The Greater Boston Housing Report Card 2022

With a Special Analysis of Equity in Subsidized Housing

The Boston Foundation

BOSTON UNIVERSITY

OCTOBER 2022

THE BOSTON FOUNDATION is one of the first and most influential community foundations in the country. In partnership with community members, donors, the public sector, businesses and nonprofits, we aim to repair past harms and build a more equitable future for our city and region. Supported by the Annual Campaign for Civic Leadership, we publish research into the most critical issues of our time, convene large groups of people to discuss the city's agenda and the region's trends—and use our shared knowledge to advocate for public policies that promote equity and opportunity for everyone. The Boston Foundation is also one of the largest grantmakers in New England, providing support to nonprofit organizations in Greater Boston through our endowment and working closely with our donors to support nonprofits locally, nationally and internationally.

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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 range of partners, the Boston Foundation provides opportunities for people to convene to explore challenges facing our constantly changing community and to develop an informed civic agenda. Visit www.tbf.org to learn more about Understanding Boston and the Boston Foundation.

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Dear Friends,

Twenty years ago, the Boston Foundation's inaugural *Greater Boston Housing Report Card* began tracking the growth, shortfalls, evolution and economics of housing in our region. Even in 2002, production and supply did not match need and demand. The bottom line is that it has always been expensive to live in our region. The specific numbers have changed since then, jostled by recession, innovation, pandemic and inflation. In some years production numbers have been good, but most of it has been at the high end of the real estate market. Some years we've made advances in numbers of affordable units, but they've not been well distributed. The *Report Card* has taken a hard look at the field each year, and along with its findings has offered up ideas for adjustments to policy and practice to improve the market for the people living in it.

A concern for equity always has been woven into our work around housing. In the last year, however, TBF has embraced a new vision where a commitment to equity is the driver behind everything we do. And there may be no single issue as integral to achieving equity as housing. As a TBF donor to housing causes recently exclaimed to us, "If you don't have a place to call home, how can you do anything else?"

In redefining the Foundation's mission this year, we articulated several underlying commitments embodied in our work. One is to unapologetically face challenging issues. Housing in Greater Boston is nothing if not challenging. Another commitment is to value data measurement and analysis as essential guides in learning, decision-making, and performance measurement. This *Report Card* does that as well. Partnering with researchers each year, we maintain continuity on the sector overview and explore new angles on the what the data tell us—or what data are missing.

Fairly and decently housing everyone in our region would be a huge step toward repairing past harms, from discriminatory rental practices to predatory lending, from real estate restrictions to thoughtless development. Mayor Wu is meeting this challenge head on with her recent executive order that focuses on expediting affordable housing approvals, preserving and financing housing and increasing homeownership. We urge leaders in all Greater Boston municipalities to take action in their communities. It is our ongoing hope that this document serves as an up-to-date guide—and perhaps goad—to working toward a more sustainable housing economy in Greater Boston, and in so doing allow our region to truly flourish.

M. Lee Pelton

M. Lee Pelton
President and CEO

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Preface

HOUSING IS A UNIVERSAL HUMAN NEED AND YET, AS A REGION AND A SOCIETY, WE CONTINUE TO FALL SHORT OF FULFILLING THAT NEED FOR ALL.

The data and findings in this report card parallel the housing efforts we see at work among community leaders and housing advocates. In broad terms, one area of focus is housing supply and demand and the resulting prices of homes to rent and own; another is affordability, housing instability and, new in the 2022 report card, subsidized housing. The core metrics section of the report card lays out the persistent realities of the region's housing crisis related to market forces: cities and towns with variable and insufficient housing production histories, and rents and home prices that are among the highest in the country.

There are some bright spots. Metro Core Communities and Regional Urban Centers, as defined in this report card, issued many more housing permits than previous years, paving the path to increasing housing supply. Other than Maturing Suburbs, all community types had an increase in multifamily housing production. The *2019 Greater Boston Housing Report Card* demonstrated that multifamily housing production increases diversity among residents, so this trend is moving the region in the right direction.

And yet, segregation persists. It is pronounced for Black and Latino homeowners whose home purchases are concentrated in just a few cities and towns outside Boston. In fact, Black and Latino households experience disproportional harm in almost every measure related to housing. They are cost-burdened at greater rates, they have lower rates of homeownership, and they are faced with eviction proceedings at higher rates.

Increasing housing supply with the underpinning of zoning change is a necessary path for the region. It's the long game, first with policy, then planning and eventually with the actual production of housing—a process that will take years and even decades.

Meanwhile, shockingly, almost half of Greater Boston renters pay more than a third of their household income toward housing costs—and for many, rent extracts more than half their income. We are a region where sky-high rents take a toll on individuals and families.

This is the crisis of the present moment, where households are at risk of losing their housing now. Renters and owners who are barely making rent and mortgage payments face the prospect of eviction or foreclosure, and in worst-case situations, homelessness. For these households, there is no long game—the crisis is already knocking at their door. And it is particularly acute for households of color, who are much more likely to face eviction proceedings against them. It plays out in neighborhoods and communities that are home to more households of color, particularly Black and Latino households.

There is no question that the best of our efforts for housing stabilization during COVID must continue, with special attention to households of color, those with disabilities, recent immigrants and others who may be reluctant or unable to seek out support from conventional sources. It is also where subsidized housing plays a vital role in providing affordable options to lower-income households. Metro Core communities have done significantly more than others in providing this affordable stock, followed by Regional Urban Centers, but other communities are trailing far behind and must step up.

We examine another, related element of our housing crisis in this year's special topic, "Who Can Win the Lottery: Moving toward equity in subsidized housing." This section of the report uncovers inequities in several administrative practices related to subsidized housing and also in the targeting of specific populations for new affordable housing developments. Some subsidized housing marketing and lottery administration practices could result in low-income households of color never even learning of new homes being available. Producing more subsidized housing cannot reduce racial disparities if households of color do not have access to that housing, including those on the decades-long waiting lists at many local housing authorities. We must, therefore, peel back the layers to ensure that the harms of the past, including racial covenants and redlining, are not being replicated into the future.

One of the primary objectives of the Fair Housing Act of 1968 was to prevent race-based discrimination in the sale and rental of housing. In 2021, the federal department of Housing and Urban Development restored the Affirmatively Furthering Fair Housing (AFFH) provision that was in the Fair Housing Act. The provision asks for the federal government to do more than prevent discrimination; it calls for actions that enable people of color, immigrants, people with disabilities and families with children to have access to safe, decent and affordable housing in communities of their choice. We have a valuable opportunity to take up AFFH on a statewide front to ensure that housing production, tenant protections and subsidized housing fulfill an ambitious and far-reaching racial equity and housing justice agenda.

The Greater Boston Housing Report Card has tracked regional trends and topics in housing since 2002.

Core Metrics

Regional Context & Demographic Trends

Supply

Prices

Affordability

Housing Instability

Subsidized Housing

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Regional Context and Demographic Trends

We build housing to meet the needs of people and their families, so we start the 2022 Greater Boston Housing Report Card by looking at the people who live here and how that's changed over time. Before launching in, though, it's worth flagging one limitation to looking at who lives here today; it misses people who otherwise would like to live in Greater Boston but who can't because of high housing costs. Many frustrated by high costs still ultimately choose to live here, and they do so by stretching household budgets, moving to areas of the region that are less convenient, or crowding into substandard housing. But others never find a viable option for moving here in the first place, or they once lived here but rising housing costs pushed them to move away. Each of these lost households represents people that could have been contributing to the social vibrancy and economic dynamism of our region, redounding to the benefit of us all. But instead, they are strengthening communities elsewhere and we miss out.

In terms of who does live in Greater Boston today, the data in this section reveal some new trends. Greater Boston had been relying on international migration to offset native-born population loss for some decades, but immigration has slowed considerably over the last four years. Conversely, household formation is up as members of the large Millennial generation strike out on their own and bid on new homes. During the pandemic, household saving rates increased, leaving many with more money to spend on housing. And many white-collar workers who have been able to work from home are seeking to move into larger homes, bidding up prices on larger units.

Other multi-decade trends appear to be continuing. Many of our communities continue to grow more racially diverse. But Black and Latino population increases remain concentrated in a few communities.

Key findings from this section include:

- Immigration has been driving Greater Boston's population growth, but growth is slowing.
- New household formation in increasing demand for housing.
- Greater Boston has become more racially and ethnically diverse.
- Greater Boston remains segregated by race and income.
- Fewer families with kids are living in Greater Boston.

Note on our use of MAPC "Community Types" throughout this report

In this edition of the Greater Boston Housing Report Card, we rely on the same five-county definition of Greater Boston (Essex, Middlesex, Norfolk, Plymouth, and Suffolk) but aggregate much of the municipal-level data into one of five community types, based on an approach developed by the Metropolitan Area Planning Council (MAPC).[1] Rather than relying on the happenstance of geography, the community type–approach categorizes cities and towns using a mix of factors including land use and housing patterns, demographics, and recent growth trends. Even though they're on opposite sides of Greater Boston, for instance, Lawrence and Brockton are analyzed together as Regional Urban Centers under this approach. For more detailed information on individual cities and towns, see the end of the report or the online data supplement for metrics by municipality. Counties were used in some places where municipality-level data was not available.

BRIEF DESCRIPTION OF COMMUNITY TYPES AND SUBTYPES USED IN THIS REPORT

METRO CORE COMMUNITIES HIGH-DENSITY INNER CITIES

- Urban with mix of apartment buildings, multifamily houses, single-family houses
- Completely built-out
- New growth: redevelopment, infill, and conversion from industrial uses to residential
- Significant racial and income diversity; large immigrant populations

STREETCAR SUBURBS HISTORIC, HIGH-DENSITY SUBURBS NEAR THE URBAN CORE

- Village-oriented residential neighborhoods with some multifamily homes and smaller apartment buildings
- Largely built-out
- New growth: limited redevelopment, infill, and expansion of existing structures
- Moderate racial diversity; moderate income diversity

REGIONAL URBAN CENTERS HIGH-DENSITY URBAN CENTERS PROXIMATE OUTSIDE OF BOSTON

- Mix of housing types; urban-scale downtown core surrounded by more suburban residential neighborhoods
- Mostly built-out
- New growth: redevelopment, greenfield development on periphery, conversion from industrial uses to residential
- Significant racial diversity; lower-income populations

MATURING SUBURBS HIGHER-INCOME TOWNS

- Owner-occupied single-family homes
- Most parcels of land are developed
- New growth: infill development, teardowns, small-scale greenfield development
- Population is stable or growing moderately; lower racial and income diversity

DEVELOPING SUBURBS WELL-DEFINED TOWN CENTERS AND LOW-DENSITY TOWNS WITH ROOM TO GROW

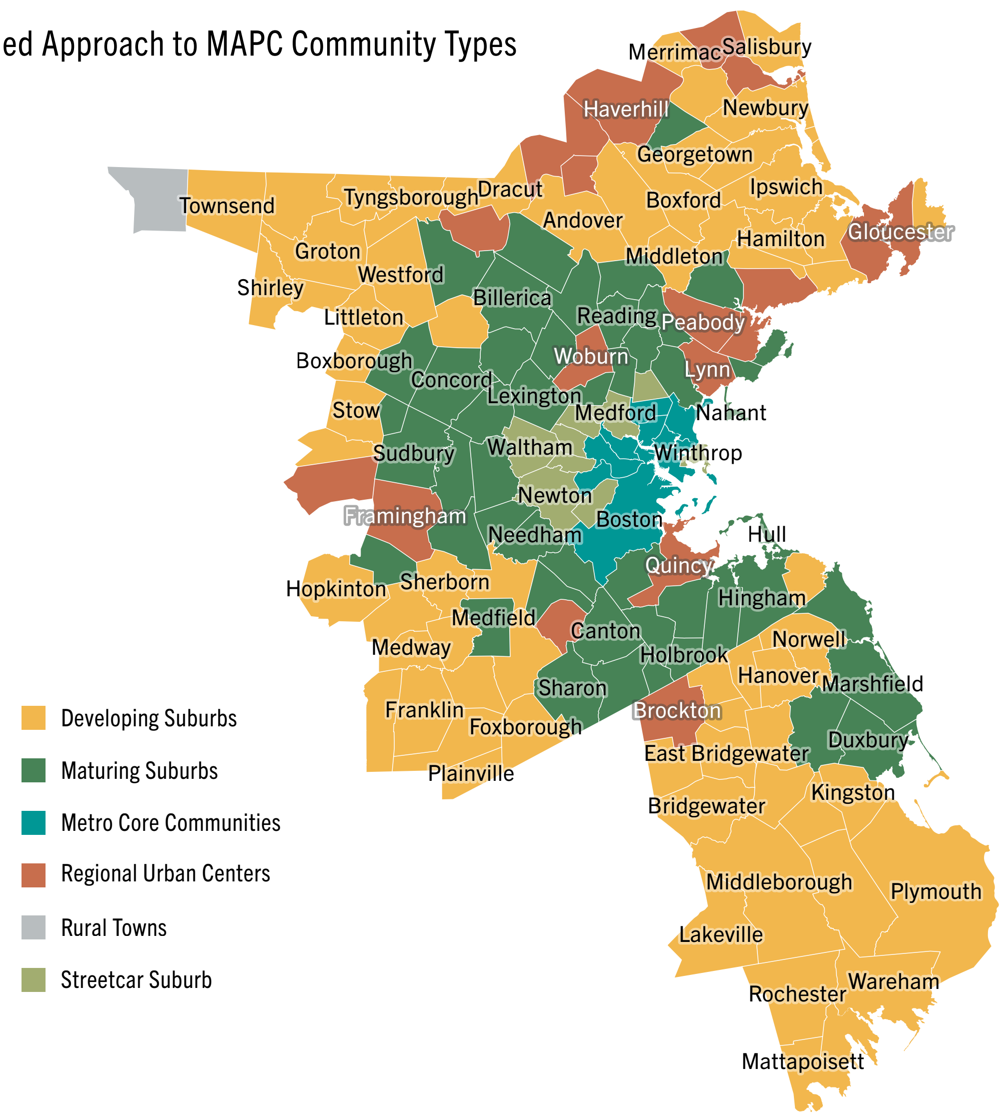
- Mixed-use town centers surrounded by compact neighborhoods; low-density elsewhere
- Large amounts of vacant developable land
- New growth: conventional subdivision of vacant land
- Low racial and income diversity

THERE ARE TWO PLACES WHERE WE DIVERGE SLIGHTLY FROM THE MAPC COMMUNITY TYPE APPROACH:

1. MAPC's classification approach has two levels: Community Type and Community Subtype, with two Subtypes typically summing up to one Community Type. For our purposes, we've chosen to present two Subtypes (Metro Core and Streetcar Suburbs) in parallel to three Community Types (Regional Urban Centers, Maturing Suburbs and Developing Suburbs). Presenting the two Subtypes on their own helps surface some important distinctions within the Inner Core (which is the Community Type that those two Subtypes sum up to).

2. MAPC included Rural Towns in its classification as it created Community Types as a statewide research tool. But there's only one Rural Town (Ashby) in the five-county region used to define Greater Boston. Therefore, we include Ashby in all places where we present regional totals, but we exclude it when presenting detail by Community Type.

Modified Approach to MAPC Community Types

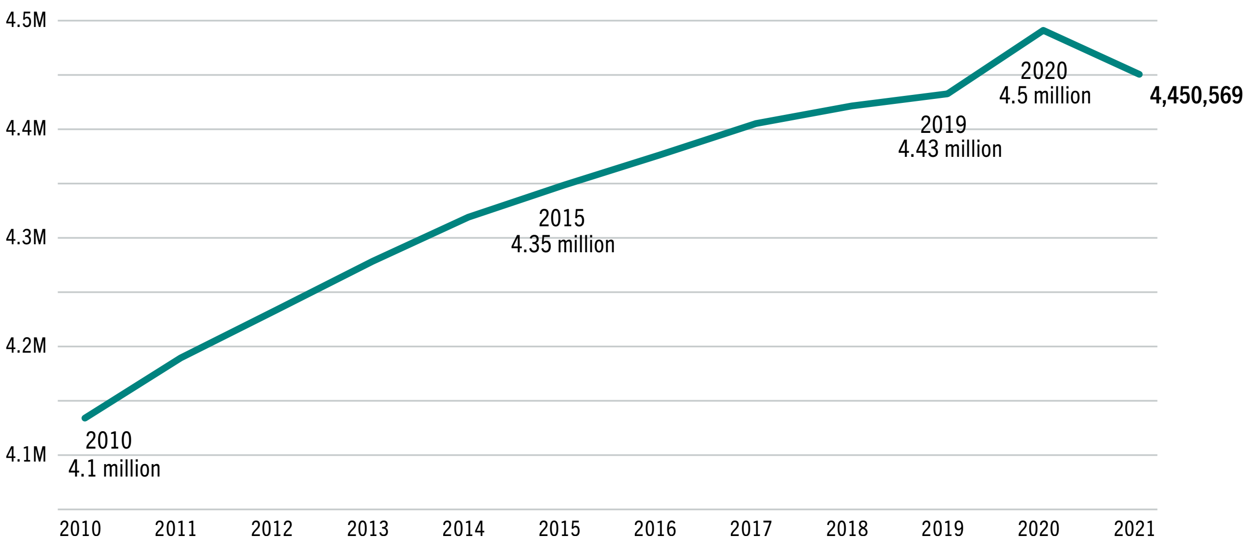


Immigration has been driving Greater Boston's population growth, but growth is slowing.

For many years Greater Boston's population had grown steadily, increasing almost 9 percent over the decade from 2010 to 2020. But this trend reversed in 2021, after the first year of the pandemic, as the region lost more than 40,000 residents. Immigration decreased sharply and the region experienced outmigration from the urban core.

After steady increases, Greater Boston's population declined in the pandemic's first year.

Greater Boston total population. 5-county definition of region.

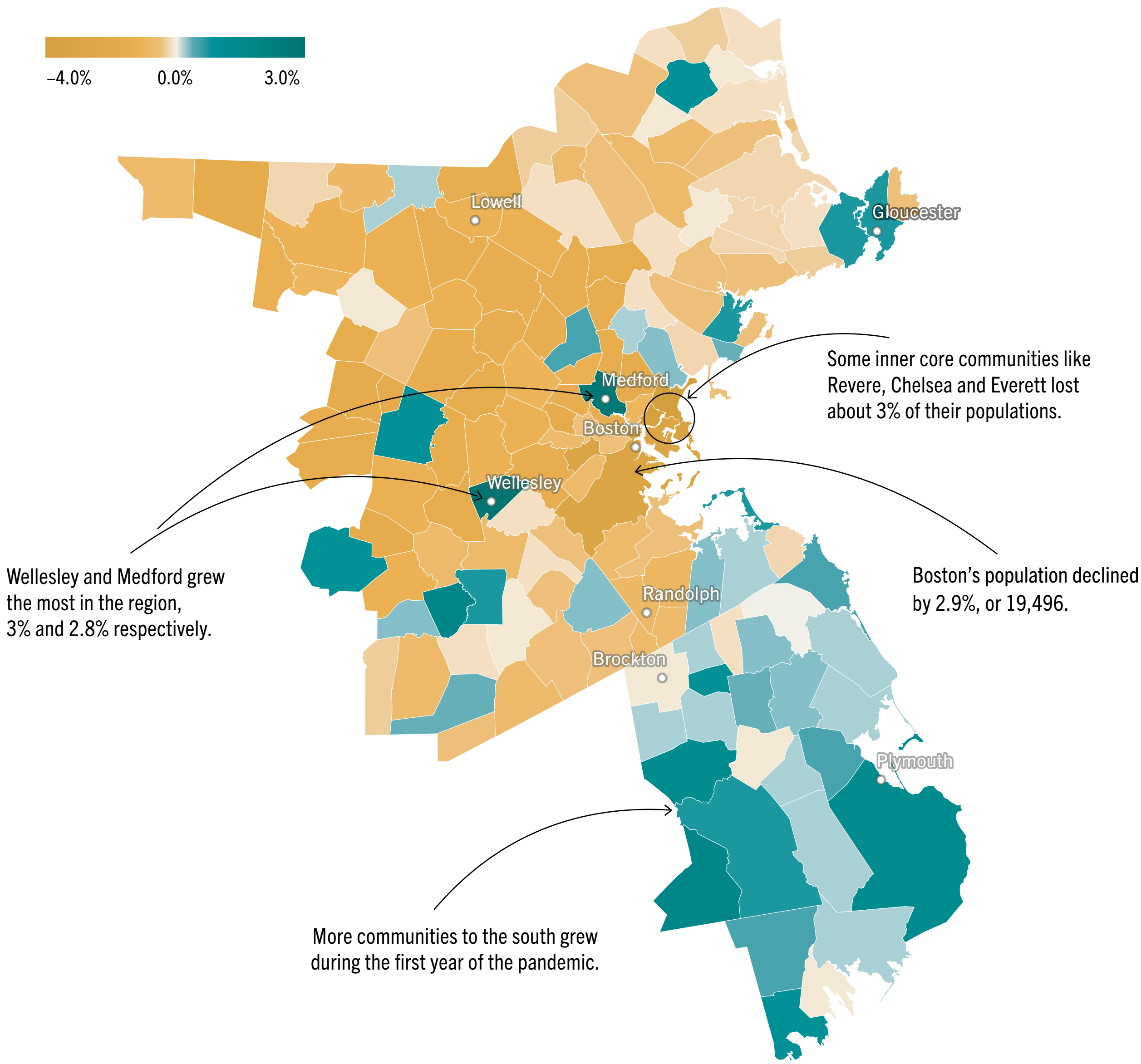


NOTE: Five-county definition includes Essex, Middlesex, Suffolk, Norfolk, and Plymouth counties.

Source: U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population for Counties

The map on the next page shows how these 2021 population changes played out across the region. Between July 2020 and July 2021, most municipalities north and west of Boston saw population declines; Boston itself saw the greatest total population loss of nearly 19,500 (2.9 percent). The shift to remote work during the pandemic prompted many Americans to leave cities like Boston in search of more affordable, spacious housing to accommodate their work-from-home lifestyles. Unfortunately, it's likely that some of the population losses across the region are a result of COVID-19 related deaths, while larger declines in the immediate urban core may well be a result of university students moving away during the first year of the pandemic. The release of July 2022 estimates from the Census Bureau later this year will help us better understand how much of this population decline due to migration was a temporary phenomenon during the pandemic's first year.

Many inner core communities lost population during the pandemic's first year.
Percent change in population 2020 – 2021.



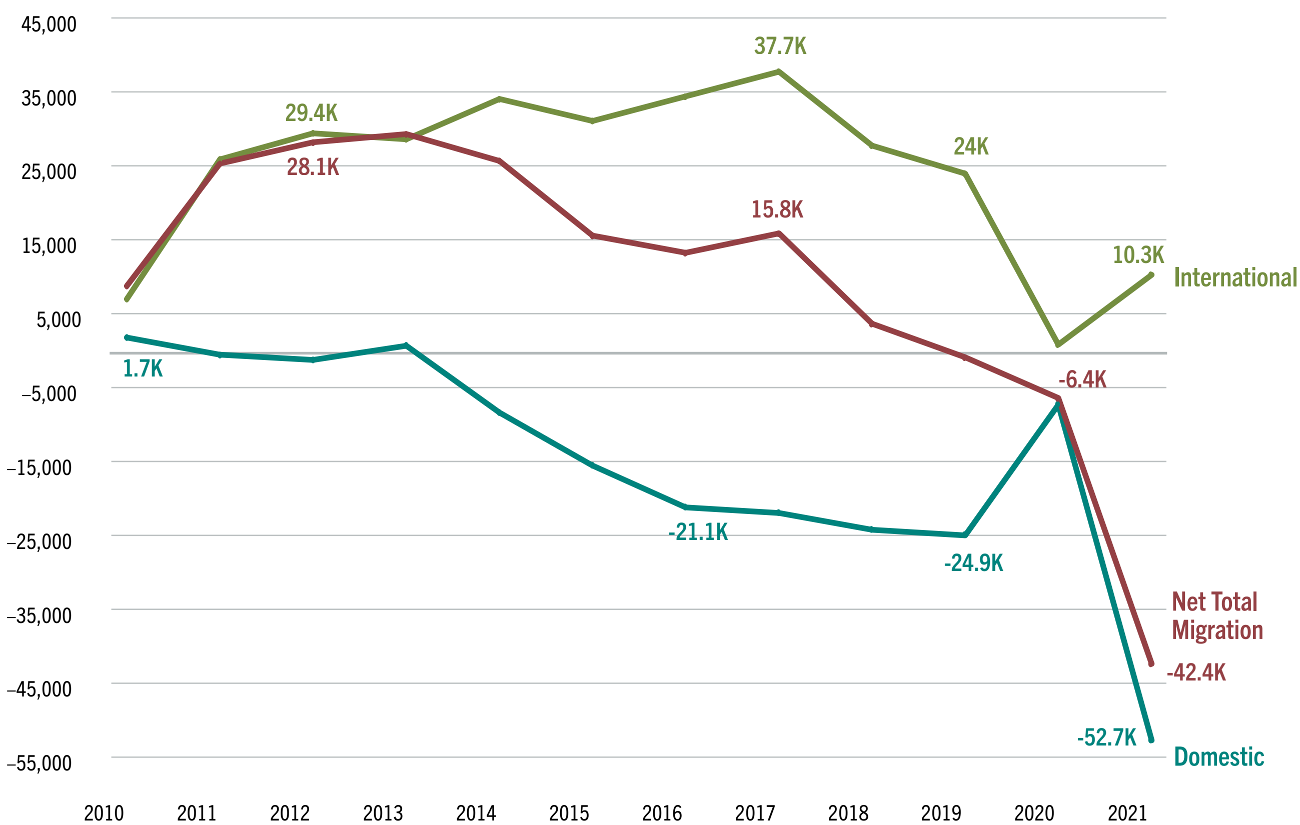
Source: Population Estimates Program, UMass Donahue Institute. Map data: MassGIS

If it weren't for prior increases in international migration, Greater Boston would have started losing population well before the onset of the pandemic. For the past few decades, international immigration has helped the region offset declining birth rates and the loss of residents to other parts of the country. The graph below uses data from the Census Bureau's Population Estimates Program to analyze migration patterns to and from Greater Boston (setting aside the effect of births and deaths). After being relatively flat for a few years, Greater Boston started losing population to other parts of the country starting in 2014, in part due to our regional housing shortage. Survey data from 2015 to 2017 reveal that one in five movers from Massachusetts left for housing-related reasons, so it comes as no surprise that the top destinations for people leaving the state include lower-cost states like New Hampshire, Florida, and North Carolina.[2] International migration patterns have been mostly net positive for Greater Boston, except that it dipped down to no net population increase during the first year of the pandemic.

Net migration—the combined effect of international and domestic moves to and from Greater Boston—turned negative in 2019, presenting a new challenge for the region moving forward.

Migration to Greater Boston has turned net negative for the last three years.

Net migration to Greater Boston.



Source: U.S. Census Bureau, Population Division

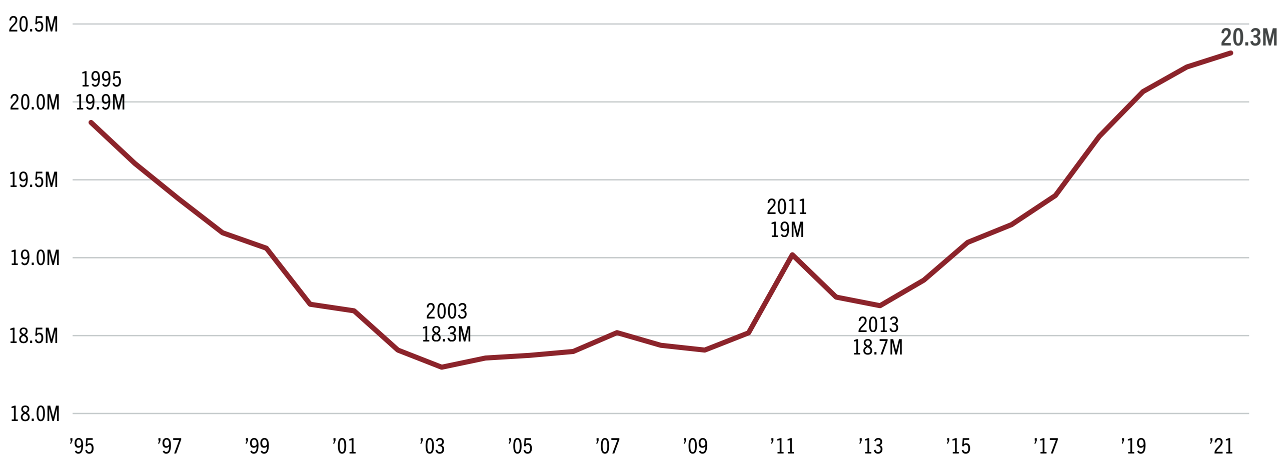
New household formation is increasing demand for housing.

