

HOUSING BOSTON 2020

A blueprint for building 30,000 units of housing
by the year 2020

Prepared by:

The Department of Neighborhood Development

The Boston Redevelopment Authority

The Boston Housing Authority

Mayor's Office of Environmental and Energy Services

Boston Fair Housing Commission



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Dear Friends:

Since the first *Leading the Way* housing plan was launched in 2000, we have created and preserved more than 20,000 units of housing - an accomplishment equivalent to creating the entire housing stock of the Town of Brookline within Boston's borders.

That was a tremendous achievement, and today, we gather to talk about how to do even more.

Boston 2013 is a remarkably different city than it was in 2000, with shifting demographics and changing needs. Our city is thriving, and well positioned to meet its bright future.

But one thing has not changed. In order to fulfill its promise, Boston needs to continue our relentless focus on building housing. This is not just the simple matter of putting roofs over people's heads; we need to build strategically, creating the right kind of housing for the next decade.

Housing in Boston is an issue that touches every single citizen. Children need a place to call home so that they can succeed in school. Families need homes where they can gather to create and sustain the traditions of their culture. Seniors need housing that can support them as they age in place, so they may continue to call Boston home. And our college students, who add so much to the vibrancy of our city, need to be housed in ways that enhance and support our neighborhoods.

Housing Boston 2020 is intended to be a blueprint for the creation of 30 thousand units of housing, but it is much more than that. While this document serves as the action plan for the remaining days of this administration, it also is a guide to the challenges facing an incoming administration – and our proposed solutions for those issues.

I have learned so much about what it takes to grow a city in these last 20 years, and chief among those lessons is that access to safe, affordable housing tops the list of things that make cities great. My deepest thanks go out to the members of the Advisory Panel, the members of our Working Groups, and the City staff who spent so much time and effort helping create this plan to make that vision a reality.

Never stop working on these critical issues. The future of Boston depends on them.

Sincerely,

A handwritten signature in black ink, reading "Thomas M. Menino". The signature is fluid and cursive, with the first name "Thomas" being the most prominent.

Thomas M. Menino, Mayor
City of Boston

Executive Summary

From 2000 – 2010, Boston posted its greatest increase in its housing supply in 50 years, adding 20,000 new units, representing \$6.1 billion in private and public investment. Thirty percent of those new units were affordable, resulting in Boston having a higher ratio of affordable housing stock than any other major city in America.

Yet for all of these accomplishments, the City still faces challenges as it moves through the decade of the 2010s:

- 23,000 very low income households are paying more than half of their income for housing and are considered at risk of becoming homeless; yet some of the federal resources that fund the production of housing for very low income housing have already been cut by 35 – 45 percent;
- 100,000 net new jobs are expected to be created in Boston by 2020. Those jobs, combined with a rising preference of workers to live in the city rather than the suburbs, are expected to generate demand for 28,000 new units. The primary growth demographics are expected to be empty-nesters and seniors; 20-34 year-olds; and downtown families;
- Housing is a critical factor in Greater Boston's economic engine. Employers are attracted by our generous supply of high-skill university graduates, yet if we lose these graduates in large numbers to lower-cost cities, one of the great economic advantages of our metropolitan area could be seriously diminished;
- Boston has a smaller middle class than the state or the nation, and our middle class is increasingly squeezed as house prices rise at double the rate that incomes are growing. The middle class is being priced out of homeownership in more and more neighborhoods, and is increasingly in competition with lower-wage workers for housing in the more affordable neighborhoods;
- Boston's nation-leading inventory of 52,000 units of affordable housing is increasingly at risk, due to declining federal operating support for public housing, capital obsolescence and expiring affordability restrictions.

- While dorm production during the decade of the 2000s has reduced the need for off-campus housing by 22 percent, Boston's colleges and universities still have more than 27,000 students living in off-campus housing in Boston.

This student housing demand is highly concentrated in just a few areas, and in those areas the market pressures from students are substantial.

To address these challenges, the city will seek to put into action a number of policies to meet the city's evolving housing needs through the year 2020. These policies represent \$16.5 billion in housing investment over ten years. Some of these policies can be put in place in 2013, while others will need to be evaluated and adopted by a new administration starting in 2014.

Accommodating Growth

This plan calls for the addition of 30,000 new units of housing in the decade of the 2010s. 25,000 of these will be unrestricted private market rate units that will require \$11.4 billion in new private investment in Boston. The primary strategies to promote the development of these 25,000 units will include:

- Enabling developers to deliver more non-luxury units at a lower price point
- Helping developers to better meet the specific housing needs and preferences of Boston's growth demographics: seniors, 20-34s, and downtown families.

To advance this agenda, by the end of 2013 the City will:

- **Development Pipeline.** In addition to the 5,332 market-rate units that have started construction and the 9,112 that have been approved but not permitted, 3,600 more market-rate units are awaiting zoning approval from the BRA. The City will approve those that have been appropriately reviewed by the community and have met the BRA's design standards.

- **Housing Cost Drivers Study.** To understand how the city can best enable developers to produce more housing at a lower price, the City will commence a study to identify the key cost-drivers for housing production in Boston. This study will also identify those costs that can be beneficially influenced by City action.
- **Parking Options Study.** To further help reduce the costs of producing housing, the City will seek to find more efficient ways to manage the need for off-street parking.
- **Unit Sizes.** The City will implement the new smaller unit size standards that were approved by the BRA in July 2013.
- **Design for Our Demographics.** To facilitate the creation of housing that more optimally meets the needs of Boston's growth demographics (empty nesters and seniors, 20-34s, and downtown families) the City will start convening design experts to look worldwide for new approaches and best practices.

It is recommended that, starting in 2014, the City should:

- **Zoning Update.** Based on the results of the cost-drivers study, update the provisions in the Zoning Code to allow for more cost-efficient development while ensuring designs that are compatible with the surrounding community.
- **Labor Participation.** Work with unions to reduce labor costs on affordable and workforce housing projects, while also seeking to strengthen the City's capacity to enforce workforce agreements that developers made as a part of the permitting process.

Expanding Housing For The Middle Class

Establish a new 5,000-unit, \$1.5 billion dollar middle class housing initiative to expand the supply of housing affordable to the middle class and improve their ability to buy a home in the existing housing market.

Key strategies will include:

- Stimulating new middle-class housing production through the disposition of more publicly owned real estate;
- Creating new zoning incentives to promote more housing production in middle-class affordable neighborhoods;
- Offering improved homebuyer assistance services to help middle class buyers compete in the market.

To advance this agenda, by the end of 2013 the City will:

- **Boston Buyer's Advantage Program.** Launch a new homebuyer assistance program and create a new Boston Homebuyers Club to enable middle-class homebuyers compete more successfully in the market.
- **Public Real Estate Review.** Create an inventory of all City, State and Federally owned real estate that could be suitable for middle-class housing development in the neighborhoods.
- **Middle Income Housing Initiative.** Put a half million square feet of City owned real estate on the market for unsubsidized middle income small-scale homeownership development under the *Middle Income Housing Initiative* launched by Mayor Menino at the start of 2013.

It is recommended that, starting in 2014, the City should:

- **Middle Class Incentive Zoning Program.** Create a new zoning product that provides expedited reviews and density bonuses for creation of middle-income targeted housing, especially near transit nodes and bicycle corridors.
- **Expanded Middle Income Housing Initiative.** Based on the results of the Public Real Estate Review, expand beyond the current one-million square foot target by including more City, State and Federal lands for middle income development. Extend the initiative through 2020.

- **Middle Class Housing Access Fund.** Explore the potential of using some Inclusionary Cash-Out funds to establish a buydown program, enabling middle-class homebuyers to access neighborhoods where they are largely priced out, in exchange for long-term middle class affordability restrictions.

Affordable Housing for Boston's Workforce

Create 5,000 new units of affordable, deed-restricted housing; maintain the BHA's 97 percent occupancy rate despite declining resources and an aging stock and reduce greenhouse gas emissions in the BHA-owned portfolio by 25 percent; and lose no more than 5 percent of the privately-owned affordable housing stock to physical decay or affordability opt-outs.

The new affordable housing strategy will require approximately \$2.1 billion in governmental and private financing.

