165,000 fewer jobs in the Boston PMSA labor market area. The unemployment rate rose to 5.3 percent.

With the weakening of the regional economy, household growth not only slowed but temporarily reversed. Between 2000 and 2002, the U.S. Census *American Community Survey* estimates that the number of households in the Boston PMSA actually declined by more than 7,000. While the number of homeowner households increased by more than 13,000 – spurred, in part, by record low mortgage interest

rates – this gain was offset by the loss of more than 21,000 renter households, presumably through out-migration or doubling up.

The weak economy and decline in the number of households, combined with the completion of over 8,000 rental units over the past five years, has added to the stock of vacant rental housing.

Economic Upturn – Although the evidence is quite fresh and the short-term forecast uncertain, it appears that the regional economy began to recover last fall. Between August and December 2003, total employment in the Boston PMSA increased by more than 17,000 and the official unemployment rate has fallen back to 4.5 percent.

The recent data plus national trends suggest that the rest of 2004 and 2005 will be years of more rapid growth – with potential implications for housing prices and rents in Greater Boston.

Rents, Home Prices, and Housing Affordability

The weakening local economy through mid-2003 and the net decline in the number of households temporarily reduced pressure on the housing market (especially the rental market), but the impact on prices and rents has been modest.

Median Rent for Existing Renters – For similar sized apartments, typical rents paid by existing renters have declined by about 10 percent since 2000. The median monthly rent paid for a 900 square foot apartment in 2000 was $1,565. It dropped to $1,439 in 2001 and to $1,410 in 2002. This represents a decline of 9.8 percent over two years. For the period between August 2002 and August 2003, the decline in rents was more modest. Rents for the highest priced apartments fell by 2 percent, while those in lower cost units were essentially unchanged. All of this, however, follows an increase in rent of 63 percent between 1995 and 2000.

Median Advertised Rents – The median advertised rent for a 2-bedroom apartment in the City of Boston was $1,500 in 2003, down from a peak of $1,700 in 2001 and $1,550 in 2002. This represents a decline of 11.8 percent over two years.

Of the twenty towns and cities surrounding Boston (including Boston), 16 experienced a decline in advertised rents between 2001 and 2003. The declines varied from as little as 4 percent in Malden, to a few municipalities – including Medford, Melrose, and Watertown – that experienced better than a 10 percent decline in rents. But these declines followed steep increases between 1998 and 2001 that ran as high as 67 percent in Winchester, 63 percent in Revere, and 55 percent in Everett. In general, rents have fallen the least in lower income communities.

Rental Affordability – In most communities in 2003, advertised rents required a smaller share of renter household income relative to 2001. But in 16 of 20 Boston area communities, advertised median rents still exceeded 30 percent of that community's estimated median renter income. This was only a slight improvement over 2001, when median rents were "unaffordable" to median renter households in 18 of these communities.

Despite the recent decline in median rents, 43.3 percent of renter households in the Boston PMSA were paying more than 30 percent of their income in rent in 2002, up from 40.3 percent in 2000. More than one in five renter households (21.5 percent) were paying more than half their income for housing. This was up from 18.4 percent in 2000.

Home Prices – Unlike rents, home prices continued to rise right through this period of recession and weak economic growth. In 2003, the median sales price of existing single family homes in the Boston PMSA rose to $343,000 from $273,400 in 2001 and $313,900 in 2002. This represents an increase of 25 percent over 2001. Since 1997, the median price of the typical single family home has doubled.

Home Ownership Affordability – As a result of the continuing increase in single family home prices, in 2003 the median income homebuyer could afford to purchase a median priced home in only 70 of the 161 communities in Greater Boston. This is down from 95 communities in 2001 and 149 communities in 1998.

In 2003, first-time homebuyers – defined as households earning 80 percent of a community's median income – could afford a house priced at 80 percent of the median for homes sold in their community in only 13 of 161 municipalities in Greater Boston. This was down from 43 such communities in 2001, and 116 in 1998.

More than three in ten homeowners in Greater Boston (30.4 percent) were paying over 30 percent of their income for housing in 2003, compared with 26.6 percent in 2000. One in eleven homeowners (9.1 percent) paid more than half of their income for housing, up slightly from 8.9 percent in 2000.

New Housing Production

In 2003, the region witnessed a 22 percent increase in the number of new housing units permitted as construction commenced on developments that had long been in the pipeline.

Overall Production – Preliminary year end estimates indicate that a total of 11,700 housing units were permitted in all of Greater Boston in 2003, up from 9,520 in 2002 and 9,701 in 2001. Moreover, there was a shift in production from single family homes to multi-family production.

- Single family production declined to 6,087 from its recent high of 8,639 in 1998 and 6,313 in 2001.
- The permitting of multi-family units, however, increased significantly. For buildings with 2-4 units, 1,033 permits were granted in 2003, up from just 686 in 2001. For buildings with 5 or more units in them, the total number of permitted units in 2003 reached 4,581, up sharply from 2,702 in 2001. This was the highest level of production of units in larger multi-family buildings since 1989.

Nonetheless, total permit numbers remain well below the peak years of the 1970s and 1980s when more than 20,000 permits per year were issued.

Affordable Housing Production – Within the new housing developments, there was an increase in the number of affordable units (those restricted to occupancy by households with incomes of no more than 80 percent of area median income). The number of affordable owner-occupied units more than doubled to 535 in 2003 from 259 in 2001; the number of affordable rental units increased by 23 percent to 1,436 from 1,164.

Vacancy Rates – With the decline in the number of households in Greater Boston and an increase in the number of units produced, rental vacancy rates increased significantly from 2.4 percent in 2000 to a more normal rate of 6.0 percent in late 2003. This rise in rental vacancies was a key factor in the softening of rental prices during the past two years, especially at the high end of the market.

However, homeowner vacancy rates continued to decline from 1.0 percent in 1999 to 0.7 percent in 2001 and now to 0.6 percent in 2003. The extreme shortage of owner-occupied housing helps to account for the continued increase in the price of single family homes in the region.

Urban Sprawl – There is also evidence that homebuyers are moving further from Boston to find affordable homes. In 2003 single family home sales in the 54 cities and towns that constitute the Massachusetts Association of Realtors Greater Boston region – where the average single family home price topped $500,000 last year – increased by only 3 percent over 2002 levels, and remain well below the peak levels reached in the late 1990s. Further from Boston, in the Northeast and South Shore regions (and, beyond the focus of this report, the Central and Southeastern regions), 2003 sales were up by more than 7 percent over 2002 to near record highs. Condominium sales likewise reached new record levels in 2003, in every region of the state.

Affordable Housing Production

The improvement in affordable production owes much to the role of Chapter 40B and the Affordable Housing Trust Fund.

Production under Comprehensive Permits (Chapter 40B) – Total production of housing under 40B comprehensive permits increased to 3,256 units in 2003, up from 1,739 in 2002, 755 in 2001 and 710 in 2000. This represents nearly a quadrupling in production under 40B in just three years.

With the increase in 40B developments, there has been a corresponding increase in the number of affordable units created, from 169 in 2001 to 543 in 2002 and 964 in 2003.

Use of Affordable Housing Trust Fund – The number of new housing units produced with the assistance of The Affordable Housing Trust Fund has also increased from 648 in 2001 to 876 in 2002 and 1,046 in 2003. Nearly three-quarters of these units are affordable.

State and Federal Funding

Total combined spending by the state and federal government has remained essentially flat since 2001 ($565 million in 2001, rising incrementally to $567 million in 2002, and up 3 percent in 2003 to $583 million), but the overall numbers mask significant cuts in the funds available to increase new housing supply.

- Total spending from state sources on housing programs, from both operating and capital budgets, dropped by more than 17 percent between 2001 and 2002, and nearly 5 percent between 2002 and 2003 to $188 million, the lowest level it has been since 1995.
- The total federal contribution has risen from $301 million in 2001, to $317 million in 2002, to $383 million in 2003, a 27 percent increase over two years. However, the bulk of the federal increase is for existing rental assistance contracts, not for new housing production.
- State funds now support only 35 percent of the combined state/federal commitment to housing, down from 45 percent just two years ago.

How Much More New Housing Do We Need to Produce?

The September 2000 *New Paradigm* report indicated a need to boost production from roughly 8,400 housing units per year to 15,600 – an increase of 85 percent – if rents and housing prices were to moderate to the point where they were more in line with the general rate of inflation. Extrapolating this number to the entire Greater Boston region of 161 towns and cities covered in this report suggests a total production goal of close to 18,000 per year – compared with the 11,700 permitted in 2003. Do we still need 18,000 per year?

The answer is a qualified "yes." If the economy does not recover, if jobs continue to leave the state, and if the number of households does not grow, then continuing the current production levels should ultimately result in a regime of modest annual increases in rent and home prices. The 2003 production level, if maintained over four to five years, should come close to eliminating the existing 26,000 unit shortfall in housing units.

BUT, assuming an economic recovery and assuming that Census Bureau projections of household growth are roughly correct for 2005 through 2010, the region will still need to build approximately 18,000 units per year in order to keep rental vacancy rates where they are now, boost owner-occupied housing vacancy rates to the normal 2 percent range, and add on top of this enough housing for an expected increase of 100,000 new households. The math is simple: 100,000 new households (+ 26,000 needed housing units to meet vacancy targets) divided by 7 years (2004-2010) yields 18,000 new units per year between now and 2010. The annual shortfall in housing production is therefore approximately 6,300 – the difference between the 18,000 annual housing production target and the 11,700 permitted in 2003[2]. This suggests that between this year and 2010, we still have to find a way to build more than 44,100 units *above* current production levels in order to assure a continued moderation in housing prices and rents. Moreover, we will need to find a way to produce this new housing in the locations where people want to live and at prices they can afford.

1.
Introduction

A New Paradigm for Housing in Greater Boston was released in September 2000, at the apex of the region's economic renaissance. Unemployment was below 3 percent and incomes were rising faster in Boston than in almost any other metropolitan area. The strong labor market was attracting professional workers from other parts of the country and immigrants from abroad. Home prices and rents were skyrocketing as vacancy rates plummeted. The report's authors warned that the region's high housing costs and inadequate inventory were threatening the Commonwealth's long-term competitiveness. They called for a collaborative effort to increase the supply of housing by more than 80 percent over existing production levels between 2001 and 2006.

Recap of the 2002 Housing Report Card

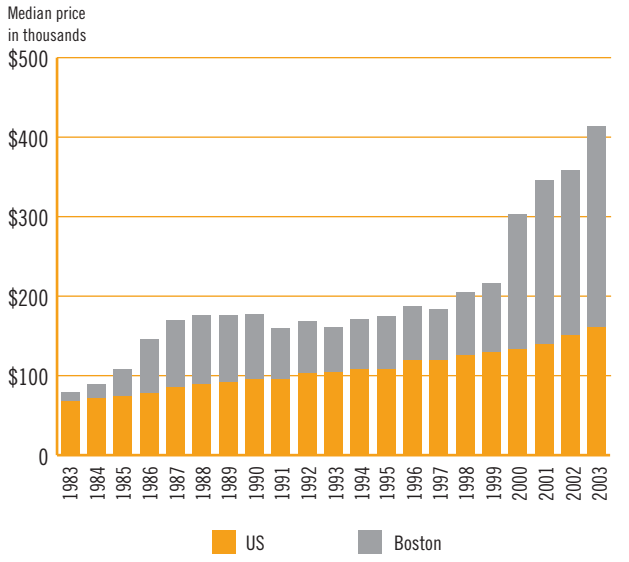
Last year's report concluded that the region's acute shortage of affordable housing was the legacy of nearly a decade of lagging production. Housing construction had not kept pace with demand since Boston emerged from the 1991-1992 recession. All in all, the region had produced little more than half of the housing it actually needed. Employment grew by more than 9 percent during the 1990s and the number of households increased by nearly that amount, but the number of housing units increased by only 6 percent. Most of the new household demand was accommodated in existing vacant units, driving the rental vacancy rate down from 6.9 percent in 1990 to 3.5 percent a decade later, and the homeowner vacancy rate from 1.7 percent to 0.7 percent. (A 6 percent rental vacancy rate and a 2 percent rate for owner-occupied housing are considered representative of a housing market in balance.)

Had housing production kept pace with household growth during the 1990s, the region would have created an additional 4,000 new units per year. Absent adequate new production, however, rents and home prices – already among the highest in the nation – soared as Boston's economy surged into high gear in the mid-1990s. **Figure 1.1** illustrates how dramatically Boston area home prices escalated compared to the rest of the nation.

Further, the 2002 report found that production had actually slipped from the 1998-99 levels on which the *New Paradigm* estimates were based – despite soaring prices and rents. Thus, while the demand for housing remained strong, supply continued to lag far behind. A weakening economy, the authors noted, had caused vacancies to rise somewhat and rents to moderate – and in some cases fall – but rent levels and home prices remained out of reach of many of the state's residents and workers.

FIGURE 1.1

Median Home Price Boston v US



Source: National Association of Realtors median sales price of existing single family homes for metro areas

What Has Changed Since Then

A year after that first assessment was issued, Greater Boston's economy is just beginning to grow again. But the slowdown that lasted up until at least September of last year, the second longest in Massachusetts' history, took its toll on the rental market. The high end of the market – including many new luxury units that were just coming on line beginning in 2000 – was the first to be affected, but a rising vacancy rate has contributed to another year of stable or declining rents across much of the rental stock.

The home buying market, on the other hand, which grew to include many renters motivated by record low mortgage interest rates, has proved to be much more resilient. Prices have continued to rise albeit at a more moderate pace than in the previous three years. Demand continues to exceed supply in all but the highest price ranges. Counting condominiums as well as single family homes, 2003 was strongest sales year on record, and the Boston PMSA ended 2003 as the nation's 4th most expensive home buying market.

Despite the weakened rental market, building permit issuance overall reached its highest level in five years in 2003, as construction commenced on several large rental and condominium projects that had been years in planning. Single family permitting, however, dropped to its lowest level in a decade. Overall, the region continues to generate fewer than half the number of units it produced during the boom years of the 1980s, and it is creating new housing at less than half the national rate. The development pipeline is strong, but it remains as challenging as ever to turn plans into production.

Softening at the high end of an expensive market, of course, is little consolation to the 22 percent of the region's households who earn less than $25,000 a year, or the 20 percent who earn between $25,000 and $50,000. By traditional measures, these residents can afford no more than $650 and $1,300 per month for housing. Their numbers have increased in the past two years, partly as a result of the weakened economy, but the housing opportunities available to them have diminished. As a result, the number of cost burdened, and severely cost burdened households, has increased.

Still, there is some good news to report. The production of new affordable units – those restricted to households earning less than 80 percent of the area median income –increased in 2003 by nearly 40 percent over 2001-2002 levels.

Organization of Report

This year's report card examines these changes and reports on where progress has, and has not, been made. It is organized as follows:

- Section 2 provides an overview of current market conditions based on an analysis of recent economic activity and the most up-to-date demographic data from the U.S. Census *Annual Community Survey, 2002* and other sources. It revisits the *New Paradigm's* estimate of housing need based on this analysis.
- Section 3 describes changes in housing supply including where new production is taking place and what types of units are being developed. It also reviews turnover in the existing inventory and developments in the pipeline.
- Section 4 analyzes changes in rents, home prices, and housing affordability for the region as a whole and for specific towns and cities.
- Section 5 focuses specifically on affordable housing production including a discussion of the players, the tools, the funding, and what is being accomplished.
- And finally, Section 6 provides a look at what has happened to public funding levels for housing since the last report card was issued.

  Two appendices are also a critical part of this report card. They provide key performance indicators for each of the 161 municipalities and represent a useful diagnostic tool for community leaders to use in evaluating their own performance and needs. **Appendix A** assesses the progress each community has made over the past two years in addressing the affordable housing shortage. **Appendix B** presents data on how prices have changed in each city or town over the past two years and how this has affected affordability.

2.
Current Market Conditions

Last year's *Housing Report Card* analyzed census data from 1990 to 2000 to document the demographic and housing shifts that had precipitated the region's housing affordability crisis.[3] This year's analysis draws on current market indicators to help explain why housing affordability remains an issue in spite of the weak economy. That analysis is the subject of this section.

Regional Economic Outlook

Following five years where strong economic growth boosted household incomes and attracted new workers to the area, the region's economy stalled in 2000. Employment had increased by nearly 321,000 in the Boston PMSA – to a total of nearly 2.1 million – between January 1995 and December 2000. Over the same period, the metro area's unemployment rate dropped from 4.7 percent to as low as 2.2 percent.[4] Between December 2000 and August 2003, however,

Table 2.1

Demographic Profile Boston PMSA, 2000-2002

Indicator	2000	2002	% Change 2000-2002
Population	3,309,622	3,304,030	-0.2%
Households	1,310,885	1,303,824	-0.5%
Median Household Income	$55,523	$60,612	9.2%
Median Family Income	$68,313	$73,670	7.8%
Median Renter Income	$35,023	$36,757	5.0%
Median Homeowner Income	$71,766	$76,838	7.1%
Families Below Poverty Level	46,146	53,278	15.5%
Total Housing Units	1,379,582	1,382,290	0.2%
Occupied Units	1,310,885	1,303,824	-0.5%
Vacant Units	68,727	78,466	14.2%
Overcrowded Housing Units	25,582	29,744	16.3%
Owner Occupied Units	778,521	791,994	1.7%
Renter Occupied Units	532,334	511,830	-3.9%
Median Value Owner Occupied Units	$239,426	$328,713	37.3%
Median Gross Monthly Rent	$844	$968	14.7%
Renter HHs Paying >30% of Income for Rent	40.3%	43.3%	7.4%
Renter HHs Paying >50% of Income for Rent	18.4%	21.5%	16.8%
Median Monthly Owner Cost (w mortgage)	$1,626	$1,697	4.4%
Homeowners (w mortgage) Paying >30%	26.6%	30.4%	14.3%
Homeowners (w mortgage) Paying >50%	8.9%	9.1%	2.2%
Homeowner Vacancy Rate	0.7%	0.5%	-28.6%
Renter Vacancy Rate	3.8%	4.4%	15.8%

Source: ACS 2000-2002 Change Profile, Boston PMSA 2000 Income by tenure from Census 2000, Table HCT 12

the number of employed workers declined by 165,000 and the unemployment rate increased to 5.3 percent.

While the short-term economic outlook remains uncertain, there is some indication that the region's economy began to recover at the end of 2003. Between August and December, total employment in the Boston PMSA increased by more than 17,000 and the unemployment rate fell back to 4.5 percent. These recent data, together with national trends, suggest the real possibility that the remainder of 2004 and 2005 will see increased job growth, with potential implications for housing prices and rents in the region.

