

Toward A New Approach to Housing in Greater Boston

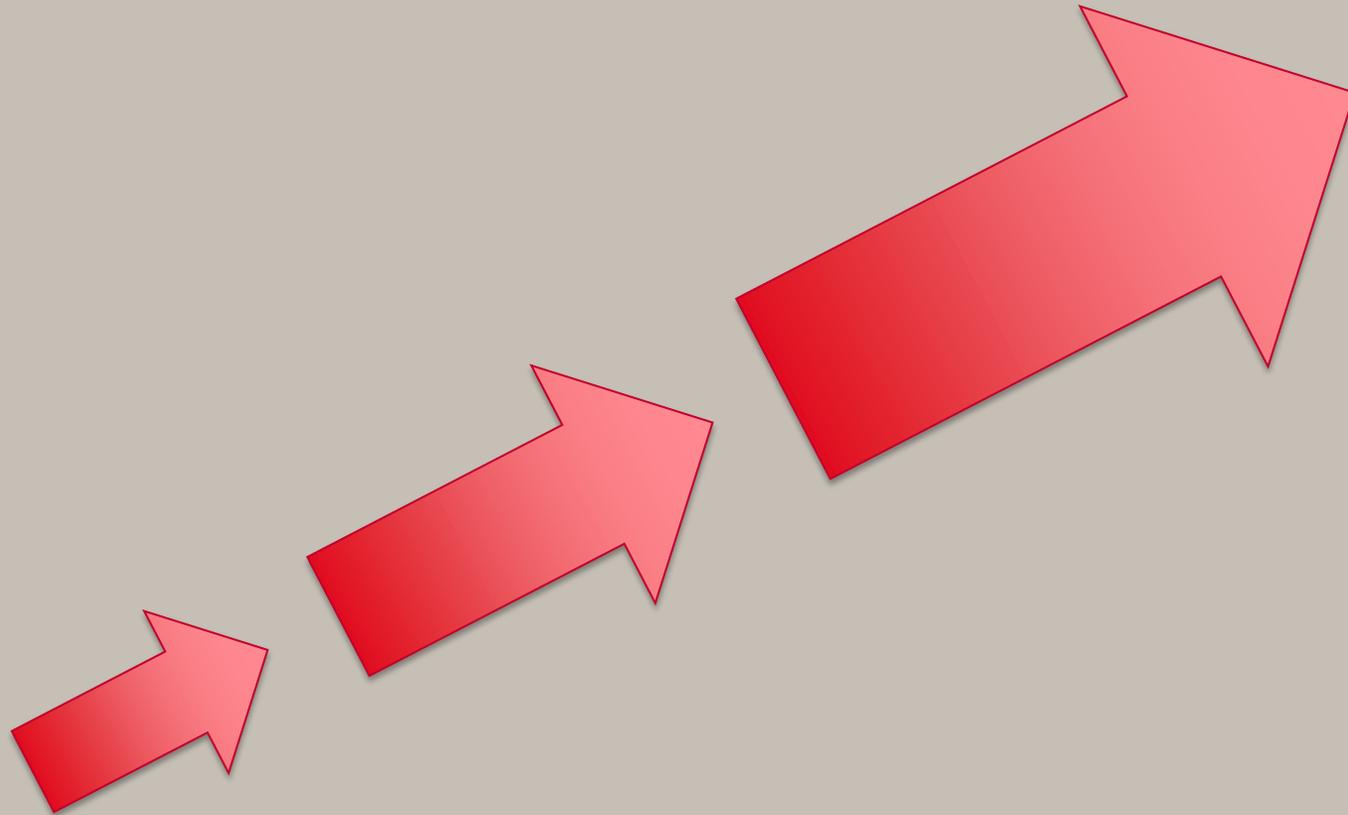
Brookline Town Hall Meeting

February 15, 2018

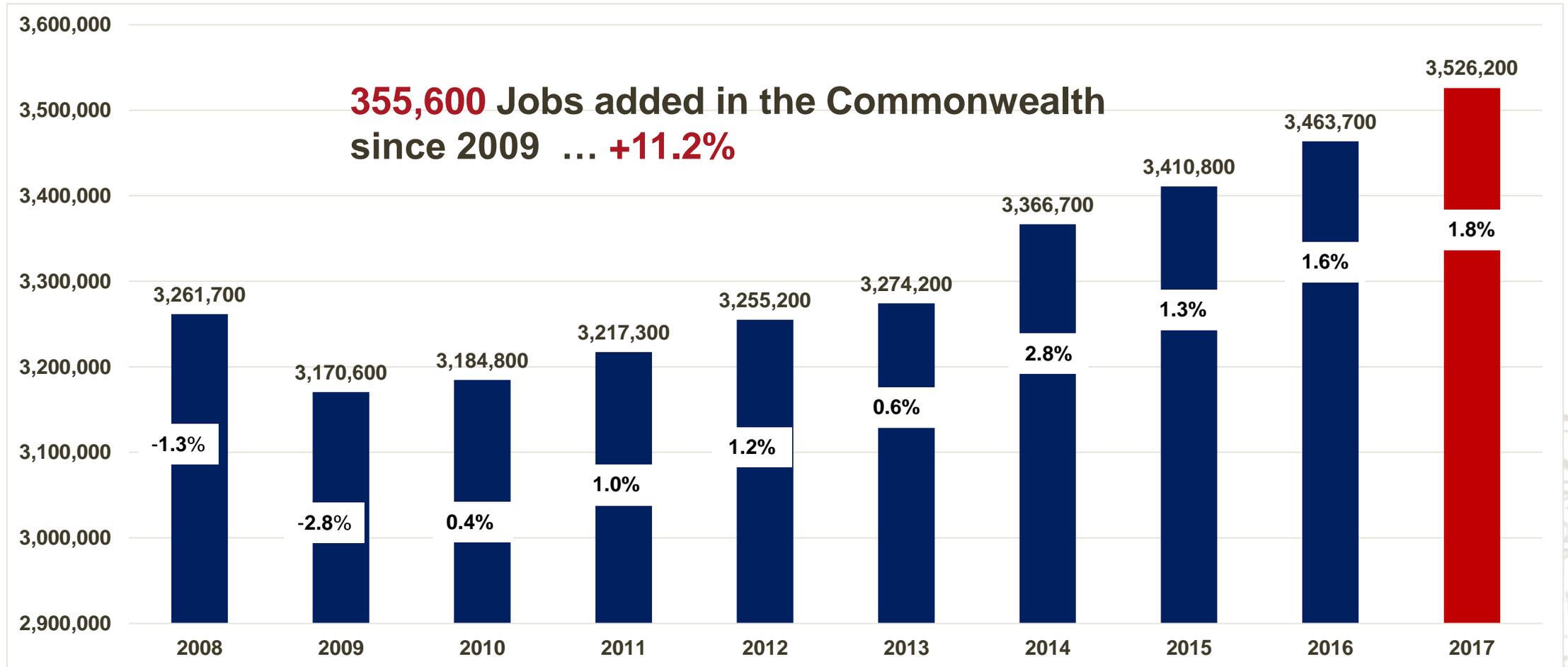
Barry Bluestone



The Commonwealth: A Strong and Buoyant Economy



Total Non-Farm Employment Seasonally-Adjusted Massachusetts 2008-2017 (August) (% = Annual Growth Rate)



Source: Massachusetts Department of Labor and Workforce Development

Real Average Weekly Wage - Private Industry Massachusetts 2001-2017 Q1



Source: Massachusetts Department of Labor and Workforce Development

Greater Boston at the Center of the Economic Boom



Five-County Greater Boston Total Non-Farm Employment 2008-2017 (March)



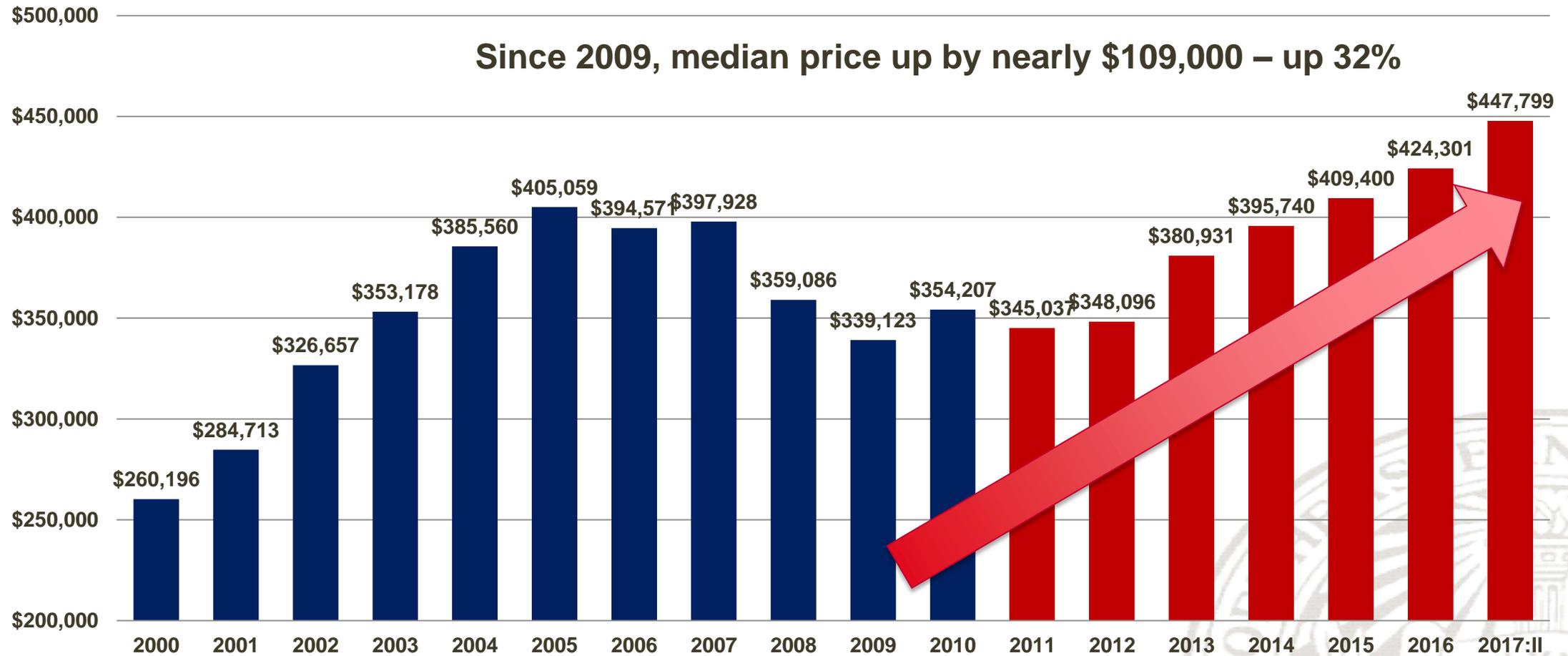
Source: Massachusetts Department of Labor and Workforce Development