About 2,000 units are projected to be created in market rate developments through the Inclusionary Development Policy, and 3,000 units will be the result of City-assisted affordable housing development. Those 3,000 units are expected to cost \$1.2 billion to build, and will require \$559 million of gap funding from City, State and Federal sources.

If Federal cuts to housing programs continue as expected, the City will need to identify an additional \$81 million dollars in new revenues or cost reductions to make up for the Federal cuts if the 5,000-unit target is to be achieved.

Key elements of the City's strategy are:

- Offset Federal cuts with more locally-generated resources
- Bring down the costs of producing affordable housing by reducing high-cost design requirements and allowing more efficient development models.

To advance this agenda, by the end of 2013 the City will:

- **Update Linkage.** Update the Linkage fee to adjust for inflation. Increase by \$.47 per square foot to a new rate of \$8.34 per square foot.
- **Inclusionary Development Policy.** Begin to codify the Inclusionary Development Policy into law by filing a Home Rule Petition from the Boston City Council to the State Legislature. Execute a companion Executive Order to govern the program in a manner consistent with the Home Rule Petition in the interim until Legislative approval is received.
- **Revenue Research.** Research best practices that other cities have used to raise affordable housing resources from non-traditional sources.
- **Rental Housing Finance Product.** Working with State agencies, develop a fast-track rental financing product using underutilized resources such as 4 percent Housing Tax Credits to accelerate development of highly-cost-efficient projects.
- **Design & Development Practices.** Revise design and development standards for affordable housing to lower production costs and allow more cost-effective production methods such as the Design-Build model that is often used in market-rate development.

It is recommended that, starting in 2014, the City should:

- **Linkage.** Reassess the Linkage program, and if appropriate, file a Home Rule Petition to update Linkage to reflect more closely the current costs of producing affordable housing.
- **Inclusionary Development Cash-Out Policy.** Once enacted into State Law, rework the Cash-Out component to provide greater revenue for housing and greater cost-certainty to developers.
- **Community Preservation Act.** Seek to put a 1 percent Community Preservation Act vote on the ballot in 2014. Here in Massachusetts, 148 other communities have already passed such measures.

- **Senior Housing Task Force.** Establish a task force of key stakeholders to develop new housing strategies for seniors that addresses three key issues:
 - Declining federal funding for assisted senior housing, exactly when there is a major increase in the senior population;
 - The need to help seniors downsize into more affordable and sustainable housing within their community; and
 - The rising need for assistance to help seniors age in place.
- **Affordable Housing Energy & Greenhouse Gas Initiative.** Implement the HUD's Green PHA Assessment at the BHA and disseminate best practices from this effort to other affordable housing operators.

College & University Housing

House 10,000 more full time students and further reduce the number of students living in off-campus housing, which will require about \$1.5 billion in new investment by Boston's colleges and universities. There are no specific actions recommended for implementation in 2013, but for a new administration starting in 2014, the following actions are recommended:

- **Institutional Housing Plans.** Require all colleges to create a plan showing how each college will, over time, reduce its reliance on the private rental housing stock to house its students and their families, especially underserved populations such as graduate students and students from moderate-income families that cannot afford high dorm fees.
- **Co-Development.** Support, but properly regulate, new forms of student housing production, including co-development models where private developers create housing that is leased back to the college.
- **Linkage.** Modify the Linkage program to reflect the much greater impact on the housing market that college expansion has compared to all other forms of commercial development

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Boston: “Leading the Way” since 2000

Boston has long been a national leader in the area of housing. Since 2000, Mayor Menino’s *Leading the Way* initiatives have helped transform Boston’s housing economy with a balanced growth agenda that serves all Bostonians. From 2000 to 2010:

- More than 20,000 new units of housing were completed, injecting \$6.1 billion of investment into the economy;
- 6,100 units, or 30 percent of all new housing production, was set aside as affordable housing;
- With 22 percent of its housing stock now dedicated to affordable housing, Boston has the highest affordable housing ratio of any major city in America¹;
- More than 10,000 new dorm beds were created, freeing up apartments for neighborhood families.

A Changing City

Boston is a rapidly shifting city, which requires a new plan to ensure that all Bostonians have access to the *right* kind of housing. More families are living downtown; more workers are choosing to avoid suburban commutes by living closer to their jobs in Boston; and Boston’s growing workforce is young and well-educated, well-positioned to drive the city’s innovation-based economy forward.

At the same time, Boston will also see a rising number of seniors in the coming years, particularly because so few Bostonians - only 20 percent - move away when they retire. Boston is a city that is becoming both younger and older at the same time.

In addition to accommodating growth, other challenges lie ahead. Middle class homebuyers are being priced out of more and more neighborhoods, while they are increasingly in competition with investors for more affordably-priced homes.

¹ See [Research Appendix 1](#) for a comparison of Boston’s affordable housing share compared to other major cities

And Boston has more than 23 thousand low-income renter households who pay more than 50 percent of their household income for rent – a group at high risk of homelessness.

To appropriately meet the evolving housing challenges that Boston will face in the decade of the 2010s, a new set of housing strategies is needed. Specifically, this strategy must address four priority issues:

- **Accommodating new growth and changing demographics through market rate housing production**
- **Expanding housing options for the middle class**
- **Creating and preserving affordable housing for those in Boston's workforce who are not served by the market**
- **Mitigating the impacts of colleges and universities on Boston's housing market**

Homelessness: Although housing is a key factor that affects homelessness, this strategy will not directly address this issue. A new, three year homelessness strategy is being developed on a parallel track. It will address both the housing and *non-housing* policies (e.g. outplacement from institutions, workforce development, and eviction intervention) that can reduce homelessness in Boston.

Market Rate Housing Production: Background

Boston's specialization in the fast-growing professional, scientific, and technical economic sectors generated 14,460 new jobs in Boston in 2011. This 2.2 percent growth in Boston's job base brought the total number of jobs in Boston to a near-record count of 675,000, and virtually erased all of the job losses from the 2008-2010 recession. Those new jobs generated demand for more than 4,000 new units of housing, driving down vacancy rates and putting upward pressure on rents and prices.

As a place to live, Boston is proving to be increasingly attractive to those who work here. More and more Boston workers are choosing to avoid long commutes by living in the city. The workforce residency rate – the share of Boston workers who live in Boston – increased from 34 percent in 2000 to 39 percent in 2011.

From 2011 through 2020, it is conservatively projected that Boston's job base will rise by around 100 thousand net new jobs – a climb of about 1.35 percent job growth per year. It is estimated that this growth, combined with Boston's rising workforce residency rate, will result in demand for approximately 30,000 new units of housing².

Our demographic projections indicate the greatest population growth will occur in three sectors: **20-34 Year-Olds, Empty-Nesters & Seniors, and Downtown Families.**

20-34s: Drivers of the New Economy

Between 2000 and 2010, Boston's attractiveness as a place to go to school and start a career resulted in a net in-migration of almost 70 thousand 20-34 year-olds³. Boston now has a higher percentage of young people (20-34) than any of the other 25 largest cities in the country.

² 100,000 jobs divided by 1.3 jobs per household (average from 2010) multiplied by a 39% percent residency rate in 2011 results in a projected housing demand in Boston of 30,000 units from 2011 through 2020.

³ See [Research Appendix 2](#) for more information about in- and out-migration from Boston during the period 2000-2010

This trend presents an opportunity for Boston. More young people are choosing Boston as a place to learn *and* as a place to live, and are, in the process, helping propel Boston's innovations-based economy. Proposed immigration reform could substantially reinforce this trend by allowing more of Boston's high-skilled international students to remain in Boston after they graduate.

In a new American economy where education is the most valuable resource, Boston is better positioned for growth than most cities in the country. Yet high housing costs could pose a serious obstacle to Boston's ability to capitalize on these educational advantages. If an unaffordable housing market drives our new graduates away to more affordable parts of the country, Boston's employers will not have the skilled workforce that they need to grow Boston's economy.

For Boston to continue to serve as the economic engine for the region, it cannot ignore the housing and social needs of this population. Developers need to be able create housing that is right-sized and right-priced. In planning, Boston also needs to make sure that it offers communities the right mix of housing, entertainment, and services to meet the needs of this group.