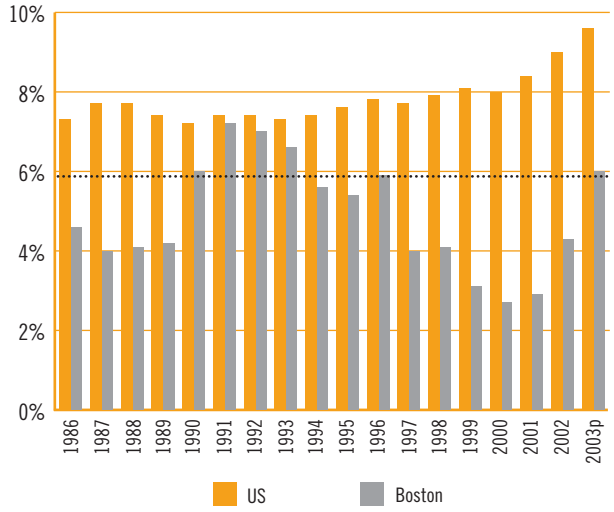
Demographic Update

The 2002 *American Community Survey* (ACS)[5] documents the demographic changes that have occurred since the last decennial census was conducted in April 2000, and highlights of the survey are presented in **Table 2.1**. The weak economy is reflected in the ACS numbers. The Survey reported a modest overall decline in population and households between April 2000 and July 2002 (0.2 percent and 0.5 percent respectively), but a more pronounced drop in non-family households and householders living alone (4.3 percent and 1.4 percent). It reported an incremental increase of 0.2 percent in the total number of housing units and a substantial 14 percent increase in the number of vacant units. As was true in the 1990s, the growth in occupied units represented an increase in the number of homeowners (up 1.7 percent). The number of renter households fell by 3.9 percent.

The ACS reported a 2002 rental vacancy rate of 4.4 percent, but a persistently low homeowner vacancy rate of 0.5 percent. (The Census Bureau's most recent estimate puts the rental vacancy rate at 6 percent for 2003 and the homeowner vacancy rate at 0.6 percent.[6]) (See **Figures 2.1 and 2.2**) Outward migration continued to be offset by modest in-migration from other states and immigration from abroad, but at a substantially lower rate than in the 1990s. The percent of the population that reported having moved to their present residence from a different state, or from abroad, within the previous year was 2.3 percent in 2002, down from 3.7 percent in 2000.

FIGURE 2.1

Rental Vacancy Rates US v Boston PMSA



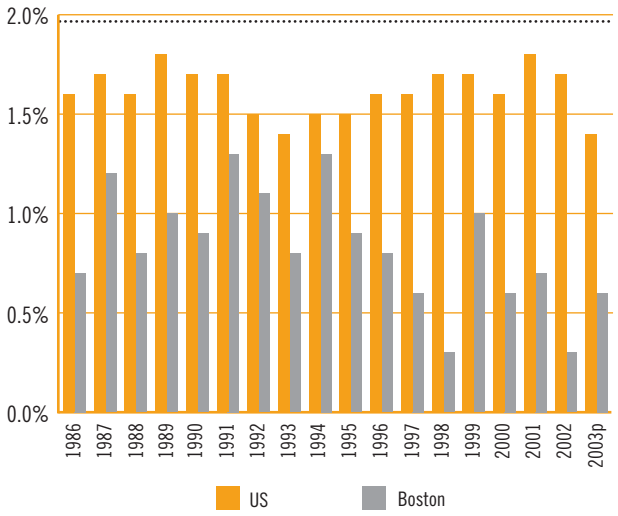
Source: Census Bureau Quarterly Vacancy Survey

The Survey found that median family income increased to $73,670 during this two-year period, an increase of 7.8 percent, while median household income increased by 9.2 percent to $60,612. The number of families living in poverty (less than $15,260 for a family of three) increased by more than 9,000 and the number of households living in overcrowded conditions grew by more than 4,000.[7]

The ACS also documents the increasing affordability challenge. Even though there were 21,000 fewer renter households in the Boston PMSA in 2002 than there were just two years earlier, ACS estimated that the number of renter households paying in excess of 30 percent of their income for rent increased by almost 4 percent. The number paying more than 50 percent of income for rent – considered severely cost burdened by HUD – soared by nearly 12 percent. The number of cost burdened and severely cost burdened homeowners increased during this period as well, by 17 and 10 percent respectively.[8] In the entire Greater Boston region there are now more than 192,000 households, renter and homeowner, paying in excess of 50 percent of income for housing.

FIGURE 2.2

Homeowner Vacancy Rates US v Boston PMSA



Source: Census Bureau Quarterly Vacancy Survey

Revisiting the New Paradigm's Estimate of Need

The *New Paradigm* report, released in September 2000, estimated the need for 15,600 new housing units per year for the 128 municipalities that constitute the Boston PMSA, an increase of more than 85 percent over 1998-99 production levels. The equivalent number for the 161 cities and towns covered by this report card is about 18,000 units. Those projections represented the authors' estimate of the amount of new production required to lift vacancy rates to normal levels and accommodate natural household growth and a modest increase in in-migration.

At the time, some expressed skepticism that this level of production would be sufficient to accommodate the growth associated with robust economic activity. Since then, however, economic conditions have deteriorated. The region entered the 21st century short 38,000 housing units,[9] but by 2002 that shortfall was reduced as 11,000 households left the region, doubled up, or found other accommodations.[10] While the addition of 32,000 new units by 2002 helped push the rental vacancy rate up to normal levels this year, the homeowner vacancy rate has dropped even lower.

The estimated shortfall now stands at about 26,000 units. With no appreciable household growth expected before 2005, even the current anemic level of production – if acceptable and affordable to housing consumers – would suffice to bring supply and demand into balance in the short term, thus continuing to moderate rents and house prices. Between 2005 and 2010, however, forecasters[11] project a household growth of nearly 100,000, suggesting the region still needs to be producing about 18,000 new housing units per year for the next seven years ((100,000+26,000)/ 7 years). If those estimates prove optimistic, or if the region's economic recovery stalls, of course, this number will drop. In any case, *the challenge remains to match the units – those already existing and those newly created – to the demand in terms of type, location and price.*

3.
Changes in the Region's Housing Supply

Boston's housing needs are multi-dimensional. They include rental and ownership units in a range of prices and locations as well as service enhanced housing for populations with special needs. This section of the *Housing Report Card* describes recent changes in housing supply, where new production is taking place, and what type of units are being created. It also reviews the development pipeline.

Building permit data maintained and reported by the U.S. Census Bureau provide the basis for estimating housing production. While there are some limitations to this data, over 98 percent of all permits issued for housing result in actual production, making building permits a reasonable indicator of new construction over the long term.[12]

2003 Overall Production Levels

The number of new housing units permitted in 2003 in the 161 cities and towns covered by the report card – 11,701 – surpassed 1998's 10,846 units, and reversed five years of decline. Housing starts were up in most parts of the country in 2003, fueled by record low mortgage interest rates. Nationally, building permit issuance was at a seventeen year high. Greater Boston's 22 percent increase – three times that of the nation as a whole – was the result of the dramatic increase in multi-family[13] production locally, following on the heels of several years of below-par production levels. Permits for units in structures with 5 or more units, the majority rental, increased by more than 95 percent over 2002.

Single family permits, on the other hand, were down by five percent, and the region is now permitting single family units at just 70 percent of the 1998 level. (See **Table 3.1**.) By contrast, single family permits nationally reached their highest level ever during 2003. Massachusetts was one of only nine states where they did not hold steady or increase.

It has been widely acknowledged that the region's housing shortage is due in large part to its poor performance in building multi-family housing so the improvement in 2003 in this regard, complemented by a healthy pipeline for 2004 and beyond, is noteworthy. It is especially so because recent economic conditions have not been favorable for rental production: rents are down from the peak levels achieved two years ago, vacancies are up, lenders are cautious in their underwriting, and the permitting process is fraught with uncertainty. Nonetheless, most real estate analysts believe the region is still under-producing the housing it needs to sustain an expanding economy over the long term and thus view the increase in permitting for rental housing as positive and sustainable. As evidence of this, they point to the number of experienced developers pursuing new projects.

Table 3.1

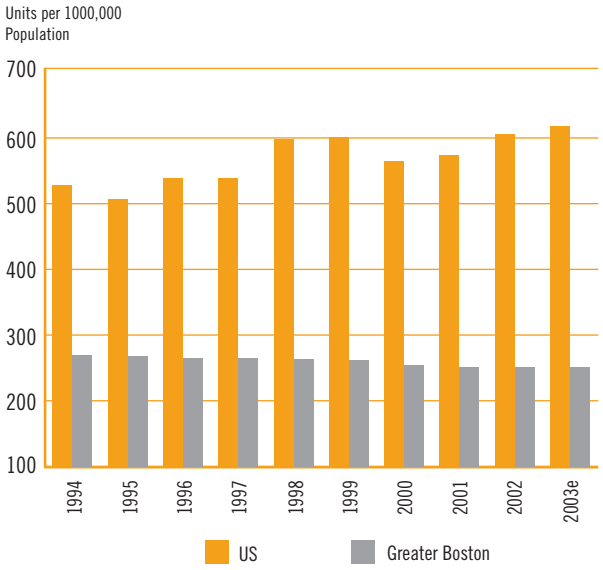
Single Family vs. Multi-Family Building Permits

Year	Total Units Permitted	Units in Single Family Structures	SF as % of Total	Units in 2-4 Unit Structures	Units in 5+ Unit Structures
1998	10,846	8,639	79.7%	574	1,633
1999	10,662	7,775	72.9%	746	2,141
2000	10,342	7,102	68.7%	701	2,539
2001	9,701	6,313	65.1%	686	2,702
2002	9,520	6,408	67.3%	764	2,348
2003 preliminary	11,701	6,087	52.0%	1033	4,581

Source: Census Bureau Building Permit Data for the MA portions only of the Boston, Brockton, Lawrence, and Lowell metropolitan statistical areas

FIGURE 3.1

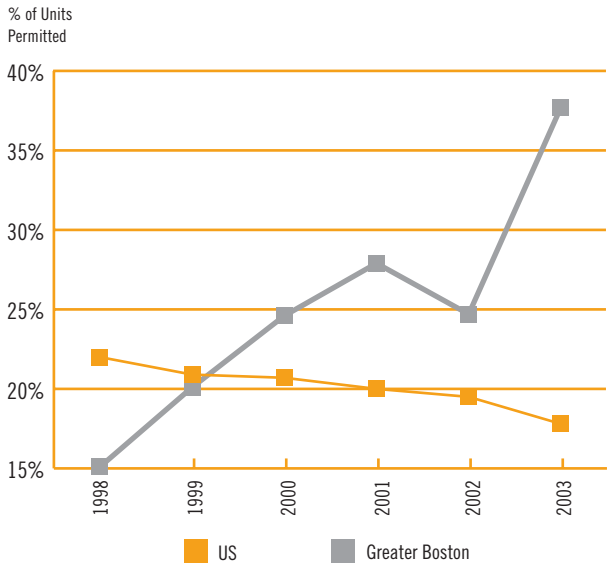
Housing Units Permitted



Source: US Census Bureau Building Permits

FIGURE 3.2

Units in Multifamily Structures (5+ Units) as a Percent of All New Units Permitted

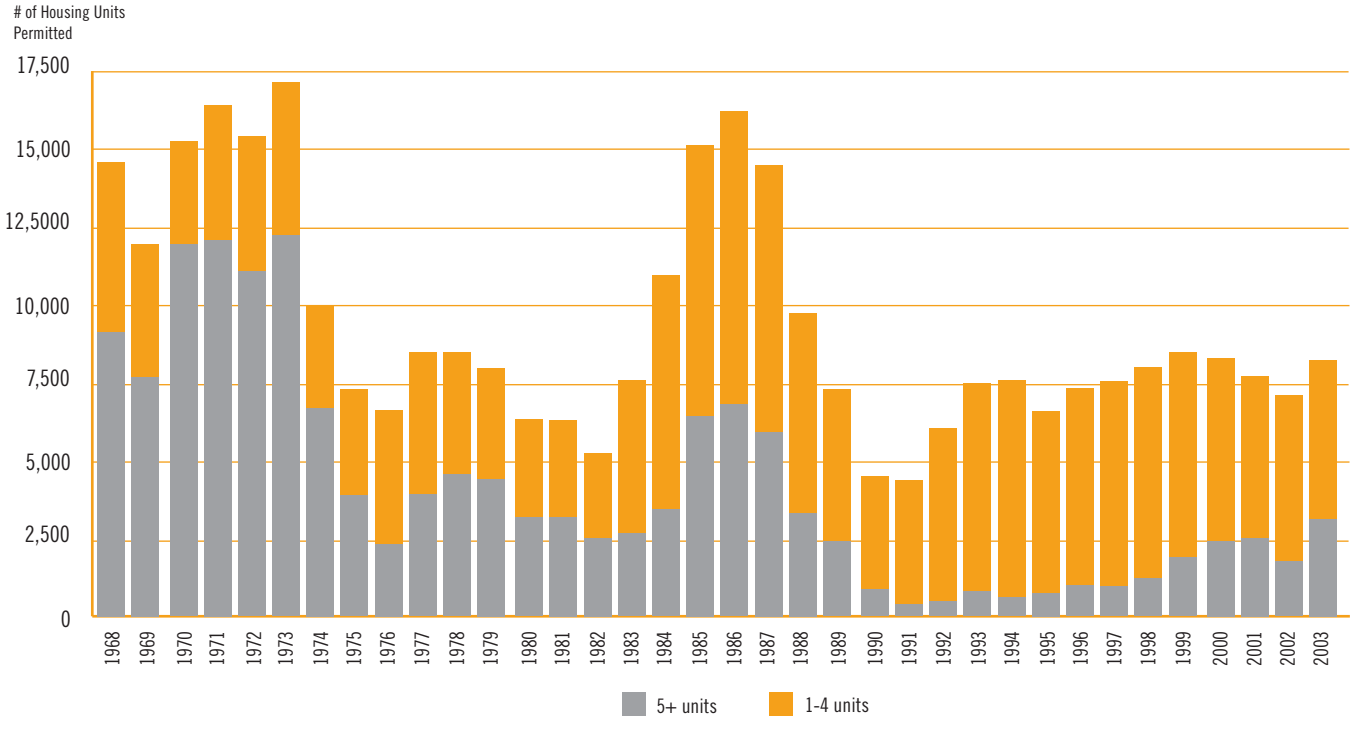


Source: US Census Bureau Building Permits

FIGURE 3.3

Housing Units Permitted

Boston PMSA 1968-2003



Source: US Census Bureau Building Permits; Data pre-1980 compiled by J. Avault and P. Leonard, BRA Research Department

Figures 3.1, **3.2** and **3.3** help put the 2003 level of production into context. **Figure 3.1** shows the number of units permitted locally per 100,000 population compared to the nation as a whole and documents the region's underperformance and continuing divergence from the U.S. rates. In 1995, the region was permitting housing at a rate that was 52 percent of the national level; by 2003, this ratio had fallen to 40 percent. **Figure 3.2** illustrates the region's increasing production of multi-family housing, a trend that also runs counter to the national experience. As recently as two years ago, Massachusetts ranked near the bottom of the 50 states in per capita multi-family permitting.

Figure 3.3 documents building permit data for the past 35 years for just the Boston MSA.[14] This figure, which was included in last year's Report Card, is reproduced here because it provides a useful historical context for understanding current production levels. Figure 3.3 records the decline in total new housing units permitted from an average of nearly 11,300 units per year during the 1970s to 9,900 per year in the 1980s to fewer than 6,800 units per year in the 1990s.

Production has averaged 7,700 units per year since 2000. (The 161 cities and towns experienced a roughly equivalent drop, from 16,000 units per year during the 1970s to 10,800 since 2000.)

The decline in multi-family units was even more dramatic, dropping from an average of almost 7,300 units per year in the 1970s to 4,000 per year in the 1980s and to fewer than 900 per year in the 1990s. Multi-family production began to pick up in 1998, and between 2000 and 2002, averaged 2,500 units per year. It shot up to 3,793 units in 2003 (4,581 for the 161 communities), the highest it has been in fifteen years.

2003 Production by Type and Location

As reported last year, new construction is not evenly distributed, so the costs and benefits of growth are not equitably shared. While the region overall has underproduced housing, a number of communities, particularly along Route 495, experienced back-to-back decades of double-digit growth during the 1980s and 1990s, and for some the pressures continue. This has led a number of towns to tighten local land use controls, cap growth, or implement building moratoria while they grapple with the fiscal and environmental impacts of their growth.

More than 60 percent of the region's communities are permitting fewer housing units now, on an annual basis, than they were during the 1990s. There are many market forces that influence the rate and manner in which communities grow, of course, and a city or town may experience little or no growth in spite of efforts to stimulate production. Similarly, a community may experience a high rate of growth without having planned for it. And certainly, some locations are more appropriate for development than others. But there are other forces that influence how the region's housing supply responds to demand, and the state's tradition of home rule, local land use decision making[15] and local funding of essential services – including schools – often conspire to discourage the growth necessary to accommodate regional needs and distribute it rationally and equitably.

TABLE 3.2

Building Permits Issued for New Housing Units, 2002-2003*

Communities Permitting the MOST New Units

Community	2002	Community	2003	Community	2002-2003	MF	Affd
Boston	772	Boston	1508	Boston	2280	1586	825
Newton	474	Waltham	429	Quincy	665	547	44
Haverhill	330	Quincy	402	Newton	622	435	80
Abington	329	Peabody	387	Plymouth	605	30	0
Plymouth	301	Hingham	377	Waltham	520	354	9
Quincy	263	Raynham	342	Haverhill	471	185	92
Chelmsford	170	Billerica	307	Peabody	458	407	92
Norton	169	Plymouth	304	Hingham	453	323	30
Franklin	163	Burlington	248	Raynham	441	250	174
Watertown	145	Revere	242	Abington	438	264	39
Canton	141	Hudson	240	Billerica	399	180	56
Wareham	139	Braintree	175	Revere	308	165	0
Middleborough	118	Saugus	167	Hudson	297	158	23
Methuen	114	Newton	148	Wareham	278	0	2
Easton	110	Lowell	145	Burlington	275	200	55
Raynham	99	Andover	144	Norton	262	10	22
Winchester	99						

and the FEWEST

Community	2002	Community	2003	Community	2002-2003	MF	Affd
Newbury	11	Medford	10	Carlisle	23	0	0
Hamilton	11	Wayland	10	Essex	23	0	0
Medford	11	Harvard	9	Hamilton	23	0	0
Harvard	9	Sharon	9	Medford	21	0	0
Rockland	8	Dover	8	Rockland	19	0	0
Topsfield	8	Carlisle	7	Harvard	18	0	0
Lincoln	7	Lincoln	6	Belmont	15	0	0
Stoneham	7	Stoneham	6	Topsfield	14	0	0
Wenham	5	Topsfield	6	Ayer	14	0	0
Belmont	4	Nahant	5	Lincoln	13	0	0
Maynard	3	Salem	5	Stoneham	13	0	0
Chelsea	3	Sherborn	5	Wenham	10	0	0
Avon	3	Wenham	5	Chelsea	7	0	0
Ayer	2	Chelsea	4	Nahant	6	0	0
Winthrop	2	Avon	2	Avon	5	0	0
Nahant	1	Winthrop	2	Winthrop	4	0	0

* Cities like Boston and Cambridge increase their market rate and affordable housing inventory each year through the rehabilitation of existing vacant units and the conversion to residential use of commercial and industrial properties. Those units are not included here. Somerville data NA.

