



Housing Supply in Massachusetts

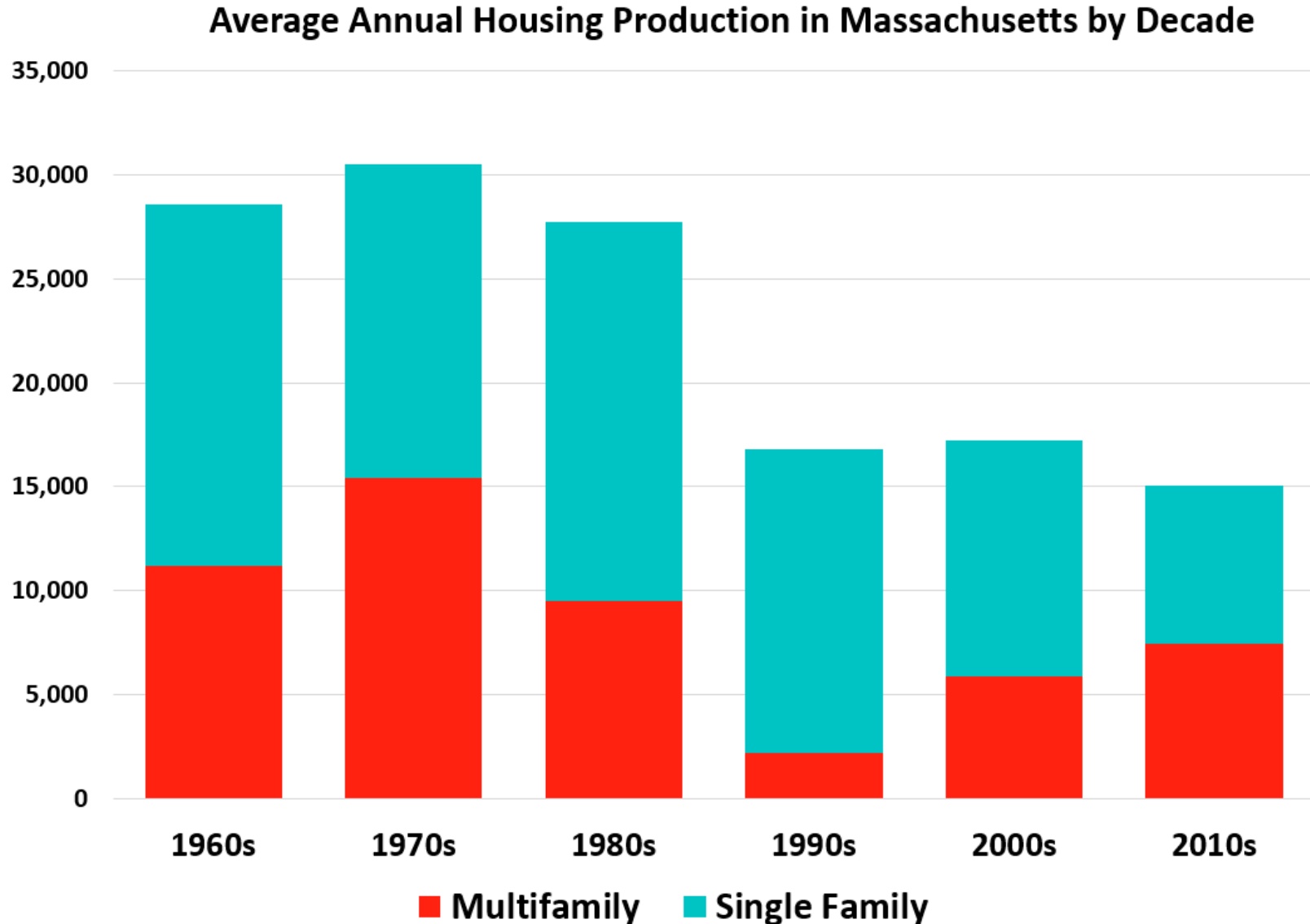
MVPC Open House

May 24, 2017



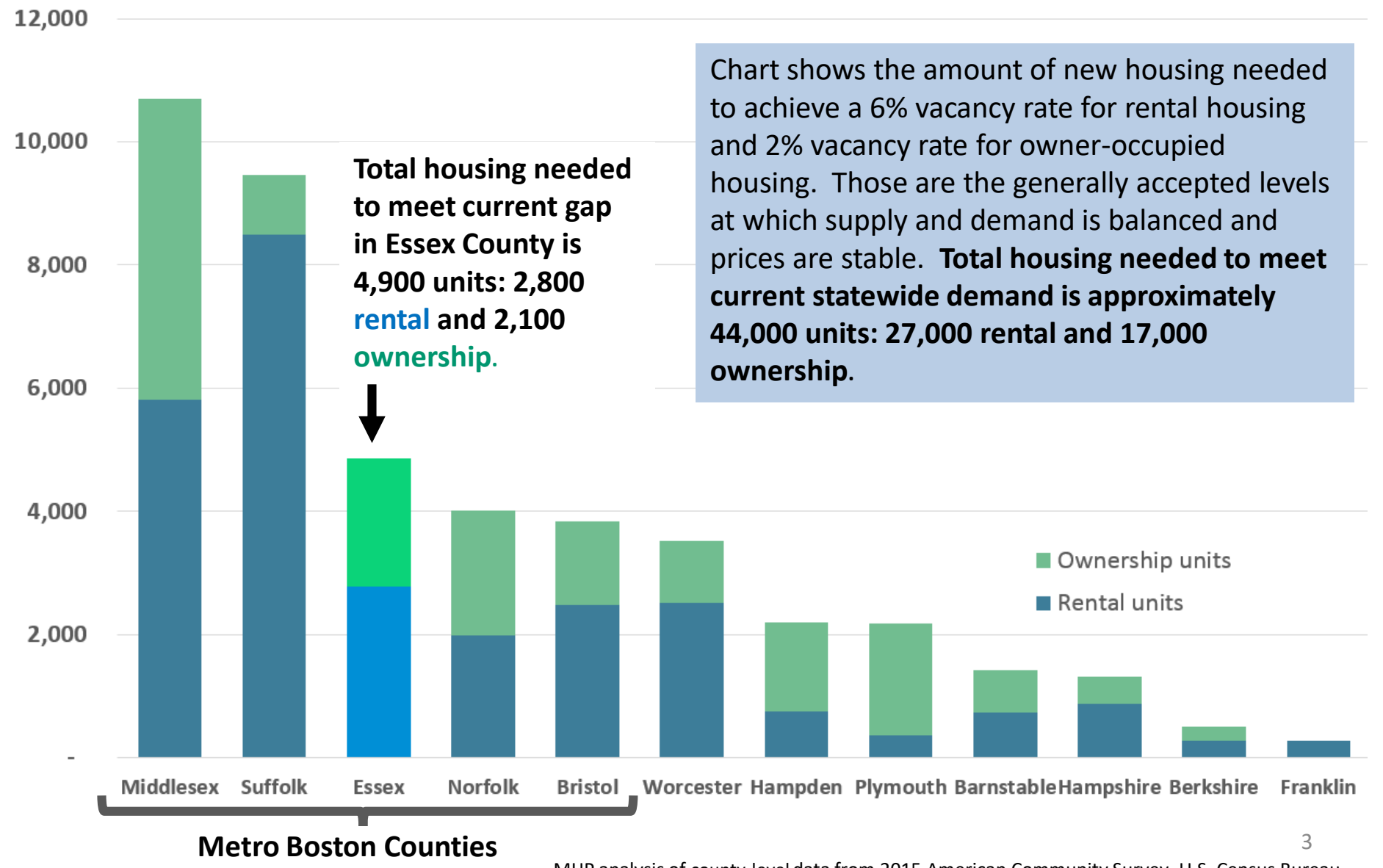
Clark Ziegler, Executive Director
Massachusetts Housing Partnership

In recent years Massachusetts cities and towns have permitted less new housing than at almost any point since the 1950s



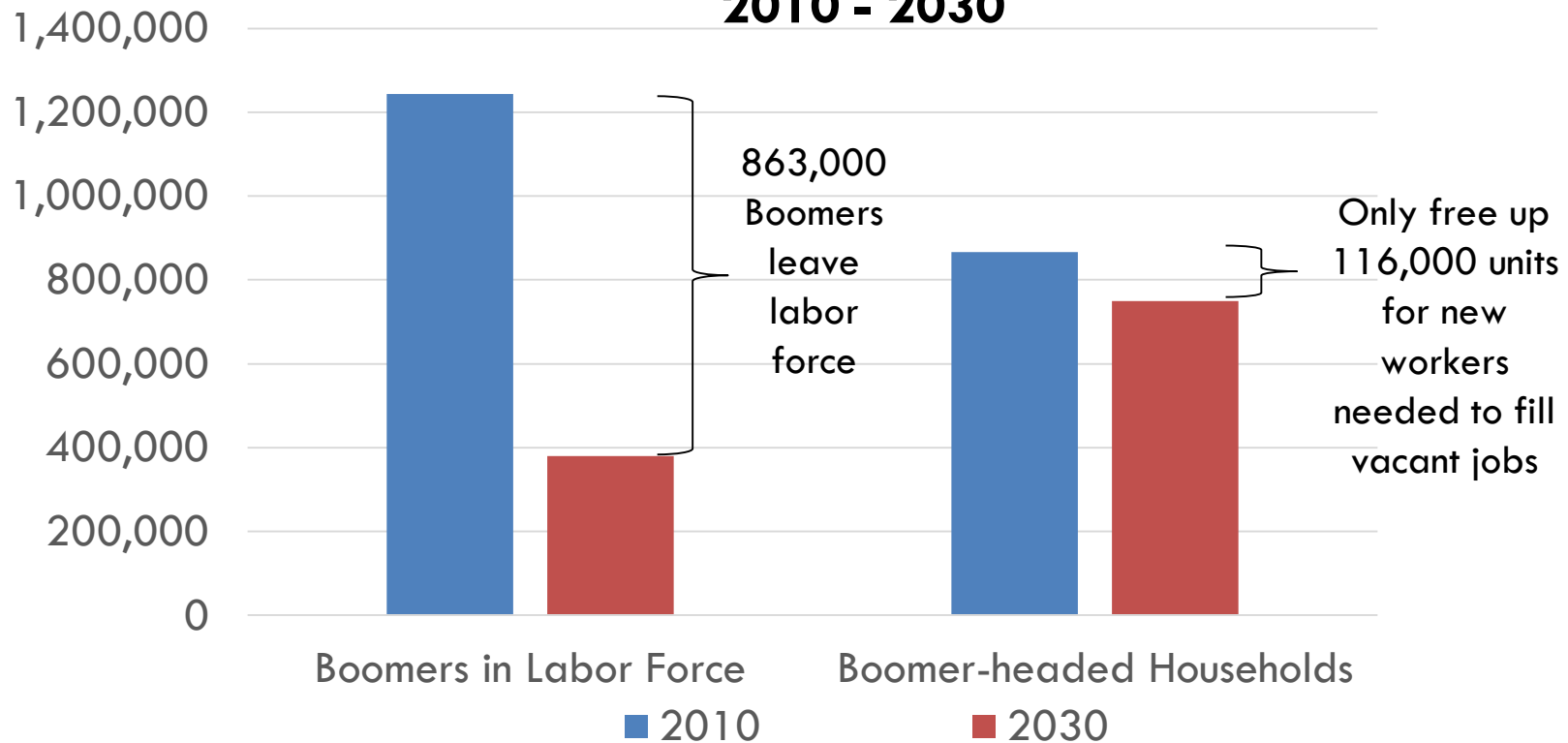
Data from U.S. Census Bureau, Building Permit Survey. Note: in this and in all subsequent graphics, multifamily is defined as a structure with 2+ units and permits are as reported by cities and towns with imputed data by the Census Bureau for communities that fail to report.

