

The Brookings Institution

Center on Urban and Metropolitan Policy

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A Competitive Agenda for Greater Boston

Presentation to the Boston Brookings Council

November 26th, 2002

Major Questions

- **How did Boston change during the 1990's?**
- **What competitive challenges does the region face?**
- **What are solutions to the region's most pressing challenges?**



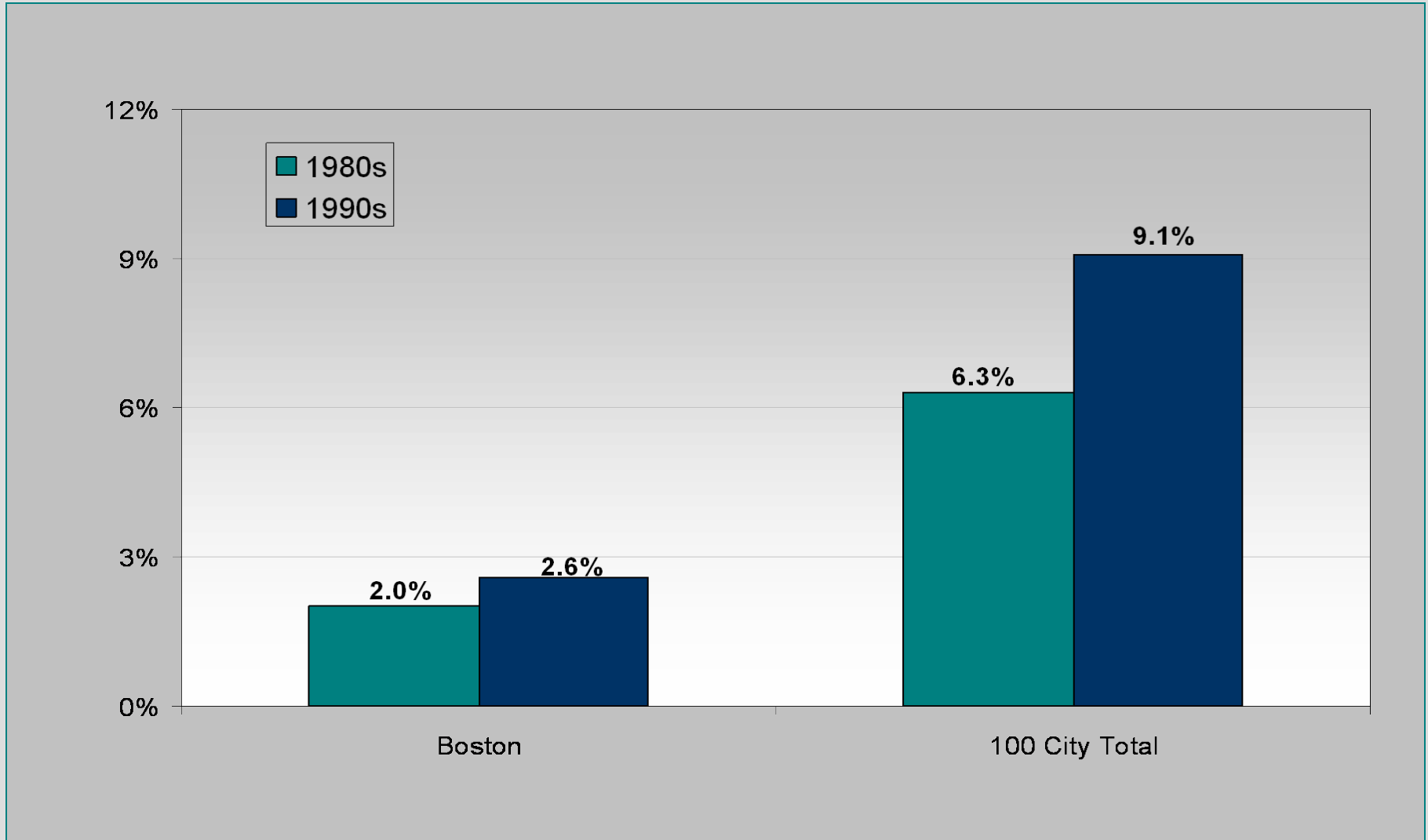
I. How did Boston change during the 1990's?