While factors like slowing migration have temporarily eased housing demand in the region, others have increased it. Among these is an increase in new household formation among Millennials. Born roughly between 1981 and 1996, Millennials entered a tough labor market during the Great Recession. Combined with significant student debt for many, these economic challenges made them more likely than prior generations to live with roommates or their parents, and pushed the possibility of homeownership into later adulthood. As members of this generation age into their late twenties and thirties, however, the number of households headed by Millennials is starting to increase, as is their rate of homeownership.[3] Pandemic factors such as a desire for more space and increased savings likely accelerated this trend.

Unfortunately, there isn't good local data on the age of people leading households in 2020 or 2021. Therefore, we present national data from the Current Population Survey/Housing Vacancy Survey, a survey administered nationwide by the Census Bureau. We find that the number of households headed by individuals between 25 and 34 years of age has increased steadily since 2013 and is now above 1995 levels.

Households headed by 25- to 34-year-olds are on the rise.

Households with householder between the age of 25- and 34-year-olds. United States.



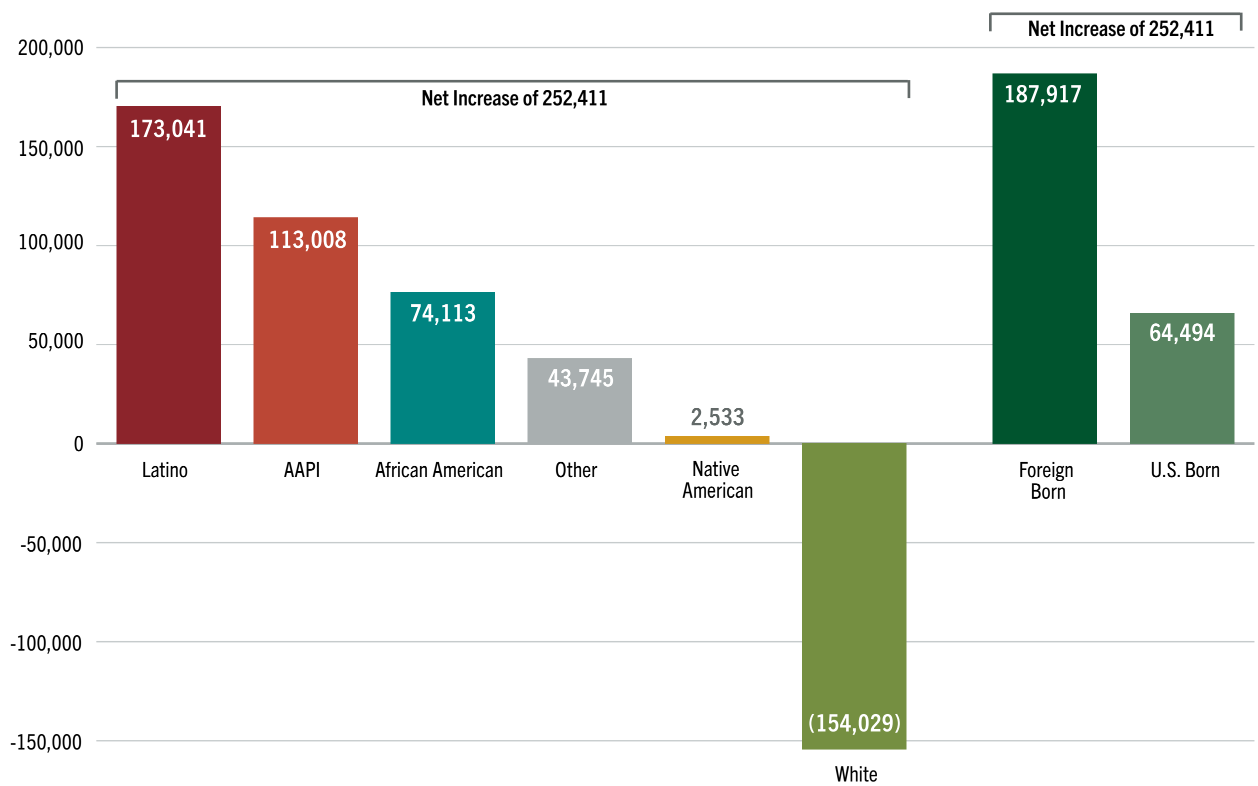
Source: Census Housing Vacancies and Homeownership Survey

Greater Boston has become more racially and ethnically diverse.

As the earlier migration data showed, much of Greater Boston's population growth has been fueled by immigration. During the current global wave of immigration, a large share of new arrivals are people of color hailing from countries in Latin American, the Caribbean, Africa and all parts of Asia. The graph below looks at net population change in Greater Boston over the past decade, breaking these trends out by race on the left and by nativity on the right. Strong population growth among Latino, Asian American, and Black residents has served to offset population declines among our region's White population. The White population decline is largely the result of declining native-born birth rates and outmigration to other parts of the country.

Greater Boston's population growth is driven by immigrants of color.

Net population change. Greater Boston. 2010-2019.

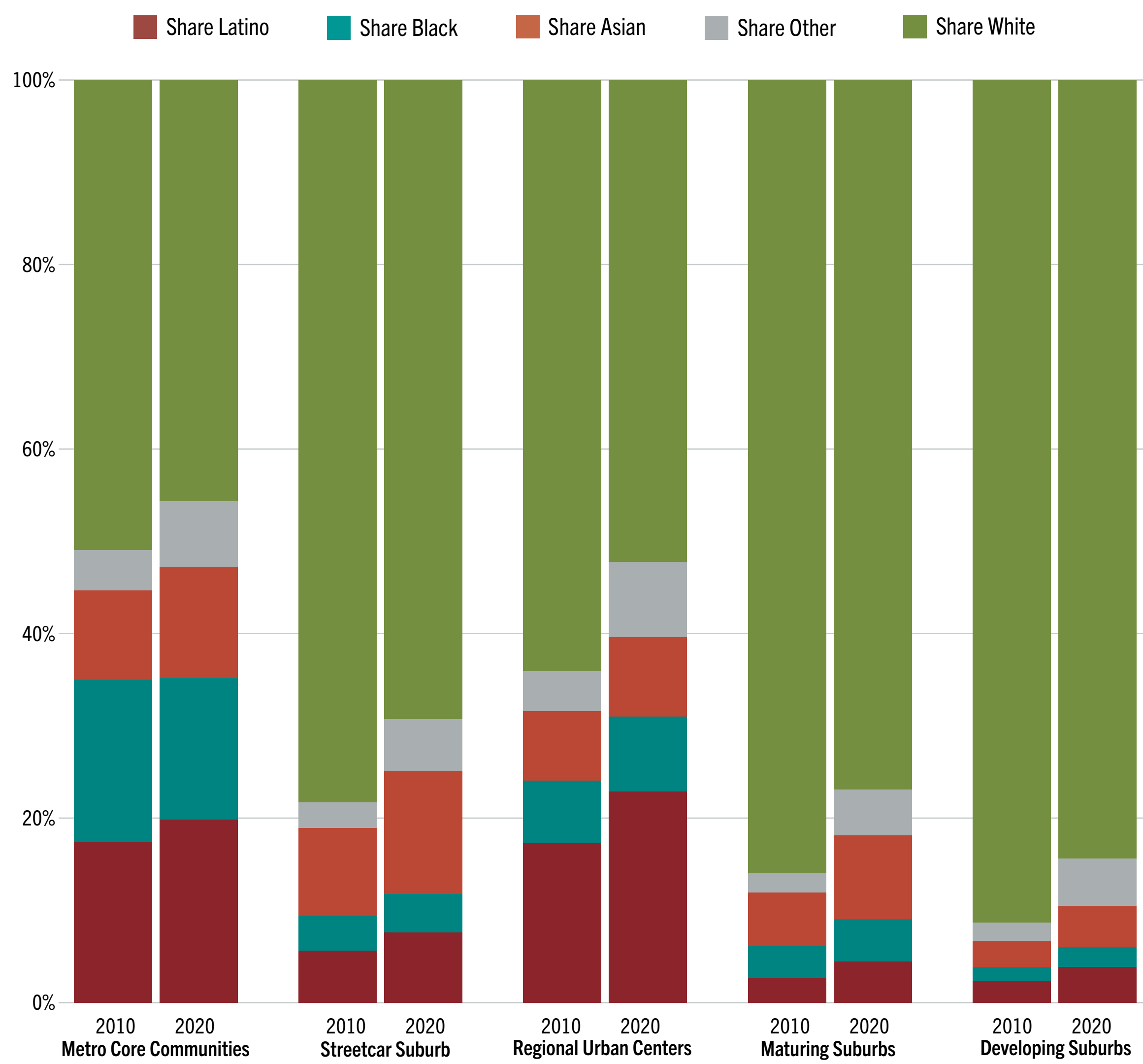


Note: Asian American Pacific Islander, Native American, White and Black are non-Hispanic, single-race only.
Native American should be interpreted with caution due to small sample size.
Chart ends with 2019 data due to reliability issues with 2020 ACS 1-Year data.

Source: 2010 Census, 2010 American Community Survey (ACS), 2019 ACS 1-Year Estimates

The graph below shows the racial makeup of Greater Boston by community type and compares 2010 to 2020. All community types have gotten more racially diverse over the past decade, but this demographic shift is more concentrated in certain areas. Almost 40 percent of residents in Metro Core Communities are Black or Latino, for instance, compared to just 5 percent of residents in Developing Suburbs. Please see the Appendix at end of the report or the online data supplement for demographic data by municipality.

Racial diversity is higher in Metro Core Communities and Regional Urban Centers.



Note: White, Black and Asian are single-race only, non-Latino. Latinos can be of any race.
Other includes Native Hawaiian and Pacific Islander, American Indian and Alaskan Native, and multiracial individuals.

Source: 2010 and 2020 Census.

Greater Boston remains segregated by race and income.

Greater Boston's history is fraught with racially discriminatory housing and lending policies, including redlining and race-based restrictive covenants, all of which have contributed to segregation by race and class. While housing discrimination based on race was outlawed in 1968, restrictive zoning policies persist to this day, maintaining the region's racial and economic divisions. Perhaps the most straightforward example of this is local zoning rules like single-family-exclusive zoning, which are designed to prohibit the construction of diverse housing options and maintain "community character." While that named "character" may focus on open space, it often functionally concentrates wealth and Whiteness. Because of the intersection of class and race in the American context, communities that overwhelmingly build single-family houses invariably become home to the White upper class and, by contrast, exclude the multiracial lower- and middle-income strata of families.

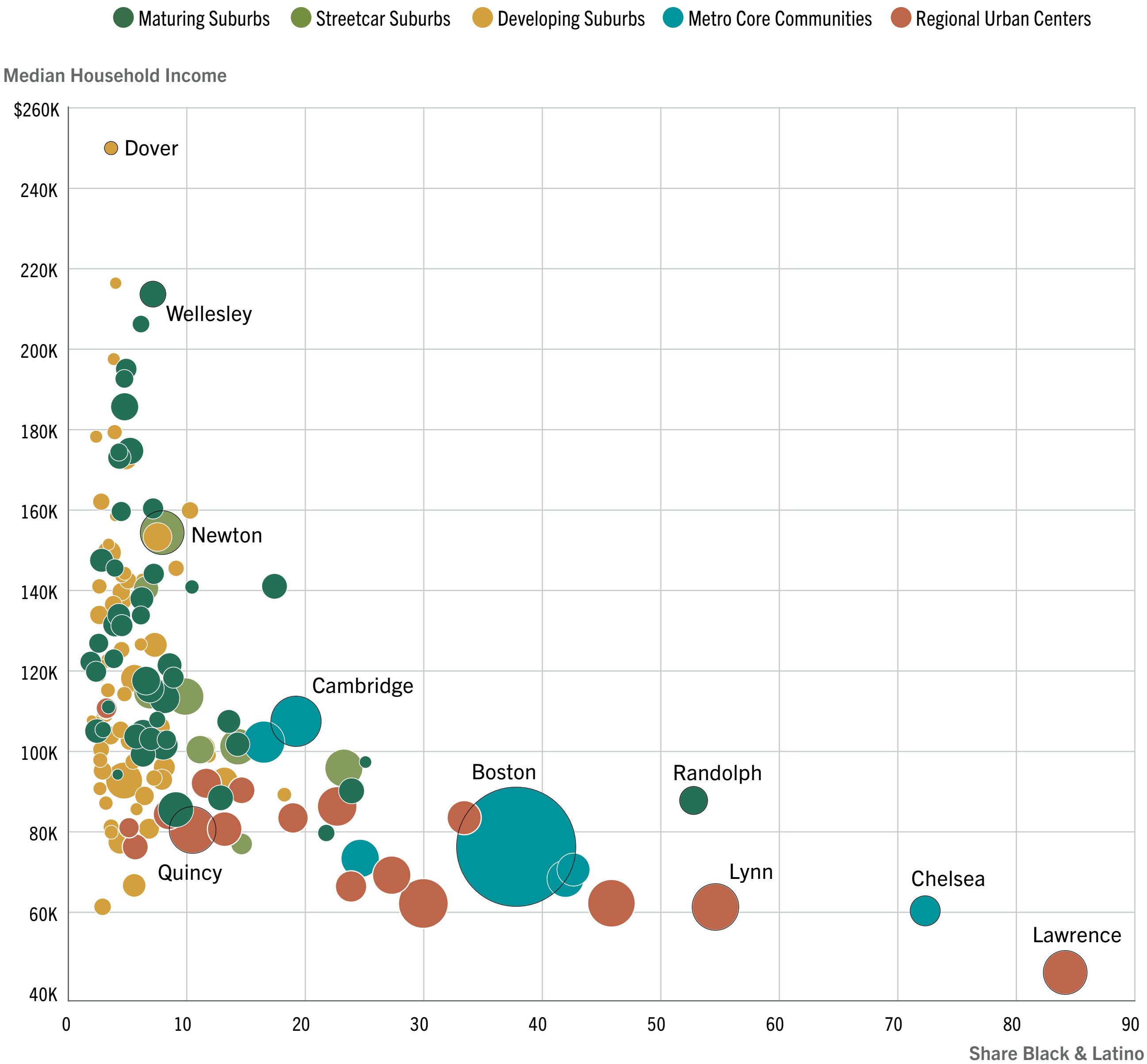
According to 2020 Census data, Boston ranks 24th for racial segregation among all large metropolitan areas, falling into the "high segregation" category.[4] Zooming out to the state level, more than 60 percent of Massachusetts' Black population resides in just 10 cities, with 52 percent in just Boston, Brockton, Springfield, and Randolph. Just 10 cities are home to over half the state's Latino population.[5]

The graph on the next page looks at the concentration of Black and Latino residents in a small number of lower-income cities and towns. In Lawrence, where the median household income is just $45,000, Black and Latino residents make up 83 percent of the population. In contrast, the highest-income town of Dover has a combined Black and Latino population of less than 4 percent. And, strikingly, there are no towns in the upper right-hand corner of this scatterplot, meaning that there's not a single municipality in Greater Boston that has even moderately high incomes paired with a moderately large Black and Latino population share.

Another key finding from this scatterplot is that Metro Core Communities tend to have larger Black/Latino population shares and none of them have high median household incomes. As we explore later in the Subsidized Housing section of this report, part of what explains this is that Metro Core Communities (and many Regional Urban Centers) have been more open to locating subsidized housing in their communities, making it possible for low-income families to reside there despite high market rate housing costs. These dynamics have led to large income inequality in places like Boston or Cambridge, but in a somewhat counterintuitive way, we may want to partially view this as a policy success. High-income Maturing Suburbs have lower levels of income inequality, and likely smaller racial wealth gaps, but that's because they welcome so many fewer lower-income families to live there in the first place.

Higher-income towns have lower Black/Latino population shares.

Circle size indicates total city/town population. Color indicates community type.



ACS top codes household income at $250,000. Black is non-Latino, single-race only. Latino can be of any race.

Source: 2016-2020 ACS 5-Year Estimates; 2020 Decennial Census

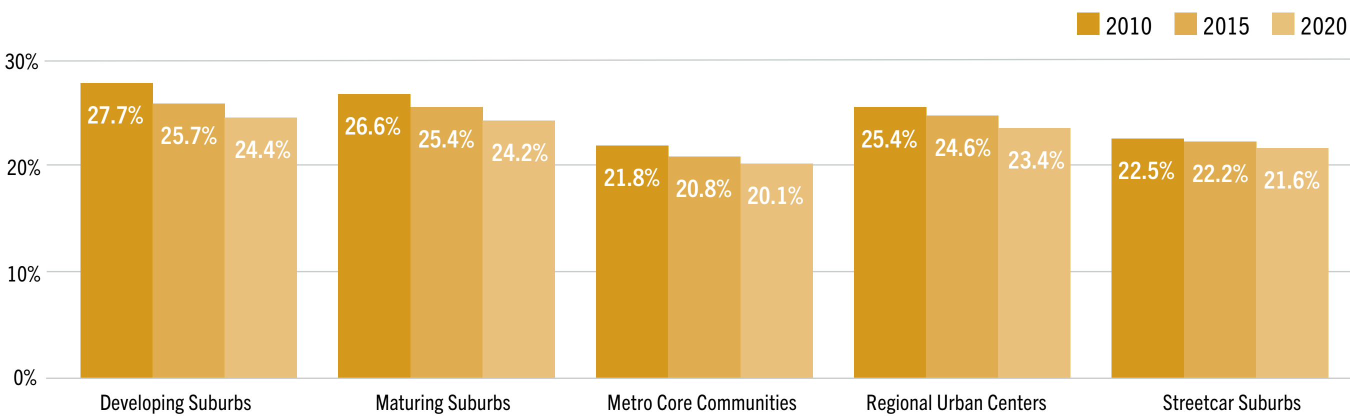
Fewer families with kids are living in Greater Boston.

Since 2010, the share of residents aged 45 and over has grown across all community types and the share ages 0 to 19 has fallen. While this is in line with a national trend of an aging population, it contributes to the housing story in Greater Boston, as rising housing prices have made it tougher to raise a family here.

Relatedly, the share of residents ages 25 to 44 has remained steady or shrunk in all community types except Metro Core Communities, where they now make up 38 percent of the population. Most of this age group rent rather than own their homes, and many of these residents come here with connections to our local institutions of higher education.

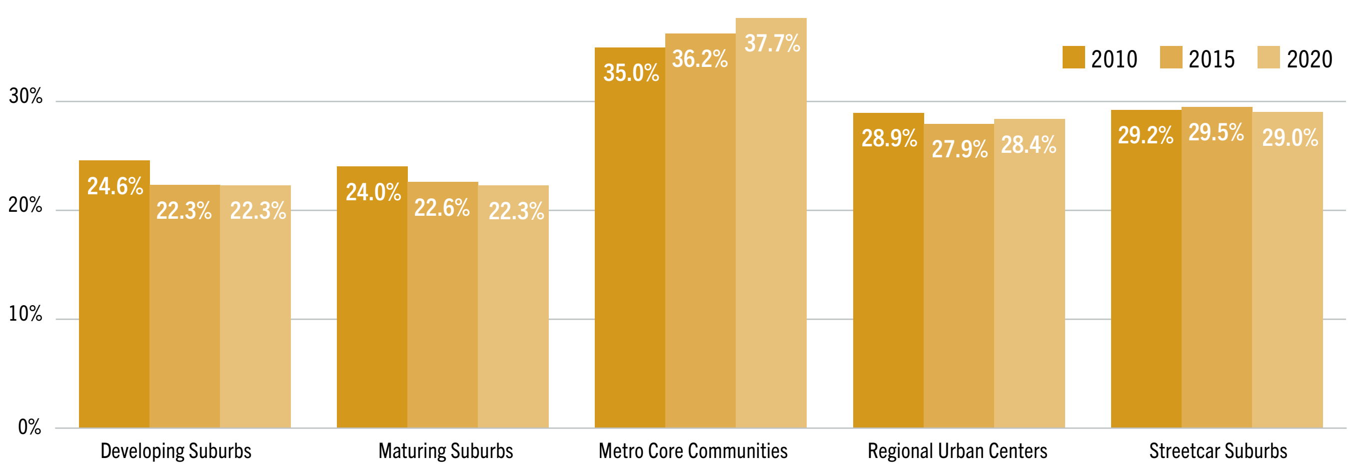
The share of children living in Greater Boston is declining.

Share of population age 0 to 19 years old. Greater Boston.



Young adults are concentrated in Metro Core Communities.

Share of population age 25 to 44 years old over time. Greater Boston.



Source: 2016-2020 ACS 5-Year Estimates

Supply

A healthy housing market needs abundant housing options to meet the needs of all families who hope to live in our region. This includes having a diverse range of types—everything from large single-family homes to dense triple deckers to small single room occupancy units. Housing diversity ensures that people can enter the market at different price points, and that different household types filter into units that match their needs—e.g., multi-bedroom units for families with kids and smaller apartments for elders looking to downsize.

These homes should be spread throughout the full region, so that all families have the option of living where they see best fit. If the market functions smoothly, this will likely lead to greater housing density near transit stops, near job centers, near walkable downtowns, and near the best public schools.

While the first order effect of building more housing is to moderate market rate housing costs, it also increases the number of families that subsidized housing programs can serve. We analyze the reach and distribution of these programs later in the Subsidized Housing section, but it's worth noting this connection between market-rate production and subsidized housing production. With lower market-rate housing costs, each public dollar going toward subsidized housing construction or preservation can cover more new units. Similarly, rental vouchers can stretch further or cover more families.

Consistent with findings across previous editions of the annual *Greater Boston Housing Report Card*, the data here show that our region has failed to build sufficient housing for a couple of decades running. Production has increased somewhat in recent years, but it remains below what is needed for a healthy market. A subset of largely urban communities are leading these production increases, while higher-income suburbs continue to contribute less new housing to help meet our regional needs.

continued

Until recently, underproduction had been a problem associated with a subset of U.S. regions that paired growing economies with tight land use restrictions, but it is quickly becoming a more widespread national problem. One recent estimate is that we are short 3.8 million housing units nationwide. Housing supply worsened in 230 metro areas from 2012 to 2019, driving home sale prices and rents up across the country.[6] Pandemic-related dynamics further exacerbated this problem as housing demand grew and construction stumbled due to supply chain issues and labor shortages.

Key findings from this section include:

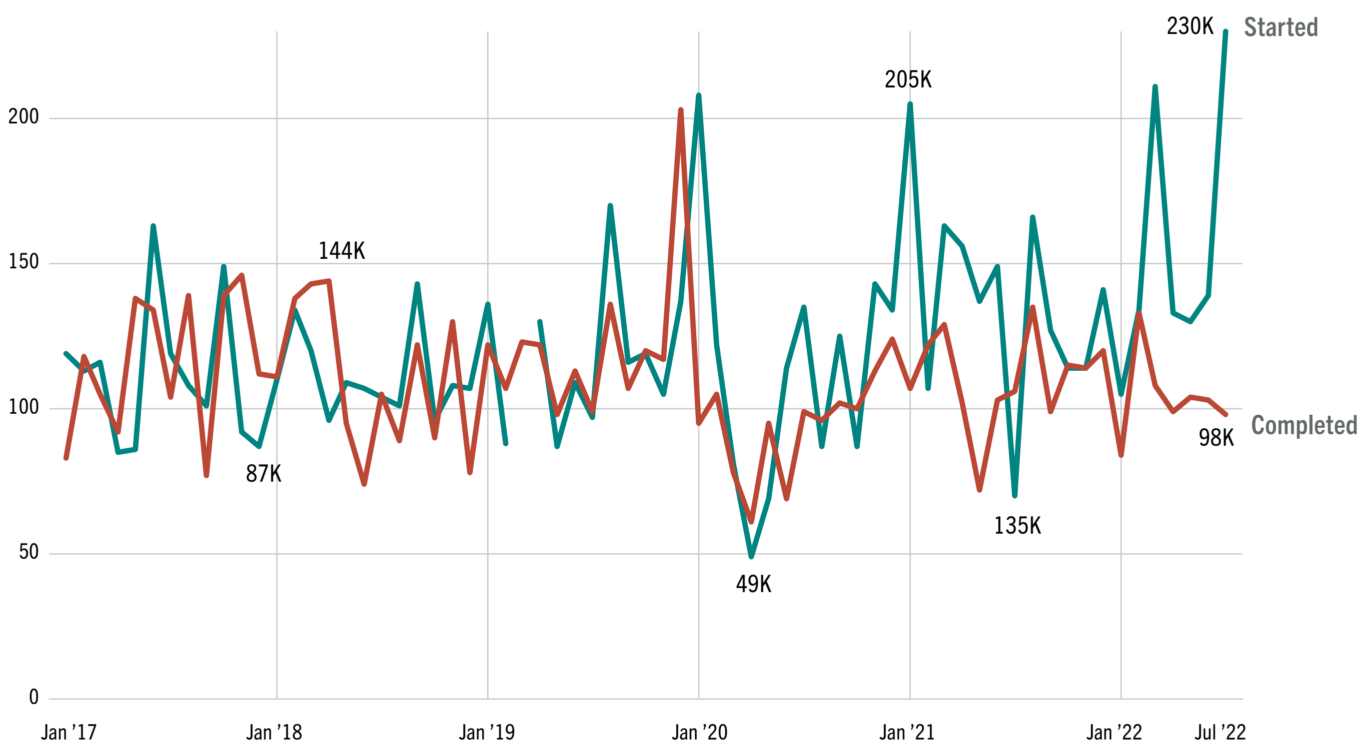
- Construction costs increased during the pandemic.
- Vacancy rates are below healthy levels.
- Vacancy rates are low in Greater Boston compared to most similar metro areas.
- Production has increased, but remains far below what is required for a healthy market.
- Metro Core Communities have permitted more new housing than other community types.

Construction costs increased during the pandemic.

Like many other industries, homebuilders have faced increased material and labor costs during the pandemic. Nationally, the cost of new residential construction was up 30 percent year over year in mid-2021 and grew 20 percent from February 2021 to February 2022, significantly higher than pre-pandemic cost increases.[7] Homebuilders reported greater difficulty getting core materials like windows or HVAC systems due to supply chain issues, as well as price increases in raw building materials, like lumber. In New England, housing starts largely returned to pre-pandemic levels in 2021 and even ticked up in early 2022, but completions remained stagnant, likely reflecting these lingering supply chain issues.

There's a growing gap between construction starts and completions.

Seasonally adjusted estimate (thousands). Northeast Region.



Totals includes both single and multi-family units.
Source: Census Bureau & HUD New Residential Construction Data

Vacancy rates are below healthy levels.