Source: U.S. Census Building Permits, MA Subsidized Housing Inventory, Executive Order 418, CAPER and similar tracking reports, public agency records and personal interviews

Single Family Homes

Table 3.2 demonstrates that all of the communities that led in permitting new housing in 2003 included multi-family units in their mix, but 53 percent of the region's 161 municipalities permitted only single family construction. In fact, almost 40 percent have permitted single family only for the past five years (1999-2003). New affordable units were produced in just 22 of these towns,[16] and the comprehensive permit (MGL Chapter 40B) was used by nearly three-quarters of them. This information is presented in Appendix A along with

TABLE 3.3

Municipalities with Fastest and Slowest Growth in Single Family Housing Supply

	Place	Single-Family Units 02		Place	Single-Family Units 03		Place	Avg Single-Family Units 02- 03
1	Plymouth	289	1	Plymouth	273	1	Plymouth	281
2	Norton	157	2	Lowell	129	2	Norton	125
3	Abington	137	3	Wareham	119	3	Wareham	117
4	Wareham	114	4	Westford	119	4	Middleborough	111
5	Middleborough	114	5	Middleborough	108	5	Methuen	111
6	Methuen	114	6	Methuen	108	6	Haverhill	105
7	Haverhill	112	7	Boston	100	7	Easton	96
8	Easton	110	8	Haverhill	98	8	Raynham	94
9	Raynham	94	9	Milford	96	9	Westford	94
10	Newton	82	10	Raynham	94	10	Abington	87
11	Danvers	80	11	Norton	93	11	Milford	86
12	Taunton	78	12	Hudson	82	12	Boston	86
13	Waltham	78	13	Newton	81	13	Lowell	84
14T	Milford	76	14	Easton	81	14	Newton	82
	Pembroke	76	15	Hanover	80	15	Taunton	77
	East Bridgewater	76						
145T	Melrose	8	147T	Medford	6	145T	Swampscott	8
	Rockland	8		Topsfield	6		Melrose	8
	Topsfield	8		Lincoln	6		Rockland	8
148T	Manchester	7		Stoneham	6	148T	Topsfield	7
	Medford	7	151T	Brookline	5		Ayer	7
	Lincoln	7		Salem	5		Medford	7
	Stoneham	7		Sherborn	5		Lincoln	7
152	Wenham	5		Wenham	5		Stoneham	7
153T	Maynard	3		Nahant	5	153	Belmont	6
	Avon	3	156T	Swampscott	4	154	Wenham	5
155T	Ayer	2		Maynard	4	155	Maynard	4
	Belmont	2	158	Watertown	3	156T	Sherborn	3
157T	Sherborn	1	159	Avon	2		Nahant	3
	Nahant	1	160	Chelsea	1		Avon	3
	Chelsea	1	161	Winthrop	0	159	Watertown	2
160T	Watertown	0	160	Chelsea	1	160	Chelsea	1
	Winthrop	0	161	Winthrop	0	161	Winthrop	0

Source: US Census Bureau Building Permits

other comparative indicators of how each city and town is performing with regard to expanding its housing supply. The role of "40B" in expanding the region's housing supply is discussed later in Section 5 of this report.

Table 3.3 identifies which communities permitted the most, and least, single family housing in 2003. The most active markets include seven of the region's largest municipalities geographically: Plymouth, Middleborough, Taunton, Wareham, Haverhill, Westford, and Norton. These communities represent nearly

15 percent of the landmass of Greater Boston and they accounted for about 15 percent of the single family permits issued. The slow growth communities, for the most part, are built-up inner suburbs. Lincoln, Sherborn and Wenham are notable exceptions.

Multi-family Housing

For many years, national apartment investors had bypassed Greater Boston. The region boasted high rents, low vacancies, an aging inventory, and demographics favorable to rental housing, but it also posed significant barriers to new construction and had a history of rent regulation and political activism. Figure 3.3 documented the record low levels to which apartment construction had fallen by 1991, when fewer than 400 units were permitted in the Boston PMSA. Its recent revival can be traced to the entry into the market of some of the nation's largest apartment developers beginning in the late 1990s. Building permits were issued for more than 10,000 new rental units[17] in Greater Boston between 1998 and 2002. Twelve percent of these units will be reserved for low and moderate income tenants as the result of 40B requirements or inclusionary zoning.

These new apartments began to come onto the market just as the economy was cooling, however, and a number of owners are experiencing slower absorption and higher vacancies than they had anticipated. At least one major luxury rental has converted to condominium ownership and a couple of others are reported to be considering this option. Nonetheless, industry analysts expect demand to pick up when the economy recovers and the region once again adds jobs. The 3,000+ new units permitted in 2003 support this premise.

Although rental housing continues to be highly concentrated in a handful of cities and towns, significant progress has been made in the past two years in improving its regional distribution. Much of the improvement is attributable to the increase in units being approved under the comprehensive permit. Raynham, Georgetown, Billerica, Hingham, Walpole, Hudson, and Danvers all approved new multi-family rental developments under MGL Chapter 40B in 2003, and a quarter of the units in each will be reserved for low and moderate income tenants. Still, the major cities in the region continue to accommodate the lion's share of multi-family rental housing: Boston, Quincy, Peabody, and Waltham permitted nearly 2,100 new rental units in 2003. With the exception of affordable units negotiated as part of the permitting process or included as the result of local ordinance, however, these developments generally serve only the high end of the rental market. While all of these cities have some form of inclusionary zoning, to date only Boston's has generated a significant number of new affordable units.

Another factor that has contributed to the increase in multi-family permitting is the strong condominium market. Homebuyers are opting for condominium ownership in increasing numbers. Condos may be appealing for economic considerations – they are often more affordable than detached single family homes – or for lifestyle considerations (the low maintenance or convenience they offer). Department of Revenue records indicate that the number of condominium units increased by more than 8,500 units as the result of new construction and conversion of existing properties during the two most recent fiscal years for which data are available (2002 and 2003).

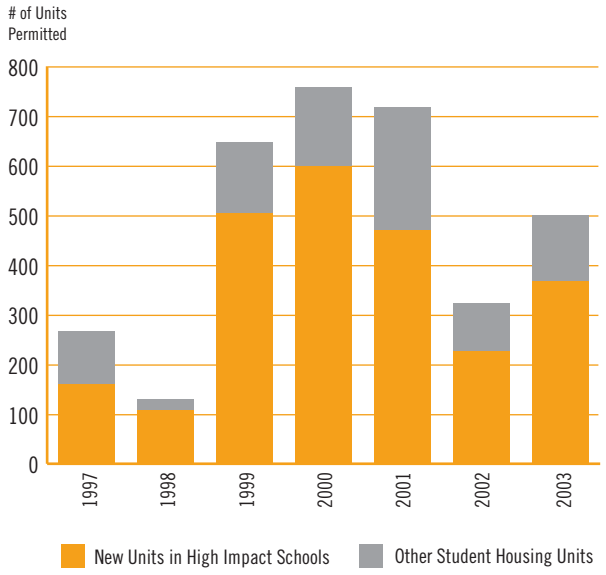
Targeted Markets

College Dormitories The region's institutions of higher learning are widely considered one of its greatest assets, but students living off-campus can exacerbate housing supply problems. The effort to increase dormitory beds in the City of Boston has been a cornerstone of Mayor Thomas Menino's housing policy for the past decade, and progress continued through 2003 as the region's colleges and universities commenced construction on 500 new units[18]. Nearly three quarters of the new units are in the high impact rental neighborhoods of Boston, Cambridge, and Medford. These included a 322-bed dorm at Boston College and a 270-bed dorm at Mass College of Pharmacy (the equivalent of 80 and 68 rental units, respectively, assuming four students would occupy a single off-campus apartment), in addition to 220 graduate student apartments at Boston University. See **Figure 3.4**.

FIGURE 3.4

New Student Housing

(By Year Permitted)



Source: Data provided by individual colleges and universities

Age Restricted Housing Increasingly, large scale new developments are age-targeted, or age restricted, to households where at least one member is 55 or over. The age profile of the region, like that of the nation, is graying as the Baby Boom generation ages, and there are more seniors living in the suburbs now than at any time in history. More than 40 percent of Greater Boston's homeowners are over the age of 55. Many communities have adopted senior housing overlay districts or employed other zoning techniques, including the use of comprehensive permits, for the construction of age-restricted housing to meet the needs of this growing market segment. The fact that this market does not include school age children to educate is at least as important a consideration for many towns. Sixteen percent of the projects approved under comprehensive permits in the past year, and nearly 20 percent of the affordable units, were age restricted.

Other major developments targeting the region's aging population include large continuing care retirement communities under construction in Peabody and Hingham,[19] which will add 4,000 independent apartment units in addition to assisted living units when completed, a 700 unit community of manufactured homes targeted to active seniors in Middleborough, and the state's largest planned community, The Pine Hills at Plymouth which will include 2,800 units when complete.

Affordable Subsidized Housing Affordable housing production, including rehabilitation and preservation efforts, is discussed in greater detail in Section 5, but **Table 3.4** summarizes the substantial improvement that was made in 2003 over the previous two years in adding newly created affordable units to the State's Subsidized Housing Inventory (SHI, or the "40B" list). New developments commenced in 2003 will result in the addition of nearly 4,200 units to the SHI, almost half of which will serve households earning less than 80 percent of the area median income.[20] Three quarters of the income restricted units are rental, one quarter homeownership.

The Housing Pipeline

CURP maintains a development pipeline database that includes all major residential developments, publicly assisted projects, and proposals requesting approval under the comprehensive permit provisions of MGL Chapter 40B. There are nearly 23,000 units working

TABLE 3.4

New Affordable Housing Production[21]

	Total Units	Rental	Owner	Total Afford	Afford Rent	Afford Own	Count on SHI
2001	3,517	2,501	1,016	1,423	1,164	259	2,760
2002	3,737	2,189	1,548	1,436	1,065	371	2,560
2003	5,588	3,661	1,927	1,971	1,436	535	4,196

Source: CURP analysis of DHCD, Mass Housing, Mass Development, MHP, MHIC reports and data provided by municipalities

their way through the 40B process. In addition, the pipeline includes several phased mega-projects, such as Overlook Ridge on the Revere/Malden line, North Point in Cambridge, the South and East Boston Piers, and Fingers Quarry in Quincy. There are few large scale proposals – for rental housing, in particular – in the areas outside the inner core, however. Most of what has been proposed in and around the Route 495 corridor will require the use of 40B or other public action such as rezoning. Fewer than 2,000 rental units – all 40Bs – have been identified as possible 2004-2006 construction starts in the 32 communities that constitute the 495/MetroWest corridor, an area whose $14.5 billion payroll[22] ranks it second only to Boston as a major employment center for the state.

As of December 31, 2003, 168 Greater Boston area developments applying for comprehensive permits under Chapter 40B were still in process, either at the local level, the Housing Appeals Committee, or in the courts (representing close to 14,000 units). More than 120 others (9,000 units) had applied to MassHousing for a determination of site eligibility, the first step in filing for a comprehensive permit. History suggests that about 60 percent of this pipeline is likely to get built. In the sixteen months since the release of last year's *Housing Report Card*, 165 developments, totaling more than 12,000 units in 78 Greater Boston communities, submitted requests to DHCD for site eligibility letters.[23] This suggests that developments continue to be proposed at a faster rate than they are being approved and constructed.

Extreme caution must be exercised when assessing the likelihood that planned projects will move into production. Economic considerations and a tortuous approval process both contribute to delays and uncertainties. Proposals for some sites – the underutilized Boston piers, or surplus state properties and military installations, for example – have been on the drawing boards for decades, in one form or another. Gaining site control and moving through the arduous community review process often takes many years.

4.
Rents and Home Sale Prices

During the past two years, rents have stablilized or declined in the Greater Boston metro area, although rent reductions, for the most part, have been modest given the weak economy and the massive run-up in rents during the second half of the 1990s. Housing prices, on the other hand, have continued to increase through this period of slack economy, although the rate of increase has slowed a bit from the 17 percent increase in 2000 and the 14 percent increase in 2002.

Rents Moderate as Vacancies Increase

In order to obtain the most complete picture of how rents are changing in the Greater Boston region, CURP now utilizes three different data sources.

- *Average rents* for the Boston Primary Metropolitan Statistical Area (Boston PMSA) compiled by the Institute of Real Estate Management (IREM). These data are based on a survey of professionally managed apartment buildings throughout the metro area. Generally the same management companies participate in the annual survey, but the unit mix may vary from year to year.
- *Effective rent levels* as compiled by Acton-based Northeast Apartment Advisors (NAA). The NAA surveys nearly five hundred professionally-managed, market rate developments every six months and reports its findings by property class.[24]
- *Median advertised rents* for two-bedroom apartments in Boston and 19 surrounding communities compiled by the City of Boston's Department of Neighborhood Development (DND) from the *Boston Globe*'s Sunday real estate section. Since landlords often raise rents to market levels only when units turn over, advertised rents are typically higher than the IREM-reported rents.

Each of these metrics has strong points and limitations. The most recent IREM survey provides a useful overview of what has happened to rents through 2002 in a broad cross section of the rental inventory, but is currently available only through 2002. The NAA effective rent levels survey factors in the effect of concessions such as one-month free rent and has the added value of being available for Class A, B, and C apartments through August 2003. Advertised rents only relate to new units to the market or to units that are changing hands, but permit us to observe what is happening to rents across twenty individual towns and cities in the immediate Boston area.

IREM Estimates

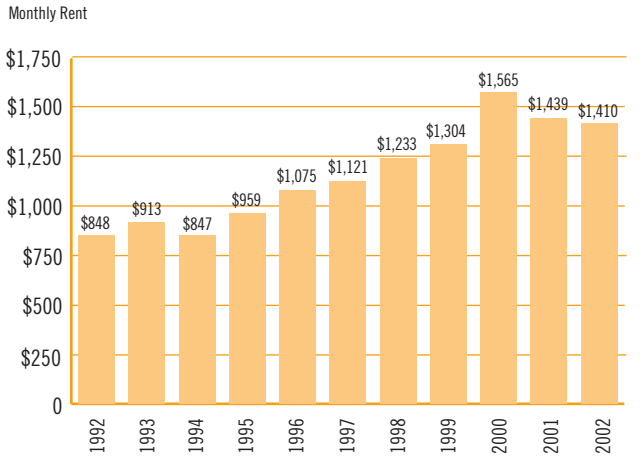
Standardizing the IREM data for apartment size reveals that average rents in the Boston MSA declined in both 2001 and 2002. The median monthly rent paid for a 900 square foot apartment in 2000 was $1,565. It dropped to $1,439 in 2001 and to $1,410 in 2002. This represents an annual reduction of 5 percent per year two years running. Nonetheless, this average reduction in rent comes after a 63 percent increase in rents between 1995 and 2000. (See **Figure 4.1**)

NAA Estimates

For the latest annual period available (August 2002 – August 2003) the Northeast Apartment Advisors

FIGURE 4.1

Monthly Rent for a 900 sq. ft. apt. (IREM)



Source: Institute of Real Estate Management Income/Expense Analysis 1993-2003

TABLE 4.1

Northeast Apartment Advisors (NAA) Rental Market Survey

Survey Period	Class A Apartments	% Change	Class B Apartments	% Change	Class C Apartments	% Change
Effective Rent Per Unit August 2002	$1,821		$1,223		$996	
Effective Rent Per Unit August 2003	$1,782	-2.1%	$1,212	-0.9%	$1.005	+0.9%

Source: Northeast Apartment Advisors, Inc. Boston Metro Apartment Research Report

Rental Market Survey finds that effective rent per unit of higher-priced Class A apartments declined from $1,821 to $1,782 per month, a reduction of 2.1 percent. Class B apartments experienced even a smaller reduction during this recent time period, a decline from $1,223 to $1,212 per month, or less than 1 percent. Rent in Class C apartments, the least expensive, actually increased between 2002 and 2003 from $996 per month to $1,005, an increase of just under 1 percent. (See **Table 4.1**)

Together, the IREM and NAA estimates suggest two important conclusions:

(1) The decline in rents that began in 2000 appears to have largely run its course by the middle of 2003. For the most part, rents appear to have stabilized sometime beginning in the middle of 2002.

(2) The largest absolute and percentage reductions in rent, at least in the last year, appear to have occurred among the most expensive rental units, with very little decline if any in middle and lower cost units.

Boston Globe Advertised Rents

The Division of Neighborhood Development's *Boston Globe* survey details asking rent levels in 20 municipalities, and 15 neighborhoods within the City of Boston, making it a good indicator of market conditions faced by those currently seeking to rent an apartment. In most communities, advertised rents declined in 2002 and 2003, after rising sharply between 1998 and 2001. (See **Table 4.2**)

Revere, for example, saw advertised rents rise from $788 per month in 1998 to $1,288 in 2001, an increase of 63 percent. From 2001 to 2003, they dropped by a modest 7 percent to $1,200 a month. Similarly, Everett saw a drop in rents of about 8 percent over the past two years following an increase of 55 percent during the preceding three years.

While a few communities saw increases in advertised monthly rents over the past two years – Lexington went from $1,648 in 2001 to $1,800 in 2003 and Quincy, from $1,250 to $1,300 – most experienced decreases: Somerville saw a decline of 7 percent, Cambridge a reduction of 6 percent, and Chelsea rents fell by 9 percent. Overall, the two year reduction in advertised rents are not far out of line from the reported reductions in the IREM surveys.

The neighborhoods of Boston have followed a similar pattern, with advertised rents peaking in 2001, and dropping in the years since. Between 1998 and 2001, asking rents increased in all but one of the 12 neighborhoods for which there was sufficient volume to establish a median price.[25] From 2001 to 2003, only 2 neighborhoods recorded increases, while 11 saw asking rents drop. Advertised rents have continued to rise in Dorchester and Hyde Park, the two neighborhoods that experienced the largest rent increases between 1998 and 2001. Advertised rents have risen by nearly 63 percent in the past five years in Dorchester, from $800 per month in 1998 to $1,300 in 2003. In contrast, the Central area (comprised of parts of the West End, North End, Chinatown and Waterfront areas) advertised rents went from $2,200 in 1998 to $1,825 in 2003, a drop of 17 percent.

Table 4.3 provides details for all 15 neighborhoods in the Department of Neighborhood Developments survey.