Without adding *any* new people or *any* more jobs, the state's housing supply is already about 44,000 units short of demand. Most of that shortfall is in metro Boston.



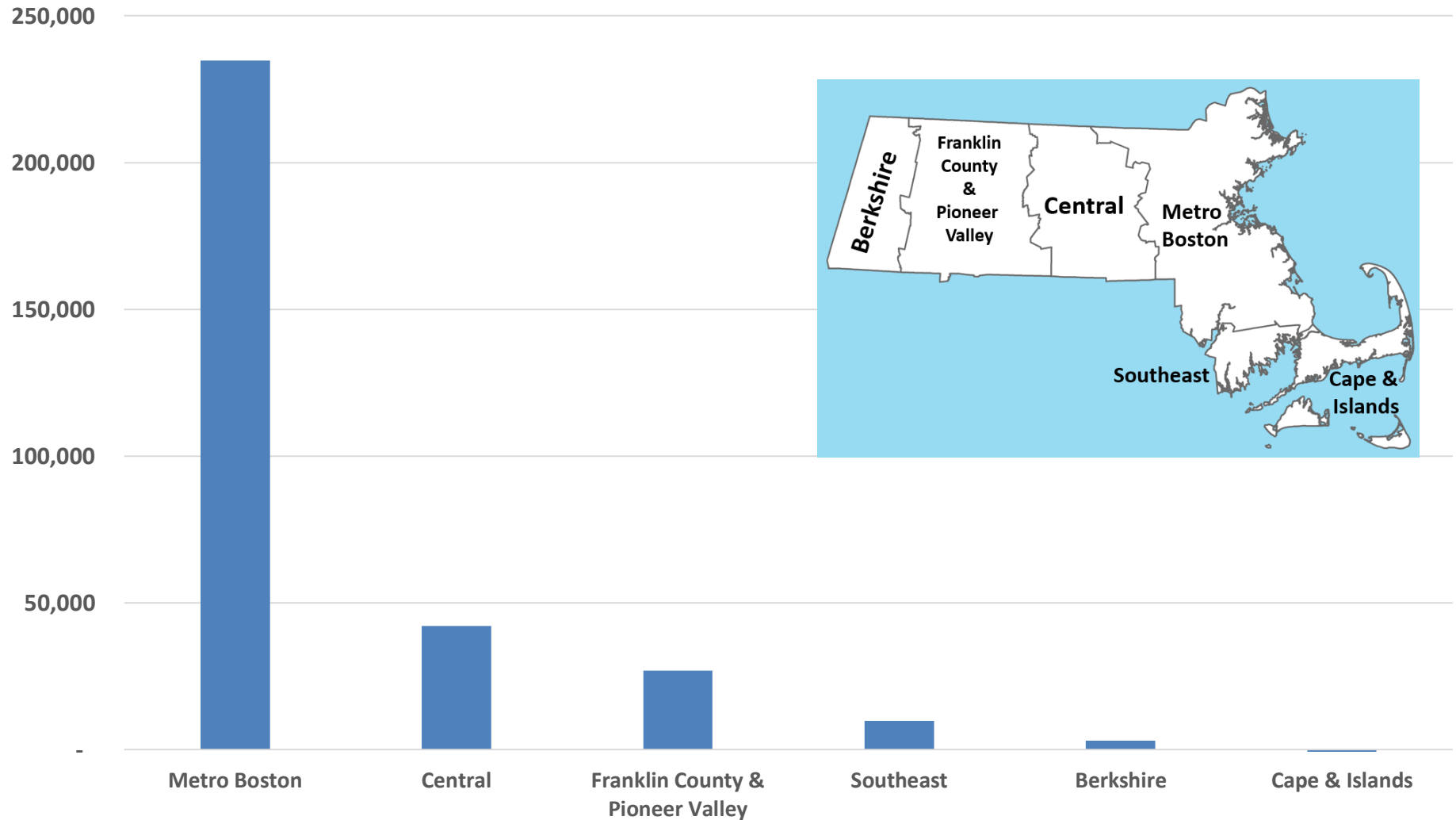
Over the next decade baby boomers will be leaving their *jobs*, not their *homes*. Baby boomer workers are projected to decline by 70% while boomer households decline by only 13%

**Baby Boomer (born 1945 – 1970)
Workforce Departures vs. Household Change
2010 - 2030**



The projected need for new housing by 2030 is heavily concentrated in Metro Boston

Projected Net New Households, 2015 to 2030



The primary reason for our housing supply shortage is that cities and towns in Massachusetts regulate land use with minimal accountability

- Little or no opportunity to build multifamily housing except via 40B
- Excessive minimum lot sizes
- Widespread “downzoning”
- Local septic and wetlands regulations – unrelated to environment science – that promote large-lot sprawl
- Scant consideration of regional or statewide needs

Transforming Tysons Corner, Virginia

Population 14,159

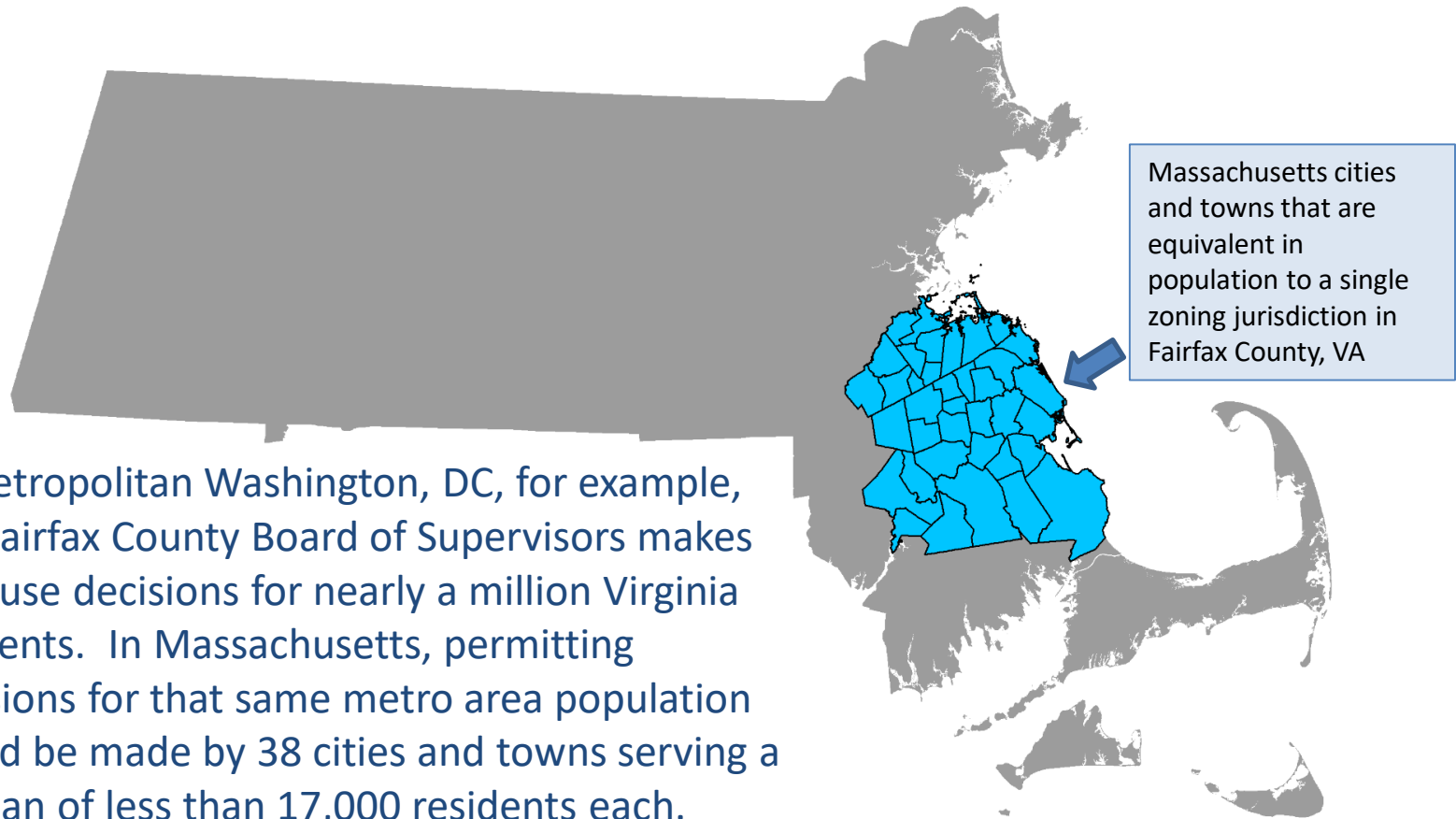


Circa 1957

“By 2050, Tysons will be transformed into a walkable, sustainable, urban center that will be home to up to 100,000 residents and 200,000 jobs. Tysons is envisioned to become a 24-hour urban center where people live, work and play; where people are engaged with their surroundings; and, where people want to be.”



Massachusetts has 351 independent zoning jurisdictions, representing a median population of about 10,000 each, which significantly limits opportunities for regional land use strategy



In metropolitan Washington, DC, for example, the Fairfax County Board of Supervisors makes land use decisions for nearly a million Virginia residents. In Massachusetts, permitting decisions for that same metro area population would be made by 38 cities and towns serving a median of less than 17,000 residents each.

The net result of this system? Single-family sprawl, insufficient housing supply, and among the highest housing costs in the U.S.

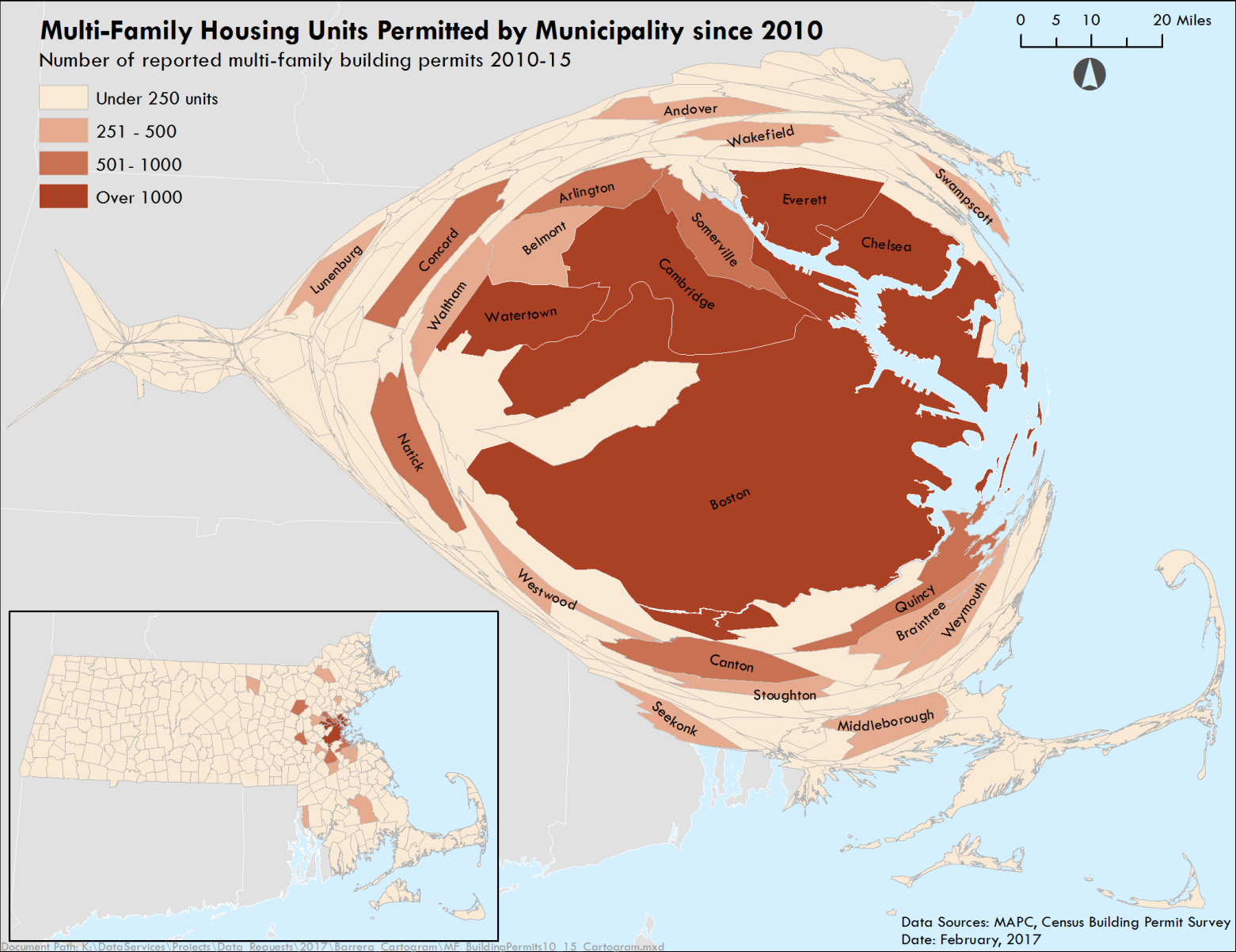


The average lot size for new single family homes constructed in metro Boston between 2003-2012 was more than an acre, or the size of an NFL football field. That exacerbates suburban sprawl and puts Massachusetts well beyond the norm in other states.