- *Boston in the 1990s* -

Boston is considered a “comeback” city

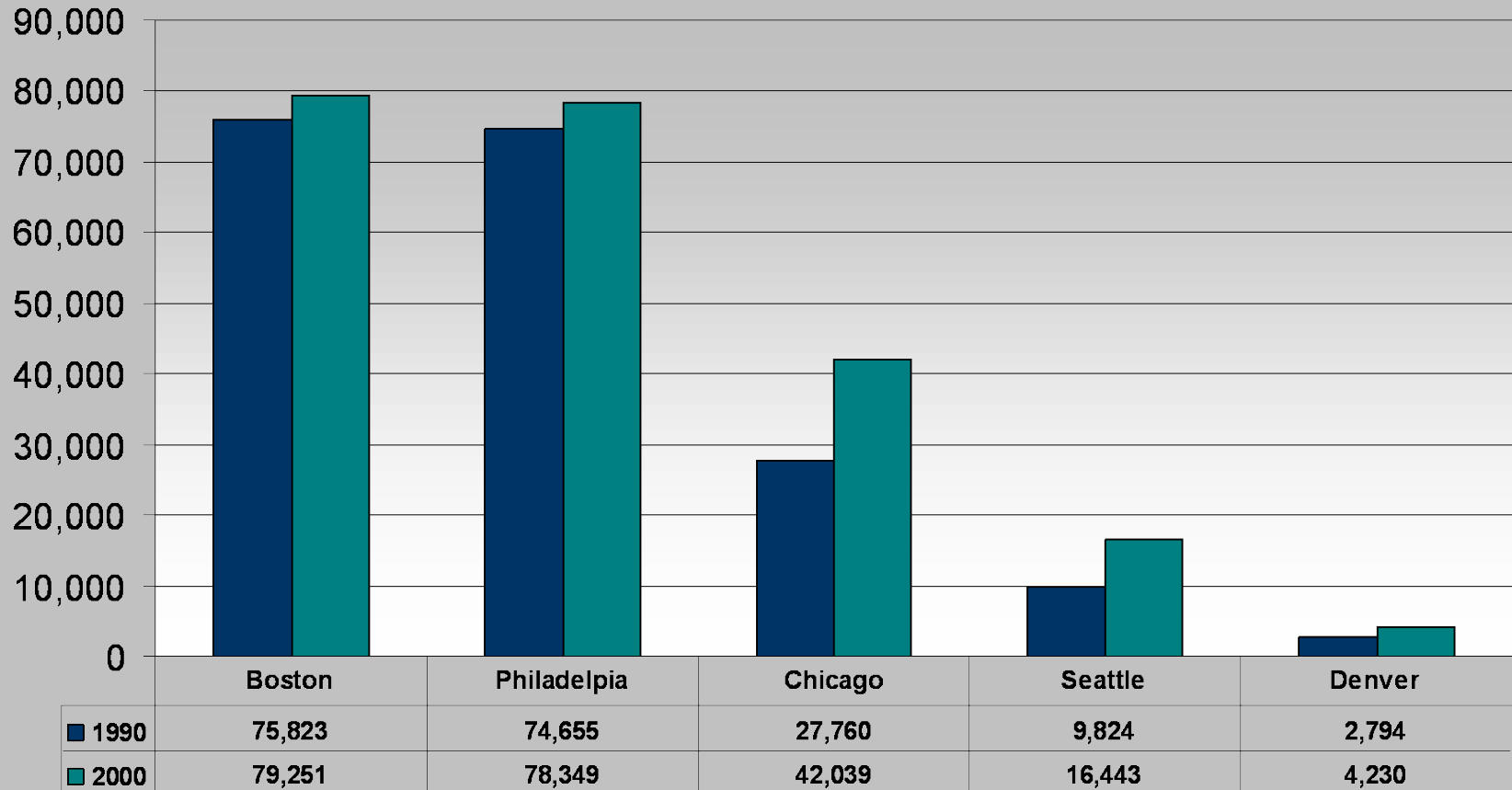


Boston grew modestly in the 1980's and 1990's



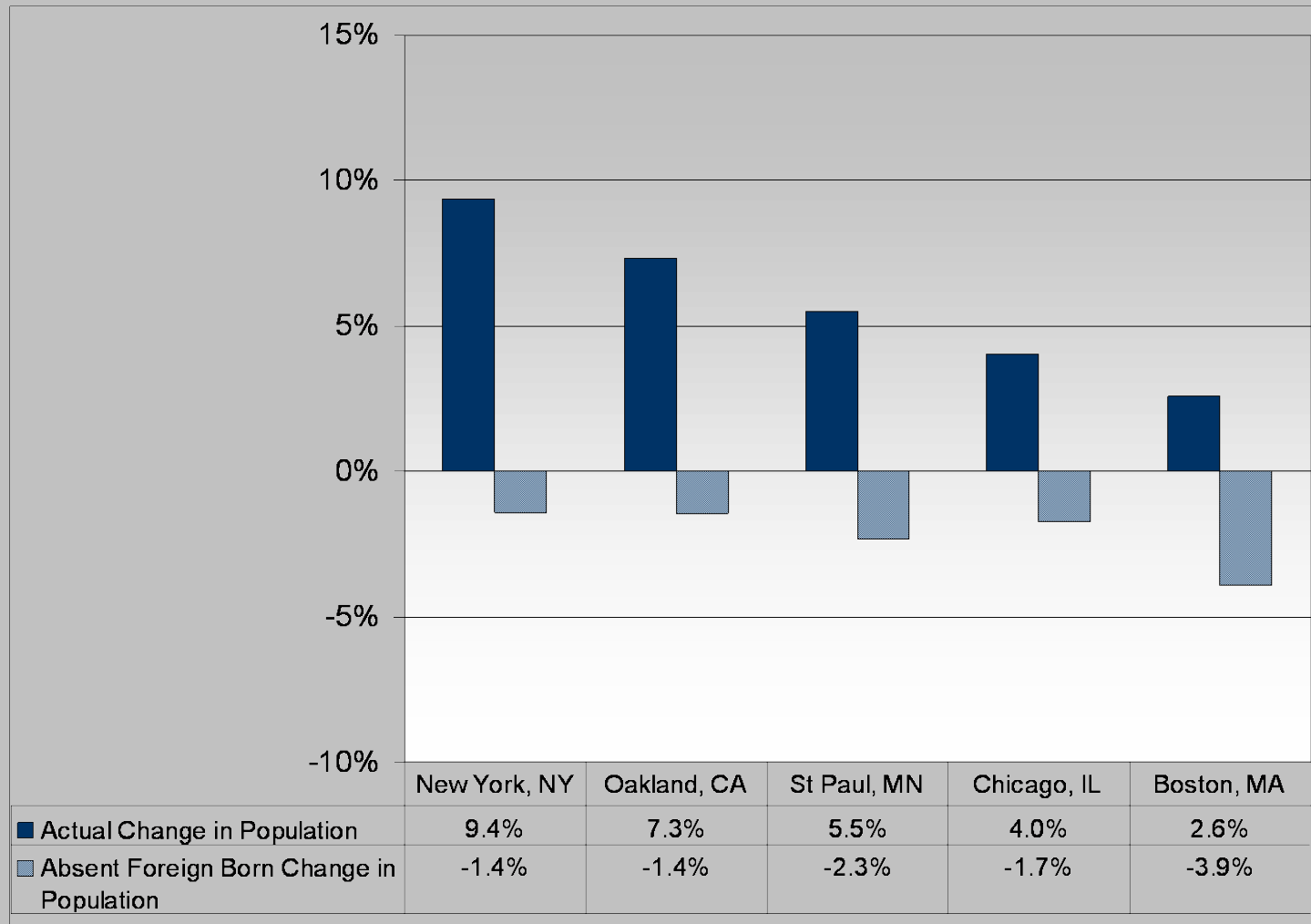
- *Boston in the 1990s* -

Boston's downtown was one of many that increased in population during the 1990s

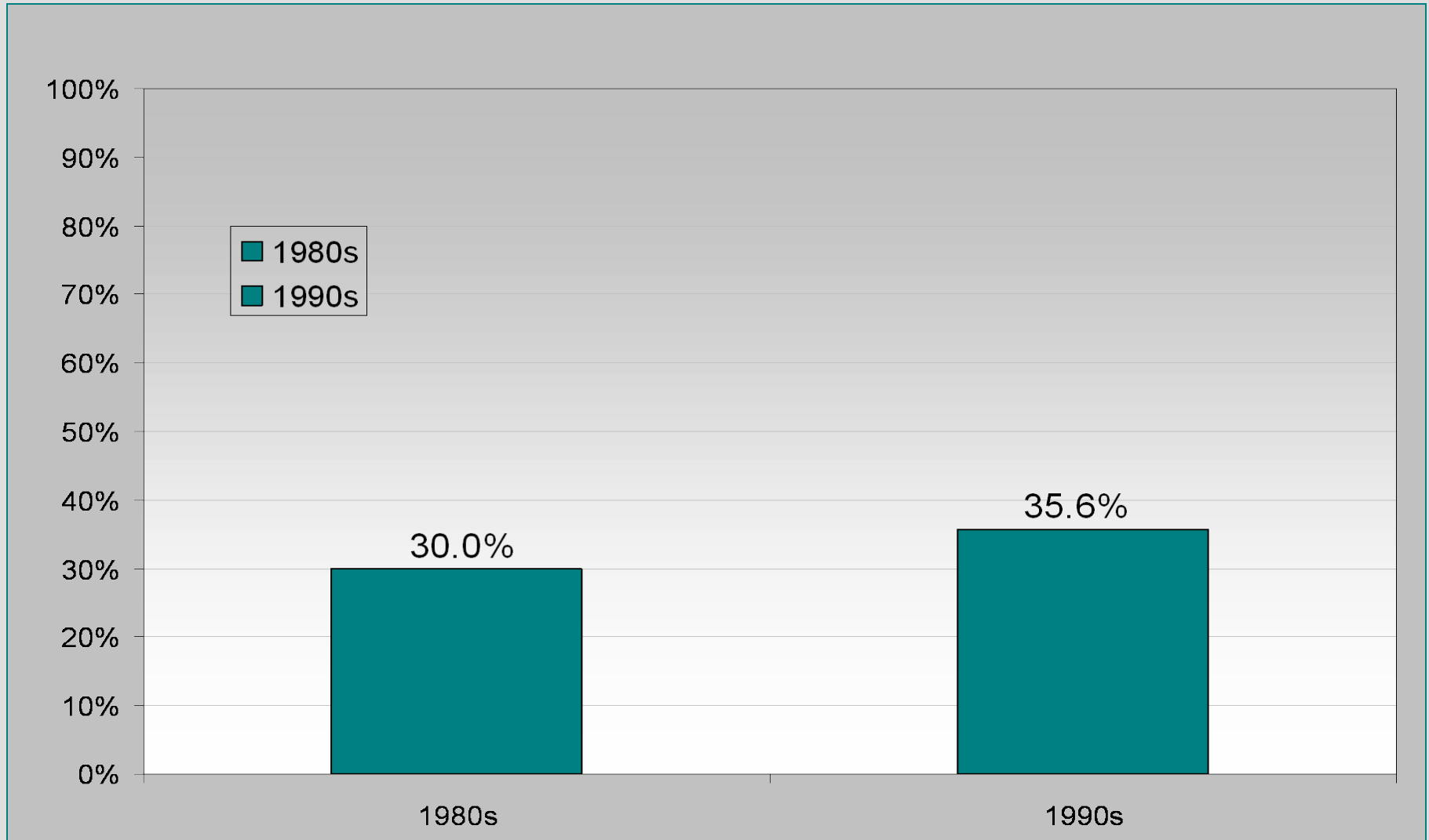


- Boston in the 1990s -

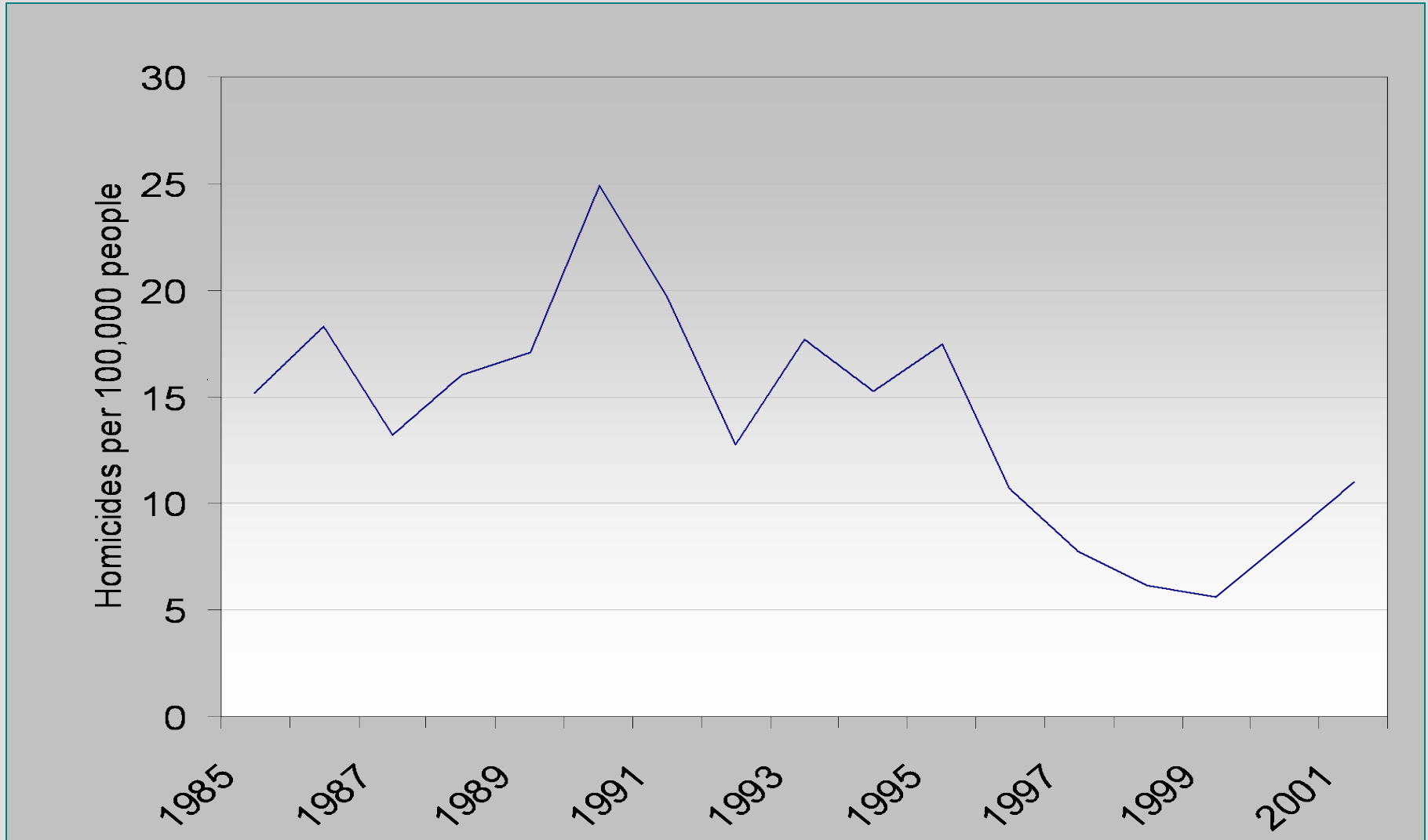
Like other large cities, Boston's growth was fueled by immigration



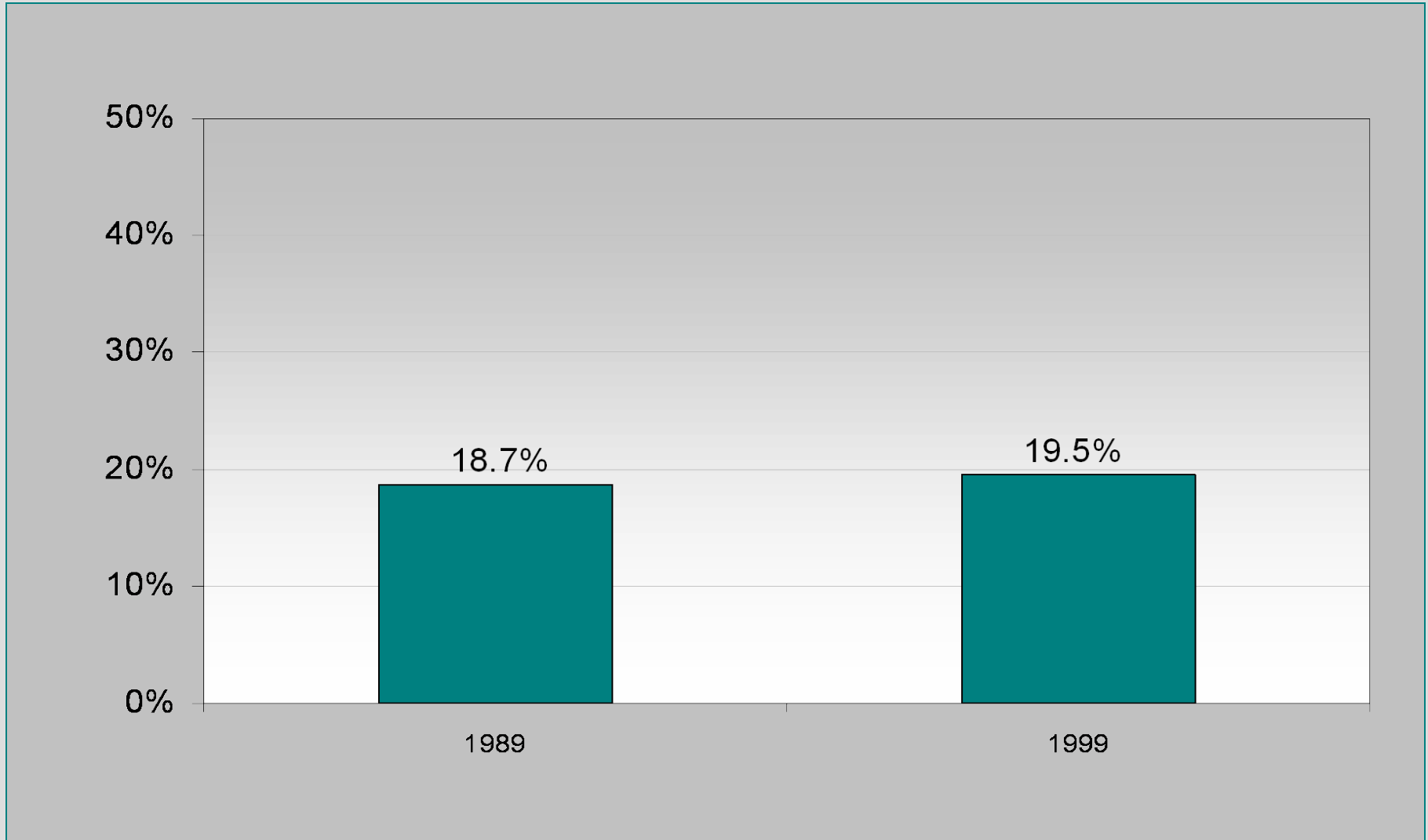
The share of Bostonians with BA's increased