The Challenge of a Strong Economy

- A booming economy is extremely attractive to workers seeking excellent job opportunities
- As such, **a booming economy retains workers who already live here and attracts many more**
- **But if the housing stock is limited and growing too slowly, housing demand outstrips housing supply pushing up prices and rents ... well above the increase in average income**
- **Those who cannot afford higher priced housing ultimately seek it elsewhere ... often in communities farther and farther away from the urban core**
- This not only begins to **push up prices in what were lower priced communities, but adds to the transportation challenge in the region**
- **This is Greater Boston today!**
- **The only solution is to find a way for housing supply to complement housing demand**

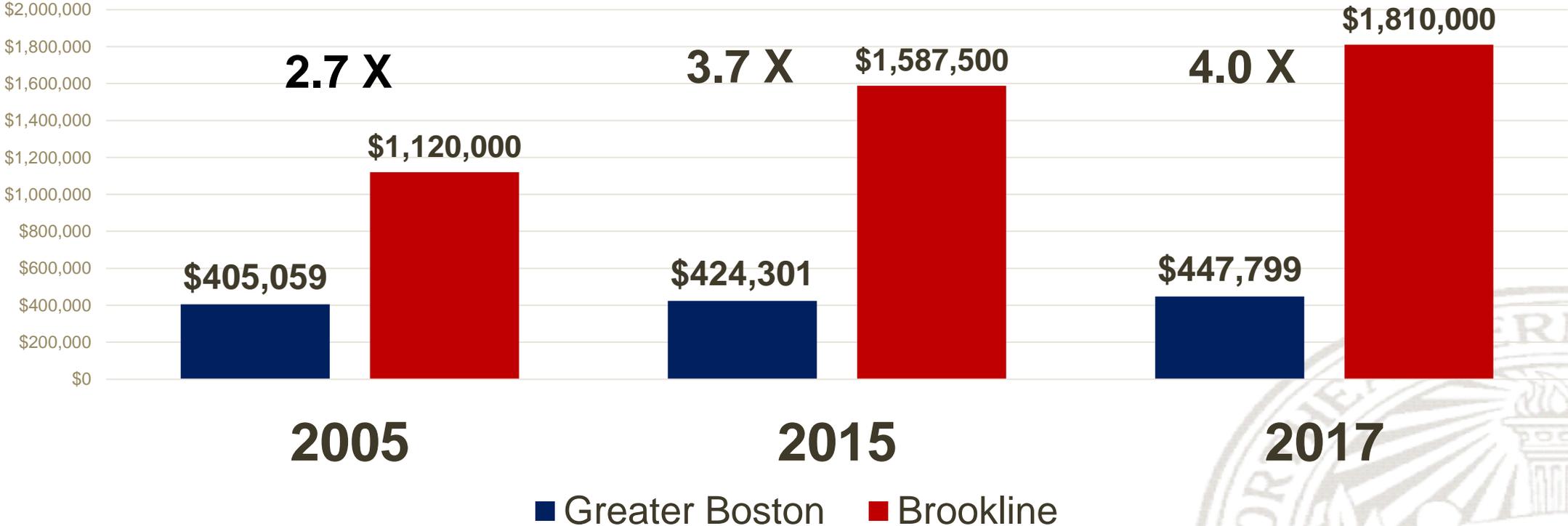


Annual Median Price of Single-Family Homes in Five-County Greater Boston Region 2000-2017

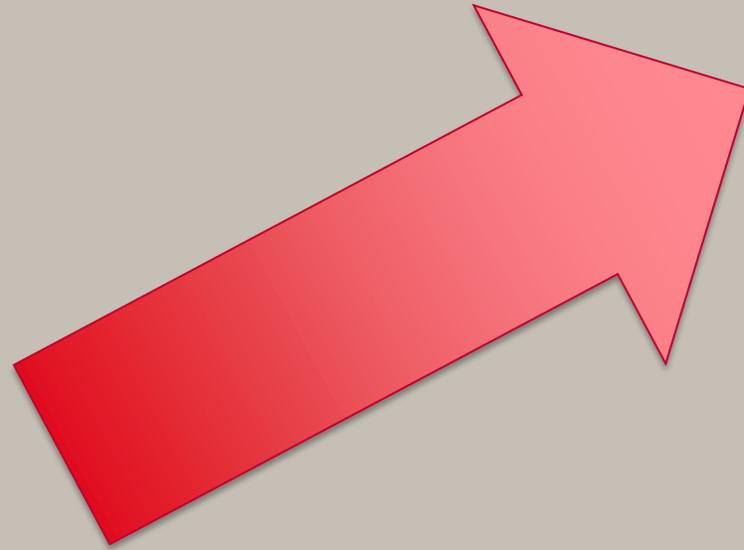


Source: The Warren Group

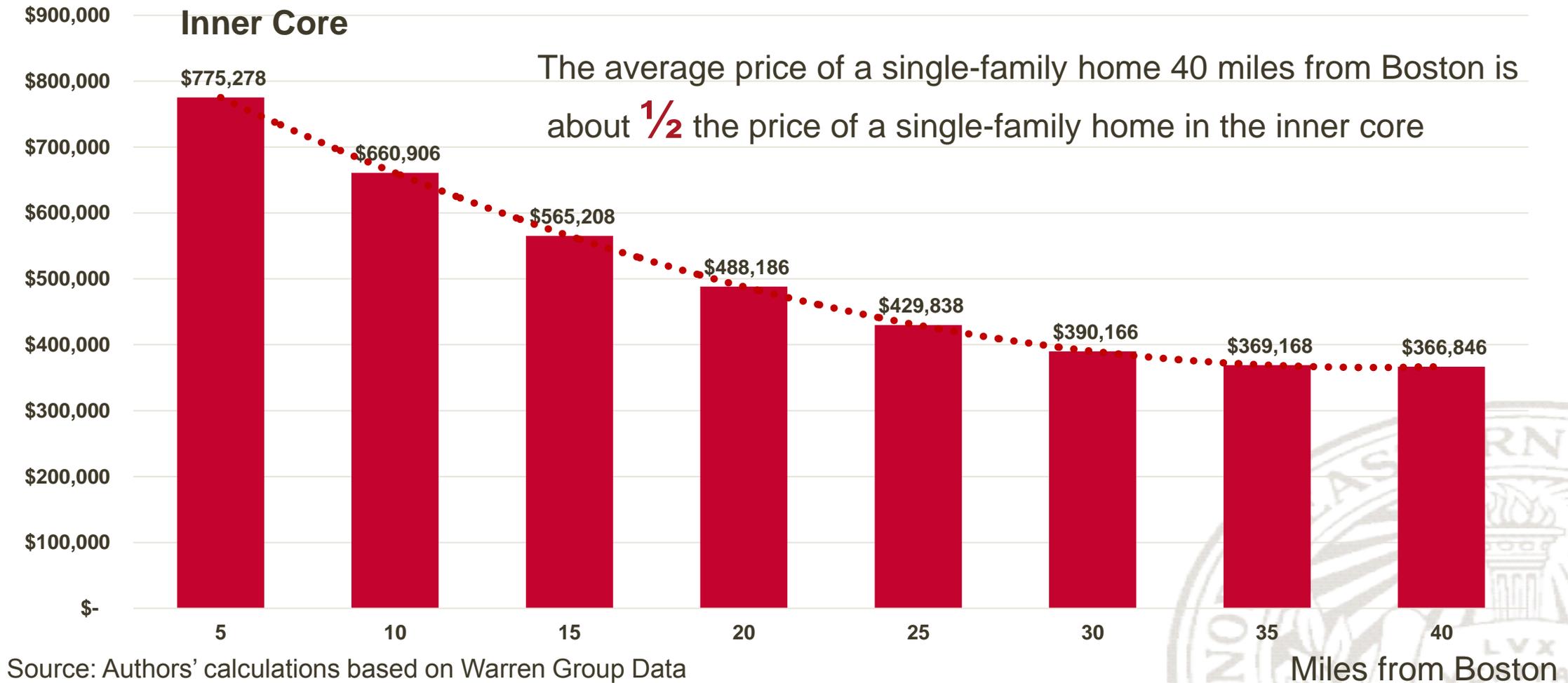
Median Single Home Price Brookline vs. Greater Boston



The Inner Core Dominates Home and Condo Price Appreciation

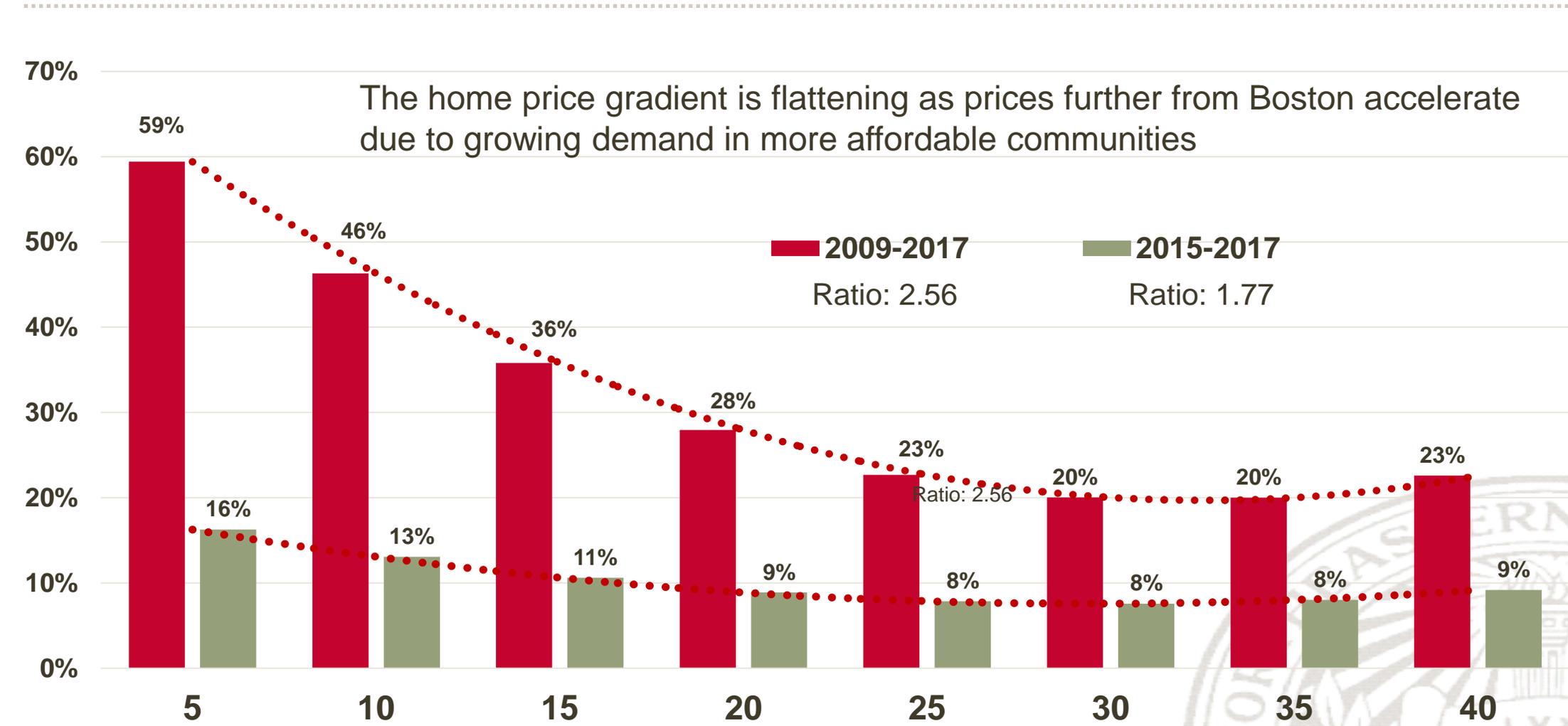


Greater Boston Home Price Gradient (Median Price vs. Distance from City of Boston in Miles) 2017

