

# WHAT THE NEXT MAYOR OF BOSTON NEEDS TO DO ABOUT THE AFFORDABLE HOUSING CRISIS



This White Paper series was created by the Boston Area Research Initiative (BARI), a network of research institutions and experts, to provide our city's next mayor with the perspective of members of our academic community. We stand ready to assist the mayor as experts, residents and stakeholders in Boston's future.

Papers were invited and reflect the views of the authors. They are not intended to reflect the views of their institutions, nor BARI members generally.

*Special thanks to Katharine Lusk at Boston University, Dan O'Brien at Northeastern University, and Michael Johnson at the University of Massachusetts Boston for their roles in spearheading this effort.*

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Boston is currently experiencing two overlapping housing crises. The first is an immediate crisis due to the pandemic and ensuing recession. The second derives from a long period of tremendous economic growth across the region that outpaced regional housing production. This paper expressly seeks to answer the question: How can Boston's next Mayor improve affordability, stability and equity in the city's housing market? Below we provide background on the current housing crisis in Boston to set the stage for the four priorities we outline.

Specifically, we argue for the following approach: First, the mayor must be vigilant in working to prevent displacement caused by the COVID-19 recession. Second, the next Mayor of Boston must continue to prioritize the production of both market rate and below market rate housing to ensure that Boston city residents can afford to stay in their homes, and to continue to attract a diverse group of new residents into our city. Third, the mayor must use an equity lens to create housing policies that consider who is housed, who is unhoused and why. And fourth, the next mayor must partner with key allies at other levels of government and in the region.

## **BACKGROUND: BOSTON'S CRISIS IS UNIQUE, BUT HAS DEEP ROOTS**

### **THE CURRENT CRISIS**

Boston is experiencing an immediate housing crisis due to the pandemic and ensuing recession; many residents are not able to afford their rent, and, to a lesser extent, their mortgage payments. The large and diverse population of Boston also has a large and diverse set of housing needs. The City of Boston is primarily composed of renters (65%) of which 13.3% are severely cost burdened low-income (non-student) households. Another 23.6% of households are low-income renters (see Appendix Figure 1). Approximately one out of every five housing units in Boston is income restricted (a total of 54,000 units that have an income-based restriction), the vast majority of which are income-restricted in perpetuity, although a small share will expire before 2030.<sup>2</sup>

Over the past two decades Boston has made a concerted effort to build in order to meet the growing demand for housing in the city. Between 2000 and 2018, Boston's housing stock grew by an estimated 18.9%, from 251,935 in 2000 to 299,472 housing units in 2018. The largest increase was in units in large buildings (see Appendix Figure 2). Boston continues to be a regional leader in building new

<sup>1</sup> Authors were equal contributors on this white paper.

<sup>2</sup> [https://docs.google.com/document/d/1WRWTKvld7\\_hAKiKz\\_F8-J\\_HCq5mCrWKxBUeFOVgwaM/edit](https://docs.google.com/document/d/1WRWTKvld7_hAKiKz_F8-J_HCq5mCrWKxBUeFOVgwaM/edit)

housing, but this honor is relative: the amount of housing built is still not nearly enough to meet the growing demand in the city. Additionally, the lack of housing production in nearby cities puts further pressure on the units produced in Boston. Boston is projected to continue to grow to approximately 750,000 people by 2030, though these estimates will be revised once it becomes clearer how the COVID-19 pandemic and ensuing recession have altered mobility decisions.

Over the past year housing prices have continued to skyrocket in Boston, despite the pandemic. As of April 2021, the typical home in Boston sells for \$680,122 (see Appendix Figure 3). Rents, on the other hand, declined, but have already started to rebound. From April of 2020 through April of 2021 the rental price of the typical one-bedroom apartment dropped from \$2,500 to approximately \$2,100, a decrease of 16%. They have since increased slightly, back up to \$2,200 in June (see Appendix Figure 4). Even at their lowest point, rents remained very high relative to other cities in America, and Boston continues to be a very expensive city in which to either buy or rent a home.

