



Middle-Income Housing in Inner Core Communities

Demand, Barriers to Development, and
Strategies to Address Them

Middle-Income Demand

When people
think of housing
the middle class...

Middle-Income Demand

When people
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they think of this
post-WW2 ideal.

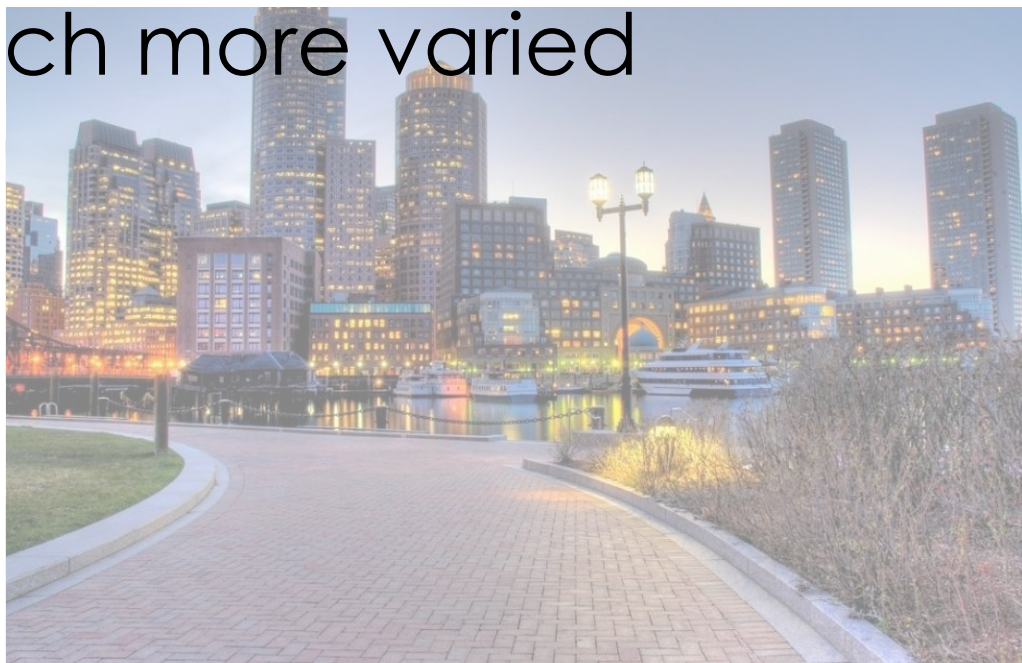
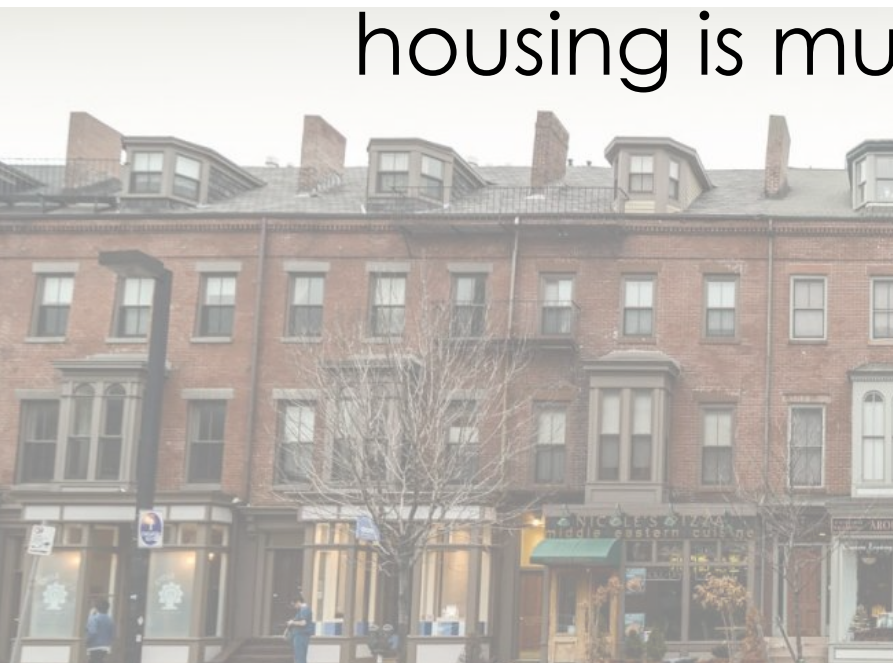


