Annual Housing Production in Massachusetts by Decade

We’re allowing less housing

Data source: U.S. Census Bureau, Building Permit Survey
Home prices have surged

Data source: Federal Housing Finance Agency, House Price Index – All Transactions
Rents are high

Median Rent by State

Metro Boston has the 4th highest rents among the 100 largest metro areas in the U.S., trailing only San Francisco, San Jose, and New York.

Massachusetts: 7th highest rents

State data from U.S. Census Bureau, 2015 ACS; Metro data from apartmentlist.com, National Rent Report, May 2017
## Low vacancy rates, tight markets

<table>
<thead>
<tr>
<th>County</th>
<th>Rental Vacancy Rate</th>
<th>Homeownership Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suffolk</td>
<td>1.40%</td>
<td>0.45%</td>
</tr>
<tr>
<td>Middlesex</td>
<td>1.56%</td>
<td>0.31%</td>
</tr>
<tr>
<td>Essex</td>
<td>1.61%</td>
<td>0.33%</td>
</tr>
<tr>
<td>Hampshire</td>
<td>1.75%</td>
<td>0.47%</td>
</tr>
<tr>
<td>Norfolk</td>
<td>1.78%</td>
<td>0.27%</td>
</tr>
<tr>
<td>Hampden</td>
<td>1.82%</td>
<td>0.45%</td>
</tr>
<tr>
<td>Franklin</td>
<td>1.95%</td>
<td>0.81%</td>
</tr>
<tr>
<td>Bristol</td>
<td>2.21%</td>
<td>0.51%</td>
</tr>
<tr>
<td>Worcester</td>
<td>2.49%</td>
<td>0.54%</td>
</tr>
<tr>
<td>Plymouth</td>
<td>2.79%</td>
<td>0.41%</td>
</tr>
<tr>
<td>Berkshire</td>
<td>3.20%</td>
<td>0.86%</td>
</tr>
<tr>
<td>Barnstable</td>
<td>3.51%</td>
<td>0.78%</td>
</tr>
</tbody>
</table>

Data source: U.S. Census Bureau, American Community Survey 2012-2016

*Calculations adjust out seasonal, occasional, and off-market units
State’s housing supply far short of demand; most shortfall in metro Boston

Bars show the amount of new housing needed to achieve a balanced 6% vacancy rate for rental housing and 2% vacancy rate for owned-occupied based on county-level data from the U.S. Census Bureau's most recent American Community Survey (2016). Total housing needed to meet current statewide demand is approximately 38,000 units: 27,000 rental and 15,000 ownership.

MH6 analysis of county-level data from 2016 American Community Survey, U.S. Census Bureau
• Little or no opportunity to build multifamily housing except via 40B

• Excessive minimum lot sizes

• Widespread “downzoning”

• Scant consideration of regional or statewide needs
The old standard
None of these could be built today
The new normal
Silver Tsunami

Massachusetts population by age cohort by year: 1970 to 2016

Data source: U.S. Census Bureau, Population Estimates Program
Newton’s age distribution differs from state and region.

Data source: U.S. Census Bureau, American Community Survey 2012-2016.
Newton workforce skews older

Newton labor force participation by age cohort

MAPC Inner Core labor force participation by age cohort

Data source: U.S. Census Bureau, American Community Survey 2012-2016
Baby Boomers currently comprise 49% of labor force, but not for long.

Does Newton have the housing stock needed to accommodate changing needs?
Relatively few rental opportunities in Newton

Data source: U.S. Census Bureau, American Community Survey 2012-2016

<table>
<thead>
<tr>
<th>Location</th>
<th>Renter Households</th>
<th>Homeownership Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>MAPC Inner Core</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>Chelsea</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>Boston</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>Somerville</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>Cambridge</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>Everett</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>Malden</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Lynn</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>Quincy</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Revere</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>Brookline</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>Waltham</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Watertown</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Medford</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Winthrop</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>Arlington</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>Belmont</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Melrose</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Newton</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>Saugus</td>
<td>21%</td>
<td>79%</td>
</tr>
<tr>
<td>Milton</td>
<td>17%</td>
<td>83%</td>
</tr>
<tr>
<td>Needham</td>
<td>17%</td>
<td>83%</td>
</tr>
</tbody>
</table>

Data source: U.S. Census Bureau, American Community Survey 2012-2016
Newton has a higher proportion of single family homes than most of the inner core.