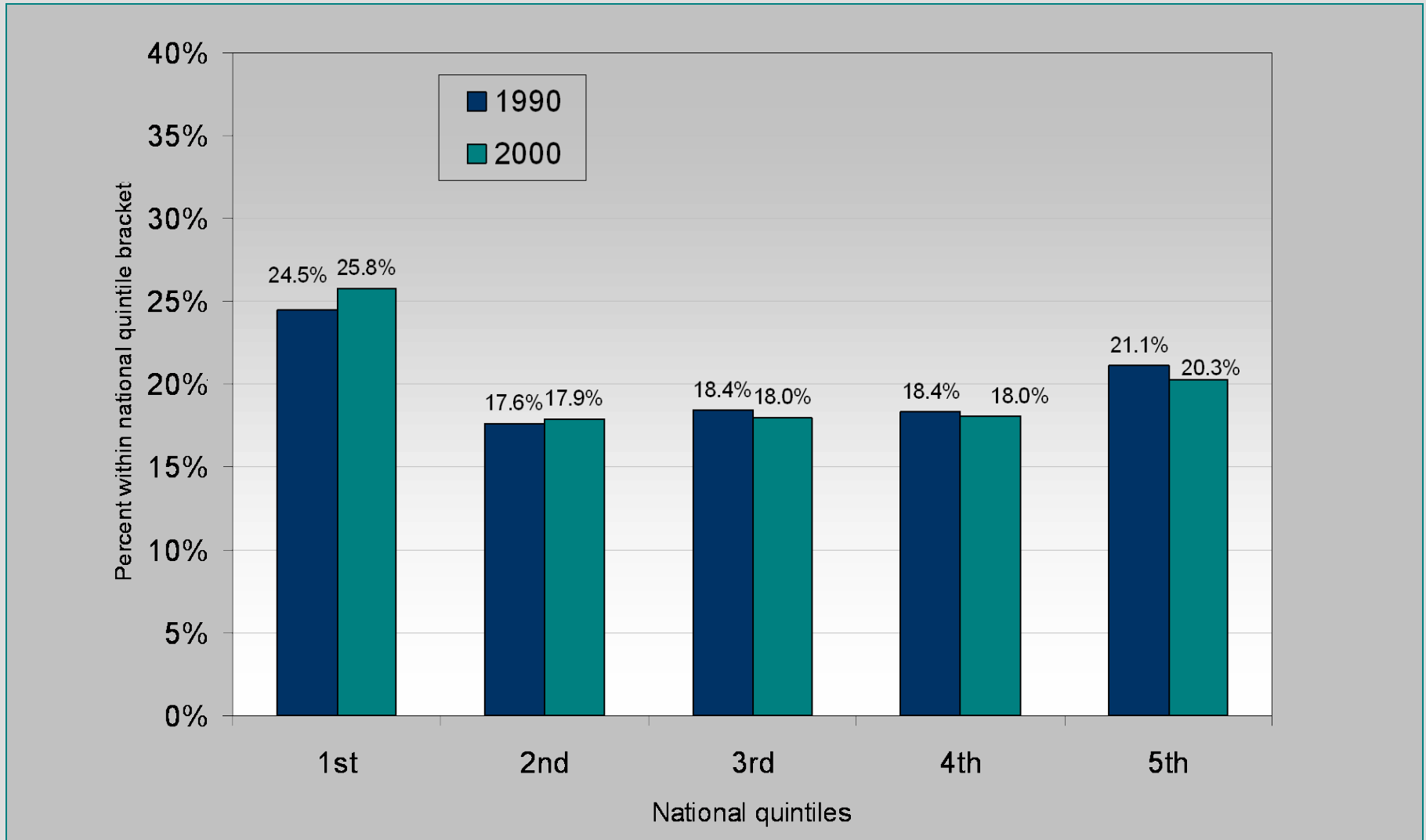
Boston's homicide rate trended down over the decade



Poverty has risen slightly over the 1990's



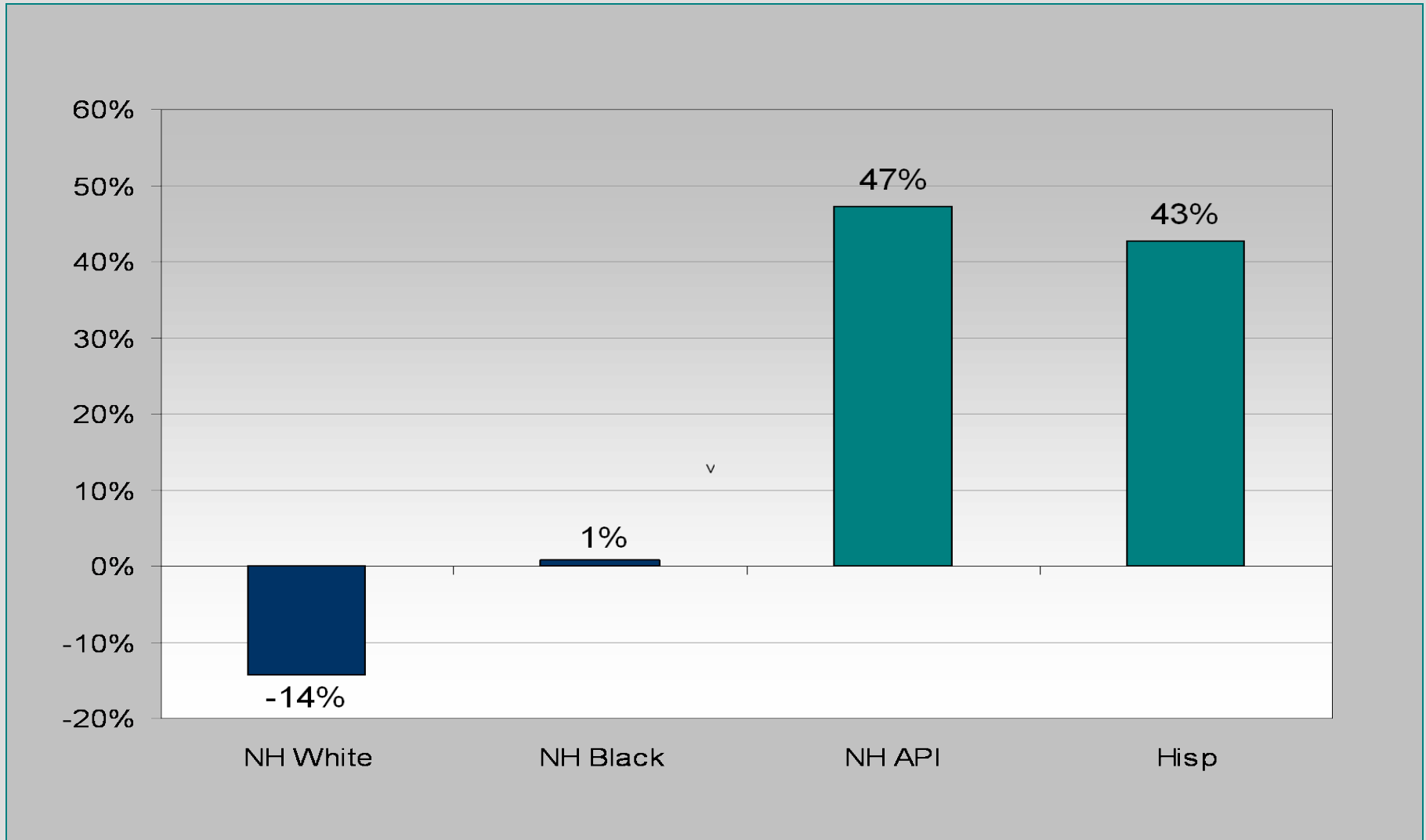
Contrary to popular belief, families with lower incomes are now a greater share of Boston's population