Image: Bernard Hoffmann for *Life Magazine*, *Bernard Levey Family*

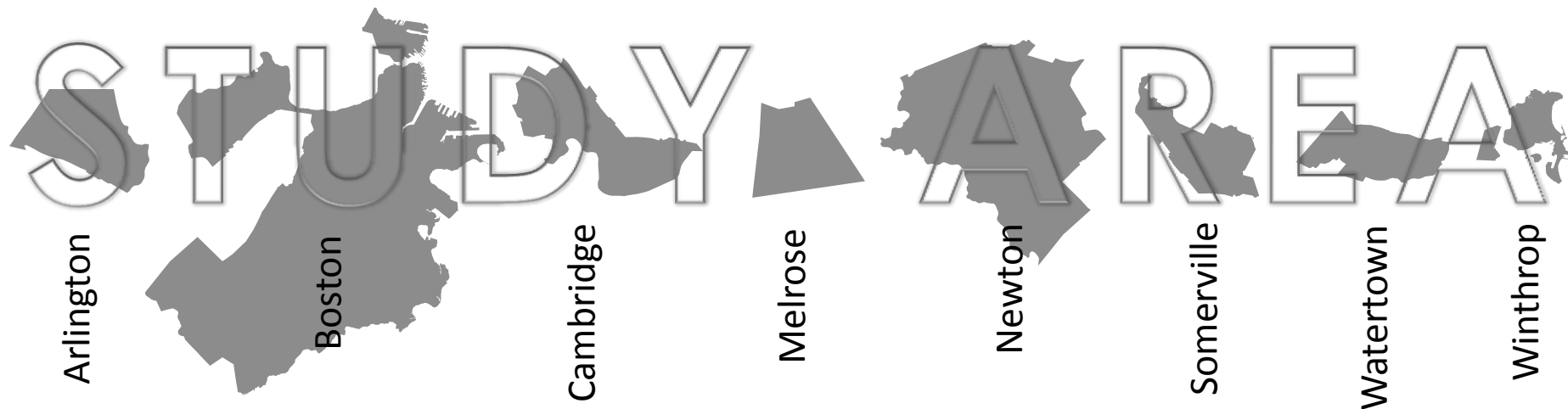
Middle-Income Demand



Really, the picture of middle-income housing is much more varied



Middle-Income Demand



- Increasing populations and households
- Largely built out
- Low vacancy rates
- Older housing stocks
- Dominant housing type and tenure varies

Middle-Income Demand

Who are we talking about when we talk about the middle in Greater Boston?