TABLE 4.2

Advertised Rents for 2-Bedroom Apartments in Boston Area Cities and Towns

City/Town	1998	1999	2000	2001	2002	2003	% Change 1998-2001	% Change 2001-2003
Winchester	$1,050	$1,300	$1,350	$1,750	$1,500	$1,350	67%	-22.9%
Revere	$788	$950	$1,250	$1,288	$1,200	$1,200	63%	-6.8%
Everett	$775	$863	$1,000	$1,200	$1,100	$1,100	55%	-8.3%
Medford	$950	$1,100	$1,200	$1,400	$1,325	$1,200	47%	-14.3%
Melrose	$950	$1,200	$1,250	$1,400	$1,300	$1,200	47%	-14.3%
Malden	$850	$1,000	$1,200	$1,250	$1,250	$1,200	47%	-4.0%
Quincy	$850	$1,100	$1,350	$1,250	$1,375	$1,300	47%	4.0%
Waltham	$975	$1,100	$1,250	$1,350	$1,300	$1,200	38%	-11.1%
Winthrop	$900	$950	**	$1,228	$1,300	$1,400	36%	14.0%
Arlington	$1,100	$1,250	$1,400	$1,500	$1,400	$1,350	36%	-10.0%
Somerville	$1,050	$1,200	$1,300	$1,400	$1,350	$1,300	33%	-7.1%
Belmont	$1,225	$1,350	$1,500	$1,600	$1,450	$1,350	31%	-15.6%
Brookline	$1,400	$1,550	$1,650	$1,800	$1,700	$1,600	29%	-11.1%
Dedham	$1,000	$1,200	$1,200	$1,275	$1,300	$1,275	28%	0.0%
Lexington	$1,300	$1,400	**	$1,648	$1,800	$1,800	27%	9.2%
Cambridge	$1,400	$1,475	$1,688	$1,750	$1,650	$1,650	25%	-5.7%
Watertown	$1,200	$1,250	$1,400	$1,500	$1,400	$1,300	25%	-13.3%
Newton	$1,300	$1,400	$1,500	$1,600	$1,500	$1,450	23%	-9.4%
Chelsea	$1,100	$1,050	**	$1,350	$1,200	$1,225	23%	-9.3%
Boston	$1,500	$1,550	$1,600	$1,700	$1,550	$1,500	13%	-11.8%

TABLE 4.3

Advertised Rents for 2-Bedroom Apartments in City of Boston Neighborhoods

Neighborhood	1998	1999	2000	2001	2002	2003	% Change 1998-2001	% Change 2001-2003
Allston/Brighton	$1,200	$1,275	$1,400	$1,500	$1,450	$1,300	25.0%	-13.3%
Back Bay/Beacon Hill	$1,900	$1,800	$2,200	$2,400	$2,100	$2,100	26.3%	-12.5%
Central	$2,200	$1,800	$1,800	$1,875	$1,998	$1,825	-14.8%	-2.7%
Charlestown	$1,400	$1,500	$1,600	$1,925	$1,800	$1,650	37.5%	-14.3%
Dorchester	$800	$975	$1,200	$1,275	$1,300	$1,300	59.4%	2.0%
East Boston	**	**	$1,100	$1,200	$1,200	$1,175		-2.1%
Fenway/Kenmore	$1,350	$1,600	$1,600	$1,900	$1,613	$1,800	40.7%	-5.3%
Hyde Park	$850	$1,100	$1,200	$1,275	$1,250	$1,375	50.0%	7.8%
Jamaica Plain	$1,100	$1,200	$1,300	$1,400	$1,500	$1,350	27.3%	-3.6%
Mattapan	**	**	**	$1,250	**	**		
Roslindale	$900	$1,100	$1,200	$1,300	$1,300	$1,225	44.4%	-5.8%
Roxbury	**	$1,100	$1,400	$1,300	$1,398	**		
South Boston	$1,200	$1,300	$1,350	$1,500	$1,450	$1,400	25.0%	-6.7%
South End	$1,500	$1,750	$2,200	$2,000	$1,800	$1,700	33.3%	-15.0%
West Roxbury	$1,000	$1,150	$1,275	$1,400	$1,300	$1,300	40.0%	-7.1%
Citywide	$1,500	$1,550	$1,600	$1,700	$1,550	$1,500	13.3%	-11.8%

Note: ** indicates there were fewer than 10 advertised rents in the sample.

Source for Tables 4.2 and 4.3: Sunday edition of the Boston Globe, compiled by the Department of Neighborhood Development, City of Boston

Rental Affordability

Affordability is a function of housing costs relative to household income and, as noted earlier, many Boston area renters are worse off now than they were in 2000, despite the recent decline in rents. The number of cost burdened renter households stood at 43.3 percent in 2002, an increase of over 9 percent in a two-year period. The number paying more than half of their income for rent – considered "severely cost burdened" by the federal Department of Housing and Urban Development – swelled by more than 18 percent during the same period. By 2002, more than one in five of the region's renter households fell into this category.

Even though advertised rents in 2003 required a smaller share of household income than they had in 2001, reflecting the softening in the market, **Table 4.4** illustrates that the rents still exceeded 30 percent of the community's estimated median renter income in 16 of 20 Boston area cities and towns. The required contribution for rent is greatest in Boston, Chelsea and Revere – the cities with the lowest incomes – where a family earning the median renter income would have to pay 50 percent (Revere) and 54 percent (Boston and Chelsea) of its earnings to afford the median advertised rent. Among the highest income communities, only in Lexington would the median income renter be required to pay more than 30 percent of income to afford a typical apartment.

Table 4.5 provides similar detail on advertised rents in relation to estimated renter incomes for Boston's neighborhoods.[26] Despite the drop in rent levels relative to income in most neighborhoods, the typical Boston renter would still be paying more than 39 percent of income to rent a unit at the 2003 median advertised price.

Thus, despite a softening in area rents over the past two years, rent levels remain at such a high level throughout most of the Boston Metro region that households must set aside a disproportionate share of their income simply to pay for housing.

TABLE 4.4

Advertised Rents vs Median Renter Income in Boston Area Cities and Towns

City/Town	1999 Median Renter Income	1999 Median Rent	% of Income Needed for Rent	2002 est. Median Renter Income	2002 Median Rent	% of Income Needed for Rent	2003 est. Median Renter Income	2003 Median Rent	% of Income Needed for Rent
Winchester	$51,607	$1,300	30%	$55,167	$1,500	33%	$56,251	$1,350	29%
Revere	$26,566	$950	43%	$28,399	$1,200	51%	$28,956	$1,200	50%
Everett	$32,528	$863	32%	$34,772	$1,100	38%	$35,455	$1,100	37%
Medford	$38,912	$1,100	34%	$41,596	$1,325	38%	$42,414	$1,200	34%
Melrose	$39,401	$1,200	37%	$42,119	$1,300	37%	$42,947	$1,200	34%
Malden	$34,968	$1,000	34%	$37,380	$1,250	40%	$38,115	$1,200	38%
Quincy	$37,301	$1,100	35%	$39,874	$1,375	41%	$40,658	$1,300	38%
Waltham	$42,607	$1,100	31%	$45,546	$1,300	34%	$46,441	$1,200	31%
Winthrop	$41,560	$950	27%	$44,427	$1,300	35%	$45,300	$1,400	37%
Arlington	$46,001	$1,250	33%	$49,175	$1,400	34%	$50,141	$1,350	32%
Somerville	$42,251	$1,200	34%	$45,166	$1,350	36%	$46,053	$1,300	34%
Belmont	$60,096	$1,350	27%	$64,242	$1,450	27%	$65,504	$1,350	25%
Brookline	$49,375	$1,550	38%	$52,781	$1,700	39%	$53,818	$1,600	36%
Dedham	$37,889	$1,200	38%	$40,503	$1,300	39%	$41,299	$1,275	37%
Lexington	$58,276	$1,400	29%	$62,297	$1,800	35%	$63,520	$1,800	34%
Cambridge	$38,048	$1,475	47%	$40,673	$1,650	49%	$41,472	$1,650	48%
Watertown	$55,271	$1,250	27%	$59,084	$1,400	28%	$60,245	$1,300	26%
Newton	$54,535	$1,400	31%	$58,297	$1,500	31%	$59,443	$1,450	29%
Chelsea	$24,857	$1,050	51%	$26,572	$1,200	54%	$27,094	$1,225	54%
Boston	$30,609	$1,550	61%	$32,721	$1,550	57%	$33,363	$1,500	54%

Source: Sunday edition of the Boston Globe, compiled by the Department of Neighborhood Development, City of Boston
1999 renter income based on 2000 U.S. Census

TABLE 4.5

Advertised Rents vs Median Renter Income in City of Boston Neighborhoods

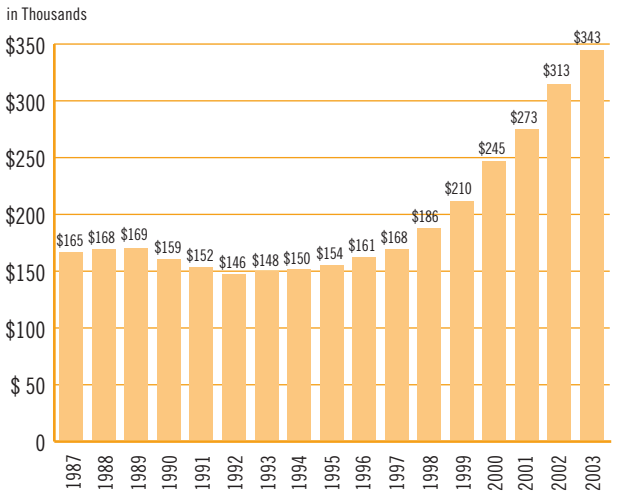
Neighborhood	2002 est. Renter Income	2002 Monthly Rent	% of Median Income needed to pay rent	2003 est. Renter Income	2003 Monthly Rent	% of Median Income needed to pay rent	% Change from 2002-2003	% Change from 2002-2003
Allston/Brighton	$36,894	$1,450	47%	$37,561	$1,300	42%	-10%	$150
Back Bay/Beacon Hill	$59,189	$2,100	43%	$60,260	$2,100	42%	0%	$0
Central	$43,208	$1,998	55%	$43,989	$1,825	50%	-9%	$173
Charlestown	$39,022	$1,800	55%	$39,728	$1,650	50%	-8%	$150
Dorchester	$30,986	$1,300	50%	$31,546	$1,300	49%	0%	$0
East Boston	$29,006	$1,200	50%	$29,531	$1,175	48%	-2%	$25
Fenway/Kenmore	$23,893	$1,613	81%	$24,325	$1,800	89%	12%	-$187
Hyde Park	$27,319	$1,250	55%	$27,813	$1,375	59%	10%	-$125
Jamaica Plain	$35,107	$1,500	51%	$35,742	$1,350	45%	-10%	$150
Mattapan	$28,690	**		$29,209	**			
Roslindale	$37,011	$1,300	42%	$37,681	$1,225	39%	-6%	$75
Roxbury	$23,914	$1,398	70%	$24,346	**			
South Boston	$34,029	$1,450	51%	$34,645	$1,400	48%	-3%	$50
South End	$28,803	$1,800	75%	$29,324	$1,700	70%	-6%	$100
West Roxbury	$39,374	$1,550	47%	$40,086	$1,300	39%	-16%	$250

Note: ** indicates there were fewer than 10 advertised rents in the sample.

Source: Sunday edition of the Boston Globe, compiled by the Department of Neighborhood Development , City of Boston
Income figures estimated by CURP based on 2000 Census for neighborhoods as defined by Boston Redevelopment Authority

FIGURE 4.2

Median Single Family Home Prices (1987-2003)



Source: The Warren Group Publications

House Prices Continue to Rise

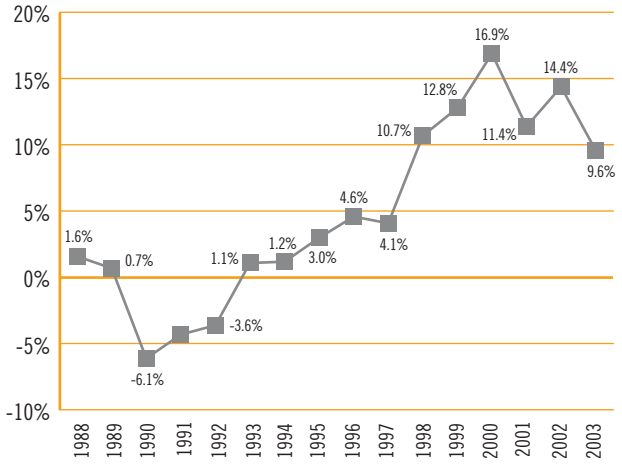
The median home price in the Boston metropolitan area, based on data from its five major counties (Middlesex, Norfolk, Plymouth, Suffolk, and Essex) continued to increase in 2003 despite the weak economy, but the rate of appreciation was the lowest since at least 1998. For 2003, the median reached nearly $343,000, up 9.6 percent over 2002 and up 40 percent over 2000.

Figure 4.2 tracks the median single family housing price in the Boston metropolitan area back to 1987. It depicts a market in which prices began to rise sharply after 1997 and have continued to do so right through 2003.

Figure 4.3 tracks the percentage change in the median single family home price from 1988 on. During the previous economic downturn from 1990 to 1992, housing prices actually declined for three years in a row. By 1992, the median home price of $146,000 in Greater Boston was 14 percent lower than it had been in 1989. But during the current decade's economic downturn,

FIGURE 4.3

Percent Change in Median Single Family Home Prices



Source: The Warren Group Publications

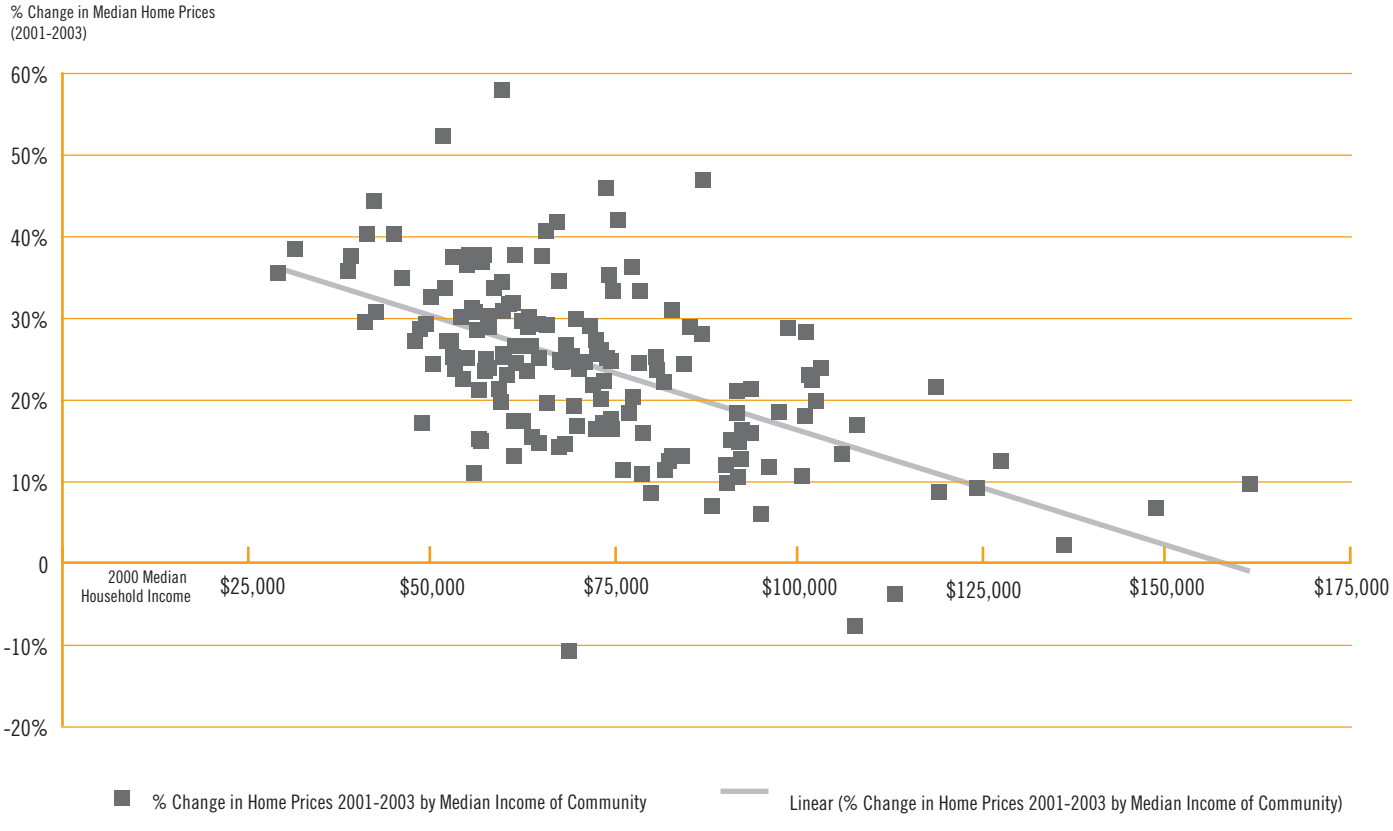
prices continued to rise at near record rates. The weak economy did no more than reduce the annual rate of price appreciation from 16.9 percent in 2000 to a "more modest" rate of 9.6 percent in 2003.

Increases in median prices varied substantially among towns and cities as demonstrated in **Table 4.6** with the highest appreciation generally in municipalities at the lower end of the price spectrum. Appreciation between 2001 and 2003 ranged from 3.1 percent to 18.7 percent in the fifteen highest priced towns and cities in Greater Boston. In contrast, appreciation in the fifteen lowest priced municipalities ranged from 30.1 percent to 40.1 percent over the same time period. This affected affordability substantially.

Figure 4.4 shows a scatter plot arraying the percentage change in median home prices between 2001 and 2003 against the median household income in 2000 for each of the region's 161 cities and towns. The negative slope of the line is another indication of the fact that lower income communities experienced the fastest increase in home prices.

FIGURE 4.4

Percent Change in Home Prices 2001-2003 by Median Income of Community



Source: The Warren Group Publications

TABLE 4.6

Highest and Lowest Median Single Family Home Prices, 2001 and 2003

Rank in 2001	Community	Median Price 2001	Rank in 2003	Community	Median Price 2003	Rank in 2001	% Change 2001-2003
1	Weston	$968,000	1	Weston	$1,060,938	1	9.6%
2	Lincoln	$861,805	2	Lincoln	$975,000	2	13.1%
3	Brookline	$720,000	3	Brookline	$840,100	3	16.7%
4	Dover	$707,000	4	Dover	$754,500	4	6.7%
5	Carlisle	$697,450	5	Wellesley	$751,000	6	7.7%
6	Wellesley	$691,250	6	Carlisle	$712,500	5	3.1%
7	Cohasset	$647,500	7	Cohasset	$692,500	7	6.9%
8	Sherborn	$600,000	8	Sherborn	$675,000	8	12.5%
9	Concord	$596,500	9	Winchester	$669,000	15T	12.2%
10T	Belmont	$570,000	10	Concord	$659,900	9	15.8%
	Newton	$570,000	11	Belmont	$644,500	10T	13.1%
12	Sudbury	$537,250	12	Newton	$637,750	10T	18.7%
13	Wenham	$533,000	13	Cambridge	$630,000	17	18.2%
14	Harvard	$525,000	14	Manchester	$615,000	15T	17.1%
15T	Winchester	$520,000	15	Lexington	$615,000	18	18.3%
	Manchester	$520,000					
147	Hanson	$200,000	147	Lancaster	$262,500	142	31.3%
148	Middleboro	$199,900	148	Holbrook	$260,000	151T	30.1%
149	Chelsea	$198,700	149	Bellingham	$260,000	141	30.9%
150	Blackstone	$191,000	150	Dighton	$258,000	153	35.1%
151T	Halifax	$190,000	151	Ayer	$254,000	132	33.7%
	Holbrook	$190,000	152	Shirley	$252,550	125	32.9%
153	Dighton	$187,500	153	Taunton	$252,250	155	34.5%
154	Salisbury	$180,000	154	Townsend	$250,000	130	38.9%
155	Taunton	$179,900	155	Blackstone	$248,500	150	38.1%
156	Lynn	$178,000	156	Lynn	$244,750	156	37.5%
157	Millville	$174,900	157	Millville	$234,900	157	34.3%
158	Lowell	$168,500	158	Brockton	$229,900	159	36.4%
159	Brockton	$164,000	159	Lowell	$218,000	158	32.9%
160	Lawrence	$149,900	160	Wareham	$210,000	161	40.1%
161	Wareham	$145,500	161	Lawrence	$203,000	160	39.5%

Source: The Warren Group Publications

Sales Volume

Despite the continued increase in prices, overall, 2003 was the strongest sales year on record in the Greater Boston area, topping the 1999 record by more than 7 percent. Sales of detached single family homes were 5.7 percent ahead of 2002 and 12.8 percent above 2001. However, sales of condominiums – a more affordable ownership option in many communities – were up 17 percent over 2002 and nearly 36 percent over 2001, to reach new record highs.