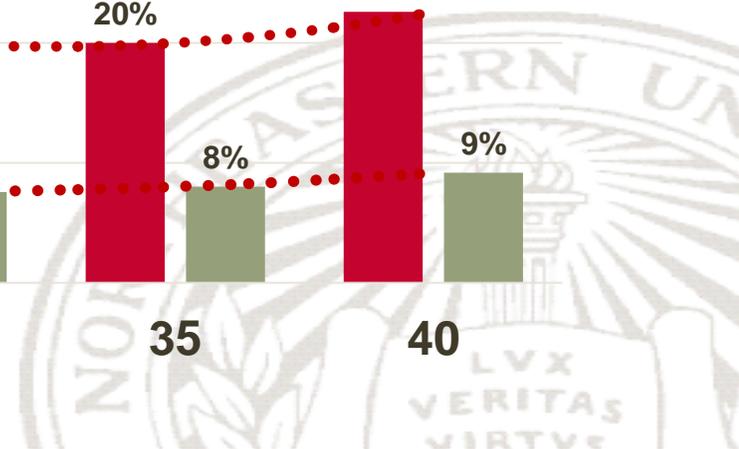


Greater Boston Home Price Gradients

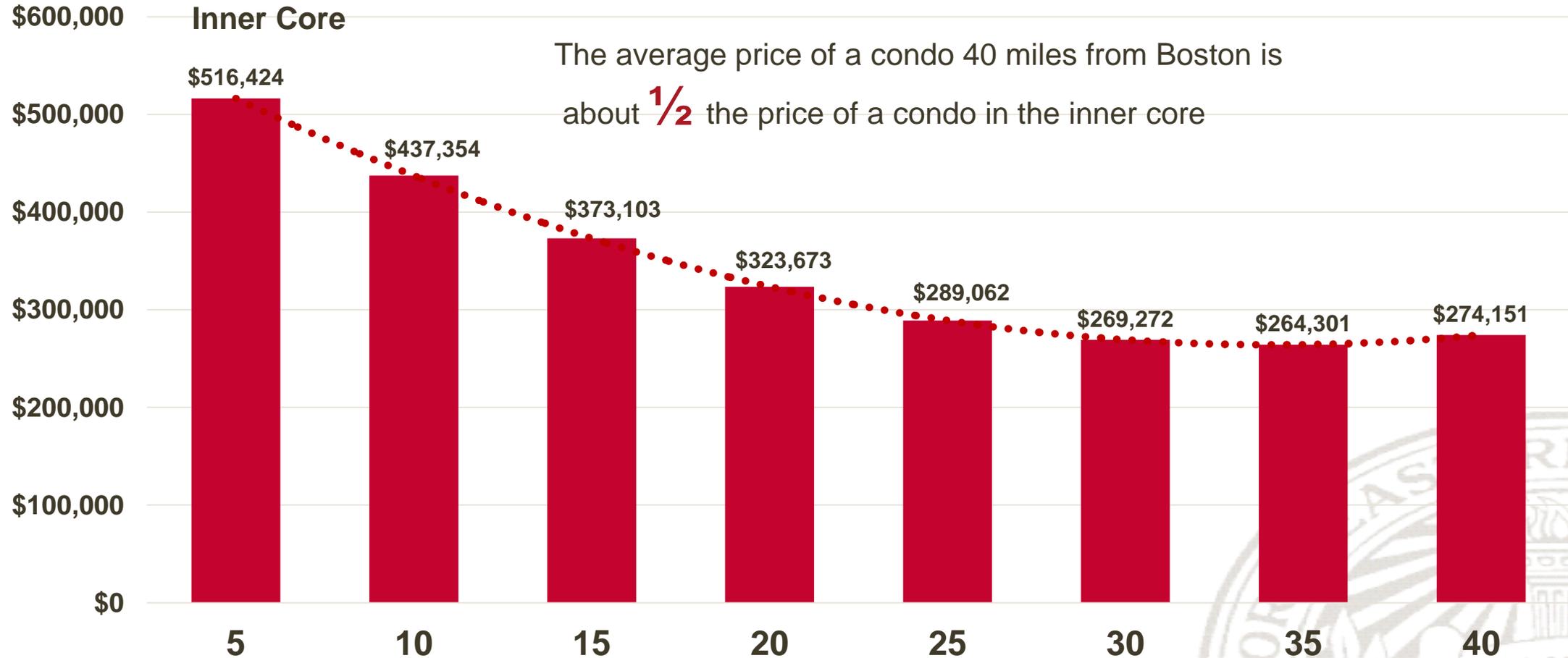
Percentage Change in Price 2009-2017 vs. 2015-2017



Source: Authors' calculations based on Warren Group Data



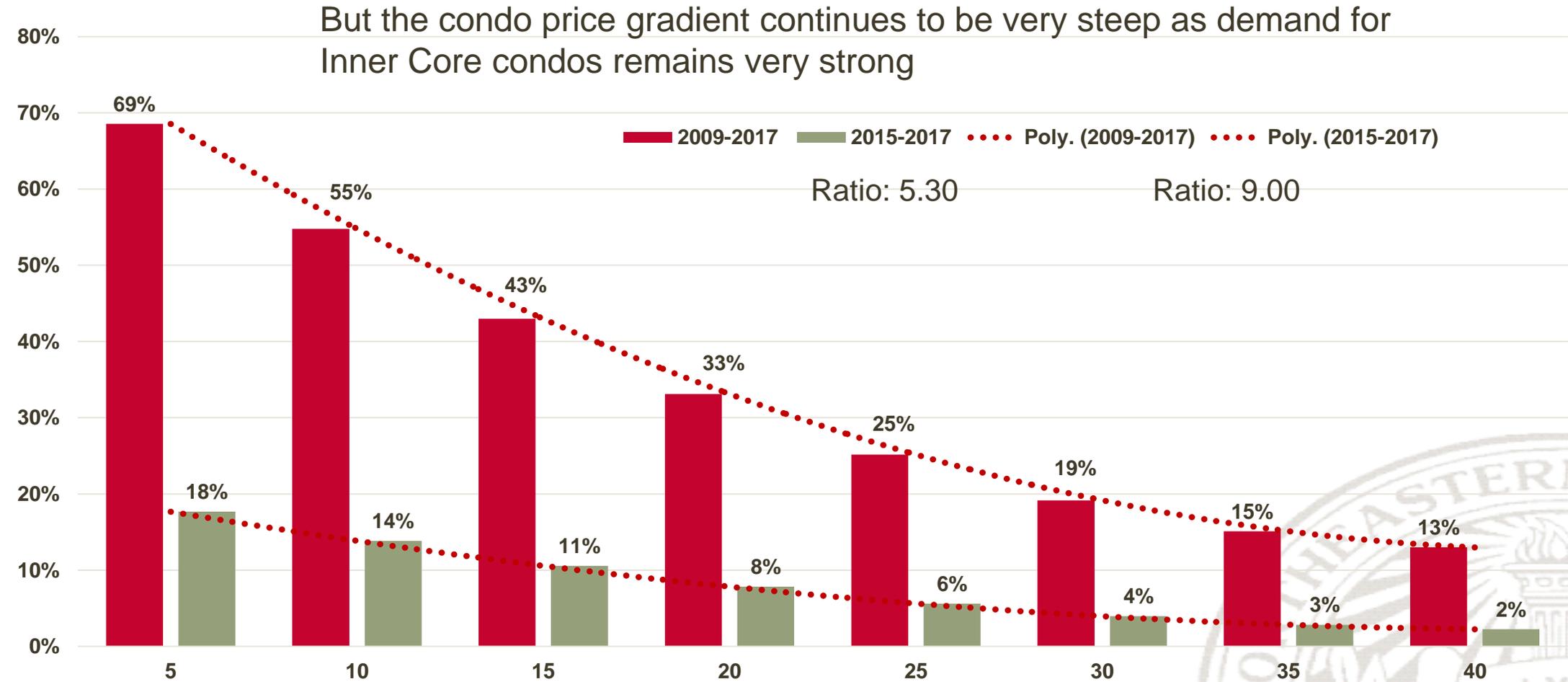
Greater Boston Condominium Price Gradient (Median Price vs. Distance from City of Boston in Miles)



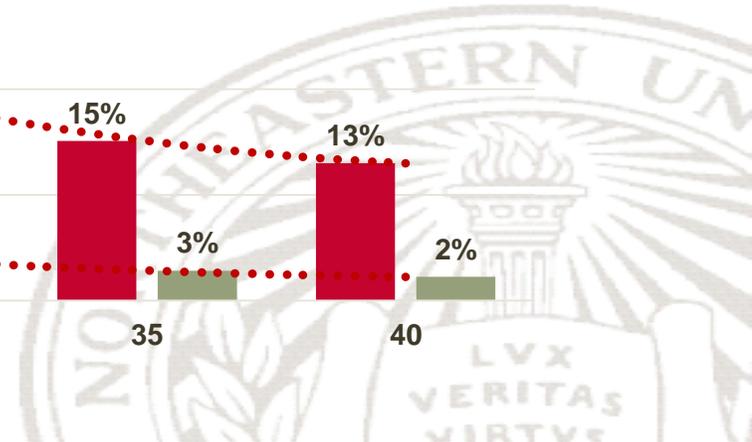
Source: Authors' calculations based on Warren Group Data

