U N D E R S T A N D I N G   B O S T O N

The Greater Boston Housing Report Card 2004:

An Assessment of Progress on Housing in the Greater Boston Area

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for

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CITIZENS' HOUSING AND PLANNING ASSOCIATION

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Center for Urban and Regional Policy

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

Citizens' Housing and Planning Association

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

The Boston Foundation

The Boston Foundation, one of the nation's oldest and largest community foundations, has an endowment of close to $675 million. Last year, the Foundation made grants of $51 million to nonprofit organizations and received gifts of $41 million. The Boston Foundation is made up of 750 separate charitable funds, which have been established by donors either for the general benefit of the community or for special purposes. The Foundation also serves as a civic leader, convener, and sponsor of special initiatives designed to build community. For more information about the Boston Foundation and its grant making, visit www.tbf.org, or call 617-338-1700.

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Preface

The *Greater Boston Housing Report Card 2004* is the third in a series of annual assessments designed to measure the progress the region is making toward providing housing opportunities for all of its citizens. This report, like its predecessors, has been prepared by the Center for Urban and Regional Policy (CURP) at Northeastern University in collaboration with The Boston Foundation and Citizens' Housing and Planning Association (CHAPA).

Background

During the 1990s, household growth in the Boston metro area outpaced housing production by 50 percent (9 percent versus 6 percent), precipitating a severe housing crisis. From mid-decade on, the region's booming economy created substantial wealth for many existing residents and attracted professional workers from other parts of the country and immigrants from abroad. Rents and home prices, already among the highest in the nation, began to soar still higher in response to plummeting vacancy rates. Compounding the imbalance between the number of households and the available inventory, and fueling demand, was the age profile of the population: the leading edge of the giant baby boom generation was entering the peak housing "trade-up" years (44–54) while the youngest of the boomers (aged 26–36) were competing to purchase their first homes. These factors, coupled with a tortuous permitting process and restrictive zoning in many communities, meant that new production could not be brought to market fast enough to satisfy demand.

Amid reports that the region's employers were having difficulty finding and housing skilled workers, the Boston Archdiocese and the Greater Boston Chamber of Commerce commissioned CURP in the fall of 2000 to prepare a baseline analysis of the region's housing requirements. The resulting report, *A New Paradigm for Housing in Greater Boston*, warned that high housing costs and inadequate supply were threatening the region's economic competitiveness. The authors calculated that the region was entering the 21st century short some 38,000 housing units.[1] They called for an ambitious social compact to increase the supply of housing by more than 80 percent over existing production levels.

Purpose

The Greater Boston Housing Report Card was designed to evaluate on an annual basis any changes in required housing production levels and to chart the region's progress toward meeting these housing needs. It does so by performing the following tasks:

- Assessing economic trends and market conditions that affect the region's current and projected housing needs
- Collecting, consolidating, and reporting housing data from various public and private sources that can be used to assess the adequacy of production levels in the 161 cities and towns that constitute the Greater Boston region
- Improving accessibility and utility of this information so that all those concerned about housing and economic development in the Commonwealth can evaluate the state of the housing market
- Measuring progress in key areas including production levels of new housing by housing type, rehabilitation of existing housing, price and rent affordability, and government support for housing

We hope that these reports have helped clarify and monitor housing trends in the Commonwealth and thereby have helped to galvanize private and public support for meeting the housing challenges we face.

Executive Summary

After housing prices and rents skyrocketed from 1995 through 2002 without much of a housing supply response, 2003 marked the first year Greater Boston experienced any significant increase in housing production with a near doubling of multifamily housing starts. This trend continued in 2004 with the pace of both multifamily and single family construction increasing modestly. Nonetheless, rents – which had been falling – stabilized and the price of single family housing continued to increase by nearly 10 percent. With stagnant household income growth, even after two years of increases in production, affordability of both rental and owner-occupied housing has continued to erode.

Led by its high cost of housing, the Boston metropolitan area had by 2004 the highest cost of living of any metro region in the entire nation, outpacing San Francisco, New York, and Washington, D.C., not to mention Raleigh-Durham-Chapel Hill, Chicago, Austin, and Miami where living costs were only two-thirds as high. It is not surprising, therefore, that Massachusetts was the only state in the nation to lose population in 2004. Of particular concern was the loss of young people. Between 2001 and 2003, the number of 20–24 year olds declined by 11.5 percent while the number of 25–34 year olds fell by 7.2 percent. By contrast, the number of 20–24 year olds nationally grew by 5.6 percent while 25–34 year olds increased by 0.7 percent during the same period. To the extent that the future economic development of the Commonwealth depends on its ability to attract and retain young workers, the lack of affordable housing continues to be a key impediment to the future prosperity of the region.

The possibility of rising interest rates combined with slow job growth and stagnant household income has led some analysts to suggest the region may now face the risk of a precipitous decline in home prices – the bursting of a so-called "housing bubble." While this is a possibility in parts of the country that experienced overbuilding and widespread speculation in the home buying market, the slow pace of construction in Massachusetts makes such an outcome unlikely. If interest rates do indeed increase in the coming year and if household incomes continue to stagnate or fall slightly, we would expect to see a continued modest decline in rents and a leveling off of housing price appreciation. Given the continued supply constraints in the state's housing market, however, we would not expect to see any drastic decline in rents or prices in the immediate future. Affordability will continue to be the major housing challenge in Greater Boston and throughout the Commonwealth.

Key Findings

Current Market Conditions

Cost of Living According to the Washington-based Economic Policy Institute, a typical family of four with two adults and two children living in the Boston region in 2004 required an annual family budget of $64,656 to meet their basic needs for food, shelter, clothing, transportation, and health and childcare. This was $3,000 higher than in the next highest cost city (Washington, D.C.) and $20,000 higher than in metro areas that compete with Greater Boston for industry and jobs. Housing prices in Greater Boston were estimated to be 40 percent higher than in Austin, Chicago, and Miami. Along with high housing costs, Boston is at a disadvantage in terms of childcare and health care costs and taxes.

Economic Update The Boston region continues to emerge from the recession that ended in March 2003, but the recovery has been tepid with very little job growth. Its relatively low unemployment rate – 4 to 4.5 percent – is somewhat misleading. More than 105,000 workers have left the region's labor force during the past 2½ years. Still, early indications suggest that 2005 may see an acceleration in the economy with a modest increase in employment. The Massachusetts Economic Activity Index rose between December 2003 and December 2004 at a rate more than double the average for all fifty states suggesting that most of the fundamentals were in place by year end 2004 for a strong recovery. Nonetheless, employment remains below its pre-recession peak. By the end of 2004, the number of jobs in Greater Boston was still down by more than 160,000. After rising by 9.2 percent over the 2000-2002 period, nominal median household income actually declined in 2003 by 2.7 percent. Income statistics for 2004 have not yet been released, but based on an improvement in nominal average weekly earnings in manufacturing in the Boston region, it is likely that household income recovered slightly last year.

Demographic Update Since 2000 foreign immigration has added some 31,000 residents per year to the Massachusetts population. Until 2004 this immigration was sufficient to offset a net loss among native born residents. But with the number of native born out-migrants increasing each year from 14,000 in 2000–2001 to nearly 59,000 in 2003–2004, overall population growth slowed and finally turned negative.

With continuing increases in the cost of living and slow growth in job opportunity, Greater Boston will be challenged to stem its declining population.

Housing Production in the Region

Building permits in 2004 reached their highest level since 1987. After posting a 28 percent increase in 2003, the number of housing units permitted in the 161 municipalities covered by the Report Card rose by 12 percent to 13,556 in 2004. For the first time since before 1998, both single family and multifamily production contributed to the increase.

Production by Location, Type, and Program Permitting was up in 60 percent of the region's cities and towns and more communities contributed to the production of multifamily housing and affordable units under the State's affordable housing statute, Chapter 40B. Developments were approved under 40B comprehensive permits in 48 communities in 2004 including some that had not added to their affordable inventory in more than a decade. Production continues to move outward from Boston to Route 495 and beyond. An estimated 13 percent of total production was age-restricted to those 55 and above.

Single Family Homes In 2004, permits were issued for 7,000 single family homes in Greater Boston, reversing four years of decline in this category of housing. Still, 62 percent of the region's municipalities issued fewer single family permits in 2004 than they had in 1998 and overall single family production was down nearly 20 percent from the 8,639 units permitted that year.

Multi-Family Housing After more than doubling between 2002 and 2003, the production of multi-family housing in structures with 5 or more units rose again in 2004, although the gain was modest. A total of 5,562 units were permitted compared to 5,003 in the previous year. It is estimated that 60–65 percent of these units will be rental with the majority of such housing in Boston and its neighboring cities (Quincy, Waltham, Revere, Malden). Although multifamily development is still highly concentrated in the region's cities, the number of communities with some level of multifamily activity has increased steadily over the past four years. Construction began on more than 2,000 rental units in 15 suburban towns in 2004, all permitted under Chapter 40B.

Condominium Conversion New apartment production does not translate into a one-for-one addition of rental units as an increasing number of existing apartments have been converted to condominium ownership, a trend that accelerated in 2004. As the demand for ownership units remained strong and the rental market continued to struggle, some developments that were initiated as rentals were converted at the construction stage to condominiums. In addition, existing apartment buildings and two and three family homes were converted in large numbers in 2004.

While overall housing production was up in 2004, it represented only 72 percent of the production target established in the *New Paradigm* report of 2000, which estimated how much housing would be needed in Greater Boston to bring supply and demand into alignment so that prices did not rise appreciably faster than general inflation.

Rents, Home Prices, and Sales

Vacancy rates remained little changed from 2003. By year end 2004, the rental vacancy rate stood at 6.0 percent, up only slightly from 5.9 percent a year earlier. The homeowner vacancy rate was an almost negligible 0.5 percent, slightly lower than in 2003. Consistent with these vacancy rates, rents tended to stabilize in 2004 while housing prices continued to escalate with the median price of a single family house rising to

$376,000 in the Greater Boston region. The region's rate of home price inflation slowed in 2004 relative to other parts of the country and, in fact, trailed the national rate of appreciation of 12.5 percent. Still, Massachusetts home prices have increased more over the past 25 years than any other state in the nation.

Effective Rents Across Greater Boston, rents remained close to their 2003 levels. Taking into account concessions such as one month free rent, rents in Class A apartments were up slightly to $1,748 a month in February 2005 after falling to $1,736 in May 2004 from a high of $1,841 in October 2002. Rents in Class B apartments fell by only $4 to $1,187 between May 2004 and February 2005. Over this same period, rents in Class C apartments fell by $6 to $967. The declines in Class B and C apartments represent the smallest reductions in rents since October 2002.

Advertised Rents Those seeking to move to a new apartment in 2004 would have found that advertised asking rents rose slightly or remained unchanged from a year earlier in 11 of the 23 cities and towns for which such information was available. In 12 other municipalities rents declined, some by as little as 0.2 percent with most declining by no more than 4 percent. In the City of Boston, rents were flat or declined in 11 of 15 neighborhoods.

Rental Affordability Despite slightly moderating rent levels and a wider selection of units to choose from, many Boston area renters were faring worse in 2004 than they had been at the peak of the market in 2001. In 18 of 20 Boston area cities and towns, the advertised rent still exceeded 30 percent of median renter income. In the lowest income communities (Revere, Boston, and Chelsea), a family earning the median renter income would have to pay 47, 50, and 54 percent respectively of its earnings to afford the median advertised rent. Even though there were 34,000 fewer rental households in 2003 than in 2000, 19,000 more rental households were paying in excess of 50 percent of their income for rent.

Home Prices The median single family home price rose by 9.5 percent over 2003 levels, virtually the same rate of appreciation as reported last year. Thus, for seven years in a row Greater Boston has experienced sales price increases on single family homes in the 10 percent range or higher. Condominium sales prices were also up by 9.3 percent, following three years of double-digit price increases. In 2001, the median price of a single family home was less than $300,000 in 88 Greater Boston communities. By 2003, that number had dropped to 43. In 2004, it plummeted to 19.

Home Ownership Affordability With a slight increase in interest rates in 2004, the increase in home prices and attendant increases in taxes and insurance, and stagnating household income, the number of communities where the median single family home would be affordable to a family earning that community's median household income dropped from 59 municipalities to only 27. By this same analysis, 92 percent of Greater Boston communities were considered affordable in 1998 and 37 percent in 2003. In 2004, only 17 percent were affordable. The situation was even worse for first-time homebuyers. In just one community out of the 161 in Greater Boston would someone who earned 80 percent of the town's median income be able to afford a house priced at 80 percent of the median.

For existing homeowners, the combination of rising tax bills and insurance premiums reduced affordability for the average household. The Boston region ended 2004 as the nation's 9th most expensive home buying market, down from 7th a year earlier, and as the 8th least affordable rental market in the country.

Affordable Housing Production

In 2004, more communities were unaffordable even though there was continued improvement in the production of "affordable housing." The increased production was due in large part to Chapter 40B. Nearly 2,000 new affordable housing units were added in 2004 (defined as units eligible for inclusion on the State's Subsidized Housing Inventory and restricted to occupancy by households earning 80 percent or less of the area median income, $59,550 for a family of three).

Production under Chapter 40B Sixty percent of the affordable units permitted in 2004 were approved under 40B comprehensive permits. Excluding the City of Boston, which does not use the comprehensive permit but accounted for 25 percent of the region's affordable housing production, the 40B share rises to 80 percent. 40B developments typically receive only modest interest rate concessions from MassHousing, Federal Home Loan Bank of Boston's New England Fund or one of the state's other quasi-public housing entities. They are essentially market rate developments with an affordable component – typically 25 percent – made possible because a strong housing market coupled with the density bonuses allowed under Chapter 40B enables some cross-subsidization of affordable units by the market rate units. Twenty-nine percent – 1,185 of the total 4,071 units permitted under comprehensive permits in 2004 – are affordable. In addition to the affordable units that will be restricted to occupancy by low income households, many 40B developments are providing sorely needed market rate housing that moderate and middle income families can afford.

Traditional Subsidies The proportion of all new affordable housing produced under traditional state and federal subsidy programs – without 40B – dropped from 41 percent in 2003 to 30 percent in 2004. At the same time the 40B share – those using just the comprehensive permit and an eligible financing source but no additional state or federal subsidy – rose from 37 percent to 54 percent. Five percent of the production used both 40B and federal and state subsidies and the remaining 11 percent used other forms of public support, mostly inclusionary zoning where developers are required to include affordable units in market rate developments.

The good news in 2004 was that more affordable units were being produced. But with more of it being funded through market interventions like 40B and inclusionary zoning, it is increasingly difficult to serve the neediest households. Without additional subsidies the units created tend to serve households making between 70–80 percent of the median income, and not many below this income threshold.

Public Spending and Support for Housing

In 2004, combined state and federal funding for housing in Massachusetts reached its highest level in fifteen years. However, there have been important shifts in the sources and uses of these funds, resulting in relatively little funding for new production.

Funding Level State contributions in support of housing rose by 7 percent in FY2005 and another 7 percent in FY2006 after declining by 5 percent in FY 2004. Even at $215 million, total state spending on housing remains 10 percent below where it was just three years ago.

Furthermore, federal funding declined by nearly 4 percent in FY 2005 for the first time in three years so that total public spending on housing dropped slightly. Most importantly, virtually all of the federal money and a large share of state funds go to support rent subsidies or the maintenance of existing housing. Only about $18 million out of the nearly $400 million federal contribution for housing is available for new production.

Other State Support for Housing In addition to the increase in state spending on affordable housing, there were a number of other state initiatives in 2004 that represented some important gains on the housing front. These included the passage of a $200 million bond bill for programs to expand housing options for persons with disabilities and for elders, the extension of the state's low income housing tax credit for another five years, an addition of $2 million to the $20 million Affordable Housing Trust Fund, and increases to the budget for the Department of Housing and Community Development. Chapter 40R, establishing state incentives for the development of housing in smart growth locations, was enacted although without critical funding to insure municipalities against increased school costs.

The modest increase in state funds and the increased attention to meeting housing needs is a welcome response to the challenges facing Greater Boston and the state, but ultimately much more needs to be done in order to assure affordability.

The Road Ahead

In 2004, for the second year in a row, the region made modest progress toward increasing the production of housing. However, total production remains below what is ultimately needed to bring housing costs into line with household incomes. Moreover, the types of housing being produced – age-restricted housing, luxury condominiums and rentals, and single family housing for affluent households – do not address the shortage of moderately priced housing suitable to attract and retain a young workforce. Thus, much more is required to reduce barriers to housing production and to support the construction and preservation of housing that will contribute to the state's economic competitiveness.

1. Introduction

The September 2000 *New Paradigm* report projected that 15,660 units of housing were needed annually in the 128 cities and towns that constituted the Boston primary metropolitan statistical area (PMSA) to meet the region's housing needs and moderate its skyrocketing rents and home prices. This represented an increase over existing production levels of about 7,200 units per year. The equivalent number of units required for the 161 cities and towns covered by the housing report card was estimated to be about 18,000 units.[2] Just 3 months after that report was issued, Boston – and later the nation – sank into recession. While the nation was officially in recession for just 8 months, the Massachusetts recession lasted for 27 months (December 2000 – March 2003). The state and regional economies were still growing more slowly than the nation as a whole in 2003, but by the end of 2004, recovery was firmly underway.

Last year's report card, covering 2003, estimated that the region's total housing shortfall had been reduced from 38,000 units at the beginning of the millennium to 26,000 units by the end of 2003 as the result of the out-migration of population and jobs on the demand side and a modest increase in housing production on the supply side. It cautioned, however, that vacancy rates were still well below normal in the homeowner market leading to continuing escalation in home prices in 2003. The need remained for a concerted effort to increase housing production, especially housing that would be attractive, affordable, and accessible, to a growing workforce as the region's nascent economic recovery gained momentum. Drawing a parallel to Boston's recovery from the last recession, which began slowly but accelerated rapidly, the authors reaffirmed their estimate that a total of 18,000 units per year were needed in the 161 cities and towns covered by the Report Card. Production in 2003 – at 12,121 units – met only 70 percent of this need.[3]

Recap of the 2003 Report Card

While the first housing report card (2002) found that production lagged across the board, last year's report (2003) contained both good news and bad. Multi-family permitting more than doubled in 2003 and rental vacancies rose to normal levels. The addition of 500 new units of university housing helped to relieve pressure on the rental market in student-impacted areas. New production of affordable units – those restricted to households earning less than 80 percent of the area median income – increased in 2003 by nearly 40 percent over their 2001–2002 level bolstered by a near doubling of units permitted under the state's affordable housing zoning statute, Chapter 40B. Nevertheless, the report noted that housing costs remained intractably high and employers remained worried that the cost of housing would impair their ability to attract new workers to the area as the economic recovery gained momentum.

The 2003 report also described how the performance of the region's homeownership and rental markets had diverged since 2000. The decline in renter households combined with an increase in the production of multi-family housing had resulted in moderating rents and rising vacancy rates. Those renters who could take advantage of historically low mortgage rates were buying homes, contributing to the reduction in demand for rental housing and helping to boost it in the homeownership market. The out-migration from the region of young people, who are disproportionately renters, further weakened the rental market. The reductions in average rents were modest, however, compared with the substantial run-up in rents between 1998 and 2000. Thus, Boston remained one of the most costly rental markets in the country with more than 1 in 5 renters paying at least half of their income for rent.

On the homeownership side, there was little good news in the report for those who did not already own a home in the region. Continued weak production – the permitting of single family homes dropped for the fifth straight year in 2003 – and low mortgage rates led to further tightening in the market. Sales continued at record prices and at a near record pace. Home prices in more communities became out-of-reach for existing residents and employees. The only apparent impact of the general economic slowdown and a decline in the overall number of households in the region was that the rate of appreciation fell to just under 10 percent after five years of double-digit increases.

The report predicted that rents and home prices could increase in 2004 and 2005 if the region's economic recovery, still in its early stages, gained momentum, just as they had during 1998–2001 when rents rose by nearly 7 percent a year and housing prices skyrocketed by approximately 50 percent in just three years. Even with three years of poor economic performance, a reduction in households, and an increase in multifamily rental production, rental vacancy rates by year end 2003 had not risen above what was considered a normal 6 percent level. And the homeownership vacancy rate, at 0.6 percent, was just one third of the normal rate of 1.8 percent.

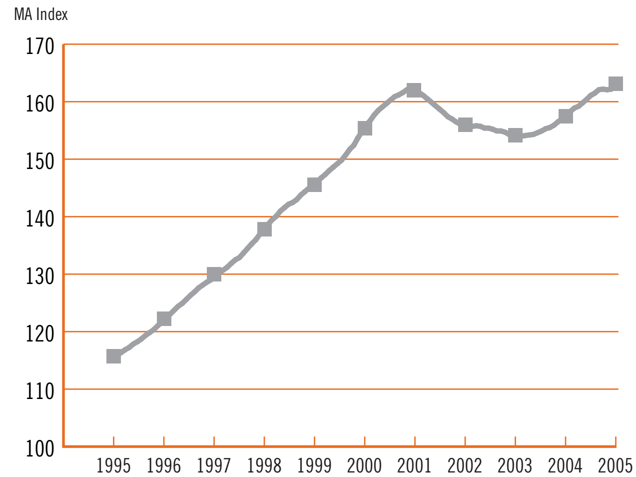
Without a sustained effort to increase housing production beyond the improvement achieved in 2003, more households would be priced out of the market or end up paying an exorbitant share of their incomes to cover rent or mortgage. This trend might be "self-correcting," the 2003 Report Card concluded, if employers find it too difficult to recruit and retain workers in such a costly market and the economy stagnates as a result.

What Has Changed Since Then

The trends identified in the 2003 Report Card only became more pronounced in 2004. The economy continued to improve, albeit slowly. Signals about the strength of the recovery remained mixed. Evidence of improvement could be seen in the Massachusetts Economic Activity Index, which rose between December 2003 and December 2004 at a rate (7.7 percent) more than double the average for all fifty states,[4] suggesting that most of the fundamentals were in place by year-end 2004 for a strong recovery. (See **Figure 1.1**) Consumer confidence was up for the year, with consumers generally more upbeat about their expectations for the future than of their assessment of the present. Employment, on the other hand, continued to languish through much of 2004. Job growth turned positive in the fourth quarter, but gains were modest, and the region experienced a net job loss for the year. By year-end, the region had ceded 6.5 percent of its pre-recession jobs, a loss of more than 166,000 positions.

FIGURE 1.1

Massachusetts Economic Activity Index



Source: Federal Reserve Bank of Philadelphia (July 2000=100, not seasonally adjusted)

Notwithstanding the job loss, building permits were up for a second straight year. Unlike 2003, both single family and multi-family production contributed to the gain, although single family production was still below its 2000 level. Increasingly, new single family production is occurring at the region's outer fringes, and much of the development is restricted to households where at least one member is aged 55 or over. In many communities, new development requires the use of the comprehensive permit provisions of MGL Chapter 40B.

With continued favorable interest rates – and a variety of new mortgage products that made it easier for home buyers to qualify for a mortgage by reducing the cost of homeownership during the early years – prices continued to escalate. This was true across housing type and in most geographies and price ranges. By the end of 2004, inventories were at their highest level in seven years, but unprecedented demand boosted sales of single family, multi-family and condominium homes to their highest levels since the late 1980s.

The increase in condominium sales was especially dramatic, driven by empty nesters (the baby boomers), first-time homebuyers (their children, the echo boomers) and, increasingly, speculators. As the pace of condominium development and conversion accelerated in 2004, it expanded to include rental units still under construction, recently completed rental developments, commercial and industrial properties, and triple deckers, in addition to existing apartments. In some communities, significant numbers of units have been removed from the rental inventory, a trend that can increase the municipality's tax revenues and benefit those looking to "buy into" the community, but exacerbates the housing challenge for those unable to make the switch from renter to owner. Additional rental units, including many that were built with government financing or subsidies, remain at risk.

In spite of the weak labor market, single family home sales were up by more than 12 percent in 2004 and prices rose by nearly 10 percent. Condominium sales surged by 21 percent, and prices rose by over 9 percent. A number of observers began citing this dichotomy of continued high and rising home prices and poor employment growth as evidence of a housing bubble, a possibility that is explored in this year's Report Card. While Boston remains one of the nation's most expensive home buying markets, many other regions have experienced greater price appreciation over the past two years. As a result, Boston ended 2004 as the nation's 9th most expensive place to buy a home, down from 7th a year earlier. This, of course, is little consolation to those attempting to purchase their first home here.

By year end 2004, there was increasing concern about the housing market with respect to three potential, but contradictory, phenomena: (1) overbuilding in some market segments in the short term – particularly luxury rentals and condos and age restricted active adult housing (2) volatility of the market in the mid-term if the region's economic recovery fails to gain momentum but an improving national economy and inflation fears drive interest rates up, and (3) the region's long term prospects if it continues to under-produce the modest-priced owner-occupied housing it needs to attract and retain an adequate workforce.