Housing instability also continues to be a critical issue. In Boston, the number of single adults experiencing homelessness decreased from 2020-2021 and the share of families experiencing homelessness decreased by 5.6%. This represents a total of 2,954 people in families that were homeless in 2021.<sup>3</sup> Additionally, Boston continues to face a steady number of evictions. The Eviction Lab tracks evictions throughout the country, including in the City of Boston, and shows that eviction filings in Boston peaked in early March, with a total of 169 filings in one week, and have since been declining, to a low of 31 filings in the last week of May.<sup>4</sup> The Aspen Institute recently predicted that nearly 21% of the Massachusetts population was at risk of losing their homes due directly or indirectly to COVID.<sup>5</sup>

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3 <https://www.boston.gov/sites/default/files/file/2021/04/2021%20Census%20Memo.pdf>

4 <https://evictionlab.org/eviction-tracking/boston-ma/>

5 <https://www.aspeninstitute.org/blog-posts/the-covid-19-eviction-crisis-an-estimated-30-40-million-people-in-america-are-at-risk/>

## KEY RECOMMENDATIONS

### HOW CAN BOSTON'S NEXT MAYOR IMPROVE AFFORDABILITY, STABILITY, AND EQUITY IN HOUSING?

#### **1. Help people stay in their current homes.**

- a. Continue to support and improve access to the Rental Relief Fund.
- b. Explore feasibility of rent stabilization policies.

#### **2. Continue to build towards a more affordable city.**

- a. Prioritize changes to the zoning code, specifically to abolish single-family zoning, allow upzoning by-right near transit, and expand support for ADUs.
- b. Increase the production of below market rate housing, including deed-restricted affordable housing.

#### **3. Create equity-centered policies and programs.**

- a. Prioritize support for minority- and women-owned businesses in the housing industry.
- b. Evaluate and expand programs to increase homeownership among low-income and minority communities, with a focus on down payment assistance as well as access to credit and federal benefits.

#### **4. Partner with key allies at other levels of government and in the region.**

- a. Support our federal delegation in lobbying for additional investment in affordable housing.
- b. Lead a regional response to our housing crisis.

## THE ROOTS OF THE CRISIS

The current crisis, however, has its roots in a long-term housing crisis and the development of Boston itself. During the Great Depression, the Federal Housing Authority developed an aggressive redlining policy, mandating racial and ethnic segregation in its publicly insured lending practices. In Massachusetts between 1935 and 1962, the FHA insured more than 68,000 loans totaling approximately \$695 million dollars. From 1940 to 1960, Sudbury quadrupled in size, Dedham grew by 15%, and Wayland nearly tripled, but due to these redlining policies, by 1960 they had 22, 23, and 11 Black residents, respectively. Except for Cambridge, by 1970 Boston's suburbs were about 98% white. The region's history of redlining has created persistent residential segregation held in place by zoning laws and generational wealth. Of the 147 municipalities that form the Greater Boston area, 61 remain at least 90% white, and some much whiter.<sup>6</sup>

More recently, Boston suburbs have mostly stopped building new housing. According to MassBuilds data, between 2010 and 2020 the majority of towns in Massachusetts built no new housing at all. Overall, between 2010 and 2020 Massachusetts produced 100,000 new units, of which one-third were built in Boston. In fact, including Boston, only 20 towns and municipalities produced more than 1,000 units during this decade, with Cambridge the only town other than Boston to produce more than 5,000 units. And in towns that did build, very little new housing was added. For example, the high-demand suburb of Lexington produced 14 new units during this time period.<sup>7</sup>

Homeownership, one of the greatest drivers of wealth accumulation in the United States, is also a tremendous driver of inequality; a Federal Reserve Bank of Boston report showed that the average white household's wealth in the Boston area was \$247,500 and the average Black household's wealth was \$8 in 2015, a gap that is in no small part attributable to inequities in access to home ownership.<sup>8</sup>

