

Commonwealth of Massachusetts
*Department of Housing and Community
Development*



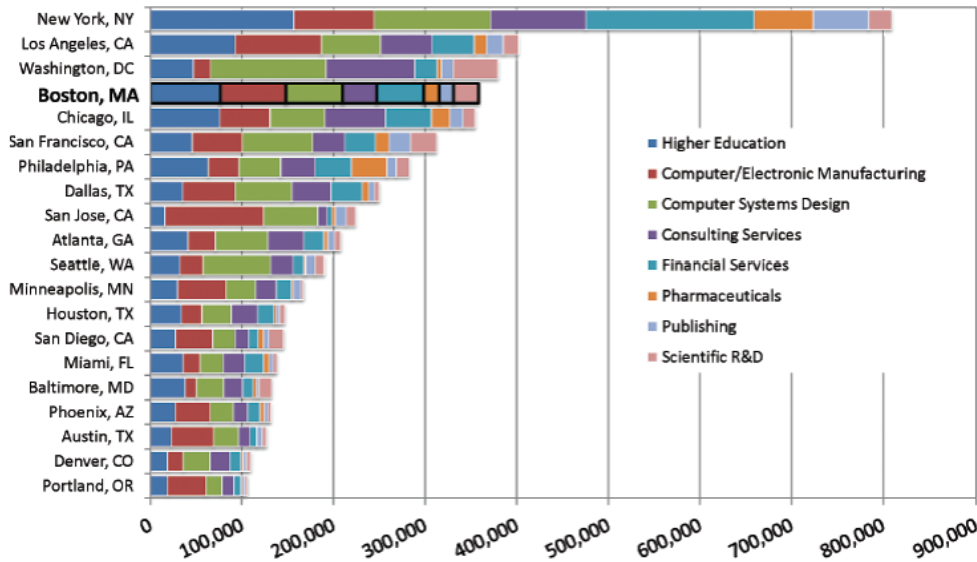
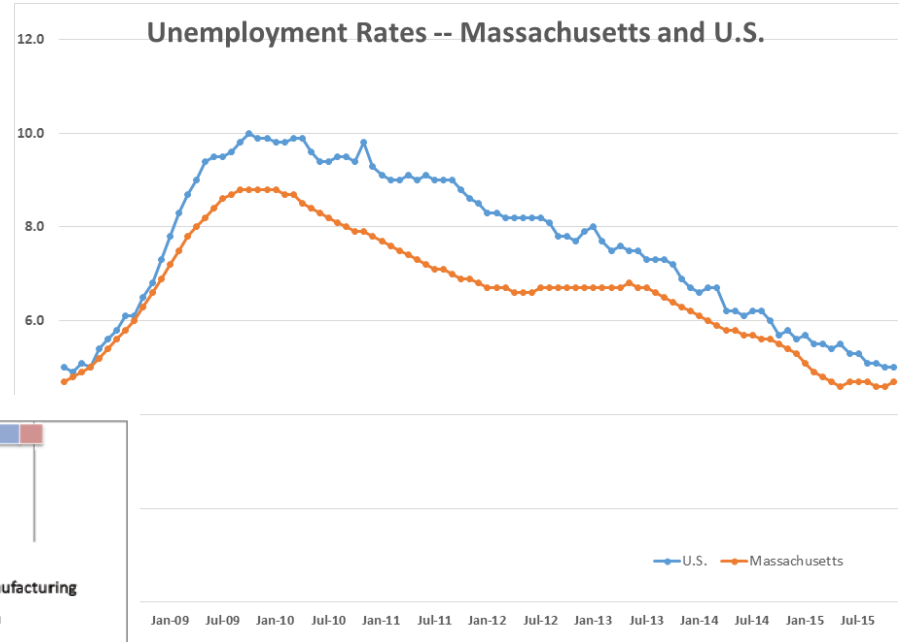
TRI-COMMUNITY COALITION TO END HOMELESSNESS

APRIL 24, 2016



Massachusetts: Things are pretty darn good

MA unemployment rate consistently below national average; recovered jobs lost in recession by early 2013, well ahead of U.S.



We have a diverse, knowledge-based economy not dependent on just a few companies or industries.

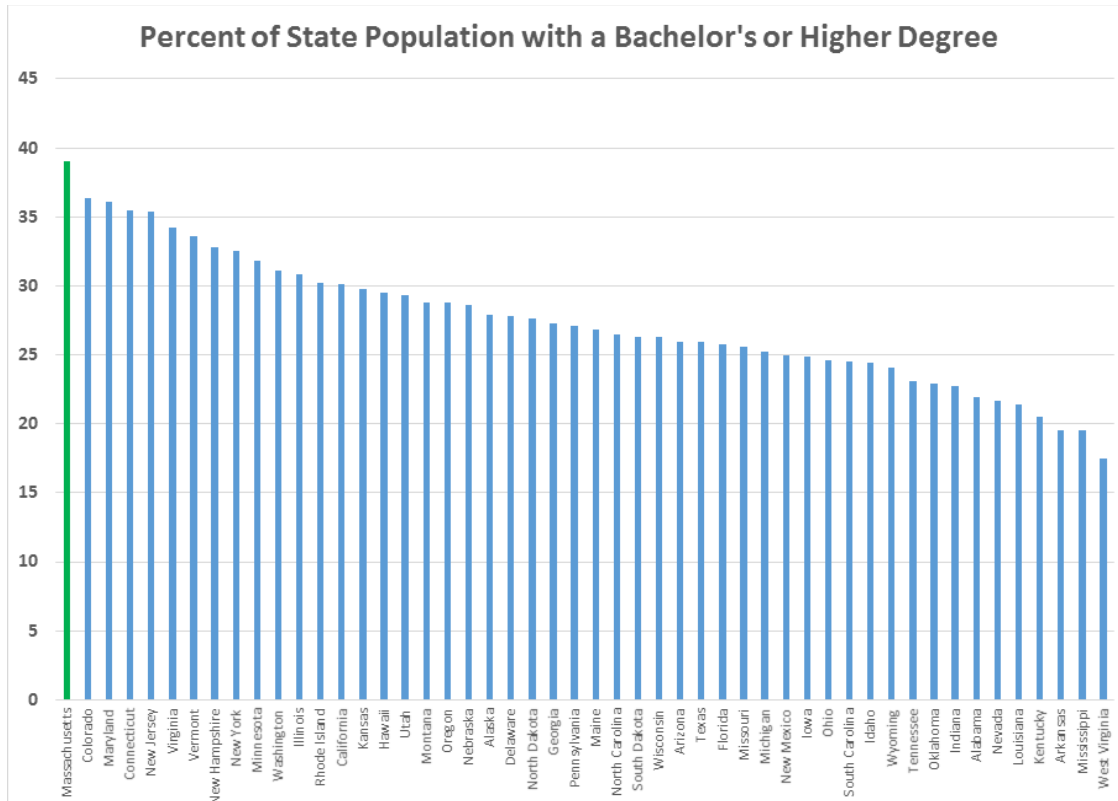
Data Source: 2012 American Community Survey 1-Year Estimates, Public Use Files
 Geographic Unit of Analysis: U.S. Census Bureau's Core Based Statistical Area (CBSA). A CBSA is a geographical area defined by an urban center of at least 10,000 people and adjacent areas related to the urban area by commuting patterns. For Boston, this area includes Essex, Middlesex, Norfolk, Plymouth, and Suffolk counties, as well as the New Hampshire counties of Rockingham and Stafford.



