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Boston Foundation publishes annual Greater Boston Housing Report Card - by Bill Pastuszek

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For 15 years, the Boston Foundation has published the Greater Boston Housing Report Card, an annual report that judges the availability and affordability of housing in Greater Boston. It gives good marks to the city's efforts to increase housing, but lower marks to the suburbs.

The Boston Foundation's Greater Boston Housing Report Card estimates housing permits in Boston and Greater Boston together are up more than 10% from 2016. Much of that growth comes from the city of Boston. The city will approve many more and different types of units than most communities outside of Boston by a huge margin.

The report defines Greater Boston as Essex, Middlesex, Norfolk, Plymouth and Suffolk counties. Harry Bluestone of Northeastern University, the report's author, noted that "permitting is actually down outside of Boston." The report notes that the region is on track to issue some 13,000 housing-related building permits, down from the 2015 peak, but still higher than in any other year in the past decade.

Boston has a mayor that is committed to housing, perhaps not to the extent that the previous mayor was, who was able to create affordable housing where it was most needed. The suburbs don't really have the same commitment to housing and, in fact, many suburban towns don't really welcome housing creation.

Thus, the 40Bs rule in many communities. Many of us, trying to find a way between NIMBY and rapacious development, find that 40Bs do more harm than good. Many communities would suffer less from the negatives of 40B – too much density, inappropriate developments, skirting of environmental issues—if they could put into place more "smart" development and not have development forced on them by outside entities.

Metro Boston benefits from a strong economy which has created the need for more housing. Metro Boston is not creating enough housing, according to Bluestone, nor is it creating enough affordable housing.

With rents that skyrocketed earlier in the decade, most renters are putting far more of their monthly incomes (>30%) into meeting housing obligations. The same is true with homebuyers.

While outlying communities are not subject to the same pressures as close in communities such as Brookline, Jamaica Plain, Newton, Lexington, and Belmont to name but a few, those suburban communities also see tight inventories and upward pressure on prices.

According to MLSPIN, Suffolk, Middlesex, and Plymouth counties all saw price increases over 2016 of more than 5%. Outlying counties showed increases of at least 4%. Middlesex and Suffolk show sales price/list price ratios of 1, while Plymouth was over 95%. Days on market were down in most areas. Most counties showed a slight decrease in the number of sales with Middlesex and Suffolk showing the largest.

It's a relatively simple equation. Supply and demand. Not enough supply, a lot of demand. Prices will continue to spiral up.

Then there is the issue of not only affordable housing, but appropriate housing. The report card finds nearly 20% of new housing units permitted by Boston were considered affordable in the past 5 year which is down from near 25% in the prior 5 years.

The appropriate part is the lack of housing alternatives for two growing groups: millennials and seniors. Both groups are prone to live in smaller units by themselves or in small groups. Millennials and seniors are the only demographic groups growing in Boston through 2030. There aren't many incentives to create housing for those groups in an environment where everything must be bigger, better, and more expensive.

Capital continues to flow to the multifamily sector, as investors still love apartments. The purchase housing sector in Boston Metro continues to have the full backing of buyers, seller, brokers, and bankers. Despite concerns that we are in an era of "peak" real estate, Boston Metro markets continue to be blessed with strong demand and absorption. Nobody seems willing to predict the end of the boom; the "soft landing" concept is being trotted out again.

Markets work in curious ways: not always efficiently or to the benefit of the greater good. Government works in curious ways too. Markets should be allowed to operate freely with the role of government being to help curb market excesses, direct development, and promote intelligent solutions. Current housing markets are distorted by a lack of development alternatives and struggle to find ways around antiquated zoning laws and draconian blunt force instruments such as the Comprehensive Permit.

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