Organization of Report

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

- Section 2 provides an overview of current market conditions based on an analysis of recent economic activity and the most up-to-date demographic data available from the U.S. Census and other sources. It compares the cost of living in Boston to other metro areas that are competing for our young workers. This section also discusses the "bubble theory," the possibility that the region's housing market may be headed for a major correction.
- Section 3 describes changes in housing supply including where new production is taking place and what types of units are being developed. It also reviews turnover in the existing inventory and developments in the pipeline. For the first time, the Housing Report Card looks at housing production at the periphery of the Greater Boston region.
- Section 4 analyzes changes in rents, home prices, and housing affordability for the region as a whole and for specific towns and cities. It explores the impact of high home prices on rent levels in the region's traditional "bread and butter" stock, its 1–4 family structures.
- Section 5 focuses specifically on affordable housing production and looks at where it is being built and for whom, who is building it, and what tools they are using.
- And finally, Section 6 looks at what has happened to public funding levels and government support for housing since the last report card was issued.

Three appendices are also a critical part of this report card. They provide important comparative data on Boston and other metro areas and key performance indicators for each of the region's 161 municipalities:

- **Appendix A** provides the detailed cost of living tables from the Economic Policy Institute for Boston and other metro areas, both within the region and in other parts of the country. These data are summarized in Sections 2 and 3 of the Report Card, in the discussion of the challenge Boston faces in competing for workers.

- **Appendix B** presents the municipality-by-municipality results of the 2004 affordability gap analysis discussed in Section 4.
- **Appendix C** aggregates housing production data from several sources, including an analysis of the year-end 2001 and year-end 2004 state subsidized housing inventories (SHI), to document the progress the region's individual cities and towns are making in increasing the supply of affordable housing (discussed in Section 5). This appendix is designed as a diagnostic tool for local leaders to use in evaluating their own performance and needs in the larger regional context. It illustrates that some communities have responded proactively to the region's housing challenges while others continue to lag.

2.
Current Market Conditions

Employment in Boston, and Massachusetts as a whole, continues to lag the national recovery. Moreover, the region's intractably high housing costs – in addition to high childcare and healthcare costs – have contributed to continued labor force out-migration. The out-migration was so strong that the Commonwealth had the dubious distinction of being the only state in the nation to lose population between July 2003 and July 2004, posting a decline of 0.1 percent.

Cost of Living

A new data series released by the Economic Policy Institute in Washington, D.C. reveals that Greater Boston is the most expensive place to live among all the major metro regions in the nation.[6] As **Figure 2.1** reveals, a typical family of four with two adults and two children living in the Boston region in 2004 required an annual family budget of $64,656 to meet their basic needs for food, shelter, clothing, transportation, and health and childcare. This is more than $3,000 higher than in Washington, D.C., $6,000 more than in New York City, and $7,000 more than in San Francisco. To meet the same consumption standard, a family of four in Raleigh-Durham-Chapel Hill, or in Chicago, Austin, or Miami requires $20,000 less than in Boston. According to the EPI calculations, housing costs, child care and health care expenses, and taxes all make Boston a much more expensive place to live. Monthly housing costs are estimated to be 40 percent higher than in Austin, Chicago, and Miami and 63 percent higher than in Raleigh-Durham-North Carolina. (See **Appendix A** for detailed tables.)

Economic Update

Although the Boston region officially emerged from recession in March 2003, its recovery has been tepid and, through 2004, jobless. Non-agricultural wage and salary employment began to increase modestly in September 2004 and continues to improve through the first quarter of 2005. (See **Figure 2.2**) The market has experienced significant consolidation, especially in the financial and information service industries, but its professional services, health, education, leisure and hospitality sectors have recently added jobs. The unemployment rate dropped to 4.3 percent in May 2005 from 4.5 percent a year earlier, although it was up from 3.8 percent at the end of 2004. Along with some improvement in the employment picture, nominal average weekly earnings in the Boston area manufacturing sector increased by 5.3 percent in 2004 after declining by 0.2 percent in 2003.

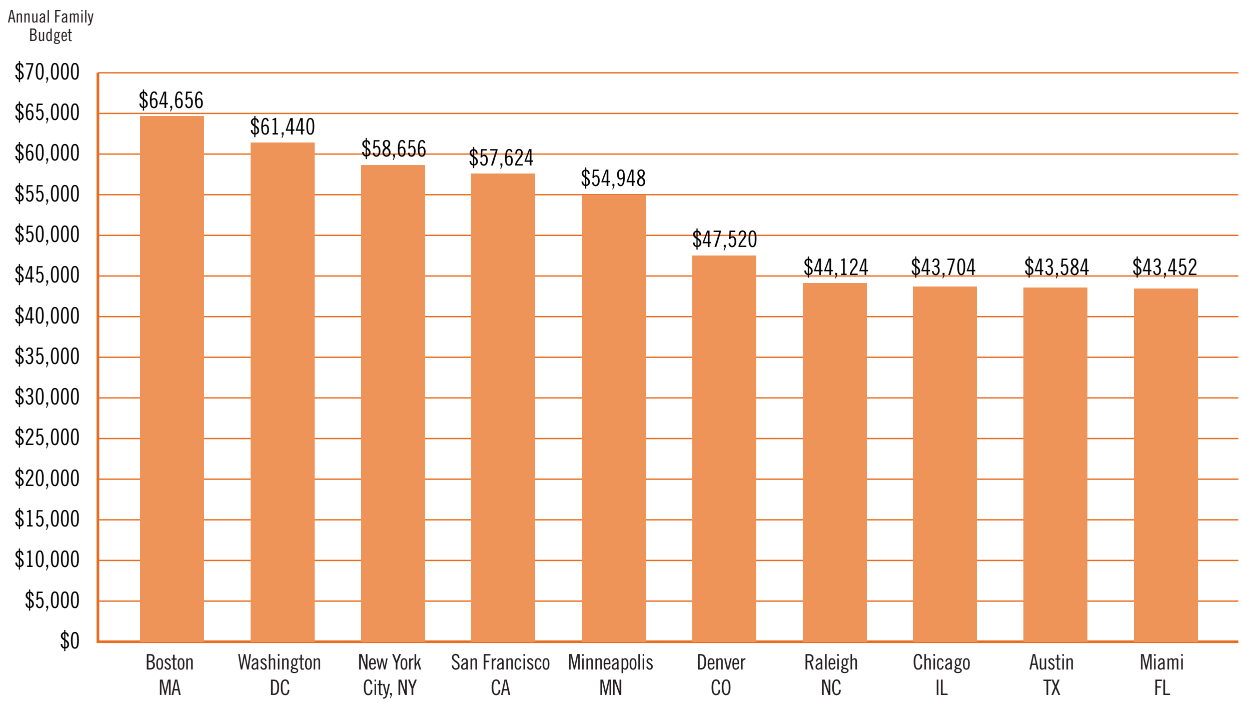
Early 2005 reports of an increase in state tax revenues suggest that the economy may be picking up some more steam. Whether this continues depends, of course, on international and national economic conditions which are hard to predict at this moment. Rising oil prices, a Federal Reserve policy of slowly increasing short-term interest rates, a continued increase in the nation's trade deficit, and a possible sharp downturn in the housing markets in other regions could mean a weaker economy in the year ahead.

Demographic Update

The U.S. Census Bureau estimates that the 161 Greater Boston cities and towns experienced a modest population loss between July 1, 2003 and July 1, 2004 of about 7,200 people, and as noted above, Massachusetts was the only state in the entire nation to experience a net loss in population last year. This loss in population continues a trend that began as early as 2000. Part of the decline is due to a low birth rate in the state (Massachusetts has a larger share of elderly and baby boomers than the nation as a whole but a smaller share of "echo boomers."). But net out-migration is an even more important factor. According to the Census Bureau, the number of foreign immigrants settling in Massachusetts averaged nearly 31,000 a year between 2000 -2001 and 2003 -2004. The number of domestic net out-migrants, however, has increased from 14,000 in 2000 -2001 to nearly 59,000 in 2003 -2004 – in line with the sharp decline in housing affordability. Foreign immigration more than offset the domestic emigration until 2002–2003. The large domestic out-migration last year

FIGURE 2.1

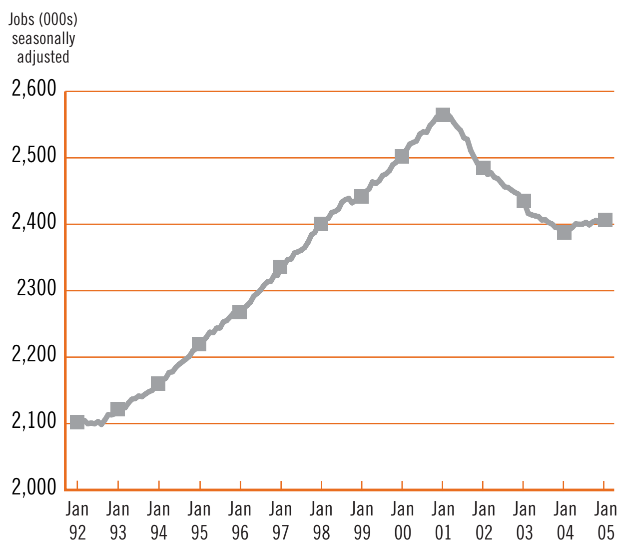
Economic Policy Institute Annual Family Budget Boston Metro Area v. Competitor Regions



Source: Economic Policy Institute Family Basic Budget Calculator

FIGURE 2.2

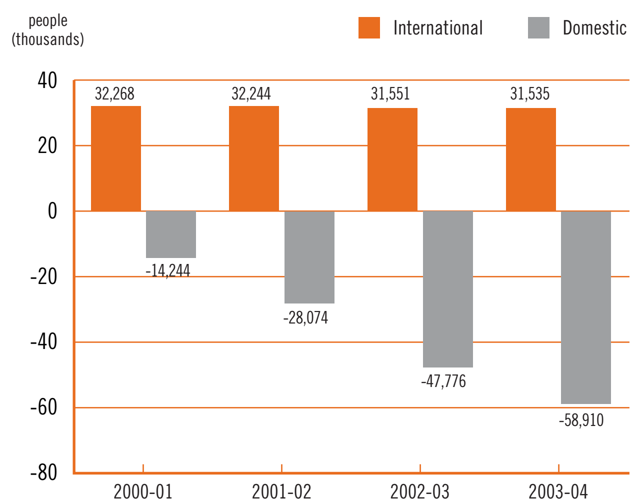
Employment Growth Boston Metro Area



Source: U.S. Bureau of Labor Statistics

FIGURE 2.3

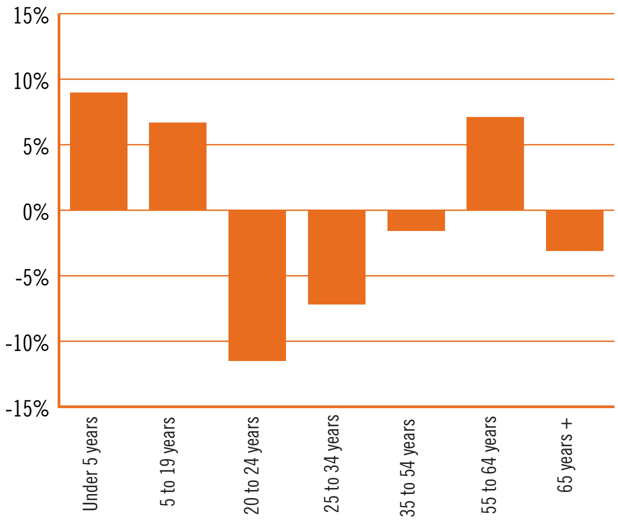
Massachusetts Net Migration 2000–2004



Boston Indicators "Thinking Globally/Acting Locally" Source: U.S. Census Bureau, State Population Estimates, Components of Population Change, provided by The Boston Foundation (*Thinking Globally/Acting Locally*)
Source: U.S. Census Bureau, State Population Estimates, Components of Population Change
http://www.census.gov/popest/states.

FIGURE 2.4

Population Change by Age Cohort
Boston PMSA 2001–2003



Source: U.S. Census Bureau, 2001, *2003 American Community Survey*

swamped the level of foreign immigration leading to the overall loss in population. (See **Figure 2.3**)

If the net loss were due to seniors moving to warmer climates, that might not portend a serious problem for the Commonwealth. But data from the *American Community Survey* (ACS) comparing 2001 to 2003 population counts suggest that a large proportion of these out-migrants are young people aged 20 to 34.[7] The ACS data do not break out migration from other demographic factors, but the magnitude of the decline in the 20–24 and 25–34 year old cohorts over just two years suggests that the migration documented in Figure 2.3 is a major factor. Note that just between 2001 and 2003, the number of 20–24 year olds declined by 11.5 percent while the number of 25–34 year olds fell by 7.2 percent. (See **Figure 2.4**)

Most of the overall population loss came in Suffolk County, which saw its population decline by 1.5 percent during this period, and by 3.5 percent since 2000. Plymouth and Worcester Counties,[8] on the other hand, each grew by 0.5 percent in the past year and by 3.4 and 3.6 percent, respectively, since 2000. Among Greater Boston municipalities, Middleton, Abington, Raynham, and Berlin grew by over 10 percent while Chelsea saw its population drop by more than 5 percent between 2003 and 2004.

For the most part, population losses were concentrated in the region's cities and inner suburbs; the growth occurred in the Route 495 corridor and beyond. At least some of this trend is driven by families seeking more affordable housing in distant suburbs while others seek to be closer to work as employment opportunities continue to shift outward toward the periphery of the region.

The fastest growing suburban municipalities are those that added multi-family housing units in significant numbers (discussed in more detail in Section 3). The population loss in Boston and the inner ring occurred in spite of substantial new production of condominiums and rental housing, and is expected to reverse itself as these units get absorbed.

Table 2.1 presents other demographic highlights from the ACS. Paralleling the population decline, the number of households also fell between July 2002 and July 2003. The Survey reported an increase of 0.8 percent in total housing units and a drop of 0.4 percent in occupied units, accompanied by a substantial 20.4 percent increase in the number of vacant units. As has been the case for more than a decade, the growth in occupied units reflects the increase in the number of homeowners (up 1.1 percent). The number of renter households continued to fall by 2.6 percent.

Overall, vacancy rates[9] have changed little from December 2003. By year-end 2004 the homeowner vacancy rate in the Boston PMSA was 0.5 percent, slightly lower than it had been a year earlier (0.6 percent). The U.S. rate, which has ranged between 1.4 percent and 1.8 percent for the past 20 years, was 1.7 percent at year end 2004, down from 1.8 percent a year earlier. Boston's rental vacancy rate was 6.0 percent at the end of 2004, (up slightly from 5.9 percent a year earlier), and well below the national rate which rose to its highest level in more than two decades – 10.2 percent – in 2004 (from 9.8 percent in 2003). **Figures 2.5** and **2.6** illustrate the changes in vacancies over time.

The ACS reported that median household income dropped by 2.7 percent to $58,971. Renters continue to earn substantially less than homeowners and the disparity has grown wider in recent years. Median renter income in 2003 declined by 2.9 percent to $35,689 in 2003 while the median homeowner income rose by 1.6 percent to $78,051. With a small decrease in household income, more families were living in poverty (less

TABLE 2.1

Demographic Profile Boston PMSA 2000–2003

Indicator	2000	2002	% Change 2000-2002	2003	% Change 2002-2003
Population	3,309,622	3,304,030	-0.2%	3,296,112	-0.2%
Households	1,310,885	1,303,824	-0.5%	1,299,196	-0.4%
Median Household Income	$55,523	$60,612	9.2%	$58,971	-2.7%
Median Renter Income	$35,023	$36,757	5.0%	$35,689	-2.9%
Median Homeowner Income	$71,766	$76,838	7.1%	$78,051	1.6%
Families Below Poverty Level	44,156	53,278	15.5%	54,787	2.8%
Total Housing Units	1,379,582	1,382,290	0.2%	1,393,631	0.8%
Occupied Units	1,310,885	1,303,824	-0.5%	1,299,196	-0.4%
Vacant Units	68,727	78,466	14.2%	94,435	20.4%
Overcrowded Housing Units	25,582	29,744	16.3%	27,493	-7.6%
Owner Occupied Units	778,521	791,994	1.7%	800,605	1.1%
Renter Occupied Units	532,334	511,830	-3.9%	498,591	-2.6%
Median Value Owner Occupied Units	$239,426	$328,713	37.3%	$369,878	12.5%
Median Gross Monthly Rent	$844	$968	14.7%	$975	0.7%
Renter HHs Paying >30% of Income for Rent*	40.3%	43.3%	7.4%	47.9%	10.6%
Renter HHs Paying >50% of Income for Rent*	18.4%	22.4%	16.8%	23.4%	4.5%
Median Monthly Owner Cost (w mortgage)	$1,626	$1,697	4.4%	$1,800	6.1%
Median Monthly Owner Cost (w/o mortgage)	$456	$491	7.1%	$550	12.0%
Homeowners (w mortgage) Paying >30%*	26.6%	31.8%	14.3%	33.6%	5.7%
Homeowners (w mortgage) Paying >50%*	8.9%	10.0%	2.2%	11.1%	11.0%

*Of those where cost burden was calculated

Source: *2003 American Community Survey Change Profile*
2000 income by tenure from Census 2000, Table HCT 12

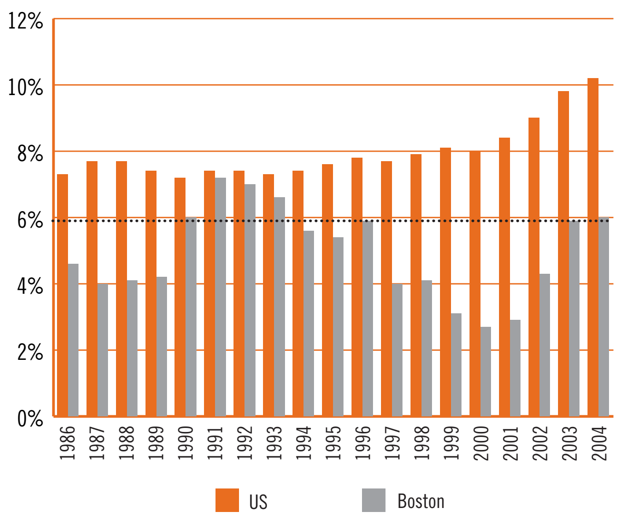
than $16,090 for a family of three) in 2003 than in 2002 (+2.8%). The incidence of overcrowding declined slightly from 2002 to 2003, by 2,200 households.

The 2003 ACS underscores the increasing affordability challenge confronting the region. Even though there were almost 34,000 fewer renter households in the Boston PMSA in 2003 than there had been three years earlier, ACS estimated that the number of renter households paying in excess of 30 percent of their income for rent increased by more than 24,000 (11 percent). The number paying more than 50 percent of income for rent, considered severely cost burdened by the Federal Department of Housing and Urban Development (HUD), increased by nearly 19,000 (19 percent). Just between 2002 and 2003, as the overall number of renter households declined by more than 13,000, the number experiencing cost burdens climbed by more than 17,000 and the number with severe cost burdens rose by over 2,000.

The number of cost burdened and severely cost burdened homeowners has been increasing as well, rising 30 and 28 percent, respectively, between 2000 and 2003. Just between 2002 and 2003, the percent of homeowners experiencing cost burdens rose by 6 percent while those with severe cost burdens jumped by 11 percent.[10] By the end of 2003 there were nearly 206,000 households in the Boston PMSA, renter and homeowner, paying in excess of 50 percent of income for housing, an increase of over 7 percent in just one year.

FIGURE 2.5

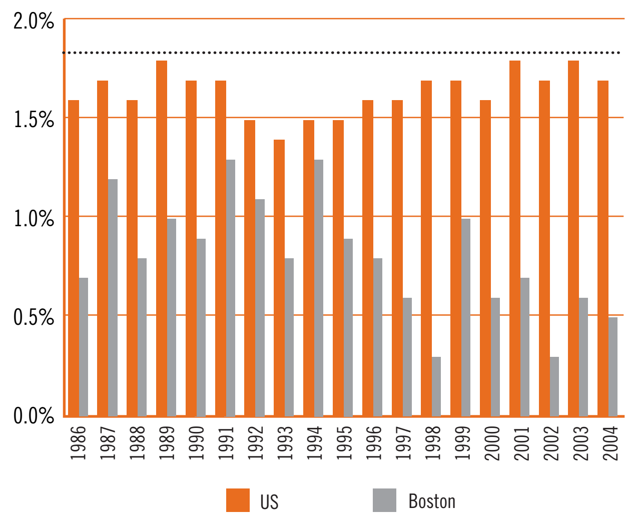
Rental Vacancy Rates US v. Boston PMSA



Source: U.S. Census Bureau Quarterly Vacancy Survey

FIGURE 2.6

Homeowner Vacancy Rates US v. Boston PMSA



Source: U.S. Census Bureau Quarterly Vacancy Survey

Shifting Demographic Profile

Within the Greater Boston region some communities have continued to grow at a brisk pace, while others have experienced a population decline. As noted above, the population growth in general has occurred in the communities along the region's outer ring (the Route 495 corridor) and in towns in Worcester County and southern New Hampshire, reflecting in part the lack of affordable housing closer to Boston itself. The Census Bureau also publishes the annual ACS data for a larger metro area, called the Consolidated Metropolitan Statistical Area (CMSA).[11] A useful way of monitoring growth in this larger region is by comparing changes over time in a series of concentric rings: the

TABLE 2.2

Population Shifts in the Boston Region Between 2001–2003

Change in Number of --	City of Boston	Balance of PMSA	CMSA, excluding PMSA
Households	-2.8%	-2.2%	2.1%
Married couple families with children < 18	-6.2%	3.5%	3.6%
Households with one or more persons < 18	-8.7%	1.8%	3.6%
Households with one or more persons > 65	-5.9%	-1.1%	9.1%
Total housing units	0.0%	0.4%	2.2%
Occupied housing units	-2.8%	-2.2%	2.1%
Vacant units	33.0%	72.7%	3.8%
Owner occupied units	9.9%	-1.2%	4.6%
Renter occupied units	-9.9%	-4.1%	-2.7%
Population born in U.S.	-6.7%	-0.9%	2.0%
Foreign born	29.9%	1.5%	18.6%

Source: CURP analysis of *2003 American Community Survey Change Profile*

City of Boston; the balance of the Boston PMSA; and the CMSA, excluding the PMSA. **Table 2.2** illustrates the region's shifting profile, as growth extends outward.

Outlook for 2005–2010

No appreciable household growth is expected before the end of 2005. However, assuming a continued economic recovery, it is likely that there will be some increase in population over the next decade. The Metropolitan Area Planning Council (MAPC) projects potential household growth of 5.9 percent over current levels by 2010 and 13 percent by 2020. At this rate the region will still need about 18,000 net new housing units per year between 2005 and 2010. It has produced an average of 11,000 annually over the past five years. A substantial portion of the increased production in 2003 and 2004 was high priced urban housing (rental and condo) and age restricted suburban development, both important markets, but not ones that moved the region substantially closer to preparing to house a growing workforce. The new units will need to meet the needs and desires of existing residents, as well as those who might be considering a job related move into the region, in terms of size, tenure, location, and price.

Is Boston Experiencing a Housing Bubble?

The surge in home prices in many parts of the country since 2000 has fueled concern nationally about housing bubbles. In fact, in much of the world home prices, and other metrics that economists use to assess market stability, like price/income and price/rental ratios, are at all time highs, adding to the concern. Locally, debate about whether Boston is experiencing a housing bubble has increased as inventories have grown in certain market segments and the economy continues to send conflicting signals about the strength of its recovery. The issue is worth examining here.

Boston's high and rising home prices have concerned employers, policy-makers, and those seeking to purchase their first home here for two decades. But when the region's economy was strong and incomes were rising sharply, few worried that a collapse was imminent. But because job growth has stalled in recent years and area home prices have continued to increase so much faster than incomes, Boston has appeared on the housing bubble "watch lists" of a number of analysts, including the Federal Deposit Insurance Corporation (FDIC), several private mortgage insurance companies and, most recently, *BusinessWeek* magazine.

These analysts consider a number of factors in assigning their risk ratings including: changes in home price; an affordability index similar to that which is included in this report card; employment and changes in employment; housing production, especially single family production; the cost of renting compared to owning; and the number of investor purchasers. Other factors that raise concerns – such as rising interest rates, risky lending practices or loan types, high debt levels, and excessive cash out refinancings – tend to cut across geographic markets. The factors that put Boston at risk are its price appreciation compared to income and job growth and its poor record of affordability.

Many other factors, however, suggest that a sharp decline in prices is unlikely, unless the region faces a broad and prolonged recession. Price inflation has moderated relative to other parts of the county in the past two years. The region continues to undersupply housing; the number of single family units permitted remains below what it was in 2000. Although increased investor purchasing is a growing concern in some neighborhoods and property classes (mainly condominiums) and warrants careful monitoring, it has been more limited than in many cities.[12] The area's immigrant population represents a large and growing market for entry level homes and its large population of baby boomers, with substantial equity built up in their existing homes, continue to trade-up and/or buy second or retirement homes. Furthermore, most significant market declines have occurred when a region was heading into a recession, not as its economy was improving. And while Boston's recovery may be fragile, it seems to be gaining momentum.

While some real estate analysts predict that the region could experience a 10 to 15 percent drop in home prices – about half the decline experienced during the late 1980s – most argue that what is more likely to happen here is what usually happens in markets where home prices escalate faster than incomes: production slows and prices remain flat until local incomes can catch up. Neither outcome, though, is a solution to the region's structural problem of inadequate production over the long term.