Empty-Nesters & Seniors

As the baby-boom generation has aged, the count of people in Boston aged 55–64 (typically the “empty-nester” cohort) has risen by 37 percent – from 41 thousand in 2000 to 56 thousand in 2010. As these empty-nesters move into retirement during the decade of the 2010s, new housing challenges will emerge. Historically, Boston retains 80 percent of its empty-nesters as they move to retirement. If that retention rate continues, there could be as many as 13 thousand more retirees in Boston by 2020.

Retirees present a special challenge for Boston's housing market. While the labor force participation rate among seniors has risen substantially – from 10.9 percent in 2000 to 17.6 percent in 2010, and could easily reach 25 percent by 2020, most seniors do leave the labor force. While these retirements create new job openings for new workers that need new housing, retirees *do not* create many new openings in the housing market because so many Bostonians choose to remain when they retire.

Additionally, if downsizing empty-nesters and seniors from suburban communities decide in significant numbers to relocate to the city because of its social, cultural, transportation and healthcare advantages, this could further add to housing demand. The empty-nester age cohort already has a much lower out-migration rate than other age cohorts over the age of 30⁴, and could easily become a source of *in*-migration in the decade of the 2010s if current trends continue.

Families With Children

The number of families with children in Boston represents only 20 percent of Boston's households, compared to 28 percent statewide. However, the trend may be beginning to reverse itself. The number of young families with only pre-school age children rose by 7.3 percent from 2000 to 2010, and the number of children in the downtown neighborhoods grew by 15 percent. The recently-announced new public school at 585 Commercial Street recognizes this trend.

Conversely, many of the neighborhoods where families have traditionally located are posting significant drops in the number of children under 18 years. From 2000 to 2010, Dorchester had a 19 percent drop in the number of children; Mattapan had a 23 percent decline.

The result may yield an increasing housing mismatch where family-sized housing is concentrated in areas that are losing children, while the need for more family housing will arise in areas that lack family housing.

Boston has historically had its largest out-migration in the 35-49 year old demographic that includes many families with school-age children. This out-migration has been a key offset to the market pressures created by the in-migration of 20-34 year olds⁵. If, however, the public schools continue to improve in the decade of the 2010s, and this out-migration of families with school-age children abates, the result will be a significant increase in the need for new housing production.

⁴ See [Research Appendix 2](#) for more information about in- and out-migration from Boston during the 2000s

⁵ See [Research Appendix 2](#) for more information about the out-migration of households in the 35-49 year-old demographic

Market Rate Housing Production: Goals

To accommodate the City's economic growth and demographic change during the decade of the 2010s, the City has established the following goal:

Accommodate the city's anticipated economic growth by permitting a total of 30,000 new units in Boston during the decade of the 2010s.

About 25,000 of these units are expected to be market rate⁶ units without governmental assistance, representing \$11.4 billion in private investment.

As shown in [Appendix 3](#), the City currently has 5,332 of the 25,000 market rate units in construction, and another 9,112 have been approved through Article 80 of the Boston Zoning Code, but have not pulled permits yet.

Market Rate Housing Production : Strategies and Action Steps

Market Rate Production Strategy

To achieve the goal of producing 25,000 market rate units, the City will employ three key strategies:

- **Density.** Encourage greater density, coupled with good design and public amenities, in order to create stronger, more vibrant communities that will be attractive to Boston's growth demographics.
- **More Efficient Development.** Promote more efficient development that allows developers to create housing at a lower price point by offering greater flexibility in design elements such as parking and unit sizes and promoting greater efficiency in the development permitting process while still creating housing that is highly compatible with its surrounding community.

⁶ Market rate units are units that do not have income restricted occupancy or long term affordability covenants.

Actions To Be Taken in 2013

- **Move Forward on the Development Pipeline.** In addition to the 5,332 market-rate units that have started construction, there are another 9,112 that have been approved but have not yet pulled building permits. The city will work to ensure that these projects are permitted in a timely manner. Another 3,600 new units are in the development pipeline seeking zoning approval. The BRA will continue to move forward, approving those that have been appropriately reviewed by the community and have met the BRA's Article 80 development review process requirements.
- **Housing Cost Drivers Study.** Commence a study to identify the key cost-drivers for housing production in Boston relative to other similar cities across the county. Identify those cost-drivers that can be influenced by City action. These cost-drivers may be design-related (e.g. unit sizes, parking), regulatory-related (e.g. costs and timelines for getting all permits) or construction-related (e.g. costs of materials and labor). Seek to find best practices in other communities that helped reduce the cost of producing housing.
- **Parking Options Study.** Research best practices find more efficient ways to manage the need for offstreet parking with a goal of having a greater proportion of the new residential buildings being dedicated to housing people rather than cars.
- **Unit Sizes.** Implement the new smaller unit size standards that were approved by the BRA in July 2013. See [Appendix 8](#) for a summary of these unit size policies.
- **Design For Our Demographics.** While micro-units are a design innovation that serves the housing needs of a segment of the younger workforce, the need to innovate cannot stop there. Design solutions for creating family-adaptable housing downtown are needed; designs that are attractive to downsizing empty-nesters and seniors are needed; design solutions from the City's Energy-Positive

demonstration initiative⁷ should be distilled and disseminated. In 2013, the City will start with convening design experts to look for new approaches and best practices from other communities and other countries.

Recommendations for an Incoming Administration

- **Zoning Update.** Update the provisions in the Zoning Code to allow for more cost-efficient development options, examples:
 - Cost Drivers. Where there are cost-drivers resulting from the zoning code and there are proven best practices to responsibly reduce those cost drivers, seek to update the zoning code to implement those best practices. This should include specifically revisiting the Article 80 development review process with eye toward offering a review process that is not only inclusive and comprehensive but is also efficient and time limited.
 - Structured Parking Requirements: Drawing from the best practices identified in the Parking Options Study, allow developers to meet resident transportation needs more comprehensively -- promoting all transportation options, not just the automobile⁸.
- **Labor Participation.** Support responsible labor practices on residential construction. Work with the unions to reduce labor costs on affordable and workforce housing projects. Concurrently, the City should seek new authorities to enforce workforce agreements that developers made as a part of the permitting process.

⁷ Energy-Positive Housing is designed to generate more energy than it consumes.

⁸ Examples of best practices in other cities: Vancouver, Canada allows developers to partially cash-out parking requirements by funding improvements to bicycle and transit access; New York City is looking at allowing developers to lease/sell spaces to non-residents and commercial parking operations thereby increasing the revenue from their parking facilities while still getting the same number of cars off the street.

Expanding Housing Options for the Middle Class: Background

With just over 26 percent of its households in the middle class (2010 household income between \$50,000 and \$100,000), Boston has a smaller middle class than its region (29.1 percent) or the nation as a whole (30.1 percent). Rebalancing this equation will require housing strategies that attract and retain the middle class.

Creating middle class housing is going to require a much more activist role for government than had previously been necessary because costs are rising so much faster than incomes⁹. Without a robust middle class housing production effort, the middle class will increasingly be in competition with lower-wage workers for existing housing, further worsening the housing challenges for Boston's poorest citizens.

The biggest housing challenge for Boston's middle class is its access to the homeownership market. The pricing-out problem for middle class homebuyers is most extreme in the downtown neighborhoods, where a \$75,000 income is not enough for 96 percent of all homes on the market. Even a \$100,000 income provides access to only 13 percent of the homes on the market in the downtown areas.

Today, even neighborhoods like Jamaica Plain and South Boston, traditionally viewed as more affordable, are out of reach – that \$75,000 income is sufficient to afford only 15 percent of the market in Jamaica Plain and only 6 percent of the market in South Boston¹⁰.

Compounding this is the reality that an increasing number of middle-class first-time homebuyers are still carrying massive amounts of student debt that further constrains their ability to qualify for a mortgage.

⁹ While household incomes have risen by 31 percent (from 2000-2011), median rents are up by 53 percent, and median home prices grew by 63 percent.

¹⁰ See Research [Appendix 4](#) for more detailed information on the pricing-out problem for Boston's middle class.