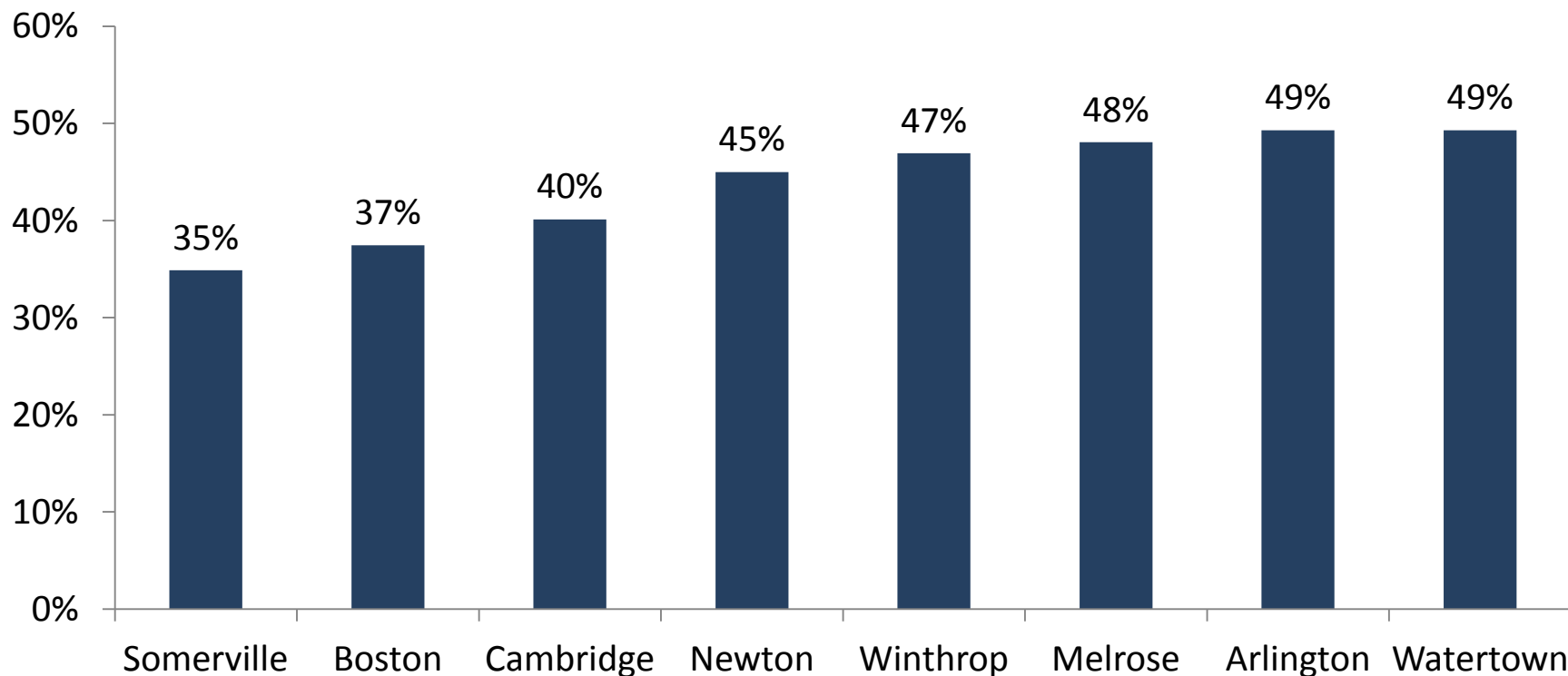
\$47,450



\$127,050

Middle-Income Demand

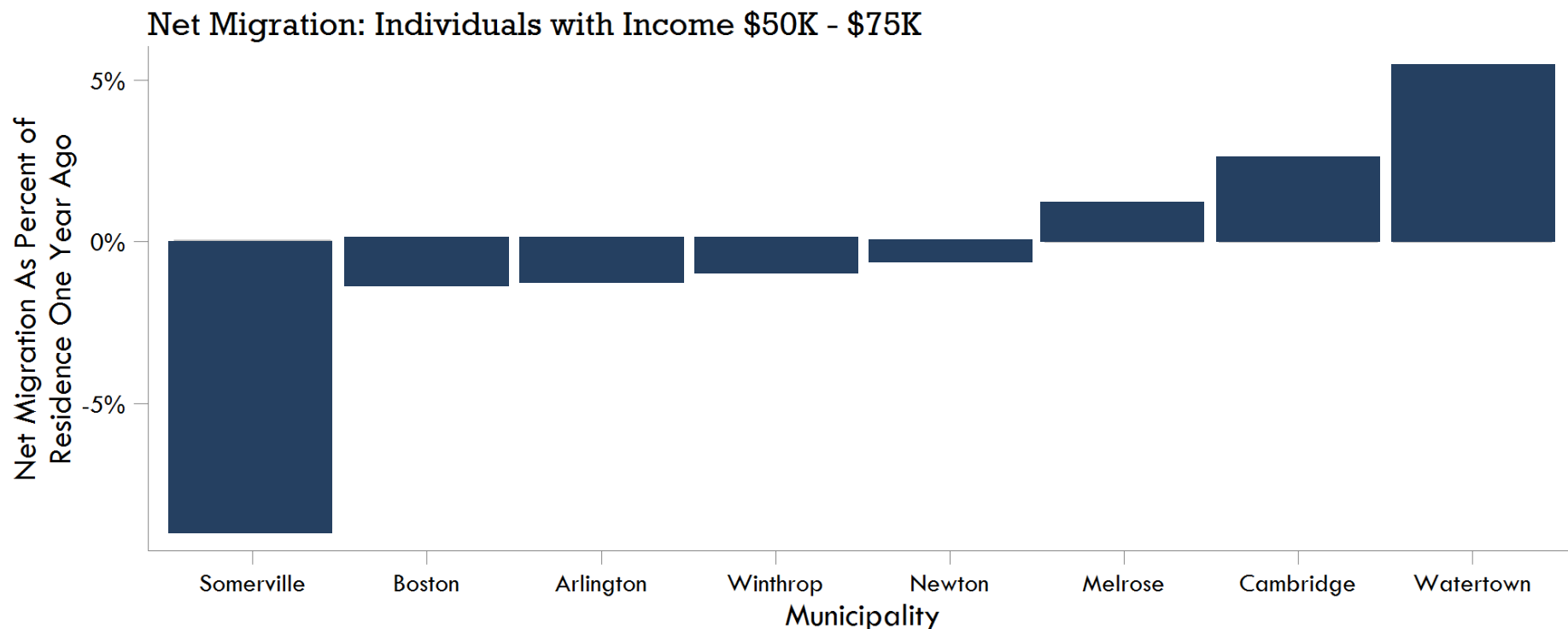
Middle-income households comprise a third to a half of total in each municipality