There is also evidence that homebuyers are moving further from Boston to find affordable homes. In 2003 single family home sales in the 54 cities and towns that constitute the Massachusetts Association of Realtors Greater Boston region – where the average single family home price topped $500,000 last year – increased by only 3 percent over 2002 levels, and remain well below the peak levels reached in the late 1990s. Further from Boston, in the Northeast and South Shore regions (and, beyond the focus of this report, the Central and Southeastern regions), 2003 sales were up by more than 7 percent over 2002 to near record highs. Condominium sales likewise reached new record levels in 2003, in every region of the state.[27]

Affordability Gap Persists for Area Homebuyers

Overall, ninety-two percent of the region's 161 cities and towns posted increases in their median home price since last year's report, which covered the period from 1998-2001. This has generally increased the "affordability gap" in most communities. Median prices for 2003 ranged from $200,000 in Lawrence to $1,226,000 in Weston. A municipality's housing is considered "affordable" for this analysis if the annual cost of supporting a mortgage, real estate taxes, and homeowners insurance does not exceed one-third of the annual median income of households in that community. The affordability gap is the difference between the median sales price of a single family home in a community and the price that a household earning that community's median income can afford to pay. For example, in Stoneham in 2003, the estimated median household income was $63,692. This income could support the payments on a home costing $295,300 at prevailing interest rates if a household makes a 20 percent down payment ($59,000 plus closing costs) and spends no more than 33 percent of its income on housing. The median sales price for single family homes in Stoneham in 2003 was $370,250. Thus, the "affordability gap" was $74,988 ($370,250 minus $295,300).

Table 4.7 summarizes the results of the affordability gap analysis. Overall, as the table demonstrates, the number of towns and cities that were still "affordable" to their own residents by this standard continued to decline in 2003. In 1998, 149 of the 161 towns and cities in the region were considered "affordable" by this calculation. By 2002, the number of affordable municipalities was down to just 74 and the number declined again in 2003 to 67.

This year CURP also estimated the affordability gap for those unable to come up with a 20 percent down payment. Considered a "first time homebuyer" analysis, the calculation is the same as that described above, except that both the homebuyer's household income and the purchase price of the home are estimated to be just 80 percent of the median for the community, and the down payment is assumed to be 10 percent. Table 4.7 shows that the affordability gap for "first-time homebuyers" also continued to worsen in 2003. In 2003, only 13 communities were considered "affordable" for these homebuyers, down from 18 in 2002 and 116 back in 1998. See **Appendix B** for details by municipality.

TABLE 4.7

Housing Affordability Gap: Number of Greater Boston Communities AFFORDABLE to Existing Residents

Year	Median Income Homebuyer Purchasing Median Priced House (20% down payment)	Change from Prior Year	First Time Homebuyer Earning 80% of Median Purchasing House Priced at 80% of Median (10 % down payment)	Change from Prior Year
1998	149		116	
2000	102	Down 46%	87	Down 25%
2001	95	Down 7%	43	Down 51%
2002	74	Down 22%	18	Down 58%
2003	67	Down 9%	13	Down 28%

Source: The Warren Group Publications

5.
Affordable Housing Production

Most of the region's 150,000-unit subsidized inventory is public housing, or privately owned subsidized units, built, or rehabilitated, more than twenty years ago under federal and state production programs that have since been discontinued.[28] In recent years, it has become increasingly difficult to maintain the existing inventory produced under these programs, much less expand it to accommodate the growing level of need. This section examines recent trends in affordable housing production, including what is being produced, for whose benefit, where, and with what tools.

Overview

With few exceptions, the public resources available today do not provide the level of subsidy necessary to produce new units at prices most low and moderate income households can afford. To do so – and even to build housing for middle income occupancy in Greater Boston – usually requires a developer to string together numerous grants and shallow subsidies and/or obtain zoning relief, tax incentives, or other forms of public support. The process is cumbersome and protracted. We reported last year that two to four years was the norm, not the exception, to move a project from the drawing boards into construction. That remains the case and there is no improvement to report in this regard. The time required to cobble together custom financing, often for just a small number of units, drives up development costs. As a result, price tags in excess of $250,000/unit in subsidized low income developments are not uncommon.

No new programmatic initiatives were anticipated in 2003, and none was implemented, though the Governor did announce a new $100 million MassHousing stimulus package at year end (described in Section 6). Nonetheless, there is some good news to report. There was a significant increase in the number of new affordable units that broke ground in 2003 and there has been improvement as well in their regional distribution.

The increased production can be traced to two sources: (1) an expanded use of the comprehensive permit provisions of MGL Chapter 40B by traditional homebuilders and apartment developers in suburban communities, and (2) a continued strong performance by nonprofit and for profit developers in Boston and the handful of other cities that actively promote affordable housing and support its development with public investment. Without additional financial assistance, however, like grants to offset construction costs or rental assistance to reduce the amount the tenant must pay – much of what qualifies as low and moderate income housing is affordable only to households earning close to the 80 percent of median income level – $62,650 for a family of four, $50,300 for a family of two – and willing and able to pay up to $1,250-$1,550 per month.

Table 5.1 details the recent affordable housing production in the region by type and year. On average, 685 new affordable units (defined here as units eligible for inclusion on the State's Subsidized Housing Inventory *and* restricted to occupancy by low or moderate income households) were permitted annually in 1999 and 2000. That number doubled in 2001 and 2002 to an average of 1,430 as the Affordable Housing Trust Fund (AHTF), created by the Legislature in the summer of 2000, increased the viability of pipeline projects targeted for very low, and extremely low, income occupancy, and a backlog of suburban 40B proposals began to move into construction. In 2003, the number of affordable units that broke ground increased again, by more than 500 units, or 40 percent.

Preservation vs New Production

To meet the housing need outlined in this report, the region not only needs to ramp up production of new housing in a variety of prices and locations, but must, at the same time, preserve its existing affordable housing, particularly its rental stock. For a number of years, the balance of housing assistance tilted in favor of preservation. (On average, about 3,000 affordable units

TABLE 5.1

Affordable Housing Production by Type and Year

Type	Building Permit Yr	Total Units	Rental Units	Owner Units	Total Afford. Units	Afford. Rental	Afford. Owner	Count on SHI
Adaptive Reuse (AR)		35	35	0	30	30	0	35
New Construction (NC)		951	628	323	701	532	169	797
Substantial Rehab (SR)		180	160	20	178	159	19	179
Preservation (Pres)		3,699	3,697	2	3,025	3,024	1	3,698
NC/AR as % of Total		*20.3%*			*18.6%*			
Grand Total	**1999**	**4,865**	**4,520**	**345**	**3,934**	**3,745**	**189**	**4,709**
Adaptive Reuse (AR)		156	132	24	118	114	4	136
New Construction (NC)		1,576	1,009	567	521	404	117	1,126
Substantial Rehab (SR)		339	313	26	324	299	25	338
Preservation (Pres)		4,103	4,097	6	3,022	3,016	6	4,103
NC/AR as % of Total		*28.1%*			*16.0%*			
Grand Total	**2000**	**6,174**	**5,551**	**623**	**3,985**	**3,833**	**152**	**5,703**
Adaptive Reuse (AR)		628	491	137	307	299	8	499
New Construction (NC)		2,889	2,010	879	1,116	865	251	2,261
Substantial Rehab (SR)		242	223	19	230	211	19	242
Preservation (Pres)		4,461	4,435	26	3,956	3,930	26	4,461
NC/AR as % of Total		*42.8%*			*25.4%*			
Grand Total	**2001**	**8,220**	**7,159**	**1,061**	**5,609**	**5,305**	**304**	**7,463**
Adaptive Reuse (AR)		339	191	148	204	190	14	205
New Construction (NC)		3,398	1,998	1,400	1,232	875	357	2,355
Substantial Rehab (SR)		213	182	31	210	179	31	213
Preservation (Pres)		2,563	2,562	1	2,205	2,204	1	2,563
NC/AR as % of Total		*57.4%*			*37.3%*			
Grand Total	**2002**	**6,513**	**4,933**	**1,580**	**3,851**	**3,448**	**403**	**5,336**
Adaptive Reuse (AR)		271	197	74	162	149	13	210
New Construction (NC)		5,317	3,464	1,853	1,809	1,287	522	3,986
Substantial Rehab (SR)		214	207	7	171	164	7	214
Preservation (Pres)		1,631	1,628	3	1,559	1,556	3	1,631
NC/AR as % of Total		*75.2%*			*53.3%*			
Grand Total	**2003**	**7,433**	**5,496**	**1,937**	**3,701**	**3,156**	**545**	**6,041**

Source: CURP Analysis of DHCD, Mass Housing, Mass Development, MHP, MHIC, and municipal reports

were preserved and/or rehabbed each year since 1999.) But in the last two years, new construction[29] has constituted a greater share of the projects, and units, receiving some form of public assistance. **Table 5.1** illustrates this trend.

Traditional Subsidies

We include under the heading of traditional subsidies publicly funded programs for producing and preserving low and moderate income housing (e.g. the federal Low Income Housing Tax Credit[30] and HOME Programs; the federal 202 and 811 Programs; and several Department of Housing and Community Development (DHCD) programs: the Housing Innovations Fund, Housing Stabilization Fund, Facilities Consolidation Fund, Housing Development Support Program, and the Massachusetts Affordable Housing Trust Fund.)[31] Many affordable housing developments require funding from more than one of these sources and their local governments, as well as financing from MassHousing or another of the Commonwealth's quasi-public agencies that support such efforts.

Between 1999 and 2001, approximately 150 developments in 36 Greater Boston communities received funding from these various funding sources. These developments included nearly 3,400 units of housing, 72 percent of which are affordable. During the same period, 1,700 units of affordable housing were preserved using these same tools. In 2002 and 2003, funds and/or tax credits were awarded for 1,700 additional new units. Roughly the same proportion will be affordable. Another 800 units received funding to preserve them as affordable. In both time periods, multiple financing sources were required for most of the developments.[32] The impact of the Affordable Housing Trust Fund has been impressive. The fund was designed by DHCD and MassHousing, which administers it, to enable stalled low income housing developments to move forward by providing critical "last gap" financing. More than $31 million has been extended in Greater Boston since the program commenced in 2001. This has enabled nearly 2,800 units of housing, 2,000 of which are reserved for low income occupancy, to move into construction during the past three years.[33]

Massachusetts has a sophisticated network of for profit and nonprofit affordable housing practitioners that painstakingly assemble these and other tools to tackle some of the most challenging projects. Still, funding is available for fewer than 50 new projects in any given year under these programs.

Shift to Market Incentives

The majority of newly constructed mixed income housing and the projects currently in the pipeline – both ownership and rental – receive only modest interest rate concessions through MassHousing, the Federal Home Loan Bank of Boston's New England Fund or one of the State's quasi-public housing entities. They are essentially market rate developments *with an affordable component*, made possible by a strong housing market and density bonuses allowed under

TABLE 5.2

2003 Affordable Housing Production by Type of Public Support

% of Units Using…	State/Federal Funds	State/Federal Funds and 40B	40B alone	All Other Public Action
Total development units	17%	11%	54%	18%
Units that Count toward community's 10% affordable housing goal	21%	15%	48%	17%
Units restricted for low/moderate income occupancy	41%	14%	37%	8%

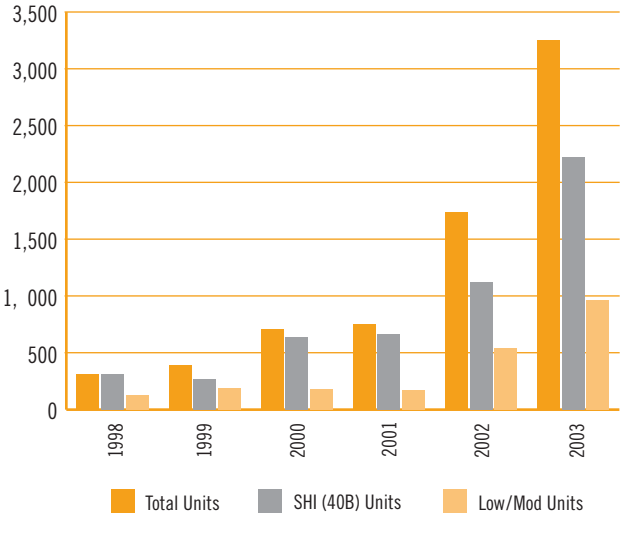
Source: CURP Analysis of DHCD, Mass Housing, Mass Development, MHP, MHIC, and municipal reports

Chapter 40B. When a developer can spread the site acquisition cost over a larger number of units, it reduces the development cost per unit. Since there is a profit limitation on projects built under the comprehensive permit, the cost savings gets passed on to the low or moderate income households who buy, or rent, a portion of the units in the development. The affordable, or restricted, units in these developments are priced to be affordable to households in the 70-80 percent of median income range. As previously noted, additional rent subsidies or homebuyer assistance is usually required to reach a lower income population.

Table 5.2 and **Figure 5.1** illustrate the increasingly prominent role played by 40B in the region's affordable, and overall, housing production effort. **Table 5.2** summarizes the public actions – funding, zoning relief under 40B, a combination of the two, or any other public action (for example, inclusionary zoning, land donation, rezoning) – that were used in 2003 to create units that will be eligible for inclusion on the State's Subsidized Housing Inventory. This table illustrates two important points: while 40B was the single most productive tool, developments supported with public subsidies result in a higher ratio of affordable to total units. In 2003, 65 percent of the total development units (that is, total units in projects that were built with some form of public involvement and that include some affordable, restricted units), 63 percent of those that count toward the host community's required 40B ten percent goal, and 51 percent of the units that are reserved for low income households were constructed under 40B alone, or 40B with public funding.

FIGURE 5.1

Units Built Under Comprehensive Permits



Source: CURP update of DHCD, CHAPA database based on information provided by cities and towns

Figure 5.1 illustrates the exponential increase in the use of 40B, especially in 2002 and 2003, when 1,739 and 3,256 units were permitted, 30 percent of which will be restricted for low income occupancy. Overall production under 40B since 1998 has increased tenfold.

Contribution of 40B to Overall Housing Production

In addition to the income-restricted units that are created when a development is built under 40B – usually just 25 percent of the total – the remaining units often serve important community needs that are not otherwise being met. They may represent a more affordable option than is available elsewhere in the community or an alternative type of housing (smaller, lower-maintenance units, or rental housing, for example). Units developed under the comprehensive permit provisions of Chapter 40B represented 15 percent of the region's overall construction activity since 2000 (6,400 out of 41,000 total units). As it has become more difficult to finance affordable housing without deep subsidies and as "of right" development opportunities have become more scarce, 40B's role has become more prominent, especially its role in promoting rental housing.

Nearly 30 percent of the region's new rental units, and more than 70 percent of the affordable units, were approved under Chapter 40B. Excluding production in cities that were already above the 10 percent threshold, comprehensive permits accounted for almost half the production and more than 96 percent of the affordable units.[34] Twenty-eight percent of the units in comprehensive permit developments, but less than 4 percent of the units in non-40B developments, are reserved for low or moderate income households.

The principal mechanism for achieving affordability in non-40B developments has been inclusionary zoning, used effectively by the cities of Boston, Cambridge, and Newton in the past. Inclusionary mandates are

TABLE 5.3

Leaders in New Affordable Housing Development, 2002-2003

Total Development Units		SHI (40B) Units		Low and Moderate Income Units	
Boston	N/A	Boston	825	Boston	825
Peabody	404	Peabody	359	Raynham	174
Raynham	359	Weymouth	304	Walpole	150
Weymouth	304	Walpole	300	Lowell	136
Newton	302	Newton	300	Lynn	98
Walpole	300	Burlington	254	Haverhill	95
Burlington	266	Abington	192	Peabody	92
Billerica	224	Billerica	191	Newton	80
Haverhill	211	Georgetown	190	Weymouth	76
Georgetown	202	Andover	178	Waltham	70
Braintree	201	Woburn	171	Somerville	66
Chelmsford	200	Raynham	170	Franklin	62
Abington	192	Chelmsford	158	Billerica	56
Andover	178	Tyngsborough	152	Burlington	55
Tyngsborough	176	Lowell	136	Andover	52
Woburn	171	Dracut	120	Braintree	51
Lynn	113	Woburn	46		

Source: CURP update of state subsidized housing inventory dated 4/28/032

expected to play a more prominent role in other communities as proposed developments move into construction. During 2003, an estimated 150 affordable units were created through the use of inclusionary/incentive zoning in communities such as Boston, Acton, Arlington, Cambridge, Newton, Brookline, Westford, and Quincy.

Where Is the New Affordable Housing Being Created

Table 5.3 lists those communities that demonstrated significant progress in expanding their supply of affordable housing in 2002 and 2003. Boston leads the pack, as usual, having added new affordable units through a variety of mechanisms including City-sponsored, publicly funded development, provision of City-owned land for development and inclusionary zoning.

The region's smaller cities –Peabody, Lynn, Lowell, and Haverhill, for example –also experienced increased affordable housing production last year. The most striking progress, however, was made in suburban communities, like Raynham, Walpole, Franklin, and Billerica, as the result of 40B development.

6.
Public Spending on Housing[35]

Last year's report detailed the drop in real spending levels over the past quarter century by source and program, and that historical perspective will not be repeated here.[36] This section focuses on what has happened to public funding levels since 2001.

Historical Trends

Traditionally, the federal government has provided financing, and financial incentives, to help make housing more affordable and to encourage its production and maintenance. And, Massachusetts historically has leveraged these federal resources by administering one of the most comprehensive housing support systems of any state in the nation. Overall levels of funding have declined over time, however, and much of what is now available goes for maintaining or improving the existing stock and for subsidizing the rents of tenants living in existing units rather than for new production.

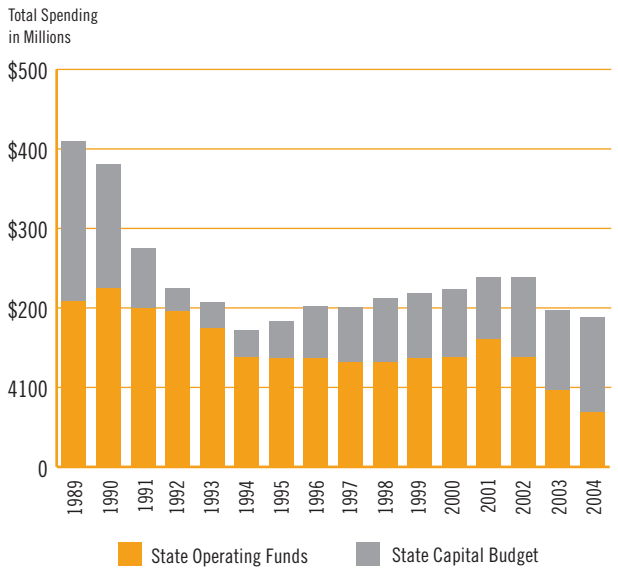
The 2002 report card noted that although there had been a modest increase in total state and federal funds for housing in the Commonwealth since 1995, the amount now being spent by the public sector is substantially less than the real spending levels of the 1980s. In 2001, combined state and federal spending on all types of housing assistance in the Commonwealth was $546 million. State spending on housing programs represented 0.7 percent of the total state budget, down from nearly 3.0 percent a decade earlier. State funds supported approximately 45 percent of the total state/federal commitment to housing in 2001, down from 68 percent in 1990.