Expanding Housing Options for the Middle Class: Goals

While the City has never before had such a large and explicit goal for housing the middle class, the current realities demand that the City do so now. To that end, during the decade of the 2010s, the City intends to:

House 5,000 middle income households – half through new private production in middle income affordable areas and through creation of middle-income affordable units in City-assisted and Inclusionary developments, and half through City assistance to homebuyers buying in the private market. This will require between \$1.5 and \$2 billion in public investment and private financing.

Expanding Housing Options for the Middle Class: Strategies & Actions

Middle Class Housing Strategy

To achieve the goal of providing expanded housing opportunities to 5,000 middle class households, the City will employ three key strategies:

- **Private Middle Income Development in the Neighborhoods.** Promote more new private development in areas of the city that are already more affordable to the middle class.
- **Publicly-Owned Real Estate.** The City will create targeted middle class development opportunities through public land disposition using the City's own land, as well as advocating for State & Federal lands. The City will also manage the tax foreclosure process to prioritize the acquisition of distressed and underutilized sites that can be turned quickly into tax-paying middle income housing development sites.
- **Homebuying Assistance.** Re-engineer the City's homebuying assistance programs to better compensate for the highly competitive homebuying market that middle class homebuyers current face, and seek to facilitate better access into some of the higher cost neighborhoods where the middle class is largely priced out.

Actions To Be Taken in 2013

- **Homebuyer Programs.** Recognize the newly competitive homebuying market and recalibrate the City's homebuyer assistance programs so that City-assisted middle-income homebuyers can compete more successfully in the market. As currently envisioned, the new ***Boston Buyers Advantage Program*** will provide a comprehensive suite of services including:
 - Credit counseling and help getting prequalified by a lender for those just starting down the path toward becoming a homebuyer;
 - A new Boston Homebuyers Club that will help with the home shopping process for buyers currently in the market, including listings of any new affordable homes from DND or BRA/Inclusionary programs as well as available resales of affordable homes;
 - A new financial assistance product that will provide enhanced downpayment and closing cost assistance to ensure that participating buyers have no cash shortages at closing. This new financing product is intended to make City-assisted homebuyers more attractive to sellers and their brokers, as most last-minute financing issues that might hold up a sale will have been addressed ahead of time.
 - Seek sufficient funding in FY14 and after to triple the annual output to a least 300 homebuyers per year.
- **Public Real Estate Holdings Suitable for Middle & Mixed-Income Development.** Complete a thorough assessment of all publicly held real estate in Boston that has potential for development into middle-class and affordable housing. Start with all City agencies including the BRA and line agencies (e.g. Public Works Department and Boston Public Schools) and identify vacant or underutilized parcels suitable for middle-income development that are in tax foreclosure or that could be obtained in the near future. Seek cooperation from State/Federal landholding entities such as DCAM, DCR, MBTA, USPS and GSA regarding their disposition plans.
- **Middle Income Housing Initiative.** Continue to deliver on the Middle Income Housing Initiative that committed to provide a million square feet of City-owned land for new middle income housing development over two years. Have at least a half million square feet of property underway by the end of 2013.

Recommendations for an Incoming Administration

- **Middle Class Incentive Zoning.** Create a middle-class incentive zoning program that would provide expedited reviews and a density bonus program for developers who create middle-income targeted housing. The incentive zoning program would also include provisions to ensure that the most cost-efficient and sustainable construction techniques¹¹ are possible.

The incentive zoning would carry with it a design requirement to ensure that projects that can now be built as-of-right still must be well-designed, offer sustainable energy-efficient housing for the occupants and are appropriate in their neighborhood context. This incentive zoning program should be primarily focused in neighborhood locations around transit nodes, along bicycle corridors, and in some commercial districts, e.g., the Fairmount and Orange Line corridors.

- **Middle-Class Housing Access Fund.** Consider further enhancing the Homebuyer Assistance Program by using some Inclusionary Cash-Out funds to fund a homebuyer assistance program that provides buydown assistance for middle-income buyers to buy into the existing (non-luxury) market in the high-cost neighborhoods where they would otherwise be priced out¹². Units bought this way would be required by covenant to remain middle-income affordable units into the future.
- **Expanded and Extended Middle Income Housing Initiative.** Using the public property analysis described above, expand and extend the Middle Income Housing Initiative to include much more than the current one-million square foot target and extend the initiative through the year 2020.

¹¹ For example: Woodframe low-rise construction costs are typically 10% - percent – 30% percent less per square foot than other construction techniques.

¹² See [Appendix 4](#) for information about the pricing out of the middle class

Affordable Housing Production & Preservation: Background

Boston has a greater percentage of its housing stock set aside as affordable housing than any other major city in America¹³. Affordable rental housing represents about 22 percent of our existing stock and 30 percent of all new housing production since 2000. With more than 52,000 affordable units, Boston has more than 20 percent of the state's affordable housing, even though the city is home to less than ten percent of the state's population.

Despite all these efforts, the cost of housing remains a huge challenge for many Bostonians. One in every five households in Boston – 46,000 in total -- spends more than 50 percent of their income on housing. Addressing these high housing cost burdens has been at the center of every Boston housing plan since the repeal of rent control in the mid-1990s deregulated 22,000 apartments occupied by low income and elderly tenants.

Despite the overwhelming need, resources and outputs for affordable housing are declining. In the last 10 years, CDBG¹⁴ has been sliced 36 percent and HOME¹⁵ grants are down 46 percent. After 53 years, HUD is now no longer funding the capital subsidy component of the Section 202 elderly housing program, effectively turning it into a project-based rent subsidy program.

Compounding this are steep cuts in HUD's support for rental assistance programs and public housing programs. If these cuts continue, there will be serious impacts to both the BHA's Housing Choice Voucher programs and Public Housing programs, and longer and longer waiting lists will be the result.

The Commonwealth of Massachusetts, however, continues to be a reliable partner. Currently, the State FY14 budget includes a new Housing Bond Bill, the first since 2008, which could provide as much as \$1.4 billion for affordable housing over the next few years.

¹³ See Research [Appendix 1](#) for city-by-city rankings

¹⁴ CDBG: Community Development Block Grant.

¹⁵ HOME: HOME Investment Partnership Program

At the City level, Linkage funds, which are tied to the commercial sector, are rebounding after the recession, but it has been seven years since the formula was adjusted for inflation. Inclusionary Development Cash-Out funds, which had been declining due to the housing slump, may now rebound with the market upturn.

Those declining resources have resulted in lower affordable production rates. In the early 2000s, an average of 443 City-assisted affordable units were created annually, but in recent years the production rate has fallen to 274 units per year – a 38 percent decline.

A second key factor in the declining production rate is the rising cost of creating new housing. The average total development cost per unit in City-assisted developments in the early 2000s was \$259,000. In the last four years, the average cost per unit was \$365,000 – a 41 percent increase¹⁶. Private sector costs have increased even more – from \$302,000 per unit in the early 2000s, to \$566,000 over the last four years – an 87 percent increase¹⁷.

Affordable Housing Preservation

Boston's nation-leading affordable housing inventory is the result of 75 years of investment stretching back to the New Deal era, when the first of Boston's public housing units were created. Preserving that legacy becomes more challenging every year as the stock ages and market forces entice owners to opt out of the affordable housing business.

Nowhere is the commitment to preserving that legacy more apparent than at the Boston Housing Authority. While other major cities have numerous boarded up developments or large tracts of land where public housing used to be, the BHA currently has one of the highest occupancy rates in the nation among large public housing authorities – more than 97 percent of the BHA's 12,000 units are habitable and occupied.

¹⁶ See Research [Appendix 5](#) for information on affordable housing production costs and gap subsidy requirements between 2000 and 2012

¹⁷ Private sector market-rate housing typically has more amenities and non-residential elements (e.g. 1st floor commercial) than affordable housing projects. This results in per unit costs that are consistently higher than are experienced with affordable housing.

This occupancy rate largely has been the result of the BHA's effective use of Federal PHA Operating funding, but these funds are being drastically reduced each year. Capital funding for major capital investments is also down significantly – from \$28 million in 2002 to \$17 million in 2012. 2013 is expected to bring a further cut of almost \$1 million. Capital funding for the BHA's state-funded developments has not been cut back as severely, but it still is far short of what is needed. The BHA estimates that it will cost over a half billion dollars to make all of the necessary capital investments needed to fully upgrade all of their developments.