Source: U.S. Census Bureau, 2008-2012 American Community Survey

Middle-Income Demand

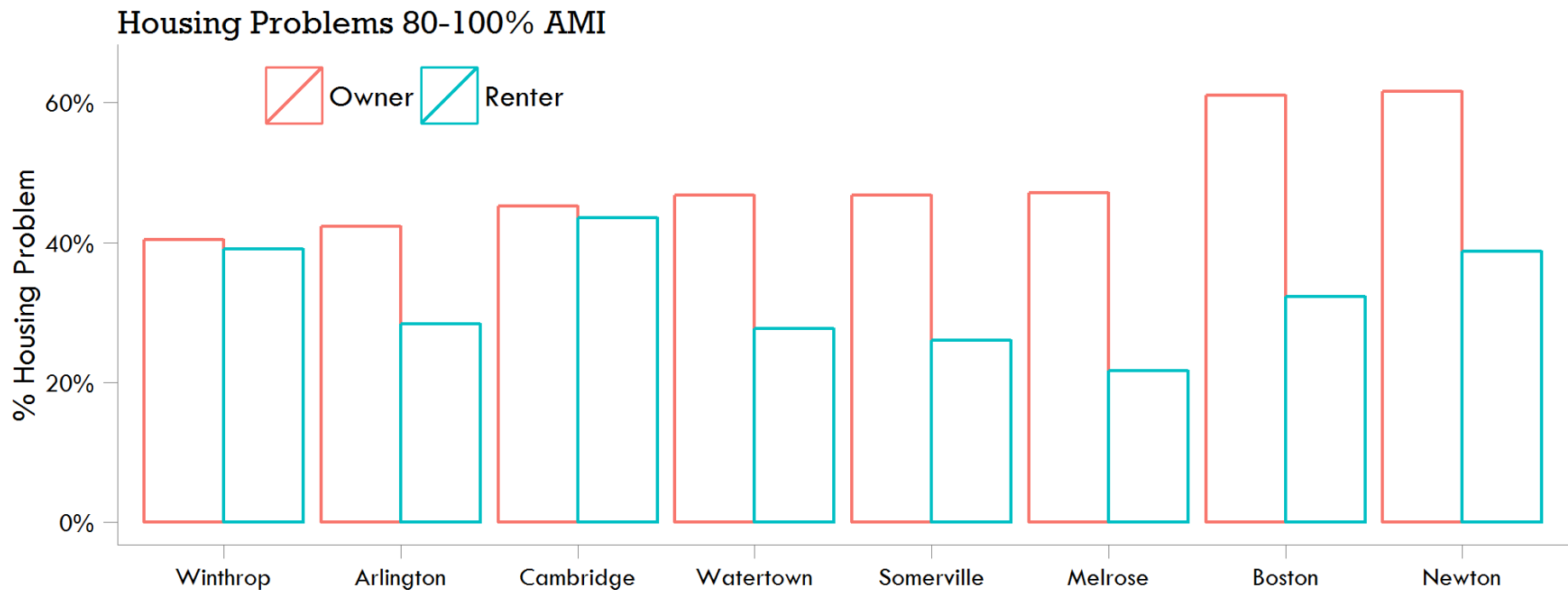
Five of eight municipalities have experienced a net loss of middle-income individuals over last five years