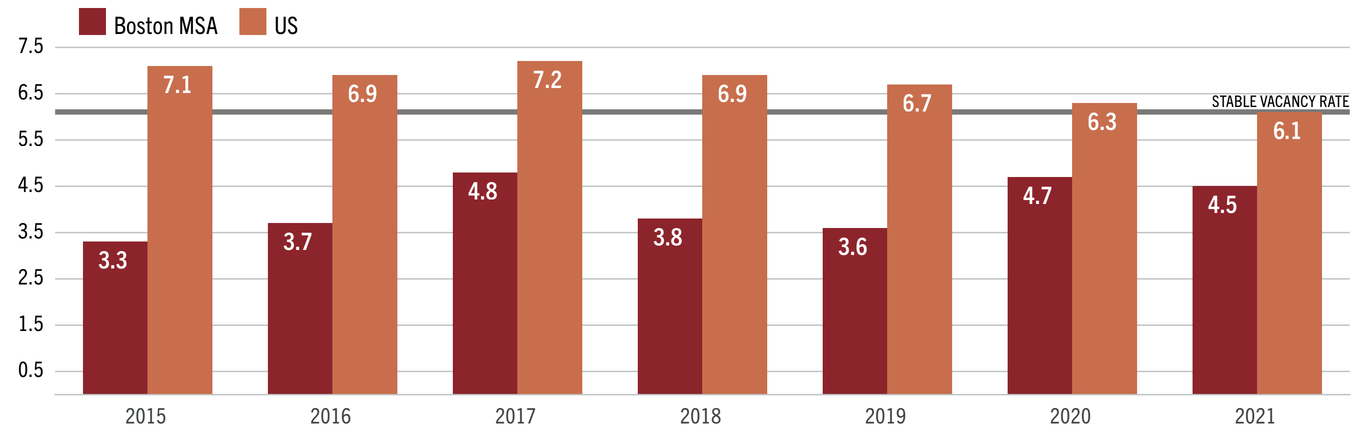
One way to measure how well supply of housing is meeting demand is by looking at vacancy rates, or the share of total units that are available for rent or sale at a given point in time. Research benchmarks assume that in a healthy rental market, roughly 5.5 to 6 percent of rental units should be available at any given moment, and approximately 1.5 to 2 percent of homes should be available for sale.[8] This flexibility gives buyers and renters a baseline number of options to consider and helps ensure that potential sellers will be able to find another home that meets their needs.

Low vacancy rates, on the other hand, reflect unmet need. In Boston, vacancy rates have consistently been below healthy levels. From 2015 to 2019, the average rental vacancy rate was 3.8 percent—a little more than half of a "healthy" vacancy rate for renters. In 2020 and 2021, the rental vacancy rate increased slightly as many college campuses shut down and remote workers likely sought larger homes outside of the urban core. Even then, though, the region-wide rental vacancy rate remained below the stable vacancy rate benchmarks, as well as below the national average.

Homeowner vacancy rates have also long been below healthy levels, and they further decreased during the pandemic. Between 2015 and 2019, the average homeowner vacancy rate was 0.9 percent, nearly half the national vacancy rate and below the benchmark of 1.5 to 2 percent. In 2020, just 0.4 percent of homes were up for sale (or one out of 250), and in 2021, the vacancy rate marginally improved to 0.5 percent. These low vacancy rates reflect a high demand for homes and limited inventory during the pandemic. Demand for homes grew as homebuyers, buoyed by low mortgage interest rates and increased savings, sought additional space. These same factors likely accelerated Millennial household formation and home buying, as mentioned earlier.

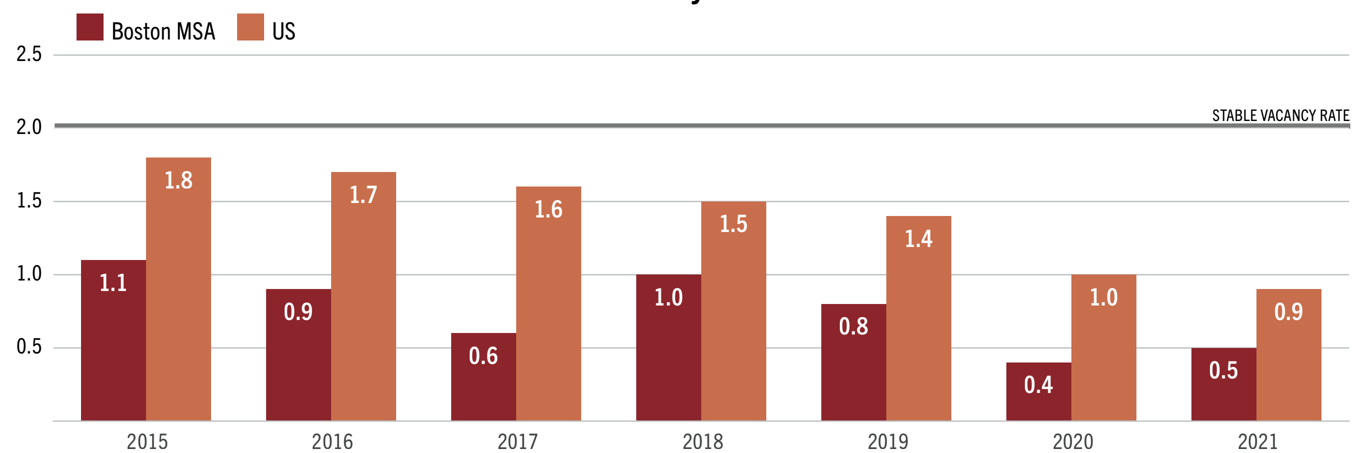
Home sale inventory was consistently low in 2021, particularly in suburban counties north and south of Boston. While all counties saw a decline in listings early in the pandemic, listing counts in Suffolk County returned to pre-pandemic levels in the summer of 2020, and even exceeded pre-pandemic counts in 2021. Meanwhile, total listing counts remained below pre-pandemic levels in Essex, Middlesex, Norfolk, and Plymouth counties. For example, in May 2019, there were 1,940 total listings in Essex County and 2,079 in Plymouth County but by May 2021, listings had fallen to just 792 and 777, respectively. In an unusual shift, the more suburban Essex, Norfolk, and Plymouth counties actually fell below counts in largely urban Suffolk. This switch likely reflects growing demand for more affordable and spacious homes.

Greater Boston rental vacancy rates are below levels considered stable.



Source: Census Bureau Housing Vacancies & Homeownership Survey; GBRHRC 2019

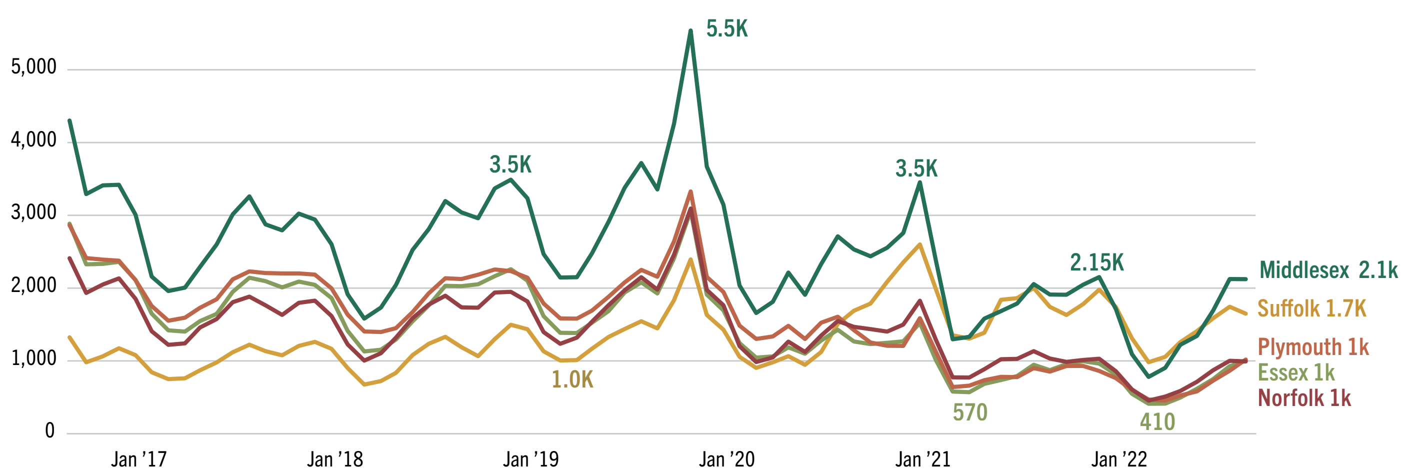
Greater Boston homeowner vacancy rates are far lower than the stable rate.



Source: Census Bureau Housing Vacancies & Homeownership Survey; GBRHRC 2019

Total listings were low in 2021 and ticked up in spring 2022.

Realtor.com total listing counts by month for Greater Boston counties.



Source: Realtor.com

Vacancy rates are low in Greater Boston compared to most similar metro areas.

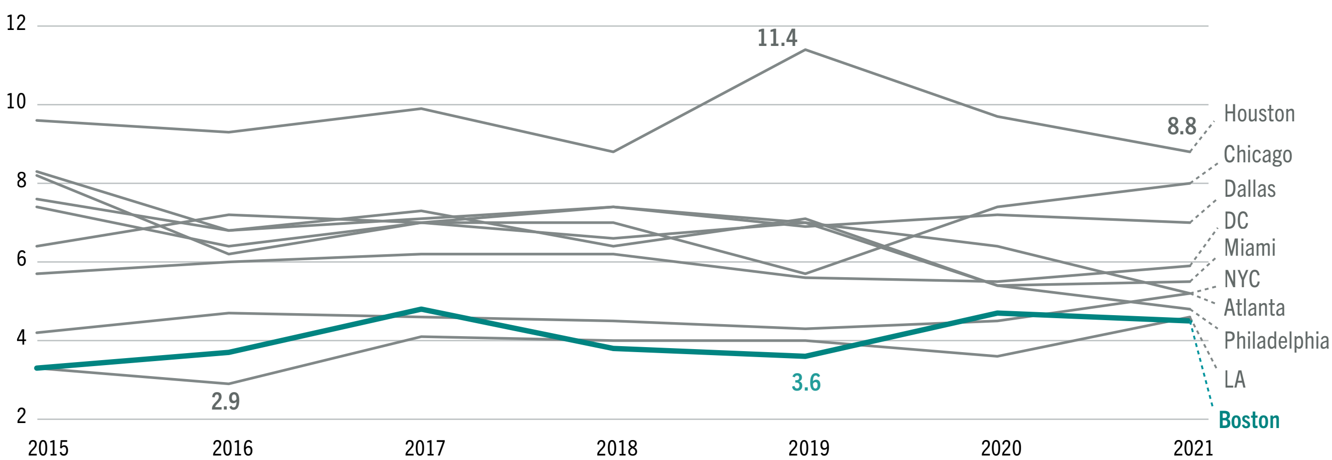
Boston has consistently had some of the lowest rental and homeowner vacancy rates across the country. Among the 10 largest metropolitan areas only Los Angeles and New York City have had similarly low rental vacancy rates over the past six years. In 2020, Boston's rental vacancy rate spiked above those in Los Angeles and New York City, likely the result of our large student population moving away during the first year of the pandemic. But Boston's vacancy rate dropped again in 2021, as many of these students returned to the area.

All metro areas saw a decrease in homeowner vacancy rates during the first year of the pandemic, but Boston's vacancy rate was the lowest. Since 2017, Boston has had the lowest homeowner vacancy rate among the 10 largest metro areas. Boston's homeowner vacancy rate is half the vacancy rate in New York City, Chicago, Miami, and Atlanta, reflecting limited supply to meet growing demand.

Because of this low inventory and surging demand, Boston has some of the shortest listing durations in the country. In May 2022, homes were on the market for a median of 16 days before getting sold, less than Los Angeles (25 days), half of Chicago's listing duration (30 days), and nearly one-third of New York's listing duration (43). This short of a time on the market was also new for Boston. Homes spent an average of 34 days on the market in May 2019—more than double the amount of time they spent on the market in May 2022.

Of the largest U.S. metro areas, rental vacancy rates in Greater Boston are among the lowest.

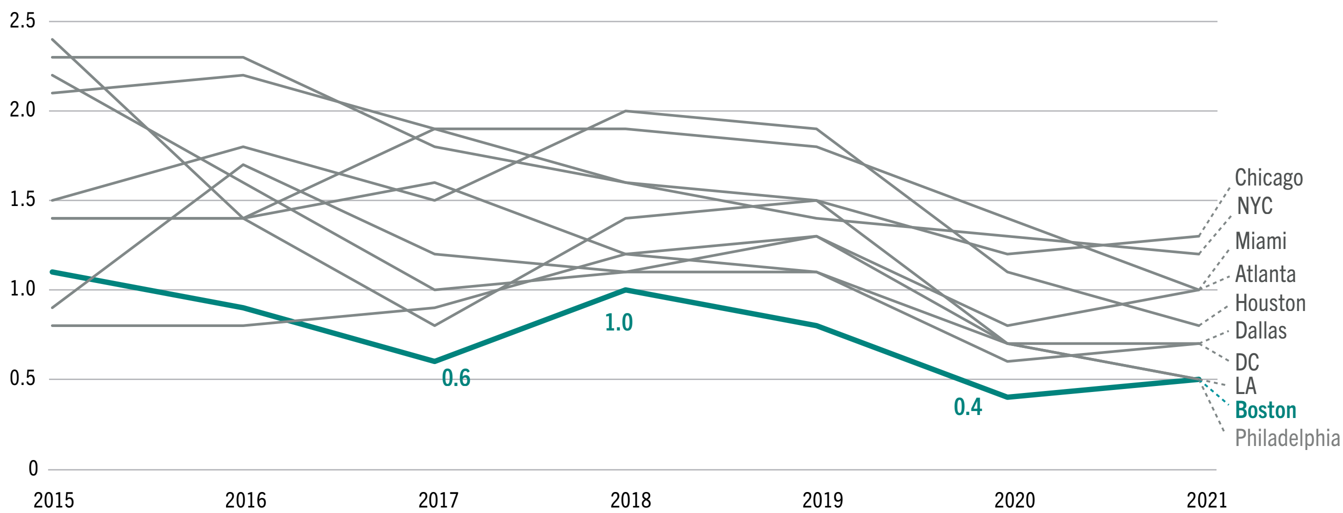
Rental vacancy rates for the ten largest Metropolitan Statistical Areas.



Source: Census Bureau CPS/Housing Vacancy Survey

Of the largest U.S. metro areas, homeowner vacancy rates in Greater Boston are among the lowest.

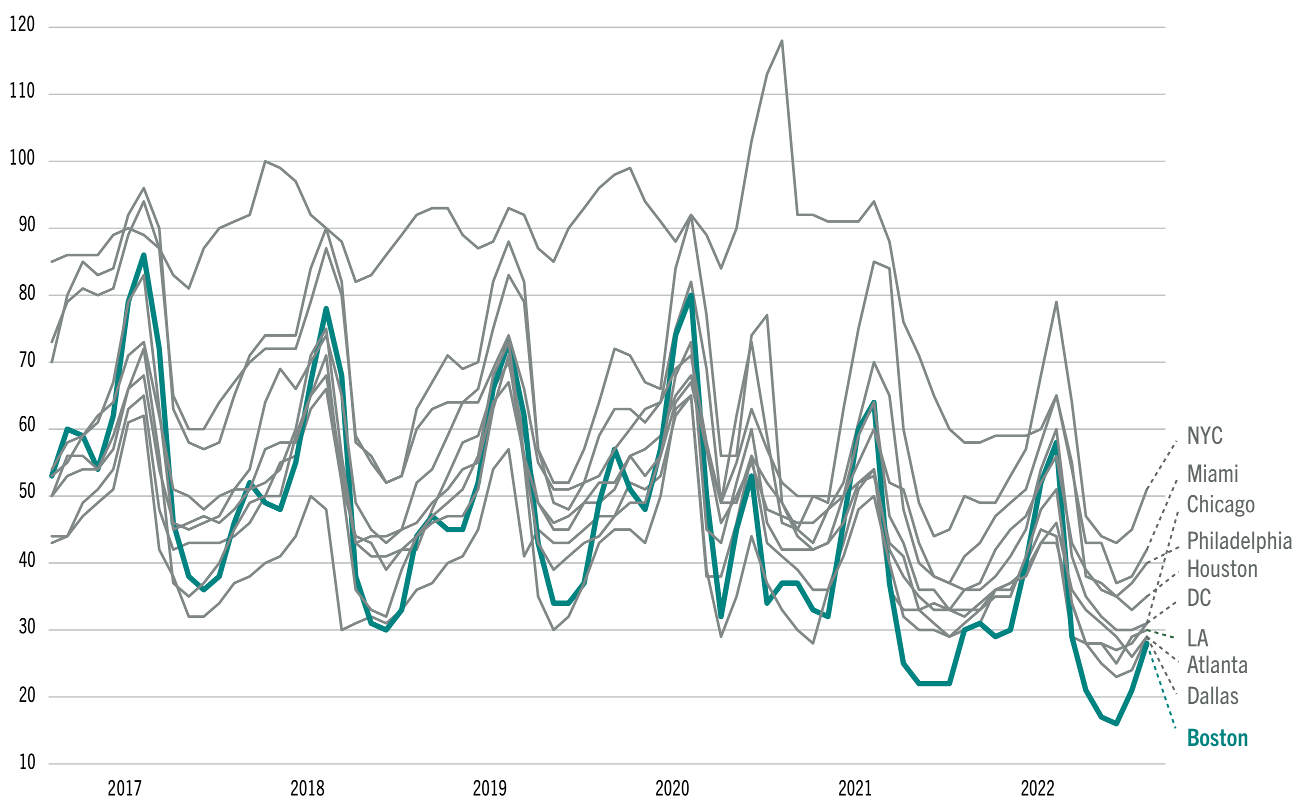
Homeowner vacancy rates for the ten largest Metropolitan Statistical Areas.



Source: Census Bureau CPS/Housing Vacancy Survey

Home sale listing duration

Median days on market for the ten largest Metropolitan Statistical Areas.



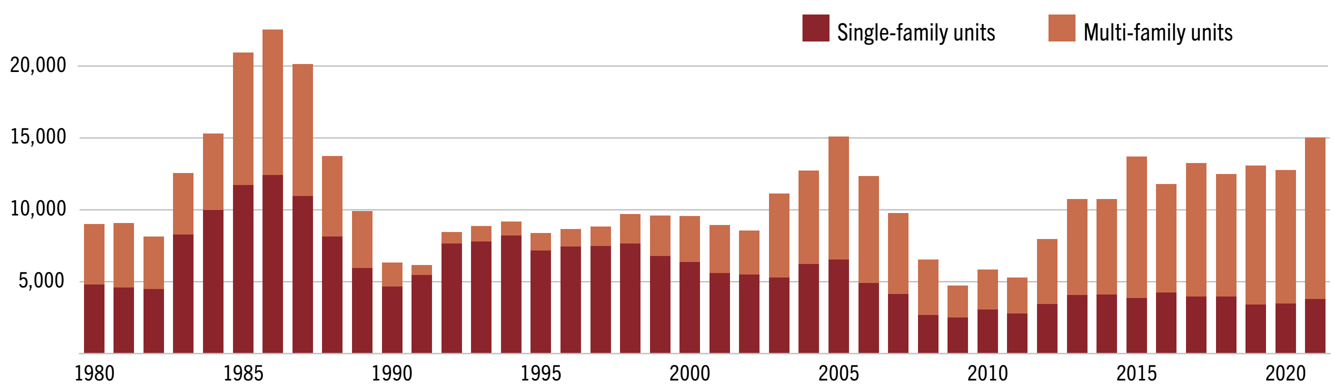
Source: Realtor.com

Production has increased, but remains far below what is required for a healthy market.

Permits approving the construction of new units in Greater Boston increased slightly in 2021 but they are still well below historic highs. Cities and towns in the region permitted 15,019 new units in 2021, approximately 2,000 more than it had in recent years. Notably, the number of single-family homes permitted has remained fairly steady since the Great Recession, and it is units in multifamily buildings that have been driving the growth in permitting. This aggregate uptick shows a return to pre–Great Recession levels. However, back in the late 1980s, Greater Boston was permitting upwards of 20,000 new units a year, and this was at a time when the regional economy was much weaker and demand for housing was lower.

Housing permits have increased slightly.

Greater Boston. 1980-2021.



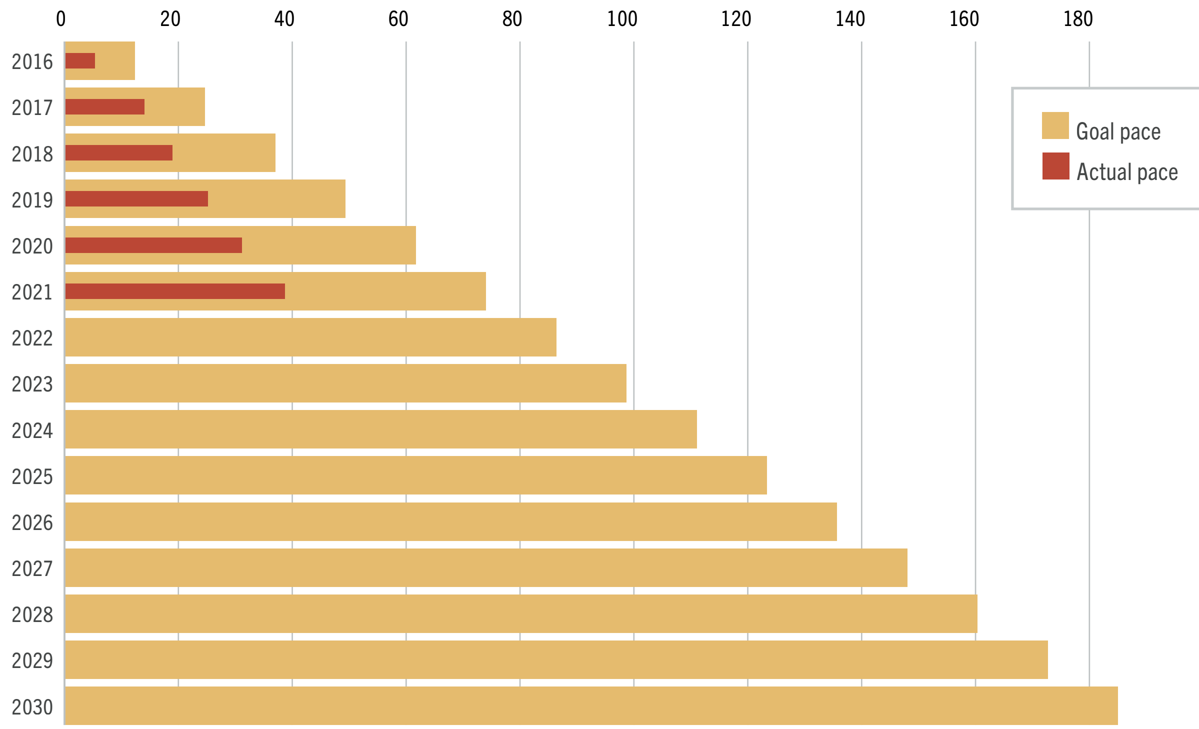
Source: Census Bureau Building Permit Survey, accessed via MAPC's DataCommon.

Recent levels of housing production still trail goals established by local and state leaders, which aim to factor in different assumptions about how much they would like their communities to grow in the future. The Metropolitan Mayors Coalition (MMC), a group of mayors from 15 cities and towns within the inner core, set a goal of permitting 185,000 new housing units by 2030. This ambitious goal reflected both the amount of housing needed to reach a healthy vacancy rate as well as projected labor force growth in their communities. As of 2021, the 15 cities and towns had together permitted 38,639 units, only a bit over half of the amount needed to keep pace with this goal.

At the other end of the spectrum is Governor Charlie Baker's 2017 Housing Choice Initiative (HCI), which established a goal of permitting 135,000 new units by 2025. This statewide goal was set a couple of years after the MMC goal, so one cannot compare across specific years. But in broad strokes, the statewide goal is clearly much more modest. Meeting the HCI goal requires that all 351 cities and towns in the Commonwealth permit a collective 16,875 units per year—only about 4,500 units more than the 15 cities and towns in the MMC seek to permit on their own. The state is on pace to meet this goal, but largely because it is a far less ambitious.

The Metro Mayors Coalition is not on pace to meet its ambitious 2030 production goal.

The Metro Mayors Coalition (composed of 15 municipalities*) has set a housing production goal of 185,000 new housing units between 2016 and 2030.

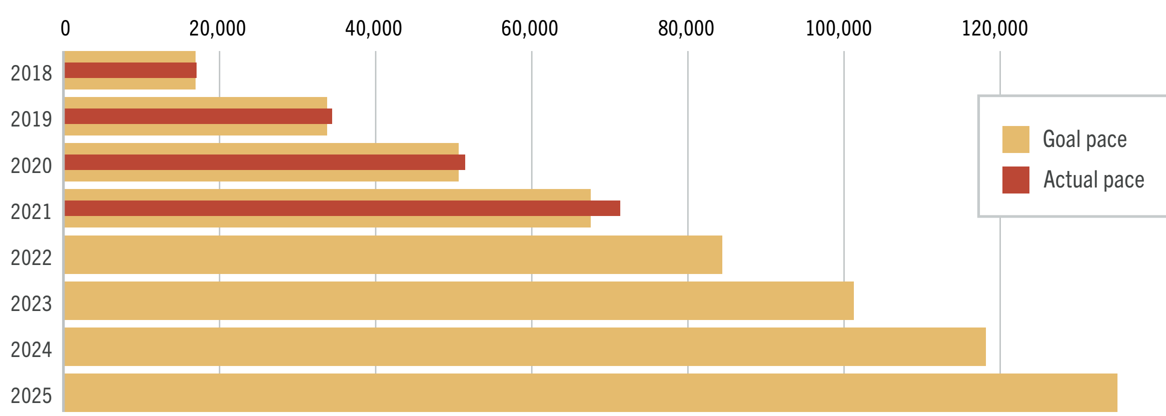


*The Metro Mayors Coalition housing production goal applies to 15 communities: Arlington, Boston, Braintree, Brookline, Cambridge, Chelsea, Everett, Malden, Medford, Melrose, Newton, Quincy, Revere, Somerville, and Winthrop.

Source: MAPC; U.S. Census Bureau Building Permit Survey

Statewide permitting is on track to meet relatively modest Housing Choice production goal.

As part of the Housing Choice Initiative, the Baker Administration has set a statewide housing production goal of 135,000 new housing units between 2018 and 2025.



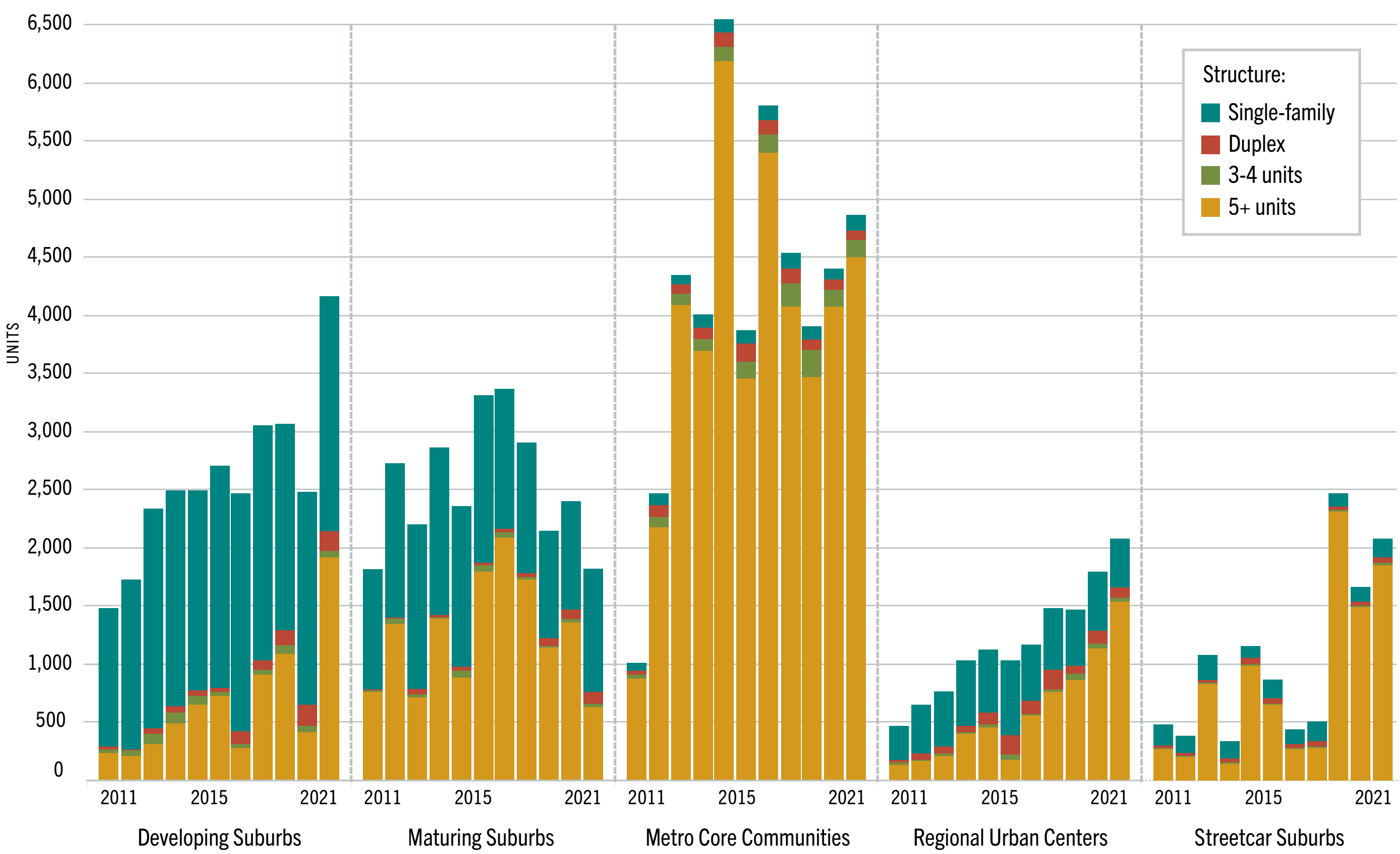
Source: Mass.gov; U.S. Census Bureau Building Permit Survey

Metro Core Communities have permitted more new housing construction than other community types.