As one of Boston's largest residential landlords, the BHA must also continue to play a leadership role in energy and water conservation and in the reduction of greenhouse gases, despite formidable resource challenges. Just recently, the BHA was certified as a Green Organization by HUD and the Sustainable Performance Institute.

Boston's other 40,000 affordable units are in private hands, including for-profit developers, non-profit organizations and individual homeowners. These units are threatened on a number of fronts. Some are, like public housing, getting old with substantial capital obsolescence issues. Others have reached, or will soon reach, the end of their affordability obligations and are at risk to be converted into market-rate housing.

While the city has been successful so far in preserving these units – less than 10 percent of the 5,300 units at risk between 2009 and 2012 were lost – that task becomes ever more difficult as more units require recapitalization and even more units reach the end of their affordability protections.

Despite the resource challenges that it currently faces, the City remains committed to an ambitious affordable housing production agenda:

Produce 5,000 income-restricted long-term affordable units through new production, and conversion of existing market-rate units into affordable units. This represents 2.1 billion dollars of new investment in affordable housing production.

Of these 5,000 affordable units, about 2,000 are expected to be created privately through the Inclusionary Policy, and about 3,000 will be created with public financing. As can be seen in more detail in [Appendix 6](#), the publicly funded units will cost \$1.25 billion to build and will require \$559 million in public gap financing from City, State and Federal sources. Private sources, including equity generated through various State and Federal tax credit programs will provide \$691 million.

Also shown in [Appendix 6](#) is an analysis of the impact of additional Federal funding cuts. The State's new \$1.4 billion Housing Bond Bill provides the City with reasonable confidence that the projected State share of \$235 million will be available. Without any more Federal cuts, the City would need to raise \$115 million of its own funds over ten years, which is comparable to what it is raising now on an annual basis. However, given the recent defunding of capital subsidies in the Section 202 elderly housing program, the termination of the NSP program, and the continuing vulnerability of the HOME and CDBG programs, level Federal funding is highly unlikely. If Federal participation in Boston's affordable housing production were to decline by a full 50 percent, the City would need to raise an **additional \$81.3 million** above the \$115 million it is already raising.

In response to these realities, Housing Boston 2020's strategy places emphasis on expanding revenue sources and cutting costs. Without some of each, the 5,000-unit production target will be difficult to achieve.

In the area of affordable rental housing preservation, the City has the following goals:

Retain 100 percent of Boston’s public housing stock¹⁸ despite declining resources, while maintaining the BHA’s 97 percent occupancy rate at developments not undergoing redevelopment.

Reduce greenhouse gas emissions in the BHA-owned portfolio by 25 percent.

Retain at least 95 percent of privately-owned affordable units.

Affordable Housing Production & Preservation: Actions

Strategies &

Affordable Housing Strategy

To achieve its affordable housing goals, the City will employ the following strategies:

- **Offset Continuing Federal Cuts to Affordable Housing with Locally Grown Resources.** Federal housing programs have borne a disproportionate share of Federal budget cutting actions, and it is unlikely that this is going to be reversed any time soon. Boston, and cities like it across the country, must become more self-reliant when it comes to affordable housing funding. To that end, the City must explore all available options for enhancing affordable housing funding.

¹⁸ Zero permanent losses of units because of habitability. Excludes some nominal losses that may result from unit reconfigurations in redevelopment projects or because of ADA-required unit adaptations.

- **Reduce The Cost of Producing Affordable Housing.** Encourage and create means for affordable housing developers to offer more efficient affordable housing designs. Increase the efficiency of systems for funding and approving affordable housing proposals.
- **Reduce Operating Costs and Greenhouse Gas Emissions in Affordable Housing.** Help affordable housing owners to reduce both their environmental impacts and their operating costs by adopting new technologies to conserve energy and water.

Actions To Be Taken in 2013

- **Linkage.** Adjust the Linkage fee for the last three years of inflation, as allowed under current law, at the earliest opportunity. This would be a 6 percent increase or 47 cents per square foot resulting in a new rate of \$8.34 per square foot.
- **Inclusionary Development Policy.** File a Home Rule Petition, through a vote of the Boston City Council, to codify the Inclusionary Development Policy into State law. Execute a Mayoral Executive Order and BRA Board vote to govern the interim administration of Inclusionary Development funds pending enactment of the City's Home Rule Petition. These actions will require DND and Treasury to administer Inclusionary Funds in a manner consistent with DND's procedures for other housing funds.
- **Revenue Options Research.** Complete a housing revenue options research study that explores all new resource options not currently in use by the City of Boston to support affordable housing production and preservation. This study will assess how these options might be applied to actual projects in the City's affordable housing production and preservation pipeline.
- **Alternative Rental Housing Financing Option.** Develop in cooperation with State entities (MassHousing, MHIC, DHCD, MassDevelopment) a new fast-track financing product that enables more cost-efficient projects to bypass the multi-year queue that now exists for the deeper subsidy programs. Currently there is a significant unused allocation of 4 percent Low Income Housing Tax Credits at the State that could be a key resource for this alternative financing product.

- **Design Standards.** Publish new design/construction standards for affordable housing to permit more efficient construction and lower per-unit production and preservation costs, without substantially affecting the livability or energy efficiency of the housing. These changes could, for example, include: smaller unit sizes, lowered parking requirements, alternate construction technologies, and allowing more efficient design/build projects where the developer, architect, and contractor come in as a single team, and bidding only occurs at the subcontractor levels.

Recommendations for an Incoming Administration

- **Linkage.** Reassess the Linkage program, and if appropriate, file a Home Rule petition to update Linkage, including a limited resetting of the fee amount to account for affordable housing production cost increases, as well as reassessing the current 100,000 square foot exemption policy.
- **Inclusionary Development Cash-Outs.** Once the Policy has been enacted into State law, establish clear rules under that law for the City to administer the cash-out program. These rules should:
 - Be predictable and uniform across all covered projects, so that developers can undertake IDP-covered projects with more cost certainty;
 - Establish a floor price for cash-outs closer to the actual total public cost of producing an offsite affordable unit; and
 - Reassess the cash-out formula to capture a greater share of the economic value of the cash-out and to incent developers to directly create on-site or off-site affordable units.

The Inclusionary Cash-Out option has the potential to generate significant, much-needed revenue. If one-quarter of the Article 80-covered projects expected to be permitted between now and 2020 are allowed to cash-out even at the minimum floor rate of \$200,000, it is estimated that the City could raise an additional \$19.5 million per year for affordable housing.

- **Community Preservation Act.** 148 communities across Massachusetts have voted to approve CPA initiatives, and new rules at the state level have not only reduced the cost to taxpayers but also have increased the State funding that it leverages. Under current CPA rules, only a one percent surcharge is required to qualify for matching funds, and the State will match not just CPA funds, but also Linkage and Inclusionary funding.

Although Boston voters rejected a CPA measure in 2001, these improvements and the prospect of ever-deepening Federal funding cuts makes a reconsideration of the CPA appropriate at this time.

The amount of revenue generated will depend on the CPA formula that goes to vote combined with the amount of match funding the State provides.

For example, if a 1 percent CPA vote with residential and low income exemptions were approved, it would raise about \$12 million annually *before* the State's matching funds are added in¹⁹.

It is important to note, however, that CPA funds are not only used for housing; they must be distributed across affordable housing, open space and historic preservation. This means that amount available for housing would be less than the total \$12 million.

- **Senior Housing Task Force.** With the number of seniors living in Boston expected to increase substantially by 2020, and with the largest Federal cuts coming in the Section 202 senior housing program, Boston, like every other city in the country, will need to devise fundamentally new strategies to house its seniors.