Source: ACS 2012 tables B07010 and B07410

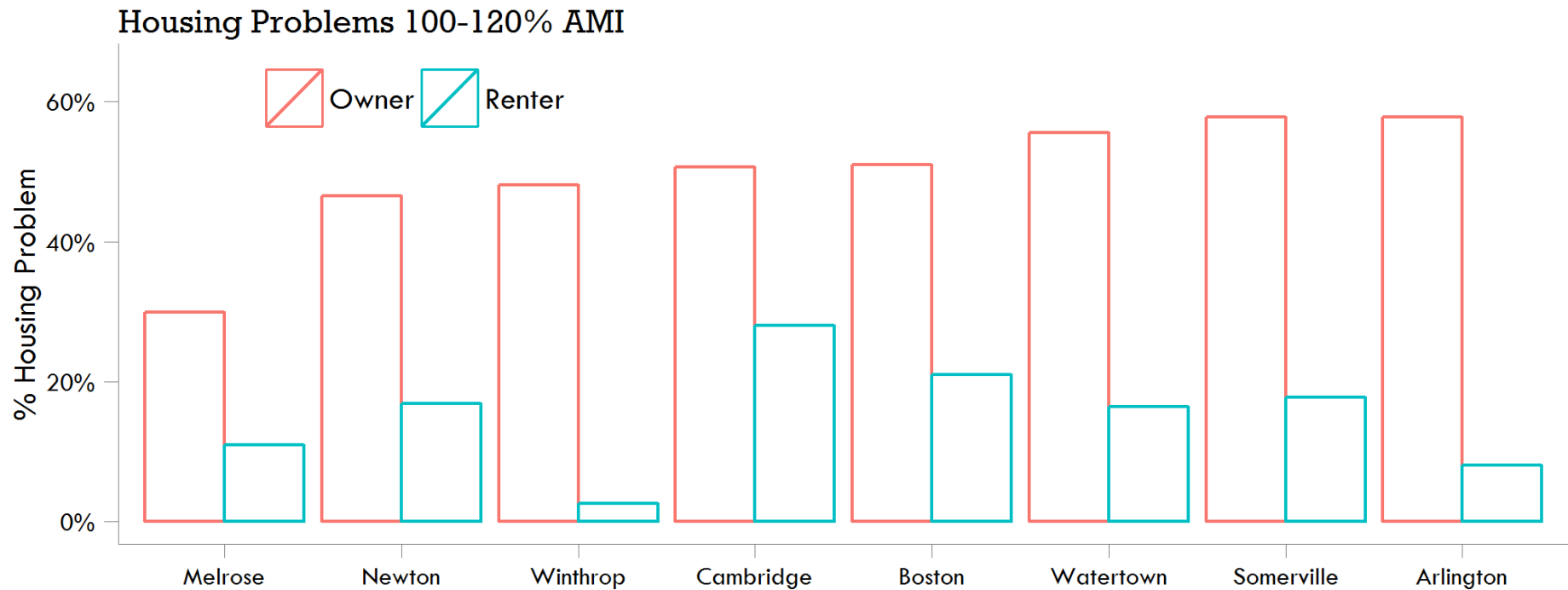
Middle-Income Demand

A significant percentage of lower-middle-income households are cost-burdened



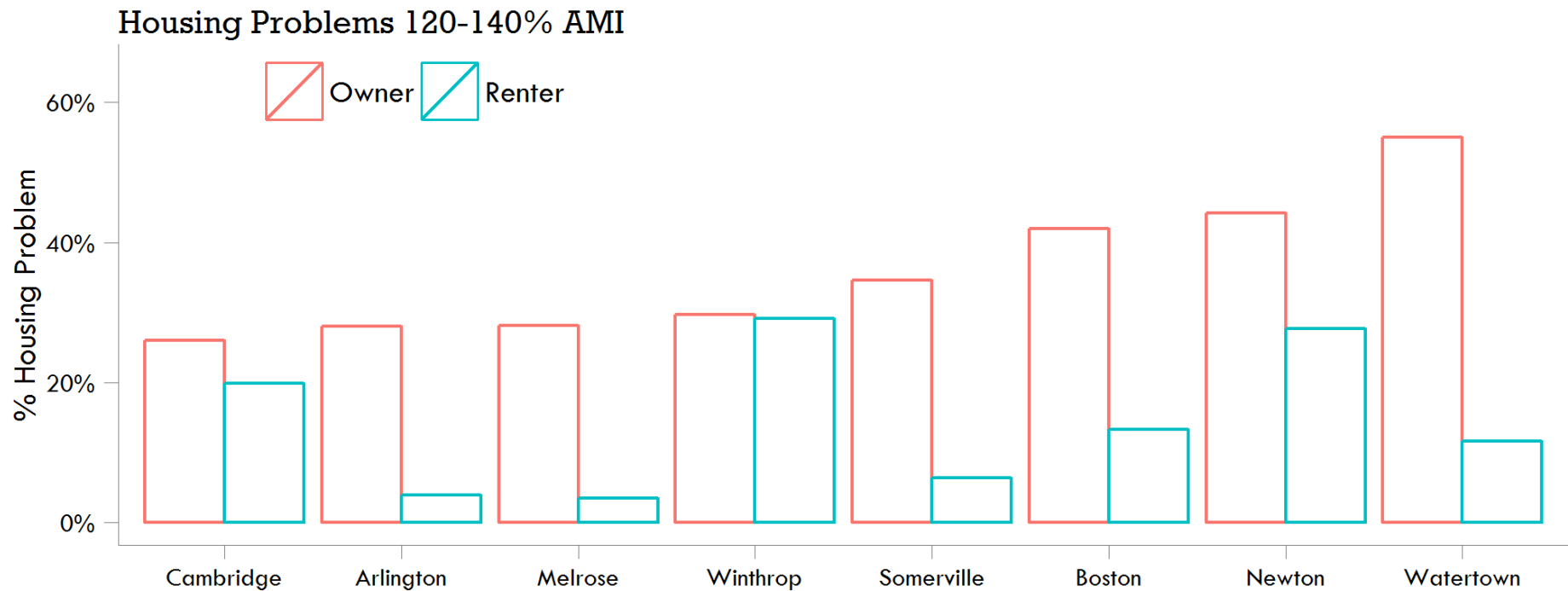
Middle-Income Demand

The difference in rates of cost burden by tenure is more dramatic as income rises