3.
Housing Production in the Region

This section of the *Housing Report Card* describes where new housing production took place in 2004 and the type of units created. For the first time, the Report Card also examines housing production and demand on the periphery of the 161 cities and towns it has defined as Greater Boston since 2002, including communities in Worcester County that have experienced population growth, increased housing production, strong home sales, and price appreciation. It also reviews the development pipeline for housing likely to come on line in the next few years.

2004 Overall Production Levels

Building permits in 2004 reached their highest level since 1987. The 13,556 housing units permitted in the 161 cities and towns covered by the report card was 12 percent higher than in 2003. Permitting was up for both single family dwellings and units in large (5+ unit) multi-family structures. This contrasts to 2003 when the improvement was driven entirely by multi-family production which had more than doubled over the prior year. Permitting of single family units had dropped to its lowest level in five years in 2003 making Massachusetts one of only eight states where single family permits did not hold steady or increase. (See **Table 3.1**)

In 2004, single family permitting rebounded by 16 percent although it remained nearly 20 percent below the levels achieved in 1998. The permitting of multi-family units was up by 11 percent. As a result, single family structures accounted for roughly half of all new units, down from 80 percent in 1998. (Nationally, building permits were up by just under 9 percent, as single family permitting rose by nearly that amount and multi-family permitting was up by over 5 percent.)

Figure 3.1 portrays building permit data for the past 35 years for just the Boston PMSA.[13] We include this figure each year because it provides a useful historical context for understanding current production levels. While still well below production levels of the late 1960s, early 1970s and mid–1980s, housing production has continued to grow during the past two years despite the region's weak economy. Many of the permits issued in 2004 (and 2003), however, are for projects that had been in the planning stages for several years, a reflection of the protracted permitted process in Massachusetts.

TABLE 3.1

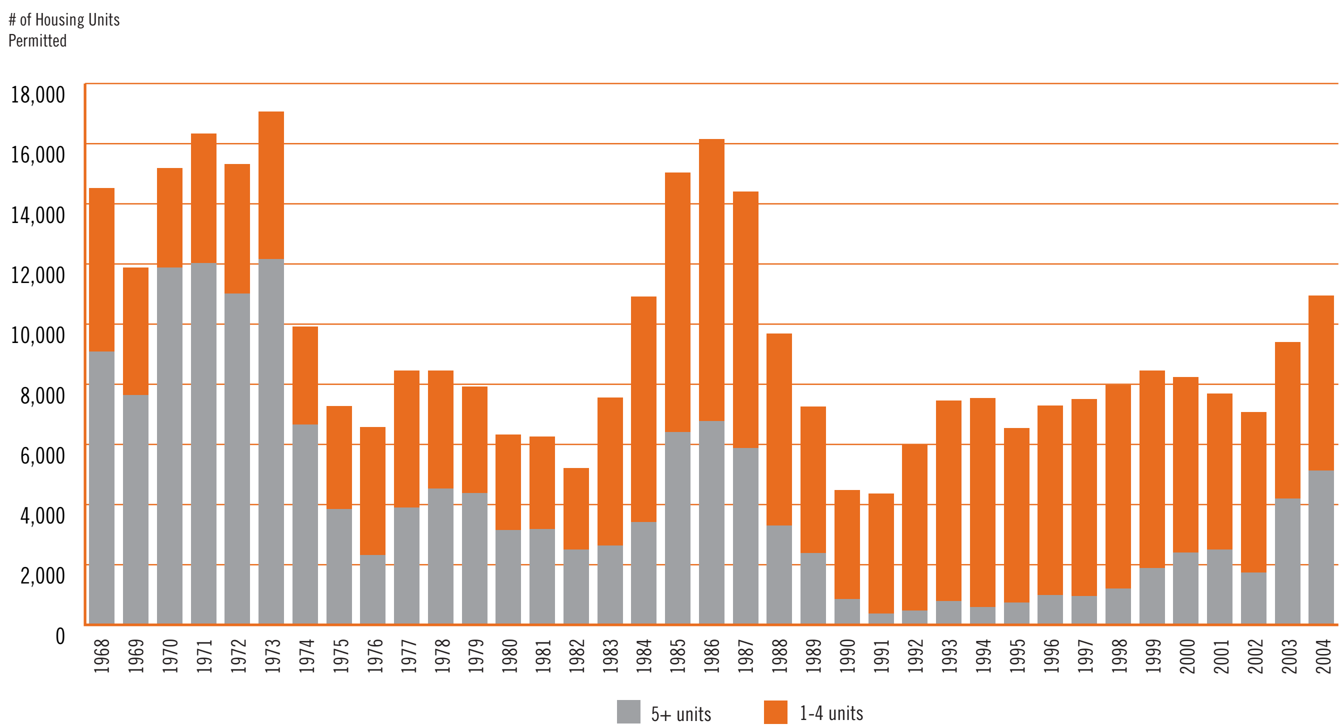
Single Family v. Multi-Family Building Permits, 1998–2004

Year	Total Units Permitted	Units in Single Family Structures	Single Family Units as % of Total	Units in 2-4 Unit Structures	Units in 5+ Unit Structures
1998	10,846	8,639	79.70%	574	1,633
1999	10,662	7,775	72.90%	746	2,141
2000	10,342	7,102	68.70%	701	2,539
2001	9,701	6,313	65.10%	686	2,702
2002	9,520	6,408	67.30%	764	2,348
2003	12,121	6,020	49.70%	1,093	5,003
2004	13,556	7,000	51.60%	994	5,562

Source: U.S. Census Bureau Building Permit data for MA portion only of the Boston, Brockton, Lawrence, and Lowell metro areas

FIGURE 3.1

Housing Units Permitted, Boston PMSA, 1968–2004



Source: U.S. Census Bureau Building Permits; data pre–1980 compiled by J. Avault and P. Leonard, BRA

2004 Production by Type and Location

Although development continues to be unevenly distributed throughout Greater Boston, permitting was up in 2004 relative to 2003 in 60 percent of the region's communities, and more communities contributed to the production of multi-family housing and affordable units under Chapter 40B. Other than the affordable units developed through the comprehensive permit process – most of which serve households earning about 70–80 percent of the area median income – new production of housing for those with very low incomes or with special needs remains highly concentrated in urban communities, especially Boston.

For the second year in a row, the market comprises four distinct segments:

- multi-family production, both rental and condominium, in Boston and other inner core communities (Quincy, Malden, Revere, Dedham)
- suburban development permitted under 40B, including both single and multi-family rental and homeownership
- age restricted housing, including active adult developments and independent living apartments
- large, single family detached homes, built at medium and low densities in the outer suburban ring

Figures 3.2 and 3.3 illustrate just how great the impact of 40B and age restricted development is. These figures document the type and location of housing produced between 2002–2004 in the region's 25 cities and 136 towns. Overall, 25 percent of the housing production during these three years used the comprehensive permit provisions of MGL Chapter 40B (including 4 percent that was age restricted). An additional 9 percent was age restricted, but did not use the comprehensive permit. Outside of the cities, 40B and age restricted units represented fully 42 percent of the production between 2002 and 2004.

FIGURE 3.2

Estimated Housing Production by Type 2002–2004, Total Greater Boston

(approximately 35,400 units over 3 years)

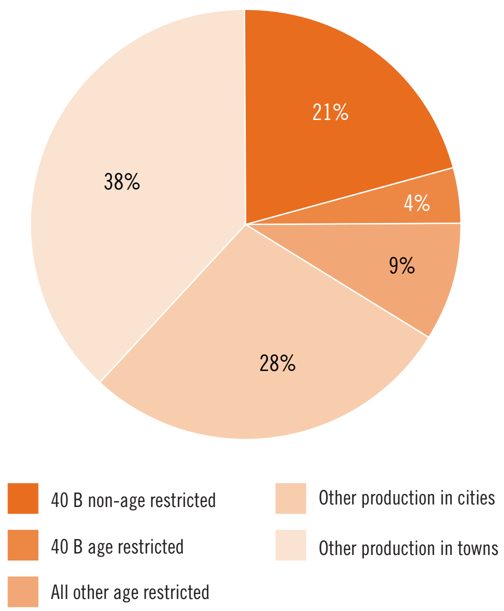
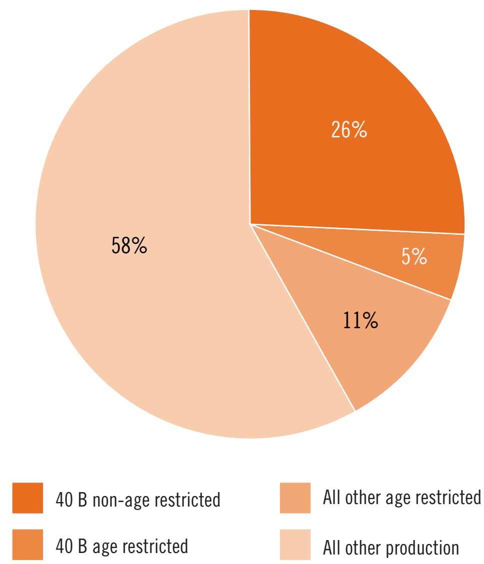


FIGURE 3.3

Estimated Housing Production by Type 2002–2004, Greater Boston Towns Only

(aproximately 23,000 units over 3 years)



Source for both Figures 3.2 and 3.3: CURP analysis of building permits and 40B development records

Table 3.2 lists the communities that led the region in permitting new housing in 2004. With one exception, Pembroke, they all include multi-family units in their mix. Most also include the production of affordable units (defined as units that are income restricted to households earning no more than 80 percent of the HUD area median income and eligible for inclusion on the state's Subsidized Housing Inventory). Plymouth, the state's largest community geographically, and Milton both included a substantial number of age restricted and age targeted units. Pembroke's impressive single family production numbers include several 40B developments that have brought the town close to the state's 10 percent goal for income restricted affordable units; a 204 unit mixed income rental development that broke ground in 2005 will put them over the 10 percent threshold. (The role of 40B in expanding the region's housing supply is discussed in Section 5, Affordable Housing Production.)

The communities permitting the fewest units include densely populated smaller cities and towns like Chelsea, Winthrop and Swampscott where siting new development is especially challenging. But they also include very low-density communities like Hamilton, Lincoln and Wenham.

Single Family Homes

Overall, the region has demonstrated some modest improvement in diversifying its housing stock over the four years that we have monitored performance. The good news is that fewer communities permitted exclusively single family homes in 2004 than in prior years (see **Table 3.3**). Production of new single family homes, while up region wide, remained unevenly distributed. Indeed, 62 percent of the region's municipalities issued fewer single family permits in 2004 than they had in 1998.

TABLE 3.2

Building Permits Issued for New Housing by Municipality, 2004

Communities Pemitting the MOST New Units, 2004

Rank 2004	Rank 2002-3	Community	Total Units Permitted	% Single Family	Affordable Units*	40B Comp Permit	Pop Density/ Sq. Mi.
1	1	Boston	1,079	9.5%	517		12,166
2	2	Quincy	641	9.7%	14		5,244
3	7	Peabody	562	6.4%	84	90%	2,936
4	74	Malden	498	5.6%	19		11,103
5	5	Waltham	415	34.9%	66	100%	4,663
6	20	Franklin	369	18.2%	97	100%	1,105
7	34	Danvers	355	4.2%	77	100%	1,898
8	69	Dedham	316	4.7%	90	100%	2,245
9	12	Revere	308	6.8%	77		7,994
10	4	Plymouth	302	91.7%	0		536
11	21	Lowell	215	88.8%	121**		7,636
12	44	Dracut	194	54.6%	87	100%	1,367
13	24	Andover	190	35.3%	111	100%	1,008
14	51	Pembroke	180	100.0%	27	100%	775
15T	8	Hingham	179	34.1%	54	100%	885
15T	64	Milton	179	7.8%	0		1,999

Communities Permitting the FEWEST New Units, 2004

Rank 2004	Rank 2002-3	Community	Total Units Permitted	% Single Family	Affordable Units*	40B Comp Permit	Pop Density/ Sq. Mi.
1146T	126	Boxford	11	100.0%			330
146T	89	Mendon	11	100.0%	19	100%	292
146T	128	West Bridgewater	11	100.0%			421
146T	158	Chelsea	11	0.0%			16,037
150T	107	Manchester	10	100.0%	5	100%	563
150T	127	Millville	10	100.0%			552
152	136	Lynnfield	9	100.0%	5	100%	1,138
153	137	Maynard	8	100.0%			1,991
154	157	Wenham	7	100.0%			575
155	153	Topsfield	6	33.3%	6	100%	482
156	159	Nahant	5	100.0%			2,919
157	155	Lincoln	4	100.0%			561
158	129	Swampscott	3	100.0%	2	100%	4,726
159T	160	Avon	2	100.0%			1,015
159T	161	Winthrop	2	100.0%			9,208
161	146	Hamilton	1	100.0%			570

*Includes units created through new construction and adaptive reuse where occupancy is restricted to households earning < 80 percent area median income. Affordable units are counted when approved by DHCD, not when they receive their building permit, which explains why the # of affordable units may exceed the # of units receiving building permits.

**Lowell added 121 new low income rental units, but recorded a net loss on the State Subsidized Housing Inventory because of the loss of 284 units of public housing that have not yet been replaced (although a plan is in place to do so.)

Source: U.S. Census Bureau Building Permits, DHCD Subsidized Housing Inventory and 40B tracking list, other public documents, and interviews with local officials. City of Boston data is from Leading the Way II

TABLE 3.3

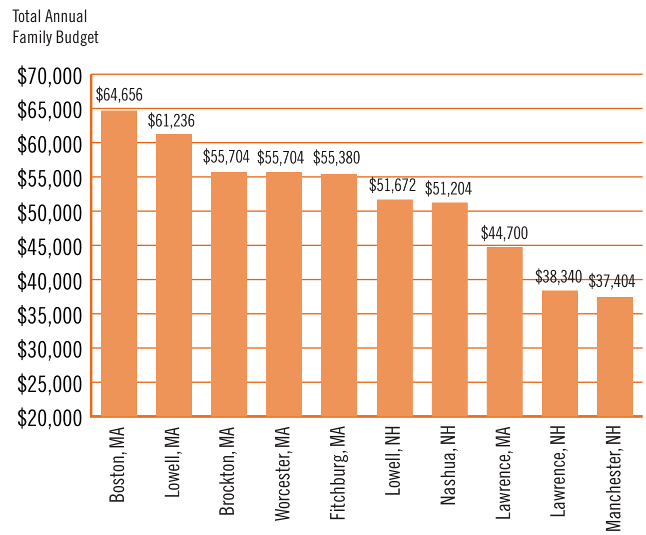
Municipalities Permitting Only Single Family Dwellings

Year	Percent
2004	47%
2003	53%
2002	54%
2001	60%

Source: U.S. Census Bureau Building Permit data

FIGURE 3.4

Economic Policy Institute Annual Family Budget Boston v. Other Metro Areas in Region

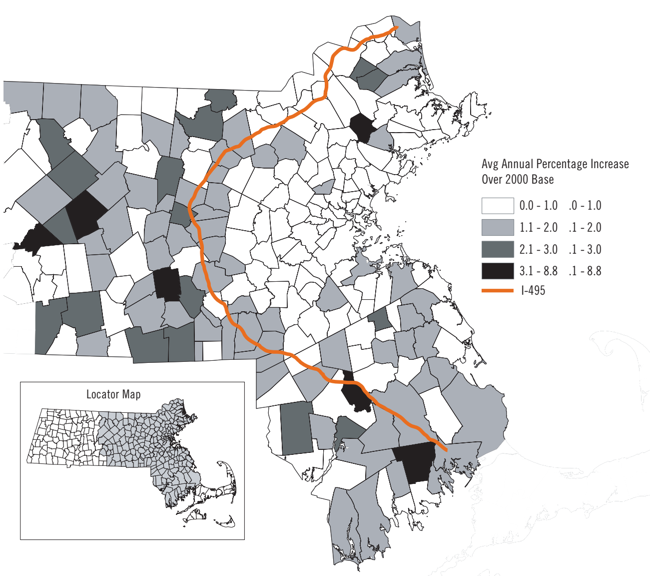


Source: Economic Policy Institute Family Basic Budget Calculator

The locations where single family housing is being produced are also shifting. While production is generally dropping in many of the 161 Greater Boston cities and towns, it has been increasing at the region's periphery. **Map 3.1** documents the outward push of single family development, particularly into Worcester County. This map illustrates the growth rates of the various municipalities – the number of new units permitted as a percent of the existing stock – between 2000 and 2004. Note that this map does not portray absolute growth.

MAP 3.1

Percent Growth in Housing Stock by Municipality 2000–2004



Source: CURP analysis of U.S. Census Bureau building permit data and 2000 Decennial Census

Many of the fastest growing towns are quite small and so a few new houses can represent a high growth rate. Nonetheless, it provides a useful diagnostic tool to identify growth corridors and communities that may be feeling the stress of increased development.

Growth has leapfrogged past Concord and Carlisle to Groton and Dunstable and has spread out from Hopkinton and Ashland to Grafton and Millbury. Worcester County towns like Rutland, Northbridge, Holden and Sturbridge are seeing increased large lot single family development.

This trend reflects the fact that land remains relatively more affordable and available in these communities and that single family homes, comparable in size and amenities to ones that would cost $800,000 in Middlesex and Norfolk Counties, can be brought to market for under $500,000. The median new home price in Worcester County in 2004 was just under $400,000; in Middlesex, it was nearly $700,000; and in Norfolk, it topped $900,000.[14] Even the cities in Worcester County – Fitchburg, Clinton and Worcester – have experienced substantial development. The affordability advantage that the outer fringes offer, driven by lower home prices, is evident in **Figure 3.4**. This figure is the companion to Figure 2.1, which documented Boston's high cost of living compared to other U.S. metro areas.

Figure 3.4 illustrates that, even within the region, other metro areas in central Massachusetts and southern New Hampshire offer a considerably lower cost of living than the Boston PMSA. The Economic Policy Institute (EPI) estimates that the basic budget for a family of four in the Manchester, New Hampshire metro area is just 57 percent of what it is in the Boston metro area ($37,404 vs. $64,656).

Multi-family Housing[15]

During the decade of the 1990s, multi-family production averaged fewer than 900 units per year, a shortfall that contributed to the region's high rents and low vacancies. Last year's report card observed that the doubling of multi-family starts in 2003 and a healthy pipeline was especially noteworthy since market conditions were no longer favorable for rental production. By the time developments which had been in planning for several years had navigated the permitting process, the economy had stalled, vacancies were up, rents were down from their peak levels, and lenders were cautious in their underwriting. Although the short term prognosis for rental properties remains guarded, 5,562 multi-family units were permitted in 2004 – the highest level in more than 15 years.

More than 4,000 rental units were completed in 2004, adding inventory to a sluggish market that is still waiting for demand to catch up with supply. As a result, an increasing number of the multi-family units, planned and under production, are now intended for ownership rather than rental, and some that were proposed as rentals have converted mid-construction to condominiums. Another development that has bolstered multi-family production is the provision of age restricted apartments, including the region's two largest retirement communities, Brooksby Village in Peabody and Linden Ponds in Hingham, which are adding about 500 units per year toward their combined buildout of 3,500 units.

It is estimated that 60–65 percent of the 2004 multi-family production will be rental. Coupled with 2003 production, this will result in some 6,500 additional units coming on the market in 2005 and 2006.

Multi-family production is still highly concentrated in the region's cities with Boston, Quincy, Peabody, Malden, Danvers and Dedham – accounting for more than half the multi-family activity in 2004. Nine cities – these six plus Franklin, Waltham and Revere – accounted for fully two-thirds of all multi-family production. However, for a second straight year, production of rental housing in the suburbs rose, with 12 towns permitting some 2,300 units. All 12 utilized the comprehensive permit.

Condominium Conversion

New apartment production does not translate into a one-for-one addition of rental units as an increasing number of existing apartments throughout the region have been converted to condominium ownership or are targeted for same. This trend accelerated in 2004. Prominent examples include the recently completed Strada 234, Riverview Regatta and The Crossings, properties that were known as Causeway Street, Museum Towers and Norwood Crossing when they were, for brief periods following their completion, rental housing. In addition, older properties – both high rent units as well as "bread and butter" stock – are being converted. The largest block of rentals in Boston's Charlestown Navy Yard and in the Town of Weston (now known as Parris Landing and Stonegate at Weston), were both converted in 2004.

While condominium ownership, in general, is a positive trend particularly for the region's cities where homeownership rates are relatively low, it can exacerbate the challenges facing renters. There is growing concern also that the conversion of older properties, including some triple deckers, has attracted speculators to the market. This is a situation that warrants careful scrutiny by local officials because it tends to inflate the cost of housing. It can also mask property ownership, making it difficult for local residents and officials to know who is responsible for the management and maintenance of a property. The cities of Boston and Cambridge both reported an increase in condominium units in 2004, the result of new construction and adaptive reuse as well from the conversion of existing rental property.

Adaptive Reuse

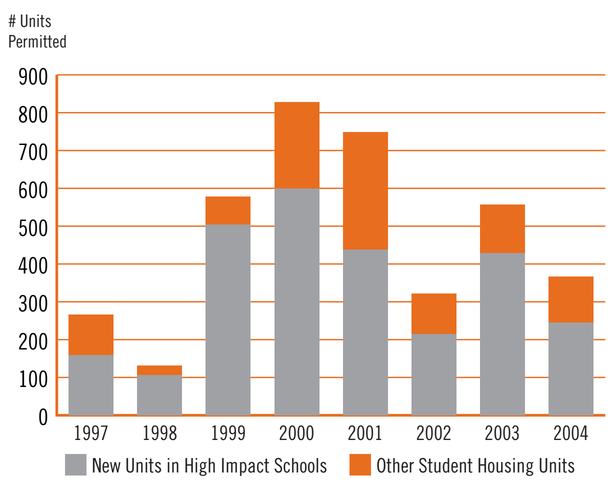
One of the region's greatest development success stories over the past 35 years has been its successful recycling of functionally obsolete buildings, most often through adaptive reuse as housing. Units created through the conversion of industrial or commercial properties to housing are not captured by the Census Bureau in its monthly tracking of new production. Anecdotal evidence, however, suggests that the region's housing production may be as much as 10 percent higher than what is suggested by new residential building permits alone. An improved reporting and tracking system could document this.

Targeted Markets

College Dormitories The region's institutions of higher learning contribute in many ways to the cultural, intellectual and economic vitality of the region. Still, students living off-campus can exacerbate housing supply problems, particularly in neighborhoods where they compete with non-students for a limited supply of affordable rental housing. The effort to increase dormitory beds in the City of Boston has long been a priority of Mayor Thomas Menino. It was an especially critical concern during the late 1990s when students were vying for housing in the tightest rental housing market in the nation. The permitting of the equivalent of 718 new apartments[16] per year between 1999–2001 (514 of them in the high impact cities of Boston, Cambridge and Medford) is widely considered to have been a factor in the moderation of demand for rental housing

FIGURE 3.5

New Student Housing by Year Permitted



Source: Data provided by individual colleges and universities

as those units came on line beginning in 2001. Production has slowed in the last three years. Annual construction starts between 2002–2004 (415 units, 296 of them in high impact areas) has averaged only 58 percent of the 1999–2001 rate of production.

In *Leading the Way II*, Boston's comprehensive housing strategy for 2004–2007, Mayor Menino renewed his challenge to colleges and universities to increase production of affordable housing for their students and staff and to partner with the City in developing innovative ways of doing so. In one such partnership, Harvard University has agreed to lease 134 apartments in a 540-unit mixed unit development that is currently under construction in the city's Fenway neighborhood. (Those units are not counted here as they are included in the market-rate production tally.) **Figure 3.5** illustrates the variability of student housing production year to year.

Age Restricted Housing Last year we reported a growing trend of towns in the region permitting new developments where occupancy was restricted to households where at least one member was 55 or over. That trend continued at a rapid pace in 2004. Because the age profile of the region – like that of the nation – is graying as the baby boom generation ages and because so many baby boomers live in the suburbs where there are few alternatives to the homes they raised their children in, development targeted to this market segment has become increasingly popular. The fact that this market does not include school age children to educate is at least as important a consideration for many towns. Many, mostly suburban, communities have adopted senior housing overlay districts or employed other zoning techniques, including the use of 40B comprehensive permits, to facilitate the development of housing exclusively for this segment. At the same time, the region's urban centers are actively competing for this market segment, with high end rental units and condominiums, but no age restrictions. As noted above in Figures 3.2 and 3.3, this segment of production now accounts for at least 13 percent of all new housing.

A recent CHAPA study concluded that the combination of explicit and generous incentives in zoning for age restricted development and the implied preference for such by local officials had effectively shut down the pipeline of conventional subdivisions in a number of communities. More than 6,000 age restricted active adult developments exist, or are under construction, in

TABLE 3.4

New Affordable Housing Production

Year	New Affordable Units	New Homeownership Units	Affordable Homeownership Units	New Rental Units	Affordable Rental Units	Units that count on Subsidized Inventory (40B list)
2004	1,997	2,006	638	3,160	1,359	3,798
2003	1,889	1,512	510	2,758	1,379	3,268
2002	1,427	815	246	1,681	1,181	1,927

Source: CURP analysis of DHCD, MassHousing, MassDevelopment, MHIC reports and data provided by municipalities

Greater Boston. Hundreds of units broke ground in 2004 alone. Combined with the previously mentioned urban rentals and condos, recent production and units in the pipeline are expected to be more than adequate to meet the demand of the region's financially secure seniors.