Over the past decade or so, housing production has picked up a bit across many community types, but it has jumped most in Metro Core Communities. In the mid-2000s and early 2010s, housing permitting in Maturing Suburbs such as Danvers, Weymouth, and Randolph collectively exceeded production in Boston and other metro core communities. In 2011 the share of permitting done in Maturing Suburbs was 34 percent but by 2021, just 12 percent of regional permitting occurred in Maturing Suburbs. In contrast, permitting in Metro Core Communities grew from just 19 percent of regional permits in 2011 to approximately one third of permitting in 2021, with Boston alone accounting for nearly one quarter of permits. Developing Suburbs, like Plymouth or Wareham, have consistently permitted approximately one quarter of the region's new units, and Regional Urban Centers, like Quincy and Lynn, produced between 9 and 14 percent.

Units permitted over time by community type and structure.

Greater Boston. 2011–2021.



Source: Census Bureau Building Permit Survey

Municipalities that permitted the most new units over the past five years.

	City/Town	Community Type	Total Permits 2017–2021	Single-Family 2017–2021	Multifamily 2017–2021	Total Permits 2012–2016	Single-Family 2012–2016	Multifamily 2012–2016	Total Permits Change
1	Boston	Metro Core Community	18,724	215	18,509	15,481	226	15,255	3,243
2	Medford	Streetcar Suburb	4,679	22	4,657	43	17	26	4,636
3	Plymouth	Developing Suburb	3,121	2,122	999	1,202	1,191	11	1,919
4	Cambridge	Metro Core Community	2,823	179	2,644	2,399	150	2,249	424
5	Franklin	Developing Suburb	1,224	401	823	197	197	51	1,027

Source: Census Bureau Building Permit Survey.

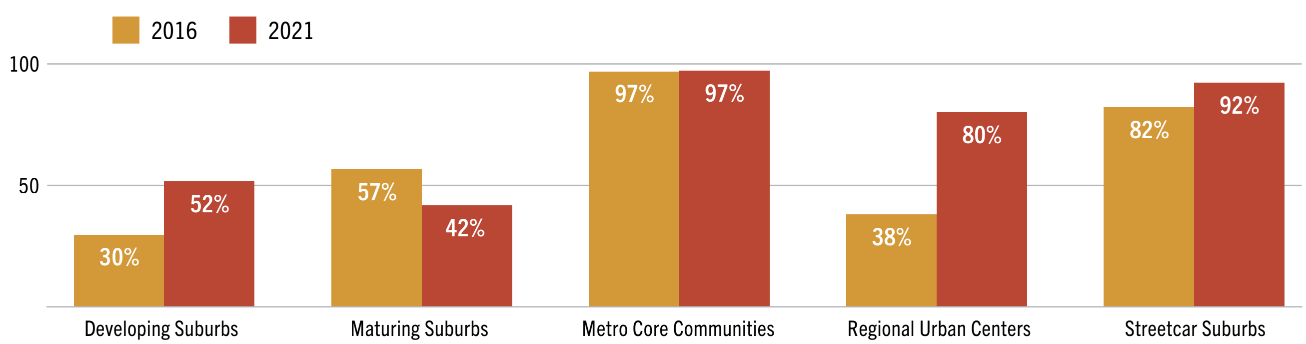
There are two recent bright spots in terms of suburban housing production. Streetcar Suburbs saw a notable increase in permitting between 2016 in 2021 when permitting more than doubled from 864 to 2,082. And new permits in Developing Suburbs jumped significantly in 2021, permitting roughly 1,700 units more than in 2020.

The table above shows some of this same permitting data and focuses on the five municipalities that permitted the greatest number of new units over the past five years (and compares this to the previous five-year period). Most new units over this timeframe were through multifamily projects. It's also notable that none of the higher-income Maturing Suburbs appear even in the top 10 for new permits issued in 2021.

Not only are Metro Core Communities permitting more new housing, they're also far more likely to approve multi-family housing. For many years now, well over 90 percent of new units permitted in Metro Core Communities have been multifamily. In contrast, only 42 percent of units in Maturing Suburbs were in multifamily homes in 2021, and this is down from 57 percent in 2016. Single-family home construction is making up a smaller share of new units in Regional Urban Centers and Streetcar Suburbs. In 2016, just 38 percent of units permitted in Regional Urban Centers were in multifamily buildings, compared to 80 percent in 2021.

Multifamily housing construction is up across most community types.

Share of building permits in multifamily buildings as a share of the total number of units permitted.



Source: Census Building Permit Survey, accessed via MAPC's DataCommon

Prices

In this section we analyze the most current trends with rents and home prices across Greater Boston. As previous Housing Report Cards have demonstrated, housing prices in Greater Boston have increased steadily for many years. These increases largely result from a basic mismatch between supply and demand; our economy has grown, attracting more people to the region, but local zoning restrictions and other regulatory barriers have constrained housing production.

In the past couple of years, the COVID pandemic has shifted the trendlines in some confounding ways. In the spring of 2020 rents dropped quickly, especially in the urban core, as downtown job centers shut down and universities shifted to remote learning. But rents dropped little elsewhere in the region, and even declines in the urban core were short lived. Home prices hardly declined at all, even in 2020, and ultimately rents and home pricesare up again through early 2022. Recent increases in mortgage rates may shift these trends in coming months, but long term impacts remain to be seen.

Ultimately, one's ability to afford decent housing depends both on housing prices and on one's level of income and family wealth. We look at blended affordability measures in the next section, but for now this section looks just at asking prices. Also, since this section analyzes prices for rental units and homes for sale, we start with comparisons of who owns and who rents, both by race and community type. Key findings from this section include:

- Black and Latino families are less likely to own homes in Greater Boston—one manifestation of the racial wealth gap.
- New Black and Latino homebuyers are concentrating in a small handful of towns north and south of Boston.
- Boston has some of the highest rents in the nation, regardless of which data source one uses.
- After dipping slightly at the beginning of the pandemic, Greater Boston rents have risen above pre-pandemic levels.
- Home prices have reached unprecedented heights.
- Home prices increased across the price distribution.
- Rising mortgage interest rates are raising prices for homebuyers.

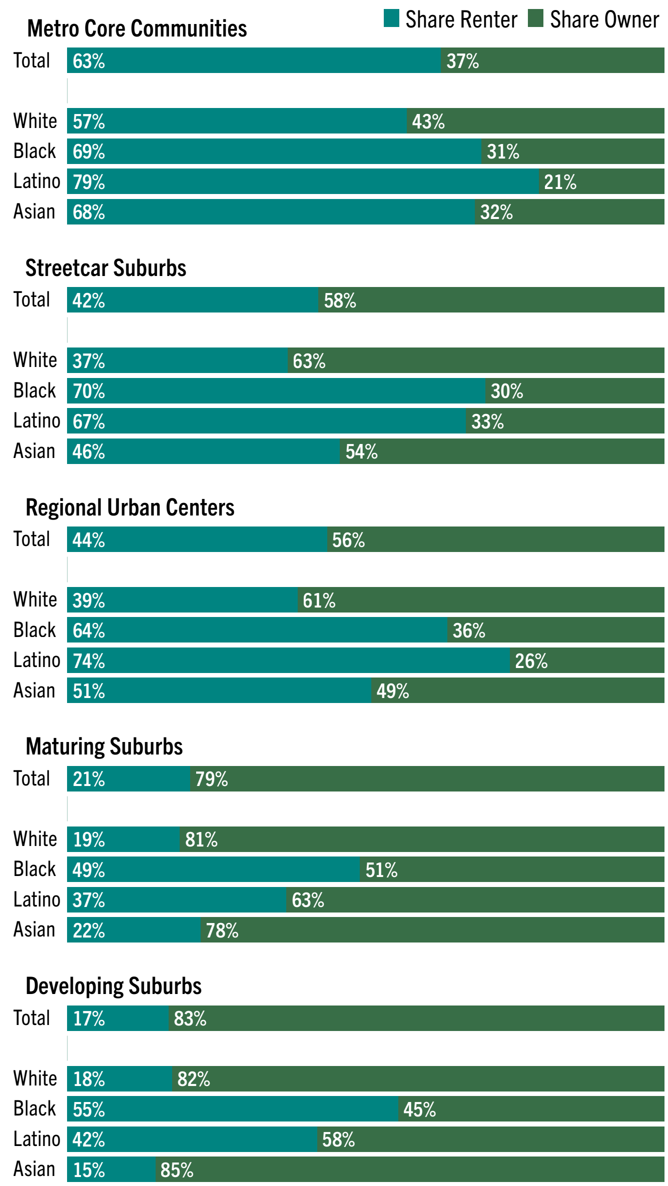
Black and Latino families are less likely to own homes in Greater Boston—one manifestation of the racial wealth gap.

Who owns and who rents varies greatly by race, ethnicity, and community type. Across the region, Black and Latino adults are more likely to rent than own. Regionwide, 66 percent of Black residents and 72 percent of Latino residents are renters, compared to just 32 percent of White residents and 48 percent of Asian residents. These disparities exist across all community types, although the gap size varies. In Streetcar Suburbs, the homeownership rate for White residents is about double that of Black and Latino residents.

Disparities in homeownership are both an important source and manifestation of the racial wealth gap. For low- and moderate-income American families, housing wealth is typically the largest store of wealth. It's important to note, however, that when Black and low-income families are able to buy homes, it has historically been a less powerful wealth generator for them, due to factors like racial disparities in home assessments and predatory lending practices. But homeownership is still a powerful tool for wealth building, especially given federal tax benefits to wealth generated through homeownership.

Black and Latino residents are more likely to be renters in all community types.

Tenure by race or ethnicity of householder and community type. Greater Boston.



White, Black and Asian are single-race only, non-Hispanic or Latino. Latino can be of any race.

Source: 2016-2020 American Community Survey 5-Year Estimates

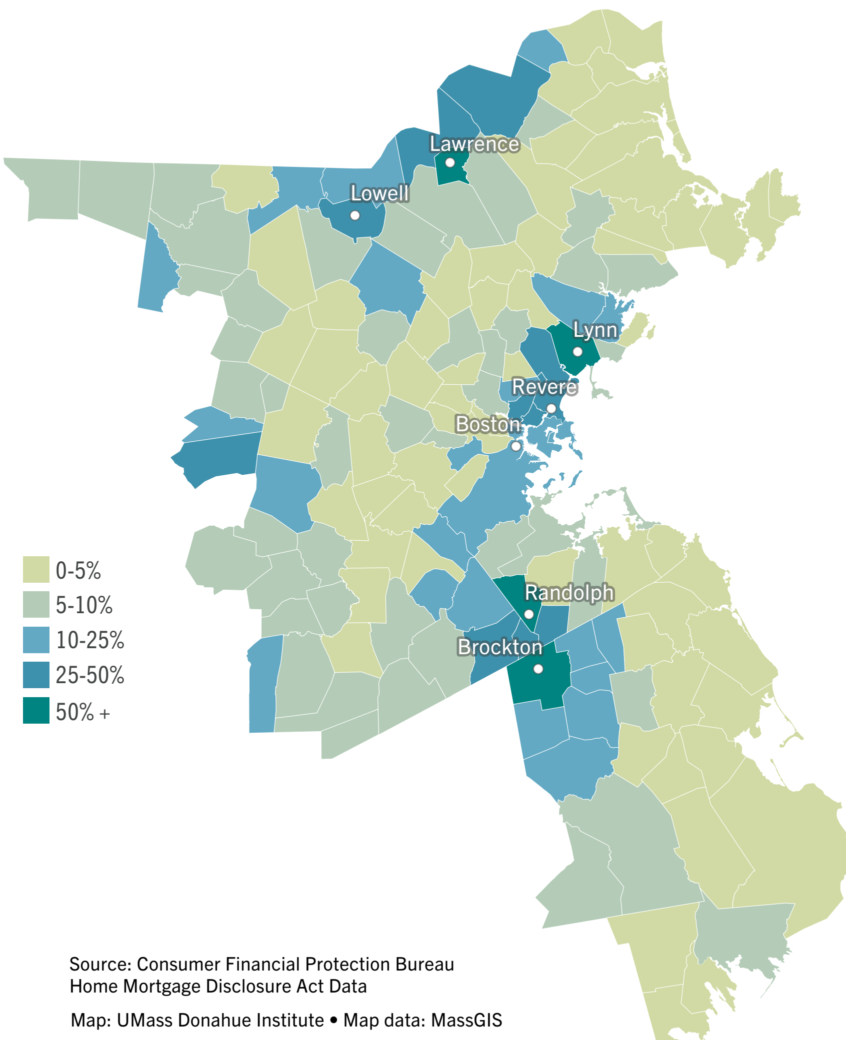
New Black and Latino homebuyers are concentrating in a small number of towns north and south of Boston.

Mortgages to different racial and ethnic groups remain highly segregated geographically, particularly for Black families. This is likely the result of a few factors such as rising housing costs in the urban core pushing moderate income families of all races to look for first-time homebuying opportunities further out in the region; exclusionary zoning practices in higher-income suburbs serving to lock many of these families out of a select subset of Greater Boston suburbs; and the gradual clustering of racial and ethnic groups in some communities creating a more welcoming environment in some of these places. While 29 percent of 2020 home loans in Regional Urban Centers went to Black or Latino adults, just 5 percent of home loans in Streetcar Suburbs did. In 2020, nearly 40 percent of the state's Black borrowers lived in just five cities: Brockton (13.8 percent of statewide loans to Black borrowers), Worcester (6.9), Boston (6.6), Springfield (6.1), and Taunton (4.8).[9]

Black and Latino adults are underrepresented in home lending in general, and particularly in conventional mortgage loans that tend to have more favorable terms, compared to Federal Housing Authority (FHA)-backed loans. While Black residents accounted for 6.5 percent of the state population in 2020, they only received 5.1 percent of first-time home loans and just 3.4 precent of conventional home loans. Latino residents accounted for 12.6 percent of the population and received 9.4 percent of loans.[10] These gaps are reflective of the larger racial gap in homeownership, which is detailed later in this report.

Share of home loans going to Black or Latino families

Share of all first-lien home-purchase loans for owner-occupied homes that went to Black or Latino adults by city and town. 2020.



Source: Consumer Financial Protection Bureau Home Mortgage Disclosure Act Data

Map: UMass Donahue Institute • Map data: MassGIS

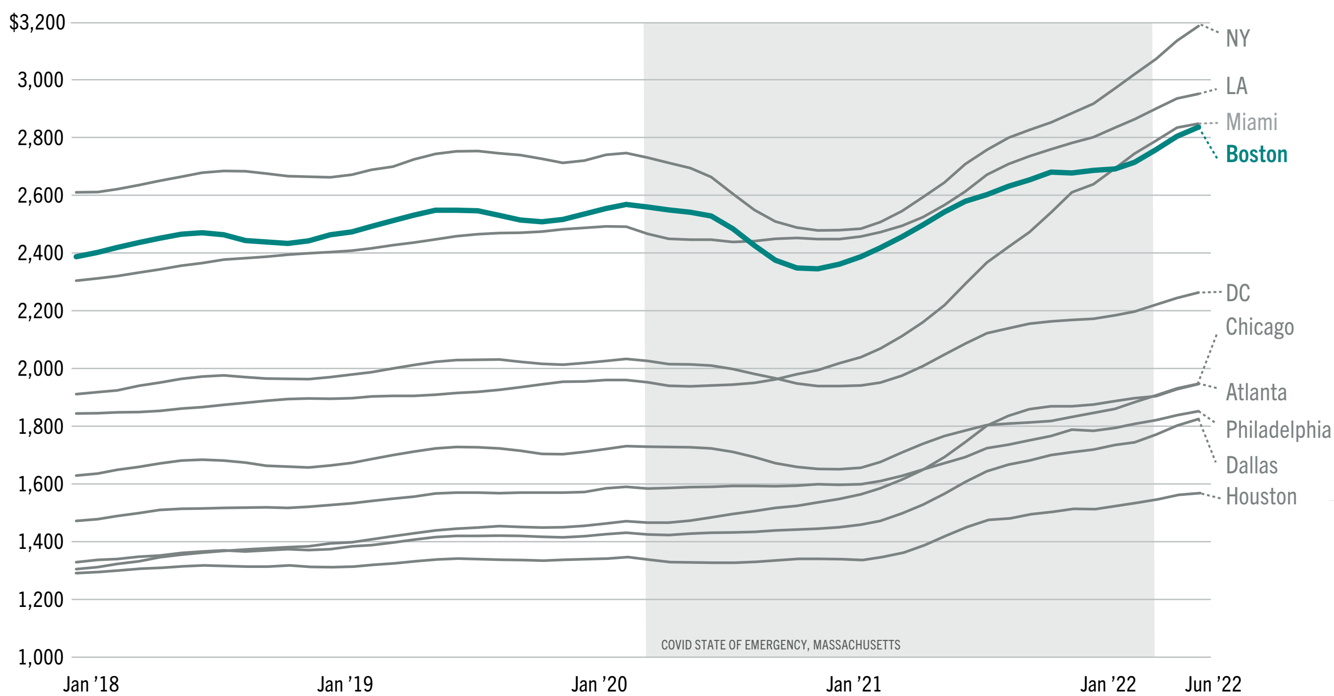
Boston has some of the highest rents in the nation, regardless of which data source one uses.

While estimates vary, all data sources show that despite brief dips early in the pandemic, rents have surged over the past year and a half. And in most Greater Boston communities they've now reached record highs. Greater Boston is now firmly cemented among a small subset of regions with the very highest rents in the country. Among the 10 largest metro areas in the country, Boston now has the fourth highest rents, according to data from Zillow.

Understanding rental market trends can be confusing because of the wide range of rent estimates available. Some sources like the Census Bureau's American Community Survey (ACS) attempt to measure rents paid by all renters, regardless of whether they've been in that unit for a month or a decade. Others like the online listings aggregator Zumper attempt to capture trends only for units currently on the market, thereby making them much more sensitive to real time swings in the rental market. Others combine the two using proprietary algorithms, such as Zillow's Observed Rent Index (ZORI). All of these approaches are also limited by the fact that many rental arrangements are informal, leading some rent levels to never get reported.

Boston now has among the most expensive rents in the nation.

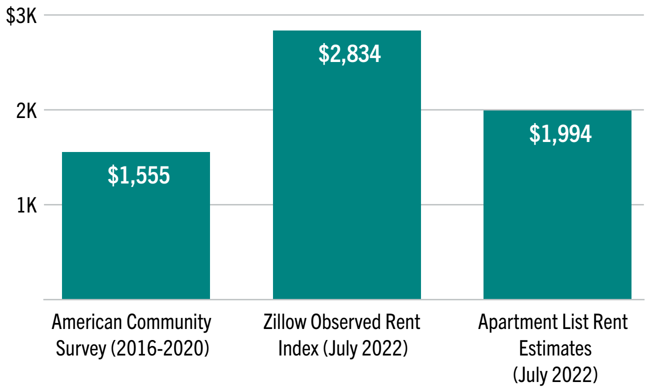
Zillow Observed Rent Index (Smoothed) All Homes Plus Multifamily Time Series data for the 10 largest metro areas, according to the 2020 Census. Overall rents, regardless of bedroom size.



Source: Zillow Observed Rent Index

Rent estimates vary greatly by data source.

Average rent for an apartment in the Boston Metropolitan Statistical Area. Overall rents, regardless of unit size.



Time period varies based on availability of data. ACS data is from table B25031.
Source: 2016-2020 American Community Survey 5-Year Estimates, Zillow, Apartment List

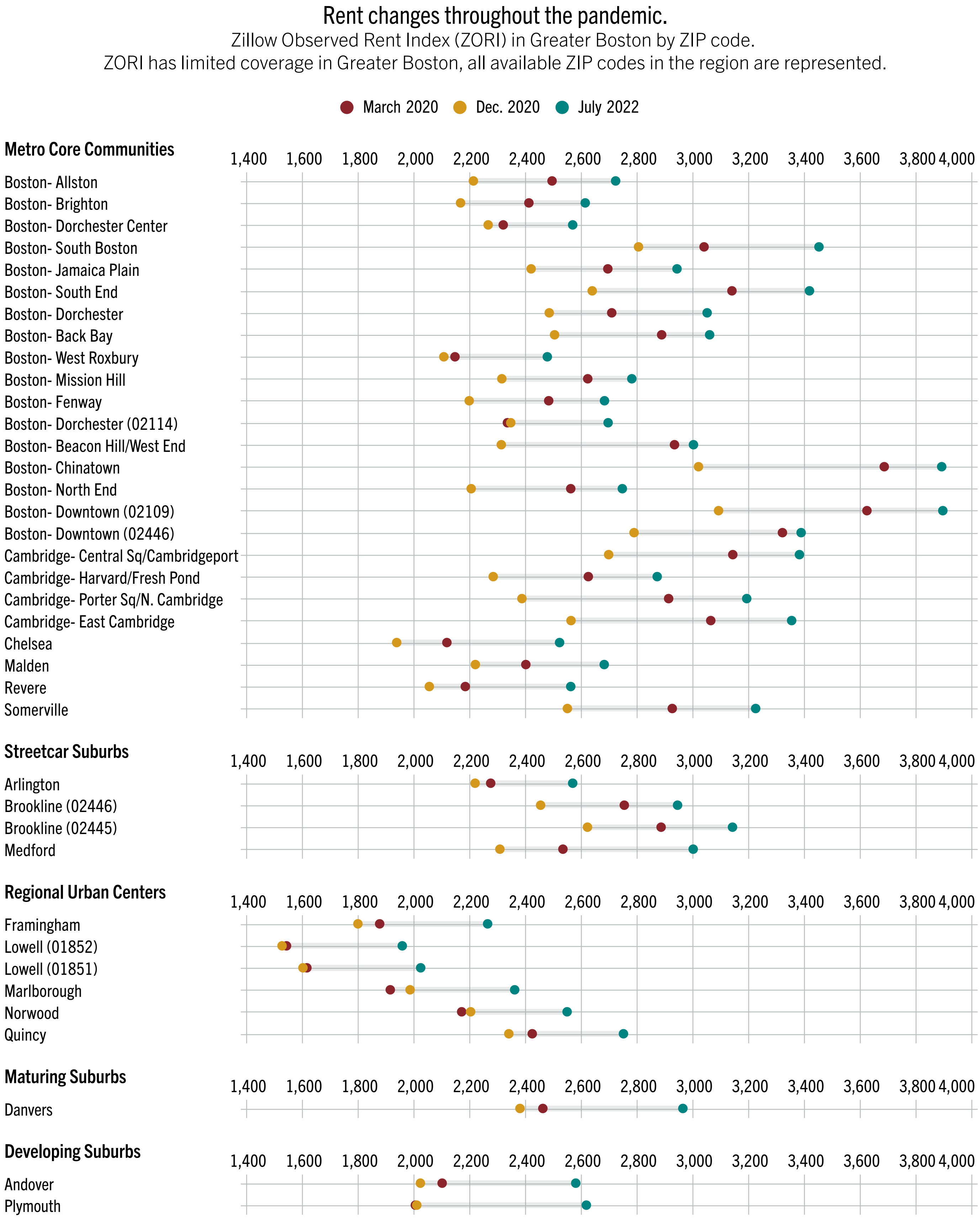
The resulting range in rent estimates can be seen in the chart to the left, with the ZORI estimate almost twice that of the ACS, and the Apartment List estimate somewhere in between. Apartment List is based on transacted rent data for recent movers. By starting with transacted rents, or what residents are currently paying, their estimates tend to be lower than estimates that are based just on listing data. This is because transacted rents reflect what renters were paying over the course of the survey year and are thus often based on leases that have been signed in earlier years and thus less than current advertised rents. By contrast, Zillow's Observed Rent Index (ZORI) begins with advertised rents on its website, and then weighs it based on ACS transacted rent data, resulting in slightly higher estimated rents.

While all sources have their own benefits and limitations, we chose to primarily use ZORI data for this report because it captures the rapidly changing dynamics during the past two years and has slightly better coverage than similar sources like Apartment List.

After dipping slightly at the beginning of the pandemic, Greater Boston rents have risen above pre-pandemic levels.

Median rents in Greater Boston rose above pre-pandemic levels in the fall of 2021 and have continued to increase since. However, pandemic rent changes varied greatly by city, town, and neighborhood. Higher-cost Metro Core Communities saw steep rent drops in 2020 as colleges and many workplaces went remote. Meanwhile many Regional Urban Centers and suburban communities experienced modest losses or even none at all. As can be seen in the chart on the next page that compares pre-pandemic, pandemic low point (December 2020) and July 2022 rents, some places like Marlborough saw continuous rent increases throughout the pandemic.

The pandemic shifted demand for rental housing in the region and likely led to more spreading out across the region. As previously noted, many families sought larger homes during the pandemic and were able to relocate farther from the inner core to find them because of the growing prevalence of remote work. This caused rent to rise in many lower-cost Regional Urban Centers where renters could afford more space, like Marlborough, and suburban areas where homes are more likely to be larger, like Plymouth.



Source: Zillow Observed Rent Index

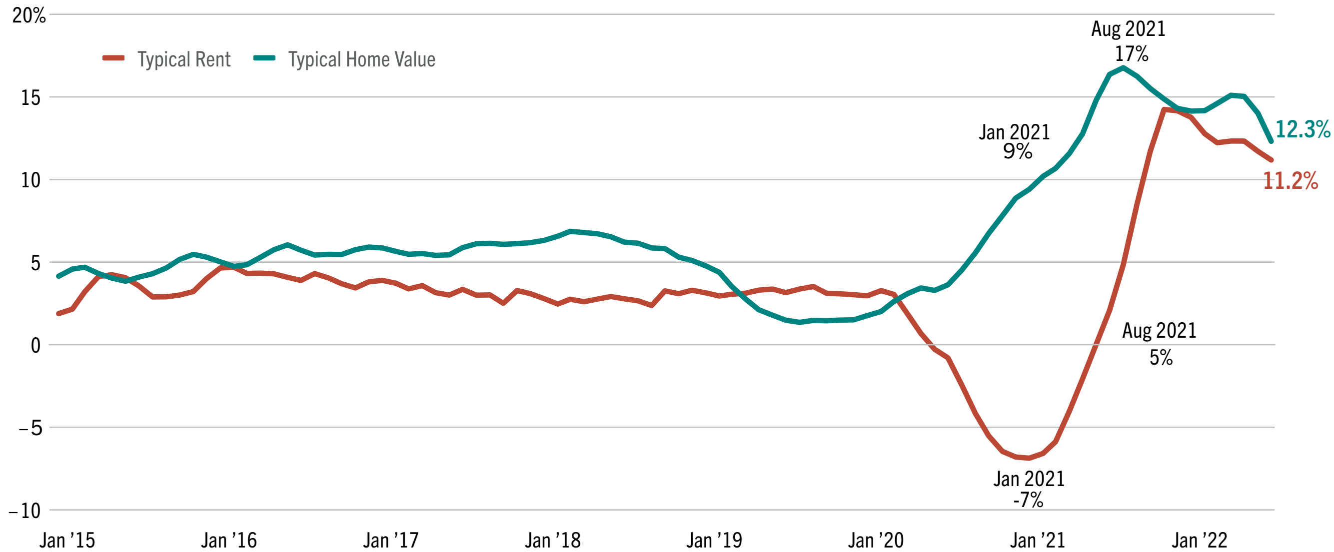
Home prices have reached unprecedented heights.

