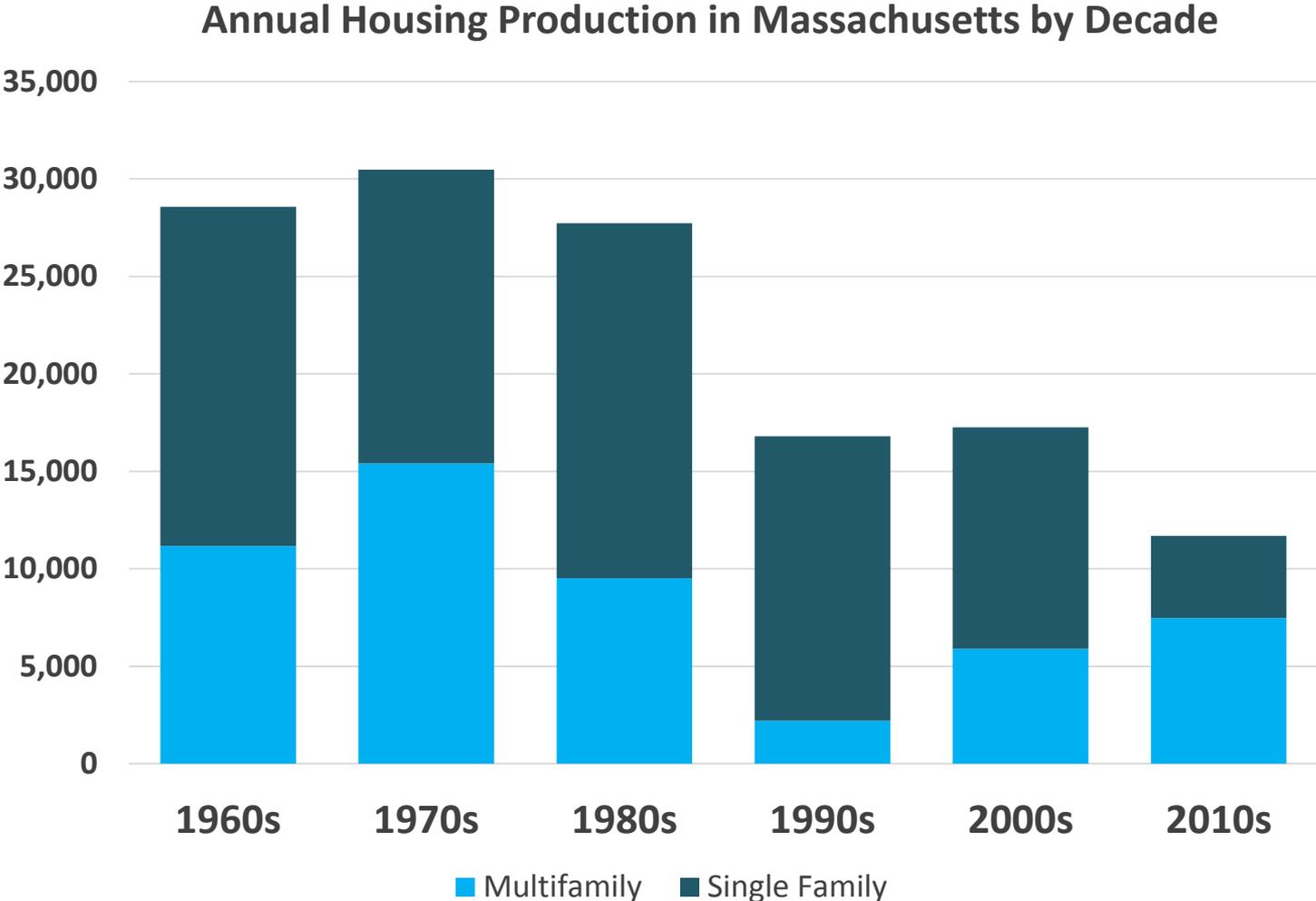


The importance of housing supply to the South Shore



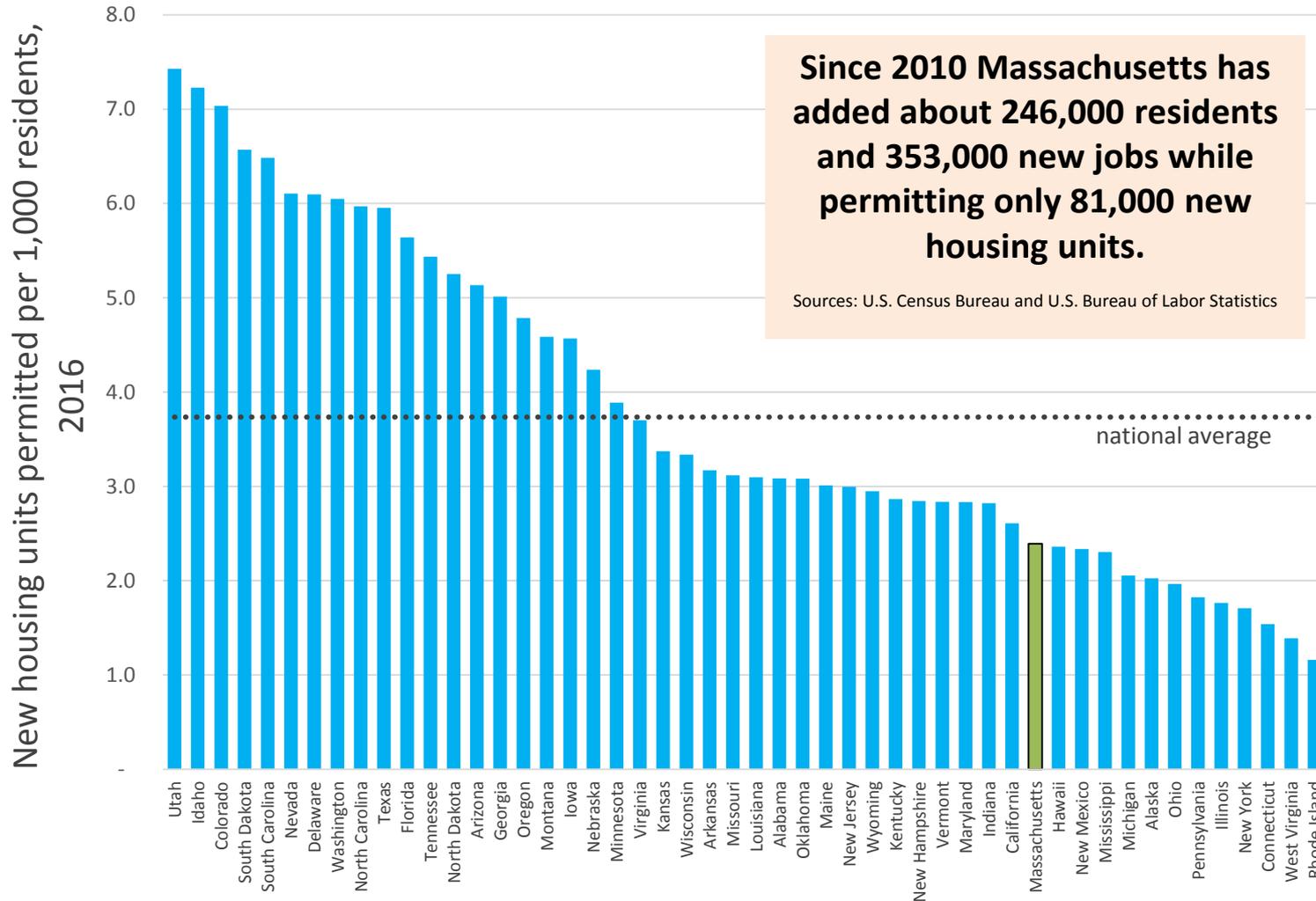
Clark Ziegler, Executive Director
Massachusetts Housing Partnership
September 21, 2017

Housing production has sharply declined in Massachusetts despite increases in population and employment