Massachusetts: Things are pretty darn good

Our workforce is among the best educated in the country.

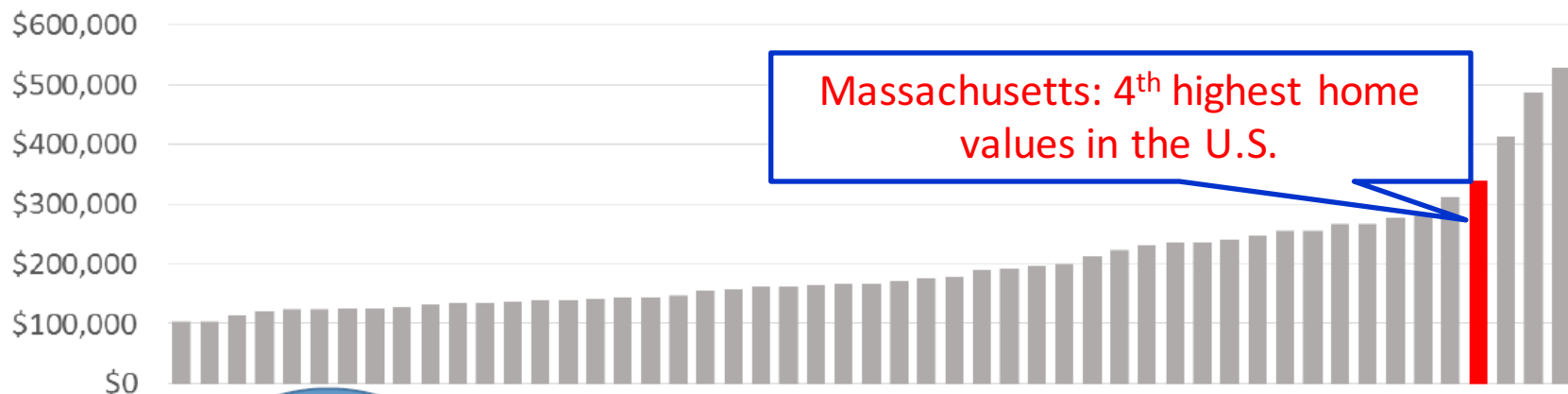
We are home to many of the nation's most prestigious hospitals and universities.



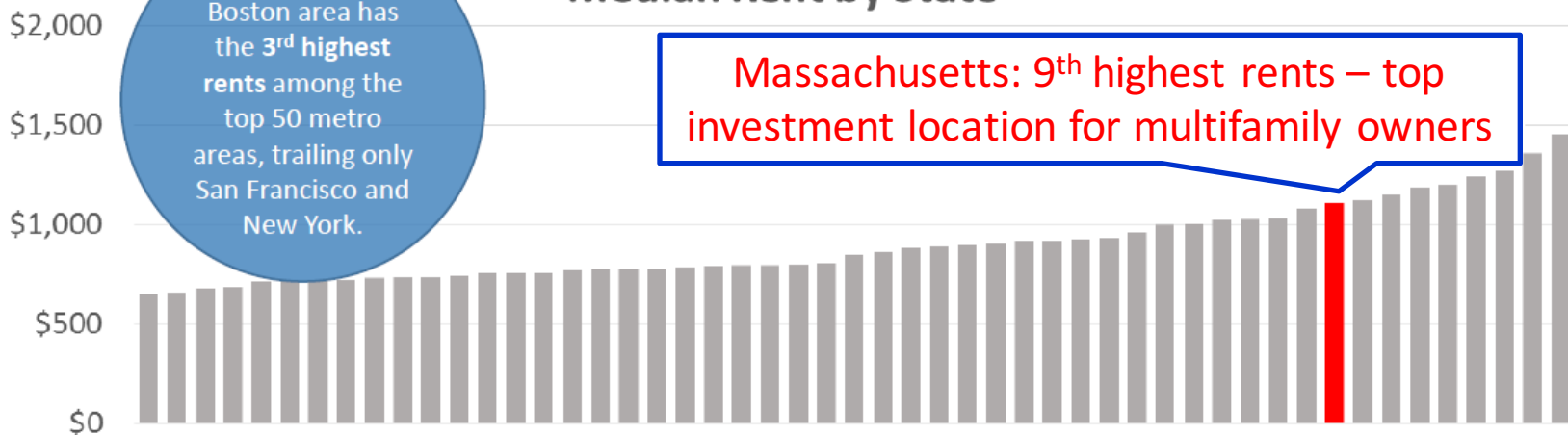


Success: The blessing and the curse for Housing

Median Home Price by State



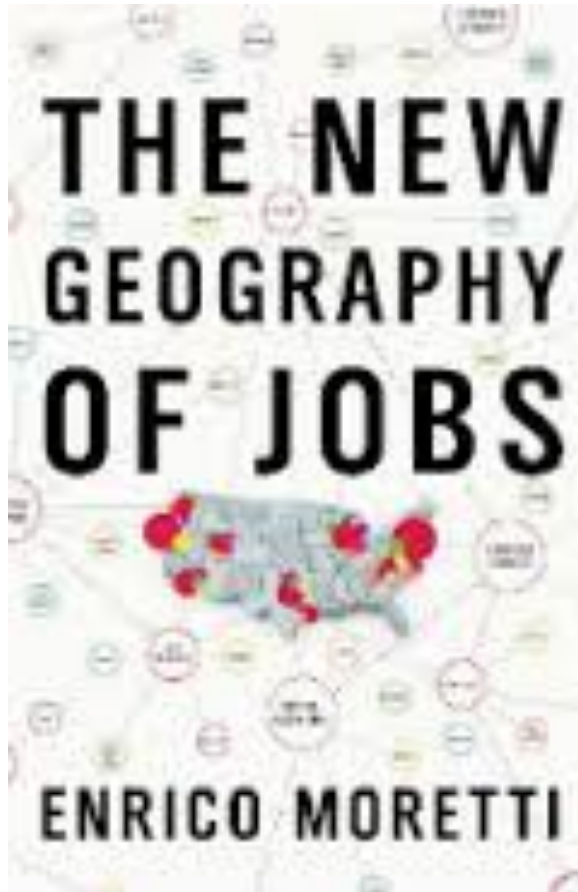
Median Rent by State



The metropolitan Boston area has the 3rd highest rents among the top 50 metro areas, trailing only San Francisco and New York.