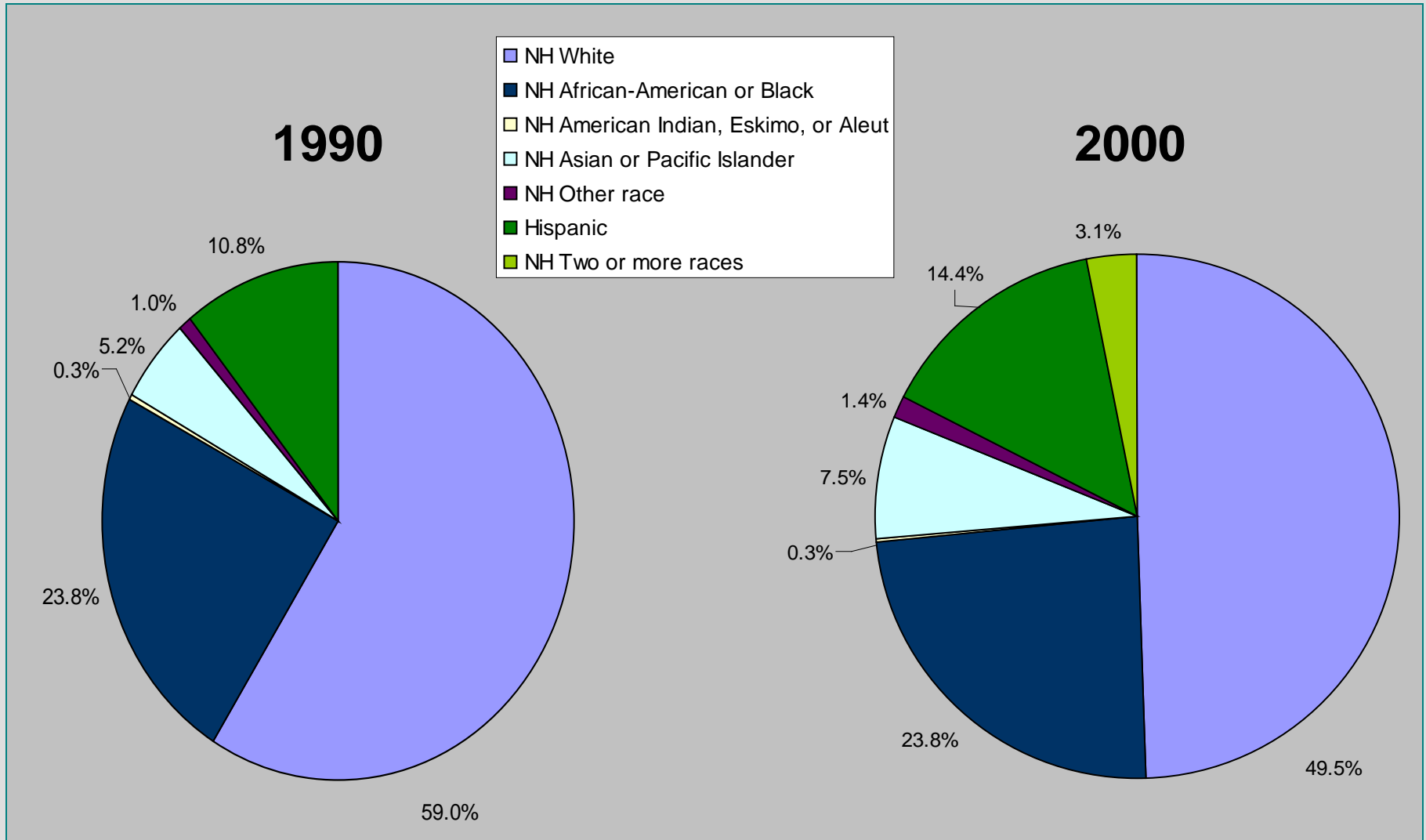
**The demographics of Boston and its suburbs
have changed markedly**



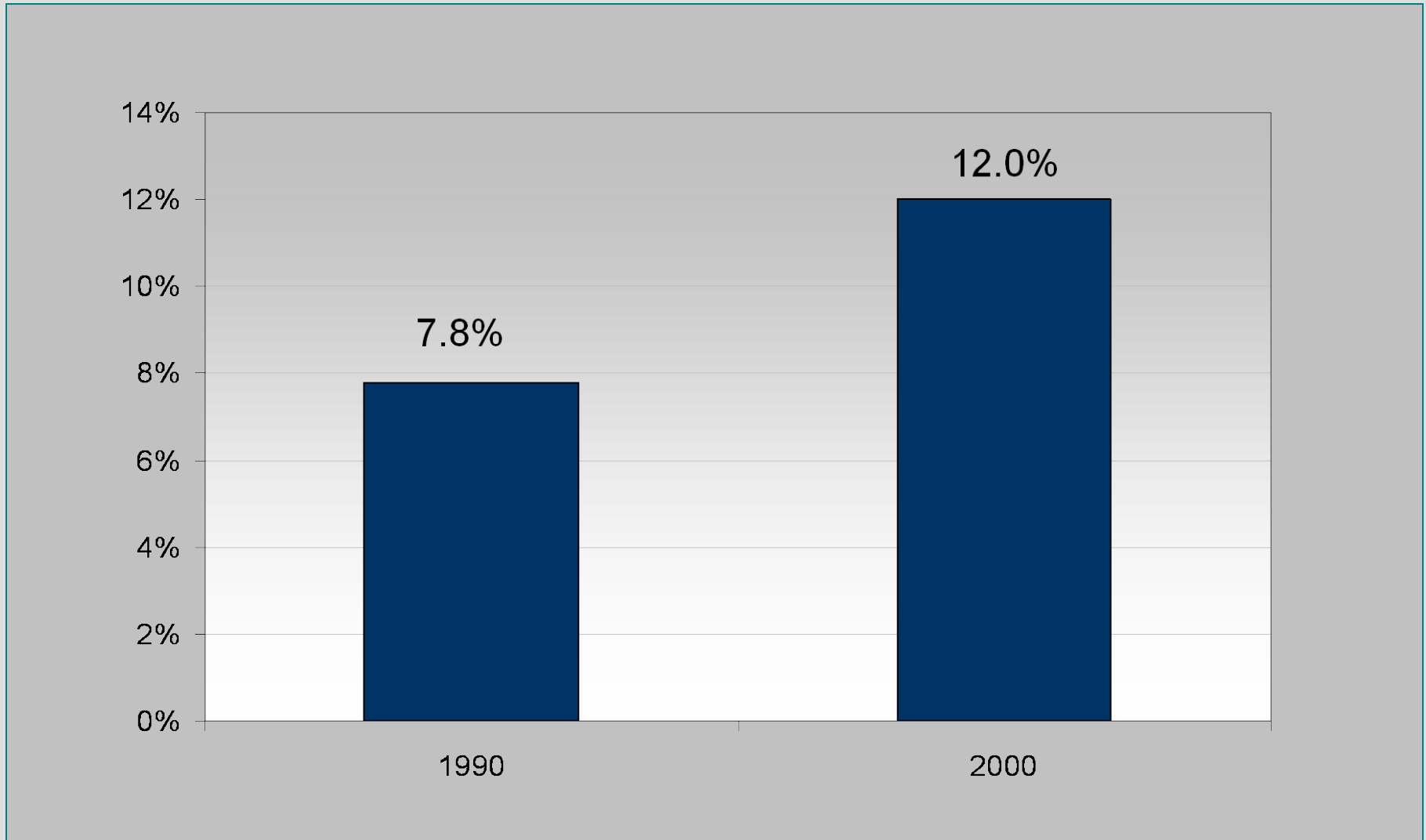
Boston gained minorities, while the non-Hispanic white population declined



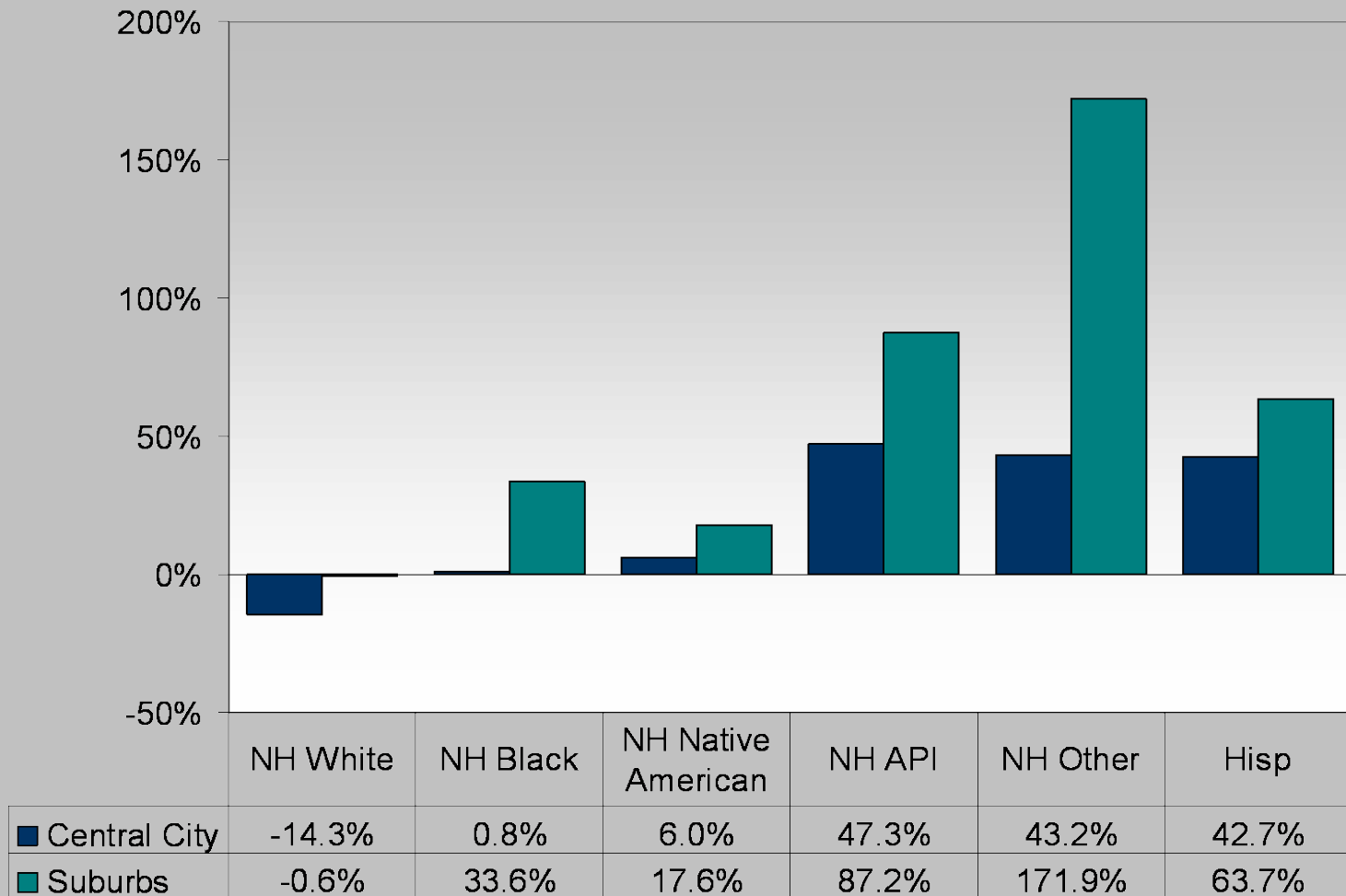
Boston became majority minority for the first time in 2000