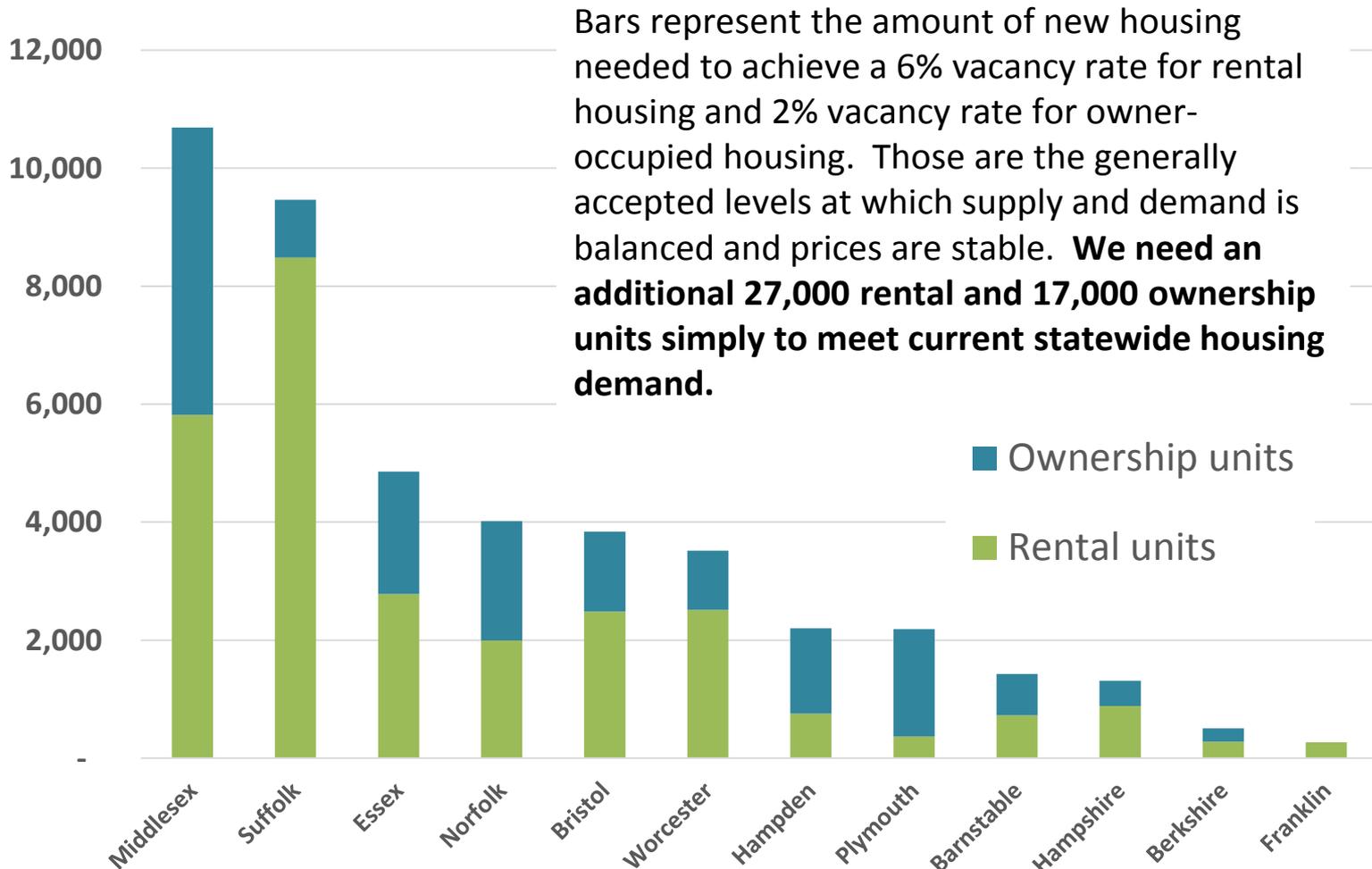


Data from U.S. Census Bureau, Building Permit Survey. Note: in this and in all subsequent graphics, multifamily is defined as a structure with 2+ units and permits are as reported by cities and towns with imputed data by the Census Bureau for communities that fail to report.

Massachusetts now has one of the lowest rates of housing production in the U.S. despite increasing population and employment