Compared to rents, home prices experienced a minimal drop during the pandemic and have been steadily rising at a much greater pace since. Home values experienced consistent year-over-year increases throughout 2020 and 2021. In August 2021, home prices had increased roughly 16 percent since the year prior, while rent had increased just 5 percent. In early 2022, the annual change in home values plateaued at a high level—roughly 15 percent above the year prior. Rent increases have recently caught up to those of home prices, a notable surge because these recent increases make up for the deficit from the 2021 decline.

According to The Warren Group, the median single-family home sale price increased nearly 10 percent statewide from June 2021 to June 2022 to $610,000—an all-time high since The Warren Group started tracking prices in 1987.[11] In Middlesex County, the year-to-date median single-family home sale price rose to $750,000 in June 2022, a 10.5 percent increase from the year prior, and the median condo sale price rose 11.4 percent to $585,000. Cities and towns across the region experienced similar price increases, as can be seen in the maps below comparing year-to-date median sale prices for condos and single-family homes in June 2022.

Home values rose faster than rents in 2021.

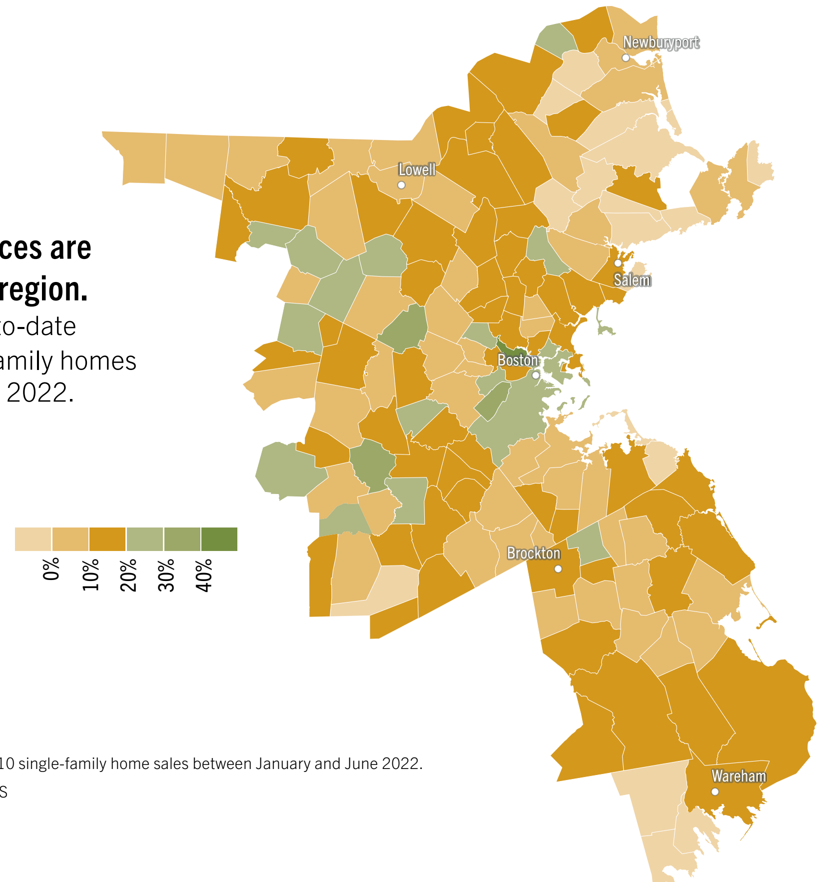
Annual percent change in Zillow Home Value Index for a typical home and Zillow Observed Rent Index for a typical unit. Boston MSA.



Modeled after Joint Center for Housing Studies' chart in their 2022 America's Rental Housing report.
Source: Zillow

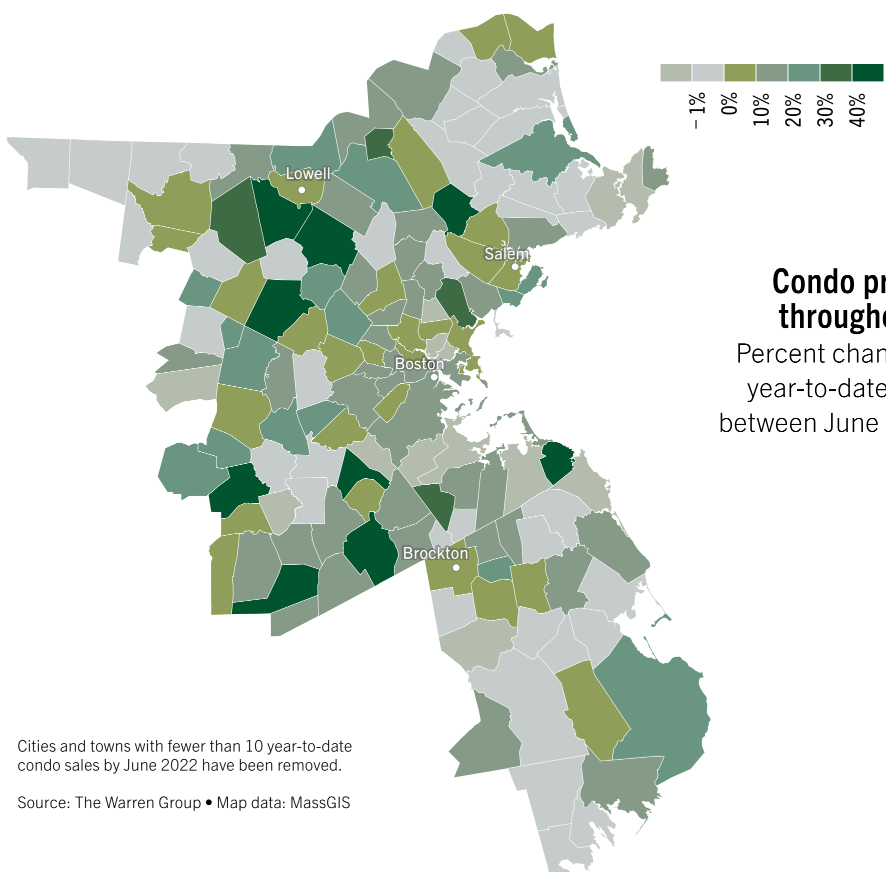
Single-family home prices are rising throughout the region.

Percent change in year-to-date median sale price for single-family homes from June 2021 to June 2022.



Essex was removed because it had fewer than 10 single-family home sales between January and June 2022.

Source: The Warren Group • Map data: MassGIS



Condo prices are rising throughout the region.

Percent change in condominium year-to-date median sale price between June 2021 and June 2022.

Cities and towns with fewer than 10 year-to-date condo sales by June 2022 have been removed.

Source: The Warren Group • Map data: MassGIS

Home prices increased across the price distribution.

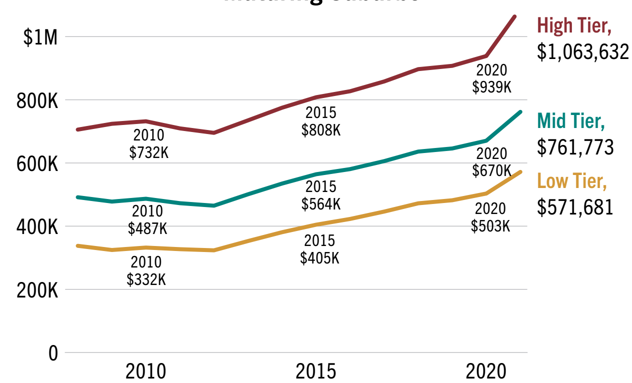
Home values have been steadily rising across the price distribution and in all community types since the Great Recession, with an acceleration between 2020 and 2021. The chart below shows the percent change in home values for typical single-family homes at different points in the price distribution. It uses Zillow's Home Value Index (ZHVI), which offers "typical" home values in three different price tiers: low, homes valued within the 5th and 35th percentile of prices; mid, homes that fall between the 35th and 65th percentile range; and high, homes within the 65th and 95th percentile range. Zillow presents a typical home value for each municipality level, so to roughly estimate home values across community types, we averaged the values for each municipality in a given community type. Estimates should be interpreted with caution because they are not based on record-level data.

Looking at the lower end of the price distribution, estimated values increased notably in Regional Urban Centers and Metro Core Communities. In the past 10 years, the value of low-tier homes in Regional Urban Centers nearly doubled (92 percent change), with values jumping 15 percent from 2020 to 2021 alone. Low- and mid-tier homes in Metro Core Communities more than doubled in the last decade and grew 8 percent from 2020 to 2021.

All Homes Price Distribution 2008–2021

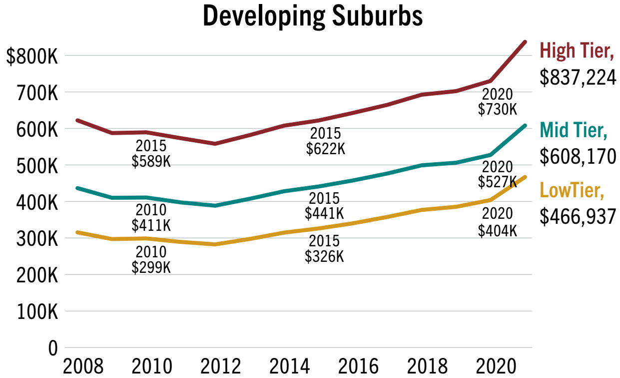
Zillow Home Value Index for **top-tier**, **mid-tier** and **bottom-tier** homes by community type and year. All unit types.

Maturing Suburbs



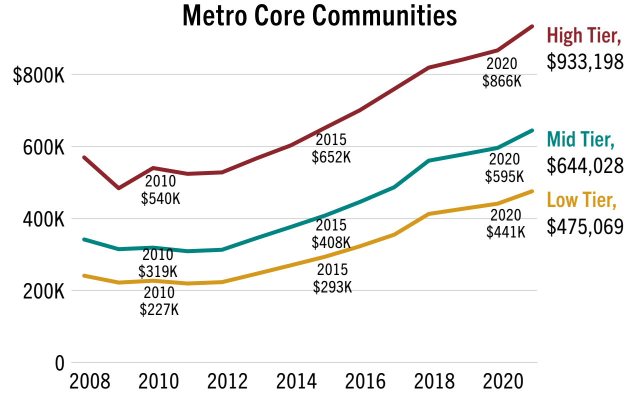
Source: Zillow ZHVI

Developing Suburbs



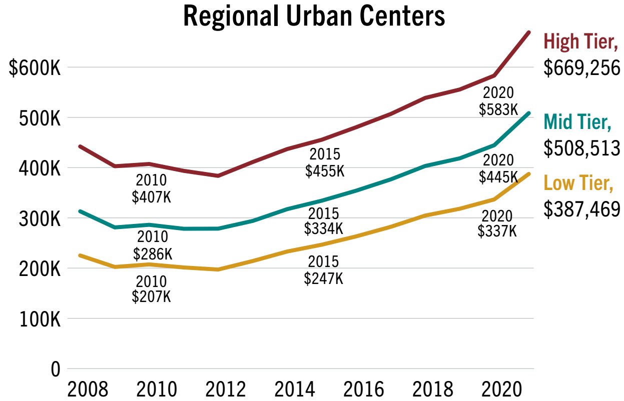
Note: Zillow does not have data for Boxborough or Tyngsborough.
Source: Zillow ZHVI

Metro Core Communities



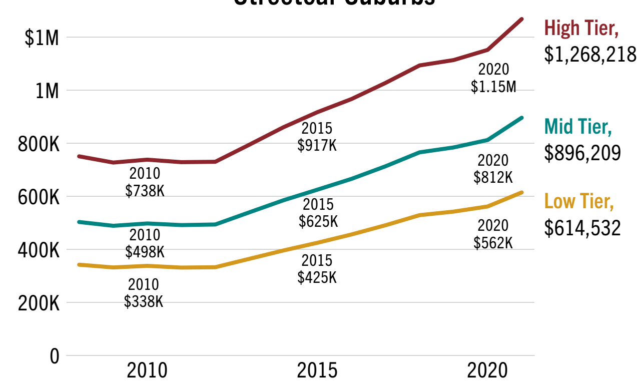
Source: Zillow ZHVI

Regional Urban Centers



Source: Zillow ZHVI

Streetcar Suburbs

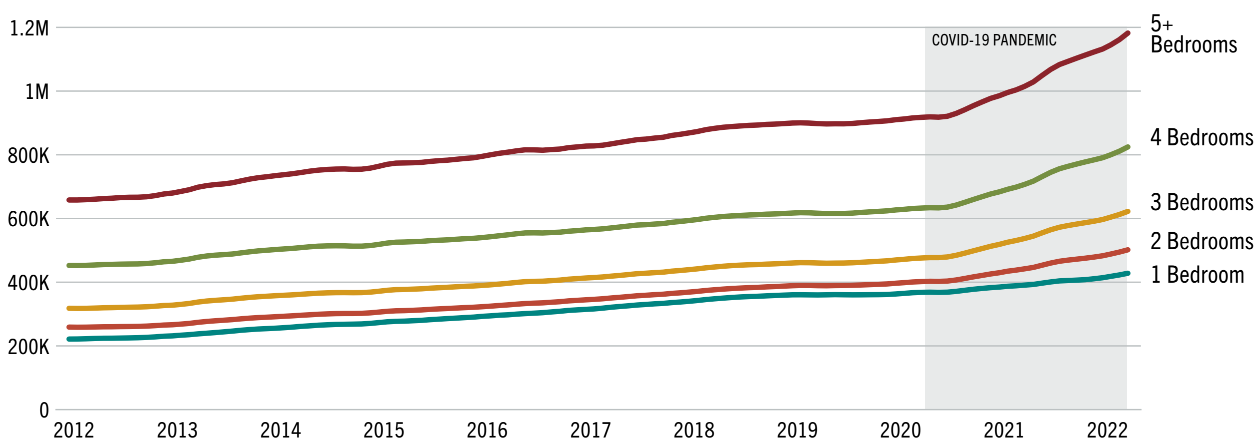


Source: Zillow ZHVI

Home values also increased significantly at the high end of the price distribution. In suburban areas more likely to have larger homes, such as the Maturing Suburbs and Developing Suburbs, high-tier homes increased by 13 percent and 15 percent, respectively, between 2020 and 2021 alone. This likely speaks to pandemic trend of people seeking out larger homes as a subset of the population shifted to more permanent or hybrid work from home.

Boston Area Typical Home Value by Bedroom Count

Zillow Home Value Index typical value for homes in the 35th to 65th percentile range by bedroom count.



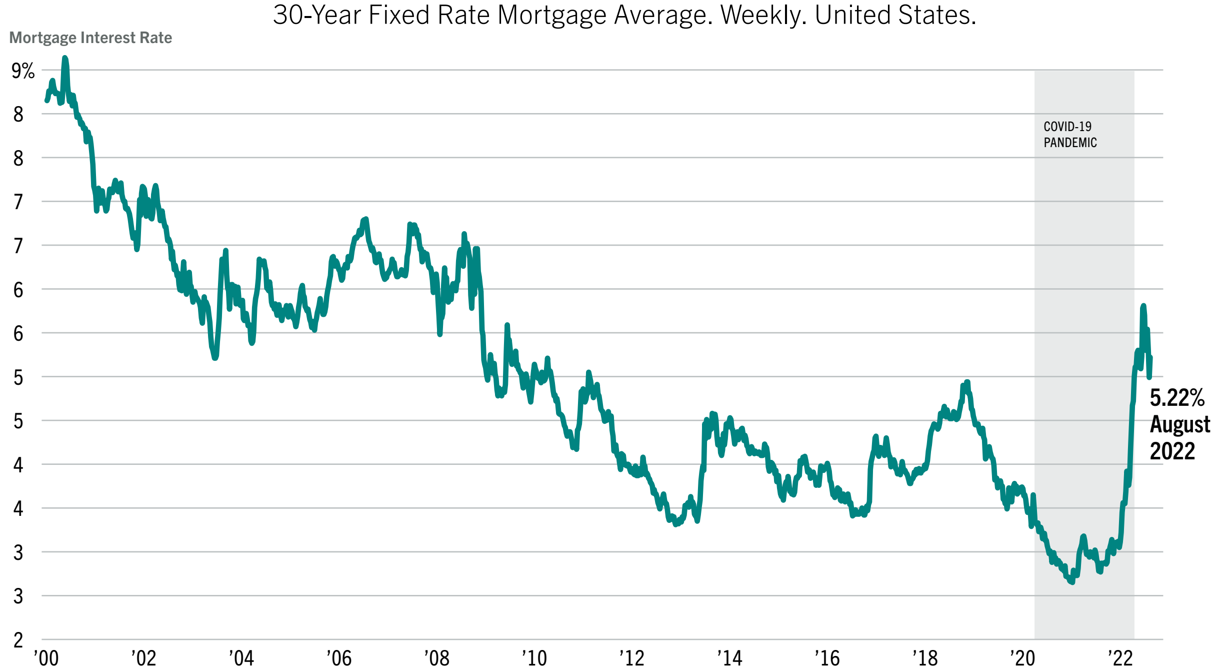
Source: Zillow

Rising mortgage interest rates are raising prices for homebuyers.

After dropping to a 10-year low during the pandemic, mortgage rates have nearly doubled in 2022 as the Fed raises interest rates to curb rising inflation. Low mortgage interest rates early in the pandemic helped stimulate aggregate demand and, when coupled with higher savings for many families, likely led to increased home demand and thus higher sale prices. Rising mortgage interest rates mean increased costs for potential home-buyers. This could slow sale price growth in the near term as demand might decline, but pushes homeownership farther out of reach for many families.

Mortgage interest rates have shot up quickly in the past year, but remain below historic highs.

30-Year Fixed Rate Mortgage Average. Weekly. United States.



Source: Federal Reserve Bank of St. Louis

Affordability

What ultimately matters most at the household level is whether people can afford the cost of housing given their current level of income. This housing cost versus income question is what researchers think of as "affordability." In theory, housing costs could be higher in a particular region, but if incomes are also higher across the board, this might not lead to an affordability problem. There are many ways that researchers compare prevailing incomes with prevailing housing costs, and we present a few of these in this section.

In general, what we find in this section is that housing is getting less affordable for many families across Greater Boston, especially when analyzing trends over the past 10 or 20 years. Due to disparate patterns of homeownership and income growth, affordability challenges have worsened most for lower-income families and families of color.

Key findings from this section include:

- Housing costs have increased faster than incomes for the poorest third of families, exacerbating local inequality.
- Almost half of Greater Boston renters are housing cost burdened.
- While cost burdens tend to be lower for homeowners, still more than one third of Black and Latino homeowners are housing cost burdened.
- Pandemic dynamics drove the largest single-year increase in renter cost burden since 2006.
- Over the past 15 years, renter cost burdens have increased steadily for lower-income households.
- Renter cost burden is up across all community types.

Housing costs have increased faster than incomes for the poorest third of families, exacerbating local inequality.

Economic inequality is driven by countless factors, many of them related to national, and even international, economic dynamics. But a growing body of research demonstrates that high housing costs are becoming a driver of inequality at the local level, especially in urban areas like Greater Boston, San Francisco, and New York. In higher-productivity labor markets like Greater Boston, workers tend to earn more for a given job. Both a high-income biotech researcher and a middle-income nurse, for instance, will earn more in Greater Boston than their counterparts in many parts of the country. Wages are so much higher for the biotech worker that it's little sacrifice for them to also pay our region's higher housing costs. But for the nurse, their incrementally higher wage may get totally swamped by the incrementally higher housing costs in our region.

A new paper by Philip G. Hoxie, Daniel Shoag, and Stan Veuger, for instance, analyzed these dynamics by looking at net wages—wages after subtracting housing costs—over time and across different types of cities.[12] They find that net wages used to increase for workers of all education and income levels when they moved to denser urban areas. But this began reversing for many workers starting at around the year 2000, and now for lower-income workers and those without a college degree net wages are actually lower in dense urban areas like Greater Boston.

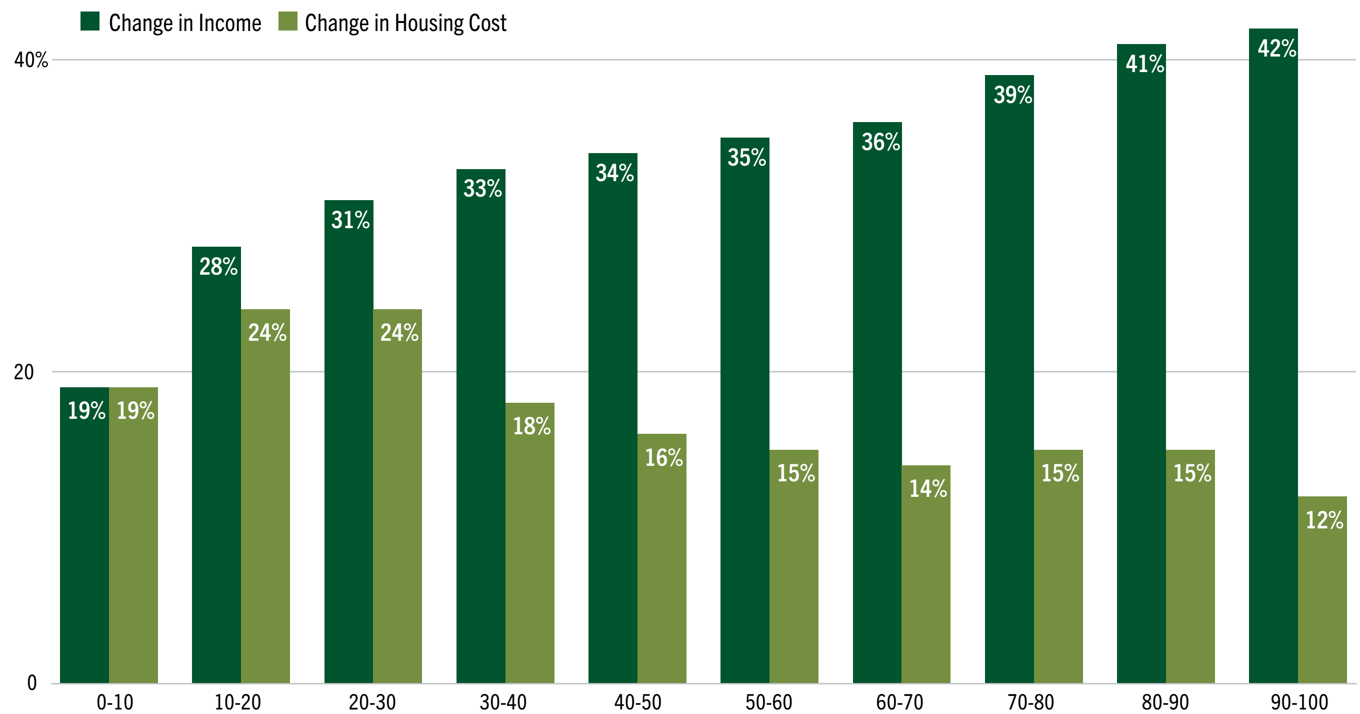
In prior generations, lower-income families used to move to cities for opportunity. Cities had more diverse economies with better job options, and decent housing was relatively affordable. But rapidly rising housing costs have introduced more of a direct trade-off, with people having to weigh better job opportunities in many urban areas against the cost of significantly higher housing costs. This has started to push many people to lower-productivity regions, since at least in these places homes are cheaper. Urban areas like Greater Boston are now seeing slowing population and economic growth. And it means that these lower-income workers end up filtering into lower opportunity parts of the country.

The graph on the next page offers one view of this income and housing cost divergence for Greater Boston over the past decade. We break out households into income deciles along the x-axis and compare change in incomes and housing costs between 2010 and 2020. On the far left are the lowest-income households, on the far right are the highest-income ones.

While housing costs have increased for all groups over the last decade, these increases have been even greater for those at the lowest end of the income distribution. By contrast, those households at the upper end of the income distribution have seen significant income gains, and for them housing cost increases have been more moderate. This dynamic—housing cost growth at the lowest income levels, household income growth at the highest—contributes to growing inequality in the region.

Over the last decade, housing costs have increased the most for lower-income households.

Percent change in incomes and housing costs by income decile, between 2010-2020.
The left of the graph shows lower-income households; the right shows higher-income. Greater Boston.



Note: Analysis adapted from Apartment List report, "Housing Markets and Income Inequality." Nominal dollars.
Chart: Boston Indicators • Source: 2010, 2020 5-Yr American Community Survey.

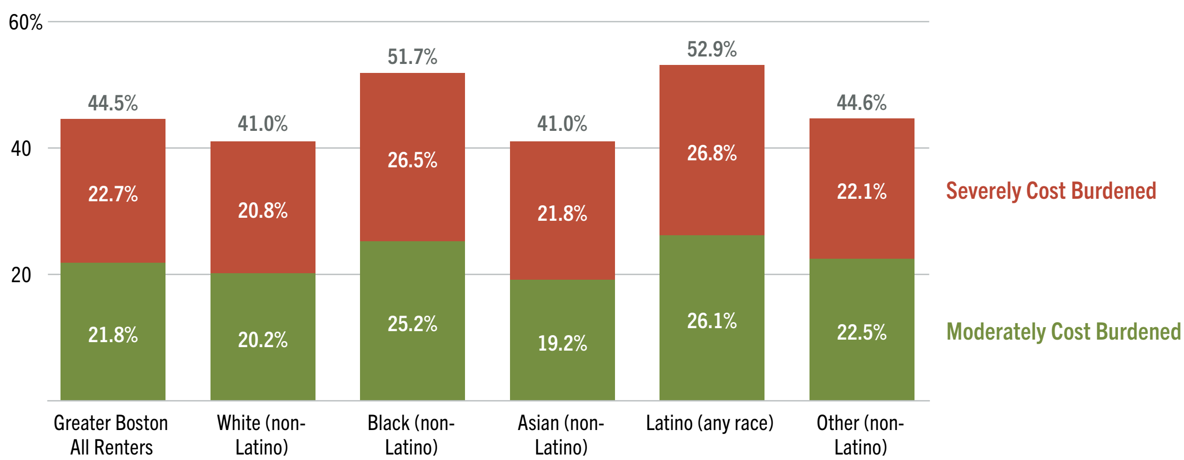
Almost half of Greater Boston renters are housing cost burdened.

In a well-functioning housing market, most families would be able to afford decent, safe housing without stretching their budgets thin or crowding into substandard housing. In 2020, however, over a third of all households in Greater Boston were "housing cost burdened," meaning that they spent 30 percent or more of their income on housing (and associated costs like utilities), a common measure for identifying families struggling with housing costs. This translates to 46 percent of renter households being cost burdened and 27 percent of owner households.[13] As almost half of Greater Boston's renters are cost burdened, we focus primarily on renters in this section.

While high housing costs are a pressing issue for all groups in Greater Boston, the data are especially troubling for Black and Latino households. More than half of Black and Latino renter households pay upwards of 30 percent of their income on housing, and more than a quarter of these households are "severely cost burdened," meaning they pay more than 50 percent of their income on rent. This comes on top of the fact that Black and Latino households are also more likely to rent than own in the first place.

Around 45 percent of renters in Greater Boston are cost burdened, and more than half of Black and Latino renters are cost burdened.

Share of renters by race who are moderately cost burdened (paying 30% - 50% of their income on rent) and severely cost burdened (paying more than 50% of their income on rent).