Affordable Subsidized Housing Affordable housing production including rehabilitation and preservation efforts is discussed in greater detail in Section 5, but **Table 3.4** summarizes the gains that were made in 2004 in adding newly created affordable units to the State's Subsidized Housing Inventory (SHI, or the "40B" list). New developments begun in 2004 will result in the addition of more than 4,100 units to the SHI. Nearly 40 percent will serve households earning less than 80 percent of the area median income.[17] About 62 percent of the income restricted units are rental, 38 percent are homeownership.

It is estimated that fewer than 25 percent of the new units permitted in 2004 will serve very low and extremely low income households (those earning less than 50 percent of the area median income). The overwhelming majority of new units targeted to these lowest income groups are produced by nonprofit community based developers, most in the City of Boston.

The Housing Pipeline

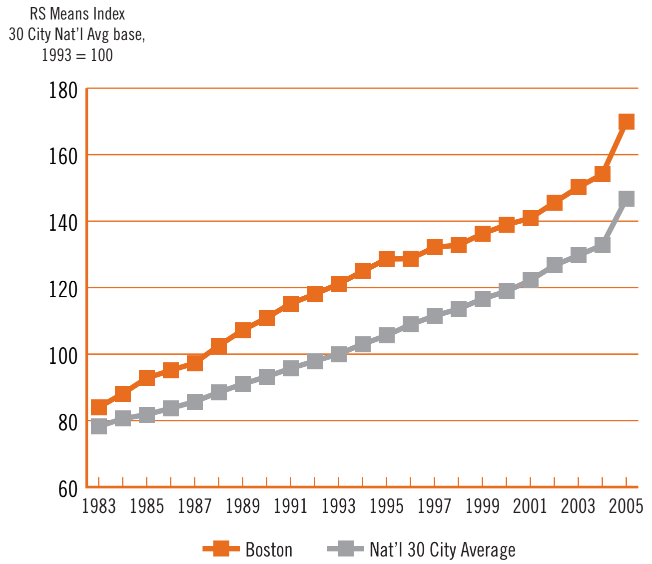
CURP maintains a development pipeline database that includes all major residential developments, publicly assisted projects, and proposals requesting approval under the comprehensive permit provisions of MGL Chapter 40B. There are nearly 28,000 units working their way through the 40B process, an increase of 5,000 units over 2003. The non–40B mega-projects identified in last year's report – Overlook Ridge on the Revere/Malden line, North Point in Cambridge, the South and East Boston Piers, and Fingers Quarry in Quincy – are all moving forward, but at a measured pace. As noted last year, the process of bringing units to fruition in Massachusetts is tortuous, and 2004's economic climate did nothing to alter this.

While there are more than 9,000 units in age restricted developments in the suburban pipeline, there are few large-scale proposals that would provide workforce housing. A couple of opportunities exist for large scale planned development, but most are in very preliminary stages. Among these are the former Fort Devens, on 4,000 acres of land in the towns of Harvard, Ayer and Shirley; the former South Weymouth Naval Air Station in Weymouth, Abington and Rockland; and the 9,700 acre Makepeace property in Carver, Plymouth and Wareham. Significant development opportunities exist as well on several surplus state properties in the region.

The status of the 200+ Greater Boston developments in the 40B pipeline at the end of 2004 was as follows: nearly 18,000 units were still in process, either at the local level, the Housing Appeals Committee, or in the courts. This represents a 25 percent increase over the number reported a year earlier. More than 150 other developments (9,000 units) were preparing to apply or had recently applied to MassHousing for a determination of site eligibility, the first step in filing for a comprehensive permit. History suggests that about 60 percent of this pipeline is likely to get built, but extreme caution must be exercised when assessing the likelihood that planned projects will move into production. Even under 40B, the permitting process typically takes several years to navigate.

FIGURE 3.6

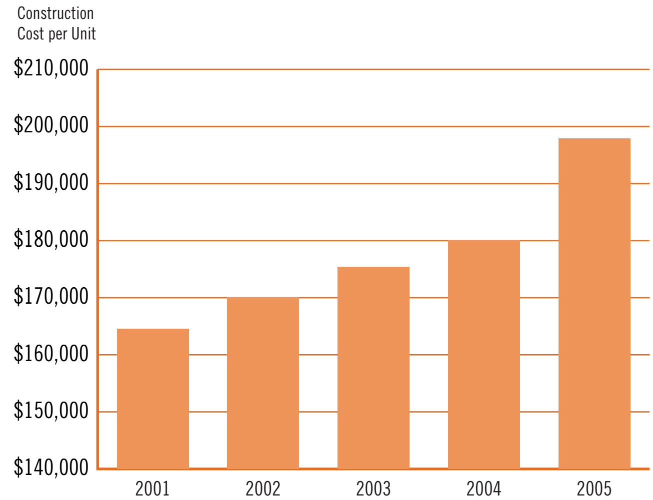
R.S. Means Historical Construction Costs Boston v. National 30 City Average



Source: R.S. Means Historical Cost Index

FIGURE 3.7

Impact of Rising Construction Costs



Source: MassHousing, based on R.S. Means indices

Substantial Jump in Construction Costs in 2004

No discussion of how the region fared in terms of expanding the supply and improving the affordability of housing for its residents in 2004 would be complete without a look at what happened to construction costs over the course of the year. In Greater Boston – already a high cost area – and in the rest of the country, construction costs soared in 2004. The increase in the price of steel, due in part to demand from China and a weakened dollar, has received the most media attention, but the cost of virtually all building components rose during the year: concrete; wiring; and plumbing, mechanical and electrical components.

The R.S. Means Company produces a cost index that measures change in construction costs over time and in different parts of the country. The index, which includes labor and material, but not land or other peripheral expenses (e.g. architectural or engineering fees), registered a 10.3 percent increase for Boston between January 1, 2004 and January 1, 2005. This was the largest increase in its 25 year history. The increase for the 30-city average was even higher. (See **Figure 3.6**.)

Figure 3.7 illustrates what this means for a typical 1,200 square foot unit. A unit that cost $165,000 to produce in 2001 would have cost $198,000 by the end of 2004 with more than half that increase attributable to the 2004 price increases. Cost increases, of course, are most problematic for those at the lowest end of the economic ladder. Section 6 of this report, "Public Spending on Housing," will show that state funding increased in 2004 for affordable housing. Increased construction costs, however, more than offset the modest increase.

4.
Rents, Home Prices, and Sales

During the late 1990s, both rents and home prices rose dramatically in Greater Boston. Since the economy began to decline in early 2001, however, the price inflation experienced by renters has moderated while the cost of purchasing a home has continued to escalate. This was documented in the *2003 American Community Survey.* While the reported median value of owner occupied units rose nearly 55 percent between 2000–2003, median gross rent rose by just 16 percent. Still, both rents and home prices remain among the highest in the nation.

Rental Market Mixed

Rents in most Boston communities remained flat or continued to moderate throughout most of 2004, but by the end of the year there were indications that the market had begun to recover with the cost of renting stabilizing or even rising modestly. While owners continued to pay brokers' commissions, fewer were offering the generous rent concessions they had instituted two years earlier.

The high end of the rental market remains soft and is expected to continue to struggle to absorb more than 4,000 recently completed units and a projected 3,500 more that will be completed over the next 18 months. These new units are coming onto the market at a time when the region's renter population has been reduced by job losses and low mortgage interest rates have turned some former and would-be renters into homeowners. Competitive new student housing has siphoned off still more. By 2003, the most recent year for which data by tenure is available, the region had 42,000 fewer renter households living in its 161 cities and towns than had been reported in the 2000 Census, just three years earlier. By the end of 2004, those able and willing to pay $1,500 and up for rent had a wide selection of units from which to choose.

Lower income renters, and those living in traditionally working class neighborhoods – especially those seeking larger units – continue to have a difficult time. The number of sales and the median price of 2–4 unit properties reached record highs in 2004, creating a good news-bad news story. Multi-family properties with one or two rental units offer a more affordable option for the homeowner, but the sale of these units often leads to higher rents for existing or new tenants. Triple deckers and existing apartments have been converted to condominiums in increasing numbers in recent years.

The City of Boston reports nearly 1000 2–4 family structures were converted to condominiums between 1999–2004.[18] In addition, nearly 200 larger apartment buildings were converted during the same period. Other cities are experiencing conversion of rental properties to condominiums as well.

CURP monitors the region's rental market by analyzing three different data sources:

- **Average rents and vacancies** for the region from Reis.com, a national source of commercial real estate trends and analytics.[19] Reis provides asking and effective rent data going back to 1990. (Effective rents take into account any concessions provided by the landlord such as a month's free rent). The data are based on quarterly surveys of professionally managed apartment complexes of 40 or more units throughout the metro area and provide a good historical overview of the market.
- **Effective rent levels by property class** as compiled by Acton-based Northeast Apartment Advisors (NAA). NAA surveys nearly five hundred professionally-managed market rate developments every six months and reports its findings, which also take into account any rent concessions, by property class.[20]
- **Median advertised rents** for two-bedroom apartments in 15 Boston neighborhoods and 25 surrounding communities compiled by the City of Boston's Department of Neighborhood Development (DND) from *The Boston Sunday Globe's* real estate section. Advertised rents only relate to units new to the market or to units that are changing hands, but permit us to observe what is happening to rents across twenty individual towns and cities in the immediate Boston area.

Reis' Boston Rent Trends

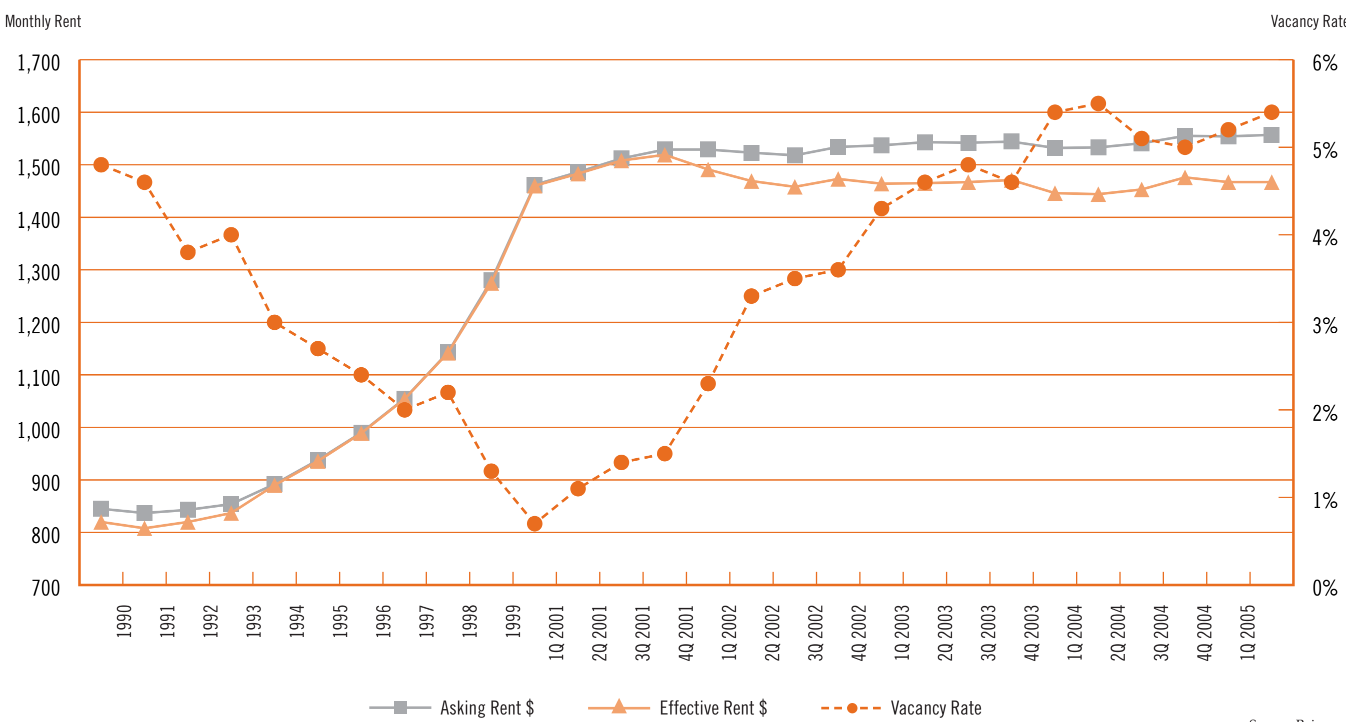
Figure 4.1 clearly documents the rapid run-up in rents that occurred during the late 1990s and which was especially dramatic between 1998 and 2000. It also illustrates the corresponding precipitous drop in vacancies which prompted the run-up in rents. As vacancies began to rise again, rents fell moderately. But as vacancy rates continued to rise, quite sharply, asking rents did not fall any further. Indeed, as vacancy rates reached more normal levels of 5–6 percent, asking rents still rose slightly while effective rents fell only modestly. It appears that vacancy rates will have to rise even further to make much of a dent in rent levels in Greater Boston.

NAA Estimates by Property Class

The data from Northeast Apartment Advisers (NAA) provides a breakdown in effective rents for Class A, B, and C apartments with Class A being the most expensive. After a 3.2 percent decline in average monthly rents between October 2002 and August 2003 and another 2.6 percent decline by May 2004, rents for Class A apartments stabilized through February 2005 and indeed rose slightly. Effective rents for Class B apartments have fallen steadily, but quite modestly, since 2002. Even with an increase in the vacancy rate, rents in Class B units have fallen by only $46 a month since October 2002, a drop of less than 4 percent. Rents in Class C units have followed the same path as Class B. From a high of $1,007 in 2002, effective rents were down to $967 by early 2005, a drop of $40 or about 4 percent. (See **Figure 4.2**).

FIGURE 4.1

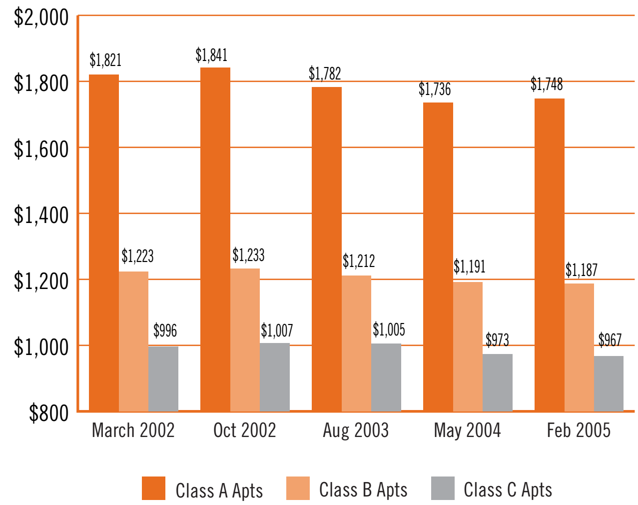
Reis.com Historic Apartment Rent and Vacancy Data



Source: Reis.com

FIGURE 4.2

Northeast Apartment Advisors Effective Rents by Property Class



Source: Northeast Apartment Advisors

Boston Globe Advertised Rents

The City of Boston's Department of Neighborhood Development (DND) survey of advertised rents in *The Boston Sunday Globe* provides a good indicator of market conditions faced by those currently seeking to rent an apartment. Most of the surveyed communities saw rents rise sharply between 1998 and 2001 before dropping back modestly. For example, between 1998 and 2001 rents increased by at least 22 percent in each of the 19 communities for which there are reliable data. In most communities, the rent increases were substantially higher ranging from 36.4 percent in Arlington and more than 47 percent in Malden, Medford, and Melrose to more than 60 percent in Revere and Winchester.

Since 2001, virtually all of these communities except Quincy have seen advertised rents decline by 2.3 to 15.6 percent. The fairly small reductions experienced in 2004 suggest that the market has stabilized. In 11 of the 23 cities and towns for which 2003 and 2004 advertised rent data are available, rents in 2004 actually rose or remained the same as in 2003. The rest, with the exception of Dedham, Lexington, Revere, and Winthrop, experienced only modest advertised rent reductions. (See **Table 4.1**)

The neighborhoods of Boston experienced a similar pattern, with asking rents escalating sharply between 1998 and 2001, and moderating in the years since. With the exception of the central neighborhood, all Boston neighborhoods experienced at least a 25 percent increase in advertised rents between 1998–2001. Hyde Park saw a 50 percent increase in rents while Dorchester saw a 62 percent increase. The post–2001 rent reductions in the city have been especially modest compared to the rapid run-up in the preceding four years. In ten of the fifteen neighborhoods, the reductions have not exceeded 9 percent and two neighborhoods, Central and Dorchester, saw rents continue to rise despite increased vacancy rates citywide. In 2004, rents continued to decline in Boston with especially significant declines recorded in Mattapan, the Fenway/Kenmore neighborhood, and Roxbury. (See **Table 4.2**)

In sum, the three data sources on rents all tell a similar tale. After a rapid run up between 1998 and 2001, rents have moderated in most communities and Boston neighborhoods. However, in virtually all cases, the decline in rents between 2001 and 2004 and in 2004 itself did little to bring them back to a level affordable level for many households. Outside of Boston, rents appear to have stabilized with a number of communities beginning to see increases again.

Rental Affordability

Affordability is a function of housing costs relative to household income. Despite moderating rent levels and a wider selection of units to choose from, many Boston area renters were faring worse in 2004 than they had at the market's peak in 2001. The *2003 American Community Survey* reported that nearly half of Boston area renters were paying more than 30 percent of their income for rent and almost half were paying more than 50 percent, a situation HUD considers "severely cost burdened." Even though there were nearly 34,000 fewer renter households in the Boston PMSA than there had been in 2000 (and 42,000 fewer in the 161 cities and towns covered by this report card), nearly 19,000 more faced severe cost burdens than had just three years earlier.

Even though advertised rents in 2004 required a smaller share of household income than they had in

TABLE 4.1

Median Advertised Rents for Two-Bedroom Apartments in Boston Area Cities and Towns, 1998–2004

City/Town	1998	2001	2002	2003	2004	%Change 1998-2001	%Change 2001-2004	%Change 2003-2004
Arlington	$1,100	$1,500	$1,400	$1,350	$1,300	36.4%	-13.3%	-3.7%
Belmont	$1,225	$1,600	$1,450	$1,395	$1,350	30.6%	-15.6%	-3.2%
Brookline	$1,400	$1,800	$1,700	$1,600	$1,650	28.6%	-8.3%	3.1%
Cambridge	$1,400	$1,750	$1,650	$1,600	$1,550	25.0%	-11.4%	-3.1%
Canton	n/a	**	$1,200	$1,250	$1,300	**	**	4.0%
Chelsea	$1,100	$1,350	$1,200	$1,200	$1,195	22.7%	-11.5%	-0.4%
Dedham	$1,000	$1,275	$1,300	$1,250	$1,100	27.5%	-13.7%	-12.0%
Everett	$775	$1,200	$1,100	$1,100	$1,100	54.8%	-8.3%	0.0%
Lexington	$1,300	$1,648	$1,800	$1,800	$1,600	26.8%	-2.9%	-11.1%
Malden	$850	$1,250	$1,250	$1,200	$1,175	47.1%	-6.0%	-2.1%
Medford	$950	$1,400	$1,325	$1,250	$1,200	47.4%	-14.3%	-4.0%
Melrose	$950	$1,400	$1,300	$1,249	$1,275	47.4%	-8.9%	2.1%
Milton	n/a	**	$1,500	$1,400	$1,400	**	**	0.0%
Needham	n/a	**	$1,400	$1,400	$1,350	**	**	-3.6%
Newton	$1,300	$1,600	$1,500	$1,450	$1,450	23.1%	-9.4%	0.0%
Quincy	$850	$1,250	$1,375	$1,300	$1,300	47.1%	4.0%	0.0%
Revere	$788	$1,288	$1,200	$1,200	$1,100	63.5%	-14.6%	-8.3%
Saugus	n/a	n/a	$1,275	**	$1,150	**	**	**
Somerville	$1,050	$1,400	$1,350	$1,300	$1,298	33.3%	-7.3%	-0.2%
Stoneham	n/a	n/a	$1,200	$1,200	$1,225	**	**	2.1%
Waltham	$975	$1,350	$1,300	$1,175	$1,250	38.5%	-7.4%	6.4%
Watertown	$1,200	$1,500	$1,400	$1,300	$1,300	25.0%	-13.3%	0.0%
Westwood	n/a	**	**	**	$1,200	**	**	**
Winchester	$1,050	$1,750	$1,500	$1,350	$1,350	66.7%	-22.9%	0.0%
Winthrop	$900	$1,228	$1,300	$1,300	$1,200	36.4%	-2.3%	-7.7%

Source: Sunday edition of the Boston Globe, compiled by the Department of Neighborhood Development, City of Boston

TABLE 4.2

Median Advertised Rents for Two-Bedroom Apartments in City of Boston Neighborhoods, 1998–2004

City/Town	1998	2001	2002	2003	2004	%Change 1998-2001	%Change 2001-2004	%Change 2003-2004
Allston/Brighton	$1,200	$1,500	$1,450	$1,350	$1,300	25.0%	-13.3%	-3.7%
Back Bay/ Beacon Hill	$1,900	$2,400	$2,100	$2,250	$2,250	26.3%	-6.3%	0.0%
Central	$2,200	$1,875	$1,998	$2,100	$2,200	-14.8%	17.3%	4.8%
Charlestown	$1,400	$1,925	$1,800	$1,700	$1,650	37.5%	-14.3%	-2.9%
Dorchester	$800	$1,295	$1,300	$1,250	$1,300	61.9%	0.4%	4.0%
East Boston	**	$1,200	$1,200	$1,150	$1,100	**	-8.3%	-4.3%
Fenway/Kenmore	$1,350	$1,900	$1,613	$1,650	$1,498	40.7%	-21.2%	-9.2%
Hyde Park	$850	$1,275	$1,250	$1,325	$1,250	50.0%	-2.0%	-5.7%
Jamaica Plain	$1,100	$1,400	$1,500	$1,400	$1,325	27.3%	-5.4%	-5.4%
Mattapan	**	$1,250	**	$1,350	$1,200	**	-4.0%	-11.1%
Roslindale	$900	$1,300	$1,300	$1,250	$1,225	44.4%	-5.8%	-2.0%
Roxbury	**	$1,300	$1,398	$1,350	$1,250	**	-3.8%	-7.4%
South Boston	$1,200	$1,500	$1,450	$1,400	$1,400	25.0%	-6.7%	0.0%
South End	$1,500	$2,000	$1,800	$1,900	$1,950	33.3%	-2.5%	2.6%
West Roxbury	$1,000	$1,400	$1,300	$1,300	$1,225	40.0%	-12.5%	-5.8%

Note: ** indicates there were fewer than 10 advertised rents in the sample; medians and changes in volume are not calculated.

2001, reflecting the softening in the market, **Table 4.3** illustrates that rents still exceeded 30 percent of the community's estimated median renter income in 18 of 20 Boston area cities and towns, virtually unchanged from last year. The required contribution for rent is greatest in Revere, Boston and Chelsea – the cities with the lowest incomes – where a family earning the median renter income would have to pay 47, 50, and 54 percent respectively of its earnings to afford the median advertised rent.

Table 4.4 provides similar detail on advertised rents in relation to estimated renter incomes for Boston's neighborhoods.[21] Despite the drop in rent levels relative to income in most, in 8 of 15 neighborhoods a tenant earning the median renter income would be required to spend at least half of his or her income for rent. This is unchanged from last year. Thus, despite a softening in area rents over the past two years, rents remain at such a high level throughout most of the region that households must set aside a disproportionate share of their income simply to pay for housing.

Home Prices and Sales Continue to Rise

The median home price in the Boston metropolitan area, based on sales in its five major counties (Middlesex, Norfolk, Plymouth, Suffolk, and Essex) continued to increase in 2004, climbing to nearly $376,000 from $343,000 a year earlier. This represented a 9.5 percent increase over the 2003. Condominium prices were up by 9.3 percent, following three years of double digit increases. The median priced condominium sold in 2004 cost more than $282,000.