If Massachusetts built new housing at an average of 4 units per acre -- consistent with other states -- we could build enough additional housing to meet demand while consuming less land and preserving more open space.

Source:
http://www.massgrowth.net/writable/resources/document/cape_ann_report.pdf

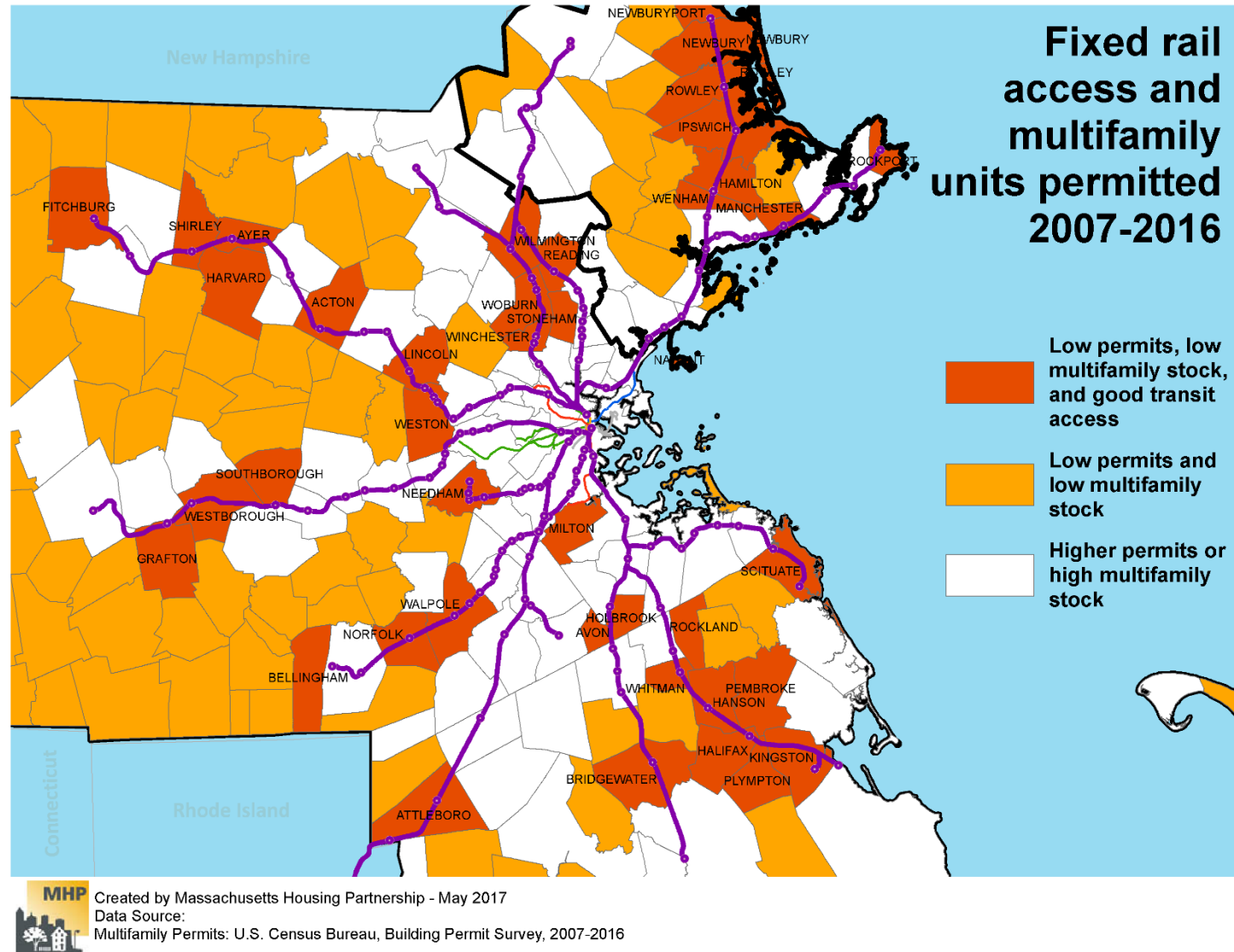
More than half of statewide multifamily units permitted over the last five years were in just five cities and towns: Boston, Cambridge, Chelsea, Everett and Watertown



More than 30 communities served by MBTA fixed route service have permitted little or no multifamily housing over the last decade

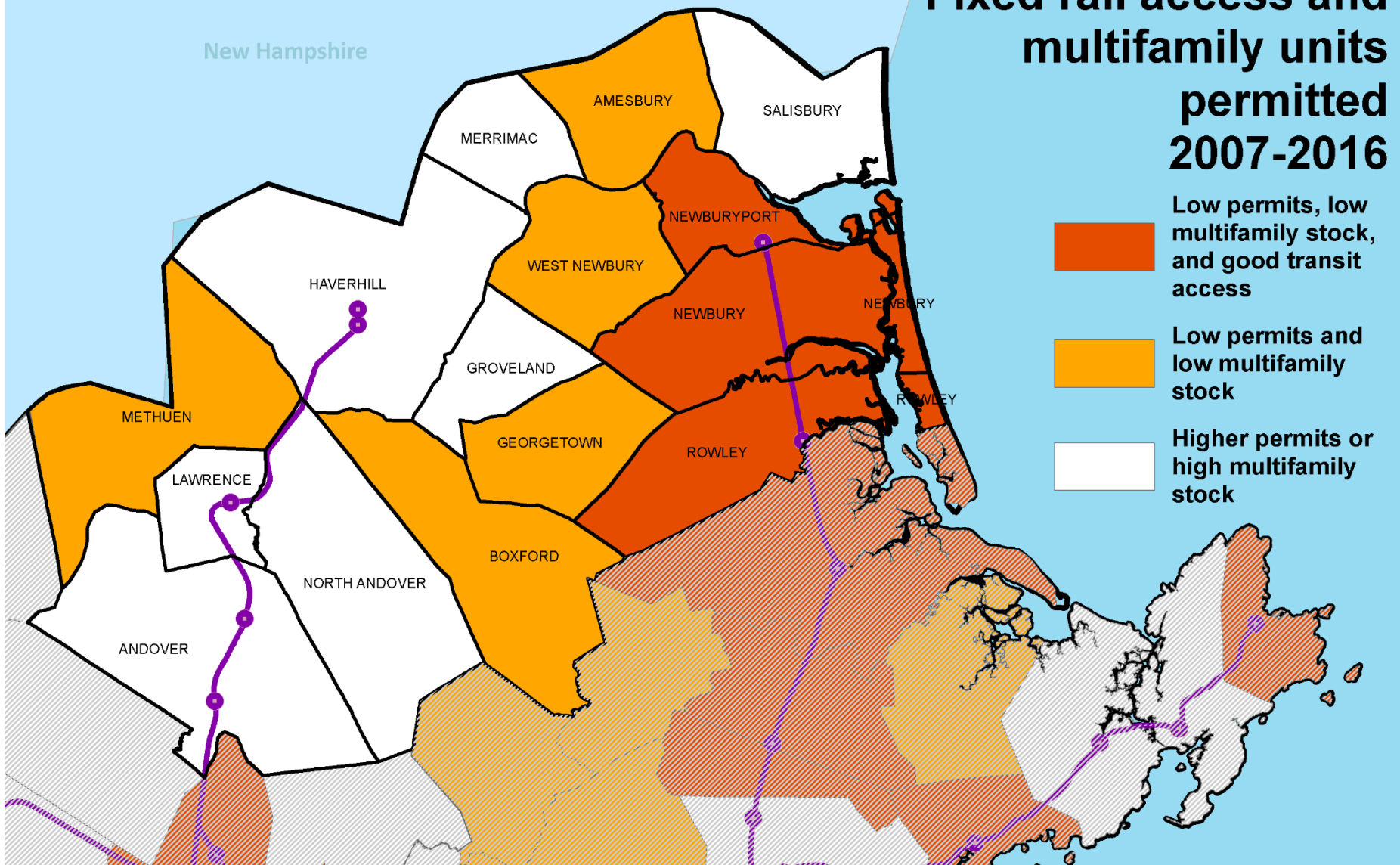
The 91 communities with fixed-route transit issued a total of 41,000 multifamily permits over the past 10 years:

- *Boston alone permitted more than 40% of these units;*
- *The top 5 communities (Boston, Cambridge, Quincy, Chelsea, and Canton) permitted 64% of units; and*
- *33 of the 91 communities permitted **fewer than 100 multifamily units each over 10 years.***