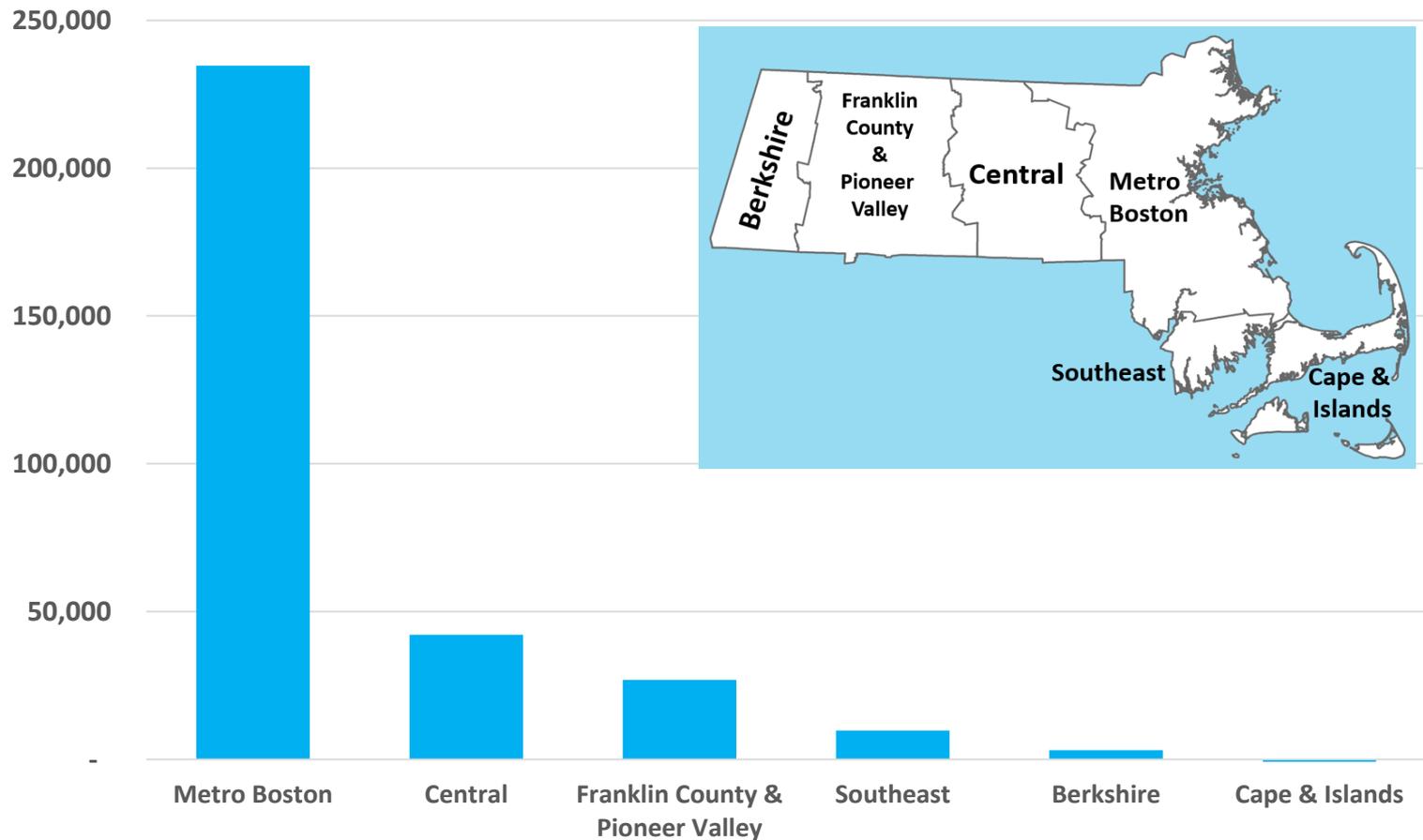


Without adding any new people or new jobs, the state's housing supply is already far short of demand. Most of that shortfall is in metro Boston.



The projected future need for new housing by 2030 is heavily concentrated in metro Boston and driven by the pending retirement of more than a million baby boomers

Projected Net New Households, 2015 to 2030



Most cities and towns in metro Boston have “downzoned” so many of the most attractive single-family neighborhoods could not be built again today at the same density

The average lot size for each new single family home in metro Boston is now more than an acre, or the size of an NFL football field.