Greater Boston Condominium Price Gradients

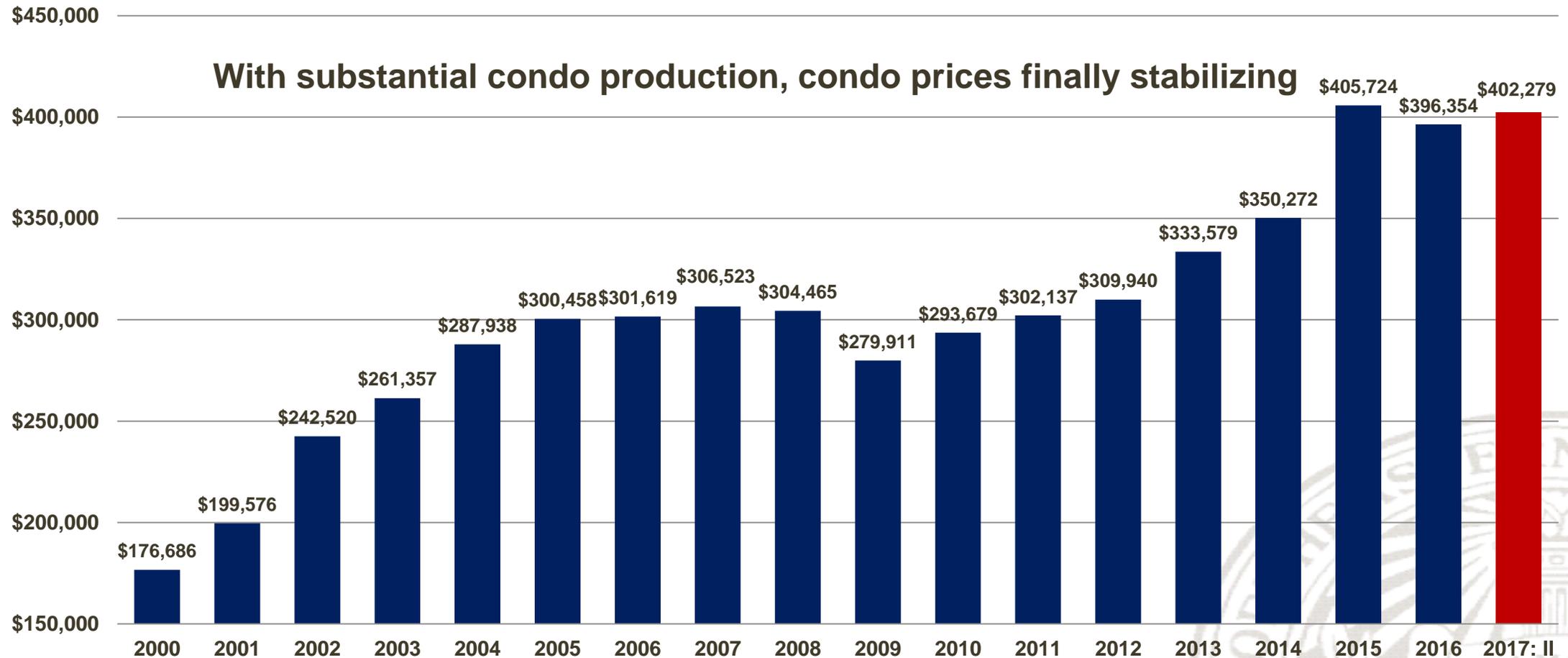
Percentage Change in Price 2009-2017 vs. 2015-2017



Source: Authors' calculations based on Warren Group Data



Annual Median Price of Condominiums in Five-County Greater Boston Region, 2000-2017

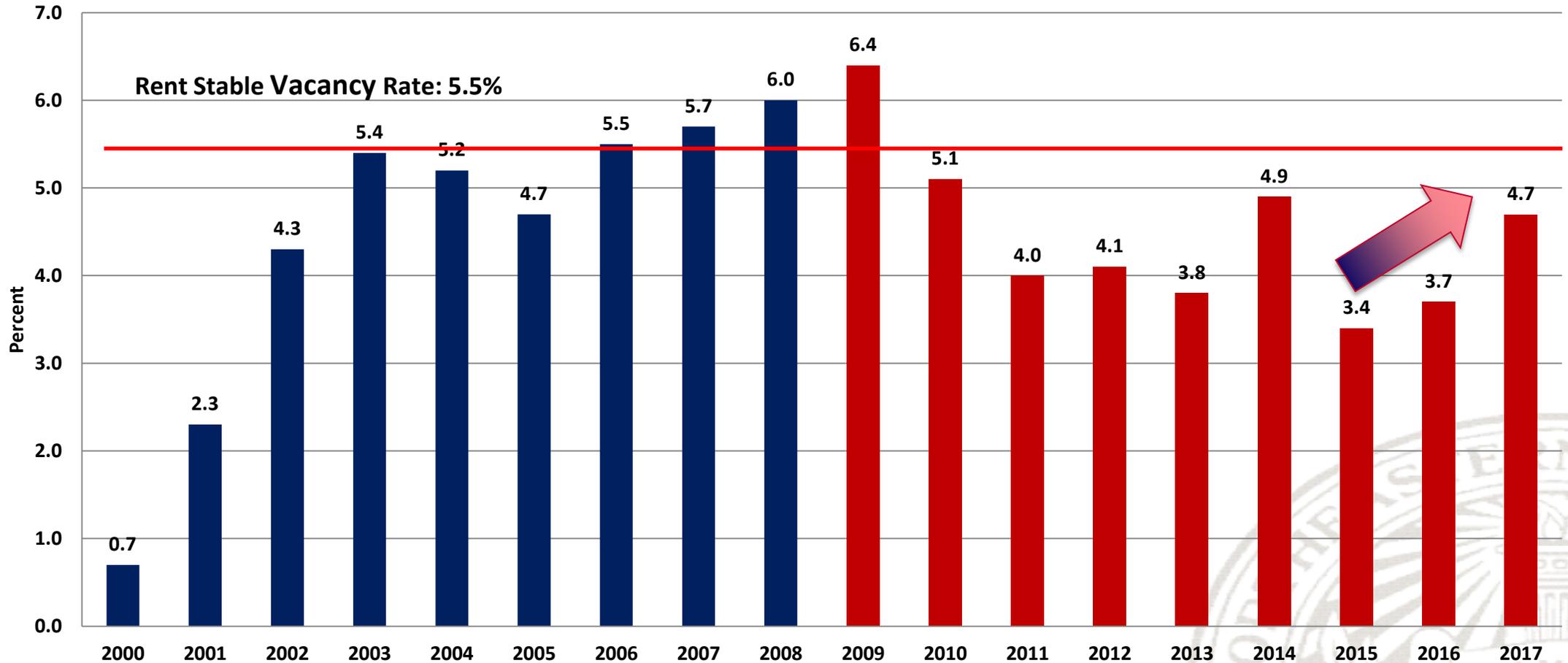


Source: The Warren Group

Rents

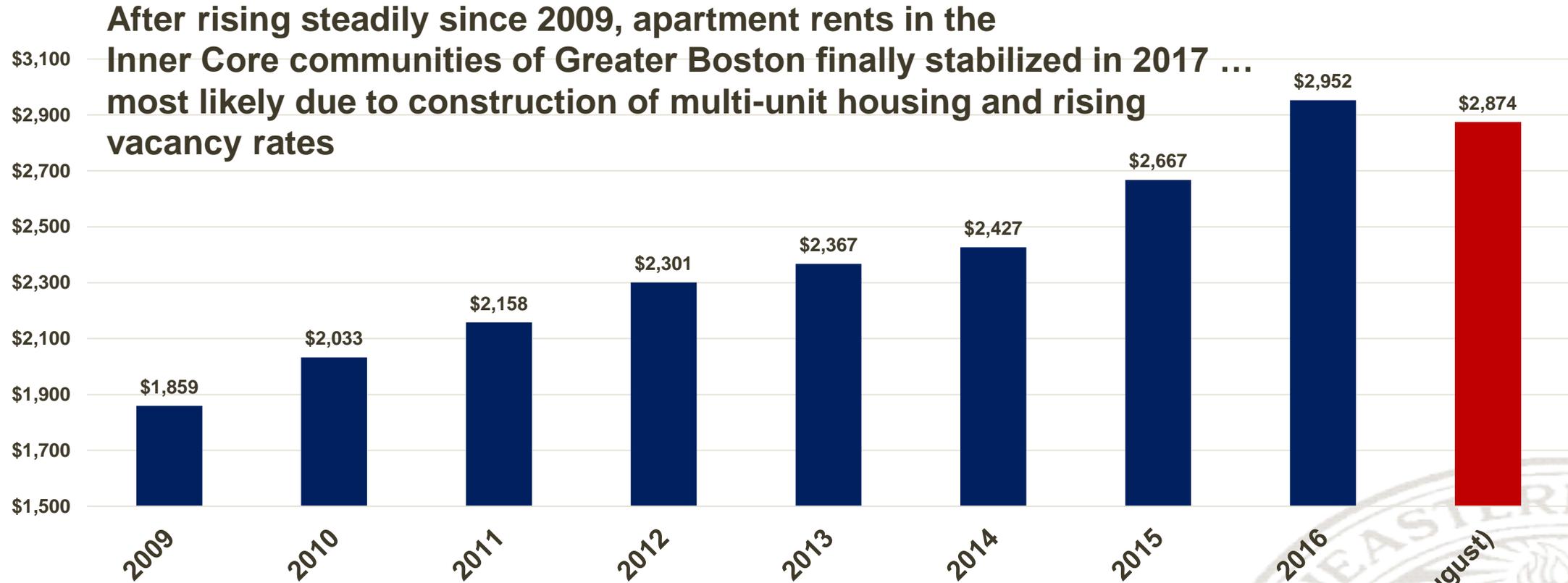


Greater Boston Rental Vacancy Rate 2000-2017:II

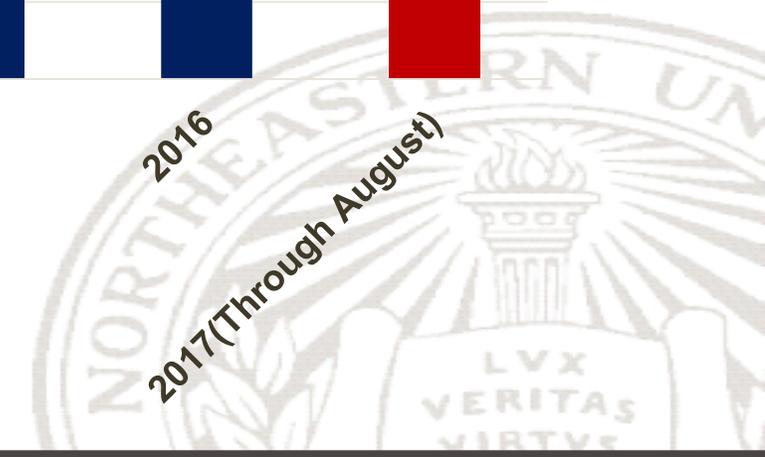


Source: U.S. Census Bureau

Average Market Rent Inner Boston Core 2009-2017 (August)



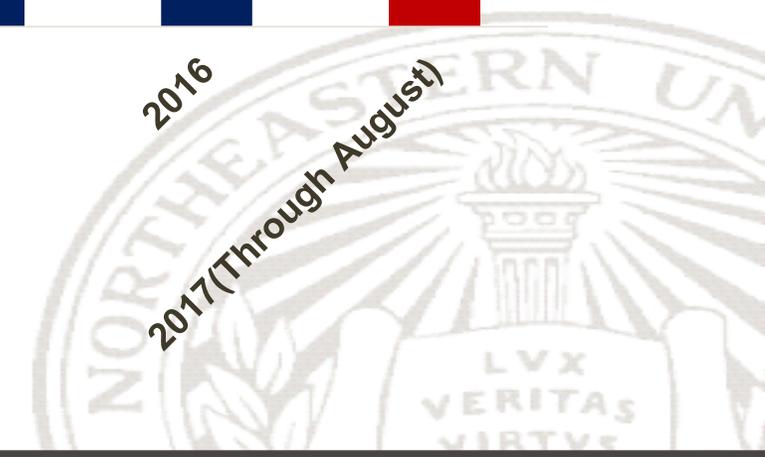
Source: Reis.com



Average Market Rent Inner Boston Core 2009-2017 (August)



Source: Reis.com



Current Average Rent in Brookline

Average Rent in Brookline, MA

🔄 Last updated Feb 2017

	All rentals	Studio	1 Bed	2 Beds	3 Beds
 Average Rent	\$2,785	\$1,989	\$2,455	\$3,122	\$4,504
 Y-o-Y Change	2%	9%	1%	5%	11%
 Average Apartment Size	869 sq. ft.	473 sq. ft.	652 sq. ft.	968 sq. ft.	1,393 sq. ft.