We expect to see rising numbers of seniors living alone in large homes that are increasingly difficult to maintain and expensive to operate. If seniors have attractive and affordable downsizing opportunities *within their community*, it follows that more family-

¹⁹ State matching funds are generated from a real estate transaction fee that is divided across all CPA communities. It can vary substantially with the level of activity in the real estate market as well as the number of CPA communities eligible for the match, so reliable projections of State matching funds are not possible.

sized housing would be available for families, while seniors would be able to stay in their community in more sustainable housing. It is expected that there may even be in migration of middle-class seniors from the suburbs as the City offers more attractive and accessible downsizing opportunities. The confluence of all of these trends creates an unprecedented set of challenges that must be addressed comprehensively and strategically.

To that end, it is recommended that a Senior Housing Task Force be convened by the incoming administration to create a fundamentally new comprehensive senior housing strategy. This Task Force would be comparable in nature to those used to generate homeless strategies – challenging experts and stakeholders to create a realistic and strategic response to a highly complex issue.

- **Affordable Housing Energy and Water Consumption & Greenhouse Gas Emissions.** Implement at the BHA HUD's Green PHA Assessment, including an authority-wide audit. Disseminate the benefit of this experience, including best practices, to other affordable housing operators.

Without question, Boston's 31 private and 4 public institutions of higher education are key to the city's current economic success, and will only become more important in the future as America's knowledge-based economy expands. While many of these institutions attract students from across the world, they also serve the professional development demands of local residents and employers, and contribute enormously to Boston's civic and cultural life.

Yet for all their benefits, colleges and universities also have significant impacts on Boston's housing market. The high quality and reputation of many programs brings thousands of new students to the city every year, and those students need housing. As shown in [Appendix 7](#), in the fall of 2012, there were 98,969 full-time undergraduate and graduate students enrolled in Boston's colleges and universities. Of these full-time students, 64 percent - 62,857 people - chose to live in Boston. 35,622 students were housed by the colleges in on-campus housing, while 27,234 were living in off-campus housing in Boston.

In a city of 636,000 people, the 27,234 students living in off-campus housing represent just 4 percent of Boston's population. This would not normally have a significant impact on Boston's housing market, except for the fact that the colleges are concentrated in only a few neighborhoods - Fenway/Kenmore and Allston/Brighton primarily - and their housing market impacts are equally concentrated. This reality has created intense competition for housing near the colleges, and investors are now paying top dollar for buildings that they can rent by the bed to students.

This is exacerbated by the fact that on-campus housing can be more expensive than private housing, discouraging some students from seeking on-campus housing. Instead, they compete in the private rental market for more affordable accommodations.

Local colleges and universities have responded to Mayor Menino's call for them to house more of their students. In the decade of the 2000s, more than 10,000 dorm beds were created in Boston, most for undergraduate students. There are now 40 percent more dorm beds in Boston than there were in 1999.

Maintaining this pace of dorm production will be more challenging in the coming years. In large institutions, dorms are increasingly in competition with other priorities, such as new laboratories, for scarce real estate and capital resources. Smaller institutions that do not house many of their students may lack the capacity or scale to build the housing they need. Almost 40 percent of full-time students living in off-campus housing in Boston are graduate students, yet only eight percent of new dorm beds created in the last 12 years were for students in graduate programs. Graduate student housing presents its own challenges because graduate students are much more likely than undergraduates to be married and have families.

The colleges and universities are finding ways to overcome these challenges. In the co-development model, private developers finance and build the dorms and the college executes a long-term lease to operate it. These developments are also taxable as opposed to conventional dorms that are tax exempt. Co-development may present an option for smaller institutions where a dorm development can be leased to more than one college. In 2007, Harvard University created 170 units of graduate student housing by purchasing a part of the Trilogy development in the Fenway.

College & University Housing: Goals

The current strategy of promoting new housing production for college students will be continued and enhanced to achieve the following goal:

Invest \$1.5 billion to create housing for 10,000 more full-time students and their family members, especially students in graduate programs.

College & University Housing: Strategies & Actions

Key Strategies

- **Enhanced Institutional Master Planning.** Further increase the responsibility of institutions to formally address their housing market impacts. Develop and implement measurable, time-defined strategies to systematically reduce their dependence on private market housing. These strategies should specifically identify underserved populations (e.g. graduate students, families, students from lower-income households) and show how these populations are to be better served.
- **Facilitate Housing Production.** Work flexibly with the institutions to facilitate their housing production using, where appropriate, non-traditional development models such as co-development. At the same time, these alternate development strategies must continue to ensure that the housing is tightly managed and not invasive of abutting neighborhoods.
- **Neighborhood Impact Mitigation.** Strengthen the ability of the City and institutions to raise affordable housing funds and strategically direct those funds into areas where institutions are having the greatest impact. Specifically, the Linkage program should be reformulated for institutional expansions and new resources targeted to workforce housing efforts to create/preserve non-student housing in high-impact areas to prevent excessive student concentrations.

Recommendations for an Incoming Administration

- **Institutional Master Plans.** Require all colleges to include a “demand study” of their full-time undergraduate and graduate students (and their families) to accurately determine the market for institutionally-provided housing. Use that analysis to create an *Institutional Housing Plan* that sets reasonable housing goals that will reduce the institution’s dependence on private-market housing over time with measurable targets and timelines.
- **Develop clear policy guidelines for appropriate co-development.** While potentially a useful tool to increase dormitory production, co-development needs to be done responsibly to avoid unintended negative consequences. Not every potential development site is appropriate for student housing, especially if it is not within campus boundaries. Co-development projects serving more than one college would need to have clear policies for student supervision and accountability. Proactively developing policy guidelines would be useful to colleges, universities and developers, and would provide important reassurance to neighborhoods concerned with institutional encroachment.
- **Linkage Reformulation.** The current Linkage formula does not account for the much greater housing market impact of institutional expansion compared to other commercial development. Only educational institutions create new housing demand from both their employees *and their customers* (the students), yet their Linkage obligations are the same as conventional commercial development. As part of the Home Rule petition to update the Linkage formula, a recalibration of the formula (either the exemption amount, the per square foot charge, or both) for any expansion that increases enrollment should be considered. Greater use of the Housing Creation Option²⁰ should also be facilitated to retain more institutional Linkage in the areas where their impacts are highest.

²⁰ Housing Creation Option allows developers to pay the present value of their Linkage obligation to a specific affordable housing development

Appendices

1. Affordable Rental Housing in America's 25 Largest Cities
2. Boston Migration Demographics
3. Boston's Market Rate Housing Production Plan
4. The Pricing-Out Problem for Boston's Middle Class
5. Affordable Housing Cost and Gap Subsidy Trends 2000-2012
6. Boston's Affordable Housing Production Plan
7. Residency of Boston's College Students, Fall 2012
8. New Unit Size Standards, June 2013

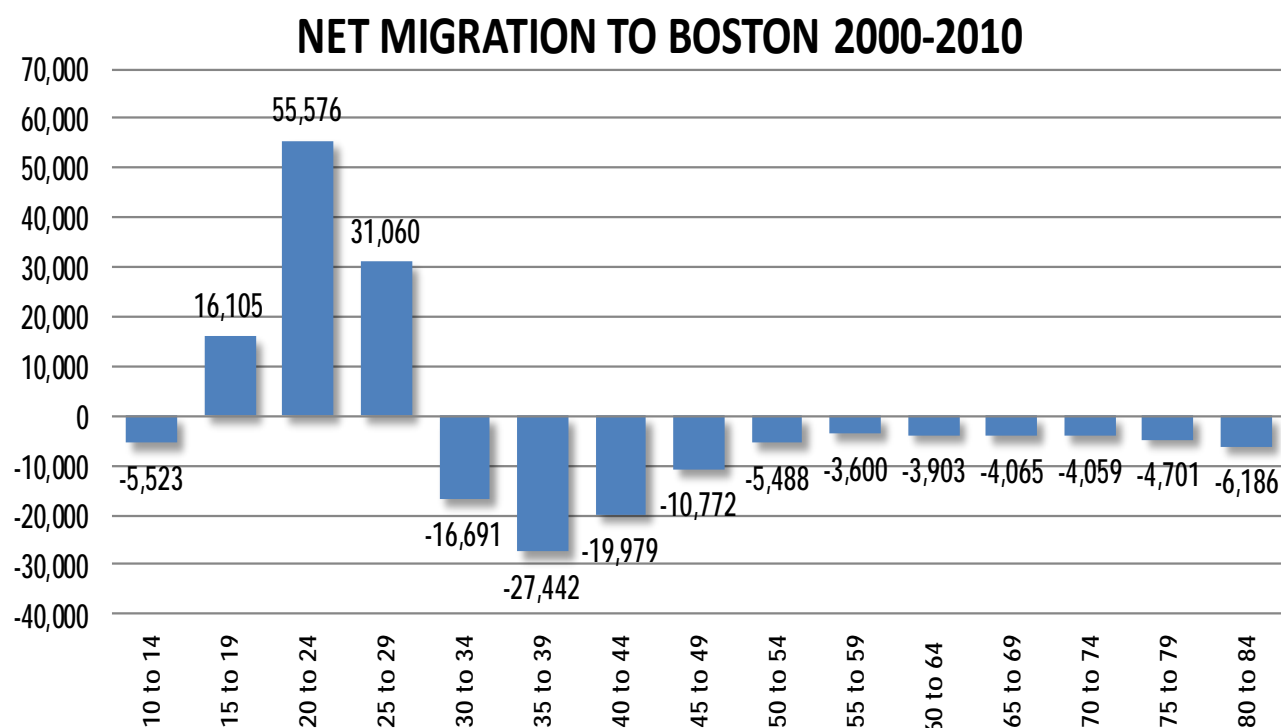
Appendix 1: Affordable Rental Housing in America's 25 Largest Cities