Housing – For Who?



“With only a fraction of the jobs, **the innovation sector generates a disproportionate number of additional local jobs and therefore profoundly shapes the local economy.** My research, based on an analysis of 11 million American workers in 320 metropolitan areas, shows that **for each new high-tech job in a metropolitan area, five additional local jobs are created outside of high tech** in the long run.

These five jobs benefit a diverse set of workers. **Two of the jobs created** by the multiplier effect are **professional jobs — doctors and lawyers** —while **the other three** benefit workers in **nonprofessional occupations — waiters and store clerks.**”

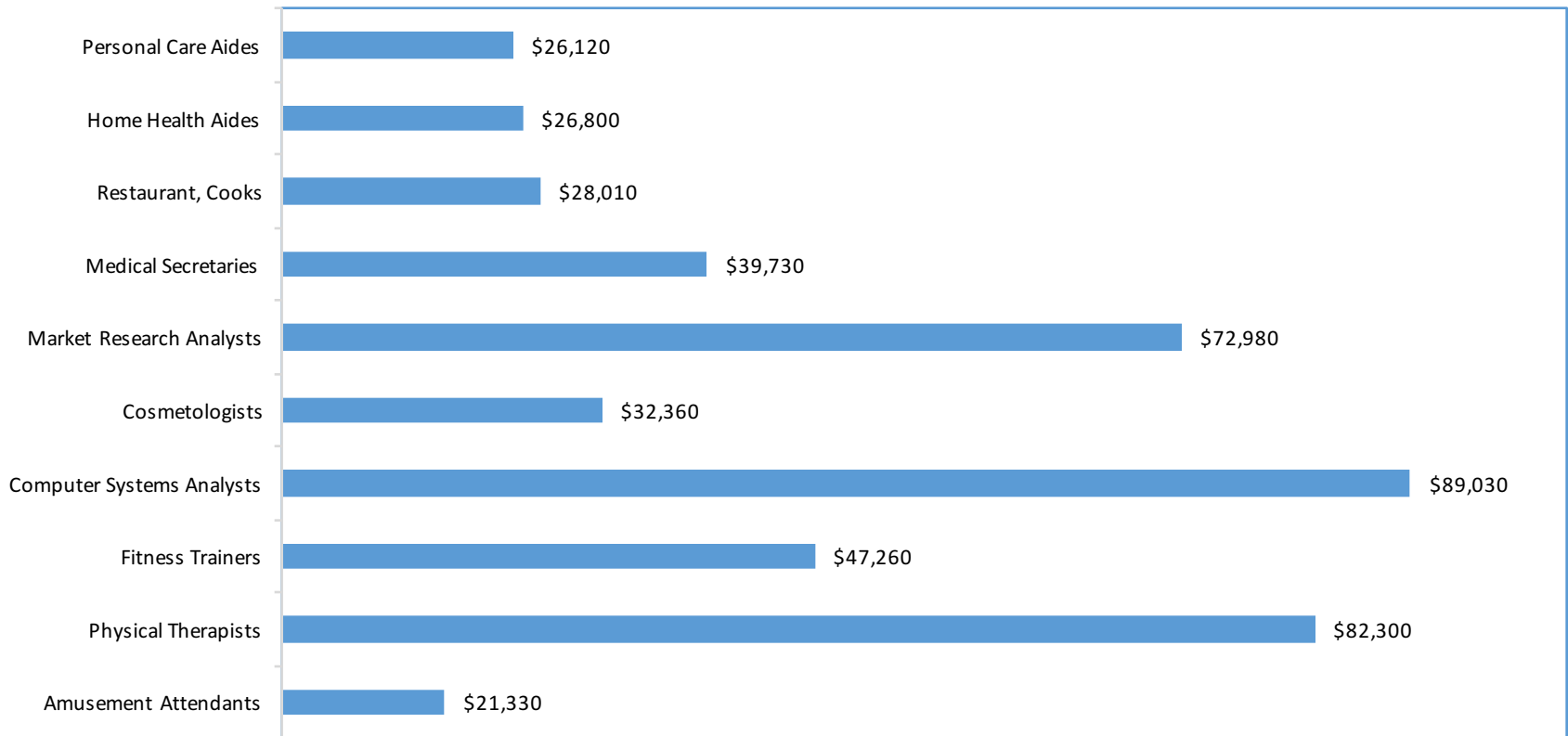


Housing – For Who?

10 Fastest Growing Occupations

Projections 2012 - 2022

2014 Salaries





Housing – For Who?

- The majority of statewide job growth by 2022 is projected to be in low to moderate-skill positions.
- MA mean annual salaries:
 - Dentists = \$175,280
 - Schoolteachers = \$62,980
 - Cooks = \$25,220
 - Retail Clerks = \$26,240
- The top three occupations projected to add the largest number of jobs are personal care aides, home health aides, and restaurant cooks – all pay a mean wage of under \$30,000/year.

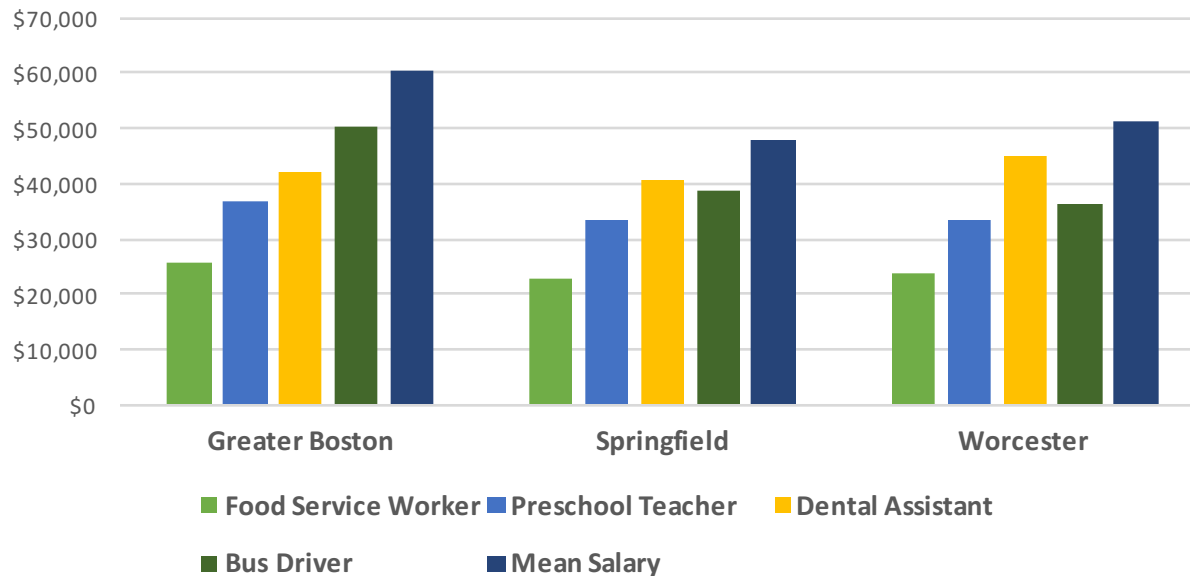




Housing – For Who?