Recent Funding Levels

State spending levels have continued to drop in the two budgeting cycles since the last report card was issued, by $42 million (17 percent) in 2002 and another $9 million (5 percent) in 2003. Total state spending on housing programs, from both operating and capital budgets, amounted to $188 million in 2003, the lowest level it has been since 1995. (See **Figure 6.1**.) While federal funding increased during this period – from $301 million in 2001 to $317 million in 2002 to $383 million in 2003 – the bulk of the increase represents funding of existing rental assistance contracts and is not available for new housing production. (See **Figure 6.2**.) State funds now represent only 35 percent of the combined state/federal commitment to housing, down from 45 percent just two years ago. DHCD's share of total state funding, which had dropped to 0.7 percent in 2001 inched up to 1.05 percent in 2002 before dropping back to 0.9 percent in 2003.

FIGURE 6.1

Total State Spending All Programs 1989-2004



Source: DHCD, Building Blocks Coalition

When the state and federal contributions in support of housing are combined, the level of spending has remained essentially flat since 2001 ($565 million in 2001 rising incrementally to $567 million in 2002 and up 3 percent in 2003 to $583 million).

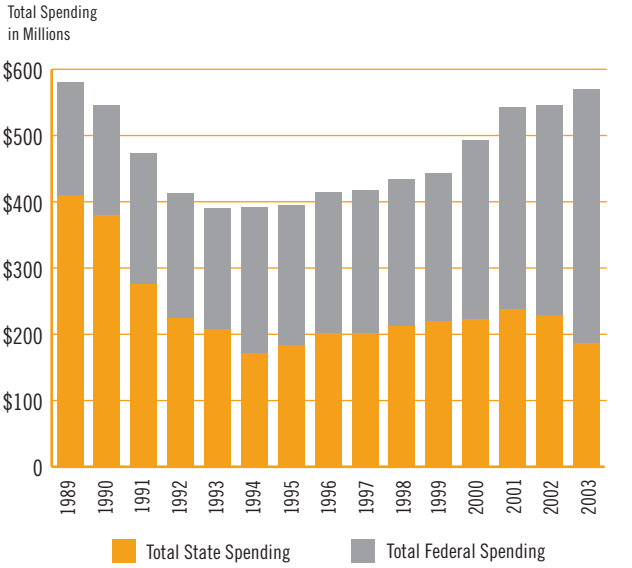
MassHousing's Priority Development Fund

In January 2004, as the *2003 Housing Report Card* was being readied for publication, Governor Romney and MassHousing announced a welcome new $100 million source of funding for housing production. The Priority Development Fund will be used primarily as "gap filler" financing to facilitate the construction of new mixed income rental housing, with the expectation that it will help create as many as 5,000 units (at least 1,000 of which would be reserved for low income occupancy). No new public resources are being allocated for the program as funds will come from MassHousing revenues, and will be used in conjunction with MassHousing mortgage loans

FIGURE 6.2

Total DHCD Spending

(State and Federal Funds)



Source: DHCD, Building Blocks Coalition

7.
Conclusion

The September 2000 *New Paradigm* report suggested that housing production in the Boston PMSA would need to increase from the roughly 8,400 units per year being produced during the late-1990s to 15,600 if rents and housing prices were to moderate to the point where they were more in line with the general rate of inflation. The comparable figure for the entire Greater Boston region of 161 towns and cities covered in this report suggests a total production goal of close to 18,000 per year – compared with the 11,700 permitted in 2003. Last year's report card found that production lagged in all three segments of the housing market for which the *New Paradigm* report had established goals: market rate, subsidized and student housing.

Performance Against The New Paradigm Production Targets

We repeated our analysis this year (again, for just the Boston PMSA, since segment-specific goals were not set for the larger area). **Table 7.1** summarizes the results.[37]

What this shows is a respectable improvement in subsidized and market rate production in 2003, offset by a substantial drop in student housing for an overall improvement over 2002 of just under 20 percent. Nonetheless, even with this year's improvement, housing production only reached 60 percent of the goal set in 2000 – up from 53 percent in 2001 and 51 percent in 2002.

Is It Good Enough?

Not long after the *New Paradigm* report was issued, the nation – and the region – sank into recession. The Boston metro area lost population, jobs, and households between April 2000 and July 2002, and the economy continued to deteriorate for most of 2003. Through it all, housing costs have remained intractably high. Although rental vacancy rates have returned to normal levels, the homeowner vacancy rate has dropped even lower. While 2003's increased construction is good news, especially in the "affordable" category, the pace of production still lags well behind need, even in a period of slow economic growth.

Assuming that the region's economic recovery will gain momentum either this year or next, and that Census Bureau projections of household growth are roughly correct for 2005 through 2010, the region still needs to build approximately 18,000 units per year in order to keep rental vacancy rates where they are now, boost owner-occupied housing vacancy rates to the normal 2 percent range, and add enough new housing for an expected increase of 100,000 new households. This means that the rate of production in 2003, while improved over 2001 and 2002, falls well below what will be needed if the economy recovers and if the recovery is not to be short circuited by a return to skyrocketing home prices and rents.

As such, the need remains as great in 2004 (and beyond) as it was in 2000 for a concerted effort to increase housing production in the region and to do so in the locations where people want to live, at prices they can afford, and in a way that protects our natural environment and community character.

TABLE 7-1

Housing Production in the Boston PMSA vs. the Housing Goals in the New Paradigm Report

Category	Paradigm Target Production	2001	2002	2003	Change from 2002
Market Rate	9,860	6,005	5,698	7,105	+25%
% of Category Goal Met		61%	58%	72%	
Subsidized New Construction	4,300	1,651	1,305	1,843	+41%
% of Category Goal Met		38%	30%	43%	
Student Housing	1,500	704	951	500	-47%
% of Category Goal Met		47%	63%	33%	
Total 3 Categories	15,660	8,360	7,954	9,448	+19%
% of Overall Goal Met		53%	51%	60%	

Source: CURP update of 2002 Report Card based on 2002-2003 production

Endnotes

[1] *The Housing Report Card* covers the 25 cities and 136 towns that comprise the Massachusetts portion of the Boston, Brockton, Lawrence, and Lowell Metropolitan Statistical Areas (MSAs). The *New Paradigm* report projected needs only for the Boston Primary Metropolitan Statistical Area (PMSA), an area that encompasses 128 municipalities.

[2] Note: This is down from the 7,200 reported in the *New Paradigm* report because of the improved production level in 2003.

[3] Several reports have since been released that elaborate on that decade of change. They include *Winners and Losers in the MA Housing Market: Changes in Housing Demand, Supply, and Affordability*, prepared by the Donahue Institute at UMass for Citizens' Housing and Planning Association and the Massachusetts Housing Partnership (January 2004) and *Boston in Focus: A Profile from Census 2000*, by The Brookings Institution (November 2003).

[4] The employment level statistics are from the U.S. Bureau of Labor Statistics website for state and local employment and earnings data. The unemployment rates are from *MassStats*, the Commonwealth's website containing information on labor force data.

[5] These figures from the U.S. Census *American Community Survey* are for the Boston PMSA only, an area representing about 80% of the greater Boston region as we have defined it.

[6] Unpublished quarterly vacancy survey, provided by U.S. Census Bureau.

[7] The Census describes overcrowding as more than 1 person per room. *ACS 2002* estimates that the increased incidence of overcrowding between 2000 and 2002 (an additional 4,000+ households) is evenly split between those living with 1.01-1.50 persons per room and the more severely overcrowded category of 1.50+ persons per room.

[8] Homeowners with mortgages

[9] This is the number of additional units that would have been required to accommodate the 1990s household growth and return vacancy rates to normal levels.

[10] Census 2000 also documented an increase in the number of "subfamilies," a category that includes multiple families residing in a single unit. An increase in the presence of subfamilies suggests that families may be doubling up out of economic necessity.

[11] Includes the Census Bureau, the Metropolitan Area Planning Council (MAPC), and others.

[12] The Census reports only privately owned new residential construction, not units created through adaptive reuse of non-residential structures or the reclamation of abandoned properties. Building permits do not distinguish between single family *detached* units (usually built for fee simple ownership) and single family *attached* units, which are often built for condominium ownership. Nor do they indicate whether multi-unit structures are destined for rental or ownership. How a building gets reported is determined by structural considerations, not

ownership. The findings reported here are based on extensive research that begins with permit data but includes project-by-project analysis.

[13] This report uses the term multi-family to describe housing of five or more units, generally considered a better proxy for rental housing than the traditional definition (two or more units) used by the U.S. Census Bureau. In recent years, condominium development has represented a significant portion of the 2-4 unit production, as well as some of the 5+. Before 1980, however, multi-family starts were almost exclusively rental.

[14] Historical data were not available for all 161 communities, but the 128-municipality Boston PMSA is a reasonable proxy for the larger area.

[15] MGL Chapter 40A, the Zoning Act, and its companion Chapter 41, the Municipal Planning and Subdivision Control Regulation govern local land use policies in Massachusetts.

[16] Units eligible for inclusion on the State's Subsidized Housing Inventory.

[17] This excludes units preserved or rehabbed, units in 1-4 unit structures, units for special needs populations, SROs, and assisted living units.

[18] *The Greater Boston Housing Report Card*, 2002 reported student housing units in the year they were completed. To conform student housing with all other categories of housing, this year's Report Card counts them in the year in which they received their building permit (unless construction did not proceed).

[19] The latter was approved under a comprehensive permit, but it is not included in the comprehensive permit totals because of its unique affordability provisions.

[20] At 80 percent of the median income for a family of four in Boston, the most expensive metro area of the four included in this report is Boston at $62,650; for two people it is $50,100. The 50 percent ceiling is $40,400 for four and $32,300 for two in Boston. In Brockton, the lowest income area, the corresponding figures are $56,250 for four and $45,000 for two (80 percent) and $35,150 for four and $28,100 for two (50 percent).

[21] This refers to newly created units that are eligible for inclusion on the SHI only. It includes units created through the adaptive reuse of non-residential properties but not existing residential properties that were just acquired and/or rehabilitated.

[22] Information supplied by Lynn Sand, CEO, 495/MetroWest Corridor Partnership.

[23] September 1, 2002 to December 31, 2003. Excluded from this number are nine developments that were already in the pipeline as New England Fund proposals or where size or tenure was unavailable. Eight requests (165 units) in 7 communities were denied site eligibility letters.

[24] Details on NAA's competitive classification system for apartments can be found on its website @ www.boston-apartmentmarket.com

[25] The Department of Neighborhood Development identifies 15 neighborhoods in Boston for its survey, combining some, such as Allston and Brighton, Fenway and Kenmore and Back Bay and Beacon Hill. In some years there are not enough advertised rents in some of the neighborhoods for a median rent to be calculated. In 1998 this happened in 3 of Boston's neighborhoods: East Boston, Mattapan and Roxbury.

[26] The high concentration of students in the Fenway/Kenmore neighborhoods, a relatively high rent district, drives the median income for that area down, most likely overstating the extent to which tenants there are rent burdened.

[27] Massachusetts Association of Realtors

[28] The State's first subsidized housing inventory, published in 1972, included almost 64,000 units in Greater Boston. Nearly half were in the City of Boston; two thirds were public housing. By 1983, the area's subsidized stock had increased by 80 percent to 114,000 units, with substantial increases in Boston, Cambridge, Lowell, Brockton, Lynn, Lawrence, and Salem. By 2002, it included more than 146,000 units, with the City of Boston accounting for approximately one third.

[29] Includes units created through adaptive reuse of non-residential properties.

[30] The Commonwealth has also recently implemented a complementary tax credit program.

[31] Descriptions of these and other programs can be found on DHCD's website: http://www.mass.gov/dhcd Much of the housing activity funded with HOME is homeowner rehabilitation. Similarly, the focus of housing activity under the federal Community Development Block Grant Program is rehabilitation.

[32] Often, construction does not commence on a project during the year funding was awarded. While the numbers cited here are consistent with the numbers presented in Table 5.1, the timing of the construction will vary.

[33] This number includes units re-occupied through substantial rehabilitation of existing properties.

[34] Thirty-six percent of the new rental development is taking place in Boston, Cambridge, Salem, Lawrence, and Malden, cities already at the 10 percent threshold. Most of the remaining production has been concentrated in a handful of smaller cities, notably Quincy, Peabody and Woburn.

[35] Data presented here are for the entire state, not just the Greater Boston cities and towns. The vast majority of state funding gets spent in this region, however. Spending data are derived from several sources, including the State Comptroller and DHCD Budget Offices, CHAPA and the Building Blocks Coalition and HUD.

[36] *The Greater Boston Housing Report Card 2002* is available on the Center for Urban and Regional Policy's website, www.curp.neu.edu

[37] The goal for market rate housing was set based on past performance, and the goal for student housing was based on planned production at area colleges and universities. The goal for subsidized units was based on the *New Paradigm* authors' estimate of need, not of past performance. (Production of new subsidized units had averaged 1,300/year between 1995-1999.) 2002 figures have been revised from last year's report based on final year-end reporting.

[38] Examples include: *The Report of the Governor's Special Commission on Barriers to Housing Development* (January 2002); The Rappaport and Pioneer Institutes' *Getting Home:Overcoming Barriers to Housing in Greater Boston* (January 2003); the *Report of the Commonwealth Housing Task Force* (October 2003); and the American Planning Associations *Growing Smart Legislative Guidebook* (2002).

Appendix A
Assessment of Progress: What Individual Communities Are Doing

Greater Boston's 161 municipalities share a responsibility for addressing the region's affordable housing shortage. A number of studies[38] have documented how local action, or inaction, has contributed to the problem; this report identifies what communities are doing to address it.

The data included in this appendix are intended to help the reader evaluate how well, or how poorly, a given community is doing in terms of meeting the housing needs of its existing residents as well as a proportionate share of the regional need. It reports local performance against key indicators and summarizes progress in a number of areas. Those indicators include:

- overall production
- production of low and moderate income housing
- percent of subsidized inventory
- executive order 418 status

Appendix A: Assessment of Progress

City/Town	Total Yr Round Housing Units 2000	Total New Housing Units Permitted 2002-2003	New Housing Units as % of 2000 Housing Units	2001 % Subsidized	2001 SHI (40B) Units	2001 Low Income Units	Est. 2003 % Subsidized	Est. 2003 SHI (40B) Units	Est. 2003 Low Income Units	Est. % of Subsidized Units Using Comp Permit*	Gained NEW Affordable Units 2002-2003	Surpassed 10% in 2003	EO 418 Certified in Yr 1 or 2	Newly Certified in Yr 3 or 4	Gained Affordable** Rental Units in 2002 or 2003 under EO 418	Gained Affordable** Homeowner Units in 2002 or 2003 under EO 418
Abington	5,332	438	8.2%	4.7%	250	250	8.3%	442	289	77.9%	+		+		+	+
Acton	7,645	72	0.9%	2.1%	158	158	2.2%	169	169	44.4%	+			+	+	+
Amesbury	6,570	70	1.1%	6.8%	445	445	6.8%	450	450	31.6%	+		+		+	
Andover	11,513	214	1.9%	8.5%	981	587	10.1%	1,159	639	69.2%	+	+	+		+	
Arlington	19,358	93	0.5%	4.6%	892	892	4.6%	898	898	0.0%	+		+			
Ashland	5,781	160	2.8%	3.7%	216	216	3.7%	216	216	5.7%			+			
Avon	1,737	5	0.3%	4.0%	70	70	4.0%	70	70	0.0%						
Ayer	3,141	14	0.4%	3.8%	118	118	4.1%	130	130	0.0%	+		+		+	
Bedford	4,692	58	1.2%	4.5%	210	210	4.7%	222	215	78.8%	+		+			
Bellingham	5,632	155	2.8%	4.2%	238	238	4.2%	238	238	99.4%			+		+	+
Belmont	9,936	15	0.2%	2.6%	262	262	2.6%	262	262	4.9%			+			
Berkley	1,870	83	4.4%	0.2%	4	4	0.8%	15	15	73.3%	+					
Berlin	891	51	5.7%	4.5%	40	40	4.5%	40	40	0.0%						
Beverly	16,150	99	0.6%	10.3%	1,669	1,571	10.4%	1,673	1,575	31.1%	+		+			
Billerica	13,055	399	3.1%	1.7%	216	216	3.1%	407	272	65.3%	+		+			
Blackstone	3,321	50	1.5%	1.7%	56	56	1.7%	56	56	0.0%				+	+	
Bolton	1,472	41	2.8%	1.0%	14	14	2.9%	42	42	100.0%	+		+			
Boston	250,367	2280	0.9%	19.6%	49,146	49,146	19.6%	49,146	NA#	0.0%	+		+		+	+
Boxborough	1,900	75	3.9%	0.6%	12	12	1.0%	19	19	100.0%	+		+			
Boxford	2,602	38	1.5%	0.6%	15	15	0.6%	15	15	100.0%						
Braintree	12,924	200	1.5%	8.0%	1,030	860	8.4%	1,081	911	19.5%	+		+			
Bridgewater	7,639	165	2.2%	2.7%	206	181	2.7%	206	181	32.5%						
Brockton	34,794	136	0.4%	12.2%	4,258	4,233	12.3%	4,271	4,246	0.0%	+		+		+	
Brookline	26,224	95	0.4%	7.6%	1,999	1,537	7.9%	2,073	1,567	1.3%	+		+			
Burlington	8,395	275	3.3%	7.4%	622	221	10.4%	876	277	99.8%	+	+				
Cambridge	44,138	63	0.1%	15.6%	6,884	6,354	15.6%	6,884	NA#	8.0%	+		+		+	+
Canton	8,129	241	3.0%	7.9%	640	442	8.6%	696	456	28.9%	+		+		+	
Carlisle	1,647	23	1.4%	1.1%	18	18	1.1%	18	18	0.0%						
Carver	4,063	76	1.9%	1.9%	76	76	1.9%	76	76	36.8%			+			
Chelmsford	12,981	258	2.0%	3.7%	481	297	4.9%	639	340	98.6%	+		+			
Chelsea	12,317	7	0.1%	17.0%	2,098	1,995	17.0%	2,098	1,995	25.8%			+			
Cohasset	2,752	32	1.2%	2.8%	76	76	2.8%	76	76	0.0%			+			
Concord	6,095	90	1.5%	2.9%	177	177	3.2%	194	194	60.5%	+		+			
Danvers	9,712	174	1.8%	4.5%	435	435	5.4%	525	462	54.1%	+			+		
Dedham	8,893	94	1.1%	5.0%	441	365	5.1%	456	380	27.6%	+					