CITY (& Survey year)	TOTAL HOUSING UNITS	AFFORDABLE RENTAL UNITS	AFFORDABLE SHARE OF STOCK
Boston (2007)	227,200	50,900	22%
Atlanta (2004)	163,500	31,100	19%
New York City (2009)	3,024,500	529,100	17%
St. Louis (2004)	143,800	22,500	16%
Detroit (2009)	266,600	39,300	15%
Minneapolis (2007)	153,300	21,200	14%
Miami (2007)	148,100	20,200	14%
Denver (2004)	229,800	30,900	13%
Cleveland (2004)	173,700	23,000	13%
Buffalo (2002)	119,000	14,700	12%
Philadelphia (2009)	531,500	62,800	12%
Tampa (2007)	123,700	14,200	11%
Milwaukee (2002)	224,200	24,100	11%
New Orleans (2009)	129,500	13,400	10%
Memphis (2004)	200,000	18,700	9%
Houston (2007)	707,400	63,300	9%
Sacramento (2004)	163,100	13,600	8%
San Francisco (1998)	307,300	24,600	8%
Indianapolis (2004)	257,900	20,200	8%
Los Angeles (2003)	1,123,200	87,400	8%
Portland (2002)	202,000	14,400	7%
Chicago (2009)	943,300	66,300	7%
Phoenix (2002)	342,400	24,000	7%
Charlotte (Mechlenburg Co. 2004)	280,000	19,400	7%
Seattle (2009)	257,100	17,600	7%
U. S. (2009)	111,806,000	5,852,000	5%

Source: American Housing Survey, US Census Bureau (various years, as indicated.)

"Affordable" includes: Public Housing, Government subsidized and other income verification units, and tenant-based subsidies not attached to fixed units. Based on survey of residents. *Excludes deed-restricted affordable ownership units – data not available for cities other than Boston.*

Appendix 2: Boston Migration Demographics, 2000-2010



MIGRATION RATES FOR KEY DEMOGRAPHIC GROUPS

DEMOGRAPHIC GROUP	NET MIGRATION 2000-2010	NET MIGRATION RATE
20-34 YEAR OLDS	69,945	47.8%
35-54 YEAR OLDS	-63,681	-30.2%
55-64 YEAR OLDS	-7,503	-11.8%
65 - 75 YEAR OLDS	-8,124	-19.8%

Appendix 3: Boston's Market Rate Housing Production Plan

Production Source and Current Status	Market Rate New Units	Market Rate Production Costs
Permitted To Date: Private	5,236	\$2,367,725,330
Permitted To Date: City Assisted ²¹	96	\$35,563,661
Article 80 ²² Approved: Private	9,036	\$4,541,566,797
Article 80 Approved: City Assisted	76	\$25,500,083
Under Review Article 80: Private	3,282	\$1,649,690,980
Under Review: City Assisted	292	\$109,500,000
Projected: Private Article 80	4,423	\$2,222,760,789
Projected: Private Small (not Article 80)	2,625	\$504,000,000
TOTAL HOUSING 2020 PROJECTED	25,066	\$11,456,307,640

²¹ Market rate units in City-assisted affordable housing projects or through the disposition of City-owned real estate.

²² Article 80 of the Boston Zoning Code regulates the permitting of larger development projects. Upon approval by the BRA board under Article 80, the developer may then proceed to Inspectional Services to pull their building permit. Developers often postpone pulling their permits after Article 80 approval while they produce final working drawings and arrange financing, so permits may not be issued until a year or more after Article 80 approval.

Appendix 4: The Pricing-Out Problem for Boston's Middle Class

2012-2013 HOUSING MARKET ACCESS FOR 1-PERSON HOUSEHOLDS

INCOME GROUP	80% AMI	100% AMI	120% AMI
FY13 INCOME	\$52,864	\$66,080	\$79,296
Max Price Condo (0-1 BR)	\$153,500	\$202,700	\$251,900
Max Price Single (0-1 BR)	\$173,000	\$216,300	\$259,600

NEIGHBORHOOD	SALES	% MARKET AFFORDED	% MARKET AFFORDED	% MARKET AFFORDED
ALLSTON/BRIGHTON	311	10%	33%	74%
BACK BAY/BEACON HILL	479	1%	3%	6%
CENTRAL	414	0%	1%	4%
CHARLESTOWN	199	1%	6%	11%
DORCHESTER	117	27%	42%	65%
EAST BOSTON	73	32%	45%	55%
FENWAY/KENMORE	189	2%	13%	28%
HYDE PARK	36	39%	64%	81%
JAMAICA PLAIN	147	1%	12%	31%
MATTAPAN	9	33%	56%	67%
ROSLINDALE	63	19%	33%	48%
ROXBURY	26	15%	38%	54%
SOUTH BOSTON	501	1%	4%	12%
SOUTH END	419	0%	2%	4%
WEST ROXBURY	80	31%	40%	48%
CITYWIDE	3,063	5%	12%	23%

Priced Out: Able to afford less than 25% of sales

Appendix 4: The Pricing-Out Problem for Boston's Middle Class (cont'd)

2012-2013 HOUSING MARKET ACCESS FOR 2-PERSON HOUSEHOLDS

INCOME GROUP	80% AMI	100% AMI	120% AMI
FY13 INCOME	\$60,416	\$75,520	\$90,624
Max Price Condo (1-2 BR)	\$181,600	\$237,900	\$294,100
Max Price Single (1-2 BR)	\$197,800	\$247,200	\$296,700

NEIGHBORHOOD	SALES	% MARKET AFFORDED	% MARKET AFFORDED	% MARKET AFFORDED
ALLSTON/BRIGHTON	541	12%	41%	70%
BACK BAY/BEACON HILL	772	1%	2%	8%
CENTRAL	753	1%	2%	5%
CHARLESTOWN	403	1%	5%	10%
DORCHESTER	292	38%	53%	76%
EAST BOSTON	113	43%	61%	80%
FENWAY/KENMORE	266	3%	15%	27%
HYDE PARK	63	56%	70%	94%
JAMAICA PLAIN	297	3%	15%	30%
MATTAPAN	40	60%	65%	78%
ROSLINDALE	150	25%	47%	73%
ROXBURY	78	38%	51%	64%
SOUTH BOSTON	729	2%	7%	20%
SOUTH END	656	2%	3%	4%
WEST ROXBURY	189	31%	47%	65%
CITYWIDE	5,342	9%	17%	29%

Priced Out: Able to afford less than 25% of sales

Appendix 4: The Pricing-Out Problem for Boston's Middle Class (cont'd)