## ADDRESSING THE CURRENT HOUSING CRISIS

In Massachusetts, the charge is clear: state and local governments are responsible for working towards meeting residents' housing needs. Massachusetts has been a "Right to Shelter" state since 1983, meaning that the state is mandated to provide housing for every person eligible for services, every night. The idea of a "Right to Shelter" builds off an understanding of housing as a basic human right. Article 25 of the Universal Declaration of Human Rights recognizes the right to housing as part of the right to an adequate standard of living, stating that: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."<sup>9</sup>

These historical dynamics, coupled with an historical and current lack of construction in the region, further exacerbate existing inequalities and potentially threaten the economic viability and indeed, the identity of, our city and region. For those struggling to afford housing in the region, who have been able to secure remote work, this shift *could* mean that people are no longer as bound to geographic places even if they have good jobs. The fact that both housing and utility costs are very high in Boston, especially when compared to metro areas like Charlotte, NC, that offer good jobs, better weather, and cheaper housing could further weaken worker ties to our region. Much remains unknown about the consequences of COVID, however.

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6 <https://www.bostonmagazine.com/news/2020/12/08/boston-segregation/>

7 <https://www.massbuilds.com/map>

8 <https://www.bostonfed.org/publications/one-time-pubs/color-of-wealth.aspx>

9 <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

**As we explain above, for these reasons the mayor must be vigilant in working to prevent displacement caused by the COVID-19 recession. The next Mayor of Boston must continue to prioritize the production of both market-rate and below market-rate housing to ensure that Boston city residents can afford to stay in their homes, and to continue to attract a diverse group of new residents into our city.**

If Boston can creatively marshal its resources to address the affordable housing crisis, it can constructively address other pressing urban issues at the same time. For instance, in the face of the pressing threats of extreme weather caused by climate change, new buildings and retrofits can help Boston develop a hurricane, heat and flood-resistant cityscape, while ensuring that residents do not pay unsustainable rates for electricity.

Finally, and crucially, our nation is experiencing a profound racial reckoning. This moment in time has clear implications for how we should structure housing policy in the City of Boston. By adopting an equity lens in housing development, Boston can also specifically address some of the dramatic racial disparities in wealth and homeownership. As COVID-19 has so vividly demonstrated, a solid plan to develop affordable housing also represents a serious commitment to public mental and physical health, as a safe and healthy environment is a prerequisite for wellbeing. Support for women- and minority-owned businesses within the housing space can help bolster a robust economic recovery from the pandemic.

Housing policy in the city, region and nation cannot simply focus on increasing the raw number of people housed and sheltered. Rather, it needs to consider *who* is housed, *who* is unhoused, and *why*. We need to understand the extent to which barriers to housing are greater for different groups, and design policies that address these obstacles. Thus, housing policy must focus on housing justice, which aims for high-quality, safe housing for people of all genders, races, ethnicities, abilities, ages, income levels, and legal statuses.

## RECOMMENDATIONS

Based on our assessment of both the data points specific to Boston as well as the national context, we recommend the following areas of priority for housing policy in the city.

### **1. HELP PEOPLE STAY IN THEIR HOMES.**

The next Mayor of Boston must provide funding for rental assistance to all who need it now, as well as establish a plan to keep people in their homes and ensure that rents remain affordable in the future. This goal has several components:

**Continue to support and improve access to the Rental Relief Fund:** The next mayor must continue to support the Rental Relief Fund, making sure it has enough resources to assist all who need it, that it is well publicized, and providing timely assistance. The city must continue to make a clear financial commitment to support this program, thinking creatively about both large infusions of funds that are coming into the city (such as stimulus dollars) and setting up sources of funding for longer-term commitments. The city must make sure that a centralized location includes all resources currently available to assist individuals with their housing needs, and to decrease red tape and wait time for applicants. As an example, Metro List could connect people to the Rental Relief Fund. Additionally, the city must have a phone number and a location where individuals can go and speak with people (in multiple languages) about how they can access these funds. The city must make sure key mediators (such as health care providers and school administrators) are aware of all existing resources. Finally, the city must make sure that processing times remain low and communication about applications thorough, so that families are able to access financial relief when they need it and have confidence in the system. Such programs are only as valuable as their ability to deliver in a comprehensive and timely way.