- **MA statewide median income for a family of four: \$87,951**
 - In Greater Boston - \$98,500
 - \$68,950 for 1, \$78,800 for 2
 - In Springfield area - \$67,700
 - \$47,390 for 1, \$54,160 for 2
 - In Worcester area - \$83,500
 - \$58,540 for 1, \$66,800 for 2
- **Many “everyday” jobs pay significantly below this level.**

Mean Salaries in Greater Boston, Springfield & Worcester



Source: Bureau of Labor Statistics, May 2014



Housing – For Who?

Income Ranges by Regions More Art Than Science

	<u>Affordable</u>	<u>Moderate-Income</u>	<u>Workforce</u>
Boston	\$ 20,700 \$ 59,100	\$ 41,400 \$ 98,500	\$ 48,800 \$ 118,200
Springfield	\$ 18,400 \$ 52,500	\$ 36,780 \$ 67,700	\$ 46,100 \$ 81,240
Worcester	\$ 18,400 \$ 52,500	\$ 36,780 \$ 83,500	\$ 46,100 \$ 100,200

Affordable is Area Median Income (AMI) from 30% - 60% for 1 person to 4 person households

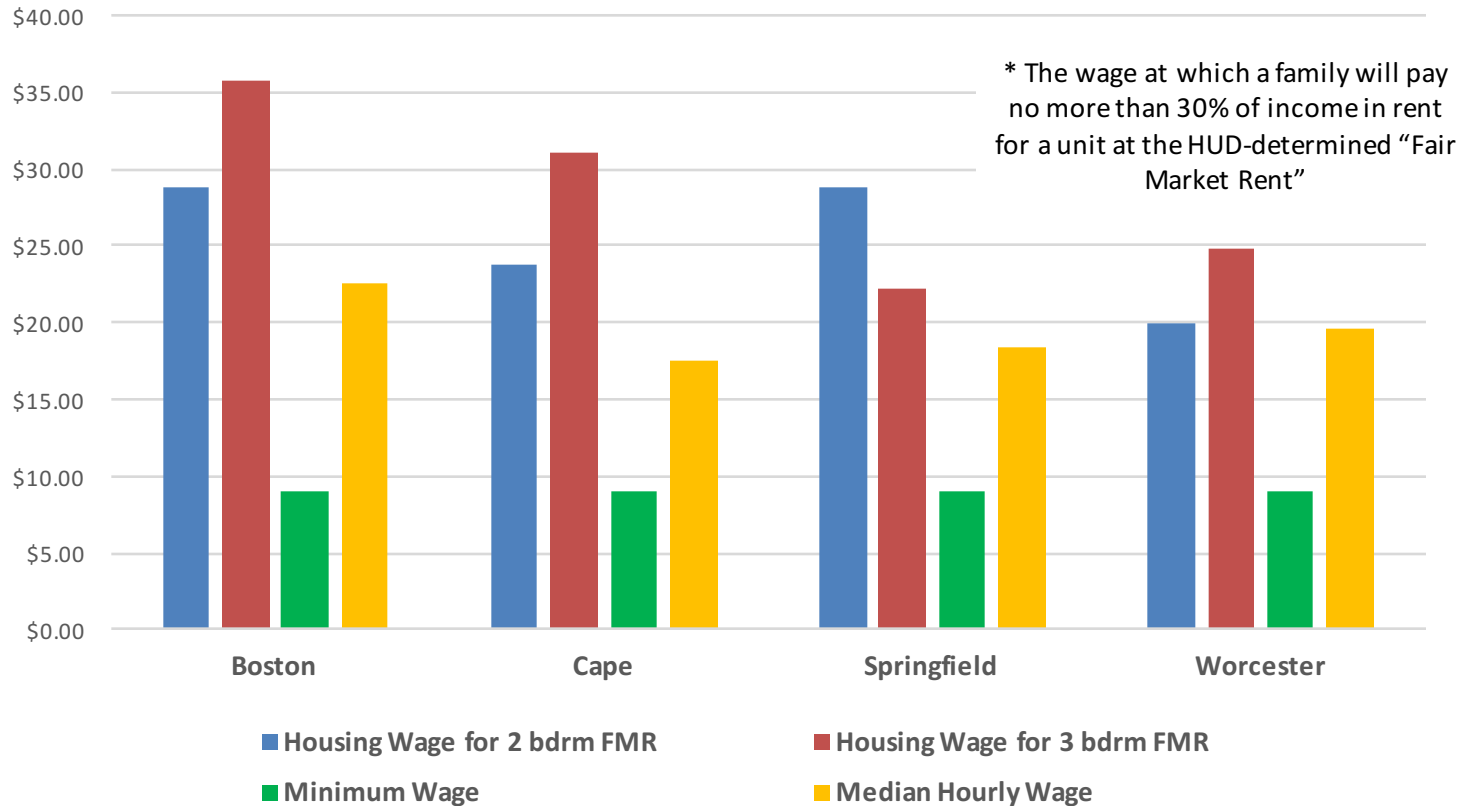
Moderate is AMI from 60% - 100% for 1 person to 4 person households

Workforce is AMI from 80% - 120% for 1 person to 4 person households



The Housing-Wage Gap

Needed Wage* to Afford Housing vs. Actual Wages



Source: National Low-Income Housing Coalition, "Out of Reach 2015"



The Housing-Wage Gap

- **Nationally and locally, the number of renters continues to increase.**
 - 43 million Americans are renters – 37% of the nation and the highest share since the mid-1960’s. In 2005, there were only 34 million.
 - 38% of Massachusetts residents are renters.
- **Households are paying a greater share of their income for rent than ever before, and it is becoming a middle-class problem.**
 - In the Boston area, 38% of households making \$45,000-75,000 per year spend more than 30% of income on rent.



