

Why does Brookline need more housing?

According to the 2016 Brookline Housing Production Plan, the gap between Brookline's market-rate housing and the prices that lower-income residents can afford has widened considerably over the past decade. Middle-income households are hard-pressed to find housing they can afford, too." The result of this housing affordability strain on families and neighbors throughout Brookline has been disruptive to the fabric of our communities by pushing young families, seniors, teachers, and other municipal employees out of Brookline as rents climb and home ownership moves further out of reach. This has created an environment where Brookline is increasingly becoming a community of the super-rich, middle-class people who were fortunate enough to buy real estate in Brookline a generation or two ago, and the handful of low-income people lucky enough to win the housing lottery.

Our middle-income housing shortage has played a major role in our runaway housing costs. Zoning restrictions and excessive regulatory hurdles have resulted in decades of underbuilding, exacerbated by multiple rounds of downzoning – making 2 family housing and larger illegal in more of our neighborhoods. One result of high housing costs is unacceptably high rates of cost burden – 47% of renters spend more than 30% of their income on rent, with 23% of renters spending more than half their income simply to live in Brookline.

Our housing shortage, while not entirely of our own making, has been made worse by the choices we've made and the zoning policies that have made it difficult to build adequate housing supply. And while this is a regional issue as well as a local one, Brookline needs to do our part to address housing unaffordability.

The good news is that this is a problem we can actually address if we can muster the policy creativity and urgency to do so. New multi-family housing can have a material impact on average rent – a recent paper from the Philadelphia Federal Reserve Bank and The Upjohn Institute found "new buildings slow local rent increases." The Seattle Times reported that increased housing supply there actually led to a slight decline in condo and single family home prices, providing relief to buyers for the first time in over a decade. And we have to combine these efforts, along with other strategies that can diversify the housing stock, with creating real revenue streams to fund affordable housing for our lowest income friends and neighbors.

We can begin to make the serious policy changes necessary to address our housing challenges by seizing this opportunity to set realistic targets for housing production growth. Various organizations have set regional targets. The Metro Mayors Coalition Regional Housing Task Force set an estimated target of 185,000 new units by 2030. The UMass Donahue Institute (UMDI) set a target of 320,000 units needed between 2010 and 2025, or 21,333 new units per year (a pace with which we're collectively way behind). According to the Boston Foundation's 2019 Greater Boston Housing Report Card, Brookline's contribution to the UMDI annual target was only 9.6% of the town's proportional share. Using UMDI's analysis, Brookline's proportionate share is 333 units per year.

From 2010 through 2018, Brookline only issued 279 building permits for new housing units, in total. Currently, the 40B process is the primary avenue for approving new units, with multiple projects at various stages. The ZBA has approved 862 units over the past 3 years, with another 290 in the

pipeline. These projects could add as many as 1,152 new units, assuming legal action and other changes don't decrease their scope. If all of these units are built, they would account for 35% of our stated target of 3,330 new units built, still leaving us significantly short. To reach our target for new units added, the town will need to take a serious look at how our neighborhoods are zoned, where the optimal places to build more homes are, and the best strategies to achieve this goal.

Brookline essentially stopped building sufficient new housing around 1980, falling behind state level production after this point. Less than 15% of our current housing stock was built after 1980. Housing production in the state has failed to keep up with regional employment and population growth over the past 30 years and Brookline has fallen even further behind than the Commonwealth at large.

Brookline and our neighbors across the region all need to do our part to address housing affordability. Brookline can, and should, once again show itself to be a progressive leader for the region and beyond by taking a stand and making the necessary changes, especially when those changes can have such a positive impact on the future of the town.

Will Building Housing Help?

Economists have shown that a significant component of our current housing problems come back to a lack of supply. According to The Greater Boston Housing Report Card released by The Boston Foundation, "Greater Boston hasn't been permitting enough housing to meet its needs since the 1980s." The region has been adding tens of thousands of new, high paying jobs in a diverse array of economic sectors, but we've simply not built enough homes to house these people. According to the Metro Mayors Coalition Regional Housing Task Force the region has added 110,000 new residents and 148,000 new jobs – but only 32,500 new housing units. It's no wonder prices have risen so substantially in the past decade with so many people bidding up prices.

Jenny Schuetz, an economist at The Brookings Institution's Metropolitan Policy Program has proposed a "three-legged stool" based on her research to address the problem of housing affordability. The three legs are "reforming land use regulation to allow smaller, more compact housing; increasing taxes on expensive, underused land; and expanding housing subsidies to low-income households." While tax reform options are extremely limited by Beacon Hill, Brookline does have opportunities to address the other 2 points. New policy proposals for revenue streams for subsidies for low-income housing are currently in process on multiple fronts in Brookline – from updating the Inclusionary Zoning by-laws to a real estate transfer tax to another shot at passing the Community Preservation Act. Brookline is blessed to already have examples of great "missing middle" housing options – walk-up apartment buildings, 2 and 3 family homes on small lots, and rowhouses. Current zoning significantly limits where we can build new versions of this type of housing, let alone larger apartment and condo buildings along our major corridors, and requires single-family homes in much of the geographic area of the town. These zoning restrictions will likely need to be reassessed to some extent in order to allow the housing production we need in Brookline.

Economist Evan Mast of the Upjohn Institute recently released a research paper that found "evidence that new market-rate construction substantially loosens the market for middle- and low-income housing by inducing a series of moves that reduces demand for these areas... [H]ouseholds who would have otherwise occupied cheaper units move into new units, reducing demand and lowering prices for the units they leave vacant." Mast tracked tens of thousands of residents who moved from lower cost, older units into new construction buildings, and then the thousands of people who filled those lower cost units from subsequently lower cost units. This research corroborates multiple studies

from 1965 through today. This filtering opens up housing units affordable at various income levels, including in the “bottom-quintile income areas.” The practical implications for this research is to allow housing in expensive, desirable neighborhoods to encourage those who can afford the new construction there to move in, opening up units in less expensive neighborhoods and housing units.

While government subsidized affordable housing is the best way to address lower income housing shortages, the private market has a role to play as well. A study from Freddie Mac released in January 2020 argued that “Private markets provide affordable housing primarily through a process in which, on average, homes filter down to lower-income households as they age.” This process of downward filtering breaks when housing supply is artificially constrained by zoning and other regulations, leading high income individuals to bid up the prices of older homes, rather than moving into new housing. The authors conclude that “policy makers [should] adopt policies that would increase the elasticity of supply, driving down prices and allowing filtering to increase the available affordable housing.”