**Explore feasibility of rent stabilization policies:** Additionally, the next mayor must think about long-term rental trajectories in Boston. Though rents declined during the pandemic, they are still extremely high, and have started to rise again now that employers and universities are moving towards in-person arrangements. The City should explore rental stabilization policies that can help tenants stay in their homes.<sup>10</sup> For instance, Oregon passed the first statewide rental stabilization policy which limits increases in rents to 7% each year, in addition to inflation.<sup>11</sup> Such policies could be models or starting points for our own community.

## **2. CONTINUE TO BUILD TOWARDS A MORE AFFORDABLE CITY.**

Boston must also continue to increase its production of market-rate housing, which is expected to drive down rents and stabilize housing prices in both the near and long term. To do this, we recommend both revisions to the zoning code, and increased financial commitments to production.

Existing zoning regulations increase housing costs and accelerate suburban sprawl by restricting the housing supply and disincentivizing the construction of dense, walkable neighborhoods with units that are close to transit and other urban amenities. Zoning is not a self-correcting social process, but rather one that creates a vicious circle. As legal scholar Michael Lewyn argues, high rents provoke “public concern about gentrification, which in turn leads to more anti-housing regulation, which in turn is likely to lead to even slower growth in housing supply, causing rents to continue to rise.”<sup>12</sup>

### **Prioritize changes to the following areas of the zoning code:**

- Abolish single-family zoning for new construction, thereby incentivizing density as well as the construction of more housing. This should be undertaken carefully, to accommodate density without sacrificing neighborhood character. We can have a city that is both dense and beautiful.
- Up-zone (to allow taller and denser buildings) by-right near all transit stations, as a way to develop dense housing nodes near transportation and incentivize walkability.
- Expand the accessory dwelling unit (ADU) program to include all Boston neighborhoods as well as buildings like carriage houses. However, as this is undertaken, policy should be carefully written to ensure that such dwellings comply with the minimum requirements of deed-restricted affordable dwelling units, namely, that they are comparable in size and scope. While there is movement afoot to legalize so-called “tiny houses” in neighboring states such as Rhode Island, Boston must be extremely careful to mandate that any accessory dwellings meet minimum residential standards and ensure that basic requirements are not waived.<sup>13</sup>
- Advocate for highly visible values-centered zoning decisions. For instance, the City should not let a large lot in the middle of the city become an Amazon warehouse — every new large lot that gets redeveloped should be in partnership with the City of Boston, as part of an integrated vision to support current and future residents of Boston. The current Widett Circle is an example of such an opportunity: by dedicating funds for planning and development of Widett Circle, the City could support a project that provides a significant amount of new housing opportunities across the income spectrum.
- Use Federal Funds to Launch New Housing Initiatives. The American Rescue Plan will infuse record amounts of money into cities and states in the coming months. Boston needs to use these funds wisely, prioritizing development of both housing and infrastructure that supports healthy community

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10 These could include tenant right to council and tenant option to purchase, two policies that have been under consideration by the state house for over a year.

11 <https://www.npr.org/2019/02/27/698509957/oregon-set-to-pass-the-first-statewide-rent-control-bill>

12 <https://www.planetizen.com/blogs/112816-does-zoning-create-vicious-circle-or-can-it-fix-itself>

13 Both Austin, Texas and Vancouver, Canada have designed and implemented successful ADU programs that Boston officials could use as model programs. Austin, TX: <https://communitypoweredworkshop.org/news/adu-resolution-passed> Vancouver, CA: <https://www.forbes.com/sites/sherikoones/2019/02/06/the-rise-of-accessory-dwelling-units-in-the-u-s-and-canada/?sh=1161a6a27a08>

development, including transit, safe and complete streets, cleanup and environmental work, broadband and connectivity, and support for local community development corporations. We reiterate here that new housing infrastructure also must be developed with an eye towards climate resiliency—prioritizing, for instance, hurricane, extreme heat and flood-resistant cityscapes—as various climate crises will increasingly shape life in cities for decades to come.