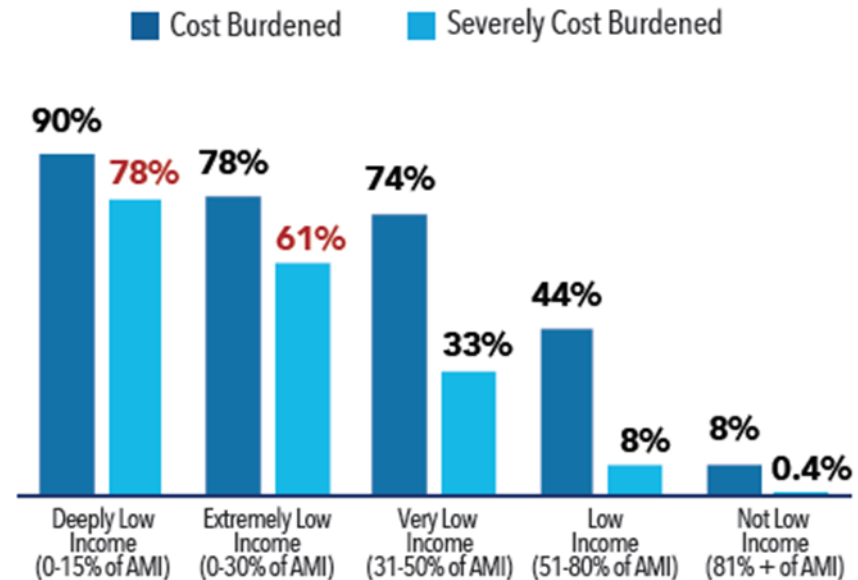
The Housing-Wage Gap

In nearly every county in the state, nearly half of households are paying more than 40% of their income in rent.

- In all but one MA county (Nantucket), between 40-60% of *all renters* pay more than 30% of income for housing – the National standard for housing cost burdened
- Three-quarters of both Very- (50% AMI) and Extremely-Low (30% AMI) Income households pay over 30% of income in rent. The majority of both groups pay over 50%.

HOUSING COST BURDEN BY INCOME GROUP

Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are considered severely cost burdened.

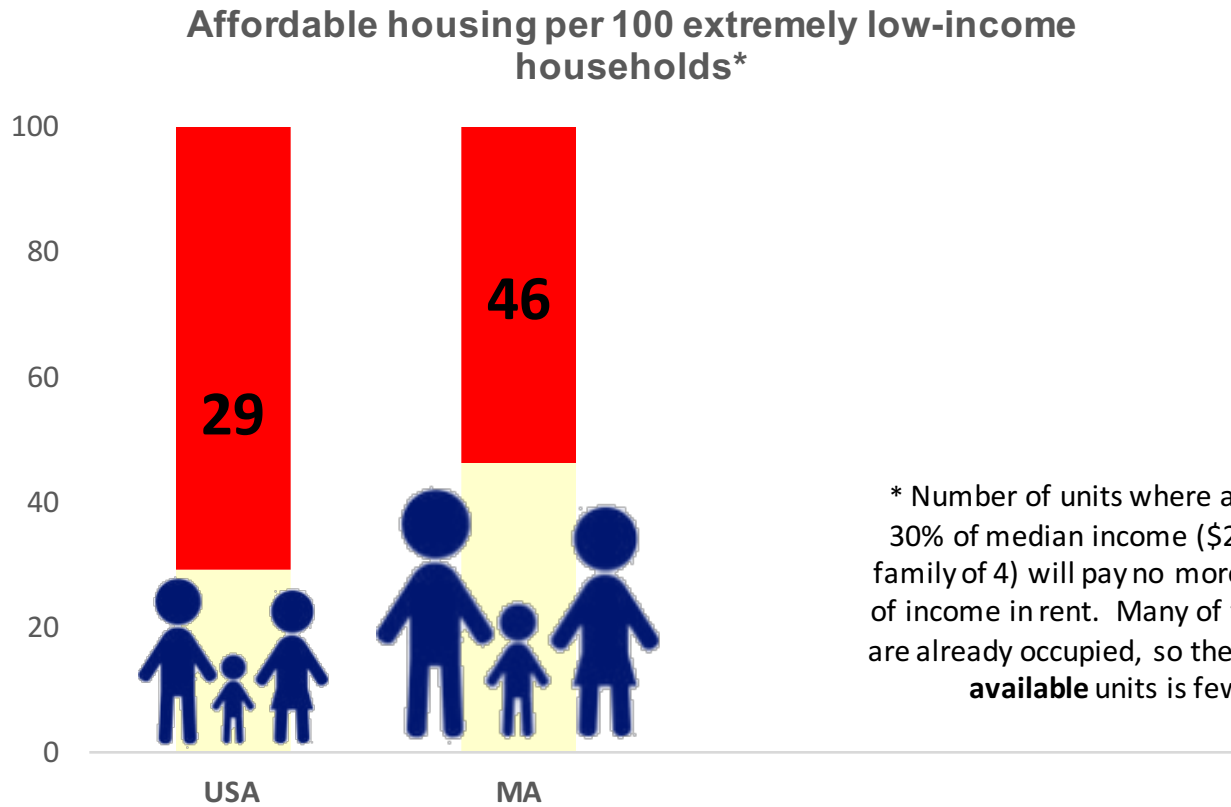


Source: National Low-Income Housing Coalition



The Housing-Wage Gap

- MA is a national leader in providing low-income housing, but a great need remains. 46 “affordable” units for every 100 eligible household.