Appendix A – continued

City/Town	Total Yr Round Housing Units 2000	Total New Housing Units Permitted 2002-2003	New Housing Units as % of 2000 Housing Units	2001 % Subsidized	2001 SHI (40B) Units	2001 Low Income Units	Est. 2003 % Subsidized	Est. 2003 SHI (40B) Units	Est. 2003 Low Income Units	Est. % of Subsidized Units Using Comp Permit*	Gained NEW Affordable Units 2002-2003	Surpassed 10% in 2003	EO 418 Certified in Yr 1 or 2	Newly Certified in Yr 3 or 4	Gained Affordable** Rental Units in 2002 or 2003 under EO 418	Gained Affordable** Homeowner Units in 2002 or 2003 under EO 418
Dighton	2,261	86	3.8%	3.8%	85	85	3.8%	85	85	5.9%						
Dover	1,874	26	1.4%	1.1%	20	20	1.1%	20	20	100.0%						
Dracut	10,597	135	1.3%	2.6%	279	279	3.8%	399	318	38.8%	+					
Dunstable	933	53	5.7%	0.0%	0	0	0.0%	0	0	0.0%						
Duxbury	5,103	101	2.0%	3.4%	172	172	3.4%	172	172	91.9%			+			
East Bridgewater	4,423	108	2.4%	3.3%	147	147	3.3%	147	147	2.0%						
Easton	7,596	191	2.5%	2.9%	224	224	3.0%	225	225	11.8%	+					
Essex	1,357	23	1.7%	2.9%	40	40	2.9%	40	40	0.0%			+			
Everett	15,886	57	0.4%	8.2%	1,299	1,299	8.2%	1,299	1,299	0.0%			+			
Foxborough	6,260	81	1.3%	3.5%	217	217	3.5%	217	217	7.9%					+	
Framingham	26,588	66	0.2%	10.2%	2,705	2,534	10.2%	2,705	2,534	21.6%			+			
Franklin	10,296	231	2.2%	5.4%	559	437	6.4%	659	503	22.3%	+		+		+	+
Georgetown	2,601	109	4.2%	6.1%	159	159	13.4%	349	201	57.6%	+	+	+		+	+
Gloucester	12,997	171	1.3%	6.4%	829	829	6.5%	843	843	30.8%	+		+			
Groton	3,339	166	5.0%	2.8%	95	95	2.8%	95	95	97.9%			+			
Groveland	2,090	105	5.0%	2.8%	59	59	3.3%	70	70	15.7%	+					
Halifax	2,804	56	2.0%	1.0%	28	28	1.0%	28	28	85.7%						
Hamilton	2,717	23	0.8%	2.5%	69	69	2.5%	69	69	79.3%						
Hanover	4,440	131	3.0%	6.2%	274	234	7.8%	348	264	21.3%	+					
Hanson	3,167	57	1.8%	3.6%	113	98	5.2%	164	121	9.8%	+					
Harvard	2,156	18	0.8%	1.5%	41	41	2.5%	54	54	59.3%	+					
Haverhill	23,675	471	2.0%	8.3%	1,961	1,791	8.7%	2,056	1,886	15.9%	+		+			
Hingham	7,307	453	6.2%	2.4%	172	166	2.7%	198	177	75.8%	+		+			
Holbrook	4,145	55	1.3%	9.5%	392	288	9.5%	392	288	78.6%					+	
Holliston	4,861	66	1.4%	3.1%	153	153	3.1%	153	153	49.0%						
Hopedale	2,284	70	3.1%	3.5%	80	80	3.5%	80	80	0.0%						
Hopkinton	4,521	112	2.5%	2.7%	122	122	2.7%	123	123	28.6%	+		+			
Hudson	7,144	297	4.2%	6.7%	477	405	8.2%	589	428	49.0%	+		+			
Hull	4,679	37	0.8%	3.2%	151	151	3.2%	151	151	0.0%			+			+
Ipswich	5,414	77	1.4%	6.5%	351	309	7.7%	417	329	29.6%	+		+		+	+
Kingston	4,370	123	2.8%	3.2%	138	138	3.2%	138	138	85.5%						
Lakeville	3,385	111	3.3%	0.2%	8	8	0.2%	8	8	0.0%			+			
Lancaster	2,103	104	4.9%	3.5%	74	74	3.8%	79	79	55.6%	+					
Lawrence	25,540	95	0.4%	15.0%	3,821	3,465	15.1%	3,845	3,489	7.2%	+		+		+	
Lexington	11,274	133	1.2%	7.1%	796	524	7.1%	796	524	50.5%						
Lincoln	2,076	13	0.6%	8.4%	175	108	8.4%	175	108	0.0%			+			

Appendix A – continued

City/Town	Total Yr Round Housing Units 2000	Total New Housing Units Permitted 2002-2003	New Housing Units as % of 2000 Housing Units	2001 % Subsidized	2001 SHI (40B) Units	2001 Low Income Units	Est. 2003 % Subsidized	Est. 2003 SHI (40B) Units	Est. 2003 Low Income Units	Est. % of Subsidized Units Using Comp Permit*	Gained NEW Affordable Units 2002-2003	Surpassed 10% in 2003	EO 418 Certified in Yr 1 or 2	Newly Certified in Yr 3 or 4	Gained Affordable** Rental Units in 2002 or 2003 under EO 418	Gained Affordable** Homeowner Units in 2002 or 2003 under EO 418
Littleton	3,018	85	2.8%	8.0%	240	182	8.0%	240	182	36.7%						
Lowell	39,381	228	0.6%	13.5%	5,312	5,038	13.8%	5,448	5,174	0.0%	+		+		+	+
Lynn	34,569	213	0.6%	12.7%	4,400	4,355	13.1%	4,513	4,453	0.0%	+		+		+	+
Lynnfield	4,249	30	0.7%	1.8%	78	78	1.9%	81	81	11.1%	+		+			
Malden	23,561	91	0.4%	12.2%	2,875	2,478	12.3%	2,908	2,511	0.0%	+		+			
Manchester	2,219	58	2.6%	3.8%	84	84	4.0%	89	89	8.8%	+		+			
Mansfield	8,083	106	1.3%	7.1%	577	233	7.1%	577	233	53.4%			+			
Marblehead	8,746	26	0.3%	3.6%	311	311	3.6%	311	311	0.0%						
Marlborough	14,846	114	0.8%	7.9%	1,180	877	8.0%	1,185	882	53.5%	+		+			
Marshfield	9,117	90	1.0%	4.0%	361	259	4.0%	362	260	10.8%	+		+			
Maynard	4,398	29	0.7%	7.5%	332	320	7.5%	332	320	0.0%			+		+	
Medfield	4,038	46	1.1%	4.6%	185	179	4.7%	191	185	66.0%	+		+			
Medford	22,631	21	0.1%	7.0%	1,589	1,217	7.0%	1,589	1,217	0.0%			+			
Medway	4,243	62	1.5%	4.9%	208	208	5.2%	222	222	60.6%	+					
Melrose	11,200	30	0.3%	6.9%	777	777	6.9%	777	777	43.1%			+			
Mendon	1,870	75	4.0%	1.6%	30	30	5.7%	106	49	25.0%	+					
Merrimac	2,281	32	1.4%	3.3%	76	76	3.9%	90	90	68.9%	+					
Methuen	16,848	222	1.3%	6.3%	1,064	886	6.3%	1,068	890	28.0%	+		+			
Middleborough	7,195	228	3.2%	4.1%	294	294	4.3%	311	311	5.7%	+		+		+	
Middleton	2,337	143	6.1%	3.3%	77	77	3.3%	77	77	0.0%						
Milford	10,682	176	1.6%	6.3%	671	428	6.3%	671	428	0.0%			+		+	
Millis	3,060	41	1.3%	3.3%	100	100	4.1%	125	125	45.2%	+					
Millville	956	48	5.0%	1.9%	18	18	1.9%	18	18	0.0%			+		+	
Milton	9,142	102	1.1%	4.0%	366	366	4.2%	382	381	0.0%	+			+		
Nahant	1,676	6	0.4%	2.9%	48	48	2.9%	48	48	0.0%						
Natick	13,337	146	1.1%	5.1%	674	674	5.1%	674	674	66.6%						
Needham	10,793	114	1.1%	3.7%	403	403	3.8%	411	410	26.6%	+		+			
Newbury	2,614	33	1.3%	3.6%	94	94	3.6%	94	94	0.0%						
Newburyport	7,717	77	1.0%	8.6%	666	575	9.0%	697	606	4.4%	+		+			
Newton	31,857	622	2.0%	4.9%	1,554	1,268	5.8%	1,854	1,348	61.3%	+		+		+	+
Norfolk	2,851	73	2.6%	2.9%	84	84	2.9%	84	84	23.8%			+			
North Andover	9,896	131	1.3%	5.3%	529	529	5.7%	561	561	93.0%	+		+			
North Reading	4,839	81	1.7%	1.1%	55	47	1.1%	55	47	5.5%			+		+	+
Norton	5,942	262	4.4%	5.4%	322	322	5.8%	344	344	13.7%	+					
Norwell	3,299	115	3.5%	2.9%	97	97	3.2%	105	105	95.2%	+					
Norwood	11,911	73	0.6%	5.4%	642	537	5.4%	642	537	0.0%			+		+	+

Appendix A – continued

City/Town	Total Yr Round Housing Units 2000	Total New Housing Units Permitted 2002-2003	New Housing Units as % of 2000 Housing Units	2001 % Subsidized	2001 SHI (40B) Units	2001 Low Income Units	Est. 2003 % Subsidized	Est. 2003 SHI (40B) Units	Est. 2003 Low Income Units	Est. % of Subsidized Units Using Comp Permit*	Gained NEW Affordable Units 2002-2003	Surpassed 10% in 2003	EO 418 Certified in Yr 1 or 2	Newly Certified in Yr 3 or 4	Gained Affordable** Rental Units in 2002 or 2003 under EO 418	Gained Affordable** Homeowner Units in 2002 or 2003 under EO 418
Peabody	18,838	458	2.4%	7.6%	1,431	1,386	9.3%	1,755	1,463	44.7%	+		+		+	+
Pembroke	5,834	119	2.0%	3.8%	220	220	3.9%	226	226	23.5%	+			+	+	
Pepperell	3,905	60	1.5%	3.0%	117	117	3.0%	117	117	6.0%						
Plainville	3,088	63	2.0%	4.1%	128	112	4.1%	128	112	100.0%						
Plymouth	19,008	605	3.2%	3.9%	748	748	3.9%	748	748	4.1%			+			
Plympton	865	25	2.9%	4.6%	40	40	4.6%	40	40	0.0%				+	+	+
Quincy	39,912	665	1.7%	8.6%	3,429	3,371	8.6%	3,429	3,371	0.0%			+		+	+
Randolph	11,497	72	0.6%	5.7%	654	546	5.7%	655	547	26.2%	+		+			
Raynham	4,197	441	10.5%	4.7%	197	142	11.5%	481	330	80.5%	+	+	+			
Reading	8,811	39	0.4%	4.6%	404	336	4.6%	406	338	61.0%	+		+			
Revere	20,102	308	1.5%	10.1%	2,025	1,774	10.1%	2,025	1,774	8.5%			+		+	+
Rockland	6,632	19	0.3%	6.1%	404	366	6.1%	404	366	61.3%			+			
Rockport	3,652	24	0.7%	4.5%	165	165	4.5%	165	165	52.1%			+			
Rowley	1,985	66	3.3%	3.9%	78	78	4.4%	88	88	52.3%	+					
Salem	18,103	67	0.4%	12.5%	2,262	1,957	12.5%	2,262	1,957	0.0%			+			
Salisbury	3,456	75	2.2%	3.2%	110	110	5.7%	197	153	9.6%	+		+			
Saugus	10,111	222	2.2%	6.2%	626	626	6.3%	636	636	51.5%	+					
Scituate	6,869	96	1.4%	4.3%	292	292	4.3%	292	292	30.2%			+			
Sharon	6,006	30	0.5%	3.4%	202	202	3.4%	202	202	60.9%			+			
Sherborn	1,449	30	2.1%	2.3%	34	34	2.3%	34	34	0.0%			+			
Shirley	2,140	57	2.7%	2.7%	57	57	2.7%	57	57	0.0%						
Somerville	32,389	52	0.2%	8.7%	2,828	2,512	8.9%	2,883	2,567	9.8%	+		+		+	+
Southborough	2,988	146	4.9%	2.3%	70	66	2.3%	70	66	0.0%						
Stoneham	9,231	13	0.1%	5.4%	494	494	5.4%	494	494	0.0%			+			
Stoughton	10,429	38	0.4%	7.0%	727	540	7.2%	755	568	45.4%	+			+	+	
Stow	2,108	52	2.5%	5.6%	117	97	5.6%	117	97	100.0%			+			
Sudbury	5,582	90	1.6%	3.8%	214	213	3.9%	217	217	66.8%	+		+			
Swampscott	5,804	34	0.6%	3.2%	187	142	3.3%	189	144	32.3%	+					
Taunton	22,874	176	0.8%	6.3%	1,442	1,356	6.5%	1,480	1,394	9.3%	+			+	+	+
Tewksbury	10,125	107	1.1%	4.0%	410	349	4.4%	448	387	57.6%	+			+		
Topsfield	2,126	14	0.7%	4.8%	101	90	4.2%	101	90	39.6%				+	+	+
Townsend	3,162	59	1.9%	1.6%	50	50	1.6%	50	50	100.0%			+			
Tyngsborough	3,784	85	2.2%	3.1%	116	116	7.1%	268	160	84.3%	+			+	+	+
Upton	2,083	92	4.4%	7.8%	163	163	8.4%	176	176	9.6%	+					
Wakefield	9,914	90	0.9%	4.4%	440	308	4.8%	476	343	4.7%	+		+		+	
Walpole	8,202	136	1.7%	1.7%	138	138	5.3%	438	288	94.7%	+		+			

Appendix A – continued

City/Town	Total Yr Round Housing Units 2000	Total New Housing Units Permitted 2002-2003	New Housing Units as % of 2000 Housing Units	2001 % Subsidized	2001 SHI (40B) Units	2001 Low Income Units	Est. 2003 % Subsidized	Est. 2003 SHI (40B) Units	Est. 2003 Low Income Units	Est. % of Subsidized Units Using Comp Permit*	Gained NEW Affordable Units 2002-2003	Surpassed 10% in 2003	EO 418 Certified in Yr 1 or 2	Newly Certified in Yr 3 or 4	Gained Affordable** Rental Units in 2002 or 2003 under EO 418	Gained Affordable** Homeowner Units in 2002 or 2003 under EO 418
Waltham	23,749	520	2.2%	5.2%	1,236	1,236	5.5%	1,306	1,306	25.3%	+		+			
Wareham	8,650	278	3.2%	5.5%	477	477	5.6%	483	483	10.8%	+				+	+
Watertown	14,959	168	1.1%	5.5%	816	813	5.6%	839	826	5.7%	+		+			
Wayland	4,703	27	0.6%	3.2%	149	149	3.2%	149	149	20.1%			+			
Wellesley	8,789	95	1.1%	4.6%	400	373	4.6%	403	376	59.4%	+					
Wenham	1,310	10	0.8%	7.0%	92	92	7.0%	92	92	95.7%						
West Bridgewater	2,507	36	1.4%	1.9%	48	48	1.9%	48	48	0.0%						
West Newbury	1,414	27	1.9%	1.8%	26	26	1.8%	26	26	100.0%						
Westford	6,877	198	2.9%	1.9%	132	132	2.1%	141	141	55.3%	+		+			
Weston	3,796	53	1.4%	3.3%	126	116	3.4%	128	118	10.9%	+					
Westwood	5,218	24	0.5%	7.3%	379	251	7.3%	381	253	98.4%	+		+			
Weymouth	22,471	142	0.6%	6.9%	1,554	1,282	8.3%	1,858	1,358	73.5%	+		+			
Whitman	5,100	60	1.2%	4.1%	211	186	4.2%	216	191	0.0%	+					
Wilmington	7,141	109	1.5%	6.9%	490	241	6.9%	490	241	88.4%			+			
Winchester	7,860	190	2.4%	1.8%	141	141	1.8%	141	141	42.6%			+			
Winthrop	8,009	4	0.0%	7.4%	593	499	7.4%	593	499	0.0%				+		
Woburn	15,312	58	0.4%	5.7%	877	614	6.8%	1,048	660	77.4%	+		+		+	+
Wrentham	3,477	101	2.9%	4.0%	139	139	4.0%	139	139	52.5%			+			

* Estimated percent of all Subsidized Housing Inventory, or "40B list" units built under comprehensive permits since enactment of MGL Chapter 40B in 1969

** Under Executive Order #418, housing is considered affordable if it is priced so that a household earning 150% of the area median income could buy/rent a unit, spending no more than 30% of income for housing. DHCD estimates the maximum affordable rents/prices (assessed valuation) each year.

Already over 10%,added affordable units in 2002-2003 but new ratio not known at this time.

NOTE: DHCD is currently in the process of updating the Subsidized Housing Inventory through 2003. The figures shown here are estimates only, based on new production confirmed by municipalities and/or project sponsors. The official inventory is likely to report higher figures for many communities, reflecting the increase in units qualified by rehabilitation of existing housing.

