The State of Affordable Housing in Greater Boston

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House prices in Greater Boston have doubled since 1995

Inflation-Adjusted Index:
Year 1995=100

Rents rose by 55% but have moderated somewhat since 2002

Inflation-Adjusted Index: Year 1995=100

Almost 30% of Massachusetts middle-income homebuyers are burdened by housing costs. Middle-Income Households, 2004

And nearly 60% of low-income homeowners are cost burdened

Low-Income Households, 2004

The housing affordability gap for Greater Boston has been widening.

Ratio of Median Income to Income Needed to Purchase the Median-Priced House

Source: Median income from the Census (1990 and 2000) and Current Population Survey (2004). House prices based on the OFHEO index. Income needed based on a monthly payment including principal and interest on a 30-year conventional mortgage with 20% down, real estate taxes, and insurance and a qualifying income of 28%.
...and house prices have been rising faster in Greater Boston’s lower income communities.

The supply of affordable housing in Greater Boston has not been sufficient to meet the demand.

Ratio of Number of Affordable Units to Number of Low-Income Households, 2000


*Defined as units affordable excluding those occupied by higher-income households.
The housing affordability gap is wider in Greater Boston than other New England metropolitan areas.

Ratio of Median Income to Income Needed to Purchase the Median-Priced House, 2004

Source: Median income is three-year moving average from the Current Population Survey (2002-2004). House prices based on the NAHB index. Income needed based on a monthly payment including principal and interest on a 30-year conventional mortgage with 20% down, real estate taxes, and insurance and a qualifying income of 28%.
... and wider in Boston than in most “competitor” metropolitan areas

Ratio of Median Income to Income Needed to Purchase the Median-Priced House, 2004

Source: Median income is three-year moving average from the Current Population Survey (2002-2004). House prices based on the NAHB index. Income needed based on a monthly payment including principal and interest on a 30-year conventional mortgage with 20% down, real estate taxes, and insurance and a qualifying income of 28%.
Even for households headed by a college graduate...

Ratio of Median Income to Income Needed to Purchase the Median-Priced House, 2004

Source: Median income is three-year moving average from the Current Population Survey (2002-2004). House prices based on the NAHB index. Income needed based on a monthly payment including principal and interest on a 30-year conventional mortgage with 20% down, real estate taxes, and insurance and a qualifying income of 28%.
Progress has been made but still falls short of the \textit{New Paradigm} goals set in 2000.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{new-paradigm-goal.png}
\caption{\textit{New Paradigm} 2000 Goal: 15,660 Units}
\end{figure}

Ongoing initiatives and potential leverage points:

• Financing: Market incentives
  – Decreased role of the federal government and a shift in policy to market incentives suggests the private sector will be called upon to play a larger role

• Development: “Smart” growth
  – The need to align housing production and other community development goals points to greater use of mixed-use zoning districts and location of housing near transit and employment centers (40R)

• Zoning reform: Mitigate local costs using public funding
  – Restrictive zoning laws have been identified as an area for concern prompting initiatives to mitigate the cost of new development to communities (40S)
For More Information and Future Research…

http://www.bos.frb.org/economic/neppc/