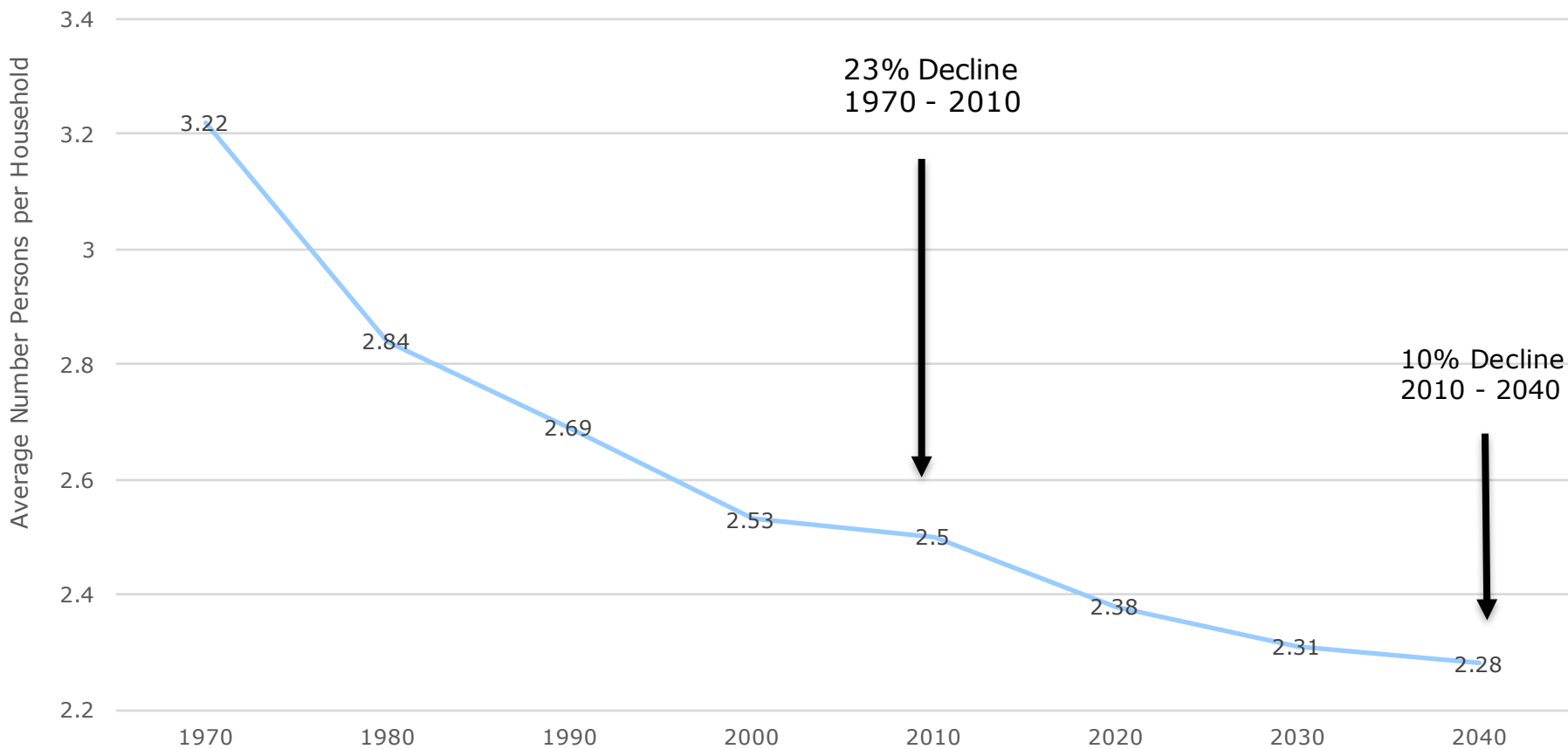
* Number of units where a family at 30% of median income (\$26,385 for family of 4) will pay no more than 30% of income in rent. Many of these units are already occupied, so the number of **available** units is fewer.



Why Multifamily Production?

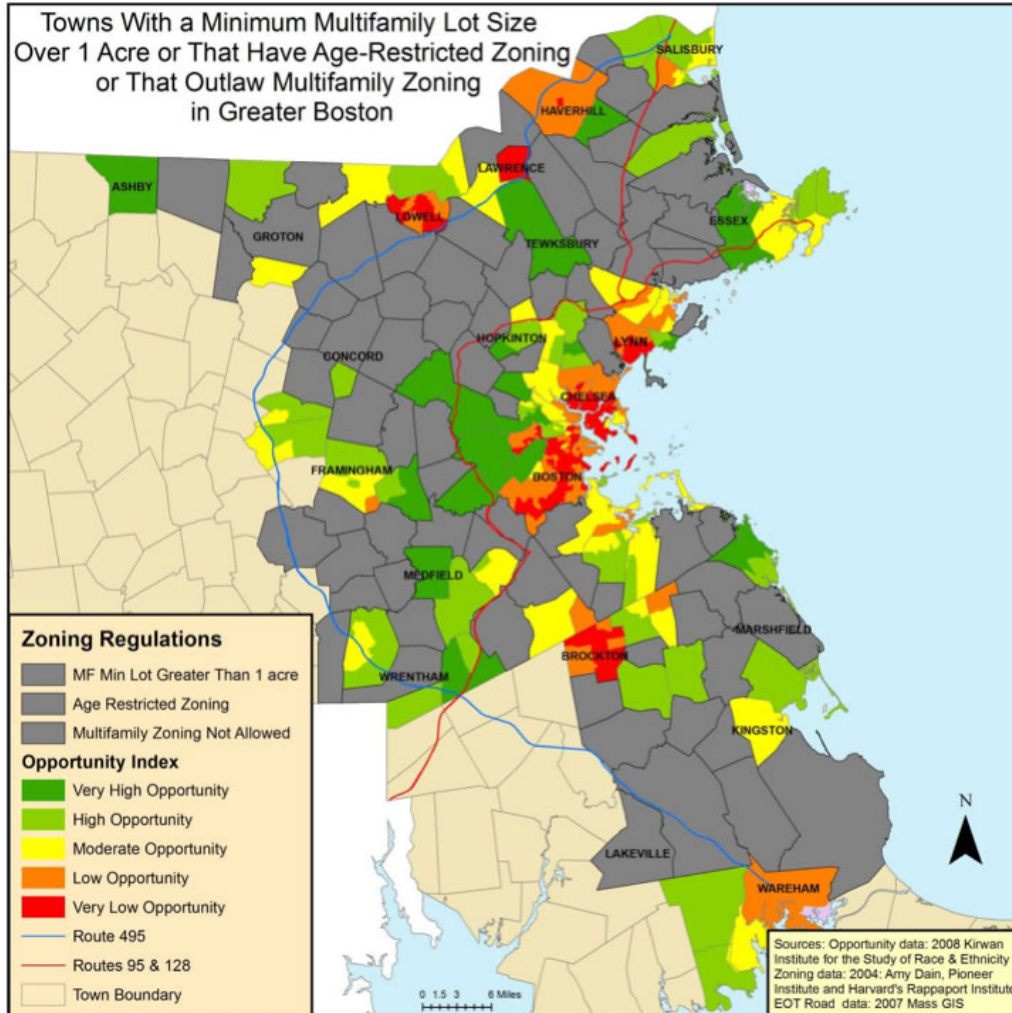
Average Household Size

Metro Boston 1970 - 2040





Why Multifamily Production?