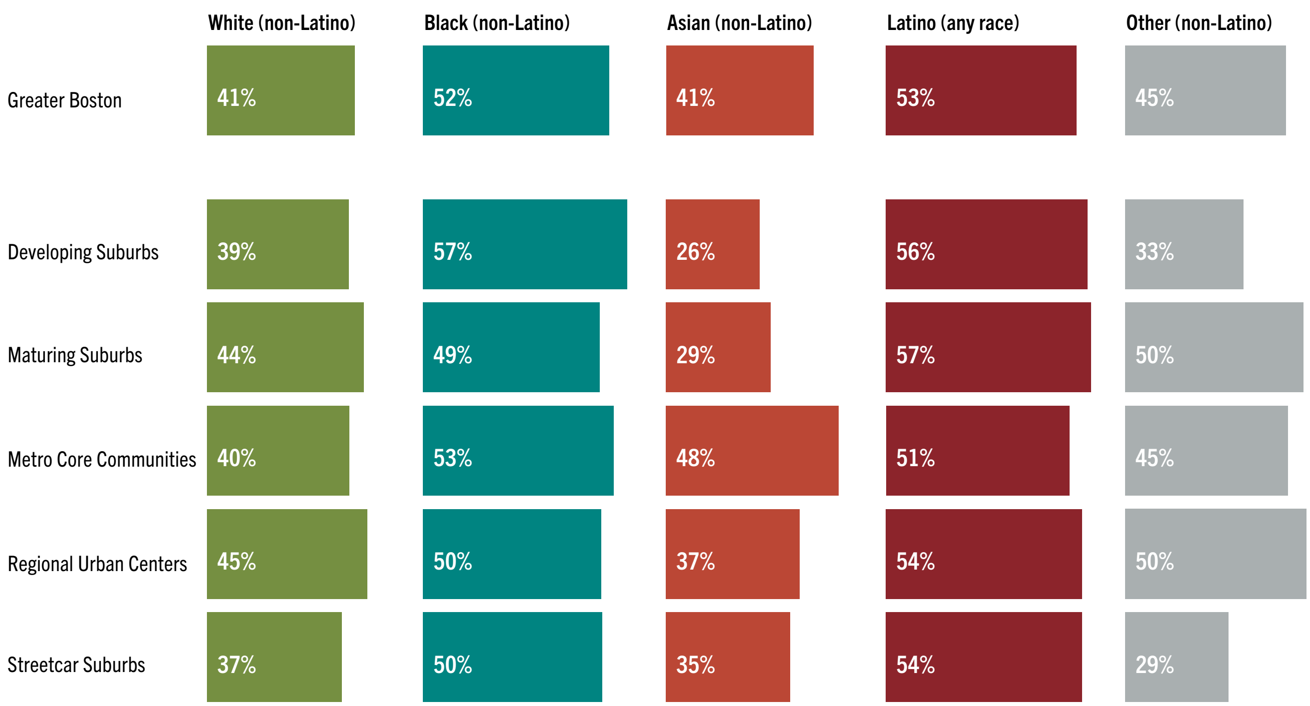


Note: Other includes American Indian and Alaskan Native, Pacific Islander, and multiracial non-Latino.
Chart: Boston Indicators • Source: 2014-2018 HUD Comprehensive Affordability Strategy

When breaking out by community type and race, as we do below, we find that in most cases the share of cost burdened renters for a given racial group is similar to their Greater Boston share, but with one exception. Almost half of Asian renters are cost burdened in Metro Core Communities, yet fewer than 40 percent of Asian renters are cost burdened in any other community type. These differences reflect intra-Asian disparities that often get masked when looking at crude averages. Roughly 30 percent of Asians residing in the city of Boston, for instance, live below the federal poverty line compared to only 13 percent in Greater Boston as a whole. This inequality is most stark among Asian groups with different national origins—as just one example, median household incomes for people of Indian origin are more than double those from Nepal (for more detail see Boston Indicators' 2021 report *Building AAPI Power*).

Renter cost burden by race and Community Type

Share of renter households spending more than 30% of their income on rent.



Note: Other here includes Native American and Alaskan Native households, Pacific Islander households, and multiracial households.
Chart: Boston Indicators • Source: 2014-2018 HUD Comprehensive Housing Affordability Strategy

While cost burdens tend to be lower for homeowners, still more than one third of Black and Latino homeowners are housing cost burdened.

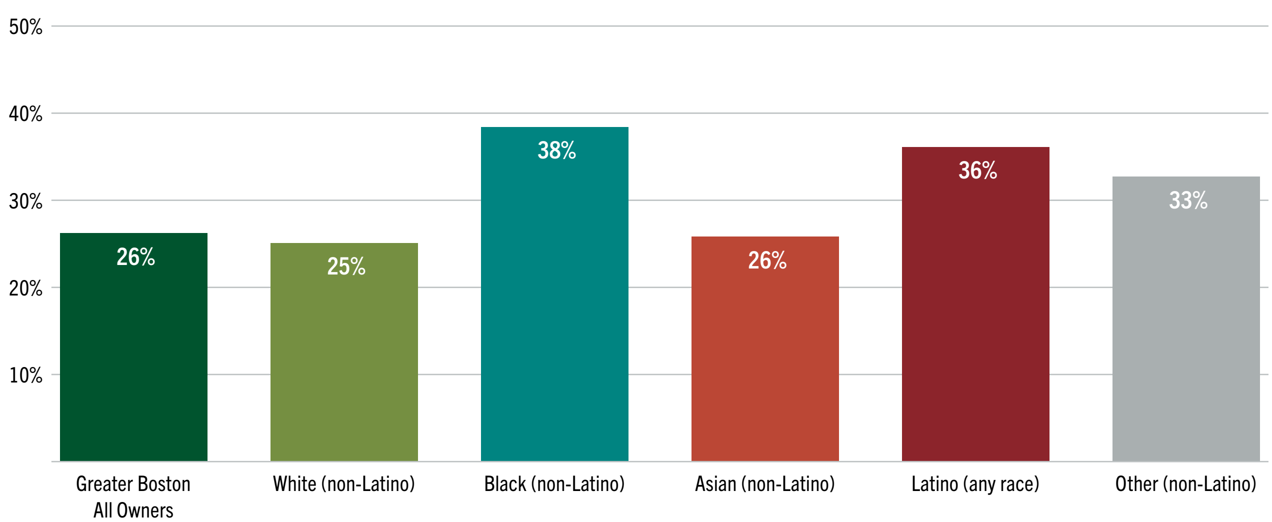
Homeowners in Greater Boston tend to be less cost burdened, with only about one in four homeowners spending more than 30 percent of their income on housing costs. Homeownership provides cost stability for many families who have locked in monthly payment schedules that do not rise over the course of a standard 30-year mortgage. And with inflation on the rise, fixed payments mean that many households' monthly mortgage costs are actually declining every month in inflation-adjusted terms.

While the levels are all lower, we do still observe significant racial disparities in cost burden among homeowners, with nearly 40 percent of Black owners and just over a third of Latino owners being cost burdened. By contrast, only a quarter of White and Asian owners are cost burdened.

While these disparities are troubling, the greater racial equity issue has to do with which families have been locked out of homeownership in the first place, as this graph only looks at families who already own their homes. Countless state and federal policies were designed across generations to privilege the building of White wealth over that of others.[14] This is why White households are almost twice as likely to own a home as Black and Latino households, as we showed in the Prices section of this report.

Black and Latino owners are cost burdened at higher rates than other racial groups.

Share of owners that are cost burdened (more than 30% of income spent on rent), by race. Greater Boston.



Note: Other here includes Native American and Alaskan Native households, Pacific Islander households, and multiracial households.
Chart: Boston Indicators • Source: 2014-2018 HUD Comprehensive Housing Affordability Strategy

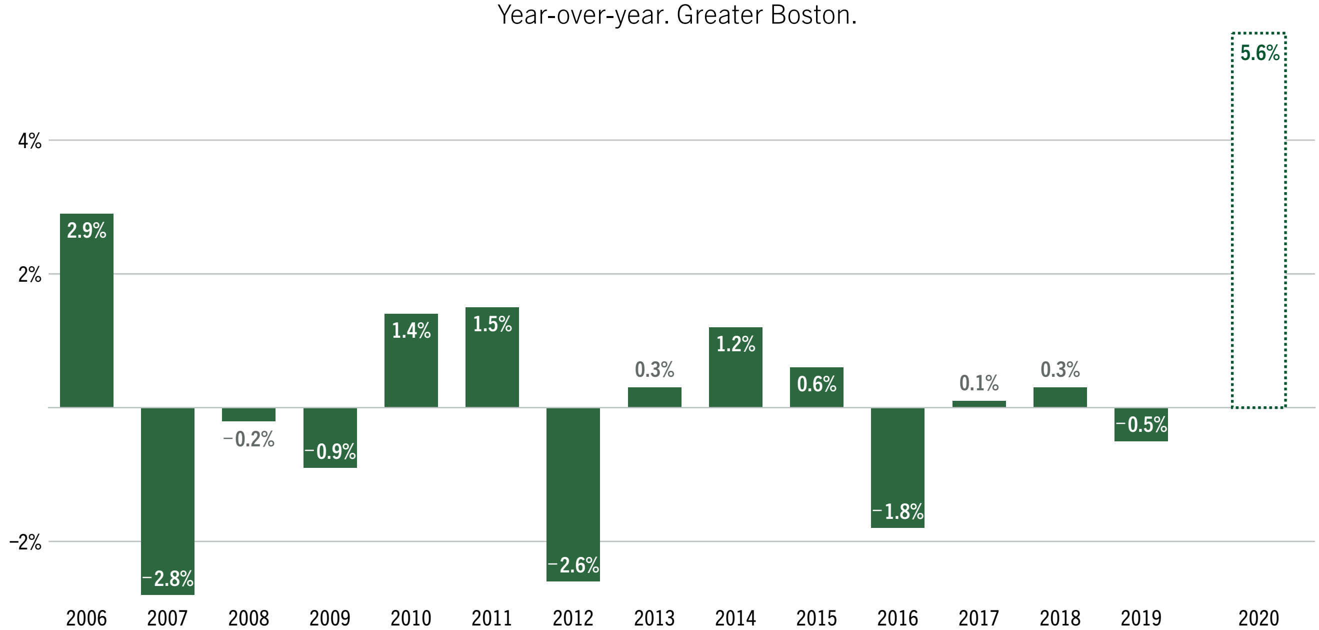
Pandemic dynamics drove the largest single year increase in renter cost burden since 2006.

The biggest increases in cost burdened renters came in the early 2000s as Greater Boston's housing crisis began taking root. Since then, the share of cost burdened renters in Greater Boston has remained roughly level in the high 40 percent range, with small annual fluctuations between 2006 and 2019. The pandemic appears to have changed this, however, with 2020 seeing a 6-percentage point increase over 2019, the largest in many years.

These data rely on the Census Bureau's American Community Survey, which faced unprecedented response problems during the first year of the pandemic. This led the Census Bureau to withhold the release of standard 2020 estimates and instead release alternative results for 2020 that are based on a modified methodology. These alternative 2020 estimates are useful to have, but they cannot be used to compare to previous years. To address this, the Census Bureau released a tool allowing users to generate 2019 estimates using the same modified process for 2020. Comparing alternative 2020 and 2019 estimates, as we do in the graph below, reveals this 6-percentage point increase in cost burdened renter share during the first year of the pandemic. All earlier one-year change estimates in the graph use the traditional ACS approach.

2020 saw the largest year-over-year increase in cost burdened renters since 2006.

Percentage point change in the share of rental households paying more than 30% of their income on rent. Year-over-year. Greater Boston.



Note: Dark green bars are calculated using standard ACS weights. The dotted green bar is calculated using experimental weights for 2019 and 2020.
Adapted from Harvard Joint Center for Housing Studies, "Did Housing Affordability Worsen During the First Year of the Pandemic?"
Boston Indicators • Source: 2006–2020, 1-Year ACS

Over the past 15 years, renter cost burdens have increased steadily for lower-income households.

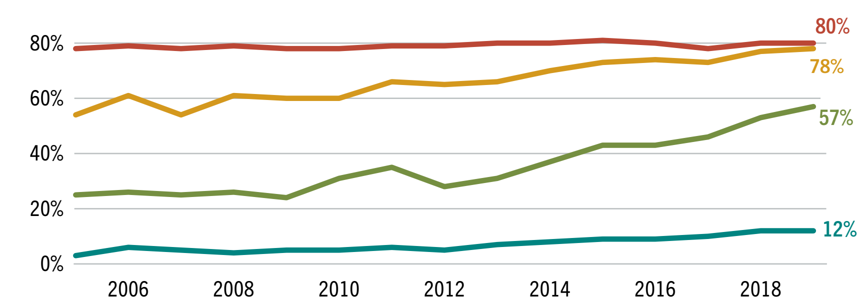
While the above graph shows modest fluctuations in renter cost burdens during much of the 2010s, this obscures some large increases for low- and moderate-income renters. The graph below looks at cost burden changes for renter households at different income levels and goes back pre–Great Recession, showing significant increases for households earning between $35,000 and $75,000 annually. The very lowest income households earning less than $35,000 didn't see much of an increase, but that's because they were already hovering at a very high level of around 80 percent.

Though rental cost burden increased significantly among different groups between 2005 and 2019, as shown in the graph below, it's confusing to not see that reflected in the overall level of renter cost burden for the region, which has remained relatively stable around 40–45 percent over this same period. What squares the circle are underlying shifts in the total number of households in each of these income categories. Over this timeframe we saw a decrease in the number of lower-income households living in Greater Boston and an increase in higher-income ones.

These increases in cost burdened renter share may well have continued through the pandemic, as shown in the second graph below, which again uses the experimental ACS estimates for 2019 and 2020. Most notably, that graph suggests that the share of households making $35,000–$49,999 a year that are housing cost burdened increased 6 percentage points, while the cost-burdened share increased 7 percentage points among those making $50,000–$74,999.

Cost burdens have increased significantly for moderate income households earning between $35k and $75k annually.

Share of renter households paying more than 30 percent of their income on rent, by income group.Greater Boston.



Note: 2020 1-Year American Community Survey data not included in this graph as it is treated as 'experimental' as a result of the COVID-19 pandemic's disruption of the survey.

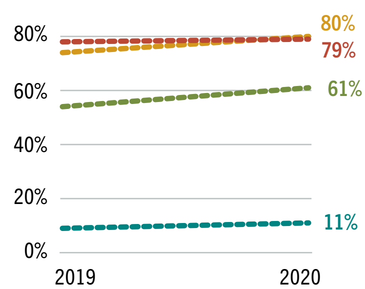
Source: 1-Year ACS 2005 through 2019

Less than $34,999 — $35,000–$49,999 — $50,000–$74,999 — $75,000 or more

Using experimental adjustments to ACS data shows continuing cost burden increases from 2019 into 2020.

Note: The 2020 American Community Survey suffered from low response rates due to the COVID-19 pandemic. Administrative data was used to supplement the survey instrument and inform 2020 results. This methodology was extended to the 2019 ACS 1-Year survey, allowing comparisons between 2019 and 2020.

Chart: Boston Indicators • Source: 2019, 2020 ACS 1-Year Survey



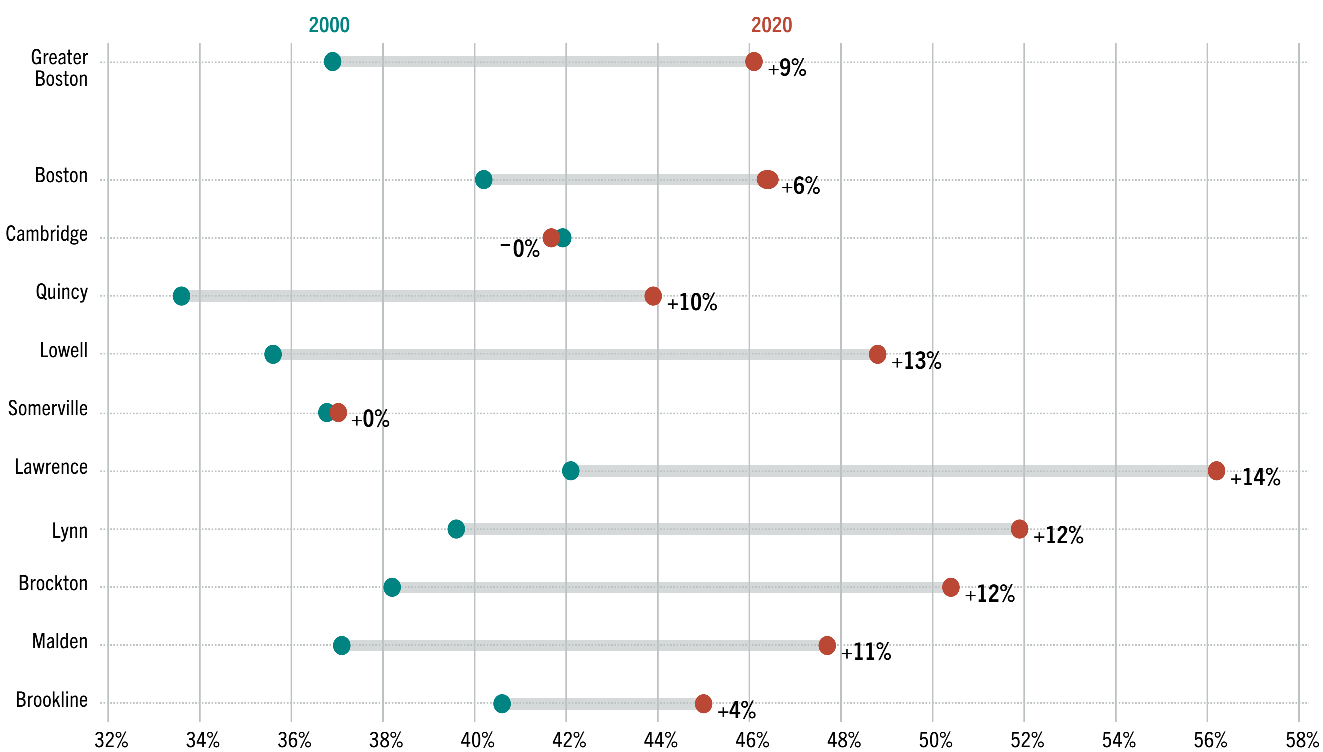
Renter cost burden is up across all community types.

While year-over-year comparisons are useful—especially in the context of the pandemic—these changes happen in the context of a region that has gradually become unaffordable over the last couple of decades. When looking over the 20-year period from 2000 and 2020, for instance, we find that the share of cost burdened renter households increased a full 9 percentage points regionwide. While there were increases in all community types, the greatest increases were in Developing Suburbs and Regional Urban Centers, which both saw increases of 13 percentage points.

Furthermore, many suburban communities have very few renter households at all and so the relative difference in the total number of households facing cost burdens gets masked when simply presenting percentages. Therefore, in the below graph we analyze changes just among the 10 Greater Boston municipalities with the largest renter shares. Lower-income Gateway Cities like Lynn, Lawrence, Lowell, Brockton and Malden all saw increases larger than 10 percentage points. Interestingly, Cambridge and Somerville—two of the largest rental markets within the Metro Core Communities—actually saw no net increase in renter cost burden share over the last 20 years.

The share of cost burdened renters has increased over time across most of the largest rental markets in Massachusetts.

Percentage point increase in the share of renters spending 30% or more of income on housing costs.



The communities listed are the top 10 in terms of the total number of rental-occupied units in 2020.
Source: 2020 Census, 2016-2020 ACS 5-Year Estimates

Housing Instability

Not only do people deserve safe and affordable housing, they also deserve ongoing housing stability, meaning they don't have to move too frequently or feel the psychological weight of worrying about facing an eviction filing. With housing stability comes longer-term community ties and the ability to settle into a place that feels like home. Housing supply, prices, and subsidized housing availability are all key measures of a functioning housing market, but they still say little about what it's like for families on the verge of losing their homes. And so, in this section we look at a collection of measures that together paint a picture of who currently lacks stable housing and where these families live throughout Greater Boston. To do this we look at eviction filing rates, foreclosure petitions, and estimates of the number of people experiencing homelessness at a given point in time.

Key findings from this section include:

- **During the pandemic, households of color had more difficulty making housing payments.**
- **A strong policy response to the COVID recession kept eviction filings below pre-pandemic levels for the past two and a half years.**
- **Eviction filings are highest in Regional Urban Centers and Maturing Suburbs.**
- **Homelessness remains elevated, although below its 2014 peak.**
- **Foreclosure petitions remain below pre-pandemic levels but have recently increased.**

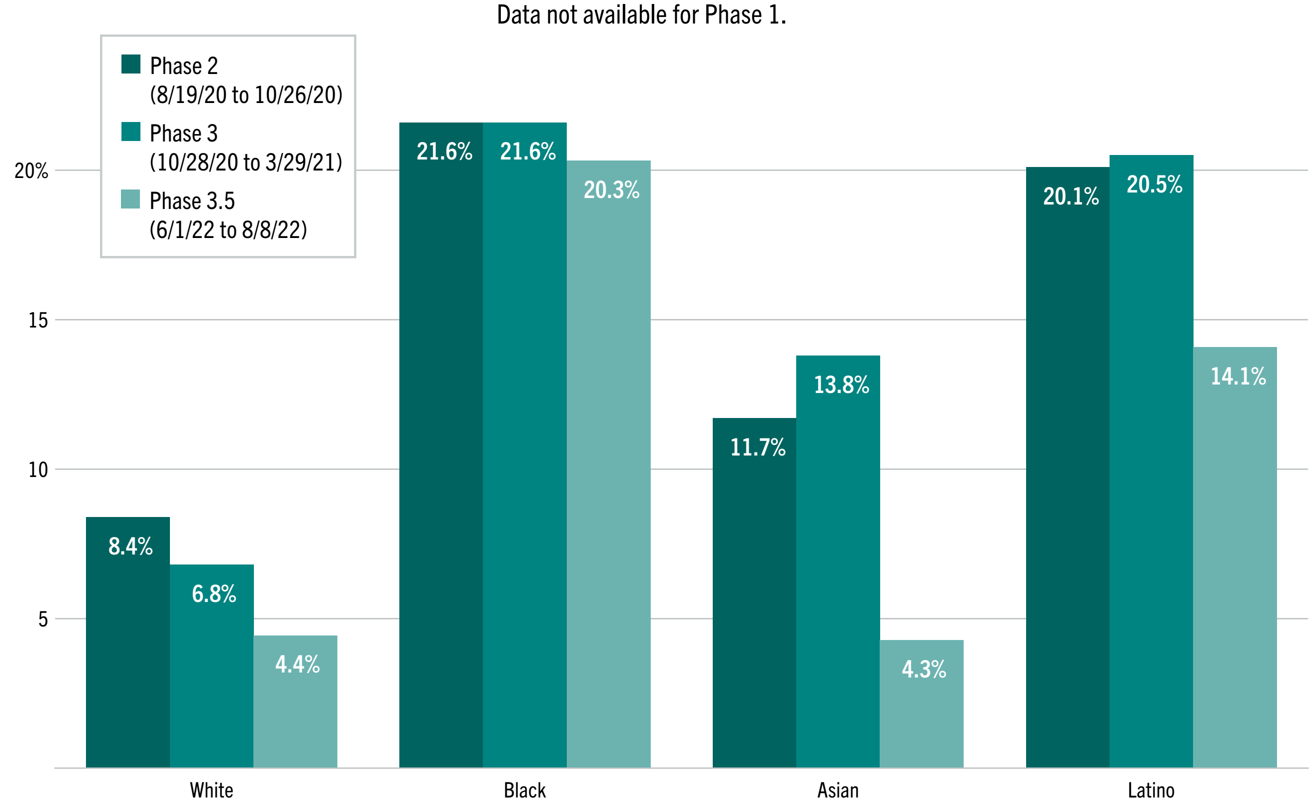
During the pandemic, households of color had more difficulty making housing payments.

It is hard to measure precisely who feels unstably housed, because public data rarely get at the month-to-month experience of families trying to pay the rent. But the Census Bureau created a novel survey during the pandemic, called the Household Pulse Survey, which asks some unique questions along these lines. One question, for instance, asks people directly about whether they missed the previous month's housing payment. From late 2020 through early 2021 (Phases 2 and 3) the Pulse Survey exposed large racial disparities, with roughly one in five Black and Latino households reporting missing housing payments.

This sort of housing instability has fortunately declined for all racial groups during much of 2022, but racial disparities persist. Black and Latino households are more than three times as likely as White households to have reported missing last month's housing payment, as of the last survey phase.[15]

Despite improvement, Black and Latino residents are still missing housing payments at significantly higher rates than White residents.

Share of Boston Metropolitan Statistical Area residents reporting they missed last month's housing payment, by race and phase. Data not available for Phase 1.



Note: White, Black and Asian are single-race only, non-Hispanic or Latino. Latino can be of any race.

Chart: Boston Indicators • Source: Census Household Pulse Survey

A strong policy response to the COVID recession kept eviction filings below pre-pandemic levels for the past two and a half years.

In the early months of the pandemic, much was written about the potential disaster ahead for lower-income renters. The threat was all too real. With the closure of non-essential, in-person businesses, lower-wage service workers, disproportionately Black and Latino, were much more likely to lose their jobs.

Fortunately, the state and federal government responded in a way that was larger and more progressive than the policy response to the Great Recession. In fact, the United States had one of the largest fiscal responses of any developed nation in the world (this large fiscal response may even be a small part of why we're experiencing high inflation right now). Among several progressive policy responses like expanding unemployment insurance and free school meals, Boston Indicators found in a February 2022 research brief that public funding for low-income renters in Massachusetts doubled during the pandemic.[16] Many levels of government also passed eviction moratoriums, making it illegal to initiate eviction proceedings due to non-payment of rent.

And so rather than facing a pandemic wave of eviction filings, we've in some ways seen the opposite. Through 2019, an average of around 1,400 residents per month in Greater Boston received "summary process" eviction filings for non-payment of rent. Other than a brief spike after the state eviction moratorium lifted in October of 2020, eviction filings now average around 600 per month. Summary process eviction filings are where landlords file paperwork with a court to enforce a rental agreement, initiating a possible eviction process. While in Greater Boston only a small portion of these filings result in move-outs, summary process filings put families on the precipice of eviction and therefore serve as an indicator of "housing instability."

Eviction filings remain at roughly half of pre-pandemic levels.

These data do not represent executed evictions, but rather landlords filing for eviction for non-payment of rent. Evictions filed for reasons other than non-payment of rent are not included in these totals. The state moratorium on evictions expired Oct. 17, 2020 and the federal moratorium was struck down in late Aug. 2021. Greater Boston.