2012-2013 HOUSING MARKET ACCESS FOR 3 PERSON HOUSEHOLDS

INCOME GROUP	80% AMI	100% AMI	120% AMI
FY13 INCOME	\$67,968	\$84,960	\$101,952
Max Price Condo (2-3 BR)	\$209,800	\$273,000	\$336,300
Max Price Single (2-3 BR)	\$222,500	\$278,100	\$333,800

NEIGHBORHOOD	SALES	% MARKET AFFORDED	% MARKET AFFORDED	% MARKET AFFORDED
ALLSTON/BRIGHTON	347	6%	29%	58%
BACK BAY/BEACON HILL	436	1%	1%	1%
CENTRAL	415	1%	1%	3%
CHARLESTOWN	359	1%	2%	7%
DORCHESTER	414	39%	60%	79%
EAST BOSTON	103	48%	68%	87%
FENWAY/KENMORE	106	1%	1%	6%
HYDE PARK	184	34%	62%	88%
JAMAICA PLAIN	372	3%	10%	35%
MATTAPAN	79	61%	85%	89%
ROSLINDALE	254	19%	43%	72%
ROXBURY	153	49%	63%	81%
SOUTH BOSTON	602	3%	9%	20%
SOUTH END	443	2%	3%	3%
WEST ROXBURY	368	14%	27%	46%
CITYWIDE	4,635	12%	22%	36%

Priced Out: Able to afford less than 25% of sales

Appendix 5: Affordable Housing Cost and Gap Subsidy Trends 2000-2012

Production costs for affordable housing have risen by 40 percent since 2001.

Since private funding (bank loans, equity, tax credits) has remained almost unchanged, the rising costs have created rapidly-expanding gaps that require ever-increasing governmental gap funding. The average gap per unit is now more than double what it was in the early 2000s:

AFFORDABLE HOUSING DEVELOPMENT COST & FUNDING TRENDS 2001-2013			
YEAR STARTED	PRIVATE	GOVERNMENT	TOTAL
2001-2004	\$185,914	\$73,498	\$259,412
2005-2008	\$203,809	\$114,726	\$318,535
2009-2013	\$204,883	\$159,934	\$364,816
% CHANGE	10.2%	117.6%	40.6%

The increasing gap amounts have been funded through increased funding from four sources. The state funds about half of the gap; city programs, federal entitlement programs, and federal competitive programs each pick up between 15 and 20 percent of the gap.

SOURCES OF GOVERNMENTAL GAP SUBSIDY FUNDING 2001-2013								
YEAR STARTED	FED ENTITLEMENT % OF GOVT FUNDS		CITY FUNDS % OF GOVT FUNDS		STATE PROGRAMS % OF GOVT FUNDS		FED COMPETITIVE % OF GOVT FUNDS	
2001-2004	\$30,320,535	20.2%	\$31,197,056	20.8%	\$66,319,571	44.2%	\$22,319,894	14.9%
2005-2008	\$26,492,834	17.6%	\$29,255,771	19.5%	\$79,680,807	53.0%	\$14,976,700	10.0%
2009-2013	\$41,216,031	20.2%	\$36,191,339	17.7%	\$96,235,069	47.2%	\$30,432,900	14.9%

Federal Entitlement Programs:

HOME, CDBG, Neighborhood Stabilization Program, Public Housing Capital

City Funds:

Linkage, Inclusionary Development Cash-Out Funds, Leading The Way Fund

State Programs:

Affordable Housing Trust, Capital Improvement and Preservation Trust Fund, Housing Innovations Trust Fund, Facilities Consolidation Fund, Housing Stabilization Fund, Commercial Area Transit Note Housing Program and the Community-Based Housing Initiative

Federal Competitive Programs:

HOPE-VI, Choice Neighborhoods, Section 202 Elderly

Appendix 6: Boston's Affordable Housing Production Plan

AFFORDABLE HOUSING PRODUCTION PLAN

Housing Production Category & Current Status	Affordable Units	Affordable Unit Production Cost	Public Funding Required
Permitted To Date: Private Inclusionary	388	\$175,454,054	\$0
Permitted To Date: City Assisted	670	\$248,204,714	\$127,053,018
Article 80 Approved: Private Inclusionary	894	\$449,165,947	\$0
Article 80 Approved: City Assisted	692	\$232,184,966	\$115,374,602
Under Review: Private Inclusionary	325	\$163,156,251	\$0
Under Review: City Assisted	525	\$196,875,000	\$137,174,794
Projected: Private Inclusionary Article 80	437	\$219,833,485	\$0
Projected: Private Small (non Article 80)	0	\$0	\$0
Projected: City Assisted	1,069	\$400,875,000	\$179,485,747
TOTAL HOUSING 2020 PROJECTED	5,000	\$2,085,749,417	\$559,088,161

FINANCING PLAN FOR CITY-ASSISTED AFFORDABLE HOUSING: LEVEL FEDERAL FUNDING VS. 50% CUT IN FUNDING

	LEVEL FEDERAL FUNDING			50% FEDERAL CUTS AFTER 2013			Change Due To Federal Cuts
	Permitted To Date	Planned through 2020	TOTAL	Permitted To Date	Planned through 2020	TOTAL	
UNITS	670	2286	2956	670	2286	2956	0
CITY	\$26,161,883	\$89,262,784	\$115,424,667	\$26,161,883	\$170,615,186	\$196,777,069	\$81,352,402
STATE	\$53,204,250	\$181,529,725	\$234,733,975	\$53,204,250	\$181,529,725	\$234,733,975	\$0
FEDERAL	\$47,686,885	\$162,704,804	\$210,391,689	\$47,686,885	\$81,352,402	\$129,039,287	(\$81,352,402)
PRIVATE	\$156,715,359	\$534,703,449	\$691,418,808	\$156,715,359	\$534,703,449	\$691,418,808	\$0
TOTAL COST	\$283,768,375	\$968,200,754	\$1,251,969,129	\$283,768,375	\$968,200,754	\$1,251,969,129	\$0

Appendix 7: Residency of Boston's College Students, Fall 2012

	FULL TIME UNDERGRADUATE		FULL TIME GRADUATE		ALL FULL TIME STUDENTS	
IN BOSTON	49,315	68%	13,541	51%	62,857	64%
<i>On Campus</i>	32,597	45%	3,025	11%	35,622	36%
<i>Off Campus</i>	16,718	23%	10,516	39%	27,234	28%
OUTSIDE BOSTON	22,950	32%	13,162	49%	36,112	36%
TOTAL	72,265	100%	26,703	100%	98,969	100%

Includes Boston's 31 private, non-profit colleges universities and the Massachusetts College of Art and Design (state)

Excludes: University of Massachusetts-Boston, Bunker Hill Community College, Roxbury Community College. Total student enrollment of 10,883 full-time and 16,382 part-time students. Residence information unavailable.

Appendix 8: New Unit Size Standards, June 2013

Boston Redevelopment Authority

Boston's Planning & Economic
Development Office

Thomas M. Marino, Mayor
Clarence J. Jones, Chairman
Peter Moade, Director

One City Hall Square
Boston, MA 02201-1007
Tel 617-722-4300
Fax 617-248-1937

June 3, 2013

Robert Shortsleeve
Chairman
Zoning Board of Appeals
1010 Massachusetts Avenue, 4th Floor
Boston, MA 02118

Re: Minimum Square Footage Requirements for Downtown and Transit Oriented
Developments

Dear Chairman Shortsleeve and Members of the Board:

In an effort to further clarify the Boston Redevelopment Authority's ("BRA's") standards on minimum square footage requirements, I would like to take this opportunity to expand upon a letter written to Michael Kineavy in March 2006 on this matter. In the letter, the BRA's policy on "metropolitan-sized" units located in the Downtown was outlined as follows:

- Metro-studio units – 450 square foot minimum
- Metro 1 units – 625 square foot minimum
- Metro 2 units – 850 square foot minimum

At this time, the BRA recognizes the current demand for smaller unit sizes within projects located not only in the Downtown, but also as part of transit oriented developments elsewhere in the City of Boston ("City"). The BRA classifies transit oriented development as projects located within a one (1) mile radius of public transportation. As such, the minimum square footage requirements described above also apply to transit oriented development across the City.

If you have any questions, please feel free to contact me at 617-918-4471.

Sincerely,



Kairos Shen
Chief Planner