**Increase the production of below market-rate housing, including deed-restricted affordable housing:**

- Create city-wide mandates for affordable housing directed towards developers that are using special tax assessment (STA) or tax increment financing (TIF) agreements for residential developments. In other words, for-profit developers that receive public accommodations for taxes would be required to dedicate specific percentages of those developments to deed-restricted affordable housing. This has been piloted in other major cities; New York has a law called “421-A”, which applies to tax agreements in New York City and requires affordable units for projects in high-cost residential areas called “Exclusion Zones.”<sup>14</sup> The state of Rhode Island is exploring this option as well.
- Commit to a consistent stream of funding for affordable housing, one that is not subject to the annual vagaries of the budget process. Many other cities<sup>15</sup> and states<sup>16</sup> have a dedicated stream of funding for affordable housing. This is most often accomplished by creating a permanent transfer or conveyance tax on (high-end) real estate transactions.
- Commit to adequately funding affordable housing infrastructure, including the human resources that make such systems function well (for instance, inspectors, underwriters, or managers).
- Relentlessly pursue alternative sources of funding for infusions of cash that are opportunities of the moment, such as the CARES Act and the American Rescue Plan, or the National Housing Trust Fund, and the PILOT program. The future mayor should use these sources of funding in service of a broad vision that would support and scaffold long-term development.

**3. CREATE POLICY AND PROGRAMS WITH AN EQUITY LENS.**

Housing policy must be crafted intentionally, to ensure that all residents of Boston benefit, particularly low-income and minority households who have been historically disadvantaged by housing and other economic policy. These many forthcoming construction opportunities offer a once-in-a-generation opportunity to address entrenched inequalities. The next mayor must prioritize developing a pipeline of minority- and women-owned businesses, partially in response to existing disparities in the City’s set of eligible contractors, and expanding homeownership opportunities, particularly for low-income and minority households.

**Prioritize support for minority- and women-owned businesses in the housing industry.** The 2020 Boston Disparity Study<sup>17</sup> found that total minority- and-woman owned businesses accounted for only 16.9% of the city’s eligible contracts, meaning that they are still drastically underrepresented. In order to address this disparity, however, the City must also address some of the pipeline and capacity issues that women- and minority-owned businesses face. The next mayor must set up programs that assist minority- and women-owned companies, with a focus in the housing industry, but with eligibility for assistance in all industries. The City must both help these individuals create companies, as well as reach a scale and capacity that makes them eligible to win city and statewide contracts.

**Evaluate and expand programs to increase homeownership among low-income and minority communities.** These programs should include a focus on down payment assistance, access to credit as well as information about how to take advantage of federal benefits.

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14 <https://www1.nyc.gov/site/finance/benefits/benefits-421a.page>

15 <https://www.localhousingsolutions.org/housing-policy-library/dedicated-revenue-sources/>

16 <https://www.cga.ct.gov/PS98/rpt%5Colr%5Chtm/98-R-0048.htm>

17 [https://www.boston.gov/sites/default/files/file/2021/02/2020%20City%20of%20Boston%20Disparity%20Study%20Final%20Report\\_1.pdf](https://www.boston.gov/sites/default/files/file/2021/02/2020%20City%20of%20Boston%20Disparity%20Study%20Final%20Report_1.pdf), Page E3