- > The average size for a Brookline apartment is 869 square feet, but this number varies greatly depending on apartment type. A studio averages 473 sq. ft., while a one-bedroom apartment offers a more generous square footage: 652. 2-bedroom apartments in Brookline have an average size of 968 sq. ft.

Source: Rent Cafe

How Brookline's Rents Compare

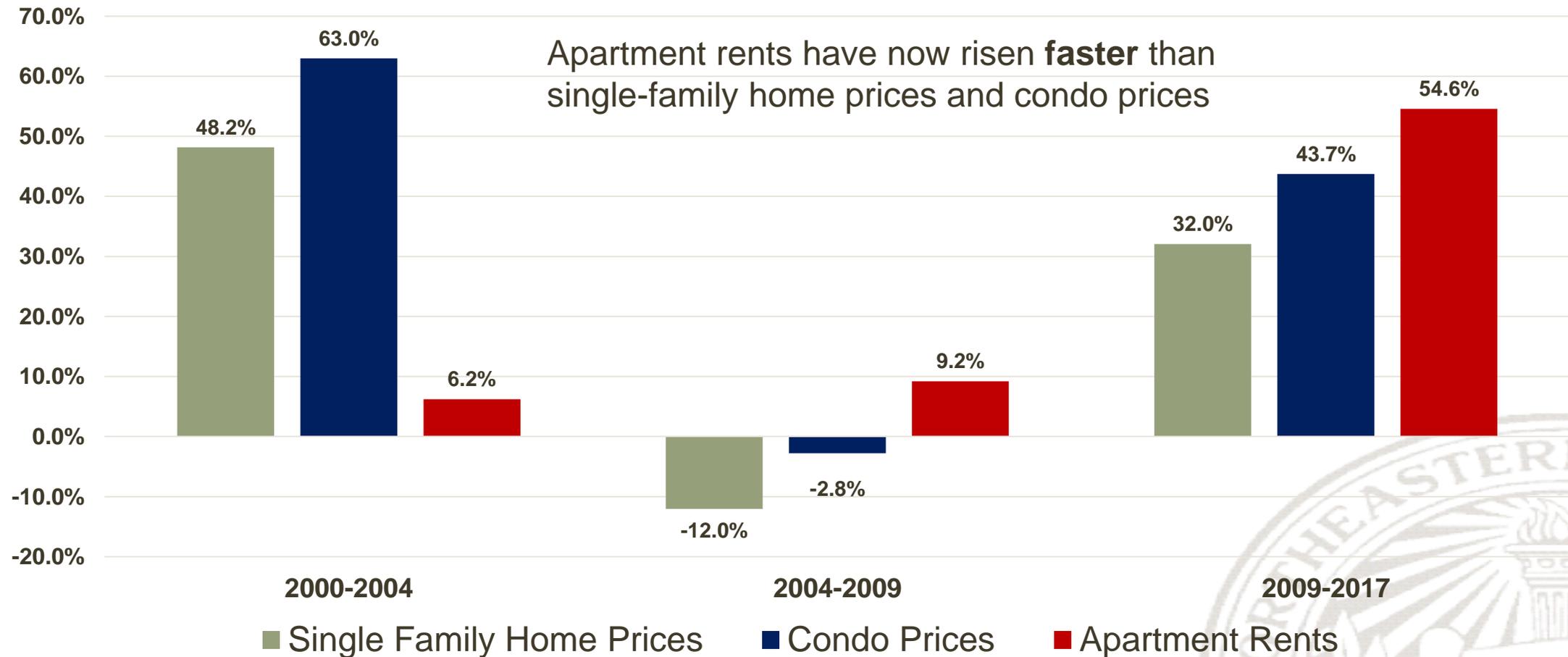
How Does Brookline Compare to Nearby Cities

	 Average Rent
Quincy	\$2,011
Brookline	\$2,785
Weymouth Town	\$1,773
Norwood	\$1,850
Canton	\$2,000
Franklin Town	\$1,650
Randolph	\$1,810
Stoughton	\$1,800
Bellingham	\$1,905
Braintree Town	\$2,175
Foxborough	\$1,745

Source: Rent Cafe

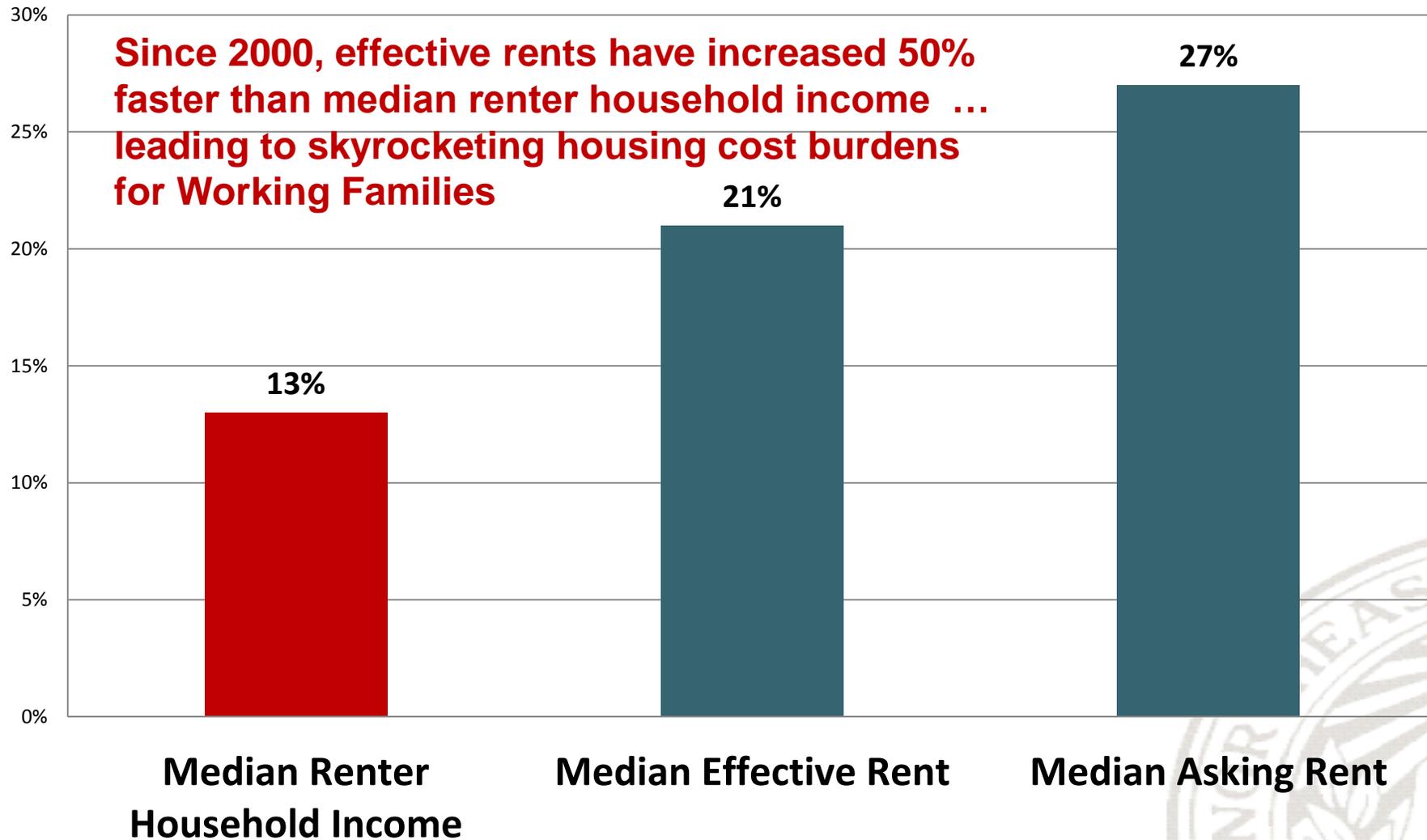


Percentage Change in Housing Prices Single Family Price vs. Condo Price vs. Apartment Rent Greater Boston 2000-2017



Source: The Warren Group & Reis.com

**Percentage Change in Greater Boston Rents (2000-2013) vs.
Percentage Change in Median Renter Household Income (2000-2011)**



Rising Housing Cost Burden – Greater Boston

	1990	2000	2010	2011	2015
Renter-Occupied Households Paying More than 30% of Income on Rent	41.7%	39.2%	50.1%	51.3%	50.1%
Renter-Occupied Households Paying More than 50% of Income on Rent	19.6%	18.4%	25.4%	26.4%	26.0% (Est.)
Owner-Occupied Households w/ Mortgage paying More than 30% of Income on HH Costs	28.3%	26.7%	39.5%	40.4%	34.6%

Source: American Factfinder

What's Happening to Rents in Older Housing Stock?