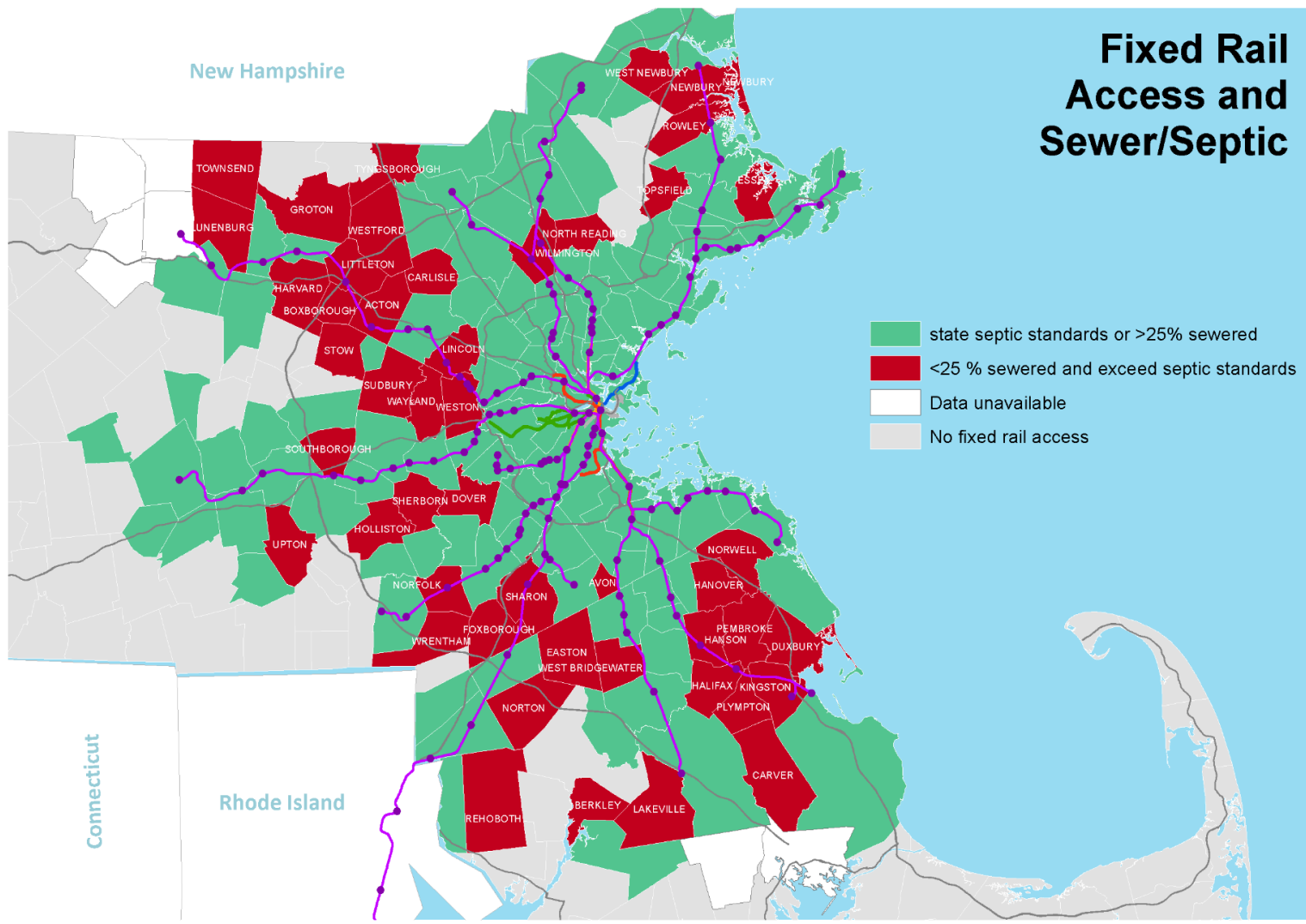


MVPC Region

Fixed rail access and multifamily units permitted 2007-2016



Many towns served by public transportation have also adopted local septic regulations that exceed state Title V standards and limit development

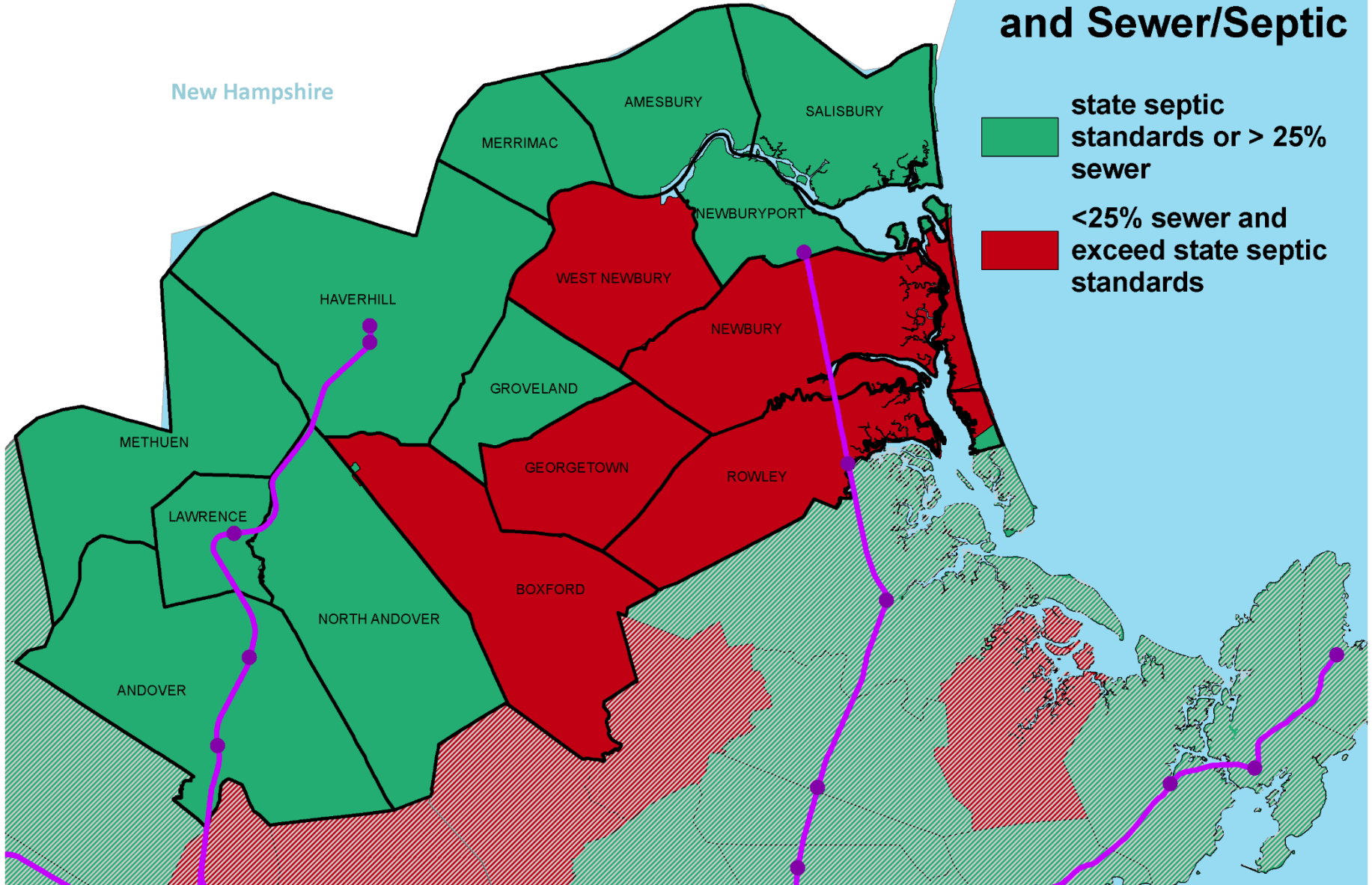


Created by Massachusetts Housing Partnership, January 2017
Data Source:
Pioneer Institute

Fixed Rail Access and Sewer/Septic

New Hampshire

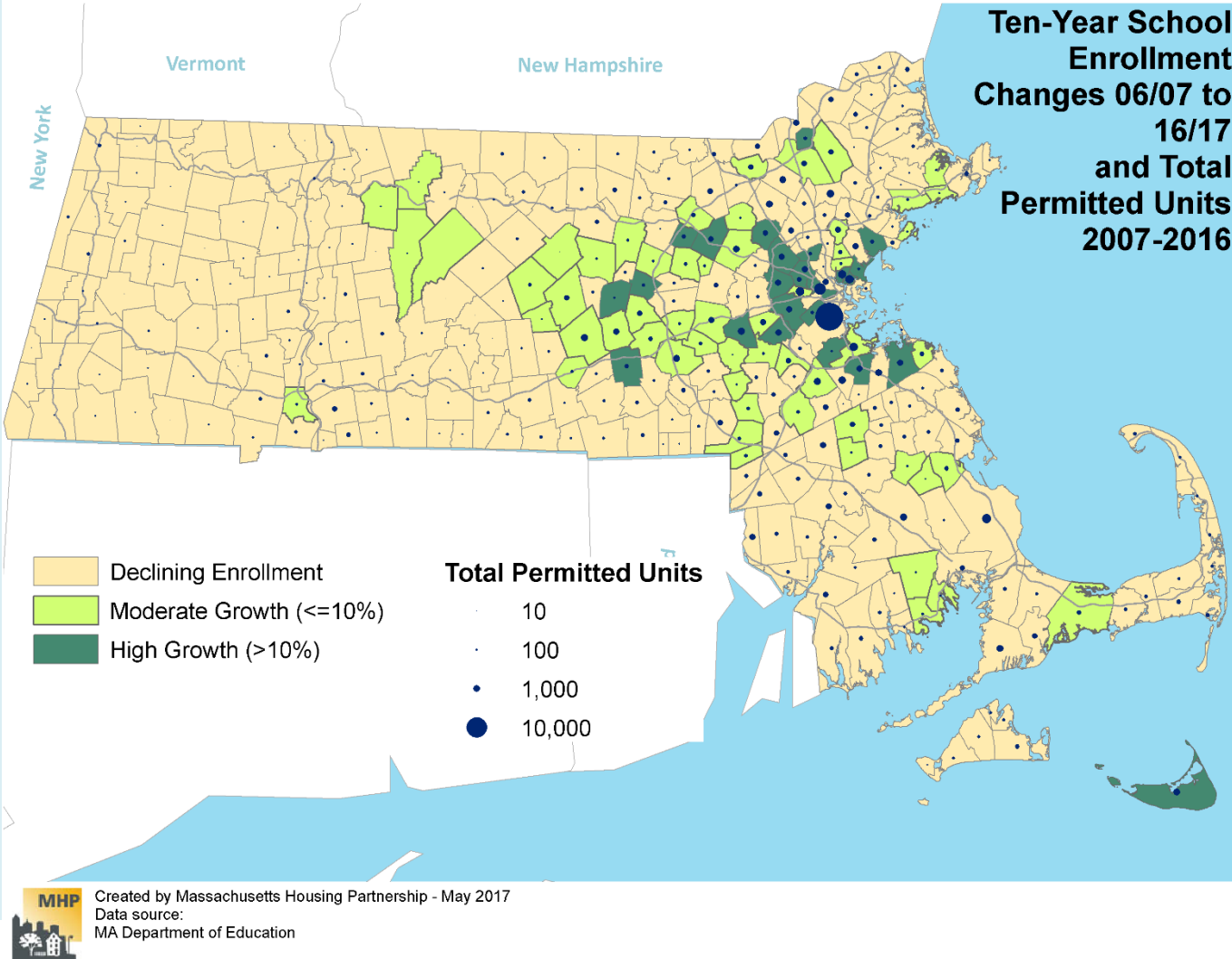
- state septic standards or > 25% sewer
- <25% sewer and exceed state septic standards



Public school enrollment has declined in three out of every four communities in Massachusetts over the last decade. Many cities and towns with declining enrollment have built little or no housing in the past ten years

A large majority of cities and towns in Massachusetts (76%) experienced enrollment losses over the last 10 years. These communities permitted an average of 133 multifamily units over 10 years - or less than 14 units per year.

Although aggregate enrollment across the state declined by nearly 30,000 students over the ten-year period, 24% of cities and towns experienced enrollment gains. These communities accounted for over 40% of all multifamily permits in the Commonwealth, at a average rate of about 280 units each - or 28 units per year.