- Down Payment Assistance: The biggest barrier to homeownership for low- and moderate-income households is not having sufficient income/wealth to obtain a mortgage. The city must create programs that assist historically disadvantaged groups in gaining access to this form of equity through grants and low-interest loans.
- Improve education around mortgage requirements and benefits: A 2015 Fannie Mae survey found that Black, Hispanic, and low-income households had less understanding of the qualifications needed to get a mortgage than white households.<sup>18</sup> The city should expand partnerships with Community Development Corporations, Credit Unions, and other community institutions to do targeted, concerted outreach and provide free home buying classes for would-be homebuyers to help tackle this information gap. Importantly, the most widespread financial subsidy for homeownership is the mortgage interest deduction (MID), which effectively subsidizes mortgage payments through the federal tax code. However, low- and moderate-income households are both much less likely to claim the deduction and are likely to realize smaller tax savings if they do.<sup>19</sup>
- The city should partner with a third party (potentially university researchers, as well as consulting firms and public-interest research groups) to evaluate existing programs to ensure resources are being used most effectively.

#### **4. PARTNER WITH KEY ALLIES AT OTHER LEVELS OF GOVERNMENT AND IN THE REGION.**

**Support our federal delegation in lobbying for additional investment in affordable housing.** The City of Boston alone cannot fund the provision of affordable housing for all who need it. The mayor must support new federal legislation to finance affordable housing, as is currently proposed by Senators Warren and Markey.<sup>20</sup> Additionally, on the campaign trail, then candidate Biden made a pledge to expand America’s largest rental assistance program, making it available to every family who qualifies.<sup>21</sup> But, as President, he has not included this in any of his current economic plans or budget requests.<sup>22</sup> Boston’s local officials should continue to advocate to make it a reality.

**Lead a regional response to our housing crisis.** The City of Boston alone cannot build us out of this housing crisis. The city must work with state actors and local mayors to build larger coalitions for more housing construction and coordination of housing resources in the state, while looking seriously at the zoning laws that prevent us from reaching our goal of safe and affordable housing for all. The city has made a strong commitment to building goals (through Boston 2030) and has continued to meet these goals. The mayor should advocate for the state to begin a similar process, working with local actors such as the Metropolitan Area Planning Council (MAPC), to support cities and towns in reaching specific housing production targets in the next decade. As the largest city and the Capitol city, Boston must be actively engaged in state planning processes. Similarly, Boston should push for regional zoning policy change.

Winston Churchill once observed that with crisis comes opportunity. We urge the city to heed the clarion call of “building back better”, and developing sound municipal, regional, and state policy to support equitable housing development for current and future Bostonians.

18 <https://www.fanniemae.com/sites/g/files/koqyhd191/files/migrated-files/resources/file/research/housingsurvey/pdf>

19 [https://www.jchs.harvard.edu/sites/default/files/a\\_shared\\_future\\_expanding\\_access\\_to\\_homeownership\\_fostering\\_inclusion.pdf](https://www.jchs.harvard.edu/sites/default/files/a_shared_future_expanding_access_to_homeownership_fostering_inclusion.pdf) Page 4

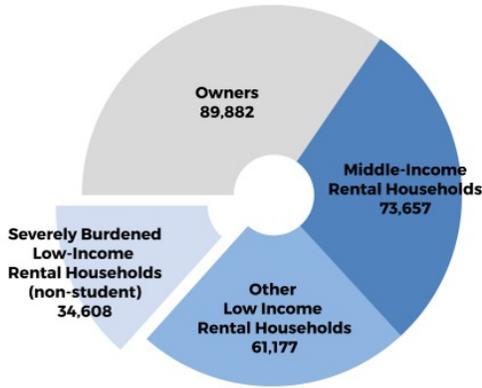
20 <https://www.bostonglobe.com/2021/04/22/business/warren-joins-push-more-housing-help-dc-seeking-nearly-500b-3-million-new-homes/>

21 <https://www.vox.com/2020/7/9/21316912/joe-biden-housing-plan-section-8>

22 <https://prospect.org/infrastructure/building-back-america/struggling-renters-need-more-federal-aid/>