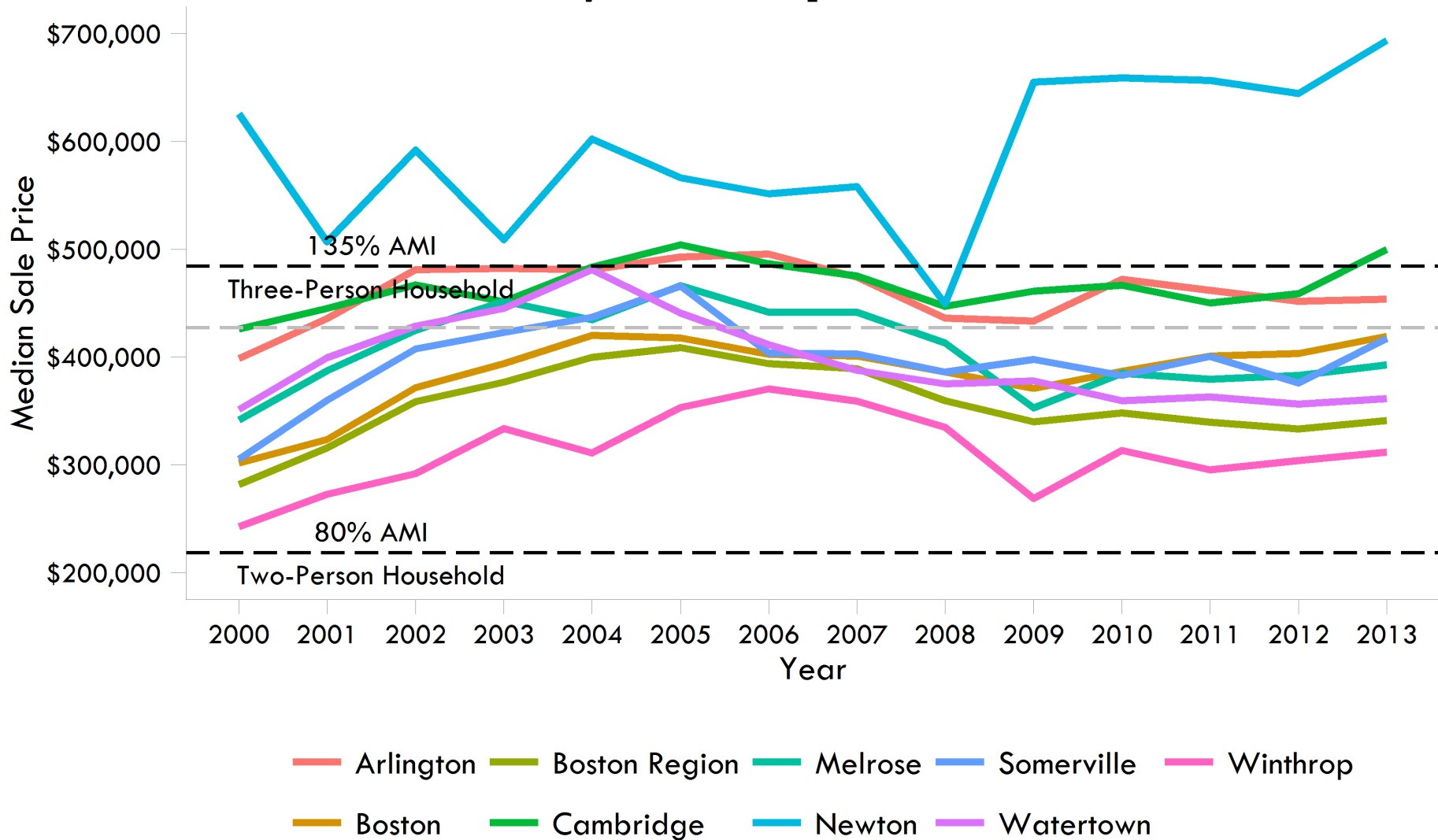
Middle-Income Demand

The rate of cost burden declines among upper-middle-income households



Middle-Income Demand

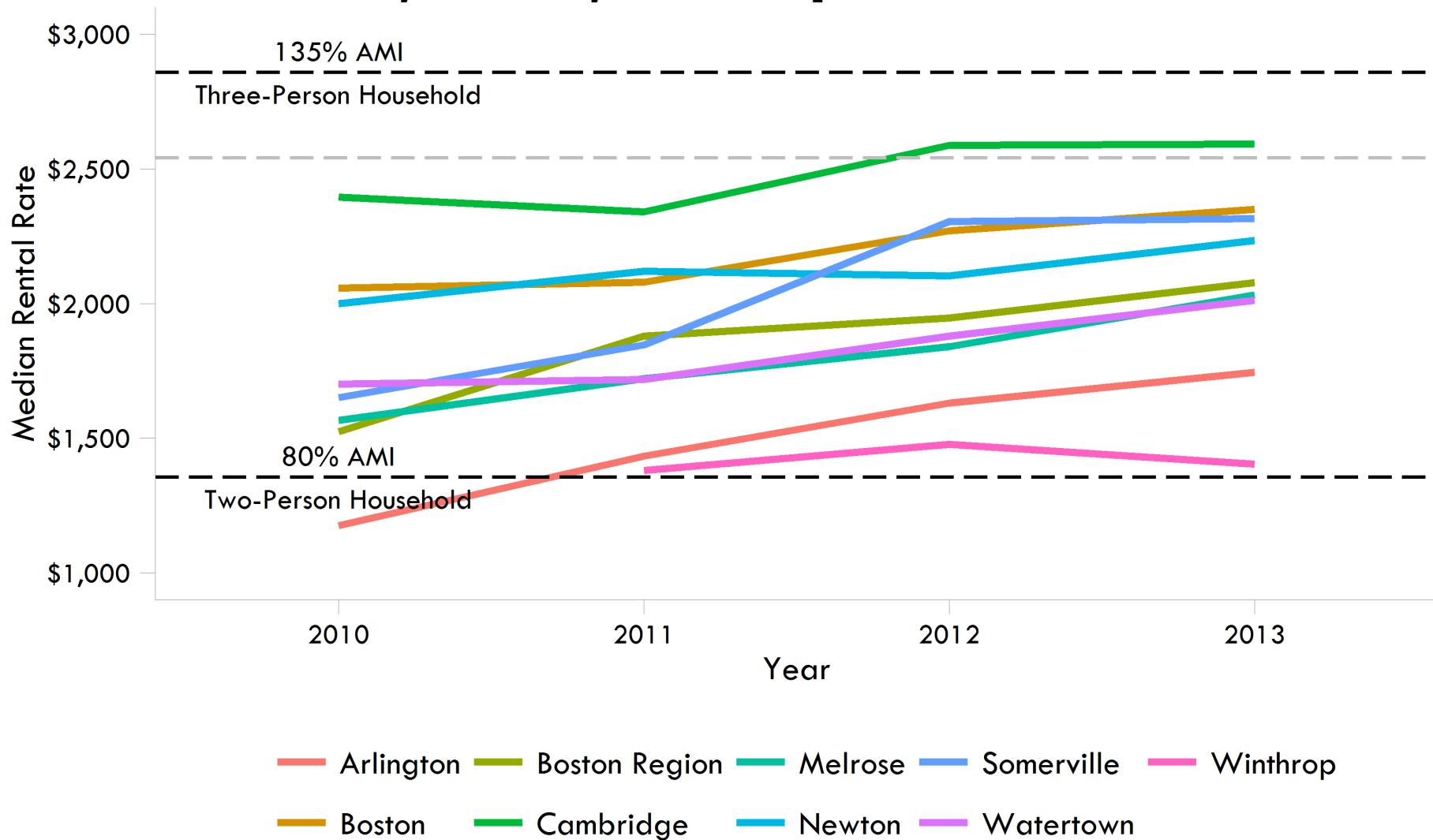
Median Sales Price, Study Area Municipalities: 2000 to 2013