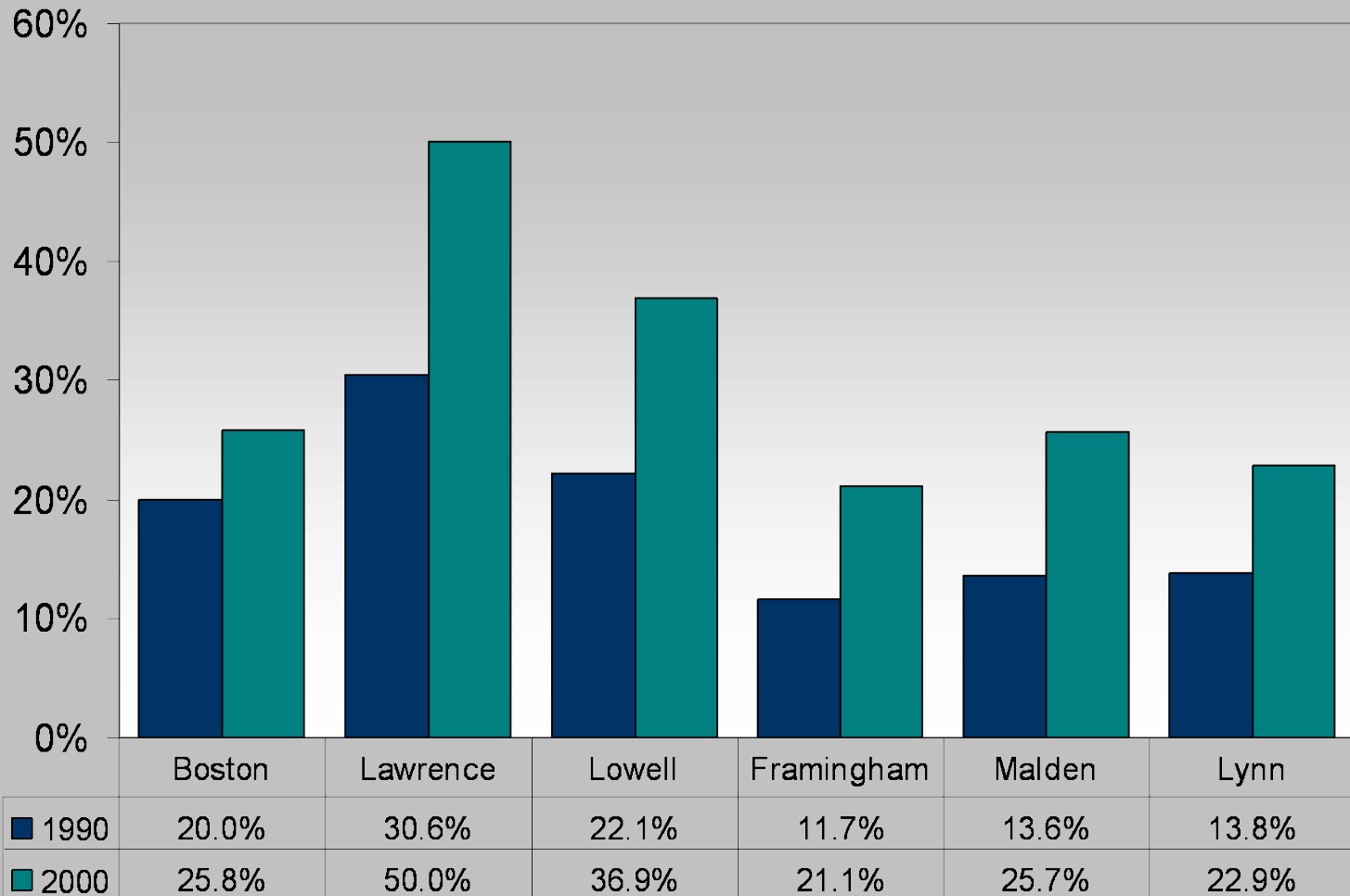
The share of minorities grew in the suburbs as well



And at rates faster than that of the city



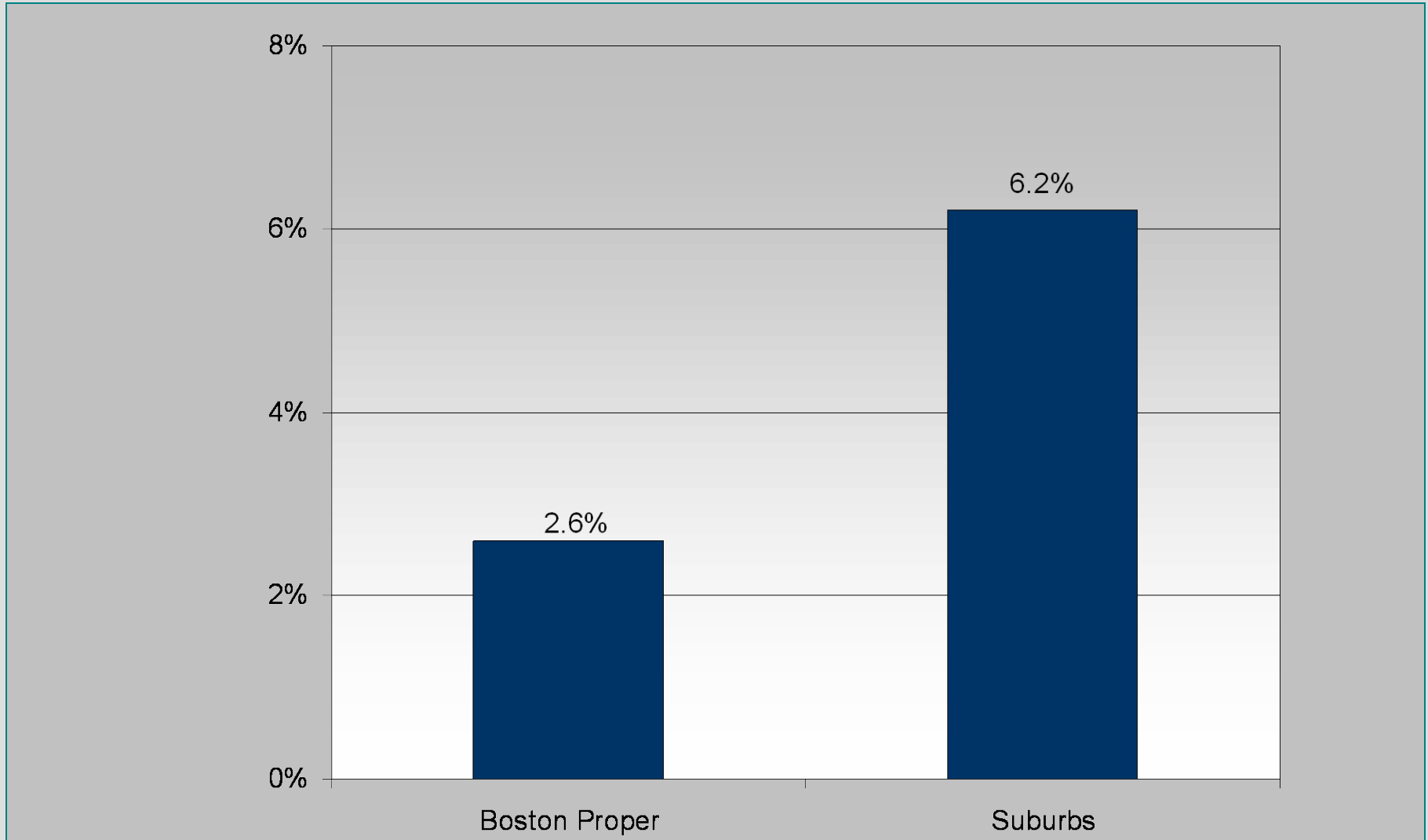
And satellite cities have seen major increases in immigration as well



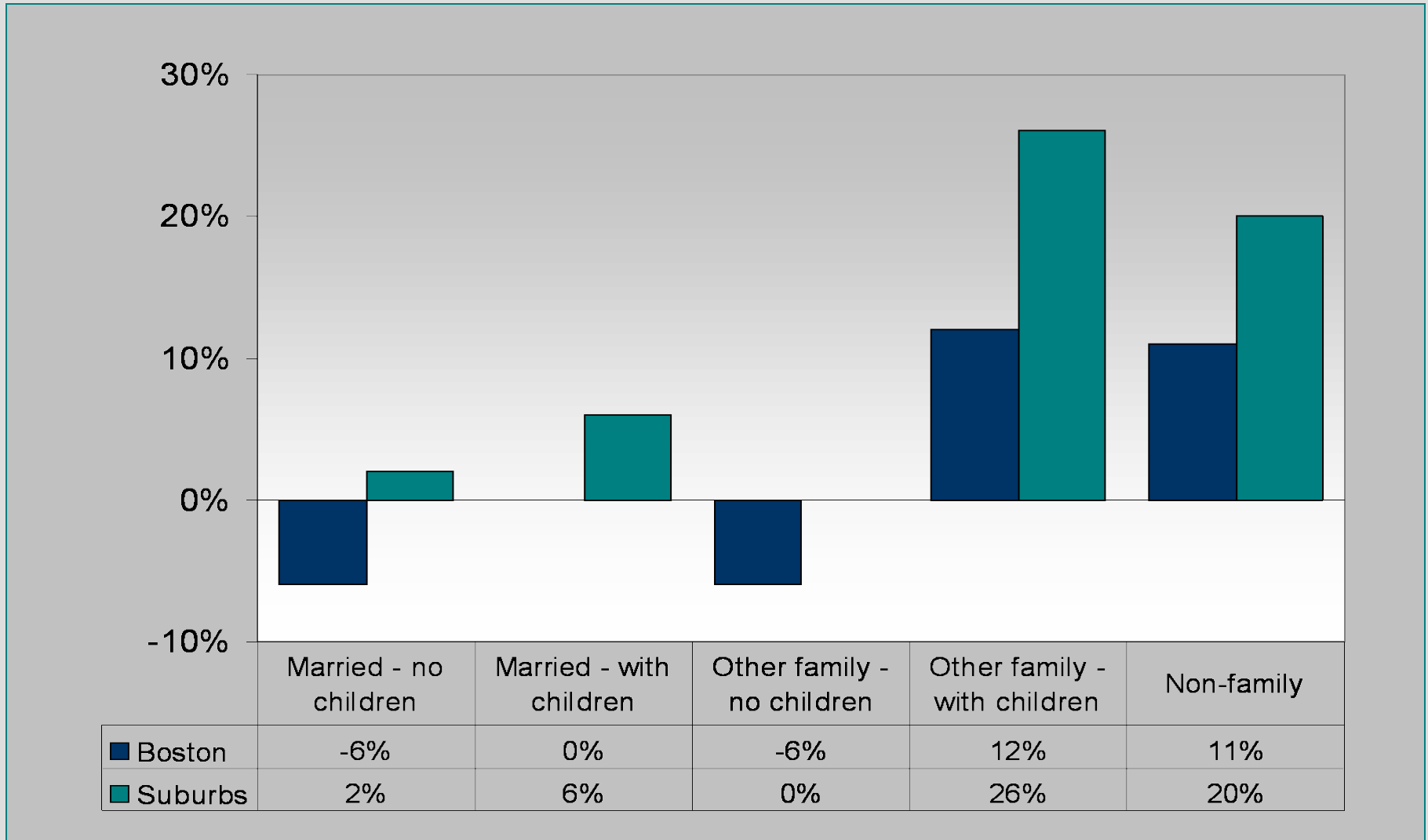
Boston metropolis continued to decentralize in the 1990's