Figure 4.3 tracks the number of sales and median price of single family homes and condominiums from 1987 through 2004. It depicts a market in which prices began to rise sharply after 1997 and have continued to do so right through 2004. Sales also have increased

TABLE 4.3

Advertised Rents v. Median Renter Income in Boston Area Cities and Towns

City/Town	2001 Est. Renter Income	2001 Monthly Rent	% of Median Income needed to pay rent in 2001	2004 Est. Renter Income	2004 Monthly Rent	% of Median Income needed to pay rent in 2003	% of Median Income needed to pay rent in 2004
Arlington	$48,301	$1,500	37%	$48,784	$1,300	34%	32%
Belmont	$63,101	$1,600	30%	$63,732	$1,350	26%	25%
Boston	$32,139	$1,700	63%	$32,461	$1,350	57%	50%
Brookline	$51,844	$1,800	42%	$52,362	$1,650	37%	38%
Cambridge	$39,950	$1,750	53%	$40,350	$1,550	50%	46%
Chelsea	$26,100	$1,350	62%	$26,361	$1,195	57%	54%
Dedham	$39,783	$1,275	38%	$40,181	$1,100	39%	33%
Everett	$34,154	$1,200	42%	$34,496	$1,100	39%	38%
Lexington	$61,190	$1,648	32%	$61,802	$1,600	36%	31%
Malden	$36,716	$1,250	41%	$37,084	$1,175	40%	38%
Medford	$40,858	$1,400	41%	$41,266	$1,200	36%	35%
Melrose	$41,371	$1,400	41%	$41,785	$1,275	35%	37%
Newton	$57,262	$1,600	34%	$57,834	$1,450	31%	30%
Quincy	$39,166	$1,250	38%	$39,558	$1,350	40%	41%
Revere	$27,894	$1,288	55%	$28,173	$1,100	52%	47%
Somerville	$44,364	$1,400	38%	$44,807	$1,298	36%	35%
Waltham	$44,737	$1,300	35%	$45,185	$1,250	33%	33%
Watertown	$58,035	$1,400	29%	$58,615	$1,300	27%	27%
Winchester	$54,187	$1,500	33%	$54,729	$1,350	30%	30%
Winthrop	$43,638	$1,300	36%	$44,074	$1,200	39%	33%

Source: Sunday edition of the Boston Globe, compiled by the Department of Neighborhood Development, City of Boston. 1999 renter income from 2000 Census; updates estimates by CURP

TABLE 4.4

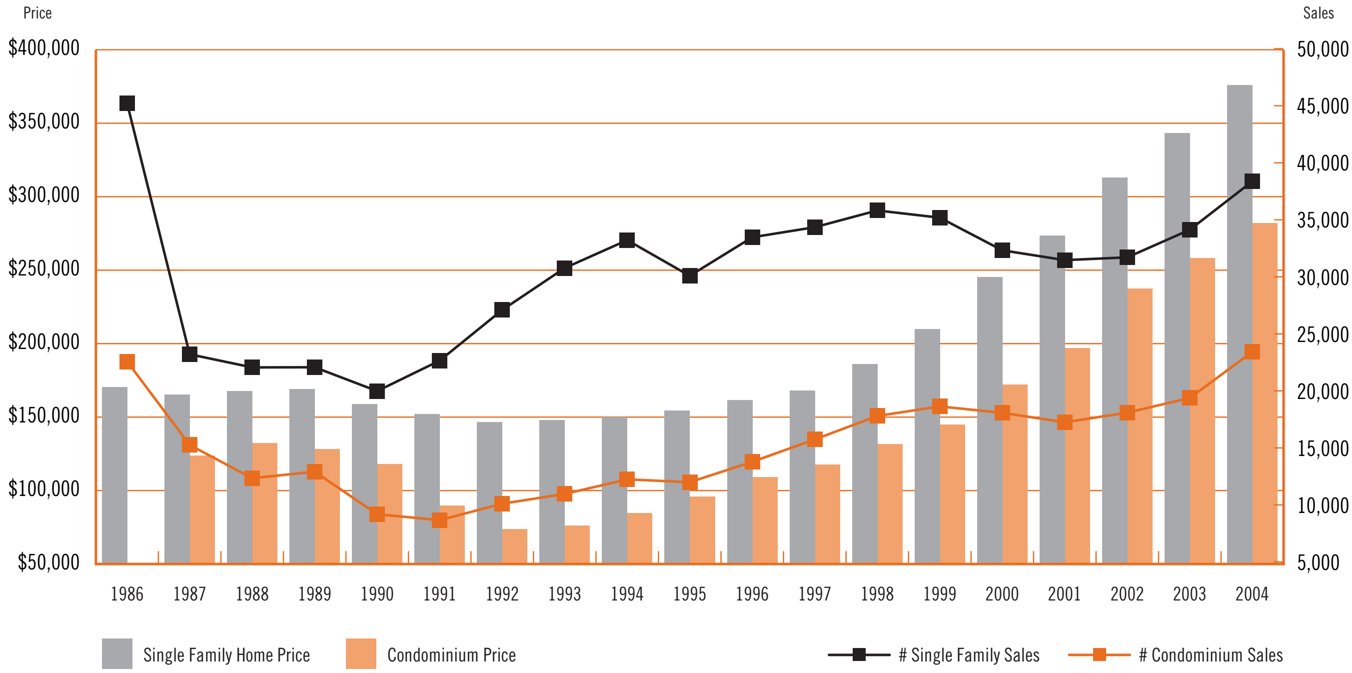
Advertised Rents v. Median Renter Income in City of Boston Neighborhoods

City/Town	2001 Est. Renter Income	2001 Monthly Rent	% of Median Income needed to pay rent in 2001	2004 Est. Renter Income	2004 Monthly Rent	% of Median Income needed to pay rent in 2003	% of Median Income needed to pay rent in 2004
Allston/Brighton	$36,894	$1,500	49%	$37,263	$1,300	44%	42%
Back Bay/Beacon Hill	$59,189	$2,400	49%	$59,780	$2,250	46%	45%
Central	$43,208	$1,875	52%	$43,640	$2,200	59%	60%
Charlestown	$39,022	$1,925	59%	$39,412	$1,650	53%	50%
Dorchester	$30,986	$1,295	50%	$31,295	$1,300	49%	50%
East Boston	$29,006	$1,200	50%	$29,296	$1,100	48%	45%
Fenway/Kenmore	$23,893	$1,900	95%	$24,132	$1,498	84%	74%
Hyde Park	$27,319	$1,275	56%	$27,592	$1,250	59%	54%
Jamaica Plain	$35,107	$1,400	48%	$35,458	$1,325	48%	45%
Mattapan	$28,690	$1,250	52%	$28,977	$1,200	57%	50%
Roslindale	$37,011	$1,300	42%	$37,382	$1,225	41%	39%
Roxbury	$23,914	$1,300	65%	$24,153	$1,250	68%	62%
South Boston	$34,029	$1,500	53%	$34,370	$1,400	50%	49%
South End	$28,803	$2,000	83%	$29,091	$1,950	80%	80%
West Roxbury	$39,374	$1,400	43%	$39,768	$1,225	40%	37%

Source: Sunday edition of the Boston Globe, compiled by the Department of Neighborhood Development, City of Boston.
1999 renter income from 2000 Census, aggregated into neighborhoods by the Boston Redevelopment Authority; updates estimates by CURP

FIGURE 4.3

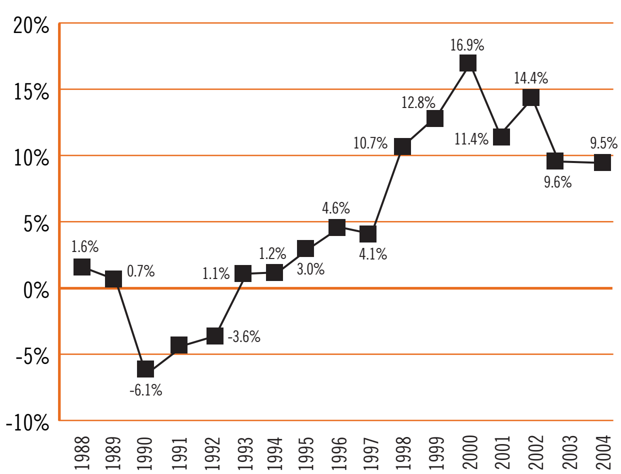
Number of Sales and Median Price of Single Family Homes and Condominiums



Source: The Warren Group Publications

FIGURE 4.4

Percent Change in Median Single Family Home Prices



Source: Office of Federal Housing Enterprise Oversight Home Price Index

since 2001, but not at the frenzied pace in the mid–1980s before 1987.

Figure 4.4 presents the percentage change in the median single family home price from 1988 on. This figure illustrates that during the previous economic downturn from 1989 to 1992 housing prices actually declined for three years in a row, losing about 14 percent of their value. But during the 2001 economic downturn and subsequent period of sluggish growth, prices have continued to rise at near record rates. The weak economy did no more than reduce the annual rate of price appreciation from over 15 percent in 2000 to just under 10 percent in 2003 and 2004. This rate of appreciation was below the national average in 2004, and placed Boston well down in the middle of the pack among metro areas. However, because Boston area home prices began their sharp run-up in price from such a high level in 1997, it remains among the highest priced housing markets in the country.

TABLE 4.5

Shifting Price Distribution in Greater Boston, 1998–2004

# of Communities with Median Single Family Sales Price	1998	2000	2001	2002	2003	2004
Below $100,000	4	0	0	0	0	0
$100,000 - $199,999	82	41	14	5	0	0
$200,000 - $299,999	50	68	74	62	43	19
$300,000 - $399,999	16	32	42	52	61	74
$400,000 - $499,999	4	10	12	22	30	33
$500,000 - $999,999	4	9	18	19	25	33
$1,000,000 and Above	0	0	0	0	1	1

% of Communities with Median Single Family Sales Price	1998	2000	2001	2002	2003	2004
Below $100,000	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%
$100,000 - $199,999	51.3%	25.6%	8.8%	3.1%	0.0%	0.0%
$200,000 - $299,999	31.3%	42.5%	46.3%	38.8%	26.9%	11.9%
$300,000 - $399,999	10.0%	20.0%	26.3%	32.5%	38.1%	46.3%
$400,000 - $499,999	2.5%	6.3%	7.5%	13.8%	18.8%	20.6%
$500,000 - $999,999	2.5%	5.6%	11.3%	11.9%	15.6%	20.6%
$1,000,000 and Above	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%

% of Communities with Median Single Family Sales Price	1998	2000	2001	2002	2003	2004
Below $300,000	85.0%	68.1%	55.0%	41.9%	26.9%	11.9%
$300,000 - $499,999	12.5%	26.3%	33.8%	46.3%	56.9%	66.9%
$500,000 and Above	2.5%	5.6%	11.3%	11.9%	16.3%	21.3%

Source: CURP analysis of home sales and price data provided by The Warren Group Publications

Table 4.5 illustrates how dramatically the sales price profile of the region has shifted. In 2001 the median price of a home was less than $300,000 in 88 communities; by 2004 that number had dropped to 19. At the other end of the spectrum, the number of communities with median home prices above $500,000 doubled during the same period, from 18 to 36. Today, in only 12 percent of Greater Boston's communities can one find a median priced single family home at less than $300,000. That is down from 55 percent in 2001.

Home Ownership Affordability

Median home prices, which ranged from $220,000 in Millville to more than $1.2 million in Weston, rose in all but a dozen communities between 2003 and 2004. **Table 4.6** portrays those communities with the highest and lowest single family home prices in 2004. As it has done for the past two years, CURP has prepared a town by town "affordability gap" analysis for the 2004 Report Card. This analysis estimates the number of communities that would be affordable to their

TABLE 4.6

Communities with the Highest and Lowest Single Family Home Prices

Community	Rank in 2004	Rank in 2001	Median Price 2004	% Change 2001-2004	% Change 2003-2004
Weston	1	1	$1,202,500	24.2%	12.2%
Brookline	2	2	$975,000	13.1%	14.7%
Lincoln	3	3	$924,750	28.4%	-5.2%
Dover	4	4	$884,000	25.0%	17.2%
Wellesley	5	6	$876,738	25.7%	16.9%
Sherborn	6	5	$734,000	6.2%	6.5%
Carlisle	7	7	$730,000	12.7%	2.1%
Concord	8	8	$709,563	18.3%	7.5%
Newton	9	15T	$691,400	15.9%	8.4%
Cohasset	10	9	$682,500	19.7%	0.7%
Belmont	11	10T	$675,000	18.4%	4.7%
Winchester	12	10T	$670,000	24.7%	0.1%
Lexington	13	17	$650,000	22.0%	5.7%
Boxford	14	15T	$636,500	21.2%	8.8%
Sudbury	15	6	$630,125	21.2%	7.5%

Community	Rank in 2004	Rank in 2001	Median Price 2004	% Change 2001-2004	% Change 2003-2004
Dighton	147	142	$290,000	45.0%	10.7%
Avon	148	151T	$289,000	44.6%	7.5%
Dracut	149	141	$287,500	44.7%	8.9%
Bellingham	150	153	$286,215	49.9%	10.1%
Blackstone	151	132	$285,000	50.0%	12.7%
Taunton	152	125	$283,000	48.9%	11.2%
Methuen	153	155	$279,000	48.8%	3.4%
Townsend	154	130	$275,000	52.8%	10.0%
Ayer	155	150	$272,000	51.2%	7.1%
Lynn	156	156	$265,000	48.9%	8.3%
Brockton	157	157	$250,000	42.9%	8.7%
Wareham	158	159	$249,900	48.3%	19.0%
Lowell	159	158	$248,900	51.8%	14.2%
Lawrence	160	161	$230,000	53.4%	13.2%
Millville	161	160	$220,000	51.2%	-6.3%

Source: CURP analysis of home sales and price data provided by The Warren Group Publications

TABLE 4.7

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

Year	Median Income Homebuyer Purchasing Median Priced House (20% downpayment)	Percent Affordable	First Time Homebuyer Earning 80% of Median Purchasing House Priced at 80% of Median (10% downpayment)	Percent Affordable
1998	148	92%	116	72%
2000	101	63%	87	54%
2001	86	53%	42	26%
2002	77	48%	17	11%
2003	59	37%	5	3%
2004	27	17%	1	<1%

Source: CURP analysis of home sales and price data provided by The Warren Group Publications

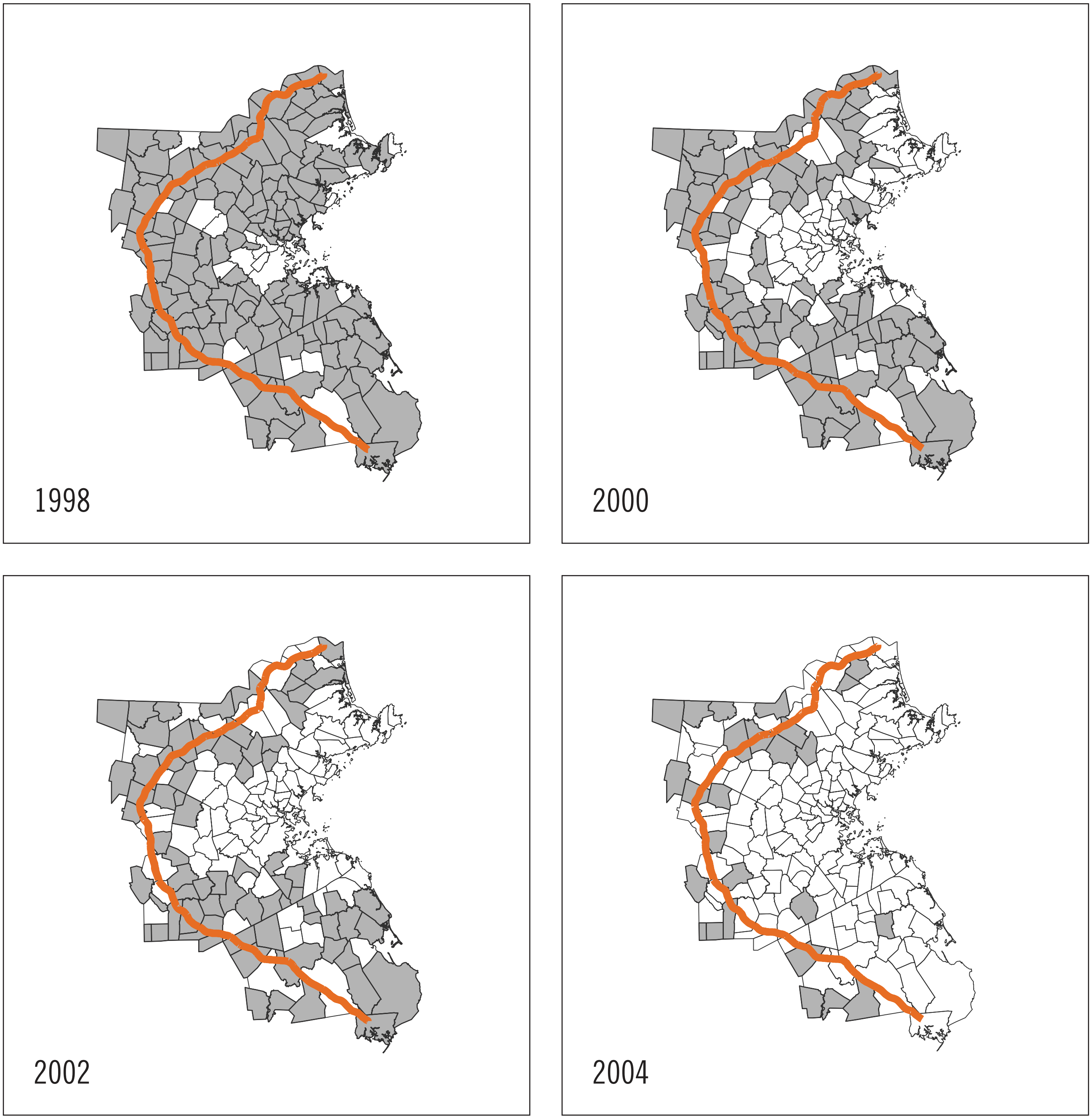
existing residents if those residents were attempting to purchase a home there in 2004. A municipality's housing is considered "affordable" for this analysis if the annual cost of supporting a mortgage, real estate taxes, and homeowners insurance does not exceed one-third of the annual median income of households in that community. CURP also estimated the affordability gap for those unable to come up with a 20 percent down payment. Considered a "first time homebuyer" analysis, the calculation is the same but both the homebuyer's household income and the purchase price of the home are estimated to be just 80 percent of the median for the community and the down payment is assumed to be 10 percent.

Table 4.7 summarizes the results of the affordability gap analysis, details of which are included in **Appendix B**. Overall, the number of cities and towns that were still "affordable" by this standard dropped significantly in 2004, from 59 to 27. This is due to a combination of factors: interest rates were up slightly over 2003, prices were up resulting also in higher real estate taxes and insurance premiums, while household incomes are estimated to have risen at best by only 2 percent between 2003 and 2004. Ninety-two percent of the region's communities were considered "affordable" by this analysis in 1998. By 2004, only 17 percent were. And only one community remained affordable for first time homebuyers in 2004.

The series of maps on the next page (**Maps 4.1–4.4**) show where the remaining "affordable" communities are. For the most part, they are on the region's outer fringes. Their affordability derives from the fact that their residents enjoy relatively high incomes and their home prices are relatively more moderate.

MAPS 4.1–4.4

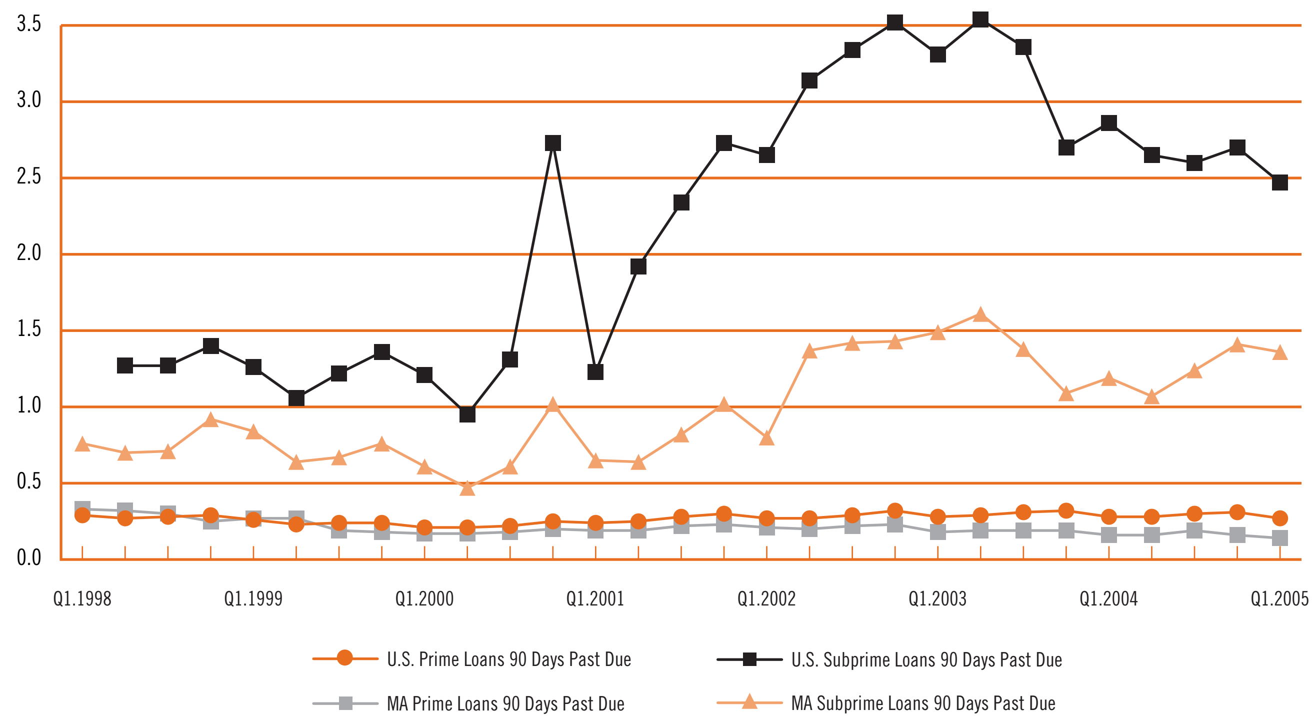
Communities with Median Home Prices Affordable to Existing Residents, 1998–2004
(shaded communities are affordable)



Source: CURP analysis of home sales and price data provided by The Warren Group Publications

FIGURE 4.5

Massachusetts and National Delinquencies



Source: Mortgage Bankers Association of America

Buyers Find Ways to Cope

Even with high prices and a growing affordability challenge, sales of all types of housing – single family, multi-family and condominiums – have continued strong right into 2005. While there has been in recent years a documented increase in the number of investor-purchasers and in the number of buyers purchasing second homes, families purchasing a primary residence continue to dominate the market. It is clear that home-buyers are doing whatever is necessary to acquire their first home or trade-up to a more desirable home. This includes compromising on the type and location of the property, assuming increasing debt burdens, and/or turning to riskier types of financing.

Many of these purchasers may be at risk if they lose their job, if they have a variable rate mortgage and face rising interest rates, or if the market softens appreciably. For the time being, Boston area mortgage delinquencies and foreclosures remain well below the national average. This is illustrated by **Figure 4.5** which tracks mortgage delinquencies in Massachusetts and for the nation as a whole. Easy credit and interest rates that remain relatively low have encouraged more and more households to take equity out of their homes, many through sub-prime loans. Figure 4.5 also includes delinquency data for sub-prime loans. While Massachusetts loans perform better than the national average in this category as well, it is clear that they present a higher risk and greater volatility than conventional loans.

5.
Affordable Housing Production

Up until 20 years ago, most state and federal housing production programs provided subsidies that were sufficiently generous that public housing agencies and private developers could rely on a single program to build housing that would be affordable to moderate income households. Additional rent or operating subsidies were provided to make the units affordable to low and very low income households. Shifts in public policy and funding levels since then have led to major changes in the way new affordable units are created. We now look increasingly to private market rate development to generate some number of affordable units. The 2004 affordable housing production numbers document just how pervasive the shift away from public subsidies and toward market incentives has become.

This section reports on 2004 affordable housing production in Greater Boston: what was produced, for whose benefit, where, and with what tools. It also summarizes a recent analysis by CHAPA and CURP of the two most recent versions of the State Subsidized Housing Inventory, detailing which communities have made the most headway during the past three years (2002–2004) and how they achieved their gains.

Overview

Table 5.1 summarizes the region's recent affordable housing production by type and year. Affordable housing is defined here as units eligible for inclusion on the State's Subsidized Housing Inventory (SHI) and restricted to occupancy by households earning 80 percent or less of the area median income. In 2004, construction commenced on nearly 2,000 new affordable housing units, a 6 percent increase over 2003. This marked the fourth consecutive year of improvement. By comparison, fewer than 700 new affordable units were permitted annually in 1999 and 2000. That number doubled in 2001 and 2002 to an average of 1,430 as the Affordable Housing Trust Fund (AHTF), created by the Legislature in the summer of 2000, increased the viability of pipeline projects targeted for very low and extremely low income occupancy. This made it possible for a backlog of suburban proposals permitted under Chapter 40B to begin construction. In 2003, the number of affordable units that broke ground increased again, by 462 units, and in 2004 it rose by another 108 units.

The City of Boston continues to account for a disproportionate share of the region's affordable housing production, accounting for more than 25 percent of the newly added units in 2004. The number of affordable units under construction in any given year in the city varies depending on many factors including funding availability and the size, nature, and complexity of the projects moving through the pipeline. Following two years of increased production, the number of new subsidized starts declined in Boston in 2004. Yet, even as a lack of public resources delayed some projects, the City continued to grow its affordable stock through its rigorous inclusionary zoning which required developers to add affordable units to their market rate projects. Boston added 126 units through this mechanism in 2004, up from 78 in 2003 and just 10 in 2002. The affordable units so added represented nearly 25 percent of the City's 2004 affordable production. In 2003, with more subsidized starts, the inclusionary units represented only 11 percent of the total gain.

Inclusionary zoning also contributed to the gain in affordable units in other cities including Cambridge, Quincy, and Newton. A handful of suburban communities, including Arlington and Acton, added to their affordable inventories in this way as well. For the most part, though, the suburban gain in 2004 was almost entirely the result of increased 40B production.

Units permitted under the comprehensive permit provisions of Chapter 40B accounted for 60 percent of the new affordable units overall and 80 percent of those outside the City of Boston. These numbers are evidence of how much the region has come to depend on market interventions – inclusionary zoning and 40B – to add to its affordable housing inventory.