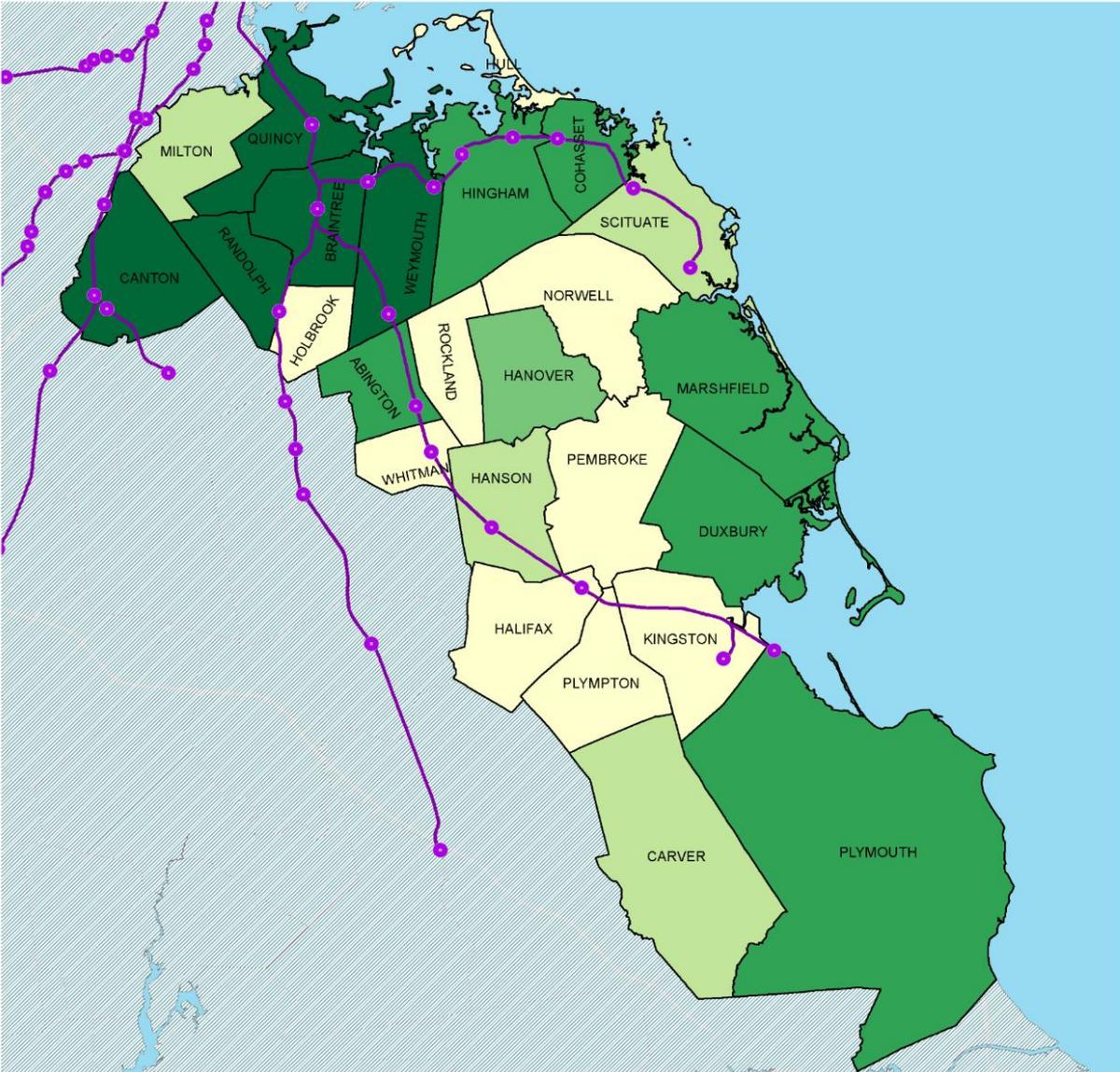
In 21 out of 25 communities in the South Shore Chamber region the average lot size for new homes is larger than the lot size for existing homes in the same community.



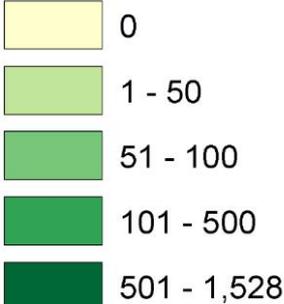
Permits for multifamily housing used to be routine. Now 210 cities and towns have gone for a decade or longer without permitting any multifamily housing of 5+ units



Within the South Shore multifamily development is concentrated and not fully aligned with transit