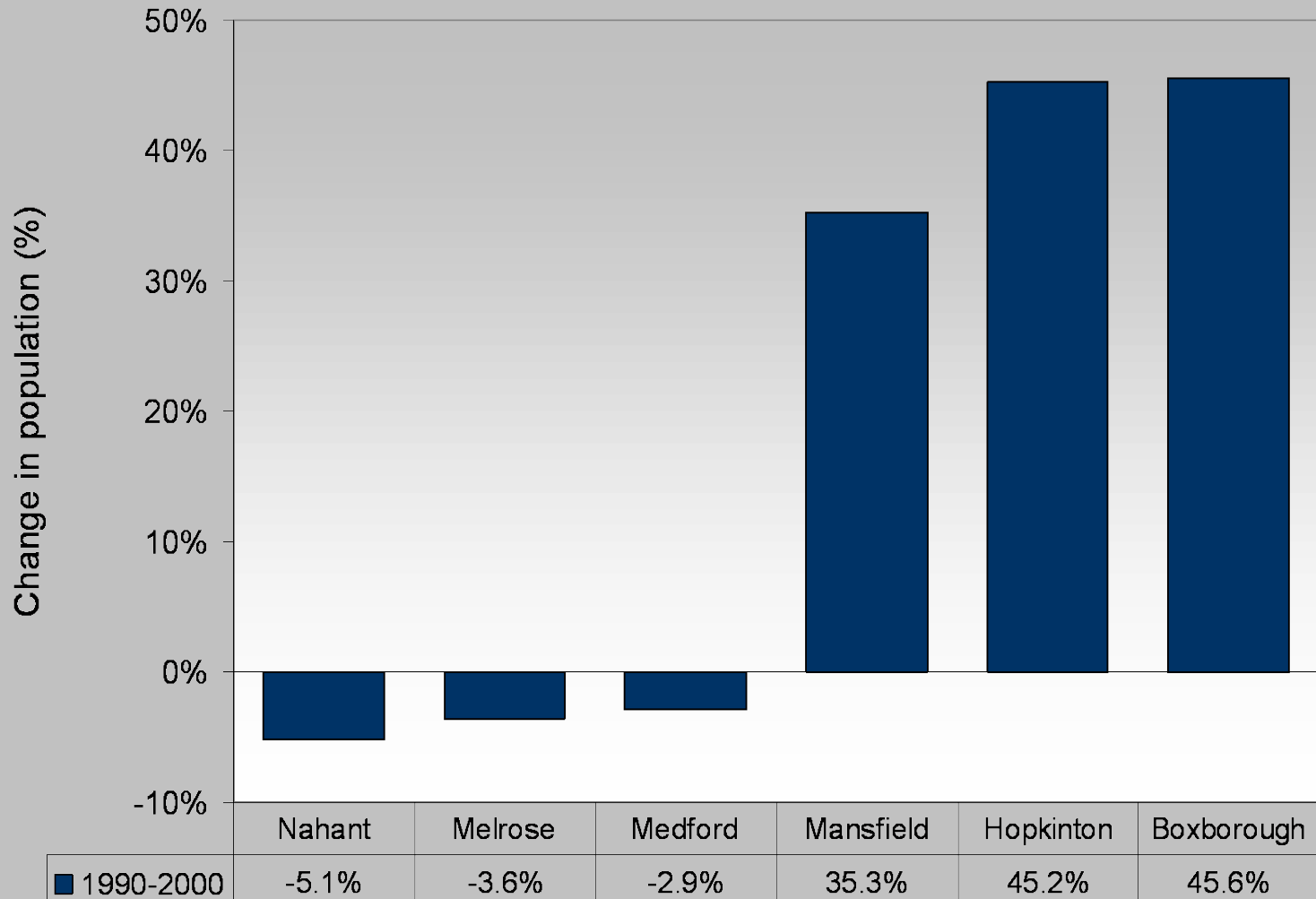
Boston's suburbs grew at twice the rate of the central city



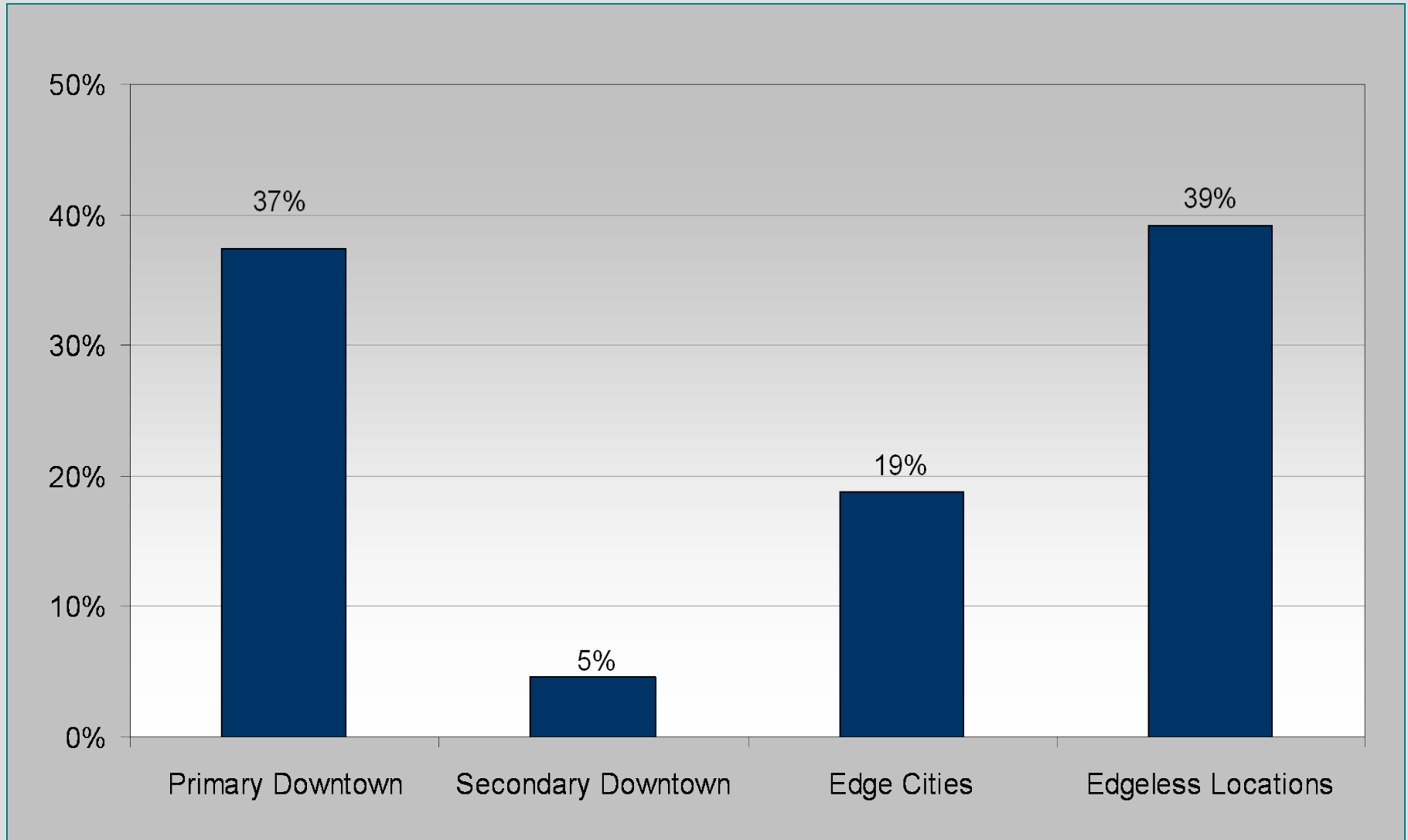
Every household type grew at faster rates in the suburbs than in Boston



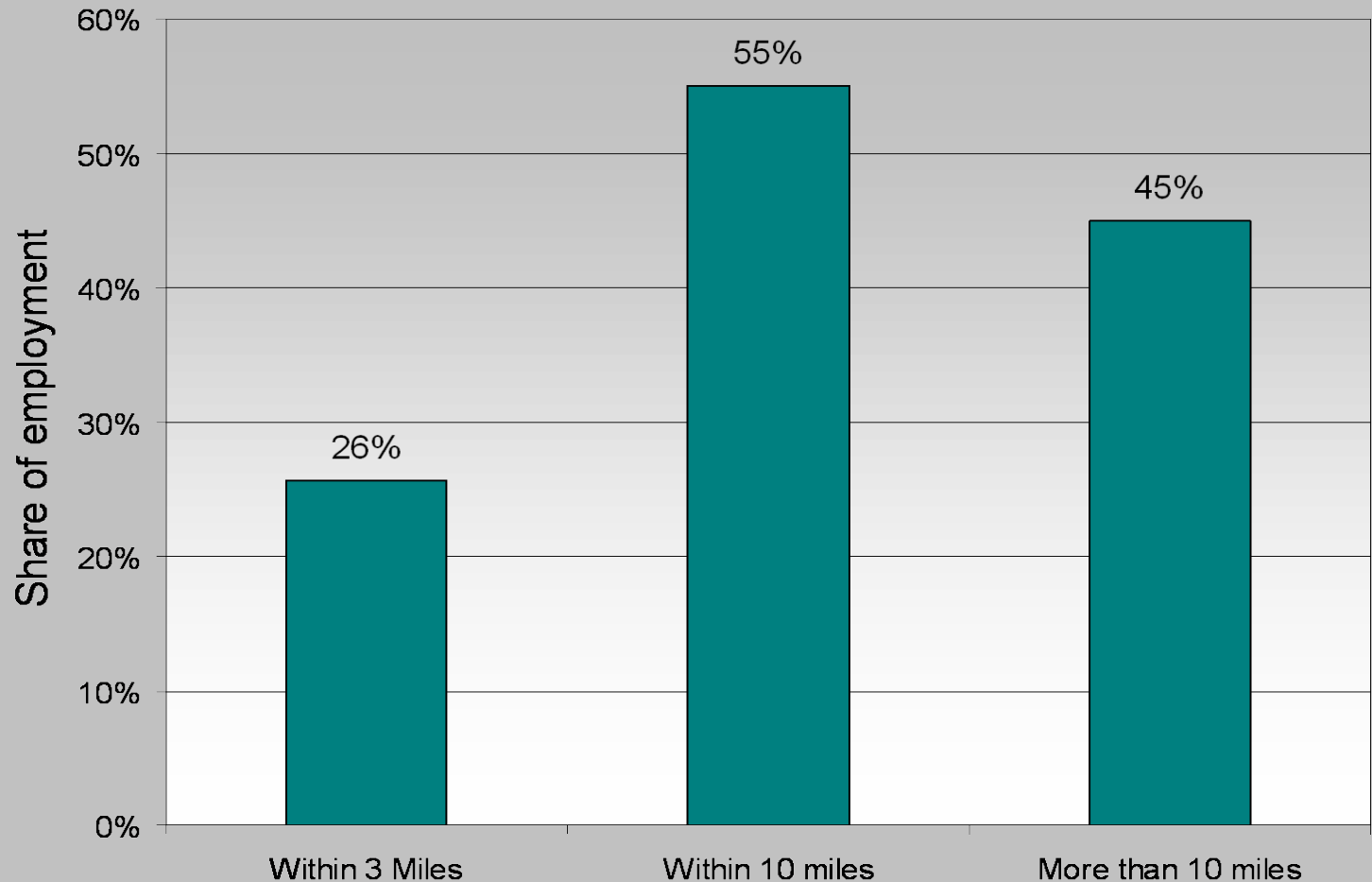
Strong growth was focused in the 495 corridor and significant declines were found closer to the city