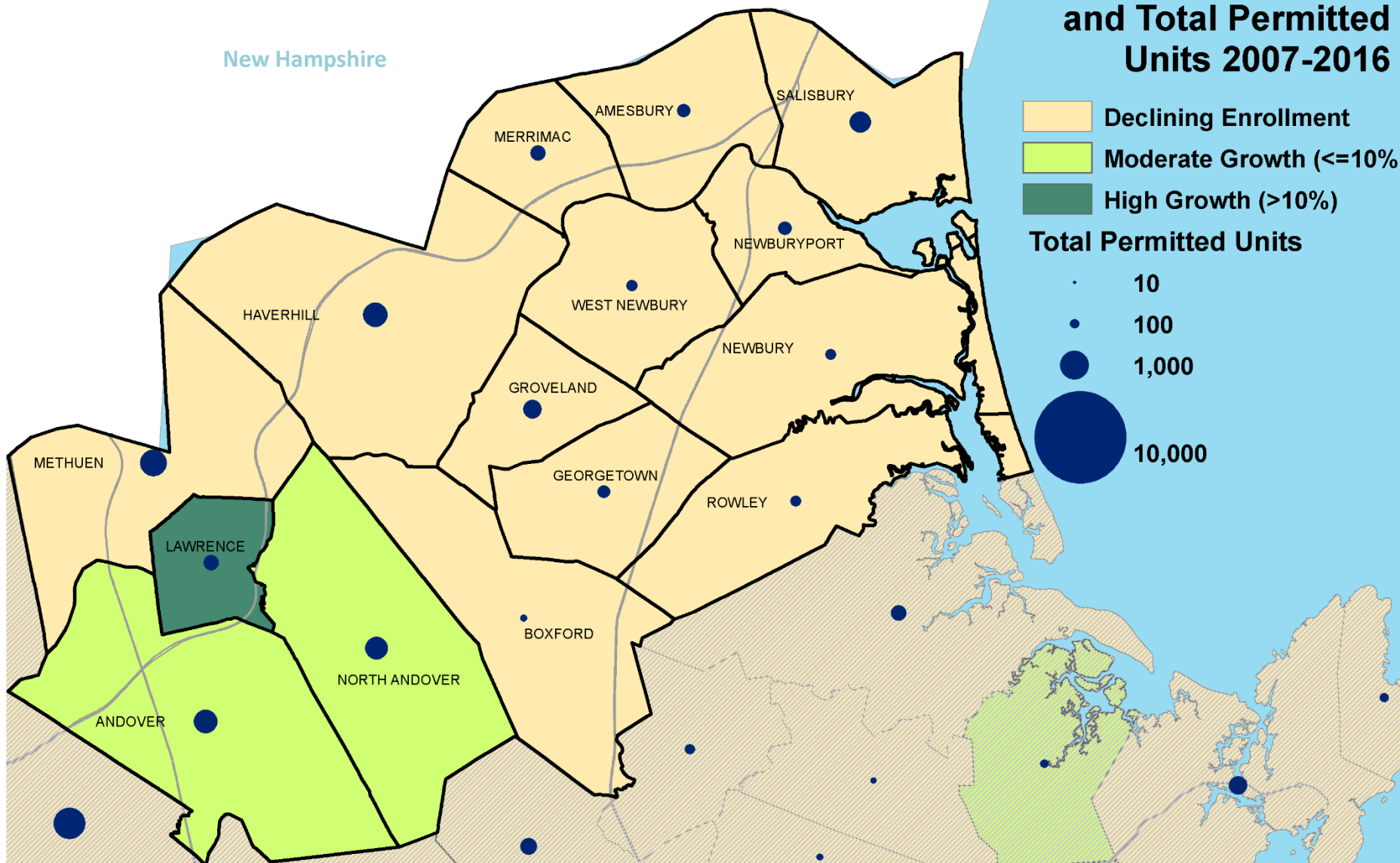
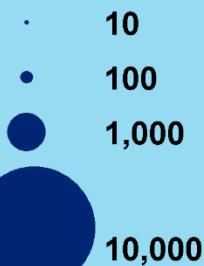


Ten-Year School Enrollment Changes 06/07 to 16/17 and Total Permitted Units 2007-2016

New Hampshire

- Declining Enrollment
- Moderate Growth ($\leq 10\%$)
- High Growth ($> 10\%$)

Total Permitted Units

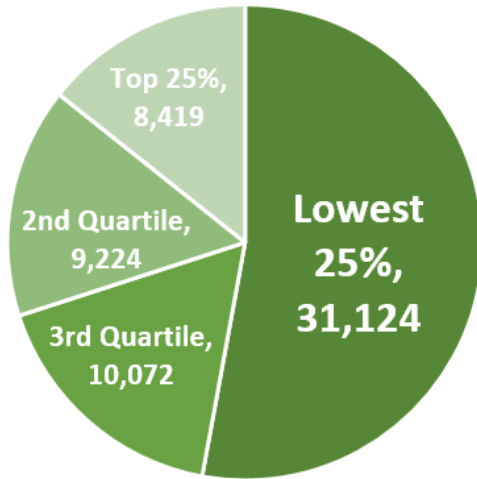


Created by Massachusetts Housing Partnership - May 2017
Data source:
MA Department of Education

Very little multifamily housing is permitted in communities with high-performing school districts

Statewide

*Multifamily Permitting by Town,
by MCAS Performance Quartile*



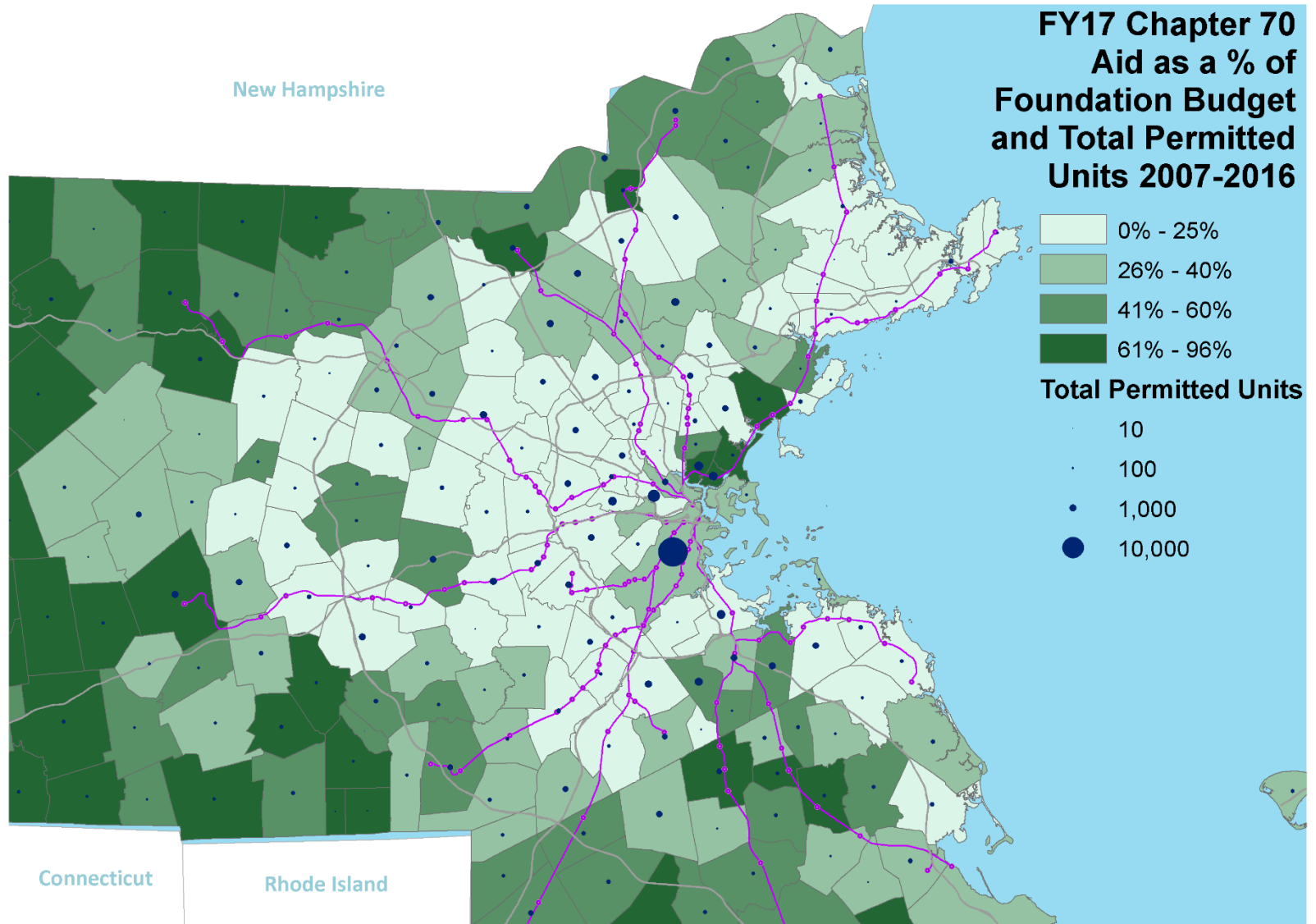
MCAS Performance Quartile	Multifamily Permits 2007-2016			Avg. Ch. 70 Aid as % of Foundation Budget
	Total	% Total	Permits/Town	
Lowest 25%	31,124	53%	346	61%
3rd Quartile	10,072	17%	109	41%
2nd Quartile	9,224	16%	110	39%
Top 25%	8,419	14%	99	28%
	58,839	100%	168	

MVPC Communities

Community	MCAS Performance Quartile	Total Permitted Multifamily Units	% of mf permits in region	Ch. 70 Aid as % of Foundation Budget
Haverhill	Lowest 25%	301	15%	57%
Lawrence	Lowest 25%	195	10%	96%
Methuen	Lowest 25%	49	2%	55%
Amesbury	3rd Quartile	0	0%	39%
Groveland	2nd Quartile	308	16%	58%
Salisbury	2nd Quartile	265	13%	35%
North Andover	2nd Quartile	236	12%	18%
Merrimac	2nd Quartile	180	9%	58%
Rowley	2nd Quartile	8	0%	35%
Newbury	2nd Quartile	2	0%	35%
West Newbury	2nd Quartile	0	0%	58%
Andover	Top 25%	364	18%	17%
Newburyport	Top 25%	67	3%	17%
Boxford	Top 25%	2	0%	26%
Georgetown	Top 25%	0	0%	43%
		1,977	100%	

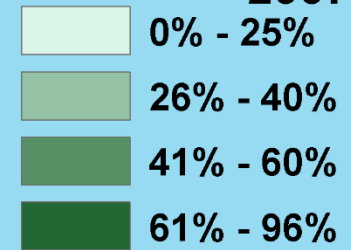
- Over the past 10 years, communities in the lowest 25% of MCAS performance have permitted over 50% of multifamily units in the Commonwealth.
- These towns also receive the highest amount of Ch. 70 aid, as a % of their foundation budgets.

In metro Boston, many suburbs with good transit access have built little or no housing in the past ten years. These cities and towns also tend to receive a lower percentage of Chapter 70 education aid than other communities.