TABLE 5.1

New Housing Production with Units that Qualify for Inclusion on the State Subsidized Housing Inventory

Year	New Affordable Units - All	New Homeownership Units - All	Affordable Homeownership Units - All	New Rental Units - All	Affordable Rental Units - All	Units that count on Subsidized Inventory (40B list) - All
2004						
City of Boston	511	58	58	393	453	511
Elsewhere in Greater Boston Region	1,486	1,948	580	2,767	906	3,347
Elsewhere - 40B Comp Permit Only	1,185	1,834	475	2,237	710	2,712
Elsewhere - All Others	301	114	105	530	196	635
Total New Production with Units Eligible for Inclusion on State Subsidized Housing Inventory	1,997	2,006	638	3,160	1,359	3,798
2003						
City of Boston	703	153	153	475	550	703
Elsewhere in Greater Boston Region	1,186	1,359	357	2,283	829	2,640
Elsewhere - 40B Comp Permit Only	989	1,285	343	2,061	646	2,404
Elsewhere - All Others	197	74	14	222	183	236
Total New Production with Units Eligible for Inclusion on State Subsidized Housing Inventory	1,889	1,512	510	2,758	1,379	3,268
2002						
City of Boston	551	68	68	263	483	551
Elsewhere in Greater Boston Region	876	747	178	1,418	698	1,596
Elsewhere - 40B Comp Permit Only	468	645	166	810	302	976
Elsewhere - All Others	408	102	12	608	396	620
Total New Production with Units Eligible for Inclusion on State Subsidized Housing Inventory	1,427	815	246	1,681	1,181	1,927

*Boston's SHI count may be under-estimated; some market rate units in rental developments may be eligible for inclusion.

Source: CURP analysis of SHI, 40B tracking reports and production reported by individual cities and towns

40B Drives Affordable Production in 2004

Not only was most of the gain in affordable housing the result of production under the comprehensive permit provisions of Chapter 40B, much of the increase in housing starts in general was as well. 40B developments typically receive only modest interest rate concessions through MassHousing, the Federal Home Loan Bank of Boston's New England Fund, or one of the state's other quasi-public housing entities. They are essentially market rate developments with an affordable component – typically 25 percent – made possible because a strong housing market coupled with the density bonuses allowed under Chapter 40B permits some cross-subsidization of affordable units by a project's market rate units.

Using the market to create new affordable housing in this way is a relatively recent phenomenon. In the early years of 40B's existence, the law was used almost exclusively by local housing authorities and a limited number of private developers who specialized in the construction and management of low income housing under financing programs that were deeply subsidized and highly regulated by federal or state agencies. Today it is used by a much more diverse group that includes small homebuilders as well as large national real estate investment trusts who want to build market rate housing in Massachusetts. Most have no ties to the earlier subsidy programs and little track record in managing low income housing.

The comprehensive permit is now the key to entry into many local markets. As such, 40B has gone from being a vehicle that allowed government subsidy programs to work in more locations to being the only production program for affordable housing in much of the state. Without additional subsidies, however, the units created tend to serve households making between 70–80 percent of the areas median income rather than poorer households.

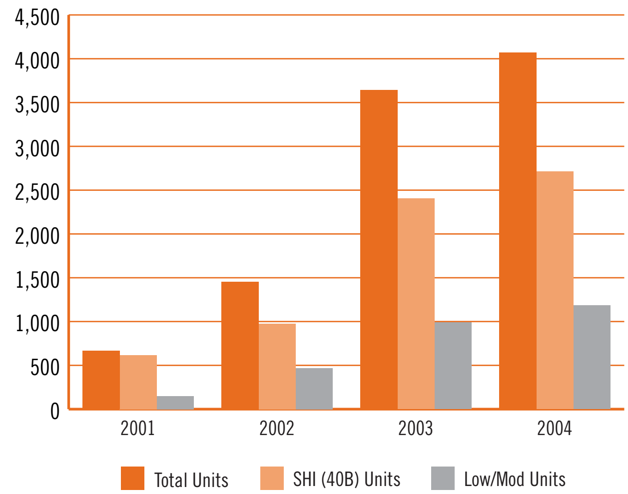
As was the case in 2003, both the increased production and the improved regional distribution of affordable units in 2004 reflected the expanded use of 40B. An average of 8 communities a year added housing under comprehensive permits in 2000 and 2001. That number increased to 23 in 2002 and to 37 in 2003. In 2004, it reached an all-time high of 48 communities including several that had not added to their affordable housing inventory in more than a decade.

Figure 5.1 documents this extraordinary growth in housing permitted under Chapter 40B, from 666 units in 2001 to 4,071 in 2004. As a result of this high overall level of production – the 4,071 units includes both market rate and affordable – the region was able to add 1,185 new affordable units in 2004, in most cases with no additional public subsidy other than the density bonus associated with the comprehensive permit. This represents nearly a tenfold increase over the 149 affordable units created in 2001 using the comprehensive permit.

Three-quarters of the nearly 1,200 affordable units permitted in 2004 under 40B (with no additional subsidy) provided family, or at least unrestricted, housing. In many suburban communities these represent the only units being constructed for low or moderate income families. Regardless of program, most of what are considered family rental units today have only two bedrooms.

FIGURE 5.1

Units Built Under Comprehensive Permits



Source: CURP analysis of 40B pipeline

In addition to the 20–25 percent of the units that are income restricted, many 40B developments – especially the homeownership ones – are providing sorely needed market rate housing at prices moderate and middle income families can afford. Even in the rental properties, anecdotal evidence suggests that at least some very low income Section 8 voucher holders have been able to rent units.

Chapter 40B is thus providing the impetus for producing housing for low income families and for a range of working and moderate income households. Still, the number of units set aside in 40B projects for such families is small compared with the total need for such housing.

Traditional Subsidies

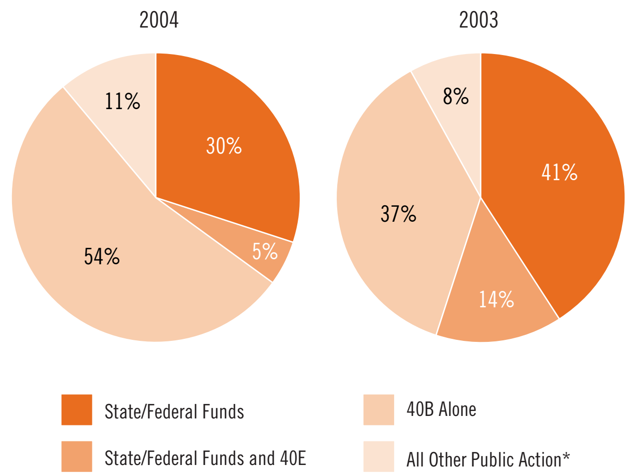
The region's traditional producers of subsidized housing – a network of capable nonprofit and for-profit developers who specialize in the complex business of low income housing in an era of diminishing resources – continue to take on many of the most challenging projects including those that serve the lowest income households. The complexity of affordable housing finance and the high construction and transaction costs associated with it, however, have meant that fewer organizations have the wherewithal to participate.

The time required to cobble together custom financing, often for just a small number of units, drives up development costs. Last year we noted the per unit cost in some low income subsidized developments was in excess of $250,000. That cost continued to rise through 2004 so that many new projects now cost in excess of $300,000 per unit. These include projects with nonprofit sponsorship and some with little or no land costs associated with them. Projects typically require a developer to obtain funding commitments from 6 or 7 different sources in addition to favorable financing from one of the state's quasi-public agencies. This adds substantial "soft costs" in the form of legal and consultant expenses and time delays. Many of the most experienced participants have shifted their focus from new construction to preserving the housing stock that already exists in their communities, including existing subsidized housing.

As a result, fewer of the new units that began construction in 2004 represented traditional subsidized production while more resulted from 40B or inclusionary zoning, both mechanisms that depend on a strong housing market to succeed. **Figure 5.2,** which shows the relative contribution of the various types of public support for housing, illustrates the shift from traditional subsidies to these other incentives.

FIGURE 5.2

Affordable Housing Production by Type of Public Support



*For the most part, these are units gained through inclusionary mandates

Source: CURP analysis of DHCD, MassHousing, MassDevelopment, CEDAC, MHIC reports and data provided by municipalities

Despite the challenges of low income development, competition for subsidy funds only intensified in 2004. Twenty-seven developments in a dozen Greater Boston communities received funding commitments from one or more of the traditional subsidizing sources in 2004 to create new housing. Included under this heading are the many state and federal programs for producing and preserving low and moderate income housing (e.g. the federal Low Income Housing Tax Credit and HOME Programs; the federal Section 202 and Section 811 Programs; and several Department of Housing and Community Development programs: the Housing Innovations Fund, Housing Stabilization Fund, Facilities Consolidation Fund, Housing Development Support Program, and the Massachusetts Affordable Housing Trust Fund.)

Once constructed, these developments will provide more than 1,600 new[22] units of housing, 77 percent of which will be affordable to households earning no more than 80 percent of the area median income. Most will serve households earning much less. Another 11 projects received funding awards to preserve 367 units, nearly all of them affordable. These traditional subsidy programs are being used to create or preserve a balanced mix of housing types (family, elderly special needs rental housing and homeownership), most in the region's cities. The breakout is as follows: 63 percent will provide family (or unrestricted) rental housing, 26 percent will be elderly housing, 8 percent will provide homeownership opportunities, and 3 percent will serve the housing needs of special populations.

Elderly housing, including assisted living, and small special needs projects, are being approved in suburban locations as well as in the cities, but only two developments that received a 2004 funding award from any of these sources will add to the supply of affordable family housing in a suburban town. The two that will, both of which were permitted under 40B, are The Preserve in Walpole and St. Aidan's in Brookline. The former is a 300 unit rental property that will include 150 affordable units; the latter is a 50 unit mixed income development with both ownership and rental units, 20 of which will be affordable. The story was similar in 2003 and 2002.

Reaching the Lowest Income Households

A consequence of the reduction in public subsidies and the increased reliance on 40B and inclusionary zoning to produce new affordable units is that much of the new housing fails to help those with the most severe housing needs. This shift away from assisting the neediest households is likely to get worse as the number of units in the public housing inventory contracts, use restrictions on many existing properties expire, and tenant based subsidies are cut.

If they receive housing assistance at all, most extremely low and most very low income families (e.g., 3-member households that in 2004 earned less than $22,350 or $37,200 respectively) live in older public housing or rent privately owned units with the assistance of rent vouchers. Nearly two thirds of the state's public housing tenants are considered extremely low income, earning less than 30 percent of the median income for the area, as are more than three quarters of those receiving Section 8 rental vouchers. Another 12 percent of public housing residents and 16 percent of voucher holders are considered very low income, earning below 50 percent of the area median.[23]

CURP reviewed more than two thousand new "affordable" units produced between 2002–2004 to determine what income levels were being served. Complete and accurate information was not available in all cases, but this cursory examination suggested that only about 10 percent of the affordable units were reserved for households earning less than 30 percent of the median income; 10 percent were reserved for occupancy by households earning between 31–50 percent; and 15 percent were reserved for households earning between 51–60 percent. The remaining 65 percent required occupancy by households earning no more than 80 percent of the area median income.

Most of the production for the lowest income households is taking place in the City of Boston and a handful of other urban centers through nonprofit sponsors. During this same three year time frame, 26 percent of Boston's affordable units served households at or below the 30 percent level, 17 percent served those earning between 31–50 percent, 32 served those earning between 51–60 percent, and 25 percent were limited to those earning 80 percent or less.

A number of prominent Boston area philanthropies, working with two of the state's established quasi-public housing agencies, have assembled a package of resources that may enable the region's nonprofit housing developers to increase the number of extremely low income families they serve in their developments. While there is a healthy pipeline of projects hoping to benefit from this new Home Funders Initiative, most have not yet broken ground.

Analysis of Progress, 2002–2004

By comparing the year-end 2001 and year-end 2004 Subsidized Housing Inventories, CURP and CHAPA were able to analyze progress made on a municipality-by-municipality basis during the past three years. This information, which is detailed in **Appendix C**, is summarized here.

Overall the region began 2002 with 146,005 subsidized units and ended 2004 with 155,373 units. The increase in the number of new units available to low income households was more modest, however. Much of the gain in "affordable" units came because municipalities can count as affordable the market rate units in mixed-income rental developments even though only 20–25 percent of the units might be truly affordable to low income residents. Also, many communities are aggressively "growing" their inventory of affordable housing through homeowner repair programs, a technique that improves the condition of existing residents' homes but does not increase the housing supply or enable new residents to move into the community.

Further, due to recent changes in eligibility, more types of housing now qualify toward a community's 10 percent goal, including existing group homes serving consumers of the Departments of Mental Health and Mental Retardation, unsubsidized units that qualify as "Local Initiative Program (LIP), or LIP-only" units, and accessory apartments. As such, much of the affordable housing gain is restricted to occupancy by special populations.

Note that the City of Boston was not included in this analysis. Its Department of Neighborhood Development is currently undertaking the Herculean task of updating its inventory of nearly 50,000 public and publicly subsidized housing units. This task was not completed by the time DHCD published the year-end

TABLE 5.2

Leaders in New Affordable Housing Development, 2002–2004

Rank	Units that Count on Subsidized Housing Inventory		% using 40B	Rank	Low and Moderate Income Units		% using 40B
NA	Boston	NA	0%	1	Boston*	1,765	0%
1	Newton	564	97%	2	Newton	182	92%
2	Franklin	416	99%	3	Raynham	175	100%
3	Chelmsford	355	100%	4	Franklin	158	97%
4	Woburn	349	98%	5	Walpole	150	100%
5	Marlborough	337	100%	6	Lowell**	121	0%
6	Andover	331	100%	7	Lakeville	115	100%
6	Peabody	331	98%	8	Andover	111	100%
8	Danvers	318	100%	8	Chelmsford	111	100%
9	Dedham	315	100%	10	Tyngsborough	105	100%
10	Weymouth	314	97%	11	Taunton	102	37%
11	Walpole	300	100%	12	Lynn	98	0%
12	Tyngsborough	290	100%	13	Billerica	94	98%
13	Bellingham	285	100%	14	Hudson	91	100%
14	Raynham	271	100%	15	Dedham	90	100%
15	Dracut	267	100%	16	Marlborough	88	100%
16	Burlington	254	100%	16	Woburn	88	92%
17	Lowell	244	0%	18	Dracut	87	100%
18	Reading	238	98%	19	Weymouth	86	88%
19	Billerica	229	99%	20	Peabody	84	92%
20	Hudson	209	100%	21	Revere	77	0%
21	Braintree	201	100%	22	Danvers	77	100%
22	Hingham	200	100%	23	Reading	75	95%
23	Bedford	195	99%	24	Cambridge	73	8%
24	Abington	192	100%	25	Bellingham	72	100%
25	Georgetown	190	100%				
Total 2002-2004 additions to SHI (new units only, excluding Boston)		9,911	85%			4,254	75%

Source: CURP and CHAPA analysis of DHCD's April 2002 and January 2005 Subsidized Housing Inventories (covering calendar years 2002–2004). Comparable City of Boston data was not available at time of publication. Estimate of number of low and moderate income units added in Boston during 2002–2004 comes from DND's Leading the Way Reconciliation Report. Special thanks to CHAPA consultant Ann Verrilli for assistance in preparing this Table and Appendix C.

*Despite creating 121 additional low income units, Lowell had a net loss because of the demolition of a 284-unit public housing development for which replacement housing is planned but has not yet been constructed. Other Greater Boston communities lost units from the Subsidized Housing Inventory between 2002–2004 as well: about 200 homeowner rehab units and Section 8 Mod Rehab units were dropped as their use restrictions expired; several EUR properties were refinanced to preserve most of their affordable units, but about 100 units were lost in the process; and a 150-unit TELLER project in Methuen opted out when its use restrictions expired.

2004 inventory and so it appeared that Boston had lost units during the three-year period. In fact, according to *Leading the Way*, the City's detailed accounting of its progress in expanding housing opportunities for residents across a range of income and need, Boston added more than 1,400 new units for households earning below 80 percent of the area median income. It preserved and reclaimed nearly twice that number.

Other key findings include:

- 21 Boston area communities have attained the 10 percent "affordable" goal established by the State, with 9 of them having achieved this milestone in the past 3 years. If only the affordable units counted, only 9 communities would be at the 10 percent level.
- 62 communities did not report any gains due to new construction or adaptive reuse during this three year period, although 27 of these added units as the result of homeowners repair programs or the counting of DMR or DMH units.[24]
- Of the 98 municipalities that added new units, 50 used the comprehensive permit provisions of MGL Chapter 40B for 100 percent of the new units; 11 used the comprehensive permit for more than 90 percent of the new units; and 5 used it for more than half of their new units.
- All of the communities that achieved the 10 percent "affordable" threshold in the past two years are among those that used the comprehensive permit for all of their new affordable units. Included in this group are Andover, Braintree, Burlington, Canton, Georgetown, Hudson, Marlborough, and Raynham.
- 9 of the communities that added new affordable units, but never used the comprehensive permit, were already at the 10 percent threshold: Beverly, Boston, Brockton, Framingham, Lawrence, Lowell, Lynn, Malden, and Salem.

Table 5.2 identifies which communities produced the most new affordable housing between 2002–2004 and **Table 5.3** summarizes the net change in the Subsidized Housing Inventory (SHI) for the 160 cities and towns excluding Boston. The SHI does not report the number of units where occupancy is restricted to low income households. Those numbers are estimates by CURP and CHAPA based on extensive review of the inventory over time.

TABLE 5.3

Summary SHI for 160 Boston Area Communities, January 2002-January 2005

	Year end 2002	Year end 2005	% Change
Total development units	101,000	116,000	15%
40B Units (Units that count toward a community's 10 percent goal	97,000	108,000	11%
Units restricted to low income occupancy	85,000	90,000	6%
Low income units excluding units reserved for clients of DMH, DMR or units rehabilitated for existing low income residents	NA	86,000	

Source: CURP and CHAPA (Ann Verrilli) analysis of SHI

Table 5.2 shows the leaders in producing units specifically for low income occupancy as well as the communities that received credit for the most new units on the SHI. Because market rate units in mixed income rental developments count toward a community's 10 percent "affordable" goal, several municipalities surpassed that 10 percent threshold even though fewer than 10 percent of their units are reserved for low income residents. Still, they are acknowledged for their effort to expand and diversify their housing stock to serve a range of income levels and need.

Balancing New Production and Preservation

The nearly 200,000 units of public housing and privately-owned subsidized housing that were created in Massachusetts under deep subsidy programs prior to the mid–1980s now represent the core of the state's affordable subsidized housing stock. This inventory, more than 70 percent of which is located in Greater Boston, is at risk both from market pressures and the effects of old age. It is in need of substantial investment to preserve its physical and financial viability. Many older developments have reached the end of the use restrictions that require them to house low income tenants. They need funding for capital upgrades as does the region's aging public housing inventory. In strong markets, additional funding is required to persuade owners to extend the affordability or to sell to an owner who will.

Because of the substantial capital needs required to preserve this valuable inventory, new production must compete with preservation for limited public funds. The production goals established in *The New Paradigm* Report assumed no loss of existing affordable housing. Since 2001 only one or two privately-owned properties, totaling fewer than 300 units, were lost to the inventory. A similar number of public housing units were demolished in the City of Lowell, but there is a commitment to replace them.

Between 2005 and 2010, however, more than 18,000 units will be at risk due to mortgage pre-payments, non-renewal of expiring subsidy contracts, and subsidized mortgage prepayments. Currently DHCD and MassHousing attempt to strike a balance between the need for new construction and the need to preserve existing affordable units. The state's tax credit allocation policy calls for roughly a two-third/one-third division of resources in favor of new construction. MassHousing's activity reflects a similar split. The agency invested nearly $151 million in 2004 to produce 1,450 new units in 9 new developments (467 affordable) and another $93 million to preserve 1,126 affordable units in 14 developments. Clearly, at a cost of $82,200 per affordable unit preserved versus $323,000 per new affordable unit created, resources can be stretched by investing in our existing inventory.

Many housing advocates, including CHAPA, have expressed concern about the future of the state's preservation programs. By early 2005, the continued availability of the Housing Stabilization Fund (HSF) and the Capital Improvement and Preservation Fund (CIPF) – under which some 4,200 affordable rental units in Greater Boston communities have been preserved – remained in jeopardy. The challenge going forward will be to increase the available resources for both new production and preservation.

6.
Public Spending and Support for Housing[25]

Each year, the Commonwealth of Massachusetts invests more than a billion dollars of federal, state, and quasi-public funds to build, renovate, preserve, or subsidize affordable housing statewide. Department of Housing and Community Development (DHCD), its affiliated quasi-public agencies, and a wide array of public, private for-profit and nonprofit housing developers leverage these resources to preserve and expand the state's inventory of affordable housing.

Historical Trends

Traditionally, the federal government provided financing and financial incentives to help make housing more affordable and to encourage its production and maintenance. But as noted in Section 5, funding levels have declined substantially over time, and much of what is available today goes for maintaining or improving the existing stock and for subsidizing the rents of tenants living in existing units rather than for new production.

After climbing to more than $600 million in 1989, combined state and federal funding for housing in the Commonwealth dropped to less than $400 million in 1993 in current dollars. In inflation adjusted dollars, this represented a decline of 41 percent. Since then, the total commitment has gradually risen in current dollars. In 2004 it reached its highest level in fifteen years, $600 million. In real terms, however, this represented only a 22.5 percent increase over 1993.

Moreover, there have been important shifts during these fifteen years in the sources and uses of funds and the result is that only a small portion of the total funding goes to support new production. The state's contribution to total spending dropped from more than $400 million in 1989 – the equivalent of $625 million in 2004 dollars – to approximately $200 million today and about one third of that goes to support rental assistance.

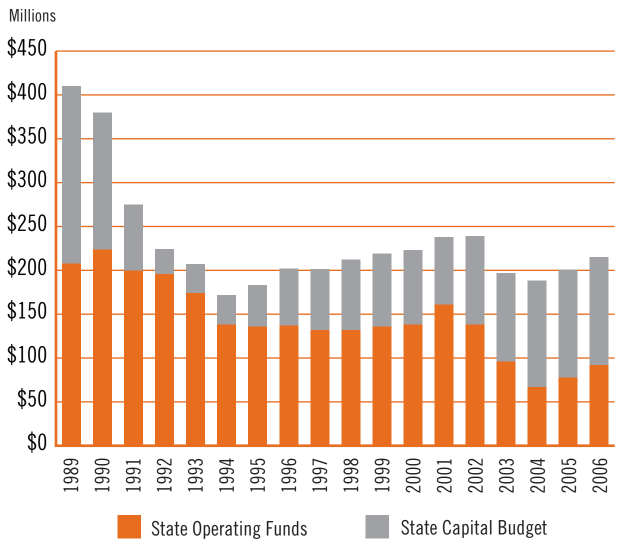
Limited Federal Support for Housing Production

As the state share was dropping – from two thirds of total funding in 1989 to less than one third in 2003 – the level of federal funding increased. But federal funds, even more than state funds, overwhelmingly go to support tenants in existing housing: 57 percent of the federal funds are earmarked for rental assistance, 21 percent goes for low income home fuel assistance and weatherization programs, Community Development Block Grants (CDBG) represent 13 percent of the total, and Community Service Block Grants another 4 percent. This leaves only 5 percent of a total federal contribution of nearly $400 million – approximately $19 million, mostly HOME funds – available to support housing production.

With the exception of two small HUD programs for the elderly and people with disabilities, which have funded about a dozen Massachusetts developments (150–160 units) annually in recent years, federal support for production mostly comes in the form of low income housing tax credits. Beginning in 2004, the annual tax credit allocation per state, which had been calculated at $1.75 per capita since the program's inception more than 15 years earlier, was adjusted upward to $1.80 per capita and indexed to provide an inflation adjustment based on the consumer price index. The 2005 allocation is $1.85 per capita. Thus, Massachusetts' allocation increased by almost 6 percent between 2003 and 2005. As discussed in Sections 3 and 5, however, increased construction costs more than offset the additional credit allocation. DHCD has estimated that it expects to create or preserve approximately 1,200 units of housing statewide with tax credits in calendar year 2005, approximately the same as it did in 2004 when 492 new units were created and 721 units were preserved. The Greater Boston region share of the 2004 tax credits helped produce 262 new units and preserve 223 units.