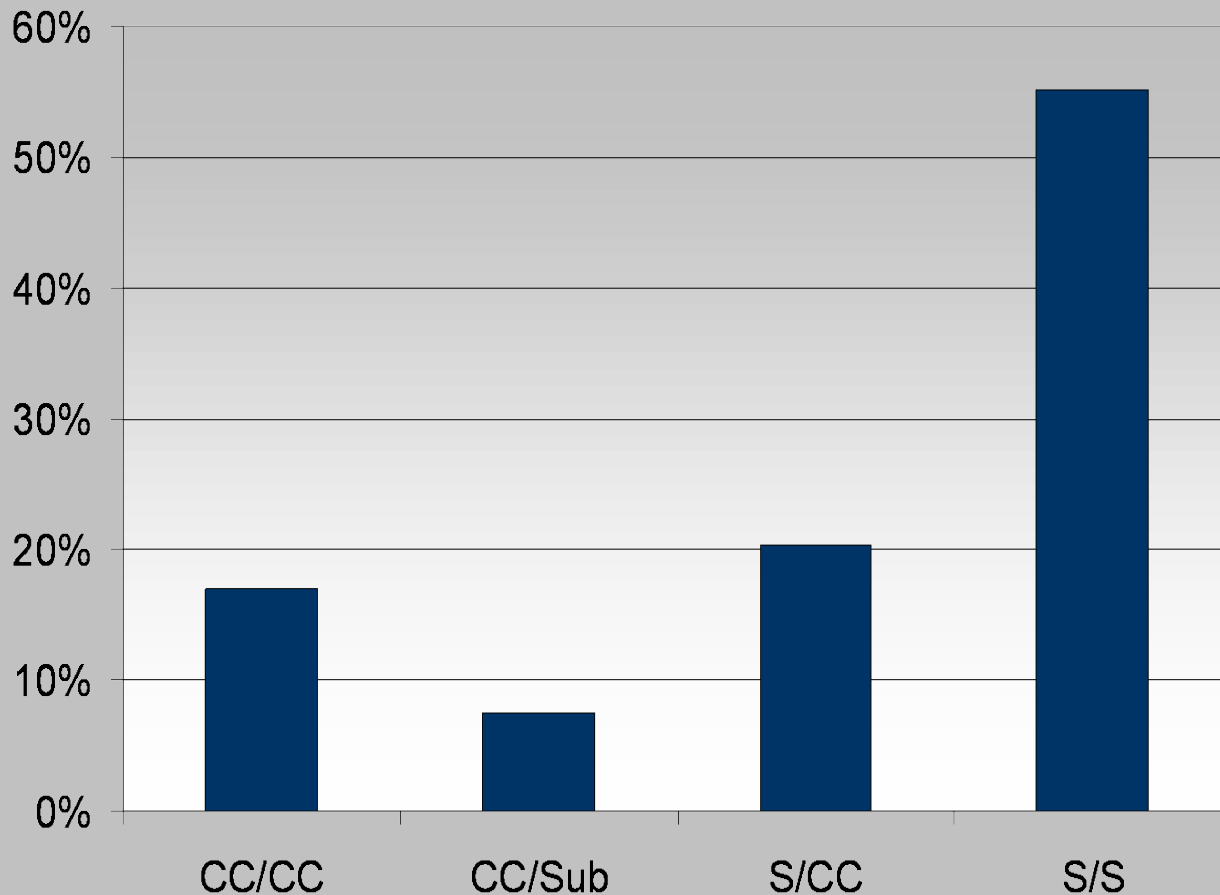
In greater Boston, office space in edgeless locations has surpassed primary downtown space



In the greater Boston area nearly half of all employment is located more than 10 miles from the CBD



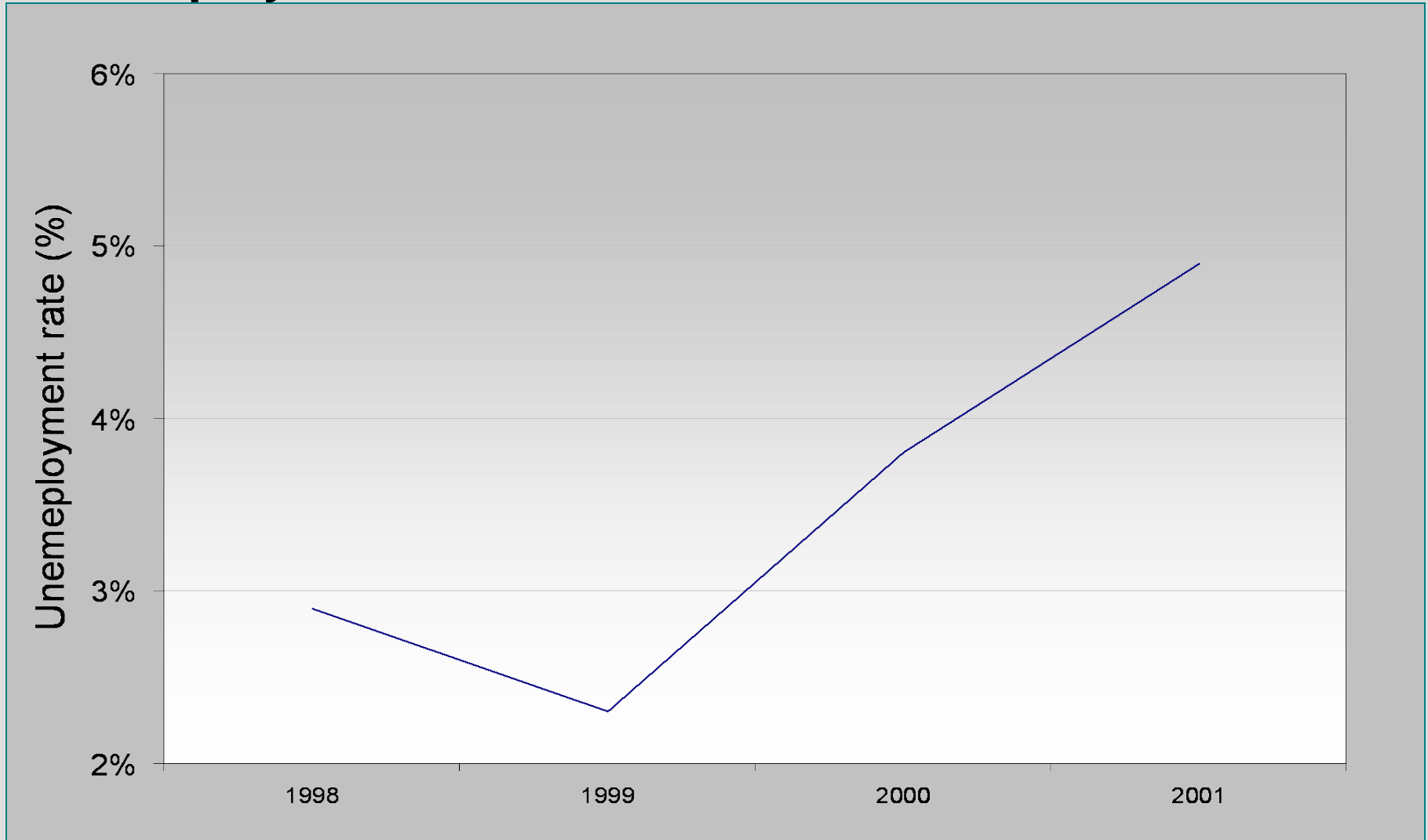
More than half of all Boston area commutes are suburb to suburb





II. What competitive challenges does the region face?

The Boston region has not escaped the effects of the recent economic downturn: Boston has begun to see an increase in unemployment



The state is facing a severe budget crisis



Current estimates place the budget deficit for fiscal year 2003 between **\$2.5 and \$3 billion**

The region is facing several key challenges to competitiveness

- ✓ Threats to recent advancements in **K-12 education**
- ✓ Competition in **higher education** from other regions
- ✓ **Health care** industry threatened by rising costs
- ✓ Regional economic impact of downturn in the **telecom industry**
- ✓ \$2 billion gap between **transportation** needs and available funding
- ✓ **Housing costs**

Primary Competitive Challenge: Affordable Housing



Housing costs in Boston have become a **competitive liability** for Greater Boston