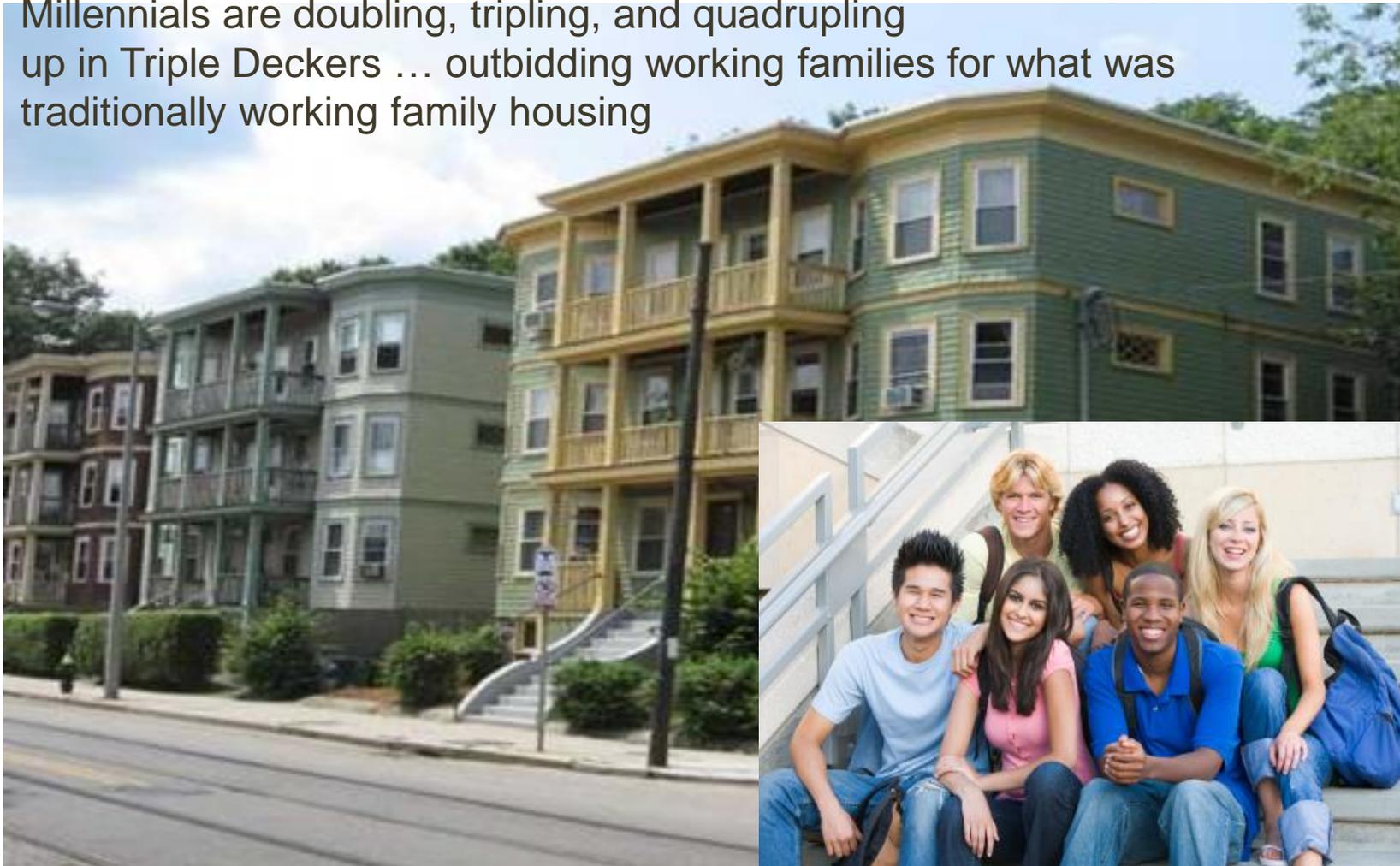


Triple Decker 1910

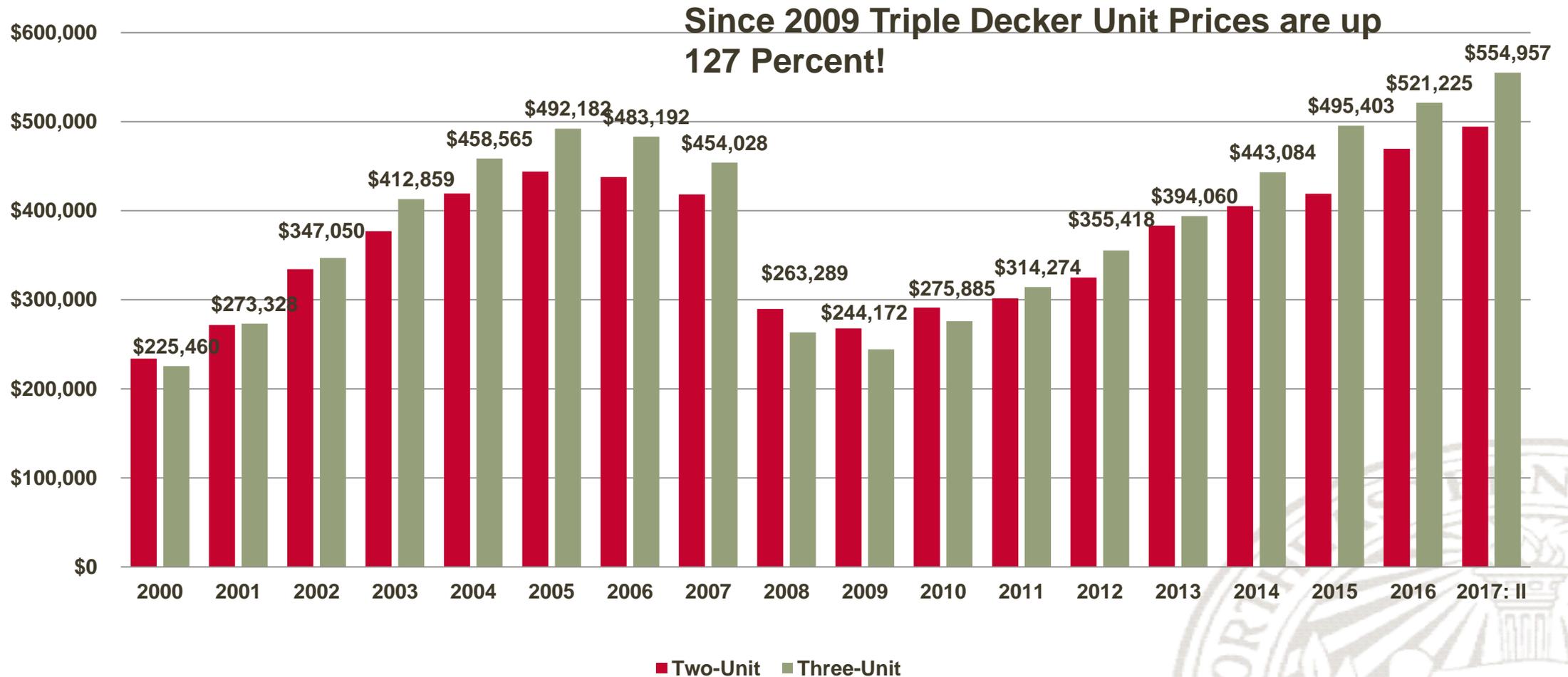


Triple Decker 2017

Millennials are doubling, tripling, and quadrupling up in Triple Deckers ... outbidding working families for what was traditionally working family housing



Annual Median Price of Homes in Two-Unit and Three-Unit Structures in Five-County Greater Boston Region, 2000-2017



Source: The Warren Group

Traditional Workforce Housing Priced Out of Reach of Working Families

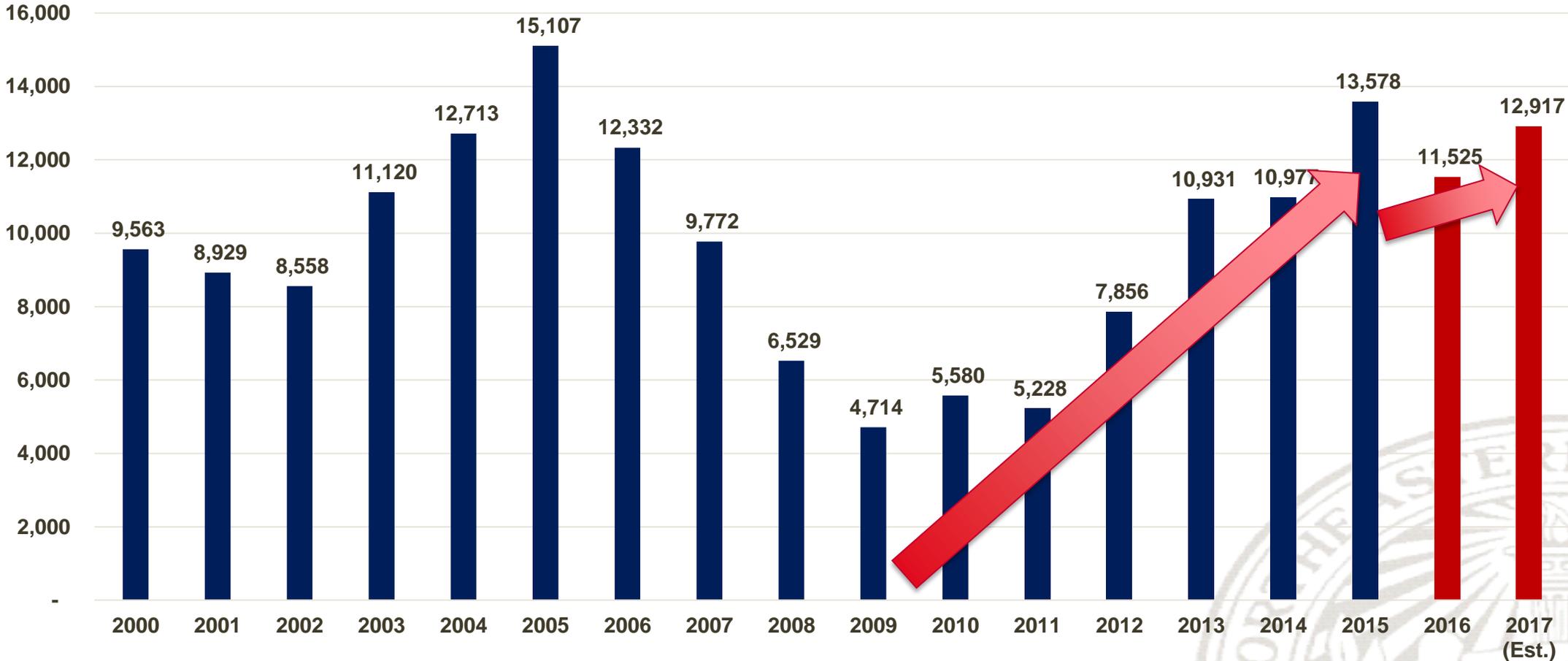
There is virtually no doubt that skyrocketing Triple-Decker prices are due to the extraordinarily high demand for these units by graduate students, medical interns and residents, and other young professionals who can afford high rents by living with roommates, making this type of property extremely valuable as an investment asset ... and increasingly out of the price & rent range of working families



New Housing in the Pipeline



Total Housing Permits Issued in Five-County Greater Boston Region 2000-2017 (Est.)



Source: U.S. Census Bureau

But the increase in Permitting is in the City of Boston

Outside of Boston, Permitting is DOWN

	All Units		5+ Units	
	2016	2017 (Est.)	2016	2017 (Est.)
Greater Boston	11,525	12,917	6,506	8,503
Boston	3,347	5,342	3,019	5,033
Greater Boston less City of Boston	8,178	7,575	3,487	3,470
City of Boston as % of Greater Boston	29.0%	41.4%	46.4%	59.2%