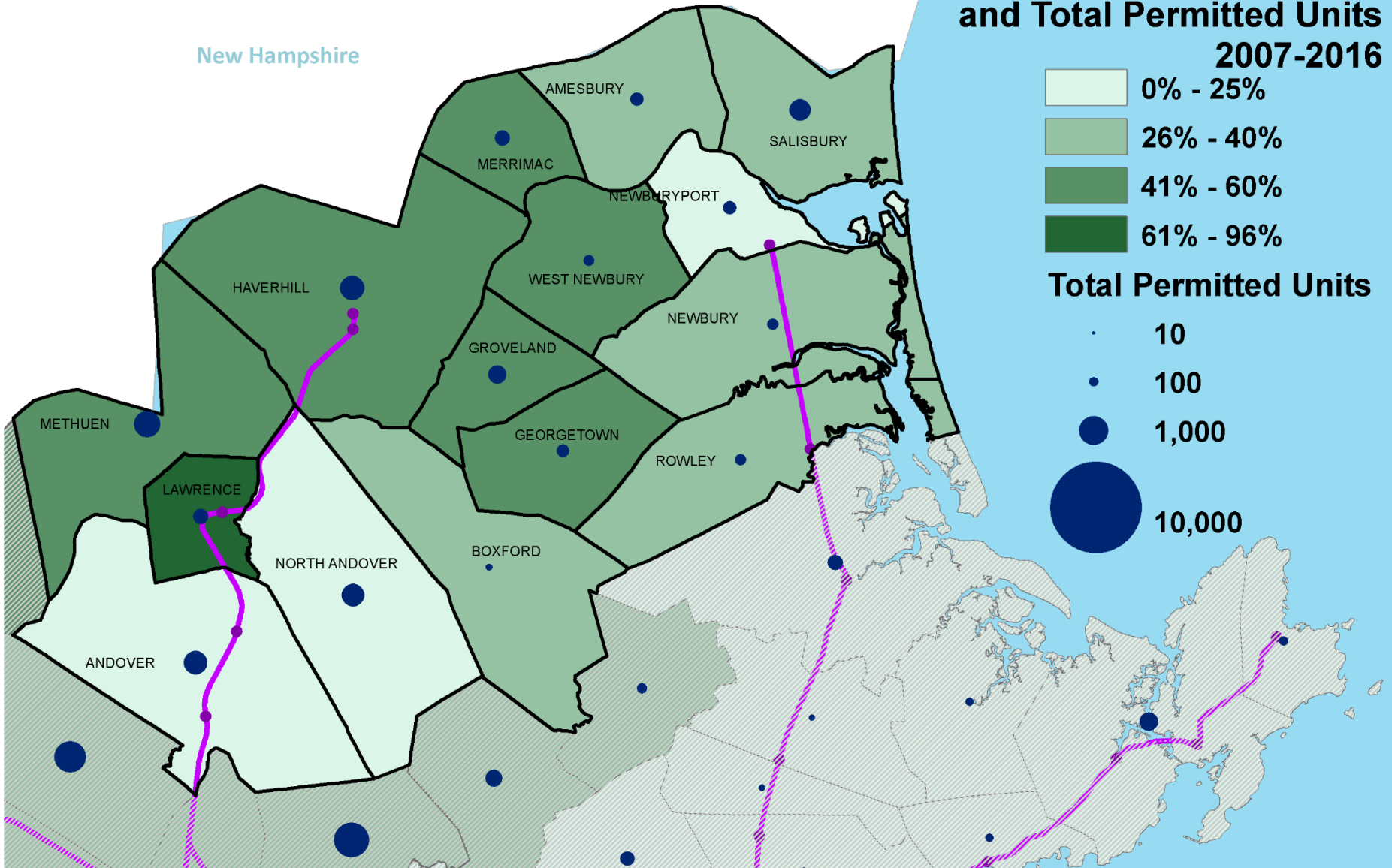
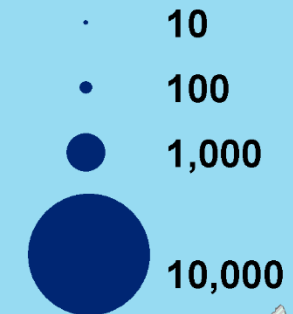


FY17 Chapter 70 Aid as a % of Foundation Budget and Total Permitted Units 2007-2016

New Hampshire



Total Permitted Units

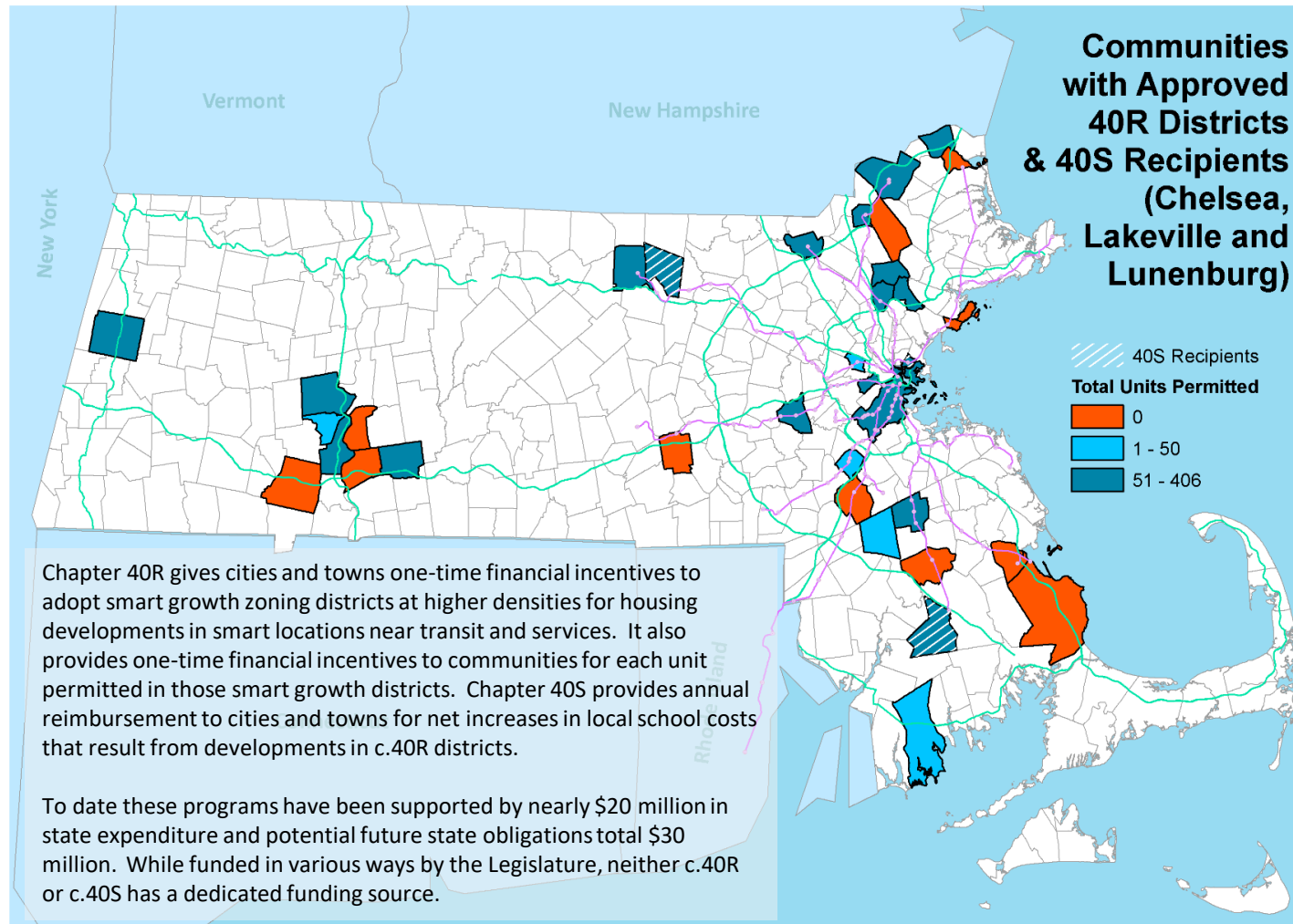


Created by Massachusetts Housing Partnership - May 2017

Data source:

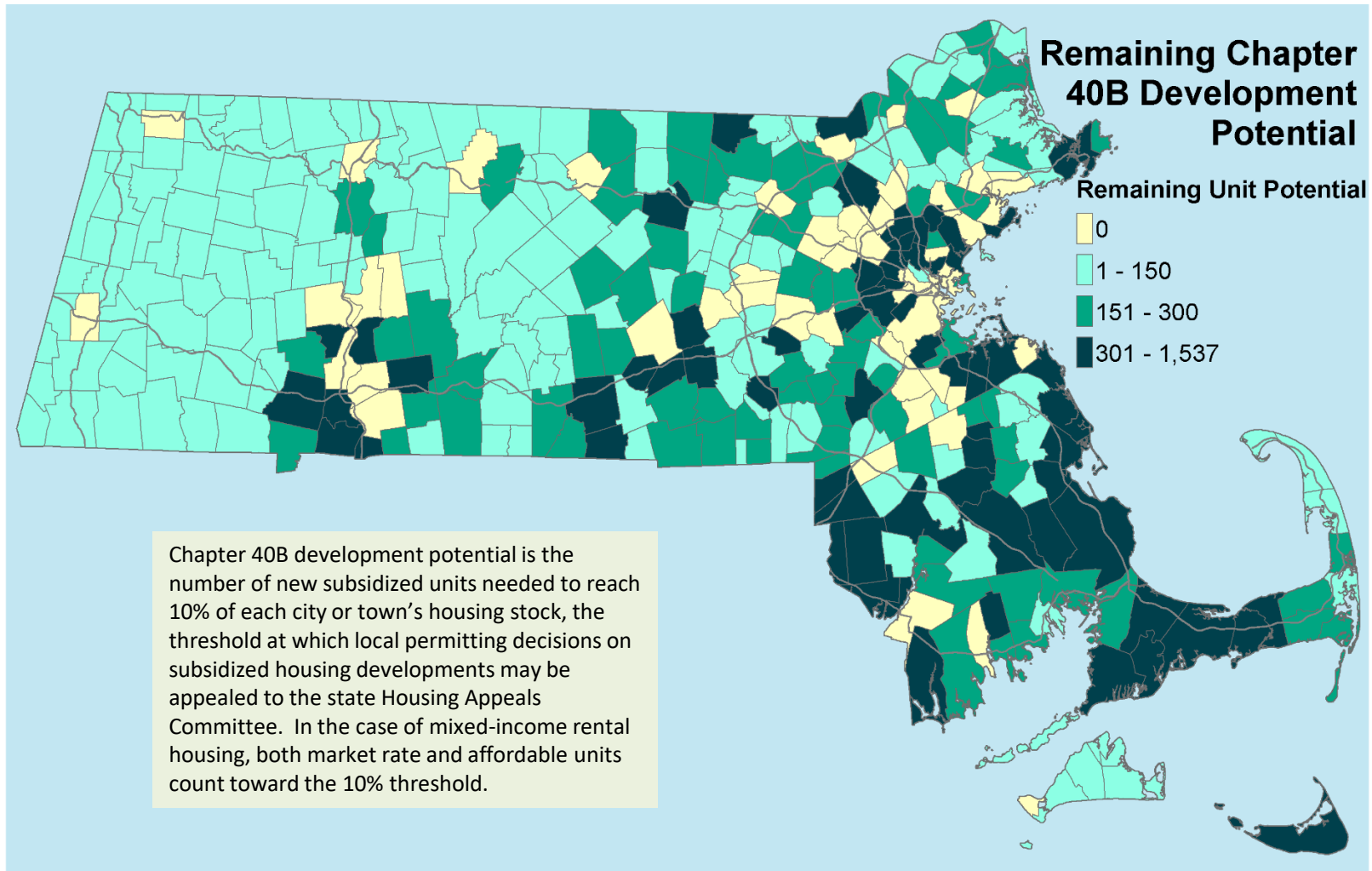
MA Department of Education

The Massachusetts Smart Growth Zoning Law, Chapter 40R, has resulted in permits for 3,352 new housing units since enactment in 2004, averaging less than 300 units per year.