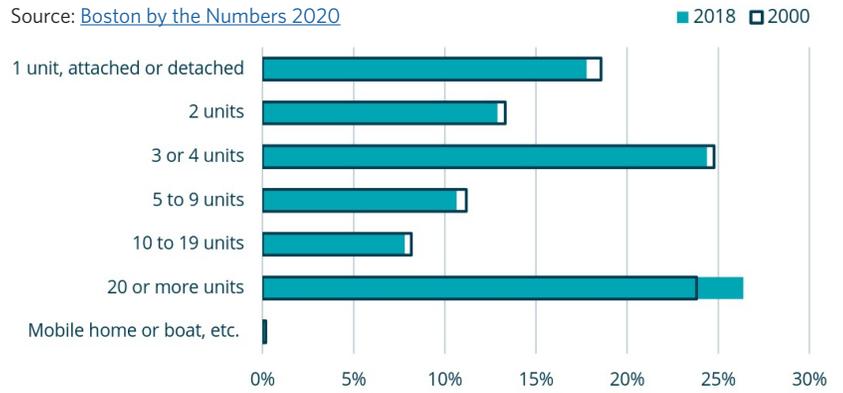
# DATA APPENDIX

**Figure 1: Tenure Composition of City of Boston Housing Units** Source: [Housing Boston 2030 Update](#)



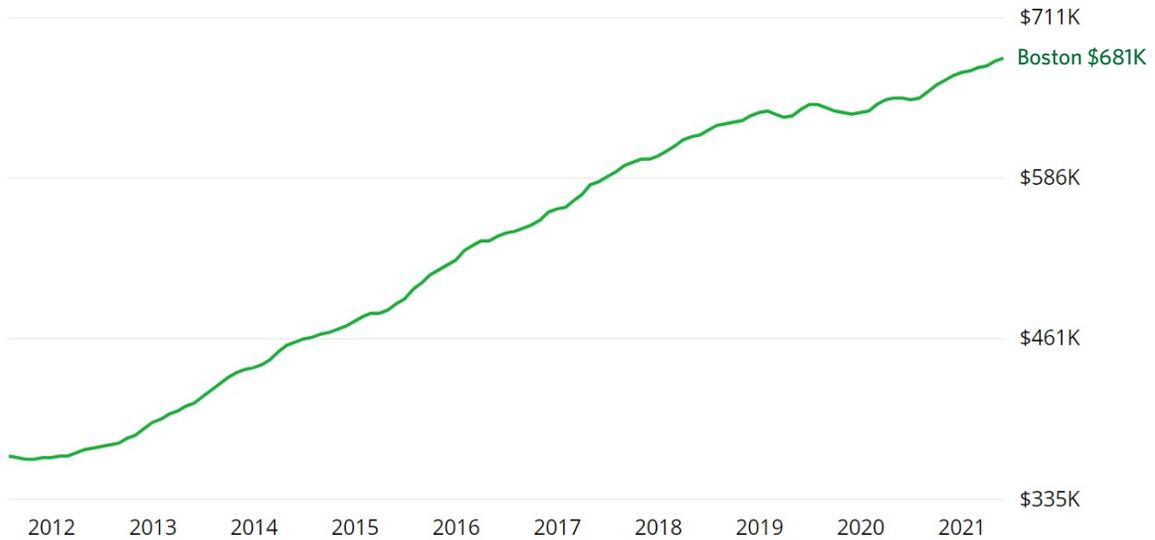
**Figure 2: Boston Housing Units by Structure (2000-2018)**

Source: [Boston by the Numbers 2020](#)



Source: U.S. Census Bureau, 2000 Decennial Census, 2018 1-year American Community Survey, BPDA Research Division. Analysis.

**Figure 3: House Price Trends in City of Boston, through May 2021** Source: [Zillow House Price Data](#)



**Figure 4: Rental Price Trends in City of Boston** Source: [Zumper Rent Research Data](#)