Source: U.S. Census Bureau

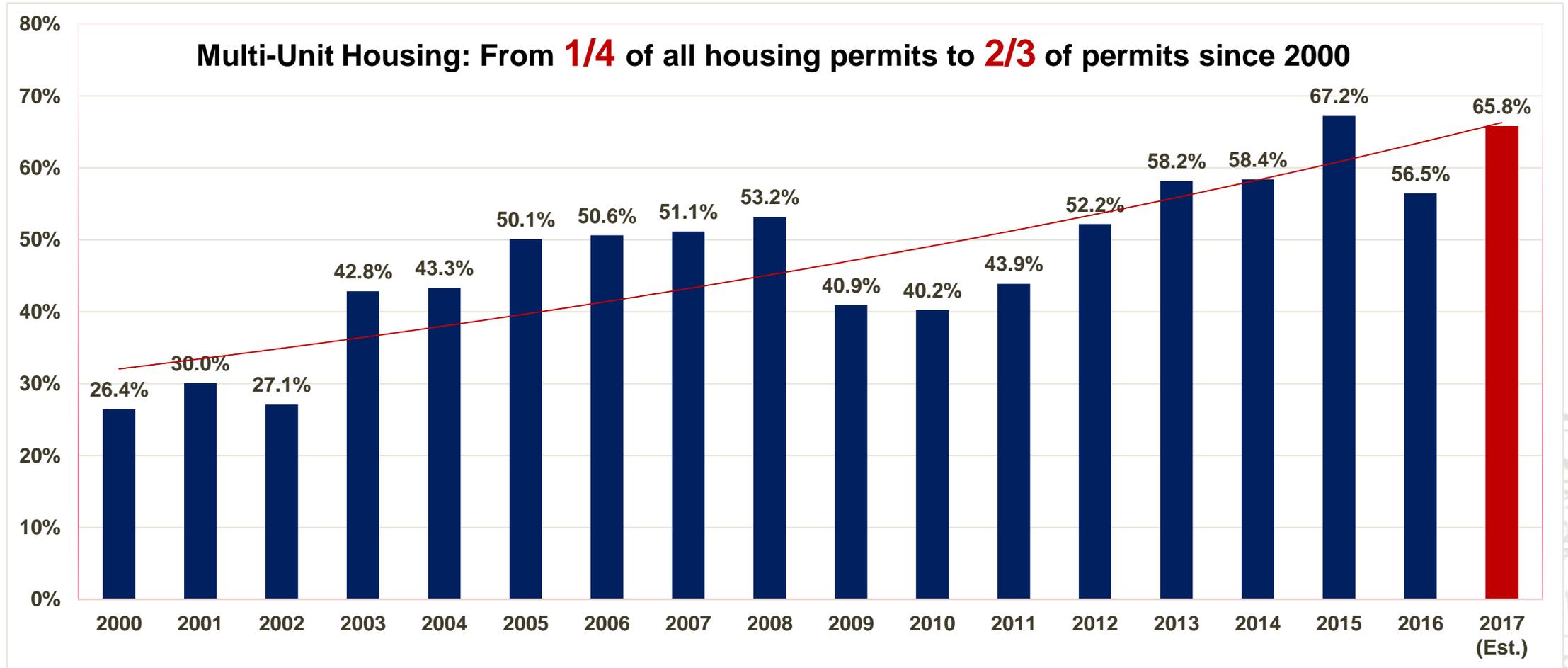
New Housing Permits in Brookline

2015	80
2016	30
2017	10

Source: U.S. Census Bureau



5+ Unit Housing Permits as a Percent of All Housing Permits in Greater Boston, 2000-2017

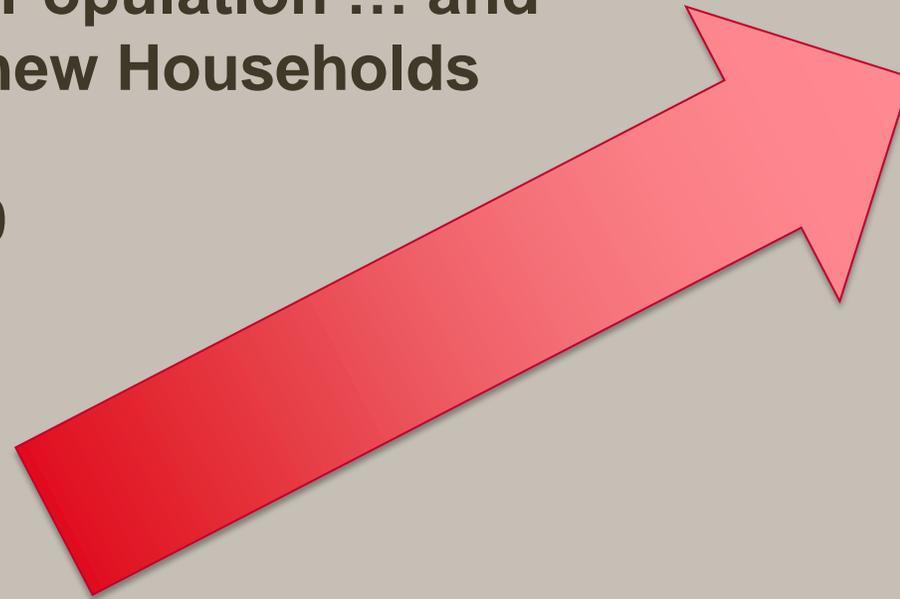


Source: U.S. Census Bureau

Demographic Projections for Greater Boston

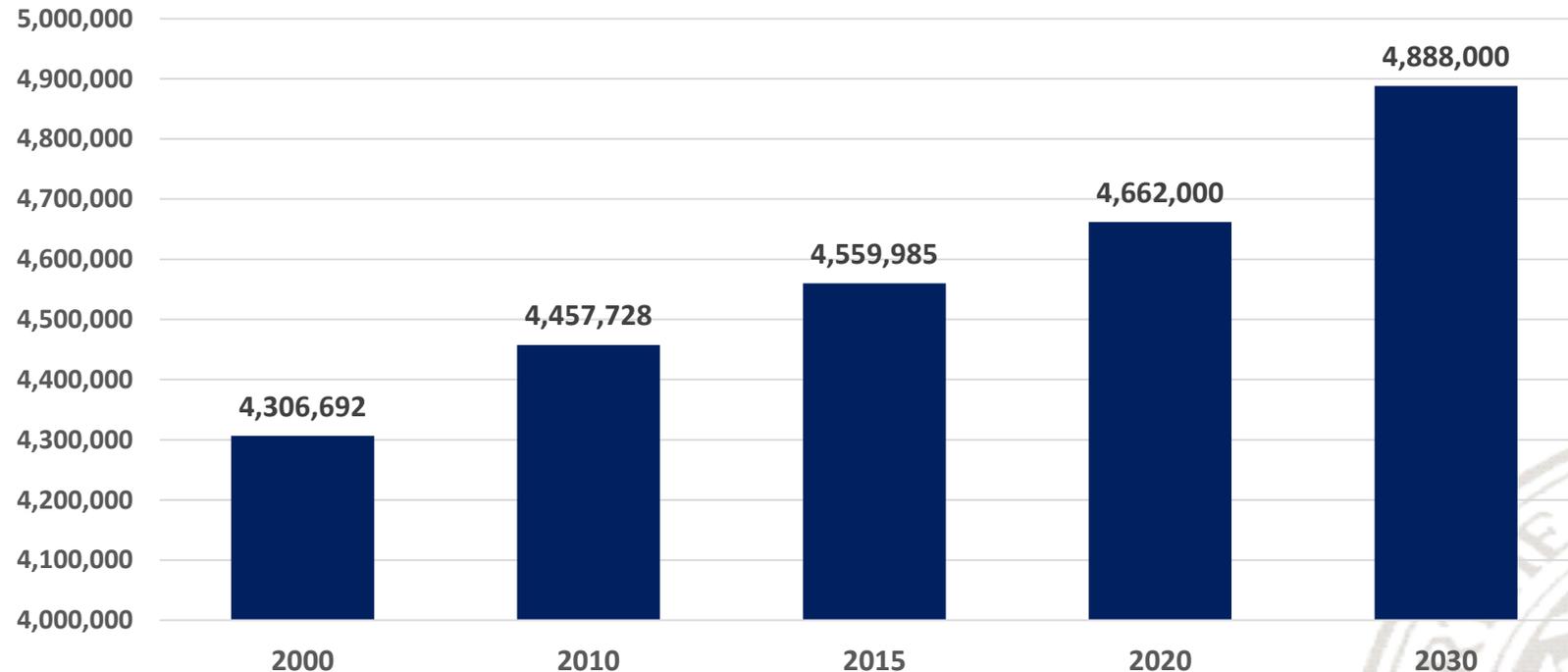
A Strong Economy retains and attracts a Growing Population ... and a large number of new Households

Projections to 2030



Metro Boston Population 2000-2030 Projected

Between 2015 and 2030, the population of
Metro Boston is projected to increase by **328,000**



Source: Metropolitan Area Planning Council



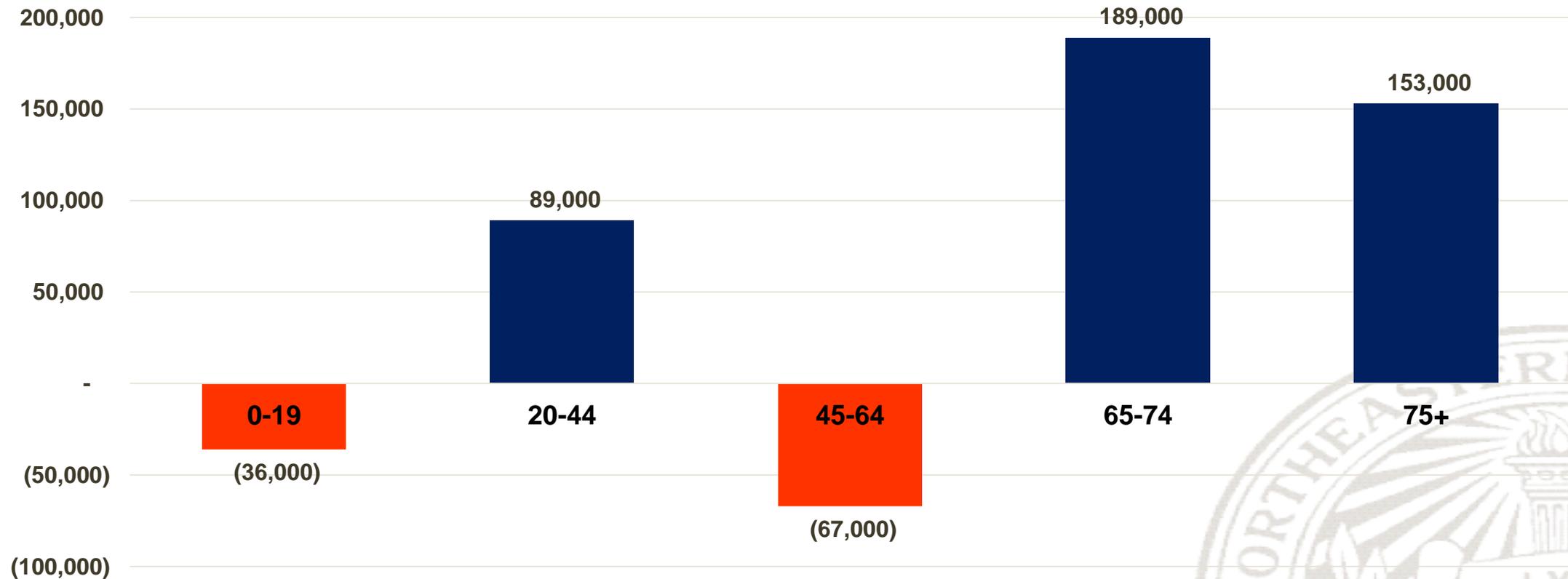
Who's Growing the Region? Boston-Cambridge-Somerville

- In 2000, **20-34 year-olds** comprised **34.8%** of the region's total population
- Between 2000 and 2010, **20-34 year-olds** were responsible for **73.9%** of the growth in the region



Greater Boston Projected Population Growth by Age Cohort 2015-2030

All of the *net* growth in population through 2030 is projected to be among those who are or were **Millennials** and **Seniors** who are aging here