Created by Massachusetts Housing Partnership - March 2017
Data source:
Massachusetts Executive Office of Housing and Economic Development

Chapter 40B has enabled more than 70,000 housing units since 1969, but the potential for new (typically mixed-income) 40B development is diminishing relative to projected housing need

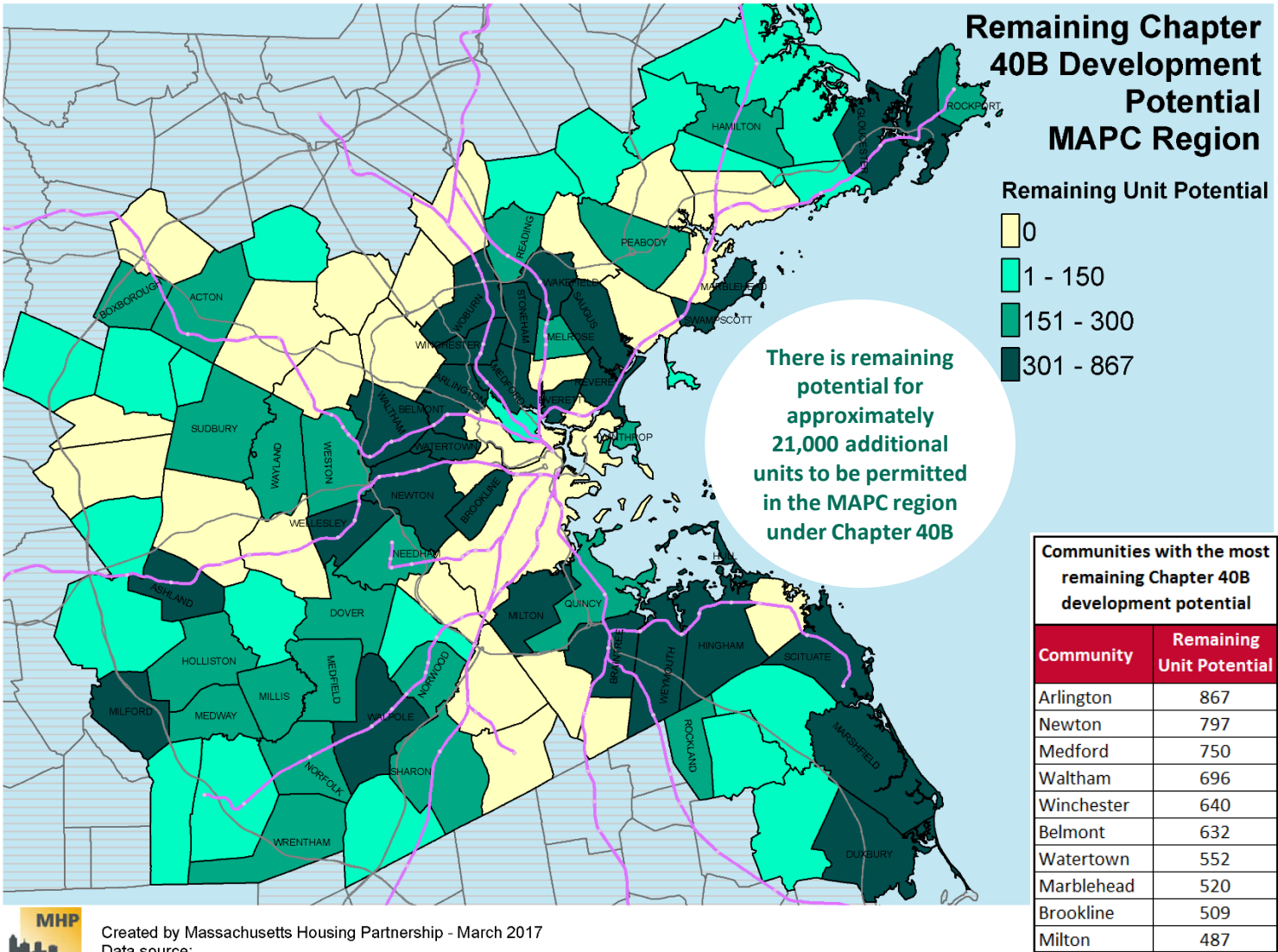


Created by Massachusetts Housing Partnership - March 2017

Data source:

Massachusetts Department of Housing and Community Development - Chapter 40B Subsidized Housing Inventory as of 2014

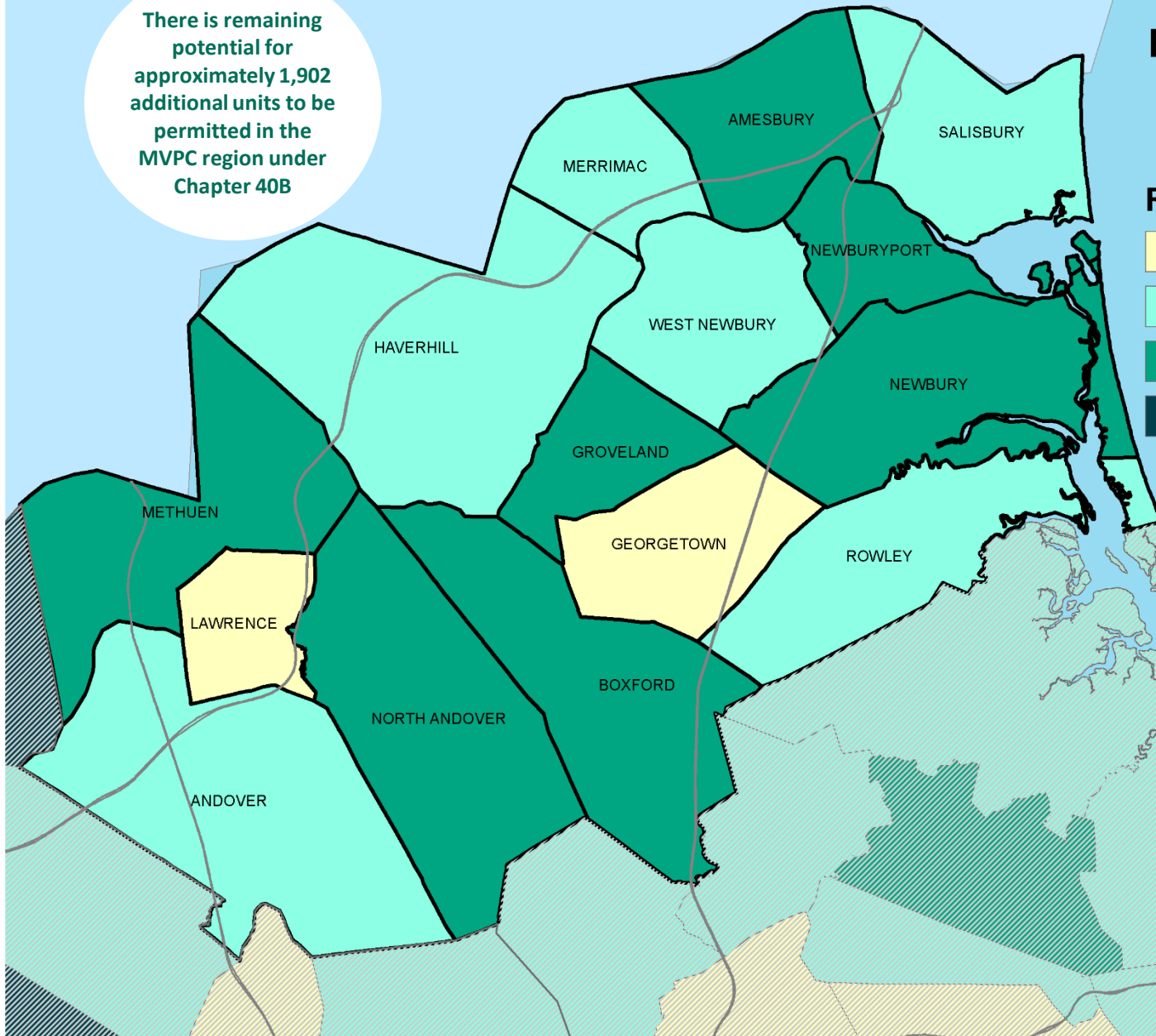
That gap in development potential is greatest in metro Boston, where 26 communities have permitted enough subsidized housing to achieve exemption from Chapter 40B



There is remaining potential for approximately 1,902 additional units to be permitted in the MVPC region under Chapter 40B

Remaining Chapter 40B Development Potential

Remaining Unit Potential



Community	Remaining Unit Potential
Boxford	250
Amesbury	199
Newburyport	196
Methuen	178
Newbury	176
Groveland	162
North Andover	158
Rowley	129
West Newbury	122
Merrimac	112
Haverhill	91
Andover	87
Salisbury	42
Lawrence	-
Georgetown	-
TOTAL	1,902