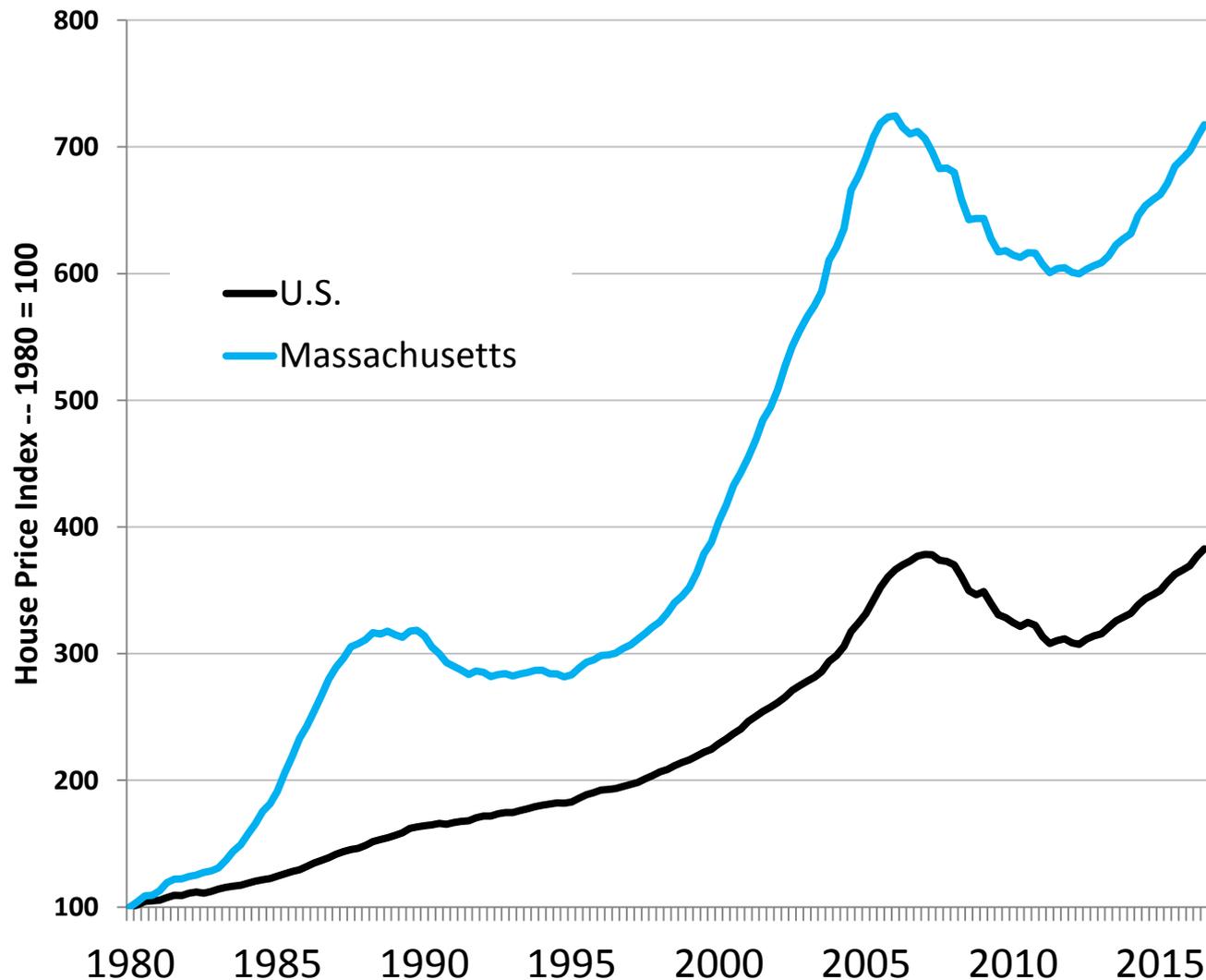
Multifamily units permitted 2007-2016 with commuter rail



Data source: U.S. Census Bureau Building Permit Survey 2007-2016



