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Density housing, scarcity and...uh oh, the suburbs? Interesting new trends emerge - by Thomas House

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Thomas House,
THA Architects, LLC

As the post-2008 mortgage hangover finally has begun to clear minds, some interesting new trends emerge.

The first is that rental housing declined in 2017 for the first time in thirteen years. That doesn't necessarily signal a dirigible bursting, but it does suggest that the "easy" money is going to get harder to come by. Any remaining fruit is likely to be found higher up the tree.

The Harvard Joint Center for Housing Studies notes that the homeownership rate hit a 50-year low in 2016, which when combined with the creation of 10 million new tenant households in the past decade has increased the pressure on rental markets, particularly in big cities.

The boom was fueled by higher income households, who have been driving up rents and displacing lower income households from their communities – a phenomenon you see not just in Boston or Providence, but in attractive but smaller cities like Portsmouth, N.H. and Portland, ME.

The number of units renting for over \$1,500 a month has tripled during this period, and the number of six-figure incomes renting these luxury-skewed units has more than doubled.

So let's take a deep breath and acknowledge the obvious: this couldn't continue forever.

Or as the rocket scientists would say, it's the second law of thermodynamics at work: all energy eventually cools and the rest is entropy. (Unless you are an opportunist and decide this is a good time to slingshot around an object that can impart additional energy - Jupiter, say.)

That object was the urban core, but the next frontier lies beyond.

The suburbs? What about that NIMBY thing?

The Bay Area has created 373,000 jobs over the past five years, for which a mere 58,000 units of

housing have been added.

At this very moment, well-paid Facebook employees around San Francisco are asking their employer for help with their excruciating rents (\$2,400/month for a one bedroom is considered “affordable”), and as a result, a new movement has emerged: YIMBY.

Build more, build anywhere, build now.

Here on the right coast, this has been Bill de Blasio’s modus operandi in New York City: approving virtually any multifamily, rental housing project to increase stock. And thereby to reduce pressure on rents, where similar forces have descended on once-lowly (and affordable) Brooklyn.

But just beyond the city limits lies a close-in ring of suburbs which were built up during the early part of the 20th century, but which have seen comparatively little new housing initiatives since.

Can the inner ring make the cash registers ring?

In Boston, consider: Everett. A new casino project is going to radically alter the character of the town, but with the displacements that will result, we can expect the second stage booster will ignite, propelling higher density projects that likely will cross the borders of neighboring towns: Chelsea, East Boston, and Somerville will be fertile ground.

The introduction of such housing will certainly cause some localized disruption, but given the political makeup of the area, quite a bit of this housing – aided by a de Blasio-esque YIMBY push – will not only upgrade the housing stock, it will be significantly affordable in a way that current projects near North and South Stations are not.

A bit north of Boston, a trip down Rantoul St. in Beverly – once an endless series of potholes connected by a sporadic patchwork of asphalt – has seen the same transformation. And affordability (to say nothing of walking-distance access to commuter rail) have been very much a part of this ongoing YIMBY transformation from a ramshackle industrial tenement neighborhood to something modern, attractive, and appropriately scaled.

In these inner ring (and beyond, considering Beverly) suburbs, virtually all of the available land is owned. The opportunities there are to increase density, and the mayors of these communities will in most cases support appropriately scaled densification strategies in appropriate locations.

Yes, this will require some YIMBY, and sharp tools for hacking through red tape, but well conceived projects will get help from the governments of these communities.

And to see this in action, take a drive down the smooth pavement of Beverly’s work in progress, Rantoul St.

Thomas House, AIA, is principal of THA Architects, LLC, Stratham, N.H.