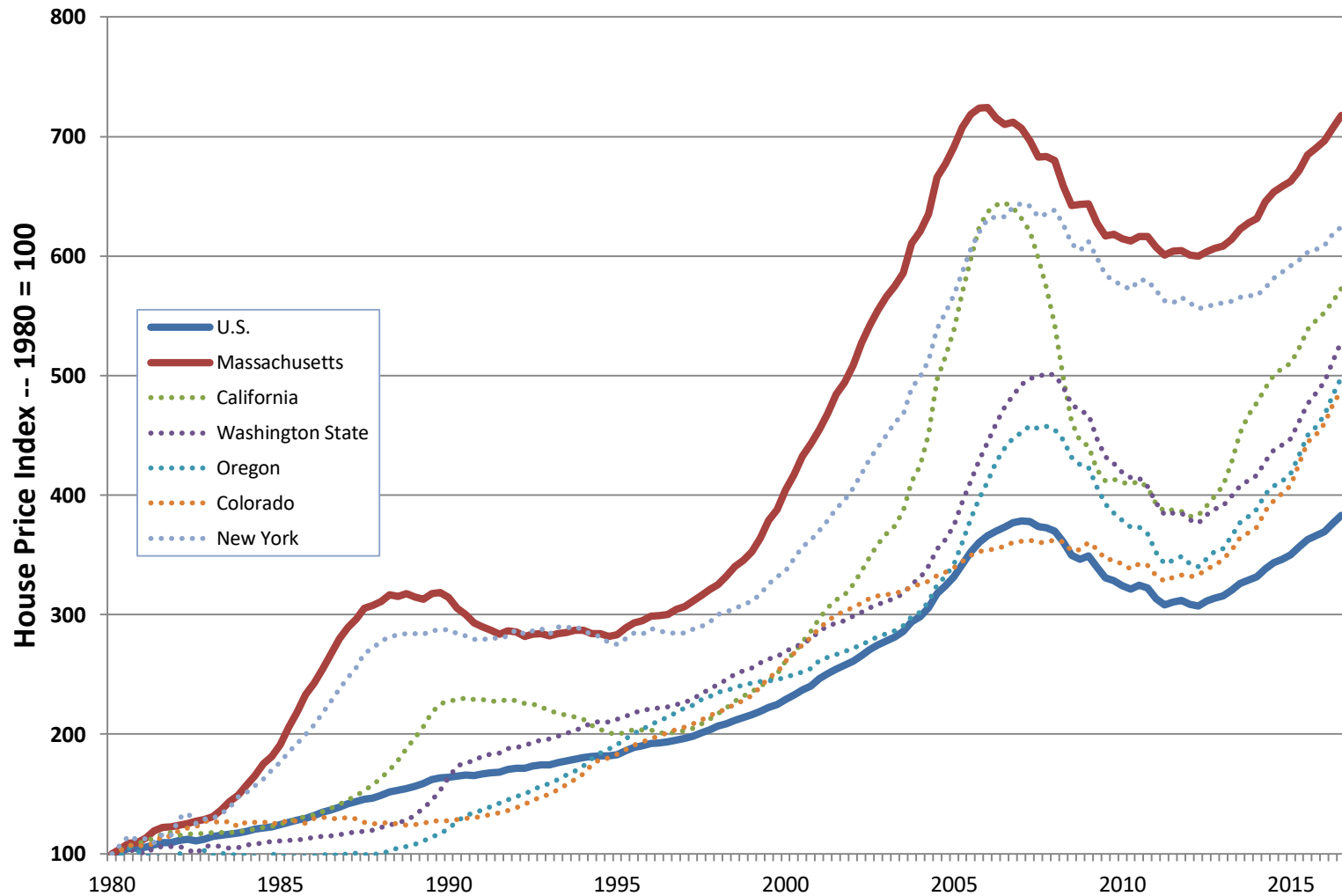


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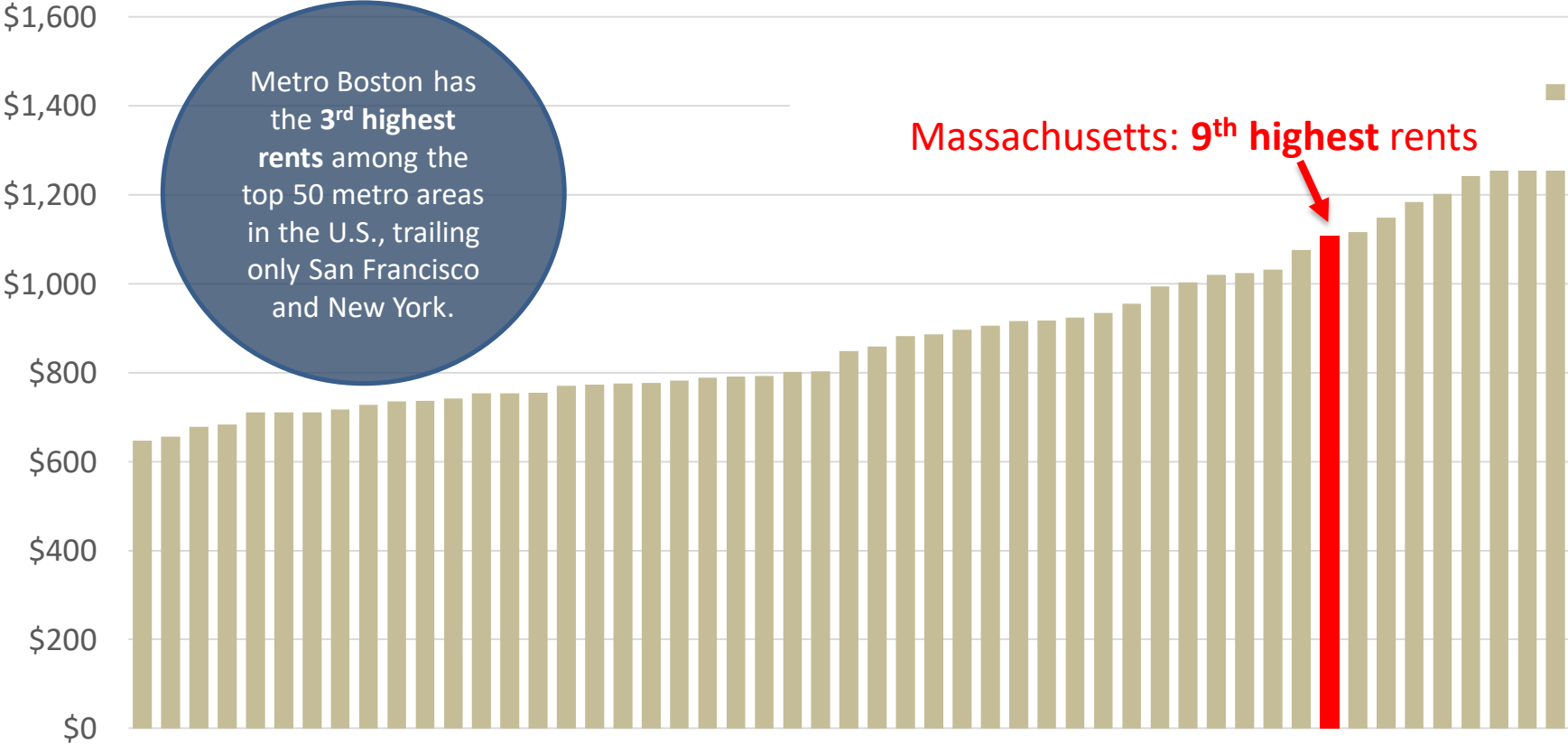
Massachusetts is a housing cost outlier – limiting the state's potential to create new jobs. Single-family home prices were at the national average in 1980 and since then have increased more than any other state.



Source: Federal Housing Finance Agency, House Price Index – All Transactions

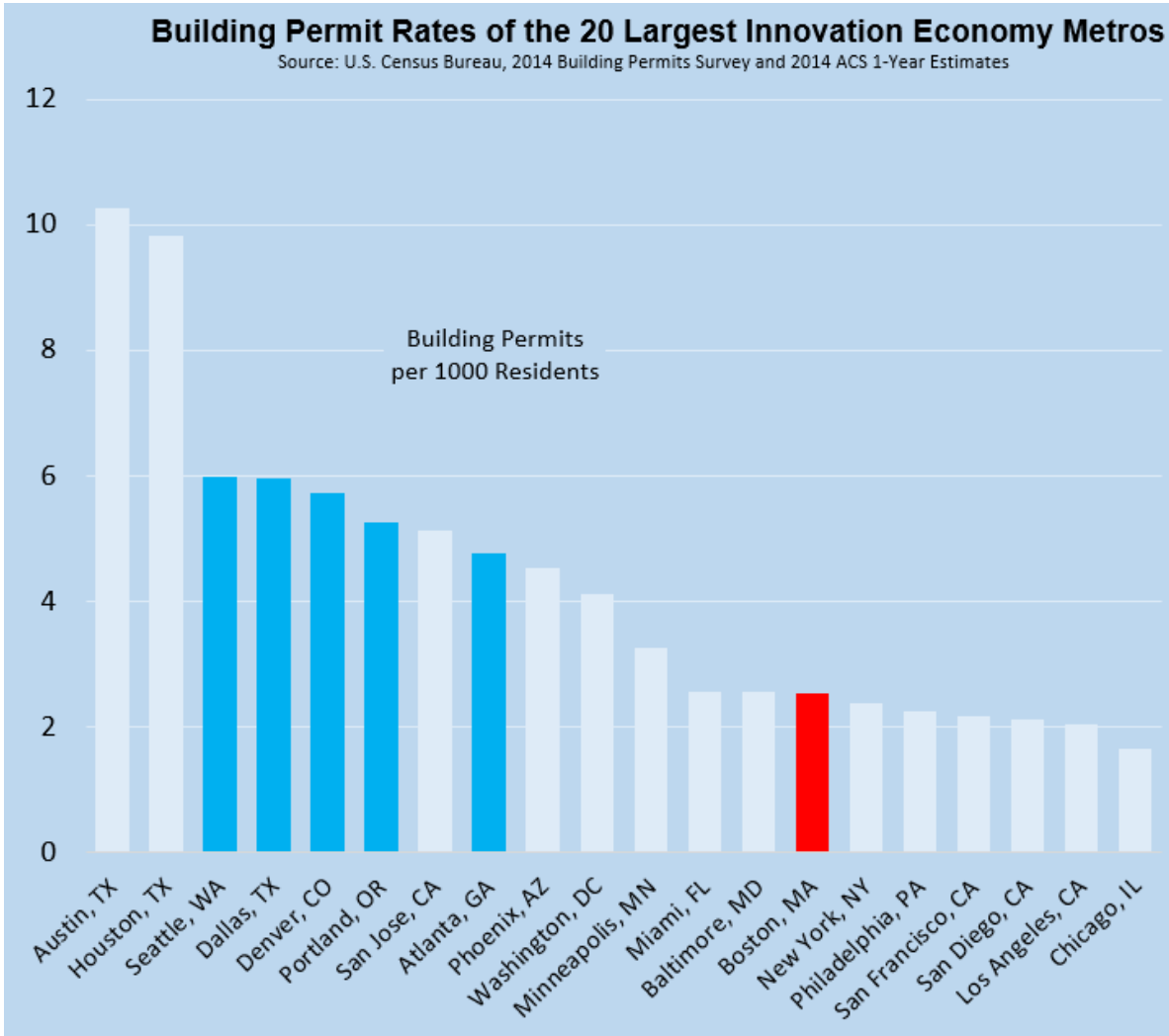
Massachusetts rents are also among the highest, especially compared to the state's economic competitors.

Median Rent by State



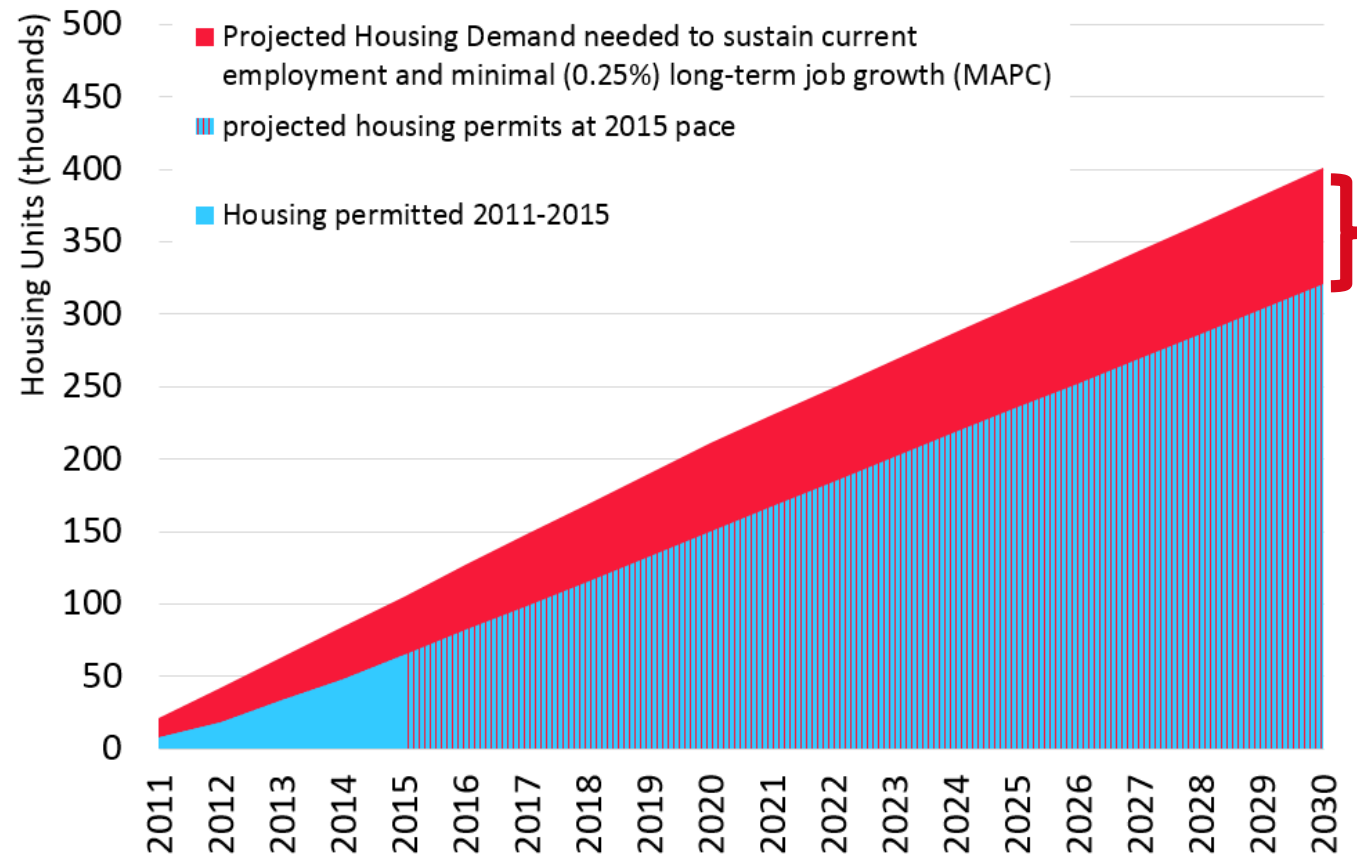
Why should the business community care about this problem?

Because we're losing population to metro regions that offer better housing choices at a lower cost



Even if the pace of new housing construction is maintained at 2015 levels – the highest level in a decade – there will still be a housing shortage of over 80,000 units by 2030

**Massachusetts Housing Production Compared to Projected Demand
2011-2015**



Multifamily permitting in 2015 was at its highest level since the late 1980s. In 2016, there was a 6.5% drop in total permitting and a 20% drop in multifamily permitting, making the projected gap in 2030 even larger

The single greatest driver of housing demand is the projected retirement of more than a million baby boomers in Massachusetts by 2030 and the housing needs of workers to refill those existing jobs

How can this presentation end on a positive note?



There is growing recognition of the housing supply program and there are many examples of local leadership to zone for growth and increase housing production at a range of types and densities



For more information...

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