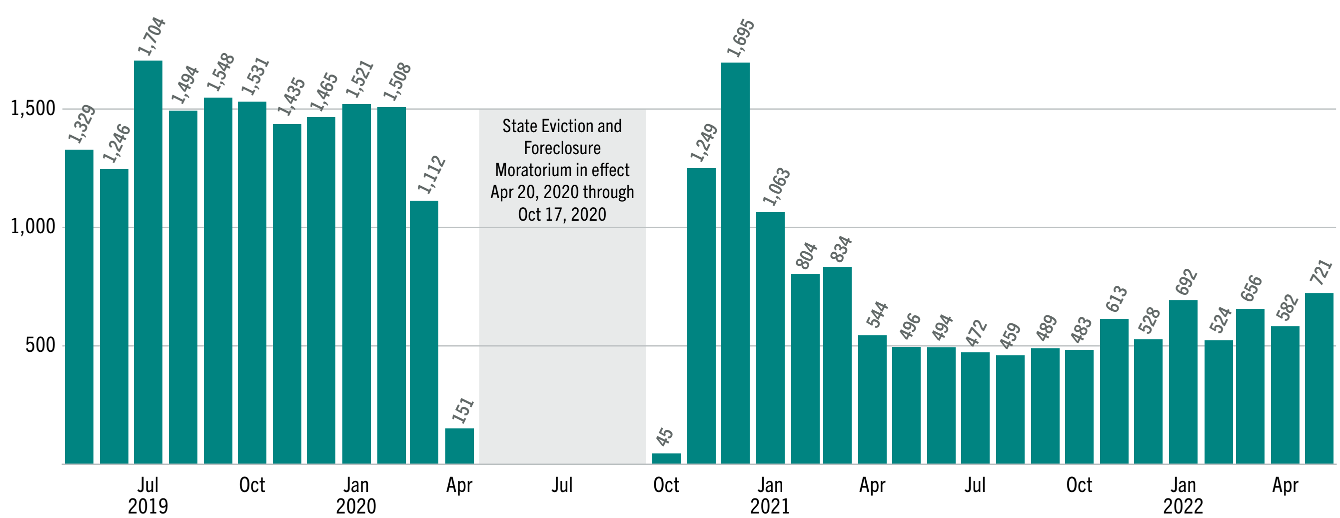
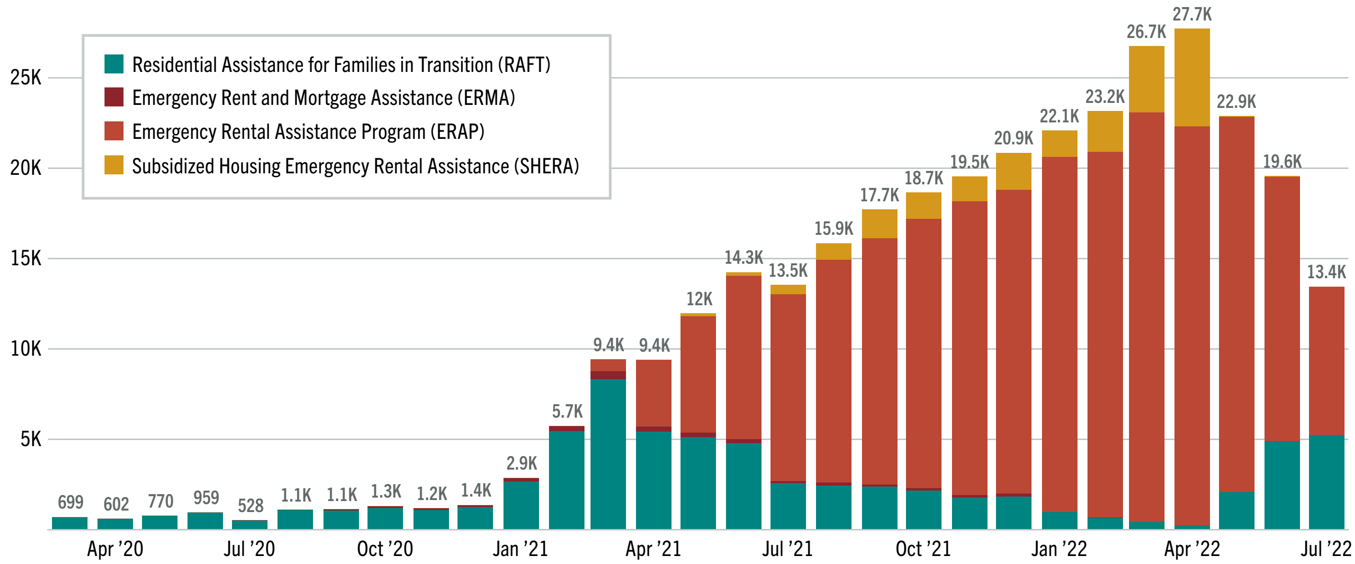


Chart: Boston Indicators • Source: Massachusetts Trial Court

There was a significant increase in households served by eviction diversion programs across the pandemic.

Households served by eviction diversion initiative programs. Massachusetts. March 2020 – July 2022.



Note: ERMA stopped accepting applications in December 2021 (though continued to process a few afterward), SHERA in April 2022.
Chart: Boston Indicators–Reproduced from Massachusetts EDI • Source: Massachusetts Eviction Diversion Initiative

This graph above aims to quantify all Massachusetts households served by state and federal rental support funding during the pandemic (due to data limitations, this graph is statewide for Massachusetts, rather than the region of Greater Boston). Early in 2020, Rental Assistance for Families in Transition (RAFT) was the state's main program that helped lower-income families stay in their homes when faced with eviction. But funding and eligibility for RAFT has traditionally been somewhat limited. As part of the state's pandemic response, federal dollars supported the creation of three new programs—the Emergency Rental Assistance Program (ERAP), the Emergency Rental and Mortgage Assistance Program (ERMA), and the Subsidized Housing Emergency Rental Assistance Program (SHERA). Most financial support across the pandemic was through by one of these programs, flowing through local administering agencies to families in need.

As we've moved into the third year of the pandemic, some programs that renters relied upon are coming to an end. The ERMA program ended in December 2021, while ERAP and SHERA stopped accepting applications on April 15, 2022. Instead, residents seeking eviction support are directed back to the state's own RAFT program, though limits on RAFT eligibility (available only for rental households earning up to 50 percent of area median income or AMI, among other restrictions), mean that those who may have relied upon ERAP (up to 80 percent AMI) are no longer able to access similar levels of support.[17] Apart from eligibility concerns, RAFT now caps out at $7,000 a year per family, higher than the pre-pandemic cap but still not as generous as it was throughout 2021. It is therefore unclear if this current, relatively low level of eviction filings is sustainable, or whether we will see a return to pre-pandemic levels as these funds dry up.

Eviction filings are highest in Regional Urban Centers and Maturing Suburbs.

While it's welcome news that eviction filings in the aggregate remain below pre-pandemic levels, Greater Boston is still one of the wealthiest metro areas in the entire world, so there's no reason why we must settle for several hundred eviction filings per month. What's more, looking at aggregated eviction filings for Greater Boston masks differences among communities, which could well be related to quality and breadth of local eviction diversion programs.

Regional Urban Centers, Maturing and Developing Suburbs all have eviction filing rates greater than the region overall.

Eviction filing rates per 10,000 renter occupied units by community type. Share of all evictions by community type. Jan 2022 - Jun 2022.

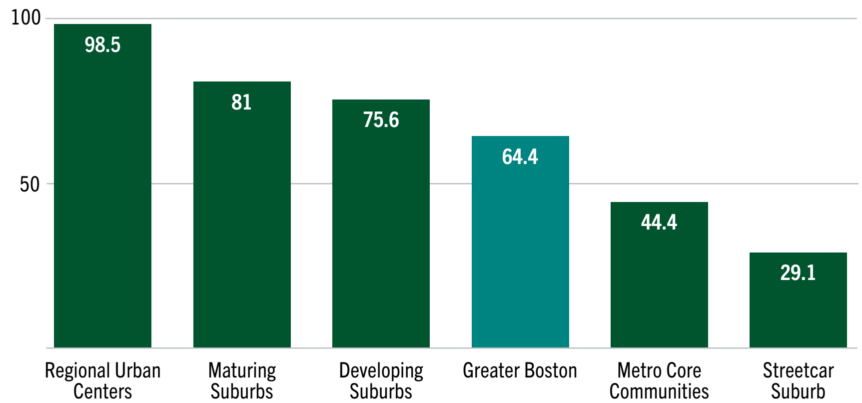


Chart: Boston Indicators • Source: Massachusetts Trial Court

Regional Urban Centers have the highest eviction filing rates at 98.5 per 10,000 renter households, while Streetcar Suburbs have an eviction rate less than a third of that. Notably, both Maturing and Developing suburbs also have relatively high eviction filing rates. These community types have somewhat lower *total* filings, but because these communities have so few rental units, their filing *rates* are actually higher than the regional average.

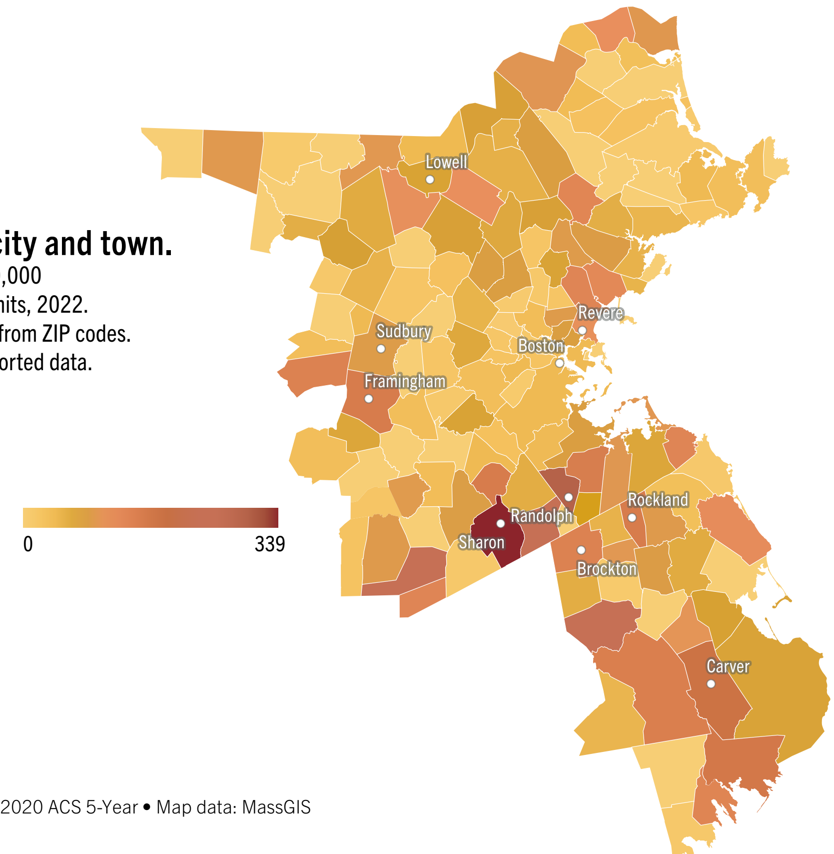
Eviction filings in Regional Urban Centers are high both as a rate and in terms of total filings. In fact, since January around 39 percent of all filings in Greater Boston occurred in Regional Urban Centers like Brockton, Lawrence, and Framingham. The map on the next page shows these filing rates at the municipal level, showing a concentration south of Boston in communities like Brockton, Carver and Randolph.

There are several possible explanations for the geographic difference in eviction filing rates. Over the course of the pandemic, rents have increased markedly in Regional Urban Centers, creating new cost pressures for the residents in these lower-income cities.[18] But there's also significant variation across Regional Urban Centers, as there is across other community types. Much of the rental support that was distributed over the course of the pandemic was administered through local agencies that interface directly with households in need. Therefore, it appears likely that the efficacy of these local supports varied widely and those with more longstanding and better-resourced local administering agencies, in places like Boston and Lawrence, saw reduced eviction filing rates a result.[19]

Finally, it is important to note that while overall filings may remain low in some municipalities, there may nevertheless be significant disparities across neighborhoods within a given city or town. Renters living in predominately non-White neighborhoods in Massachusetts are more than twice as likely to have eviction cases filed against them as are renters in predominately White neighborhoods.[20] Boston serves as a useful example of this dynamic, as shown in the scatterplot on the next page. Both the number of eviction filings and filing rates are higher in neighborhoods with larger shares of renters of color. Mattapan, for instance, has Boston's highest filing rate at 115.3/10,000, with 91 percent rental households of color. By contrast, the city's lowest filing rate is South Boston (10.3), at just 23 percent households of color.

Eviction filing rates by city and town.

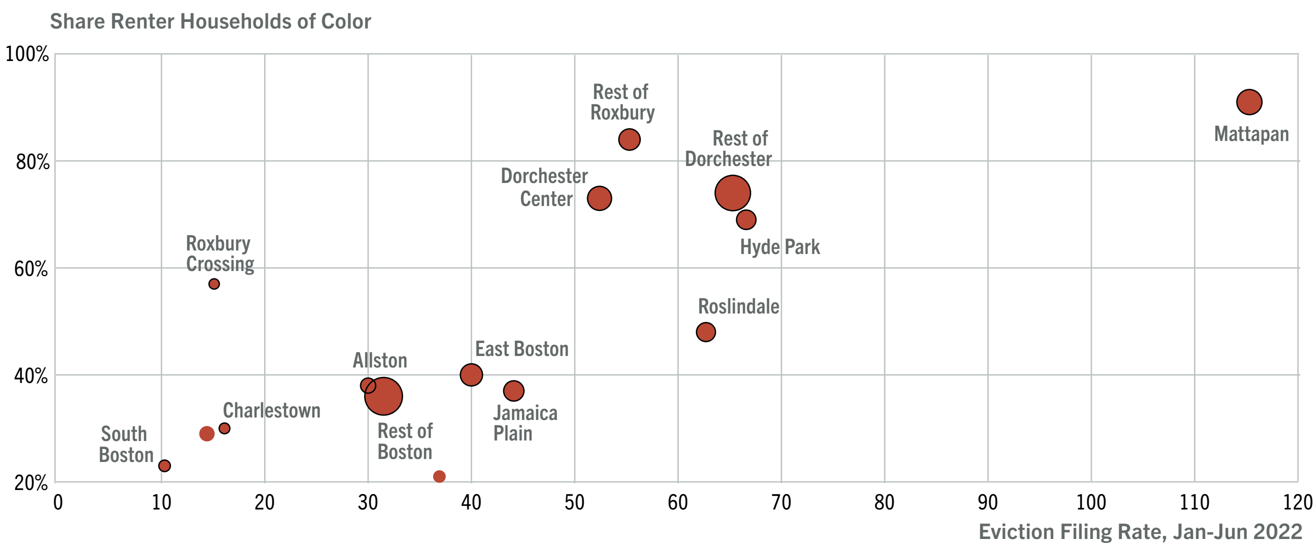
Eviction filings per 10,000
renter-occupied housing units, 2022.
Municipalities are interpolated from ZIP codes.
Grey towns indicate no reported data.
Jan -Jun 2022.



Source: Massachusetts Trial Court. 2016-2020 ACS 5-Year • Map data: MassGIS

As a neighborhood's share of rental households of color increases, so too do eviction filing rates.

Share rental households of color and eviction filings per 10,000 renter households. Circle size corresponds to number of eviction filings. Jan-Jun 2022



Note: Neighborhoods boundaries defined by ZIP codes

Chart: Boston Indicators • Source: Massachusetts Trial Court. BPDA 'Boston in Context'.

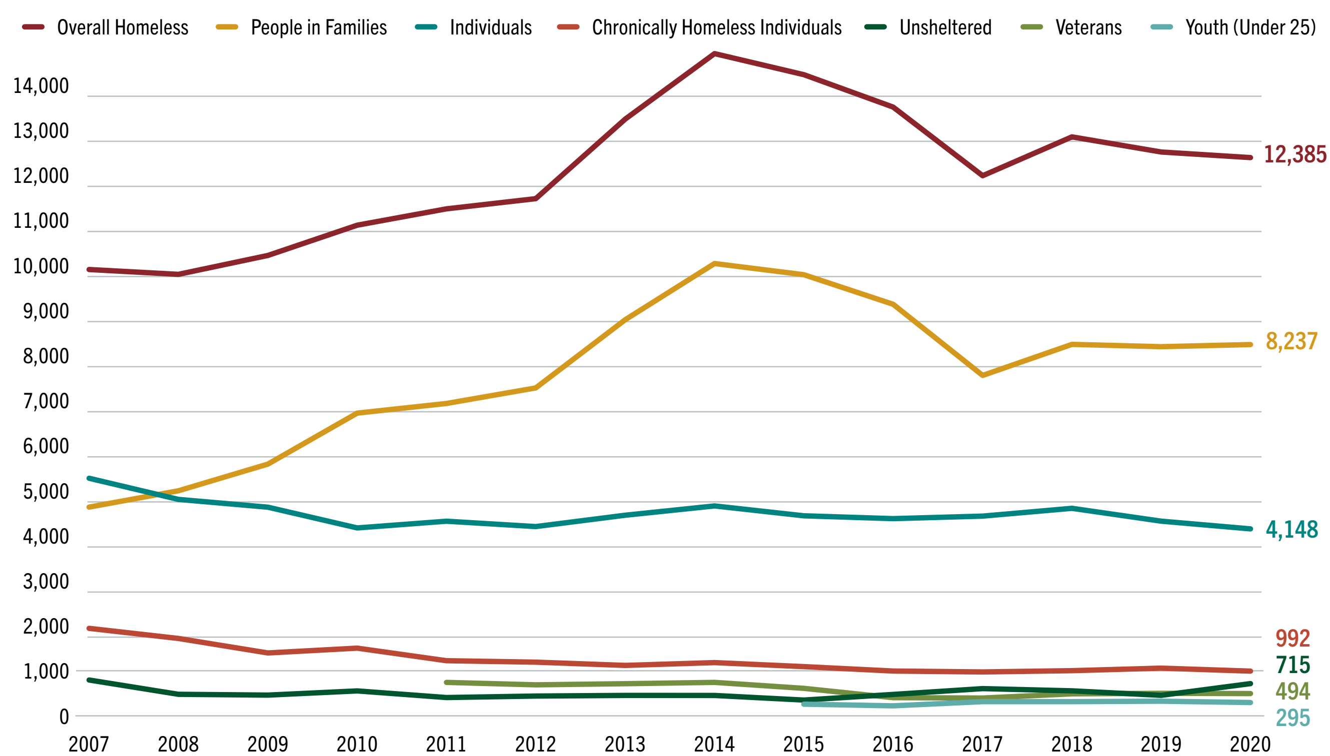
Homelessness remains elevated, although below its 2014 peak.

Homelessness is caused by a variety of factors, a couple of which relate to themes we explored earlier in this report: 1) overall levels of housing availability, especially lower-cost rental housing that's affordable to lower-income households (including things like single room occupancy apartments); and 2) adequacy and accessibility of programs to support people who are housing insecure (e.g., subsidized housing programs and rental assistance funds for people at risk of eviction). A growing body of national research shows that high cost metro areas that have failed to produce lower-cost rental units also tend to have higher rates of homelessness. While the number of people experiencing homelessness in Boston and Greater Boston has not yet reached the levels of San Francisco or New York, we do have higher homelessness than other, lower-cost regions of the country.[21] Houston is a good example of this, having much lower rates of homelessness even though the city also has higher levels of poverty (Houston has also developed a model coordinated entry system for people experiencing homelessness).[22]

In terms of public support for people who are housing insecure, Greater Boston (and the state of Massachusetts) has taken some important measures, although there's

Homelessness in Greater Boston peaked in 2014, and has come down across almost every subgroup since then.

Point-in-time counts of homeless populations. Greater Boston. 2007–2020.

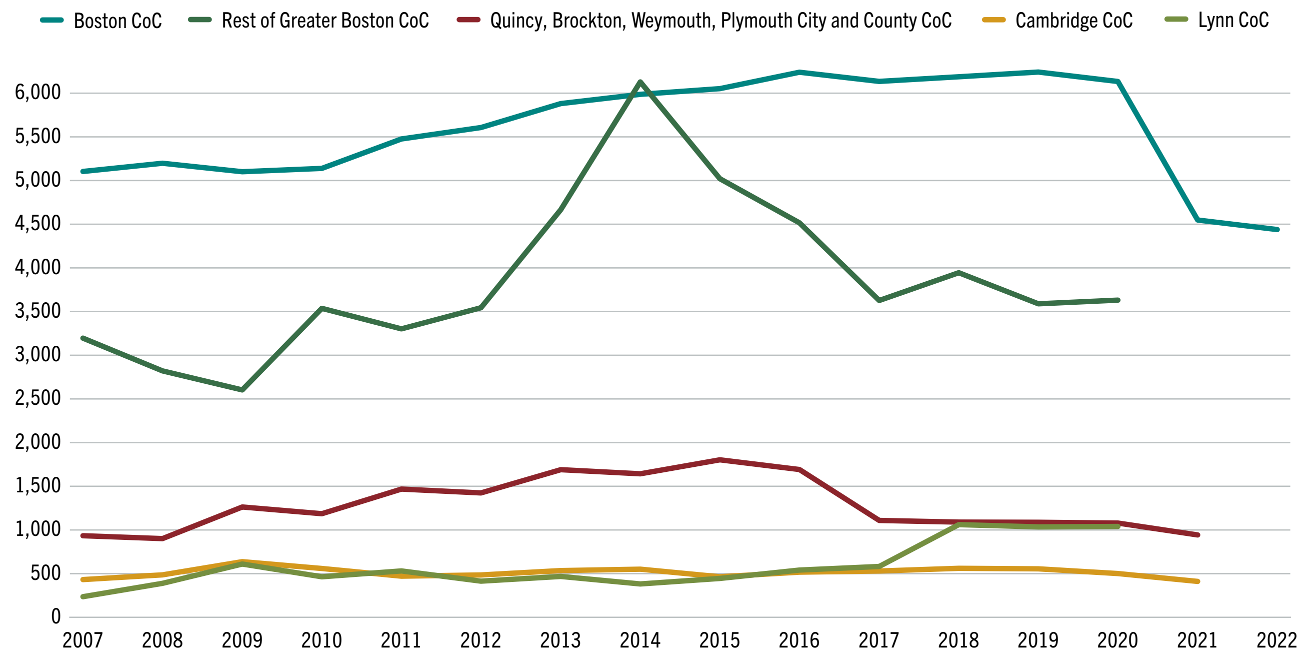


Note: Some groups are not mutually exclusive. Homeless Individuals could include Veterans, for instance.

Chart: Boston Indicators • Source: Annual Homeless Assessment, HUD Point-in-Time count

Homelessness is down from 2014 peaks, but declines during the pandemic may be temporary.

Greater Boston Continua of Care. 2007–2021.



Note: Though the U.S. Department of Housing and Urban Development sets out standards for collecting homelessness point-in-time counts, compliance with these standards may vary. As such, reliability and consistency may vary by CoC program. Nevertheless, these data are our best estimates of homelessness in Greater Boston and are reported to congress as part of the Annual Homelessness Assessment Report. Additionally, 2021 counts for Lynn and for the rest of Greater Boston CoC are partial counts of unsheltered homeless only, allowed by new HUD guidance as a result of the pandemic. This likely led to an overall lower homeless count that year.

Chart: Boston Indicators • Source: HUD Continuum of Care, City of Boston Annual Homeless Census (2022)

always more we could do. As mentioned earlier, state and federal funds have provided unprecedented levels of rental assistance to lower-income families during the pandemic, helping tens of thousands of families remain housed while the economy shut down and job losses spiked.

Additionally, Massachusetts is the only state in the country that has a right to shelter law guaranteeing emergency shelter to expectant mothers and every household with a child who experiences homelessness. People in shelter count towards our homelessness total but, importantly, are not part of the unsheltered category. People experiencing homelessness and not living in a shelter made up just 6 percent of our region's total in 2020, significantly below the national share of nearly 40 percent.[23]

Concerning is that around two thirds of those experiencing homelessness in Greater Boston are people in families. This is quite different from the national picture, where families comprise less than one third of the total.

Both of the graphs in this subsection present homelessness estimates from the U.S. Department of Housing and Urban Development (HUD). Actual counts are provided to HUD from nonprofit, local, and state service providers operating as parts of a HUD-designated Continuum of Care (CoC).[24] Greater Boston is broken up into five Continua of Care, three covering the cities of Boston, Cambridge, and Lynn; one covering much of the south shore (referred to as "Quincy CoC" below); and a fifth that coordinates care across all the remaining municipalities in Greater Boston.

This data collection is challenging for a host of understandable reasons. Many people experience homelessness in an episodic way, following short periods of job loss or other temporary instability. While some spend these periods living in shelters, making data collection easier, others are quite transient and "below the radar," sleeping in cars or doubling up with family or friends. Data collection also got more challenging during the pandemic, and the last available full count of the whole region was performed in January 2020, where the above graph ends. For 2021, HUD guidance changed, allowing CoC's to obtain a waiver allowing more limited unsheltered homeless counts, to protect volunteers and staff during the pandemic. Based on this guidance, Lynn and the Rest of Greater Boston performed only partial counts of people who were unsheltered. Consequently, their 2021 point-in-time counts are not included in the graph below, and that is why total estimates for Greater Boston above do not include 2021. Other Continua of Care reported "full" counts for 2021, and Boston has for both 2021 and 2022, but it's quite possible that even these estimates are lower than they ought to be due to pandemic-related disruptions.

What these imperfect estimates show is that the number of people experiencing homelessness in Boston grew gradually up through 2015 and then has declined somewhat since. Boston's significant decline for 2021 could be a result of pandemic data collection challenges, but it may also reflect real changes resulting from the significant state and local response to keeping people housed. If this is the case, however, it may be that as these pandemic-related supports go away, homelessness again increases across the region.

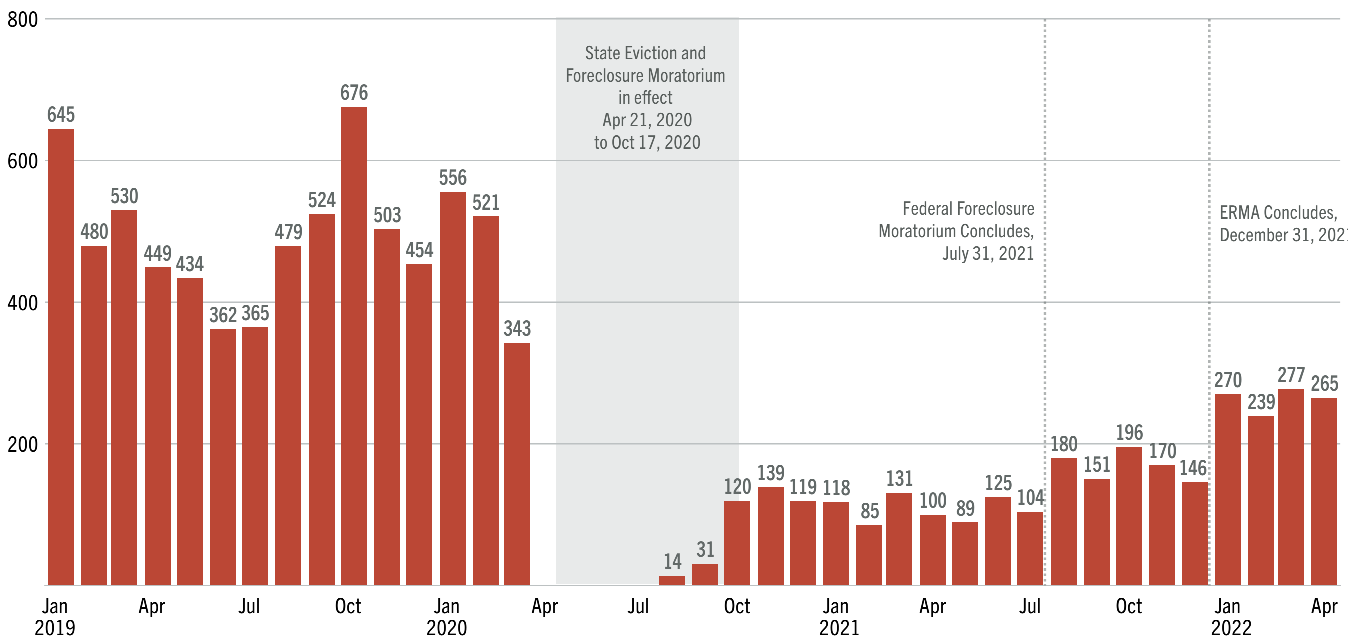
Foreclosure petitions remain below pre-pandemic levels but have recently increased.

While homeownership often provides greater long-term stability for those who can afford it, homeowners can nonetheless experience housing instability too. Petitions to start a foreclosure process, as shown in the graph below, dropped close to zero as the state's eviction and foreclosure moratorium took effect, but they have risen gradually since the state's moratorium ended.

Contributing to the increases in recent months was the end of the federal foreclosure moratorium on Federal Housing Administration (FHA) backed properties. The subsequent 73 percent jump in foreclosure petitions may well have been felt most acutely by Black and Latino owners, as these households disproportionately make use of these loans to purchase their homes. In 2020, for example, 40 percent of first-lien home loans to Black borrowers were FHA loans, followed closely by 38 percent of loans to Latino borrowers.[25] Asian and White borrowers used FHA loans at much lower rates—4 and 9 percent, respectively.

Foreclosure petition filings have increased over the past year, but remain below pre-pandemic levels.

Petitions to foreclose, by month. Massachusetts.