Source: Metropolitan Area Planning Council

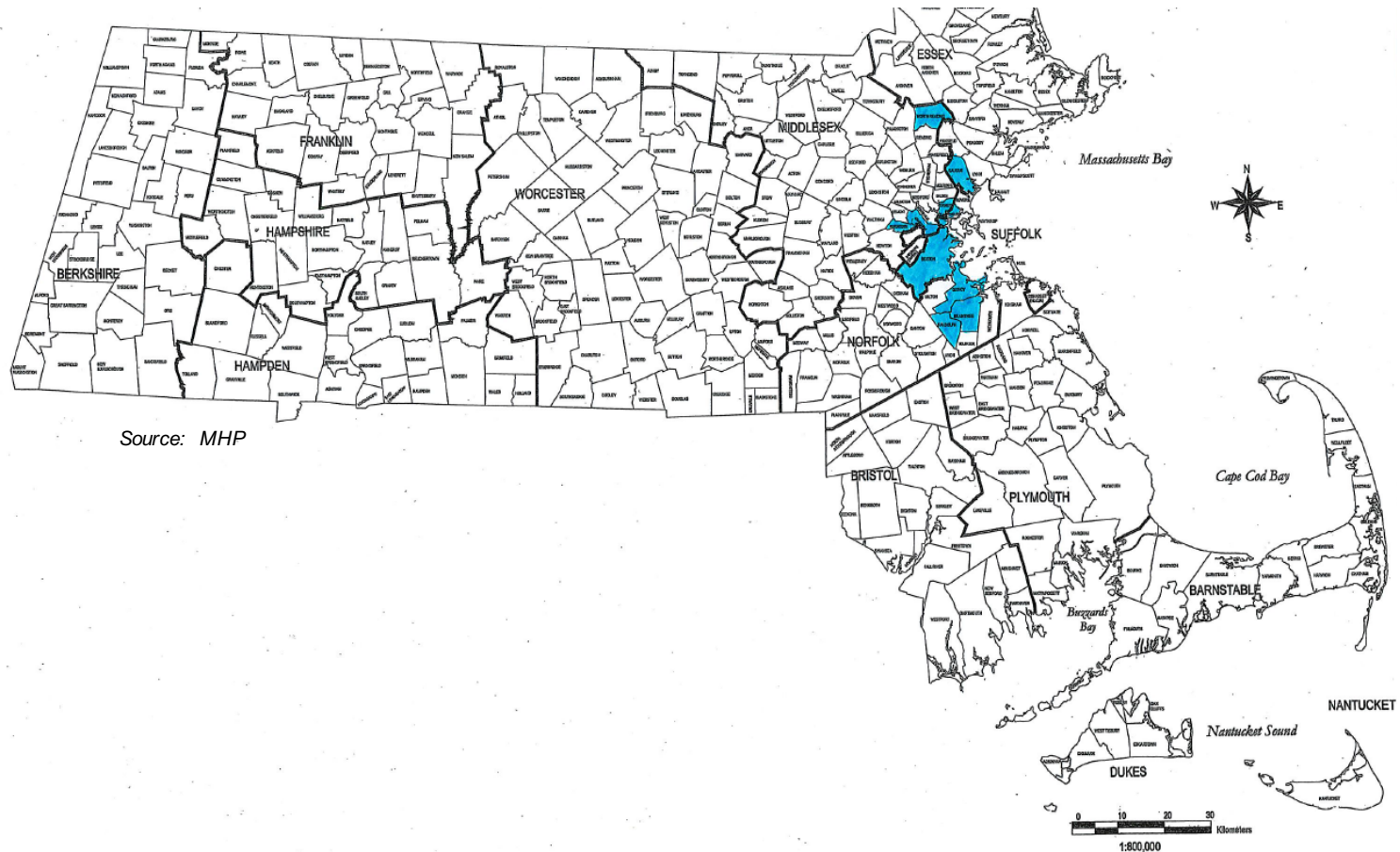
207 out of 351 cities & towns did not permit any multifamily housing in past decade.

- Tend to be communities with access to quality education, health care, transportation and jobs and other amenities.
- Because of supply and demand, this artificially drives up housing costs.
- ½ all MA multifamily (5+ units) housing production in past decade concentrated in 10 cities & towns



Why Multifamily Production?

½ all MA multifamily (5+ units) housing production in past decade concentrated in 10 cities & towns: Boston, Braintree, Cambridge, Chelsea, Everett, North Reading, Quincy, Randolph, Saugus, Watertown





Why Multifamily Production?

Spotlight on Greater Boston

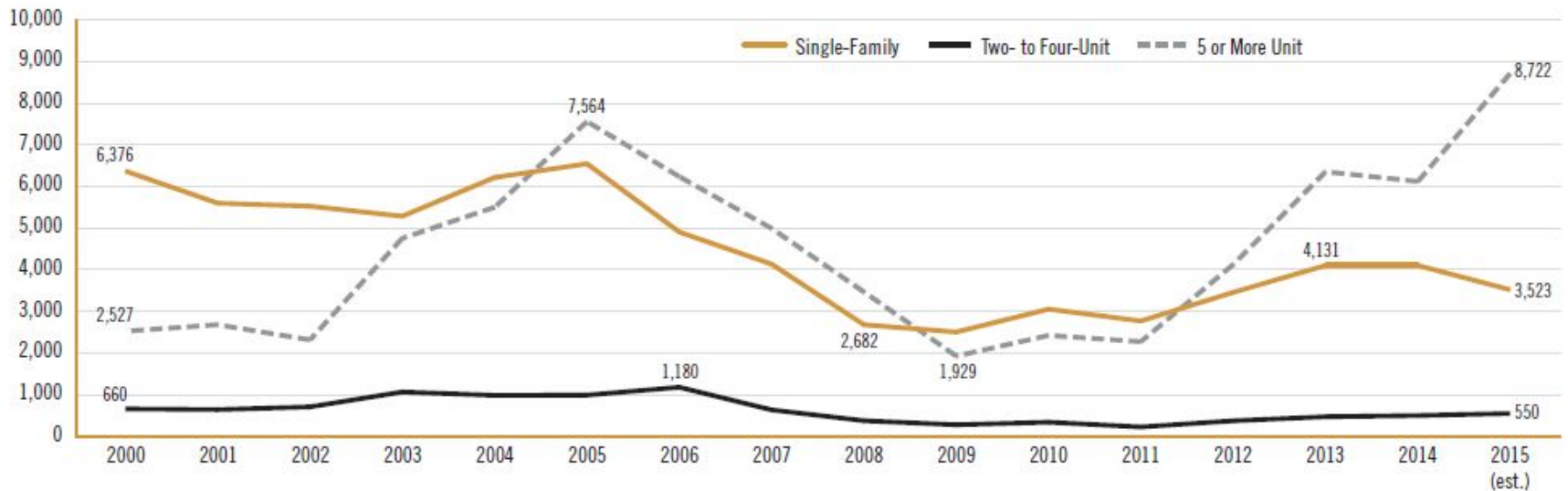
- The Greater Boston region was on a pace to permit over 8,000 new units in 5+ unit buildings in 2015 – 54% more than 2014, and *383% more than 2011*.
- Approximately half of these permits are in the City of Boston, which has not added housing units at a comparable pace since the 1950's.
- **However, much of this new development is at a high-end price point.**
 - The average City of Boston rent is now \$2,009 a month – *only New York City, San Francisco, Silicon Valley are more expensive.*
- **The City of Boston did permit more low and middle-income units in 2015 than any prior year, but they were only about ¼ of the total.**
 - Inclusionary development requirements drive production at this price point, not the market – these require developers to set aside a percentage of affordable units in new projects or pay into an off-site fund.