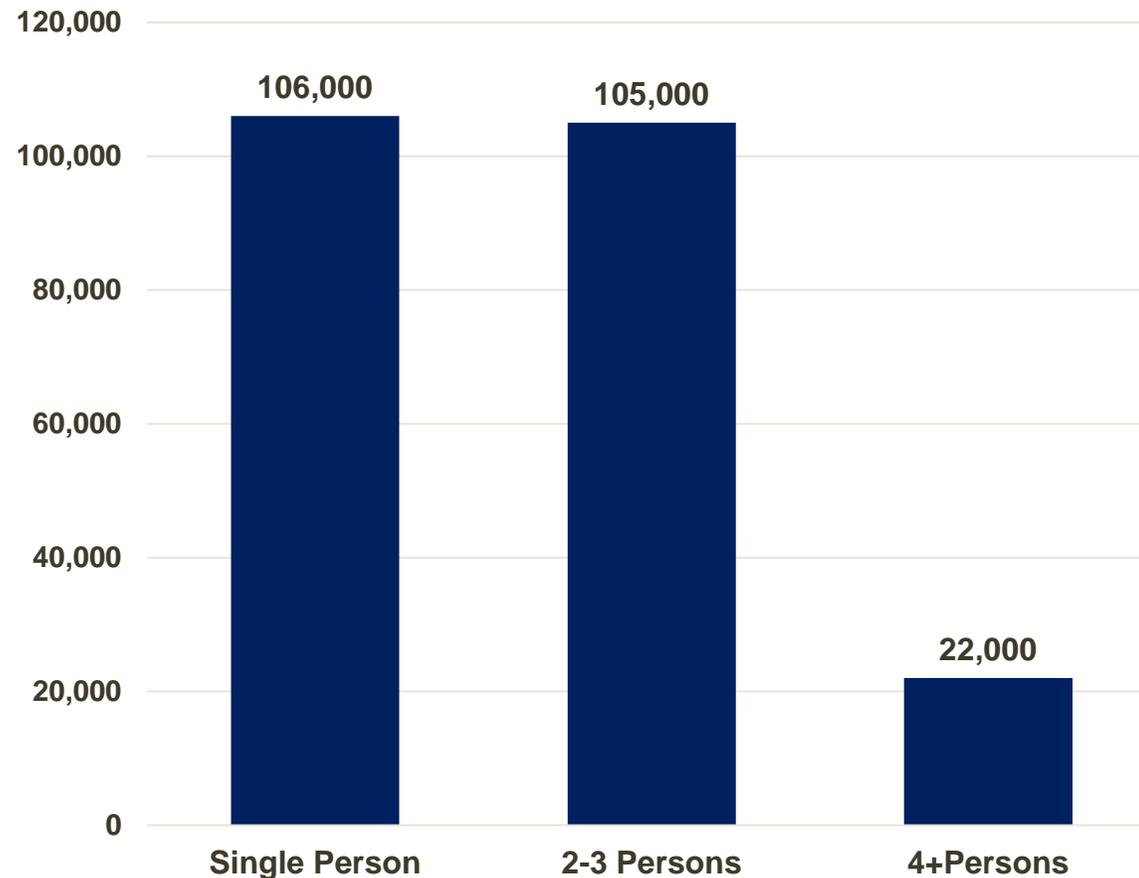


Source: Metropolitan Area Planning Council

A New Demography Requires a New Form of Housing



Increase in Number of Metro Boston Households by Household Size 2015-2030 (Projected)



**This will mean
a huge increase
in demand for
smaller
housing units:
Total 233,000**



Source: Metropolitan Area Planning Council

Need for Housing for:

**Young
Millennials**



**Working
Families**



**Aging Baby
Boomers**



A New Approach to Housing in Greater Boston

“The 21st Century Village” – Housing for Graduate Students, Medical Residents & Interns, and Other Young Professionals ...

as well as Aging Baby Boomers



Goal: Free up Triple-Deckers in the City and Homes in the Suburbs

- By providing new housing opportunities for millennials, a substantial number of units in Triple Deckers and duplexes could be freed up for working families in the Inner Core cities of Greater Boston.
- By providing new housing opportunities for aging Baby Boomers who currently live in larger suburban homes, we can free up more of the existing suburban housing for working families.

Making the 21st Century Village *Attractive*

- Apartment structures -- **Villages** -- with:
 - A **range of units** from small/"micro" apartment to studios and multi-bedroom units for graduate students, medical students, and other millennials ... as well as aging Baby Boomers varying in affordability from the low income graduate student to the more well-heeled student, young professional, and Senior.
 - **Common shared space** with lounges, laundry facilities, seminar rooms, study space, music practice rooms, work-out facilities, and offices that can act as small business incubators
 - Ground floors to house **retail establishments** – a grocery store, drycleaners, coffee shop
 - **Roof Garden for parties** and BBQ
 - Near **public transit** where possible
 - Parking for **Zip Cars**, bicycles
 - **Storage Lockers** in basement



This is the New Housing we need for tomorrow



Getting it Done: A New Collaborative

A Role for:

Private Developers
Quasi-public & Commercial Lenders
Universities and Teaching Hospitals
Architects and Construction Firms
Unionized Building Trades
Municipal Government
State Government



Private Developers

- 21st Century Villages will be **produced by private developers** – for profit and non-profit - and these housing projects will remain on the city's tax rolls.
- In order to maintain affordability, private developers will agree to rental rates so that they make a **reasonable, but not excessive, return on their investments.**



Quasi-Public and Commercial Lenders

Massachusetts is blessed with a range of commercial lenders along with **quasi-public agencies** that could play a role in the financing of these 21st Century Villages including:

MassDevelopment

MassHousing

Massachusetts Housing Partnership

Massachusetts Housing Investment Corporation



Universities and Teaching Hospitals

- In order to assure commercial financing for these housing projects, local universities and teaching hospitals should be encouraged to join together and agree to **master leases** for most of the units in each Village – with each of these non-profits agreeing to take a share of these leases with the right to trade shares if necessary among themselves.
- Local universities and teaching hospitals will **market this housing** to their graduate students, interns, and medical residents.
- **Units not occupied can be rented to others including recent alumni ... as well as seniors who wish to live in housing where there are many amenities and the spirit of young professionals.**



Architects and Construction Firms

- Architecture firms will be encouraged to produce **new designs for affordable units** including attractive “micro” units, studio apartments, and other innovative apartment models with a range of common spaces – including plans for construction using modular or panelized designs.
- Private firms, including construction companies, will be encouraged to develop plans for a **manufacturing facility** in Boston or Greater Boston capable of producing a large number of modular or panelized units for these 21st Century Villages ... drawing on new building techniques that reduce the cost of construction.



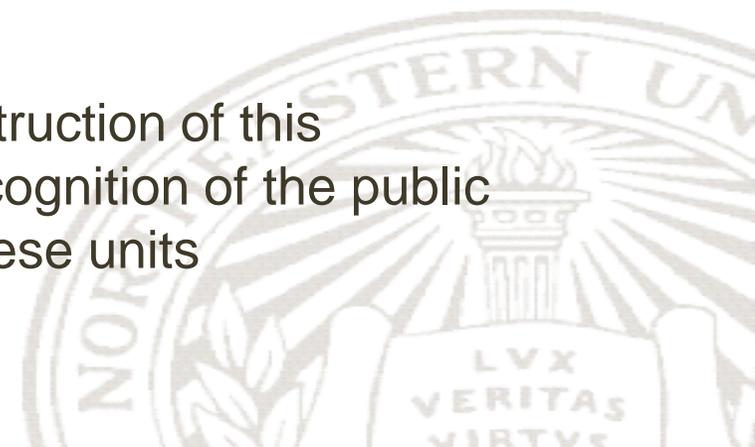
Unionized Building Trades

- In order to reduce the construction costs for these 21st Century Villages, the unionized construction trades are **encouraged to provide some relief on their normal labor rates** in return for producing units in a modular/panelized manufacturing facility with improved working conditions.
- The construction trades will be encouraged to **hire “apprentices” from inner city neighborhoods** and work with the **region’s vocational schools** to help provide the workforce for the new housing production facility.



Municipal Government

- In order to keep the units in these 21st Century Villages as affordable as possible, municipal government is encouraged to:
 - **Reform zoning regulations to permit smaller unit sizes and allow higher density development** in these housing projects
 - **Reduce or eliminate parking requirements** given the expectation that few of these residents will have private automobiles
 - Make **surplus municipal-owned land** available for the construction of this housing stock at a substantial reduction in market price in recognition of the public benefit accruing to the community from the construction of these units



State Government

- In order to keep the units in these 21st Century Villages as affordable as possible, state government is encouraged to:
 - Use **state bonding authority** primarily through existing state quasi-public lending agencies **to provide low interest loans** for the production of these Villages
 - Consider the possibility of developing a **state tax credit** available to private developers of these housing projects
 - Make **state-owned surplus land and MBTA sites available** for these housing projects at a substantial reduction in market price



Implementing the 21st Century Village Plan: A 10 Step Program

It's time for aggressive concerted action on the Housing Front to meet the needs of millennials, seniors, and working families



Steps 1-3

- Step 1: Form a **new Housing Task Force** to research the issue, and build community and business support for the 21st Century Village concept.
- Step 2: The Housing Task Force should conduct **a study of millennials and Baby Boomers** to gauge the extent of potential demand for 21st Century Village housing.
- Step 3: The Governor, along with local mayors, should **convene developers, construction companies and architectural firms to ascertain what is needed—in terms of new housing design, new building techniques, zoning reform, land availability and financing options**—to successfully develop 21st Century Villages.



Steps 4-6

- Step 4: The Governor and the region's mayors should **meet with representatives of the various building trades unions** in Greater Boston to discuss their willingness to help meet the affordability goals of the 21st Century Village.
- Step 5: Together, this **consortium of housing professionals can consider approaches based on modular design and panelized construction using new materials and new, higher-productivity building techniques.**
- Step 6: With a firm plan for building the 21st Century Village, **the Governor and the region's mayors could convene a meeting with local university presidents and hospital CEOs, as well as the other leaders of the business community, to discuss the role they can play as marketers and master lease holders** of these new housing developments,

Steps 7-9

- Step 7: The state Department of Housing and Community Development (DHCD) would meet with the neighborhood development and planning offices of the region's cities and towns and MBTA officials to **discuss publicly-owned sites for the possible development of 21st Century Village projects.**
- Step 8: The state DHCD should **encourage the planning departments of the region's cities and towns to implement new zoning provisions needed to make a range of 21st Century Village typographies legal as-of-right and affordable.**
- Step 9: ***Agreements should be established between universities, teaching hospitals, and major firms working with developers to generate the plans for the first 21st Century Village based on master agreements and deed restrictions on rents and rent increases.***



Step 10

- Step 10: **Begin construction of the first 21st Century Village.** Follow it up with many throughout the region until the supply of new housing meets demand and the older housing stock is freed up at affordable prices and rents for working families and others in communities across Greater Boston.

With a coordinated effort, this plan has a chance of finally meeting Greater Boston's housing needs and thus helping to maintain the Commonwealth's prosperity – providing new housing for millennials and seniors and freeing up the older housing stock for working families



Thank you!