FIGURE 6.1

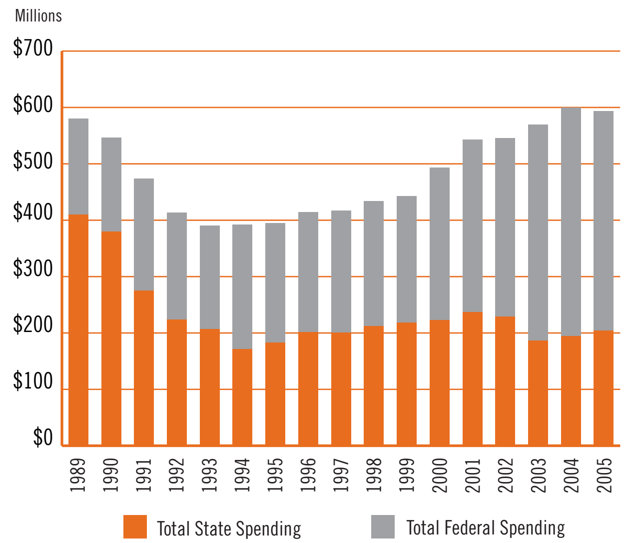
Total State Funding for Housing 1989–2005



Source: DHCD Budget Office

FIGURE 6.2

Total DHCD Spending, State and Federal Funds, 1989–2005



Source: DHCD Budget Office

2004 (FY 2005) Funding Levels

Last year we reported that state funding for housing was cut by 5 percent between 2003 and 2004. Those cuts have now been restored: funding rose by 7 percent in FY2005 and by 7 percent again in FY2006. This is welcome news. Still, DHCD spending has been cut more than almost any other state agency in recent years. Even at the new $215 million level, total state spending remains 10 percent below where it was in 2002. (See **Figure 6.1**) Furthermore, as state funding was rising modestly, the federal contribution declined by nearly 4 percent – from $405 million in FY 2004 to $390 million in FY 2005. (See **Figure 6.2**).

Other State Support for Affordable Housing

In addition to the increase in state spending on affordable housing, there were a number of legislative initiatives in 2004 that represented some important gains on the affordable housing front. Among the 2004 highlights were the passage of the following measures:

- **Housing Bond Bill** The passage of a $200 million housing bond bill for key programs that will expand community-based housing options for people with disabilities, elders, and other special needs populations. The bill also ensures continuation of the successful Soft Second Homeownership Program.
- **State Housing Tax Credit** The authorization of $100 million to extend the state low income housing tax credit program for another five years.
- **Preservation of 40B** The preservation of Chapter 40B, the state's affordable housing zoning law, and increasingly the engine that is driving market rate development as well outside the urban areas. In the absence of legislation, DHCD continued to implement a number of regulatory changes that had been recommended by the Governor's Task Force in 2003.
- **Affordable Housing Trust Fund** Funding for the affordable housing trust fund was protected (it was shifted from the state's operating budget to the capital budget), and funded at $20 million a year. An additional $2 million was added to the program by the Legislature in the FY05 budget.

- **Increased Housing Budget** DHCD's budget was increased from $66.9 million in FY 2004 to $79.7 million in FY 2005, providing important increases for the state public housing and rental assistance programs. The final FY 2006 budget brought the total up to $91.8 million, a substantial improvement of 37 percent over three years.
- **Smart Growth and Affordable Housing** Chapter 40R, a new local option zoning bill that provides financial incentives for communities to adopt overlay zoning districts that permit mixed-income housing development at increased densities in "smart-growth" locations passed (but without the critically needed funding to insure municipalities against increased school costs.) Also passed was $30 million for a new "transit-oriented" development program.
- **Section 8 Voucher Program** $2 million in funding was restored to the state-administered Section 8 program after intense lobbying by housing advocates, the business community and the state's political leadership. (The state-administered program represents only a quarter of the federal rental assistance coming to Massachusetts. The vast majority of rental vouchers are administered by local housing authorities, and their funding was not restored. As a result, these agencies have had to find ways to scale back their programs.)

The modest increase in overall state funding and the attention being paid to housing by the Governor and the State Legislature is a welcome response to the housing challenges facing the Commonwealth. But the magnitude of the housing problem as a barrier to economic development and as an economic hardship for hundreds of thousands of Massachusetts households will require much greater attention and ultimately more resources.

7.
Conclusion

In Greater Boston, 2004 saw a continued increase in housing prices at nearly double-digit rates while rents stabilized after falling from 2001 through 2003. Housing affordability continued to erode as home prices and rents increased faster than household incomes.

This all occurred despite the fact that housing production rose for the second year in a row to its highest level in fifteen years. Multifamily housing production was up by 11 percent over 2003 while single family production was up 16 percent. Affordable housing construction also showed signs of continued growth, increasing 6 percent over the past year.

This is the good news on the housing production front. The bad news is that much of the new housing being produced will not fit the needs of a growing workforce. Nor does it meet the needs of those at the lowest end of the income spectrum. A significant share of the new production is age-restricted for seniors. Single family production, other than that produced under 40B, is largely being built for affluent homeowners. New multi-family housing is similarly targeted to the high end of the market. In only 12 percent of the 161 communities in Greater Boston in 2004 was the median sales price of single family homes below $300,000 – down from 55 percent in 2001. It is not surprising given the high cost of housing (as well as the high cost of living in general) that the region continues to lose its 20–34 year olds in unprecedented numbers.

Performance Against The New Paradigm Production Targets

While production is up, it is still not high enough to meet the targets established in the 2000 *New Paradigm* report for the 127 communities for which goals were established. Market rate housing comes closest to the target. With 9,259 units in 2004, it reached 94 percent of the level established in the *New Paradigm* report. This represented an increase of more than 1,700 units over 2003. Subsidized development also rose over 2003 levels, but at only 1,678 units, it represented only 39 percent of the target. Student housing production was down in 2004 for the second year in a row. With only 367 units coming on line, it fulfilled less than one-quarter of the established need. Overall, total production stood at 72 percent of the *New Paradigm* goal. Nonetheless, this represented improvement over both 2002 and 2003. (See **Table 7.1**)

Keep in mind the original targets did not establish price points for the market rate or the subsidized housing. That so much of the market rate production is at the high end and so much of the subsidized serves only those close to the 80 percent of median income threshold suggests that simply achieving these targets is not sufficient to meet the challenge of housing a growing workforce in the region. This is a problem that needs greater attention.

Furthermore, cuts in rental subsidies and the fact that higher construction costs mean the limited production subsidies can support fewer units has disadvantaged projects in the highest cost areas and those attempting to serve the lowest income households.

The Road Ahead

Greater Boston has made progress in housing production over the past year, but it has a long way to go to meet the housing needs of its people and to be competitive with other regions. While production is up, single family home prices continue to rise much faster than incomes and rents remain among the highest in the country. Continued out-migration may solve the housing problem by reducing demand. But, the cost to the Commonwealth's long term prosperity of losing its workforce is practically incalculable. Much more housing, appropriate for young working families, must be produced if this is to be avoided.

The State has once again begun to put resources and new programs such as Chapter 40R into effect. Much more is required, however, to reduce the barriers to housing production and to support the construction and preservation of affordable housing.

TABLE 7.1

Housing Production in the Boston PMSA v. Housing Goals in the *New Paradigm* Report

Category	Paradigm Target Production	2002	2003	Change 2002-2003	2004	Change 2003-2004
Market Rate	9,860	5,952	7,525	26%	9,259	+23%
% of Category Goal Met		60%	76%		94%	
Subsidized New Construction	4,300	1,114	1,514	36%	1,678	+11%
% of Category Goal Met		26%	35%		39%	
Student Housing	1,500	951	500	-47%	367	-27%
% of Category Goal Met		63%	33%		24%	
Total 3 Categories	15,660	8,017	9,539	20%	11,304	+19%
% of Overall Goal Met		51%	61%		72%	

Source: CURP update of earlier Report Cards based on 2004 production

Endnotes

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

[2] The *Housing Report Card* covers the 161 cities and towns that comprise the Massachusetts portion of the Boston, Brockton, Lawrence, and Lowell Metropolitan Statistical Areas (MSAs). The *New Paradigm* report projected needs only for the Boston Primary Metropolitan Statistical Area (PMSA), an area that encompasses 128 municipalities. Anticipating the restructuring of the metro area that occurred in 2003, CURP designed the report card to more accurately reflect the current metro area definition.

[3] Building permits were issued for 12,121 residential units. An additional 500 units of student housing was permitted.

[4] *New England Economic Indicators*, April/May 2005

[5] The loss in the 161 communities was 42,000.

[6] See Economic Policy Institute, "Basic Family Budget Calculator" (Washington, D.C., 2005). According to EPI, "the basic family budget is indeed 'basic.' It comprises only the amounts a family needs to spend to feed, shelter, and clothe itself, get to work and school, and subsist in 21st century America. Hence, it includes no savings, no restaurant meals, no funds for emergencies – not even renters' insurance to protect against fire, flood, or theft."

[7] These figures from the U.S. Census *American Community Survey* are for the Boston PMSA only, an area representing about 80% of the Greater Boston region as we have defined it. The latest data available are for the period between July 1,2002 and June 30, 2003.

[8] Worcester County extends beyond the area defined by the Report Card as Greater Boston.

[9] The source for vacancy rates is the U.S. Census Bureau's annual survey, generally considered a more reliable estimate than the ACS.

[10] Homeowners with mortgages

[11] Included in the Boston CMSA – in addition to the Boston, Brockton, Lawrence, and Lowell metro areas – are the Fitchburg, Worcester and New Bedford, MA metro areas, and the Nashua, Manchester and Portsmouth NH metro areas. Although the Census Bureau still tabulates demographic data according to the metropolitan area definitions that were in use at the time of the 2000 Census, it is gradually shifting from these definitions to a new nomenclature.

[12] The 2003 Home Mortgage Disclosure Act data indicate that 7.3 percent of purchase mortgages in the Boston PMSA went to non-owner occupant, nearly double their share in 1996. In some metro areas in the south and west, investor purchases accounted for 15 and 16 percent of home purchaser.

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

[14] Massachusetts Association of Realtors, based on data provided by MLS Property Information Network

[15] It is assumed that the production of four student beds is the equivalent of one apartment unit. While we track and report on student housing throughout the 161 communities, the addition of dormitory beds in most communities has little or no impact on the housing market. In fact, 182 of the 2004 "units" were built at Needham's Olin College, a newly chartered engineering college.

[16] At 80 percent of the median income for a family of four in Boston, the most expensive metro area of the four included in this report is Boston at $66,150; for two people it is $52,950. The 50 percent ceiling is $41,350 for four and $33,100 for two in Boston. In Brockton, the lowest income area, the corresponding figures are $58,000 for four and $46,400 for two (80 percent) and $36,850 for four and $29,450 for two (50 percent).

[17] Fiscal years 2000 to 2005

[18] CURP switched vendors for this data in 2004 to obtain the most current market information. Previous reports had used similar data compiled by the Institute for Real Estate Management (IREM), but the IREM data lagged by a year.

[19] Details on NAA's competitive classification system for apartments can be found on their website @ *www.bostonapartmentmarket.com*

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

[21] Included in this count are 396 units (305 affordable) that are part of a major redevelopment of the distressed Maverick Housing Development in East Boston under the HUD HOPE VI Program.

[22] HUD Public Housing and Section 8 Resident Profiles, February 2003-September 2004

[23] It is unknown whether the DMH and DMR units were added between 2002–2004 or if they were just counted for the first time.

[25] Data on state and federal spending are for the entire state, not just the 161 Greater Boston cities and towns. The vast majority of funding gets spent in this region, however. Spending data are derived from several sources including the State Comptroller and DHCD Budget Offices, CHAPA, and the Building Blocks Coalition. For a discussion of historical trends, see *The Greater Boston Housing Report Card 2002*, available at www.curp.neu.edu.

Appendix A
Basic Family Budget Calculator - Boston, MA v. Competitor Regions

2 Parents / 2 Children	Boston MA	Washington DC	New York City NY	San Francisco CA	Minneapolis MN	Denver CO	Raleigh-Durham-Chapel Hill NC	Chicago IL	Austin TX	Miami FL
Monthly housing	$1,266	$1,187	$1,075	$1,539	$928	$888	$779	$906	$912	$929
Monthly food	$587	$587	$587	$587	$587	$587	$587	$587	$587	$587
Monthly child care	$1,298	$1,316	$1,195	$892	$1,364	$1,001	$866	$763	$720	$658
Monthly transportation	$321	$321	$321	$358	$358	$358	$358	$321	$358	$358
Monthly health care	$592	$398	$514	$345	$345	$334	$368	$350	$430	$462
Monthly other necessities	$500	$479	$449	$574	$409	$398	$369	$403	$405	$409
Monthly taxes	$824	$832	$747	$507	$588	$394	$350	$312	$220	$218
Monthly total	$5,388	$5,120	$4,888	$4,802	$4,579	$3,960	$3,677	$3,642	$3,632	$3,621
Annual total	$64,656	$61,440	$58,656	$57,624	$54,948	$47,520	$44,124	$43,704	$43,584	$43,452
Competitor region cost as a percent of Boston	100.0%	95.0%	90.7%	89.1%	85.0%	73.5%	68.2%	67.6%	67.4%	67.2%

2 Parents/2 Children	Boston MA	Lowell MA	Brockton MA	Worcester MA	Fitchburg MA	Lowell NH	Nashua NH	Lawrence MA	Lawrence NH	Manchester NH
Monthly housing	$1,266	$1,102	$1,086	$840	$784	$1,102	$1,038	$1,009	$1,009	$934
Monthly food	$587	$587	$587	$587	$587	$587	$587	$265	$265	$265
Monthly child care	$1,298	$1,298	$1,298	$1,298	$1,298	$1,069	$1,069	$810	$650	$650
Monthly transportation	$321	$324	$324	$324	$375	$324	$375	$239	$239	$275
Monthly health care	$592	$592	$592	$592	$592	$395	$395	$408	$314	$314
Monthly other necessities	$500	$456	$452	$385	$370	$456	$439	$344	$344	$324
Monthly taxes	$824	$744	$737	$616	$609	$373	$364	$650	$374	$355
Monthly total	$5,388	$5,103	$5,076	$4,642	$4,615	$4,306	$4,267	$3,725	$3,195	$3,117
Annual total	$64,656	$61,236	$55,704	$55,704	$55,380	$51,672	$51,204	$44,700	$38,340	$37,404
Competitor region cost as a percent of Boston	100.0%	94.7%	86.2%	86.2%	85.7%	79.9%	79.2%	69.1%	59.3%	57.9%

Source: Economic Policy Institute Family Budget Calculator

Appendix B: Affordability Gap

City/Town	Estimated Median Household Income 2004*	Median Single Family Home Price 2003	Median Single Family Home Price 2004	% Change in Median Sales Price 2003-2004	Max. Home Price Affordable to Median Income Household 2004	Max. Home Price Affordable to First Time Homebuyer 2004	Affordable in 2003?	Affordable in 2004?
Abington	$65,533	$281,250	$314,900	12.0%	$297,879	$197,498	Y	N
Acton	$105,157	$469,275	$532,750	13.5%	$477,984	$316,910	Y	N
Amesbury	$59,572	$300,000	$322,650	7.6%	$270,783	$179,533	N	N
Andover	$100,633	$485,000	$525,000	8.2%	$457,425	$303,279	N	N
Arlington	$73,847	$425,000	$469,000	10.4%	$335,670	$222,554	N	N
Ashland	$78,493	$370,000	$385,000	4.1%	$356,788	$236,555	N	N
Avon	$57,735	$268,900	$289,000	7.5%	$262,431	$173,995	N	N
Ayer	$53,504	$254,000	$272,000	7.1%	$243,202	$161,246	N	N
Bedford	$100,954	$445,000	$509,000	14.4%	$458,880	$304,244	Y	N
Bellingham	$74,022	$260,000	$286,215	10.1%	$336,463	$223,079	Y	Y
Belmont	$92,154	$644,500	$675,000	4.7%	$418,883	$277,725	N	N
Berkley	$76,087	$285,250	$312,500	9.6%	$345,848	$229,302	Y	Y
Berlin	$75,366	$293,000	$400,000	36.5%	$342,572	$227,130	Y	N
Beverly	$61,957	$345,000	$375,000	8.7%	$281,624	$186,720	N	N
Billerica	$77,813	$311,000	$345,000	10.9%	$353,694	$234,504	Y	Y
Blackstone	$63,310	$252,950	$285,000	12.7%	$287,774	$190,798	Y	Y
Bolton	$117,981	$445,000	$505,000	13.5%	$536,277	$355,559	Y	Y
Boston	$45,482	$330,000	$370,000	12.1%	$206,737	$137,069	N	N
Boxborough	$100,559	$549,500	$530,000	-3.5%	$457,086	$303,054	N	N
Boxford	$129,933	$585,000	$636,500	8.8%	$590,605	$391,579	Y	N
Braintree	$70,916	$324,950	$365,000	12.3%	$322,346	$213,720	N	N
Bridgewater	$74,965	$319,900	$350,500	9.6%	$340,751	$225,923	Y	N
Brockton	$45,342	$229,900	$250,000	8.7%	$206,100	$136,647	N	N
Brookline	$76,564	$850,000	$975,000	14.7%	$348,018	$230,741	N	N
Burlington	$86,353	$360,000	$393,500	9.3%	$392,512	$260,241	Y	N
Cambridge	$55,065	$630,000	$615,000	-2.4%	$250,297	$165,950	N	N
Canton	$79,489	$405,000	$445,000	9.9%	$361,316	$239,557	N	N
Carlisle	$148,984	$715,000	$730,000	2.1%	$677,198	$448,992	N	N
Carver	$61,409	$274,450	$305,500	11.3%	$279,130	$185,067	Y	N
Chelmsford	$80,576	$329,900	$350,000	6.1%	$366,256	$242,833	Y	Y
Chelsea	$34,616	$275,000	$302,500	10.0%	$157,344	$104,321	N	N
Cohasset	$96,586	$677,500	$682,500	0.7%	$439,025	$291,080	N	N
Concord	$110,061	$659,900	$709,563	7.5%	$500,276	$331,690	N	N
Danvers	$67,460	$354,900	$372,250	4.9%	$306,638	$203,305	N	N
Dedham	$70,812	$342,500	$375,000	9.5%	$321,871	$213,405	N	N
Dighton	$67,255	$262,000	$290,000	10.7%	$305,705	$202,686	Y	Y
Dover	$162,764	$754,500	$884,000	17.2%	$739,836	$490,522	N	N
Dracut	$66,195	$264,000	$287,500	8.9%	$300,884	$199,490	Y	Y
Dunstable	$99,428	$417,450	$396,000	-5.1%	$451,947	$299,647	Y	Y
Duxbury	$111,469	$550,000	$602,500	9.5%	$506,677	$335,934	N	N
East Bridgewater	$69,219	$290,000	$315,000	8.6%	$314,631	$208,604	Y	N
Easton	$79,356	$359,900	$390,000	8.4%	$360,711	$239,156	N	N
Essex	$68,350	$354,500	$495,000	39.6%	$310,681	$205,986	N	N
Everett	$46,666	$295,000	$332,000	12.5%	$212,120	$140,639	N	N
Foxborough	$73,823	$355,000	$389,900	9.8%	$335,560	$222,481	N	N
Framingham	$62,306	$324,500	$361,900	11.5%	$283,210	$187,772	N	N
Franklin	$81,686	$368,900	$399,900	8.4%	$371,301	$246,177	N	N

Appendix B: Affordability Gap

City/Town	Estimated Median Household Income 2004*	Median Single Family Home Price 2003	Median Single Family Home Price 2004	% Change in Median Sales Price 2003-2004	Max. Home Price Affordable to Median Income Household 2004	Max. Home Price Affordable to First Time Homebuyer 2004	Affordable in 2003?	Affordable in 2004?
Georgetown	$87,523	$344,250	$413,500	20.1%	$397,833	$263,769	Y	N
Gloucester	$54,770	$330,000	$365,000	10.6%	$248,956	$165,061	N	N
Groton	$95,108	$417,000	$447,500	7.3%	$432,311	$286,628	Y	N
Groveland	$79,383	$337,450	$355,000	5.2%	$360,831	$239,236	Y	Y
Halifax	$65,436	$300,000	$317,000	5.7%	$297,436	$197,204	N	N
Hamilton	$82,634	$472,250	$479,500	1.5%	$375,610	$249,034	N	N
Hanover	$84,744	$395,000	$395,000	0.0%	$385,198	$255,392	N	N
Hanson	$71,946	$282,500	$322,250	14.1%	$327,026	$216,822	Y	Y
Harvard	$123,875	$504,900	$585,000	15.9%	$563,070	$373,323	Y	N
Haverhill	$57,193	$272,400	$299,900	10.1%	$259,969	$172,363	N	N
Hingham	$95,279	$580,000	$612,500	5.6%	$433,088	$287,144	N	N
Holbrook	$62,456	$260,000	$298,000	14.6%	$283,893	$188,225	Y	N
Holliston	$89,626	$351,750	$404,200	14.9%	$407,391	$270,105	Y	Y
Hopedale	$69,064	$315,000	$335,000	6.3%	$313,926	$208,137	N	N
Hopkinton	$102,467	$455,050	$497,500	9.3%	$465,761	$308,806	Y	N
Hudson	$67,196	$293,500	$330,000	12.4%	$305,439	$202,510	Y	N
Hull	$60,113	$323,500	$349,500	8.0%	$273,240	$181,162	N	N
Ipswich	$65,745	$407,000	$450,000	10.6%	$298,839	$198,135	N	N
Kingston	$61,723	$320,000	$350,000	9.4%	$280,560	$186,015	N	N
Lakeville	$80,907	$297,500	$331,000	11.3%	$367,758	$243,829	Y	Y
Lancaster	$69,725	$263,000	$292,500	11.2%	$316,931	$210,130	Y	Y
Lawrence	$32,116	$203,250	$230,000	13.2%	$145,982	$96,788	N	N
Lexington	$111,126	$615,000	$650,000	5.7%	$505,117	$334,899	N	N
Lincoln	$90,671	$975,000	$924,750	-5.2%	$412,143	$273,256	N	N
Littleton	$81,927	$360,000	$390,000	8.3%	$372,396	$246,904	Y	N
Lowell	$44,981	$218,000	$248,900	14.2%	$204,457	$135,558	N	N
Lynn	$42,883	$244,750	$265,000	8.3%	$194,921	$129,235	N	N
Lynnfield	$92,534	$466,250	$494,900	6.1%	$420,610	$278,870	N	N
Malden	$52,397	$305,000	$333,950	9.5%	$238,168	$157,909	N	N
Manchester	$84,318	$620,000	$561,000	-9.5%	$383,263	$254,108	N	N
Mansfield	$76,810	$350,000	$375,250	7.2%	$349,134	$231,481	N	N
Marblehead	$84,893	$482,500	$527,250	9.3%	$385,876	$255,841	N	N
Marlborough	$65,280	$310,000	$324,950	4.8%	$296,726	$196,734	N	N
Marshfield	$76,331	$341,150	$395,038	15.8%	$346,959	$230,039	Y	N
Maynard	$69,794	$290,250	$330,000	13.7%	$317,244	$210,337	Y	N
Medfield	$112,185	$475,000	$522,000	9.9%	$509,932	$338,092	Y	N
Medford	$60,227	$350,000	$383,950	9.7%	$273,757	$181,505	N	N
Medway	$86,232	$345,000	$399,950	15.9%	$391,964	$259,878	Y	N
Melrose	$72,088	$389,900	$407,500	4.5%	$327,673	$217,251	N	N
Mendon	$81,675	$370,450	$392,500	6.0%	$371,249	$246,143	N	N
Merrimac	$67,361	$301,000	$405,000	34.6%	$306,185	$203,005	Y	N
Methuen	$56,957	$269,900	$279,000	3.4%	$258,894	$171,650	N	N
Middleborough	$60,547	$275,000	$305,000	10.9%	$275,212	$182,470	N	N
Middleton	$93,417	$450,000	$445,250	-1.1%	$424,622	$281,530	N	N
Milford	$58,367	$298,000	$323,000	8.4%	$265,306	$175,901	N	N
Millis	$72,082	$348,450	$349,900	0.4%	$327,646	$217,234	N	N
Millville	$65,419	$234,900	$220,000	-6.3%	$297,358	$197,152	Y	Y