Why Multifamily Production?

FIGURE 2.6

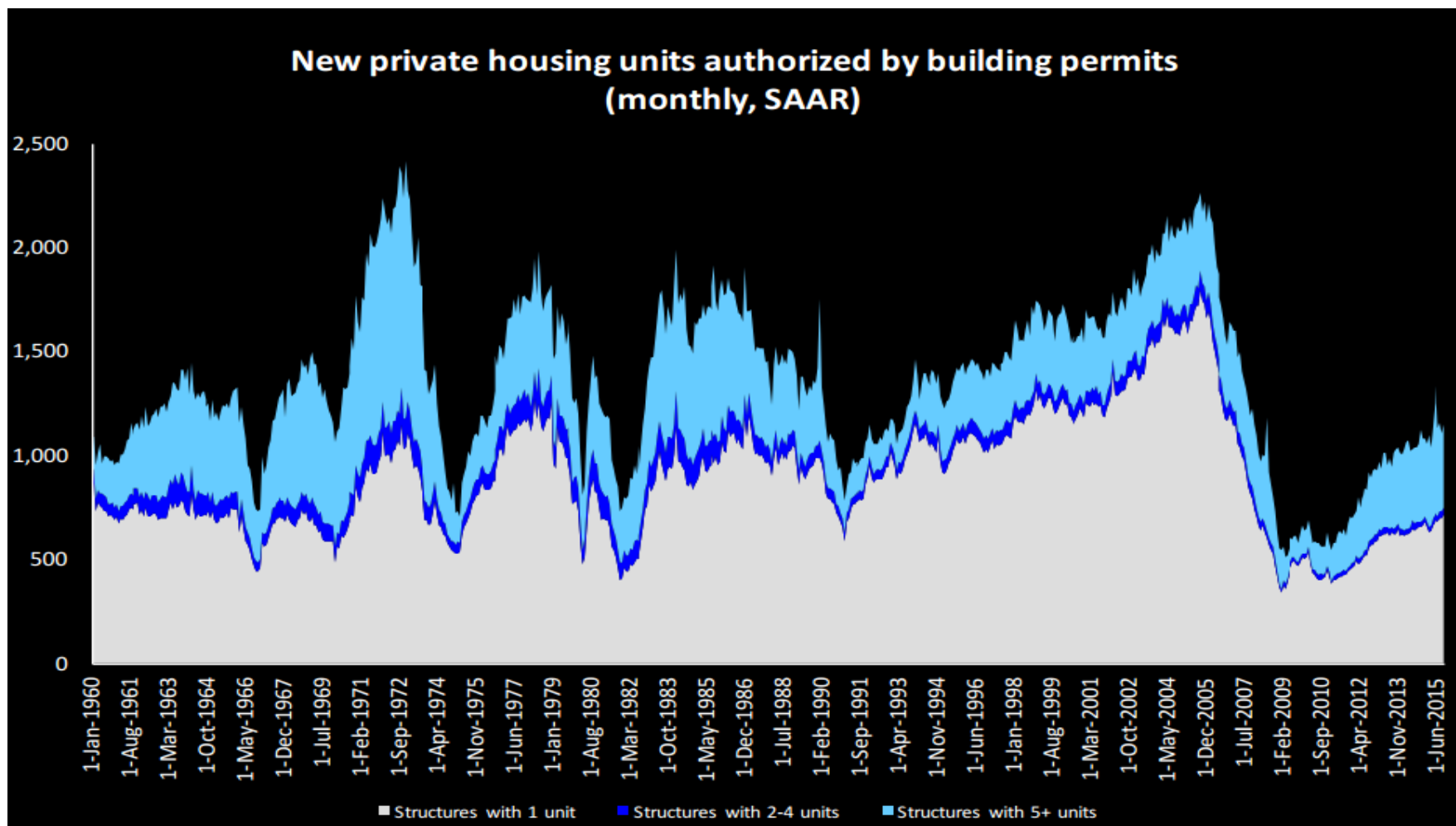
Number of Housing Unit Permits in Five-County Greater Boston Region, by Structure Type 2000–2015



Source: U.S. Census Bureau, Building Permits Survey for Essex, Middlesex, Norfolk, Plymouth and Suffolk counties



Why Multifamily Production?





Emerging implementation framework

- **Build....and fast**
 - Plan
 - Community Scale Production
 - Supportive Housing Solutions
 - Workforce Housing Opportunity Fund
 - Public Housing Mixed Income Demonstration

- **Subsidy**
 - Increased MRVP budget

- **Make more homeowners...on smaller lot sizes and smaller units**
 - ONE Mortgage



What we are doing

- Since January 2015, the Baker-Polito Administration has been working with our partners in the legislature on a comprehensive approach to **reducing caseloads** through prevention, diversion and rapid rehousing.
- These efforts have resulted in a **15% reduction** in the number of families receiving Emergency Assistance – from about 4,500 to about 3,800.
- **4,552 families have been housed** and 1,692 were diverted from shelter through the use of HomeBASE benefit.
- The **number of families in hotels** has been **reduced by 64%** - from 1,555 to 560.



What we are doing

- **Partner with communities to meet varied housing needs**
 - As market conditions continue improving, respond to municipalities' increasing interest in developing downtown, transit-oriented housing through Chapter 40R.
 - Incentivize development of affordable “starter homes”
 - Leverage external resources (quasi-public agencies, developers, etc.)

- **Increase supply of supportive housing**
 - DHCD awarded over \$21 million from to 12 projects statewide
 - Creates 312 units for homeless families/individuals, other vulnerable populations

- **Unlock the value of public land**
 - Open for Business Initiative and Urban Agenda grant program
 - Mixed-income public housing communities – create more housing and preserve deep affordability

- **Increase development in Gateway Cities**
 - Housing as the first step in community re-investment
 - More affordable markets for a variety of income levels



What you can do

Plan and permit multifamily housing for **FAMILIES**





What you can do

Prioritize CPA funds for affordable multifamily development





What you can do

Encourage development near transit



Waltham Landing