Sources: DHCD Subsidized Housing Inventory, last published 4/28/02, based on year end 2001 inventory.
Details on percent of units using comprehensive permit from municipalities
Executive Order #418 Certified Communities, Fiscal Years 2001 - 2004
CPA Implementation Status, Trust for Public Land

Appendix B: Affordability Gap

City/Town	2003 Median Household Income	Median Single Family Home Price (2002)	Median Single Family Home Price (2003)	% Change in Home Price 2002-2003	Affordable in 2002	Affordable in 2003	Max. Home Price Affordable to Median Income Household	Max. Home Price Affordable to First Time Homebuyer
Abington	$64,248	$245,000	$281,250	14.8%	Y	Y	$297,844	$199,634
Acton	$103,095	$433,500	$469,275	8.3%	Y	Y	$477,928	$320,337
Amesbury	$58,404	$275,000	$300,000	9.1%	Y	Y	$270,751	$181,474
Andover	$98,660	$445,000	$485,000	9.0%	N	N	$457,371	$306,558
Arlington	$72,399	$400,000	$425,000	6.3%	N	N	$335,630	$224,960
Ashland	$76,954	$325,000	$370,000	13.8%	N	N	$356,745	$239,113
Avon	$56,603	$234,900	$268,900	14.5%	Y	Y	$262,400	$175,877
Ayer	$52,455	$259,950	$254,000	-2.3%	N	N	$243,173	$162,990
Bedford	$98,974	$427,500	$445,000	4.1%	N	N	$458,826	$307,534
Bellingham	$72,570	$233,000	$260,000	11.6%	N	N	$336,423	$225,492
Belmont	$90,347	$600,000	$644,500	7.4%	N	N	$418,834	$280,728
Berkley	$74,595	$260,000	$279,000	7.3%	N	N	$345,807	$231,781
Berlin	$73,888	$267,500	$293,000	9.5%	Y	N	$342,531	$229,586
Beverly	$60,742	$316,000	$345,000	9.2%	N	N	$281,591	$188,740
Billerica	$76,287	$289,900	$311,000	7.3%	Y	N	$353,652	$237,040
Blackstone	$62,069	$218,900	$248,500	13.5%	N	N	$287,741	$192,862
Bolton	$115,668	$435,000	$445,000	2.3%	N	Y	$536,214	$359,404
Boston	$44,590	$325,797	$375,155	15.1%	N	N	$206,712	$138,551
Boxboro	$98,587	$483,000	$549,500	13.8%	N	N	$457,032	$306,331
Boxford	$127,385	$543,000	$583,600	7.5%	Y	Y	$590,535	$395,813
Braintree	$69,526	$285,000	$324,950	14.0%	Y	N	$322,308	$216,031
Bridgewater	$73,495	$281,500	$319,900	13.6%	N	N	$340,711	$228,366
Brockton	$44,453	$194,900	$229,900	18.0%	N	N	$206,076	$138,125
Brookline	$75,063	$775,000	$840,100	8.4%	N	N	$347,977	$233,236
Burlington	$84,659	$349,950	$360,000	2.9%	Y	Y	$392,466	$263,055
Cambridge	$53,986	$587,500	$630,000	7.2%	Y	Y	$250,267	$167,745
Canton	$77,931	$350,000	$402,000	14.9%	Y	Y	$361,273	$242,148
Carlisle	$146,062	$649,500	$712,500	9.7%	Y	Y	$677,118	$453,847
Carver	$60,205	$227,500	$274,450	20.6%	Y	Y	$279,097	$187,068
Chelmsford	$78,996	$300,000	$329,900	10.0%	N	N	$366,213	$245,459
Chelsea	$33,937	$235,000	$275,000	17.0%	N	N	$157,325	$105,449
Cohasset	$94,692	$641,000	$692,500	8.0%	Y	Y	$438,973	$294,227
Concord	$107,903	$627,000	$659,900	5.2%	N	N	$500,217	$335,276
Danvers	$66,138	$308,000	$354,950	15.2%	N	Y	$306,602	$205,504
Dedham	$69,423	$315,000	$342,250	8.7%	N	Y	$321,834	$215,713
Dighton	$65,936	$226,000	$258,000	14.2%	Y	Y	$305,669	$204,878
Dover	$159,573	$736,000	$754,500	2.5%	Y	N	$739,749	$495,826
Dracut	$64,897	$235,000	$264,000	12.3%	Y	Y	$300,849	$201,648
Dunstable	$97,479	$389,950	$415,000	6.4%	Y	Y	$451,894	$302,887
Duxbury	$109,283	$430,000	$540,000	25.6%	Y	Y	$506,617	$339,566
East Bridgewater	$67,861	$260,400	$290,000	11.4%	N	N	$314,593	$210,860
Easton	$77,800	$325,000	$358,900	10.4%	N	N	$360,668	$241,742
Essex	$67,010	$363,200	$354,500	-2.4%	N	N	$310,645	$208,213
Everett	$45,751	$259,500	$294,000	13.3%	N	N	$212,095	$142,160
Foxboro	$72,376	$320,950	$355,000	10.6%	Y	N	$335,521	$224,887
Framingham	$61,084	$306,950	$324,000	5.6%	Y	Y	$283,176	$189,802
Franklin	$80,084	$320,000	$366,500	14.5%	N	Y	$371,257	$248,839
Georgetown	$85,807	$332,250	$346,000	4.1%	Y	N	$397,786	$266,621
Gloucester	$53,696	$295,000	$330,000	11.9%	Y	N	$248,927	$166,846
Groton	$93,244	$352,500	$416,000	18.0%	Y	Y	$432,260	$289,728
Groveland	$77,826	$291,700	$337,450	15.7%	N	N	$360,788	$241,823

Appendix B: Affordability Gap

City/Town	2003 Median Household Income	Median Single Family Home Price (2002)	Median Single Family Home Price (2003)	% Change in Home Price 2002-2003	Affordable in 2002	Affordable in 2003	Max. Home Price Affordable to Median Income Household	Max. Home Price Affordable to First Time Homebuyer
Halifax	$64,153	$239,500	$300,000	25.3%	N	N	$297,401	$199,337
Hamilton	$81,014	$378,750	$469,500	24.0%	N	N	$375,565	$251,727
Hanover	$83,082	$355,000	$395,000	11.3%	N	N	$385,153	$258,153
Hanson	$70,535	$275,000	$281,250	2.3%	N	N	$326,987	$219,167
Harvard	$121,447	$470,000	$504,900	7.4%	Y	Y	$563,004	$377,360
Haverhill	$56,072	$245,000	$272,500	11.2%	Y	N	$259,938	$174,227
Hingham	$93,411	$469,000	$580,000	23.7%	N	N	$433,037	$290,249
Holbrook	$61,232	$227,250	$260,000	14.4%	N	N	$283,860	$190,260
Holliston	$87,869	$318,750	$351,750	10.4%	N	N	$407,342	$273,026
Hopedale	$67,710	$256,000	$315,000	23.0%	N	N	$313,889	$210,388
Hopkinton	$100,458	$465,500	$455,050	-2.2%	N	N	$465,706	$312,145
Hudson	$65,879	$284,900	$293,250	2.9%	Y	Y	$305,403	$204,700
Hull	$58,934	$272,000	$323,500	18.9%	Y	Y	$273,208	$183,121
Ipswich	$64,456	$344,000	$407,000	18.3%	N	N	$298,804	$200,277
Kingston	$60,513	$265,000	$320,000	20.8%	Y	Y	$280,527	$188,026
Lakeville	$79,320	$250,000	$296,250	18.5%	Y	Y	$367,715	$246,466
Lancaster	$68,358	$230,000	$262,500	14.1%	N	N	$316,894	$212,402
Lawrence	$31,486	$180,000	$203,000	12.8%	Y	Y	$145,965	$97,835
Lexington	$108,947	$561,100	$615,000	9.6%	N	N	$505,057	$338,521
Lincoln	$88,894	$830,000	$975,000	17.5%	N	N	$412,094	$276,211
Littleton	$80,321	$313,000	$360,000	15.0%	N	N	$372,352	$249,574
Lowell	$44,099	$193,000	$218,000	13.0%	N	N	$204,433	$137,024
Lynn	$42,042	$220,000	$244,750	11.3%	Y	Y	$194,898	$130,632
Lynnfield	$90,720	$439,500	$466,250	6.1%	Y	Y	$420,560	$281,886
Malden	$51,370	$277,000	$305,000	10.1%	Y	N	$238,140	$159,616
Manchester	$82,665	$494,000	$615,000	24.5%	Y	N	$383,218	$256,856
Mansfield	$75,304	$308,000	$350,000	13.6%	Y	Y	$349,093	$233,984
Marblehead	$83,228	$444,500	$480,000	8.0%	N	N	$385,831	$258,608
Marlborough	$64,000	$282,500	$309,900	9.7%	Y	Y	$296,691	$198,861
Marshfield	$74,834	$300,000	$341,500	13.8%	N	N	$346,918	$232,526
Maynard	$68,425	$280,000	$290,000	3.6%	N	N	$317,207	$212,612
Medfield	$109,985	$430,000	$475,000	10.5%	N	N	$509,872	$341,748
Medford	$59,046	$323,000	$350,000	8.4%	Y	Y	$273,725	$183,467
Medway	$84,541	$316,250	$345,000	9.1%	Y	Y	$391,918	$262,688
Melrose	$70,674	$344,000	$389,450	13.2%	Y	Y	$327,634	$219,601
Mendon	$80,073	$355,000	$370,450	4.4%	N	N	$371,205	$248,804
Merrimac	$66,040	$292,500	$300,500	2.7%	Y	Y	$306,148	$205,200
Methuen	$55,840	$234,000	$269,900	15.3%	N	N	$258,864	$173,507
Middleboro	$59,360	$229,500	$275,000	19.8%	Y	Y	$275,180	$184,443
Middleton	$91,585	$417,450	$450,000	7.8%	N	N	$424,572	$284,574
Milford	$57,223	$274,950	$298,000	8.4%	N	N	$265,274	$177,803
Millis	$70,669	$285,000	$348,450	22.3%	N	N	$327,608	$219,583
Millville	$64,136	$195,000	$234,900	20.5%	Y	N	$297,323	$199,284
Milton	$88,873	$365,000	$434,500	19.0%	N	N	$412,001	$276,148
Nahant	$72,071	$410,000	$425,000	3.7%	Y	N	$334,107	$223,939
Natick	$78,488	$365,000	$390,000	6.8%	N	N	$363,855	$243,878
Needham	$99,106	$506,000	$550,000	8.7%	N	N	$459,437	$307,943
Newbury	$84,205	$355,000	$399,999	12.7%	Y	Y	$390,359	$261,643

Appendix B: Affordability Gap

City/Town	2003 Median Household Income	Median Single Family Home Price (2002)	Median Single Family Home Price (2003)	% Change in Home Price 2002-2003	Affordable in 2002	Affordable in 2003	Max. Home Price Affordable to Median Income Household	Max. Home Price Affordable to First Time Homebuyer
Newburyport	$65,888	$345,000	$375,000	8.7%	N	N	$305,444	$204,728
Newton	$96,825	$575,000	$637,750	10.9%	N	Y	$448,863	$300,856
Norfolk	$96,939	$379,900	$406,000	6.9%	Y	Y	$449,390	$301,209
North Andover	$81,833	$413,500	$445,000	7.6%	N	N	$379,363	$254,273
North Reading	$86,597	$345,000	$375,500	8.8%	Y	Y	$401,448	$269,076
Norton	$72,933	$262,000	$292,750	11.7%	N	N	$338,103	$226,618
Norwell	$98,338	$451,200	$478,000	5.9%	Y	Y	$455,879	$305,559
Norwood	$65,735	$310,000	$348,500	12.4%	N	N	$304,735	$204,252
Peabody	$61,693	$308,500	$328,750	6.6%	Y	N	$285,998	$191,694
Pembroke	$73,194	$278,950	$305,000	9.3%	N	N	$339,313	$227,429
Pepperell	$73,320	$282,500	$308,950	9.4%	N	N	$339,897	$227,820
Plainville	$64,310	$264,500	$299,900	13.4%	Y	Y	$298,131	$199,826
Plymouth	$61,522	$250,000	$289,000	15.6%	Y	Y	$285,205	$191,162
Plympton	$78,814	$267,650	$338,500	26.5%	N	N	$365,368	$244,892
Quincy	$53,020	$290,000	$323,000	11.4%	N	N	$245,792	$164,745
Randolph	$62,173	$245,000	$278,000	13.5%	Y	Y	$288,220	$193,183
Raynham	$68,017	$270,450	$285,500	5.6%	Y	Y	$315,313	$211,343
Reading	$86,706	$362,000	$389,450	7.6%	N	N	$401,954	$269,415
Revere	$41,708	$249,500	$285,000	14.2%	N	N	$193,348	$129,594
Rockland	$56,949	$246,000	$276,200	12.3%	Y	Y	$264,007	$176,954
Rockport	$57,003	$375,000	$390,000	4.0%	N	N	$264,257	$177,122
Rowley	$69,908	$313,500	$412,500	31.6%	Y	Y	$324,082	$217,220
Salem	$49,546	$276,750	$305,000	10.2%	Y	Y	$229,684	$153,949
Salisbury	$55,483	$230,000	$274,000	19.1%	Y	Y	$257,210	$172,398
Saugus	$62,224	$290,000	$320,000	10.3%	N	N	$288,460	$193,344
Scituate	$79,740	$390,000	$446,250	14.4%	Y	Y	$369,661	$247,770
Sharon	$100,430	$359,900	$400,000	11.1%	Y	Y	$465,576	$312,058
Sherborn	$136,928	$624,500	$675,000	8.1%	N	N	$634,773	$425,465
Shirley	$60,022	$264,000	$252,550	-4.3%	Y	Y	$278,252	$186,502
Somerville	$52,113	$330,000	$360,000	9.1%	Y	Y	$241,588	$161,927
Southborough	$115,879	$440,000	$502,500	14.2%	Y	N	$537,194	$360,061
Stoneham	$63,692	$336,500	$370,000	10.0%	N	N	$295,262	$197,903
Stoughton	$65,079	$260,000	$315,000	21.2%	N	Y	$301,694	$202,214
Stow	$108,345	$385,000	$417,500	8.4%	N	N	$502,267	$336,650
Sudbury	$133,424	$542,450	$586,250	8.1%	N	N	$618,530	$414,577
Swampscott	$79,989	$385,400	$404,000	4.8%	N	N	$370,814	$248,542
Taunton	$48,307	$215,000	$252,250	17.3%	N	N	$223,941	$150,099
Tewksbury	$77,413	$289,900	$320,000	10.4%	Y	Y	$358,874	$240,539
Topsfield	$108,502	$482,500	$527,000	9.2%	Y	Y	$502,997	$337,140
Townsend	$69,475	$227,000	$250,000	10.1%	Y	Y	$322,073	$215,874
Tyngsboro	$78,559	$296,910	$315,000	6.1%	N	N	$364,184	$244,099
Upton	$88,435	$330,000	$360,000	9.1%	N	N	$409,966	$274,785
Wakefield	$74,394	$340,000	$375,800	10.5%	Y	Y	$344,879	$231,159
Walpole	$84,116	$332,000	$364,375	9.8%	Y	Y	$389,946	$261,366
Waltham	$60,772	$340,000	$366,150	7.7%	Y	Y	$281,726	$188,830
Wareham	$45,483	$177,200	$210,000	18.5%	Y	Y	$210,849	$141,324
Watertown	$67,246	$374,000	$411,000	9.9%	N	N	$311,740	$208,948
Wayland	$113,685	$505,000	$526,200	4.2%	Y	N	$527,023	$353,243
Wellesley	$127,919	$710,000	$751,000	5.8%	N	N	$593,007	$397,470

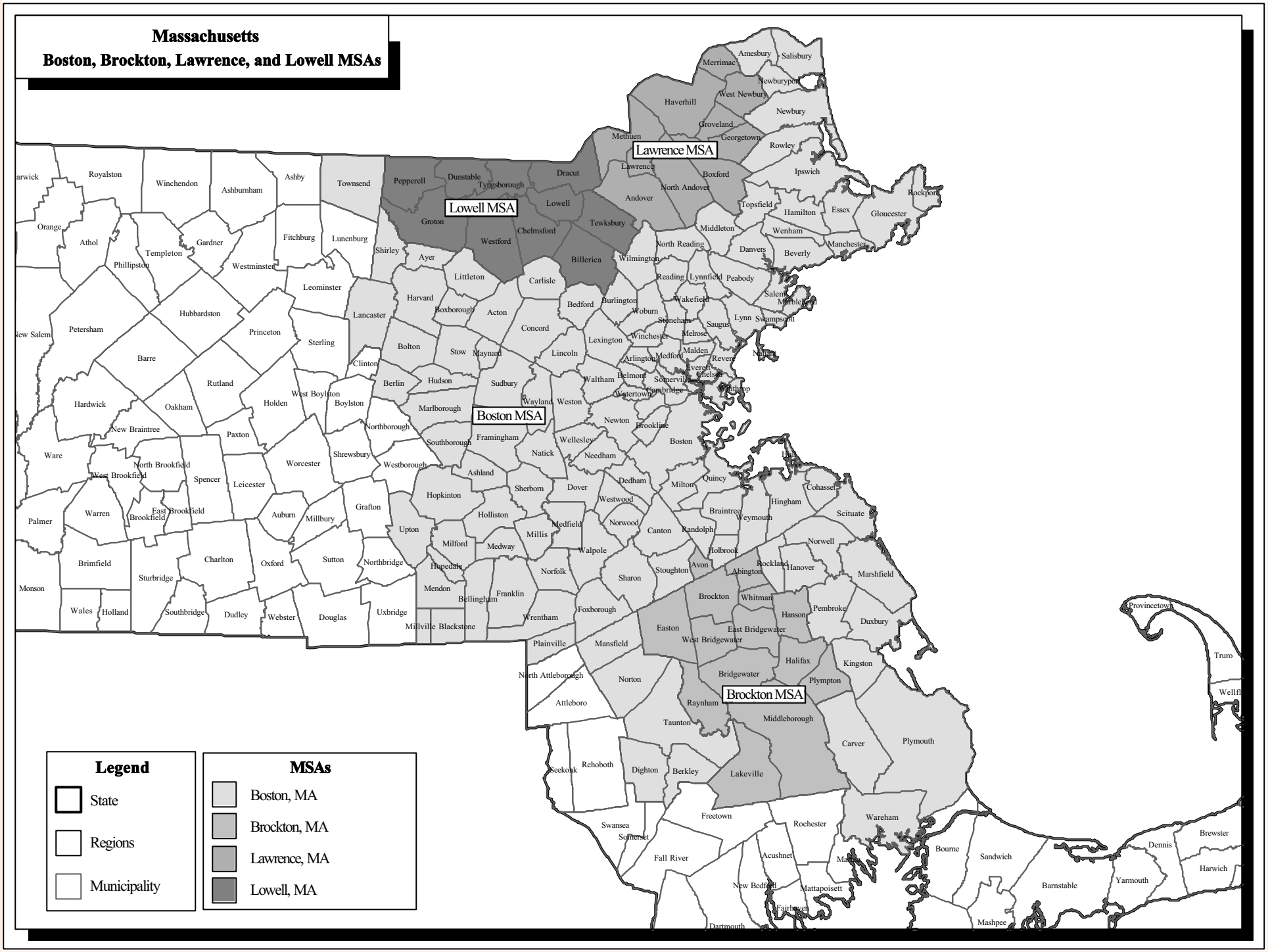
Appendix B: Affordability Gap

City/Town	2003 Median Household Income	Median Single Family Home Price (2002)	Median Single Family Home Price (2003)	% Change in Home Price 2002-2003	Affordable in 2002	Affordable in 2003	Max. Home Price Affordable to Median Income Household	Max. Home Price Affordable to First Time Homebuyer
Wenham	$101,857	$530,000	$565,000	6.6%	N	N	$472,190	$316,491
West Bridgewater	$62,964	$227,900	$289,900	27.2%	N	Y	$291,887	$195,641
West Newbury	$104,449	$405,000	$465,000	14.8%	N	Y	$484,208	$324,546
Westford	$110,575	$397,000	$412,250	3.8%	N	N	$512,605	$343,580
Weston	$173,187	$923,000	$1,060,938	14.9%	Y	Y	$802,865	$538,130
Westwood	$98,335	$420,000	$485,000	15.5%	Y	Y	$455,863	$305,548
Weymouth	$58,133	$265,000	$298,000	12.5%	N	N	$269,494	$180,632
Whitman	$62,227	$229,900	$265,000	15.3%	N	N	$288,471	$193,351
Wilmington	$79,497	$301,000	$344,000	14.3%	N	N	$368,534	$247,014
Winchester	$105,823	$569,950	$669,000	17.4%	N	N	$490,577	$328,815
Winthrop	$59,772	$292,500	$341,000	16.6%	N	N	$277,094	$185,726
Woburn	$61,770	$300,000	$331,000	10.3%	Y	Y	$286,353	$191,932
Wrentham	$87,813	$329,500	$362,500	10.0%	Y	Y	$407,087	$272,855

NOTE: The maximum home price that is affordable to a median income household in a given community is one on which the annual cost of supporting principal and interest payments on a 30 year mortgage for 80% of the purchase price, plus real estate taxes and homeowners insurance, does not exceed 33% of the household's gross annual income. The assumptions are similar for a first time homebuyer except that both the homebuyer's income and the purchase price of the home are estimated to be just 80% of the median for the community. The down payment is assumed to be 10% with private mortgage insurance. Median Household Incomes in 2003 were estimated to be 12.5 percent above the 1999 median reported in Cansus 2000.

An interest rate of 6.5% was assumed for 2002 and 5.75% was assumed for 2003. Taxes and insurance were estimated at 1.5% of the sales price.

Sources: Median single family home prices, The Warren Group Publications


Massachusetts
Boston, Brockton, Lawrence, and Lowell MSAs
Lowell MSA
Lawrence MSA
Boston MSA
Brockton MSA
Legend
State
Regions
Municipality
MSAs
Boston, MA
Brockton, MA
Lawrence, MA
Lowell, MA