Appendix B: Affordability Gap

City/Town	Estimated Median Household Income 2004*	Median Single Family Home Price 2003	Median Single Family Home Price 2004	% Change in Median Sales Price 2003-2004	Max. Home Price Affordable to Median Income Household 2004	Max. Home Price Affordable to First Time Homebuyer 2004	Affordable in 2003?	Affordable in 2004?
Milton	$90,651	$434,500	$455,000	4.7%	$412,049	$273,194	N	N
Nahant	$73,512	$425,000	$445,000	4.7%	$334,147	$221,544	N	N
Natick	$80,058	$390,000	$415,750	6.6%	$363,898	$241,269	N	N
Needham	$101,088	$550,000	$609,000	10.7%	$459,491	$304,649	N	N
Newbury	$85,889	$400,000	$430,000	7.5%	$390,405	$258,844	N	N
Newburyport	$67,206	$377,450	$430,000	13.9%	$305,480	$202,538	N	N
Newton	$98,762	$637,750	$691,400	8.4%	$448,916	$297,638	N	N
Norfolk	$98,877	$407,000	$470,000	15.5%	$449,443	$297,987	Y	N
North Andover	$83,470	$445,000	$500,000	12.4%	$379,408	$251,552	N	N
North Reading	$88,329	$380,000	$416,250	9.5%	$401,496	$266,197	Y	N
Norton	$74,391	$294,900	$325,000	10.2%	$338,143	$224,193	Y	Y
Norwell	$100,305	$474,000	$525,000	10.8%	$455,933	$302,290	N	N
Norwood	$67,050	$347,050	$380,000	9.5%	$304,771	$202,067	N	N
Peabody	$62,927	$329,000	$358,000	8.8%	$286,032	$189,643	N	N
Pembroke	$74,658	$305,000	$349,950	14.7%	$339,353	$224,996	Y	N
Pepperell	$74,786	$308,950	$334,950	8.4%	$339,937	$225,383	Y	Y
Plainville	$65,597	$299,900	$347,500	15.9%	$298,166	$197,688	N	N
Plymouth	$62,753	$289,000	$325,450	12.6%	$285,239	$189,117	N	N
Plympton	$80,390	$338,500	$392,000	15.8%	$365,411	$242,272	Y	N
Quincy	$54,081	$322,500	$353,250	9.5%	$245,821	$162,983	N	N
Randolph	$63,416	$278,000	$312,000	12.2%	$288,254	$191,117	Y	N
Raynham	$69,377	$285,500	$332,000	16.3%	$315,350	$209,082	Y	N
Reading	$88,440	$389,000	$418,750	7.6%	$402,002	$266,533	Y	N
Revere	$42,542	$286,000	$315,000	10.1%	$193,371	$128,208	N	N
Rockland	$58,088	$276,200	$304,950	10.4%	$264,038	$175,061	N	N
Rockport	$58,143	$390,000	$440,000	12.8%	$264,288	$175,227	N	N
Rowley	$71,306	$415,000	$354,000	-14.7%	$324,120	$214,896	N	N
Salem	$50,537	$305,000	$319,500	4.8%	$229,711	$152,302	N	N
Salisbury	$56,593	$279,000	$310,000	11.1%	$257,241	$170,554	N	N
Saugus	$63,469	$320,000	$345,000	7.8%	$288,494	$191,276	N	N
Scituate	$81,335	$442,500	$454,500	2.7%	$369,704	$245,119	N	N
Sharon	$102,439	$402,500	$425,000	5.6%	$465,631	$308,720	Y	Y
Sherborn	$139,667	$689,000	$734,000	6.5%	$634,848	$420,913	N	N
Shirley	$61,223	$255,000	$314,950	23.5%	$278,285	$184,507	Y	N
Somerville	$53,156	$360,000	$381,000	5.8%	$241,616	$160,195	N	N
Southborough	$118,197	$502,500	$489,500	-2.6%	$537,258	$356,209	Y	Y
Stoneham	$64,965	$370,000	$393,000	6.2%	$295,297	$195,786	N	N
Stoughton	$66,380	$315,000	$339,900	7.9%	$301,729	$200,051	N	N
Stow	$110,512	$417,500	$437,000	4.7%	$502,326	$333,049	Y	Y
Sudbury	$136,093	$586,250	$630,125	7.5%	$618,603	$410,142	Y	N
Swampscott	$81,589	$404,000	$439,000	8.7%	$370,857	$245,883	N	N
Taunton	$49,273	$254,450	$283,000	11.2%	$223,968	$148,494	N	N
Tewksbury	$78,962	$320,000	$348,100	8.8%	$358,916	$237,966	Y	Y
Topsfield	$110,672	$527,000	$532,250	1.0%	$503,056	$333,533	N	N
Townsend	$70,865	$250,000	$275,000	10.0%	$322,111	$213,564	Y	Y
Tyngsborough	$80,130	$317,500	$352,000	10.9%	$364,227	$241,487	Y	Y
Upton	$90,203	$355,500	$407,500	14.6%	$410,015	$271,845	Y	Y

Appendix B: Affordability Gap

City/Town	Estimated Median Household Income 2004*	Median Single Family Home Price 2003	Median Single Family Home Price 2004	% Change in Median Sales Price 2003-2004	Max. Home Price Affordable to Median Income Household 2004	Max. Home Price Affordable to First Time Homebuyer 2004	Affordable in 2003?	Affordable in 2004?
Wakefield	$75,882	$377,300	$395,000	4.7%	$344,919	$228,686	N	N
Walpole	$85,798	$363,000	$399,675	10.1%	$389,992	$258,570	Y	N
Waltham	$61,987	$366,150	$397,450	8.5%	$281,759	$186,810	N	N
Wareham	$46,392	$210,000	$249,900	19.0%	$210,874	$139,812	N	N
Watertown	$68,591	$411,000	$450,000	9.5%	$311,777	$206,712	N	N
Wayland	$115,959	$526,200	$567,500	7.8%	$527,085	$349,464	N	N
Wellesley	$130,477	$750,000	$876,738	16.9%	$593,077	$393,218	N	N
Wenham	$103,894	$565,000	$542,300	-4.0%	$472,246	$313,105	N	N
West Bridgewater	$64,223	$289,900	$320,750	10.6%	$291,922	$193,548	N	N
West Newbury	$106,538	$492,500	$462,000	-6.2%	$484,265	$321,075	N	Y
Westford	$112,786	$416,125	$457,000	9.8%	$512,666	$339,904	Y	Y
Weston	$176,651	$1,071,875	$1,202,500	12.2%	$802,960	$532,373	N	N
Westwood	$100,302	$483,900	$525,000	8.5%	$455,917	$302,279	N	N
Weymouth	$59,296	$298,000	$325,000	9.1%	$269,526	$178,699	N	N
Whitman	$63,471	$265,000	$295,000	11.3%	$288,505	$191,283	Y	N
Wilmington	$81,087	$345,000	$355,000	2.9%	$368,577	$244,372	Y	Y
Winchester	$107,940	$669,000	$670,000	0.1%	$490,635	$325,298	N	N
Winthrop	$60,968	$340,500	$355,000	4.3%	$277,127	$183,739	N	N
Woburn	$63,005	$331,000	$360,000	8.8%	$286,387	$189,878	N	N
Wrentham	$89,570	$360,000	$420,000	16.7%	$407,135	$269,936	Y	N

NOTE: The maximum home price that is affordable to a median income household in a given community is one on which the annual principal and interest payments on a 30-year mortgage for 80% of the purchase price, plus real estate taxes and homeowners insurance, does not exceed 33% of the household's gross annual income. The assumptions are similar for a first time homebuyer except that both the homebuyer's income and the purchase price of the home are estimated to be just 80% of the median for the community. The down payment is assumed to be 10% with private mortgage insurance. Median household incomes in 2004 were estimated to be 2% above those reported in the 2003 American Community Survey. An interest rate of 5.875% was assumed for 2003 and 6.00% for 2004. Taxes and insurance were estimated in both years at 1.5% of the purchase price.

Source: Median single family home prices, the Warren Group Publications

Appendix C
Municipal Scorecard 2002-2004

City/Town	Total Housing Units Permitted	# Soft Second Mortgages	# Mass Housing Purchase Mortgages	# Mass Housing Home Impvt Loans	HO/Rental Units Rehabbed per SHI*	New 40B Units (Units that "Count" toward 10% Goal)	Est. # New Low-Income† Units	% New 40B Units that Used Comp Permit	CPA $$ to Housing thru FY 2006 ($000)	Approved Planned Production Plan (PPP)	% Affordable on SHI Based on 2000 Census	Est % Restricted to Low Income	Est SHI % Includ New Production Since 2000	Expiring Use*** Units at Risk 2005-2010
Abington	517	2	5	6		192	39	100%		Y	8.3%	5.4%	7.3%	
Acton	114	4	4			6	6	50%	$410.0		2.3%	2.3%	2.2%	
Amesbury	100	6	17	7	5	5	5	0%			6.9%	6.8%	6.7%	
Andover	404	4	5	2		331	111	100%			11.6%	6.2%	11.1%	167
Arlington	174	6	7	1		74	33	0%			4.9%	4.8%	4.8%	145
Ashland	233	2	1	1					$157.5		3.9%	3.9%	3.6%	162
Avon	7		1	2							4.0%	4.0%	4.0%	
Ayer	56	4	10	9	44	74	43	0%	$376.7		7.7%	6.5%	7.3%	
Bedford	88	1	1	1		195	70	99%	$1,738.2	Y	8.8%	6.2%	8.6%	
Bellingham	228		7	4		285	72	100%			9.3%	5.5%	8.8%	
Belmont	30										2.7%	2.7%	2.7%	
Berkley	115		8			30	30	100%			1.8%	1.8%	1.6%	
Berlin	63					3	3	100%			4.8%	4.8%	4.2%	40
Beverly	147	8	26	11	5	24	24	0%			10.9%	10.1%	10.7%	332
Billerica	545	2	5			229	94	99%		Y	3.5%	2.4%	3.3%	
Blackstone	75		1								3.1%	3.1%	3.0%	48
Bolton	68	1				39	38	100%		Y	3.6%	3.5%	3.4%	
Boston	3,359	660	229	137				0%			18.9%	18.0%	18.6%	8,275
Boxborough	102	3		1		10	10	60%			1.2%	1.2%	1.1%	
Boxford	49								$160.0	Y	0.7%	0.7%	0.7%	
Braintree	275	6	18	12		201	62	100%	$251.1		10.2%	7.0%	9.9%	
Bridgewater	202		4	2						Y	2.7%	2.4%	2.6%	
Brockton	291	30	38	63		80	51	0%			12.5%	12.4%	12.3%	
Brookline	102	16	1			39	37	0%			8.0%	7.0%	8.0%	
Burlington	394	2	2	1		254	67	100%			10.6%	3.6%	10.1%	
Cambridge	148	39	9	6		94	73	6%	$37,080.0		15.8%	14.1%	15.2%	2,239
Canton	362		11	3		180	61	100%			10.2%	6.3%	9.5%	56
Carlisle	40								$662.2		1.1%	1.1%	1.0%	18
Carver	121		5	1							2.0%	2.0%	1.9%	
Chelmsford	393	4	13			355	111	100%	$187.7		5.6%	3.6%	5.4%	
Chelsea	28	47	34	14							17.6%	16.5%	17.6%	121
Cohasset	40		1	2					$380.0		2.8%	2.8%	2.7%	
Concord	122		2			80	20	100%			4.5%	3.5%	4.4%	
Danvers	529	3	17	1		318	77	100%			8.3%	5.1%	7.8%	

Appendix C
Municipal Scorecard 2002-2004

City/Town	Total Housing Units Permitted	# Soft Second Mortgages	# Mass Housing Purchase Mortgages	# Mass Housing Home Impvt Loans	HO/Rental Units Rehabbed per SHI*	New 40B Units (Units that "Count" toward 10% Goal)	Est. # New Low-Income† Units	% New 40B Units that Used Comp Permit	CPA $$ to Housing thru FY 2006 ($000)	Approved Planned Production Plan (PPP)	% Affordable on SHI Based on 2000 Census	Est % Restricted to Low Income	Est SHI % Includ New Production Since 2000	Expiring Use*** Units at Risk 2005-2010
Dedham	413		12	4		315	90	100%			8.7%	5.4%	8.3%	
Dighton	130		1	3		15	15	100%			5.7%	4.8%	4.4%	
Dover	42		2								0.9%	0.9%	0.9%	
Dracut	330	6	21	3		267	87	100%	$10.0	Y	5.3%	3.6%	5.0%	
Dunstable	82		1							Y	0.0%	0.0%	0.0%	
Duxbury	128			1					$573.3		3.4%	3.4%	3.2%	
East Bridgewater	201	2	9	4							3.3%	3.3%	3.1%	
Easton	280	2	4	1					$65.0		3.1%	3.1%	2.9%	
Essex	35		1								2.9%	2.9%	2.8%	
Everett	73	13	33	8	1						8.2%	8.2%	8.1%	
Foxborough	135		2	3		3	3	100%			3.9%	3.9%	3.8%	64
Framingham	116	11	17	5		1	1	0%			10.1%	9.3%	10.0%	939
Franklin	558	1	6	4		416	158	99%		Y	9.6%	4.8%	8.9%	58
Georgetown	171		1	6		190	42	100%	$32.0		13.7%	8.0%	12.5%	
Gloucester	277	9	10	39	74	51	47	6%			7.3%	7.3%	7.1%	80
Groton	255		1			87	28	13%			5.5%	3.6%	4.8%	
Groveland	177		11	4							3.3%	2.8%	2.5%	
Halifax	88	2	2								1.0%	1.0%	1.0%	
Hamilton	24	1	1	7		4	1	100%			2.8%	2.7%	2.8%	
Hanover	250		2	5		74	20	100%			7.7%	5.6%	7.2%	
Hanson	91		1	4							3.8%	3.3%	3.6%	
Harvard	30		1			13	13	0%	$65.0	Y	2.5%	2.5%	2.4%	
Haverhill	625	15	65	14		52	52	42%			8.5%	7.8%	8.2%	149
Hingham	632		2	2		200	54	100%	$16.5		3.3%	3.1%	3.0%	60
Holbrook	80		16	12	45						10.9%	8.3%	10.6%	
Holliston	92	2	2	1					$178.6		3.3%	3.3%	3.2%	
Hopedale	86	2	1	1							3.5%	3.5%	3.3%	
Hopkinton	190		3			1	1	0%		Y	3.6%	2.8%	2.6%	
Hudson	467	5	6	3	20	209	91	100%			10.0%	7.3%	9.2%	
Hull	67		2	1	10						3.4%	3.4%	3.3%	
Ipswich	106	1	5	3		60	24	100%			7.6%	6.2%	7.3%	
Kingston	202	1	8	4						Y	3.3%	3.3%	3.1%	
Lakeville	179	1	2	2		115	115	100%		Y	3.6%	3.6%	3.3%	
Lancaster	159		1	1		13	13	100%			4.5%	4.5%	4.1%	

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Lawrence	170	39	78	8		59	50	0%			14.8%	14.0%	15.2%	785
Lexington	198		1			2	2	0%			7.3%	4.4%	7.1%	
Lincoln	20	1	4			6	6	0%	$938.5	Y	8.7%	6.2%	8.5%	
Littleton	120			6							8.6%	6.7%	8.0%	
Lowell	443	28	80	13		244	121	0%			13.1%	12.7%	13.6%	661
Lynn	313	85	206	47		98	98	0%			12.9%	12.5%	12.7%	547
Lynnfield	39			4		5	5	100%			2.0%	2.0%	1.9%	
Malden	381	32	35	2		19	19	0%			11.5%	9.0%	11.2%	428
Manchester	68	1	1	1		21	17	0%			4.7%	4.6%	4.6%	
Mansfield	195	2	13	6		115	36	100%		Y	8.6%	3.9%	8.2%	
Marblehead	75	1	2			22	22	100%			3.8%	3.8%	3.8%	
Marlborough	167	10	10	3		337	88	100%			10.2%	6.0%	9.6%	
Marshfield	194		12	3		15	15	100%	$100.0	Y	4.5%	3.7%	4.3%	
Maynard	37		4	2							7.8%	7.5%	7.7%	
Medfield	71		1								4.6%	4.6%	4.4%	
Medford	35	7	20	2							7.0%	5.4%	7.0%	93
Medway	84		6	1		14	14	100%	--		5.6%	5.6%	5.3%	
Melrose	83	1	7	2							7.1%	7.1%	7.0%	
Mendon	86		1			19	19	100%	--		2.6%	2.6%	2.4%	
Merrimac	71	1	2	1		74	33	93%			6.8%	4.8%	6.3%	
Methuen	337	11	35	8		24	24	96%			6.1%	5.3%	5.5%	
Middleborough	322	4	11	7		72	64	89%			5.0%	4.9%	4.7%	
Middleton	223		2	5					--		5.8%	5.7%	4.7%	
Milford	299	4	7		9						6.9%	4.6%	6.6%	61
Millis	62		1	1		4	4	0%			3.4%	3.4%	3.3%	
Millville	47		1	3							1.9%	1.9%	1.7%	
Milton	281		3	2							4.2%	4.2%	4.0%	139
Nahant	10		1	2					$10.0		2.9%	2.9%	2.8%	
Natick	218		5	2		1	1	0%			5.1%	5.1%	5.0%	
Needham	172		1			19	19	37%			3.9%	3.9%	3.8%	60
Newbury	113			1							3.6%	3.6%	3.4%	
Newburyport	96	4	4	1		29	29	100%	$476.4		8.2%	8.2%	8.0%	
Newton	715	7	2	1		564	182	97%	$4,927.6		6.6%	4.5%	6.4%	70
Norfolk	104								$200.0		2.9%	2.9%	2.8%	

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North Andover	195	3	12	1		39	39	100%	$265.0		5.8%	5.8%	5.6%	
North Reading	122	2	11	9							1.7%	1.7%	1.6%	
Norton	341	4	14	4		15	15	80%			6.3%	6.0%	5.5%	
Norwell	143		2	5		19	19	100%	$187.0		3.5%	3.5%	3.3%	
Norwood	177	2	11	4							5.6%	4.7%	5.4%	
Peabody	481	3	46	8		331	84	98%	$40.0	Y	9.7%	8.0%	9.0%	172
Pembroke	297		10	6		27	27	100%			4.8%	4.8%	4.4%	
Pepperell	100		3	1							3.0%	3.0%	2.9%	
Plainville	136	1				12	12	100%			4.7%	4.1%	4.3%	
Plymouth	907	16	48	20					$25.0		4.1%	4.1%	3.7%	158
Plympton	40		1	3							4.6%	4.6%	4.4%	
Quincy	1,637	24	69	18	170	14	14	0%		Y	9.2%	8.2%	8.6%	349
Randolph	91	10	26	10							6.9%	6.0%	6.8%	159
Raynham	640		7	3		271	175	100%			11.3%	7.6%	9.7%	
Reading	58	2	4	2		238	75	98%			7.8%	4.7%	7.3%	113
Revere	616	22	40	11	75	110	77	0%			8.9%	8.6%	8.5%	
Rockland	62	4	14	1							6.1%	5.7%	6.0%	204
Rockport	47		1	2					$540.0		4.5%	4.5%	4.4%	
Rowley	134	1	4	2					--		3.9%	3.9%	3.6%	
Salem	200	17	43	10	29	10	4	0%			12.8%	10.7%	12.1%	250
Salisbury	218	1	4	2	17	41	41	95%			5.1%	5.1%	4.7%	
Saugus	394	2	25	4		4	4	100%			6.4%	6.4%	6.1%	
Scituate	123		2	1		10	10	100%	$40.0		4.4%	4.4%	4.3%	
Sharon	46		3	4							3.8%	3.8%	3.7%	
Sherborn	43										2.3%	2.3%	2.3%	
Shirley	78		6	2							2.7%	2.7%	2.5%	
Somerville	93	7	19	3		14	14	100%			9.0%	8.5%	9.0%	43
Southborough	171					38	19	100%	--	Y	3.6%	3.0%	3.3%	
Stoneham	25		7	3							5.4%	5.4%	5.3%	
Stoughton	69		13	4							7.7%	6.8%	7.6%	207
Stow	98		2						$450.0	Y	5.6%	4.5%	5.1%	
Sudbury	113			2		4	4	100%	$820.0		3.9%	3.9%	4.3%	
Swampscott	37	2	4	5		2	2	100%			3.3%	2.6%	3.3%	
Taunton	294	23	49	20	146	102	102	37%			7.9%	7.4%	7.7%	247

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Tewksbury	170	1	13	3		20	5	100%			4.4%	3.7%	4.3%	
Topsfield	15			2		33	33	18%			6.1%	6.1%	6.0%	
Townsend	75		10	5							2.5%	1.6%	37.6%	50
Tyngsborough	107					290	105	100%	--	Y	6.9%	5.8%	248.5%	
Upton	164	2	5			15	15	100%	--		8.5%	8.5%	7.6%	
Wakefield	208	1	18	3		44	43	27%		Y	5.7%	4.4%	207.0%	104
Walpole	193		3	6		300	150	100%			5.4%	3.6%	128.0%	
Waltham	935	3	6	1		99	30	3%			5.8%	5.4%	134.7%	
Wareham	409	10	29	11	46	24	24	100%	$105.0	Y	6.0%	6.0%	84.1%	
Watertown	189	4	4	1	20	66	24	0%			6.0%	0.0%	417.3%	
Wayland	55					1	1	0%	$682.5		3.2%	3.2%	123.0%	
Wellesley	214					3	3	100%	$795.0		4.7%	4.4%	4.6%	125
Wenham	17		1								9.0%	9.0%	8.7%	
West Bridgewater	47			2							1.9%	1.9%	49.0%	
West Newbury	45			2							1.8%	1.8%	1.8%	
Westford	267	3	3	2		16	16	69%		Y	2.2%	1.9%	33.0%	
Weston	90		1						$4,410.0		3.3%	3.1%	3.2%	42
Westwood	32			1		2	2	0%			7.4%	4.9%	7.3%	32
Weymouth	223	17	42	8		314	86	97%			8.1%		7.9%	289
Whitman	135	1	4	9							4.1%	4.1%	3.9%	
Wilmington	151	2	13	5	47	132	36	100%		Y	9.4%	4.4%	9.1%	
Winchester	288	1	1	1							1.8%	1.8%	1.7%	
Winthrop	6	3	18								7.4%	6.2%	7.4%	
Woburn	94	2	13	3		349	88	98%			8.1%	4.7%	7.9%	
Wrentham	144		3	2							4.2%	4.2%	3.9%	

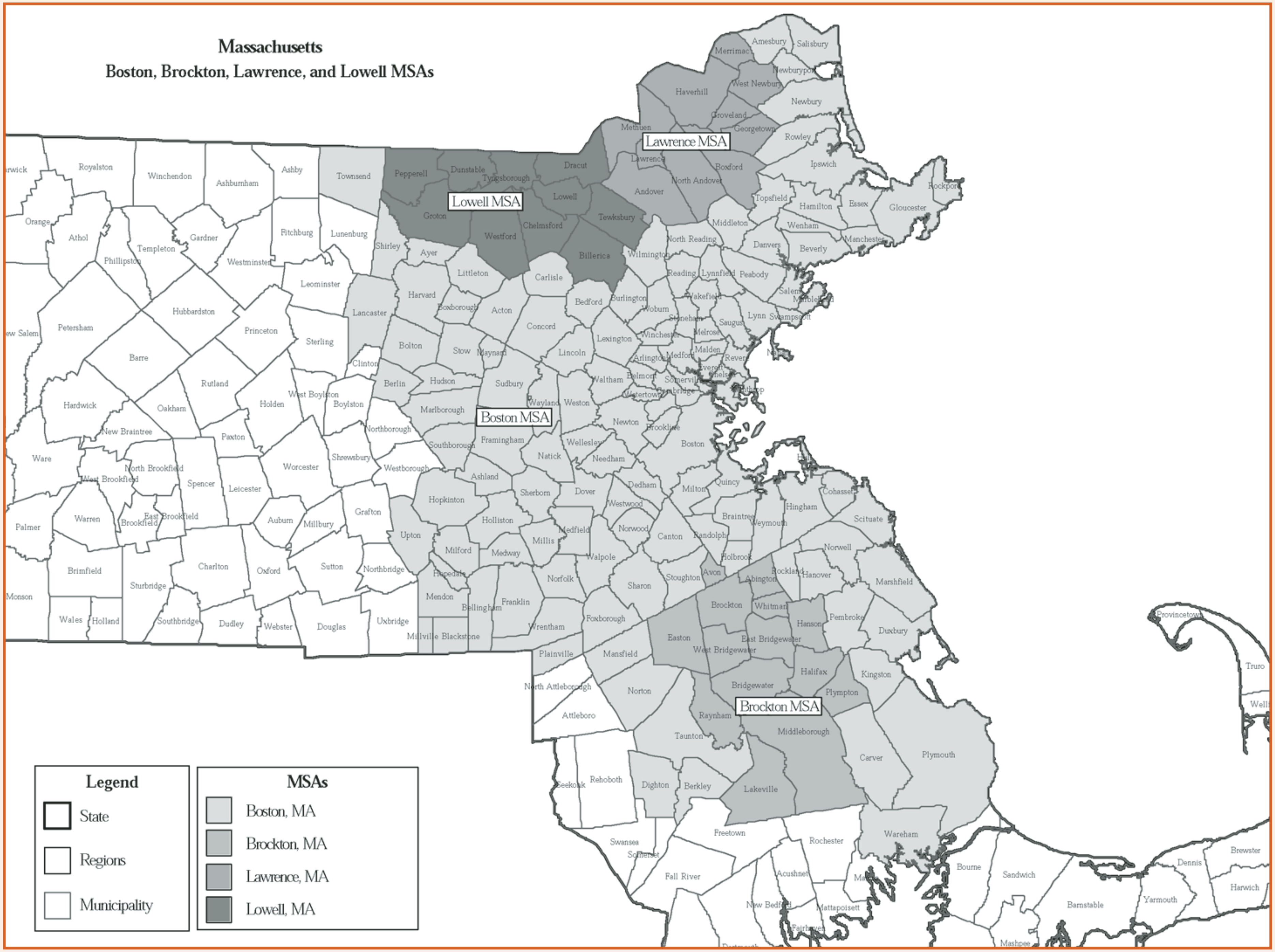
† Units restricted to households earning no more than 80% of area median income.

* State Subsidized Housing Inventory (40B list)

** Community Preservation Act funds

*** These are affordable units in existing developments built with federal or state assistance that will be eligible to convert from low income housing to market rate between 2005-2010

NOTE: Greater Boston's 161 municipalities share a responsibility for addressing the region's affordable housing shortage. This appendix presents data that enable the reader to see how active any given community has been in participating in programs that would enable them to expand their ability to meet the housing needs of low and moderate income residents. It reports on local participation in a number of housing programs between 2002 and 2004 and on the gains each municipality made in terms of adding to its subsidized housing inventory during that period. Some programs, like the Soft Second Mortgage Program and Community Preservation Act require the municipality's active engagement. Some others, like the MassHousing mortgage and home improvement loan programs, do not require the active participation of the municipality.


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