Note: The Federal foreclosure moratorium was extended for Federally insured loans through the end of September, 2021.
Chart: Boston Indicators • Source: COVID Community Data Lab, MHP + The Warren Group

Subsidized Housing

Due to common circumstances such as unemployment, underemployment, disability, or old age, many families earn almost no money at all. If they have little savings or family wealth to draw upon, it can be nearly impossible to keep up with regular housing payments. Even with full-time low-wage work, market-rate housing is often far out of reach. In Greater Boston, families with two full-time minimum wage workers still pay well over half of their income to afford median rents. In other words, we could make dramatic progress at reducing market-rate housing costs, and many lower-income families would still have trouble affording housing on the private market.

With food and health care, we recognize that some people will have trouble paying for the basics, so our government provides a minimum standard of access through the Supplemental Nutrition Assistance Program (for food) and Medicaid (for health care). These entitlement programs are designed to expand and contract based on need. But Americans have no comparable safety net for housing. What we do have is a complicated patchwork of subsidized housing programs. They all do their best to help, but we've ultimately created a mixed federal/state/local/private "system" that falls far short of total need. And it can be dizzying for families to navigate, as we detail in much greater length in the Special Topic section of this report.

Data on subsidized housing in Massachusetts is notoriously scattered, incomplete, and sometimes downright inaccurate. But rather than let perfect be the enemy of the good, in this brief section we present a high-level look at the data that do exist to help start a conversation. Better data is starting to get collected by the Housing Navigator, a new nonprofit effort discussed in more detail in the Special Topic section of this report, but it does not yet have full coverage of the region. So here we use data from the National Low Income Housing Coalition's National Housing Preservation Database and from the state of Massachusetts's Subsidized Housing Inventory to produce some region-wide comparisons of which municipalities have welcomed the most subsidized housing. Both of these sources are useful but each comes with important limitations.

We begin this section with a brief explainer on the landscape of subsidized housing in Greater Boston and then present a few key findings from the limited data we have on the field. These include:

- While data estimates vary widely, Metro Core Communities and Regional Urban Centers appear to have incorporated more subsidized housing than higher-income suburbs.
- Suburban communities are home to very few rental vouchers.

Brief explainer on the landscape of subsidized housing in Greater Boston

As a region we provide subsidized housing supports through a patchwork collection of federal, state, local and private programs, making the full landscape complex to track. There's no single way to categorize these programs, so here's one attempt that clusters them into four buckets:

1) PUBLIC HOUSING

Likely the most recognized form of subsidized housing, public housing is built with federal and state funds and operated publicly through agencies like the Boston Housing Authority. Residents must be below certain income-eligibility requirements and they pay a fixed share of their income towards rent, typically resulting in rents that are far below market levels.

Public housing tends to serve a greater share of extremely low-income families than other types of subsidized housing do. In 2021, for instance, median household income for Boston public housing residents was only $19,867, below the federal poverty level for a family of three.[26]

For many years, public housing was the most common form of subsidized housing in America, but in the late 1980s and early 1990s the political support for this type of housing started to wane and federal policymakers shifted resources to programs like mobile vouchers and public subsidies for units in privately constructed developments.

2) SUBSIDIZED HOUSING BUILT PRIVATELY BUT WITH FEDERAL, STATE, OR LOCAL SUBSIDIES

Part of what's confusing about subsidized housing is that even though most of it is funded with public tax dollars, much of it is built and operated by private entities. In this category of subsidized housing a range of private developers (including for-profit developers and nonprofit ones, such as community development corporations) build or administer subsidized housing with funding in part from public sources. Affordability requirements for units in privately built buildings frequently have expiration dates. So, absent an additional infusion of capital to extend the affordability restrictions, these units could revert to market-rate rents after a given period. Common public funding sources include:

- **Federal Low Income Housing Tax Credits**
- **Funds for targeted affordable housing development** (e.g. Section 202 funds for housing low-income elders)
- **Section 8 Project-Based Rental Assistance**
- **Federal funds allocated directly to cities and states** (e.g. HOME Investment Partnerships Program)
- **State bond-financed programs** (e.g. Massachusetts' Housing Innovations Fund)
- **State and local housing trust funds**

3) INCLUSIONARY ZONING UNITS

Increasingly common in high-cost urban areas, inclusionary zoning allows private developers to build more units of housing than are allowed through existing zoning rules in exchange for setting aside a share of those units at below-market rents. Inclusionary zoning is increasingly common in Metro Core Communities like Boston, Cambridge, and Somerville and in 40B projects in more suburban communities. The share of income-restricted units in these developments is typically in the range of 10 to 25 percent. In contrast to public housing, these units are often only affordable to people that are not the very lowest income, but rather have an income in the range of 60–80 percent of area median income (and sometimes as high as 100–160 percent). Renters are required to submit paperwork to verify their income, and there may be preferences including local preferences as are common in subsidized housing.

These units aren't "subsidized" in the traditional sense since direct public subsidies are usually not spent on the project. But we include them here for two reasons: 1) From the renter perspective, they function similarly to other subsidized housing programs, where the renter does not pay the full market cost of renting the unit; and 2) while there isn't a direct subsidy of tax dollars, there are implicit subsidies required to make these units available. Renters are also required to submit paperwork to verify their income, and there may be preferences including local preferences as are common in subsidized housing.

4) MOBILE VOUCHERS THAT SUBSIDIZE RENTS FOR FAMILIES RENTING ON THE PRIVATE MARKET

As public housing construction decreased, the federal government has shifted its emphasis to mobile vouchers where public dollars are used to help rent units on the private market. With vouchers, direct public costs for administration are much lower and the construction and maintenance of actual rental properties is left to private developers and landlords. Vouchers offer a household the choice of where they want to live and don't limit them to a particular building or development, unlike public housing and private affordable housing developments.

By far the largest of these programs is the federal Housing Choice Voucher (HCV) program, often referred to as Section 8. HCVs are administered by local Public Housing Authorities (PHA) and tend to serve households with extremely low incomes. In 2021, 66 percent of Massachusetts HCV holders had household incomes less than $20,000. In Boston, the average household income for an HCV holder was just $19,131 in 2021.[27] PHAs are also allowed to "project-base" up to 20 percent of their HCVs (or 30 in special cases), meaning the voucher is tied to a particular property, rather than the tenant (unlike the Section 8 Project-Based Rental Assistance discussed above, these project-based HCVs are still being issued).

Some states and localities operate their own rental voucher programs, although they are much smaller in scale. The state's Massachusetts Rental Voucher Program (MRVP) has been around for many years now, and Boston recently created its own City of Boston Voucher Program (CBVP).

continued next page

Since rental units are far more common, the above categories focus on subsidized *rental* housing. But there are some programs that help subsidize the *purchase* of homes by moderate-income families who otherwise could not afford to buy a home. These include programs like the state's ONE Mortgage program that subsidized the mortgage costs of low- to moderate-income homebuyers. Other efforts like community land trusts, limited-equity housing cooperatives, and other deed-restricted arrangements also help guarantee long-term affordability. And, finally, there are supply-side programs, like Commonwealth Builder, which help pay for the construction of subsidized homeownership units. At the end of the day, though, income-restricted, owner-occupied units are less common than income-restricted rental housing. For example, in Boston just 3 percent of owner-occupied homes are income restricted, compared to 27 percent of renter-occupied housing.[28]

Finally, it is important to note that federal, state, and local governments also provide significant housing subsidies to many middle- and high-income families through programs like home mortgage interest tax deductions or the exempting of home value gains at resale from the capital gains tax. While we don't typically think of these as "subsidized housing programs" in the same way, we probably should. The federal mortgage interest tax deduction alone provides roughly $25 billion per year to homeowners, with 90 percent of its benefits going to taxpayers with an annual income over $100,000.[29]

While data estimates vary widely, Metro Core Communities and Regional Urban Centers appear to have incorporated more subsidized housing than higher-income suburbs.

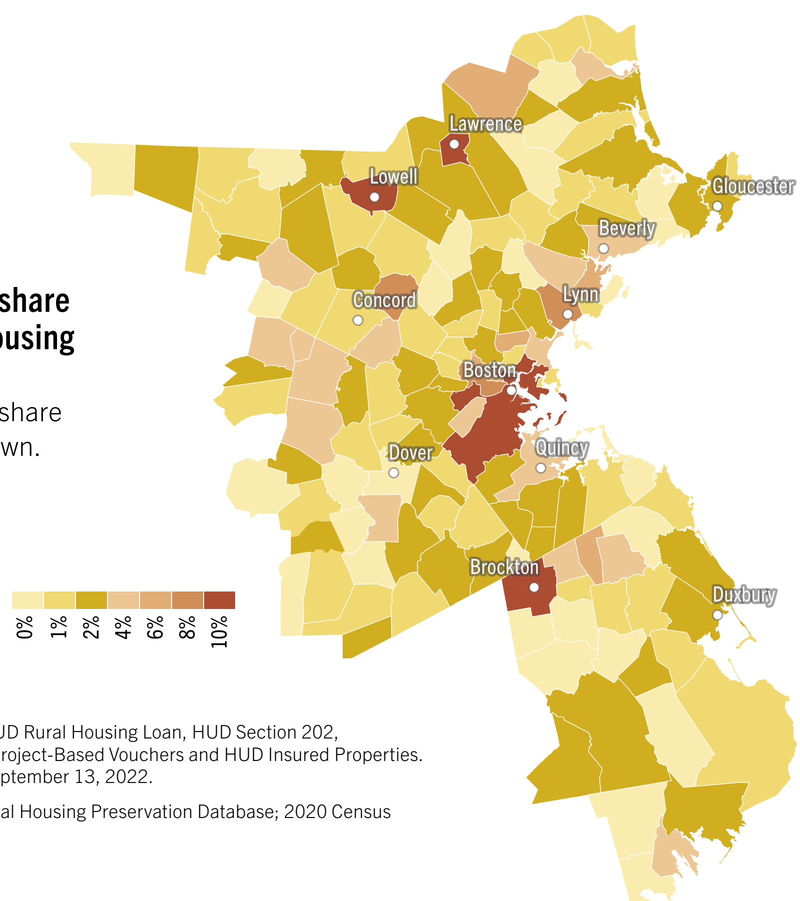
Here we analyze two different estimates of subsidized housing provision at the municipal level, offering a sense of which communities have been most proactive in incorporating subsidized housing supports for lower-income families. Both data sources capture a majority of subsidized housing in the region, but each systematically misses important categories. Therefore, these should be interpreted as suggesting gaps that merit further investigation as better data come available.

The first dataset we use is from the National Low Income Housing Coalition's National Housing Preservation Database (NHPD) that aggregates many HUD datasets to provide a record-level database of properties subsidized by the federal government, including public housing units, LIHTC-supported units, and Section 8 Project-Based Assistance units.[30] NHPD data do not include housing units subsidized by the state, such as the approximately 27,000 state-aided public housing units in Greater Boston. Most data sources were last updated in 2022, but data for a few programs go back to 2019.

Data from the NHPD show that subsidized housing units make up a much greater share of all housing units in Metro Core Communities and Regional Urban Centers than in other community types. Almost 15 percent of housing units in Metro Core Communities are subsidized, compared to less than one twentieth of units in all suburban community types. While communities like Lawrence, Lowell, and Lynn have significant shares, Boston leads by far in terms of how much subsidized housing it has added to its stock. In fact, according to a recent analysis done by Boston's Department of Neighborhood Development, the City of Boston may have done more to welcome and develop subsidized housing than any major city in the U.S.[31]

Federally subsidized units as a share of all housing units (National Housing Preservation Database)

Active federally assisted units as a share of all housing units by city and town.



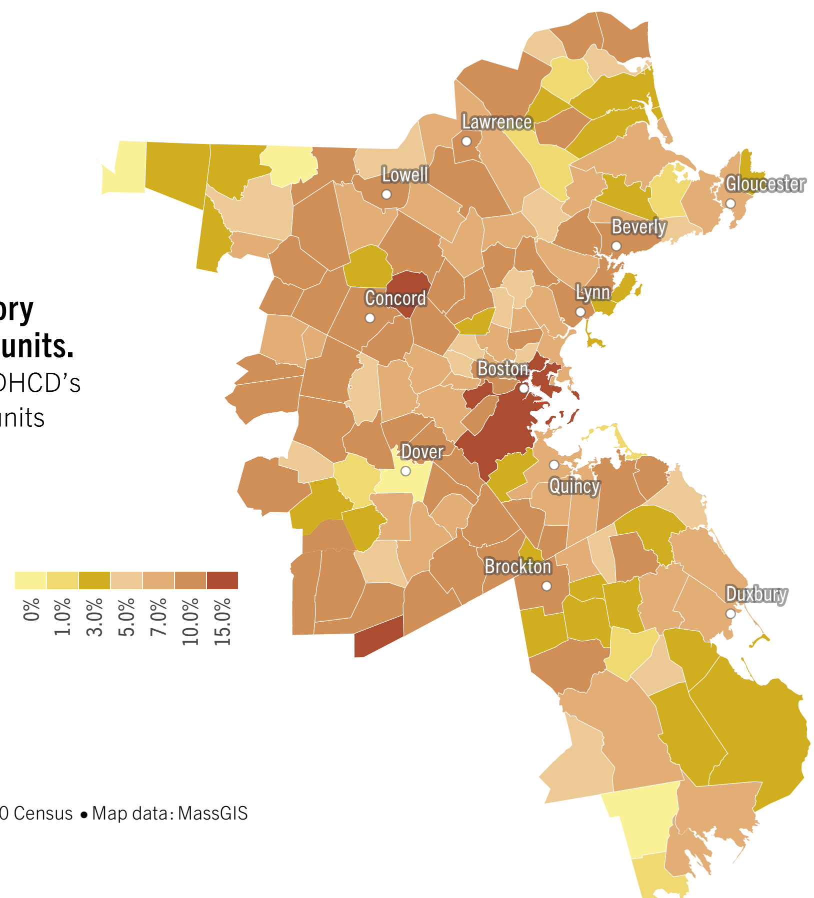
Subsidized programs include, HUD Section 8, HOME, HUD Rural Housing Loan, HUD Section 202, Public Housing, LIHTC, HUD Section 236, Mod Rehab, Project-Based Vouchers and HUD Insured Properties. National Housing Preservation Database accessed on September 13, 2022.

Source : National Low Income Housing Coalition's National Housing Preservation Database; 2020 Census
Map data: MassGIS

The second dataset we look at is the Massachusetts Department of Housing and Community Development (DHCD)'s Subsidized Housing Inventory (SHI). The SHI attempts to capture all subsidized housing in each municipality for the purpose of the state's 40B statute (which allows projects with affordable units to be approved under flexible rules if less than 10 percent of the town's housing stock is subsidized). SHI is broader than the NHPD data set since it includes units developed with federal and state subsidies, units created through Comprehensive Permits (40B), units funded by the state Affordable Housing Trust Fund, and intentional "local actions" (such as inclusionary zoning) that lead to the creation, preservation, or rehabilitation of affordable housing.[32] It also includes housing like group homes for people with developmental disabilities. While these serve as critical public supports, they are not typically what people are looking for when trying to analyze how much housing is subsidized and available to the public.

In many cases, however, the SHI offers a large overestimate of the true level of subsidized housing in a given community. This is because all units in a rental development with at least 25 percent of units occupied by households earning 80 percent or less of the area median income (AMI), or at least 20 percent of units occupied by households earning 50 percent or less of the AMI, then all units in the development can be counted as "subsidized" for SHI purposes. This means that if a rental development with 20 units contained only four units occupied by households earning less than 50 percent of the AMI, all 20 units would be counted in the SHI. Likely as a result, affordable housing counts in many cities and towns appear much higher under the SHI than they do when looking at NHPD data. Nonetheless, there are still many cities and towns that fail to meet the 10 percent threshold, or even just 5 percent of their housing stock. For example, in Winchester just 3.6 percent of all 2020 Census housing units were subsidized according to the SHI and in Dover it was a mere 0.9 percent (DHCD uses 2010 Census year-round housing unit counts so estimates differ slightly from the published SHI table). Both shares appear higher on the SHI than they do in the NHPD; according to the

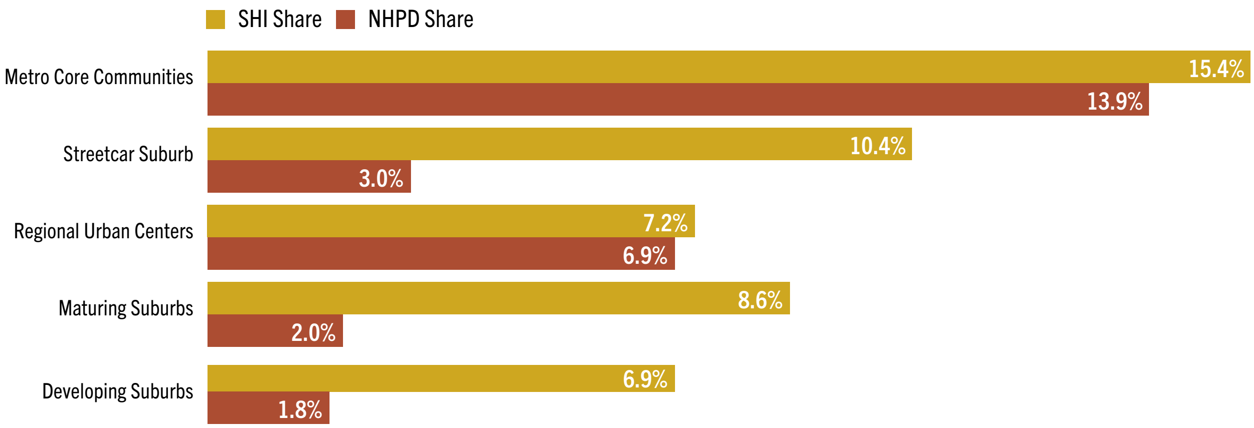
Subsidized Housing Inventory (SHI) units as a share of total units.
Subsidized units according to MA DHCD's SHI as a share of total housing units by city and town. 2020.



Source: MA DHCD Subsidized Housing Inventory; 2020 Census • Map data: MassGIS

Metro Core Communities have incorporated significantly more subsidized housing.

Share of total housing units that are subsidized according to MA DHCD's 2020 Subsidized Housing Inventory (SHI) and the National Housing Preservation Database (NHPD). NHPD only includes federally subsidized units.



NLIHC NHPD accessed on September 13, 2022.

Source: MA Department of Housing and Community Development Subsidized Housing Inventory; National Low Income Housing Coalition's National Housing Preservation Database; 2020 Census.

NHPD, 0.2 percent of Winchester's housing stock is subsidized and there are zero Dover-based projects.

To give a rough sense of how varied these subsidized housing unit estimates really are, the table to the right compares SHI totals, NHPD totals, and totals from the Housing Navigator's recent data collection efforts. The table contains data for the nine case study communities analyzed in the next section of this report as those are the only communities for which we have comprehensive estimates from the Housing Navigator. In most cases the SHI estimates are far higher than either of the other two, both because the SHI captures state and local programs, but also because it systematically captures some market rate units, as mentioned earlier. But there are clearly some larger variations that likely cannot be fully explained by these definitional differences—for instance, Belmont's estimates ranging from 40 all the way up to 661. These differences may well be the result of varied data collection or submission practices across all the different involved parties. This is difficult for us to tease out uniformly, and is why we present each of these estimates side-by-side. No one datapoint here should be treated as a definitive statement about the level of subsidized housing supply in any one community.

Subsidized housing unit estimates vary greatly by data source.

Subsidized housing units according to MA DHCD's 2020 Subsidized Housing Inventory (SHI), the National Low Income Housing Coalition's National Housing Preservation Database (NHPD), and Housing Navigator's database. NHPD data contains federally subsidized units only.

Town	SHI	NHPD	Housing Navigator
Bedford	987	511	435
Belmont	661	40	366
Cambridge	6,898	4,778	6,301
Hingham	1,008	60	303
Newton	2,509	1,313	1,327
North Andover	950	377	618
Winchester	296	18	138
Winthrop	638	67	493
Woburn	1,706	467	908

GBHRC 2022 Special Topic communities only. NLIHC NHPD accessed on September 13, 2022. Housing Navigator data accessed in June 2022.

Source: MA Department of Housing and Community Development Subsidized Housing Inventory; National Low Income Housing Coalition's National Housing Preservation Database; Housing Navigator

Suburban communities are home to very few rental vouchers.

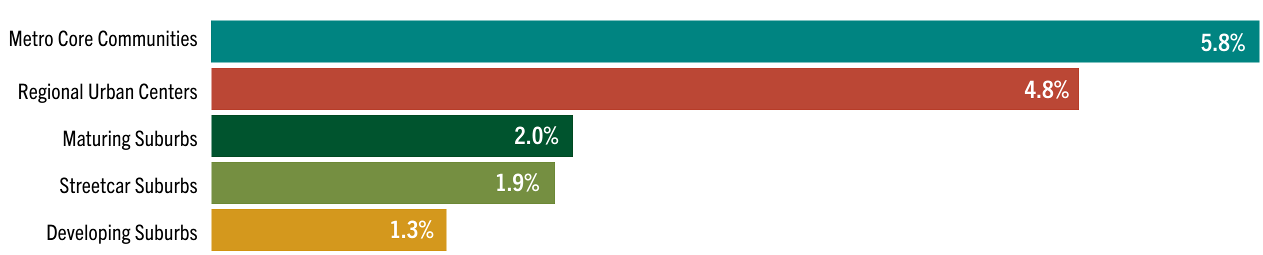
Both the National Housing Preservation Database and the state Subsidized Housing Inventory do not count the number of rental vouchers that are given to income-eligible households (and neither does the Housing Navigator). Since they are quasi cash assistance programs that help people rent market-rate apartments, these vouchers aren't usually thought of as part of our region's subsidized housing "stock." But since they are part of how governments subsidize the ability of lower-income families to pay for decent housing, it's important to analyze the distribution of these programs as well.

There are two primary types of vouchers given in Massachusetts: HUD's Housing Choice Vouchers (HCVs), which is by far the largest housing voucher program, and the state's smaller Massachusetts Rental Voucher Program (MRVP). Vouchers are administered by local Public Housing Authorities as well as eight regional agencies. In 2021, approximately 6,100 MRVP and 63,700 HCV vouchers were awarded in Greater Boston. In both cases, these vouchers appear to be used much more frequently in urban communities than in our region's suburbs. Looking first at HUD's Picture of Subsidized Housing dataset, which estimates where each voucher is ultimately being used, we see that HCVs are more than two times as likely to be used in Metro Core Communities and Regional Urban Centers than in our region's three suburban community types.

The scatterplot on the next page shows the same data, but at the municipal level, comparing Housing Choice Vouchers as a share of all housing units to the percent of housing stock that is owner-occupied. In some ways this scatterplot is so basic that it might not feel interesting to analyze; since HCVs can only be used in rental properties, of course communities with fewer rental units will be home to fewer voucher holders. Ultimately, though, this tight connection helps demonstrate how the basic lack of rental housing stock serves as a de facto tool for excluding lower-income families. This is all related to practices like single-family-exclusive zoning policies, which lead to very little multifamily housing production; critically, multifamily housing is what's much more likely to make sense as rental properties. Similarly, it is interesting to look at cities and towns near the bottom right quadrant of the scatterplot where a high share of housing is renter occupied but HCVs are relatively scarce compared to the total housing stock. The lack of vouchers in areas with a high share of rental units could be due to a range of things like discrimination against voucher holders, market rents that are higher than the voucher rent payment standard, low vacancy rates making it difficult to find an available unit, and a lack of appropriately sized units.

Metro Core Communities and Regional Urban Centers are home to many more families using Housing Choice Vouchers.

Housing Choice Vouchers by location of use as a share of all housing units by community type.



Source: HUD Picture of Subsidized Housing; 2020 Census

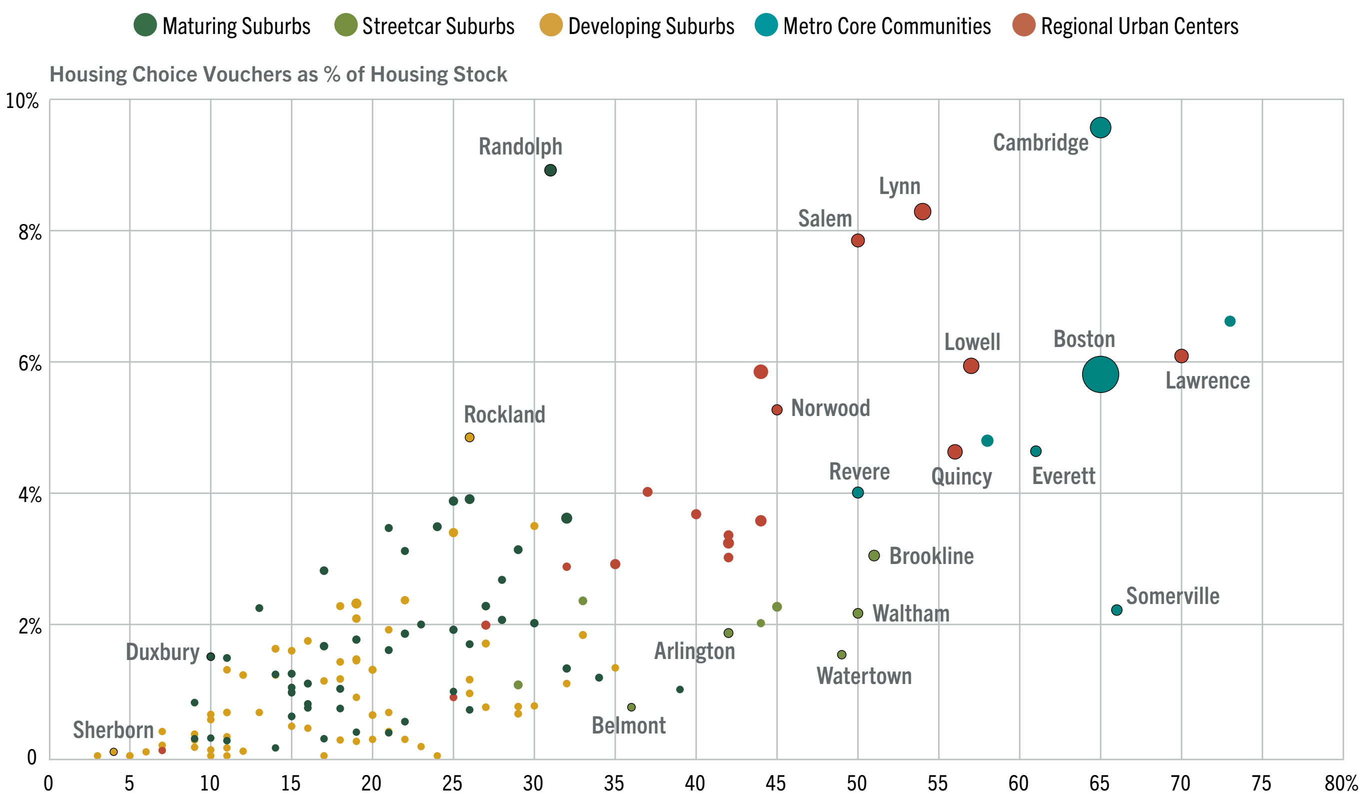
Most families use mobile vouchers in the municipality where their administering agency is located, but due to the mobile nature of vouchers, some use them to rent apartments in other parts of the region. The Housing Choice Voucher data presented here attempts to track the specific location of where the vouchers are ultimately used, but there is no public data on where state MRVP and other state-funded rental vouchers are being used. Instead, we just have data on state vouchers distributed by administering agency, which we show in the table to the right. This data shows a similar pattern, with far more state housing vouchers being used in urban areas like Boston, Lawrence and Lowell than in suburban areas.

Top 10 Agencies in Greater Boston

Administering Agency	MRVP 2021
Metropolitan Boston Housing Partnership	2183
Community Teamwork, Inc. (Lawrence/Lowell-area)	686
Boston	613
NeighborWorks Housing Solutions (South Shore)	504
Lynn	439
South Middlesex Opportunity Council (Framingham-area)	236
Brockton	135
Peabody	131
Weymouth	103
Braintree	91
Lowell	79

Municipalities with few rental units house fewer families with Housing Choice Vouchers.

Housing Choice Vouchers as a share of total housing units compared to the share of the housing stock that is renter occupied by city/town. Circle size indicates total number of vouchers.



Source: HUD Picture of Subsidized Housing, 2016-2020 ACS 5-Year Estimates