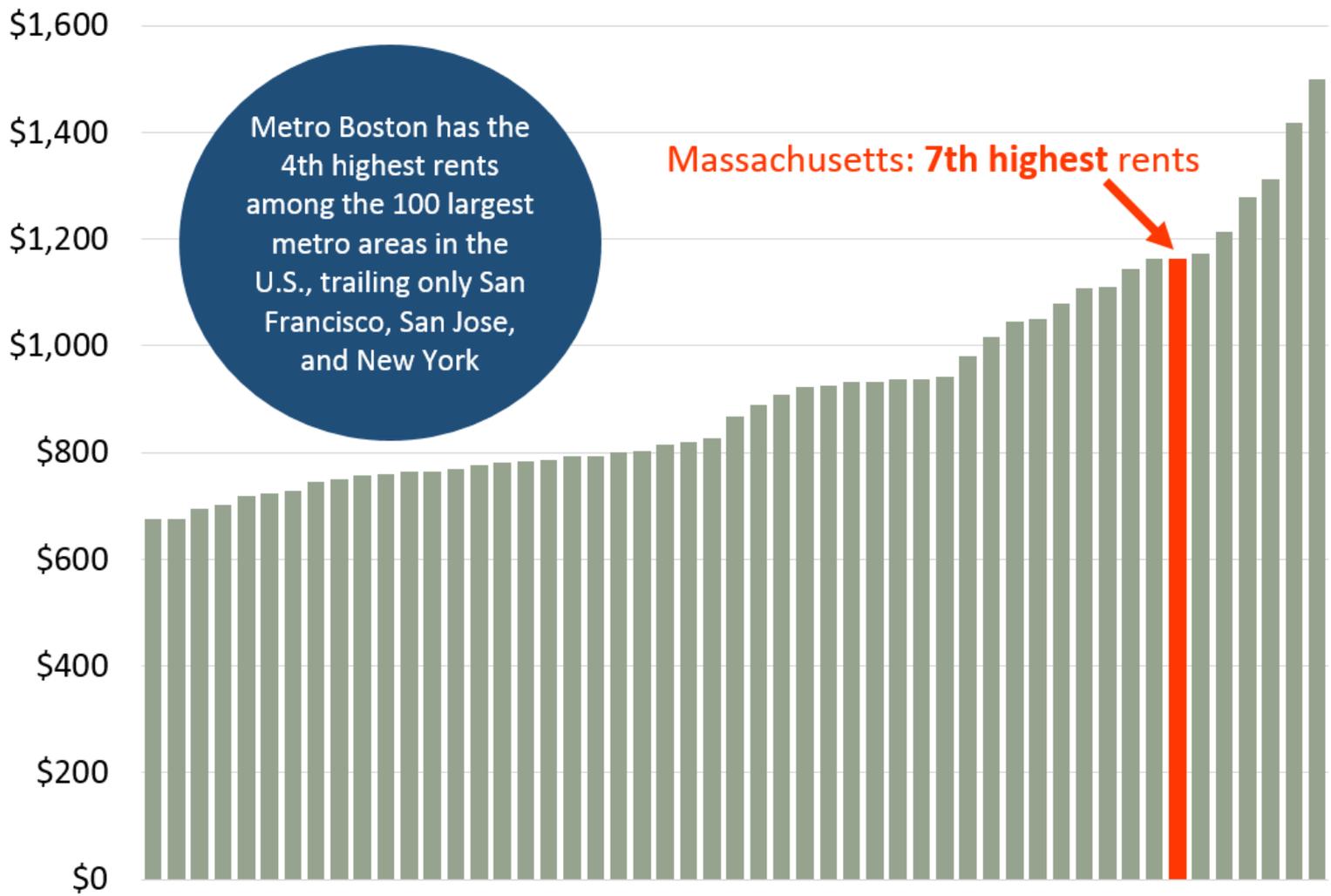
Massachusetts has become a housing cost outlier – limiting the state’s potential to create new jobs or possibly even to sustain the current level of employment