Data source: U.S. Census Bureau, American Community Survey 2012-2016.
Many households are struggling with affordability in Newton

2,348
Severely burdened owner households

1,909
Severely burdened renter households

Households by ownership cost burden

- $150,000 or more
- $100,000 to $149,999
- $75,000 to $99,999
- $50,000 to $74,999
- $35,000 to $49,999
- $20,000 to $34,999
- $10,000 to $19,999
- Less than $10,000

Households by income and rent burden

- $100,000 or more
- $75,000 to $99,999
- $50,000 to $74,999
- $35,000 to $49,999
- $20,000 to $34,999
- $10,000 to $19,999
- Less than $10,000

Data source: U.S. Census Bureau, American Community Survey 2012-2016
Most Newton workers commute by car

Data source: U.S. Census Bureau, American Community Survey 2012-2016
Industry mix for Newton workers less diverse than the state of Massachusetts.

### Massachusetts
- Education, health care, social assistance: 28.1%
- Professional, scientific: 13.4%
- Retail: 10.6%
- Manufacturing: 9.1%
- Entertainment, hospitality, food service: 8.8%
- Finance, insurance, real estate: 7.5%
- Construction: 5.5%
- Other services: 4.4%
- Public administration: 4.0%
- Transportation, warehousing, utilities: 3.6%
- Information: 2.3%
- Wholesale: 2.3%
- Agriculture, forestry: 0.4%

### Newton
- Education, health care, social assistance: 36.5%
- Professional, scientific: 19.3%
- Retail: 6.3%
- Manufacturing: 6.2%
- Entertainment, hospitality, food service: 6.6%
- Finance, insurance, real estate: 10.0%
- Construction: 2.2%
- Other services: 3.6%
- Public administration: 3.1%
- Transportation, warehousing, utilities: 1.5%
- Information: 2.9%
- Wholesale: 1.6%
- Agriculture, forestry: 0.1%

Data source: U.S. Census Bureau, American Community Survey 2012-2016
Most permitting has been for single family homes

Since 2000, 53% of all permits in Newton were for single family residences, versus 12% for the rest of the inner core.

Source: U.S. Census Bureau Building Permit Survey
Newton has seen recent growth in school enrollment yet is still 31% below peak enrollment in the late 60s.
Not necessarily tied to recent housing production, or lack thereof.

Percent School Enrollment Change vs Housing Unit Change
by Community Type, Massachusetts Municipal School Districts, 2010-2016

Source: Massachusetts Department of Elementary and Secondary Education, Census Building Permit Survey, MAPC Analysis
Governor’s proposed legislation

Reduce threshold for approval of local zoning that promotes new housing in smart locations from 2/3rds to simple majority

Other legislative proposals now in play

• Require multifamily housing in every city and town while retaining local flexibility
• Cluster development & accessory dwelling units as-of-right
• Revenue sharing with cities and towns that facilitate new housing
• Greater regional collaboration
• State-level planning
Projected housing supply is still significantly below demand.

**MA Housing Production Compared to Projected Demand 2011-2016**

- Projected housing permits at 2016 pace
- Housing permitted 2011-2016
- Projected housing supply needed to sustain current employment and minimal (0.25%) long-term job growth (MAPC)

Data Sources: Metropolitan Area Planning Council & U.S. Census Bureau Housing Permits Survey
We could lose our edge

Amazon HQ2 finalists - Housing permits per thousand residents, 2016

* Washington D.C. MSA includes three finalists: Washington, D.C., Montgomery County, MD, and Northern VA
** New York MSA includes two finalists: New York City and Newark, NJ

U.S. Census Bureau, Building Permit Survey and Population Estimates Program: census.gov
Statistics Canada, Building Permits (64-001-X) and Population Estimates and Projections: statcan.gc.ca
Questions and discussion

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