Source: Zillow 2013 and HUD 2013

Middle-Income Demand

Median Monthly Rent, Study Area Municipalities: 2010 to 2013



Source: Zillow 2013 and HUD 2013

Middle-Income Demand

A Tale of Two Middles



Middle-Income Demand

Middle-Income Housing Market Conclusions

1. Lower-middle-income households have the fewest housing options

Middle-Income Demand

Middle-Income Housing Market Conclusions

1. Lower-middle-income households have the fewest housing options
2. Multi-family rentals and condos are most affordable to them

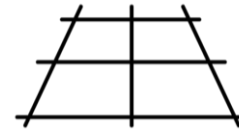
Middle-Income Demand

Middle-Income Housing Market Conclusions

1. Lower-middle-income households have the fewest housing options
2. Multi-family rentals and condos are most affordable to them
3. Municipalities need to produce this housing faster to meet demand from middle-income and all households

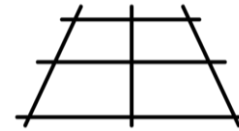
Barriers

1. Land acquisition costs



Barriers

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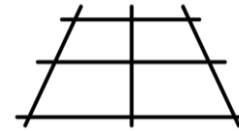


2. Construction costs



Barriers

1. Land acquisition costs



2. Construction costs

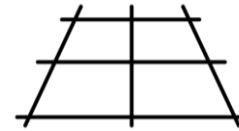


3. Regulatory costs



Barriers

1. Land acquisition costs



2. Construction costs



3. Regulatory costs



4. Other Disincentives



Barriers

Land Acquisition Costs

1. Limited availability of land and property
2. Sale price calculated for highest and best use
3. Density bonus can inflate prices further