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

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

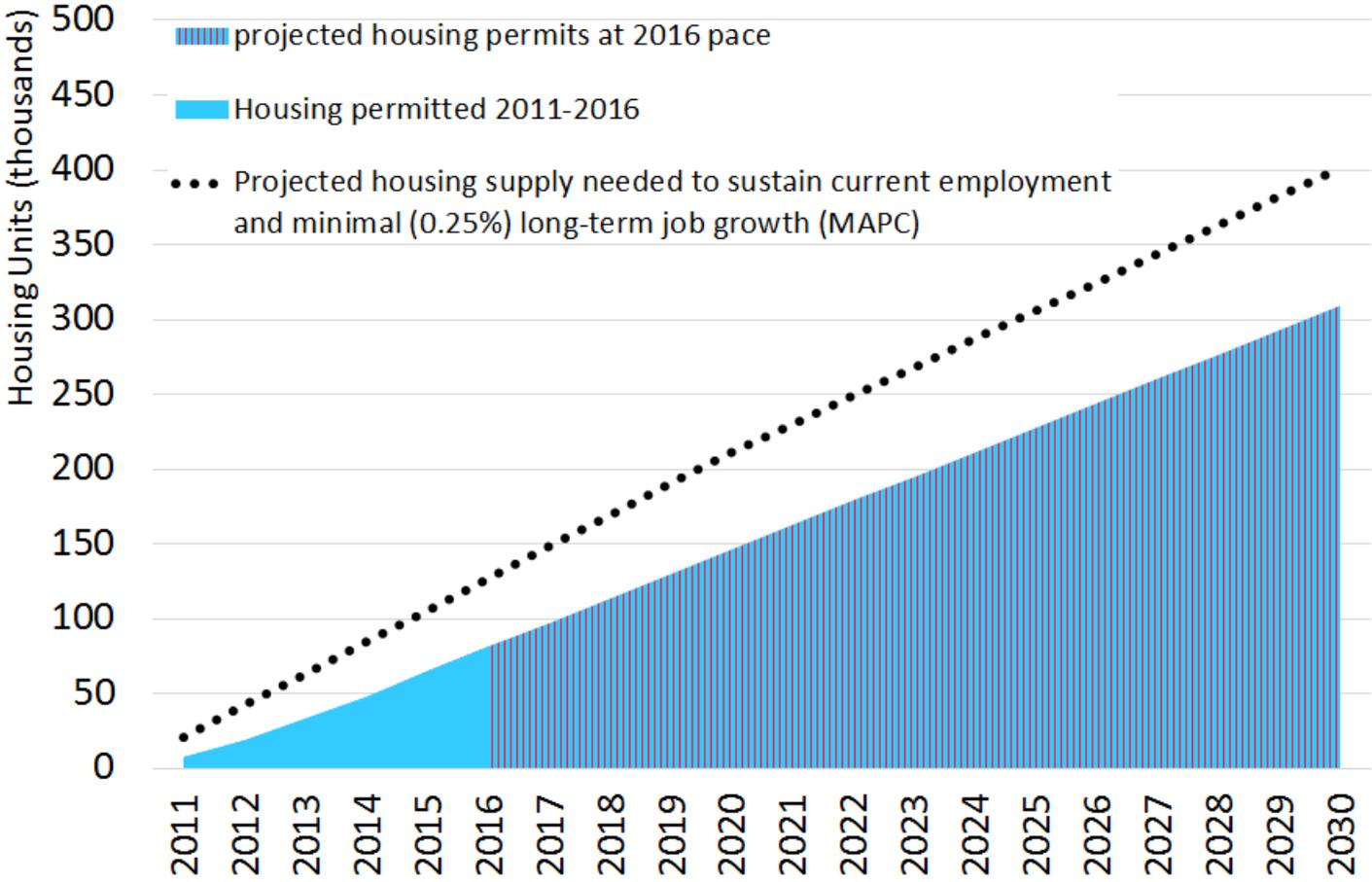
Median Rent by State



State data from U.S. Census Bureau, 2015 ACS; Metro data from apartmentlist.com, National Rent Report, May 2017

If the pace of new housing construction is maintained at 2016 levels there will be a housing shortage of over 91,000 units by 2030

Massachusetts Housing Production Compared to Projected Demand 2011-2016



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

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

Why is housing supply a critical problem for the South Shore?

Because jobs follow talent.

That message emerged loud and clear from the Chamber's economic development consultant

South Shore 2030 -- Market Street Services (2016)

- The South Shore has aging demographics with a lack of replacement workers that could make the region less attractive for younger people and for businesses trying to recruit new employees
- Shrinking employment base in higher paying jobs could lead to a loss of skilled workforce or longer commutes for jobs elsewhere
- Declining economic and jobs base threatens home values – a critical component of wealth
- The region's largely suburban orientation and high housing costs negatively impact its competitive position to retain and attract skilled young-professional talent.

Finding housing on the South Shore – or anywhere in eastern Massachusetts -- has become a “workaround”



Limited housing supply is already making it difficult for employers in metro Boston to recruit and retain workers

MassEcon report (March 2017) “Choosing Massachusetts For Business: Key Factors In Location Decision-Making”

- High housing costs and housing availability are a major concern of businesses looking to expand or relocate in Massachusetts
- Cost and supply of housing is also a barrier to keeping existing talent
- Policies to help increase housing production, including zoning reform to encourage multifamily housing, could alleviate the housing affordability problem over time

Northeastern University employer survey (April 2017)

- 72 percent of companies surveyed found it “extremely or somewhat difficult” to recruit and/or retain talent in the past five years
- Over 2/3 of employers surveyed said home prices and rental costs have affected their ability to recruit qualified candidates

Eliminating barriers to housing is a prerequisite for future economic growth

2005

U.S. regions experiencing labor demand have 20 percent less job growth if local housing regulations are excessively restrictive.

Raven Saks, Federal Reserve Board, "[Job Creation and Housing Construction: Constraints on Metropolitan Area Employment Growth](#) (2005)"

2009

Metro Boston's status as a knowledge-based economy is not enough to bring about sustained growth unless we build more housing and make this an attractive metro area for younger, educated workers on the move.

Edward Moscovitch, Cape Ann Economics, "[Recipe for Growth](#) (2009)"

2015

Growth pressures and inadequate housing production are fueling rapidly rising home prices throughout Eastern Massachusetts. While this is good news for homeowners, it puts upward pressure on the cost of living, making it more difficult for the Greater Boston region to attract the highly educated workers it needs to meet the needs of growing knowledge-intensive organizations.

MassBenchmarks Editorial Board, "[Commentary on the state of the state economy](#) (2015)"

2017

Because of the prohibitive cost of housing caused by local regulations, innovative companies in Silicon Valley and metro Boston do not grow as much as they could, and new businesses do not get created. This means slower economic growth, fewer jobs and lower wages across the nation.

Chang-Tai Hsieh, University of Chicago and Enrico Moretti, University of California, Berkeley, "[How Local Housing Regulations Smother the U.S. Economy](#) (2017)"

For more information...



Clark Ziegler, Executive Director
chiegler@mhp.net

Callie Clark & Tom Hopper
Co-Directors, Center for Housing Data
cclark@mhp.net thopper@mhp.net

www.mhp.net