

# BANKER & TRADESMAN

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## WORRY LIST

# High Rents, Shortage Of Affordable Housing Remains Concern In Mass.

But New Financing Options Encourage Cities, Towns To Meet Residents' Needs

BY SUSAN GITTELMAN  
SPECIAL TO BANKER & TRADESMAN

The recent recession, closely associated with a big bubble in housing values that burst in 2008, has brought a lot of public attention to housing supply problems and the public policies that can solve them.

But even if the foreclosure crisis is largely resolved and the situation returns to what we know as normal in Massachusetts, enormous challenges remain. In our high-cost region of the country, there is not enough housing, and much of what there is does not meet the affordability needs of thousands of us – especially the newer stock.



SUSAN GITTELMAN

We who work on housing all the time – striving to increase the supply of affordable residences for families, for those with low incomes, for the elderly – are acutely aware that even as the housing crisis of the last four or five years is dealt with, our tasks continue to be larger than ever. Housing is a big driver of the economy. It has our attention, and, as in many policy areas, it is a time for innovation, a modicum of patience and new thinking.

The question is: How are we going to find places to live for young, new talent that wants to come to Massachusetts to work in its highly innovative economy? One thing that worries me is that rents continue to rise. Actual rents nationally are up 13 percent since 2005, and only New York and San Francisco areas have living costs higher than Boston's. Demand has only been exacerbated as former owners are

renting and young people are postponing purchases. Student enrollment, particularly in graduate school, meanwhile, is at an all-time high.

In 2000, about 39 percent of the population paid more than 30 percent of its income in rent. In 2010, that number was about 50 percent.

Household formation, which declined in the recession, is increasing now at the fastest rate in six years. But inventories are not keeping pace. Including new production, estimated at 7,000 units statewide this year, housing inventory is only half of what in 1999 was projected to be the annual need.

The good news is that we are working on it, and steadily making progress. An important element is the fact that talented leadership at all levels is focused on creating new funding to benefit neighborhoods across Massachusetts.

### Avoid The Cliff

Our congressional delegation can play a strong role to play in terms of avoiding the federal fiscal cliff. State legislative leaders have been proactive in passing legislation that provides funds to encourage smart growth and tweak slow-out-of-the gate programs to spark innovation.

For example, the Patrick administration, with the help of the Legislature, is staying the course and recapitalizing programs that engage municipalities to plan for growth, while diligently crafting new tools to stimulate the housing production cycle as quickly as possible.

The administration's new "Compact Neighborhoods" plan encourages housing near work locations and public transportation and will include complementary infrastructure improvements and other resources.

In addition, with the help of the Legislature, the state has created a new tax-exempt financing program to invest in public infrastructure. This is welcome news to cities and towns that are trying to move stalled projects forward, to expand their tax base and create housing opportunities, but who have been hamstrung by inadequate infrastructure that cannot support new growth.

And communities are investing also. Faced with their own demographic pressures, not to mention shrinking municipal budgets, towns are proactively creating new tools to invest in their future.

As a result of the November elections, there are eight additional towns in Massachusetts that have created local Community Preservation Funds, using a local real estate tax surcharge to generate funds for affordable housing, as well as open space and historic preservation. That brings to almost half – 155 cities and towns – of the municipalities in the Commonwealth that are putting cash on the barrelhead, evidencing their intent to create new local housing resources and invest in their future.

We have demonstrated that we can be resourceful and resilient in working to achieve the housing results needed to build our future. It is not only a worthy effort; for Massachusetts' economic sustainability, it has to succeed. ■

*Susan Gittelman is executive director of B'nai B'rith Housing (BBH), a nonprofit, nonsectarian developer and operator of affordable and mixed-income housing serving families and elders in communities of Greater Boston. BBH is currently working on developments in Sudbury and Sharon.*

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