Barriers

Construction Costs

1. Materials and labor are fixed costs
2. Steel-frame construction & structured parking are costly



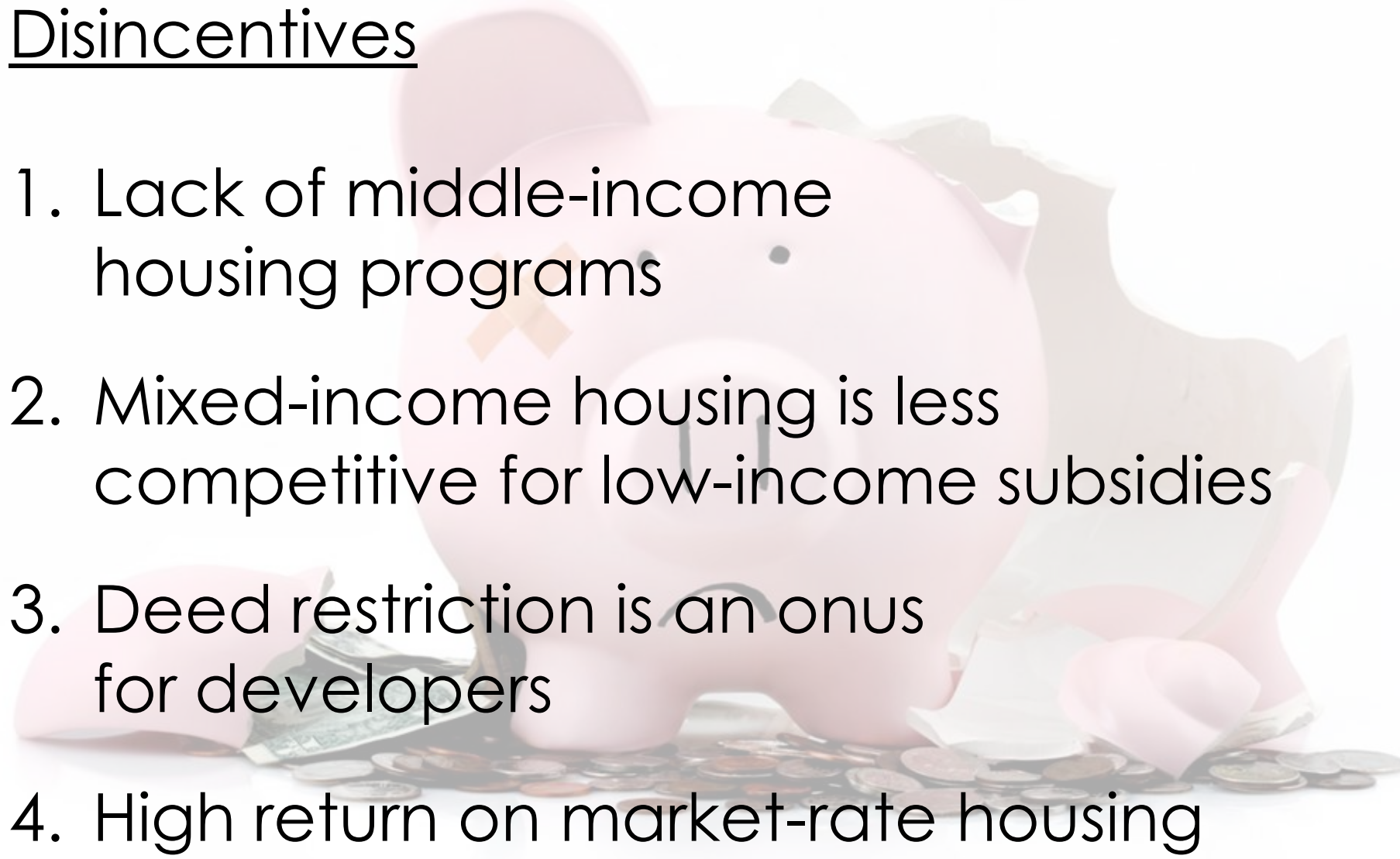
Barriers

Regulatory Costs

1. Special permit or variance
2. Building codes
3. Multiple review and approval processes

Barriers

Disincentives

1. Lack of middle-income housing programs
 2. Mixed-income housing is less competitive for low-income subsidies
 3. Deed restriction is an onus for developers
 4. High return on market-rate housing
- 
- A pink piggy bank is the central focus, positioned slightly to the left. It has a small orange bandage on its forehead. The piggy bank is surrounded by a large pile of coins, mostly pennies and nickels, scattered across the surface. To the right of the piggy bank, there is a piece of white paper that appears to be torn or crumpled. The background is a plain, light color.

**SHRINK THE
GAP**

Strategies

- Land disposition

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- Land disposition
- Prefab
construction

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- Streamlined permitting

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- Modified
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Strategies

- Land disposition
- Inclusionary Zoning
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- Expanding Chapter 40R

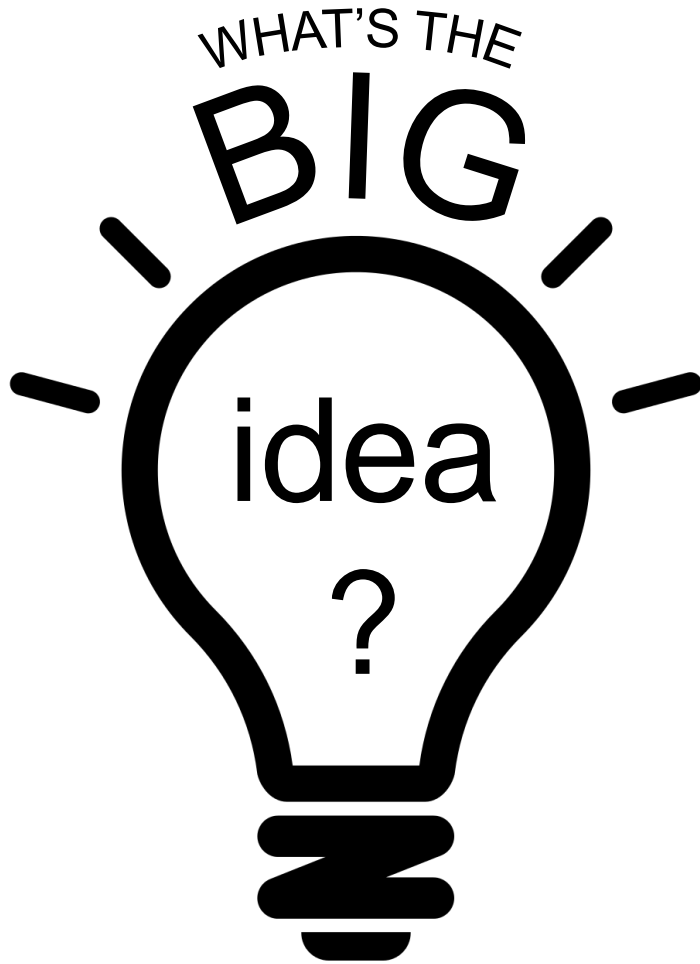
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- Land disposition
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- Inclusionary Zoning
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- Real estate tax exemption

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- Land disposition
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- Inclusionary Zoning
- Expanding Chapter 40R
- Real estate tax exemption
- Creative funding

Conclusion



1. Comprehensive approach
2. Mission-based developers
3. Secondary markets
4. Balance affordability & marketability

Conclusion

Next Steps: DLTA 2015

- Model language for inclusionary programs, by-right zoning bylaws, streamlined permitting process
- Analysis of legal/contractual alternatives to deed restriction
- Proposed state program and policy changes to the real estate tax framework and M.G.L. Chapter 40R

Discussion

COMMENTS,
OTHER
IDEAS,
a n d / o r

QUESTIONS



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Thank you!