The Boston region faces considerable housing challenges

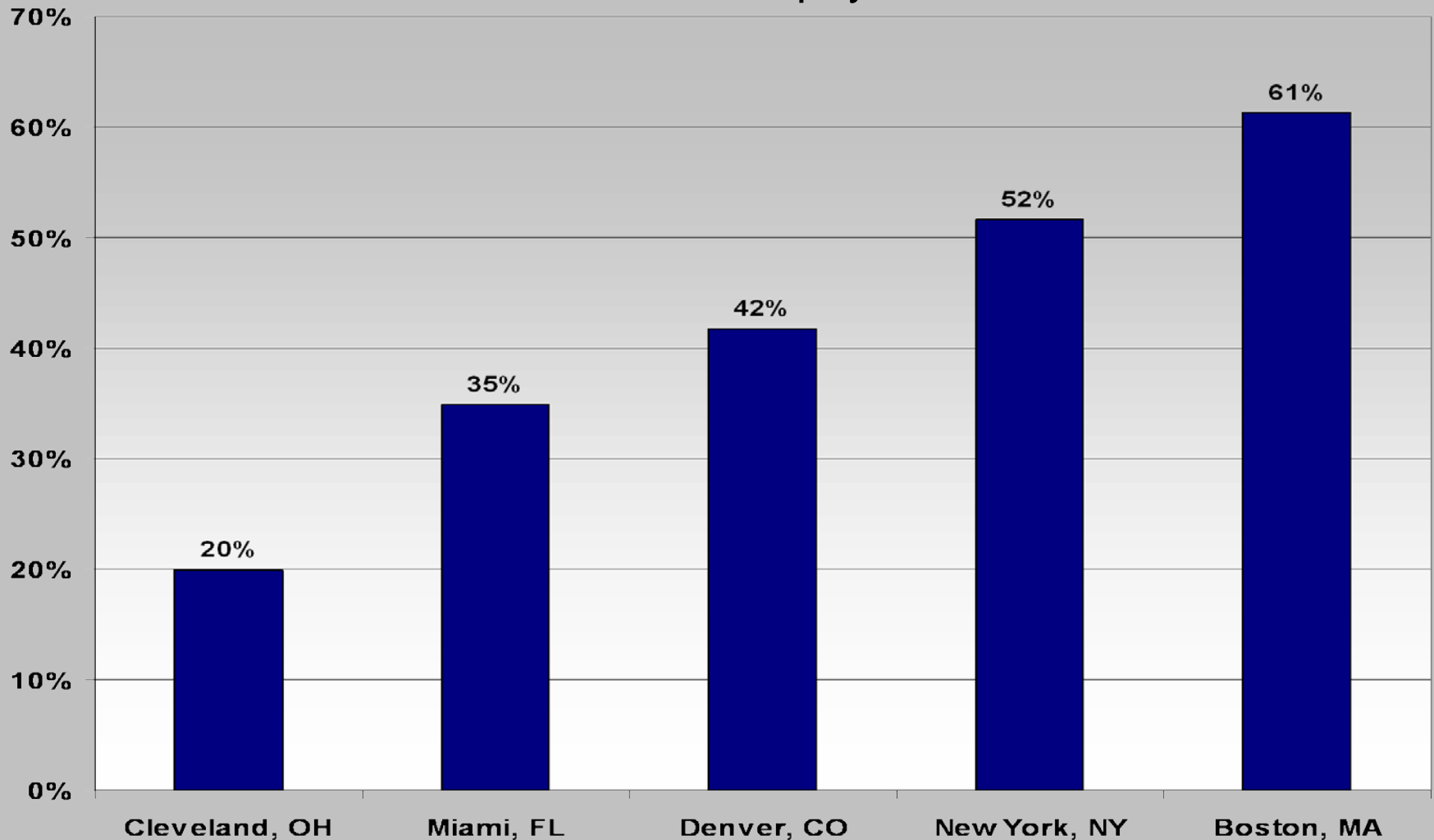
- Boston renters find the area one of the most unaffordable and many pay more than 30% of their income on rent.
- Affordability problems also plague homeowners in one of the most expensive areas for owned housing.
- Supply problems make it difficult for all residents to find housing they can afford.

Overall, Boston renters face rising housing costs

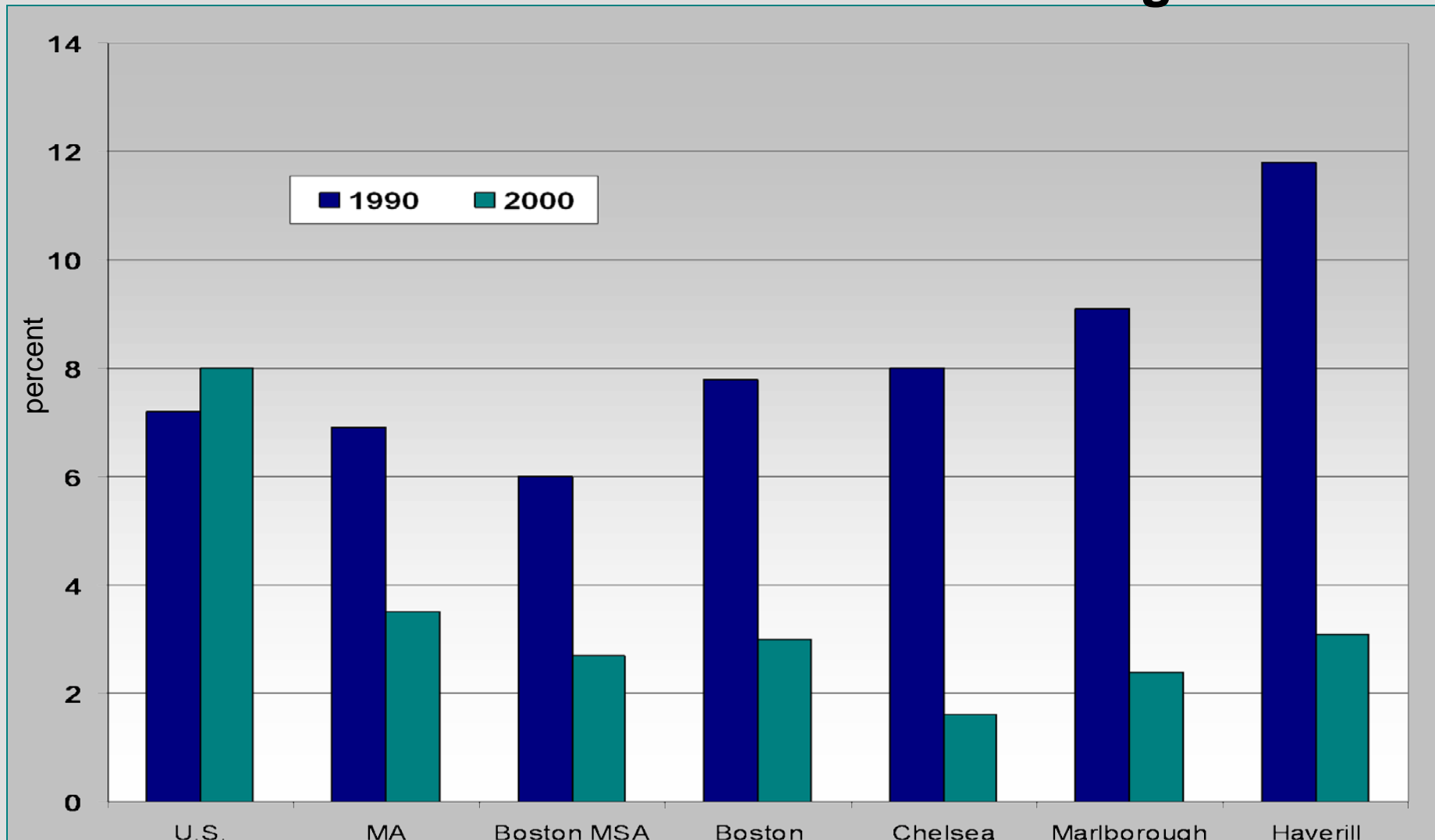
- Median rents for existing renters in the Boston MSA increased 39% from 1995 to 2000.
- Traditionally affordable towns and cities saw rents increase by as much as 64% from 1989 to 2001.
- Households earning the median income could only afford the median advertised rent in 2 of the 20 towns and cities.

Boston is most unaffordable for working class renters

Among peer cities, Boston is the least affordable for renters earning \$20,000 to \$35,000 -- 61% pay over 30% for rent



The rental housing market has tightened considerably over the 1990's, as reflected in the dramatic decline in vacancies across the region

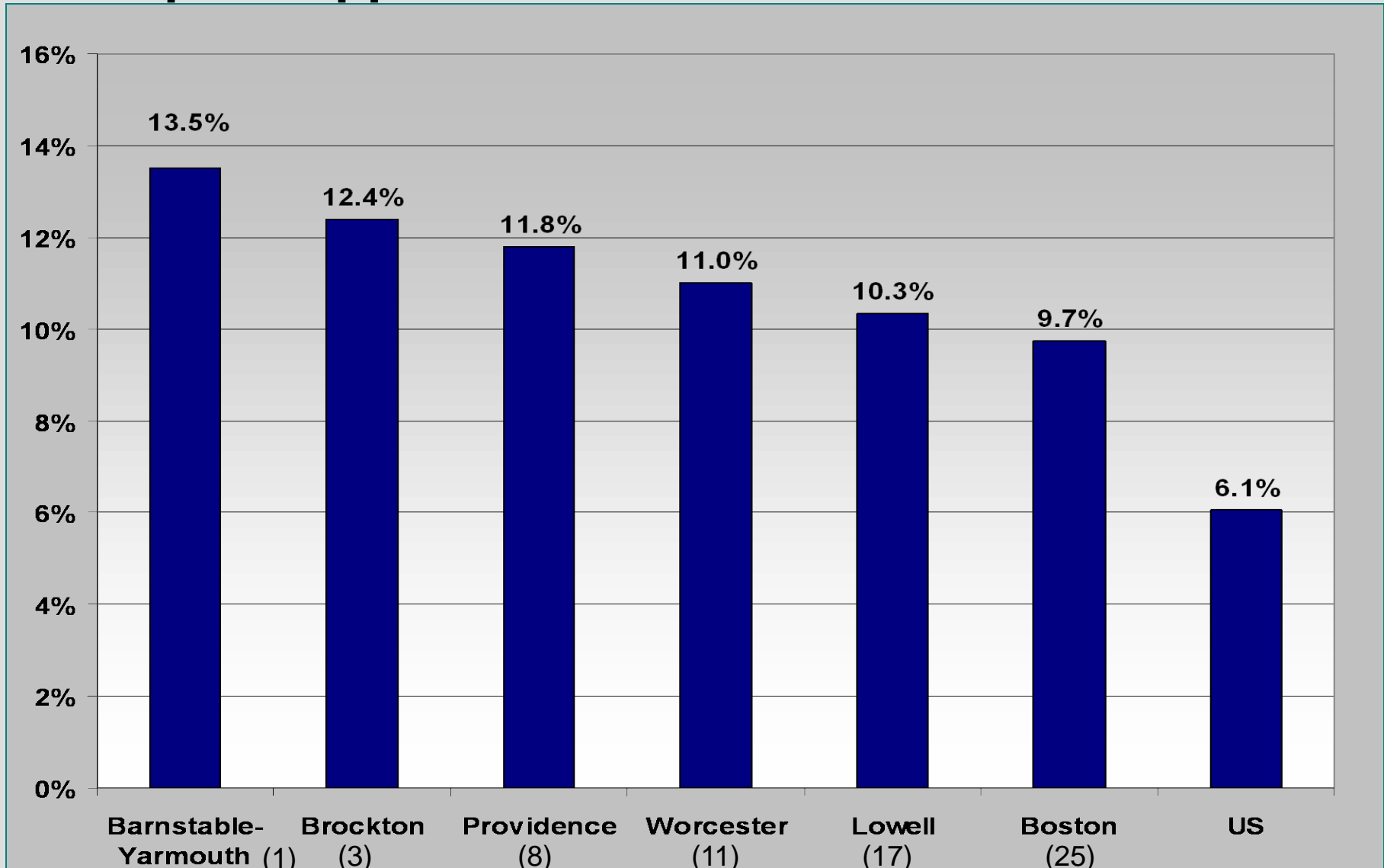


Source: *The Greater Boston Housing Report Card 2002* and the U.S. Census Bureau.

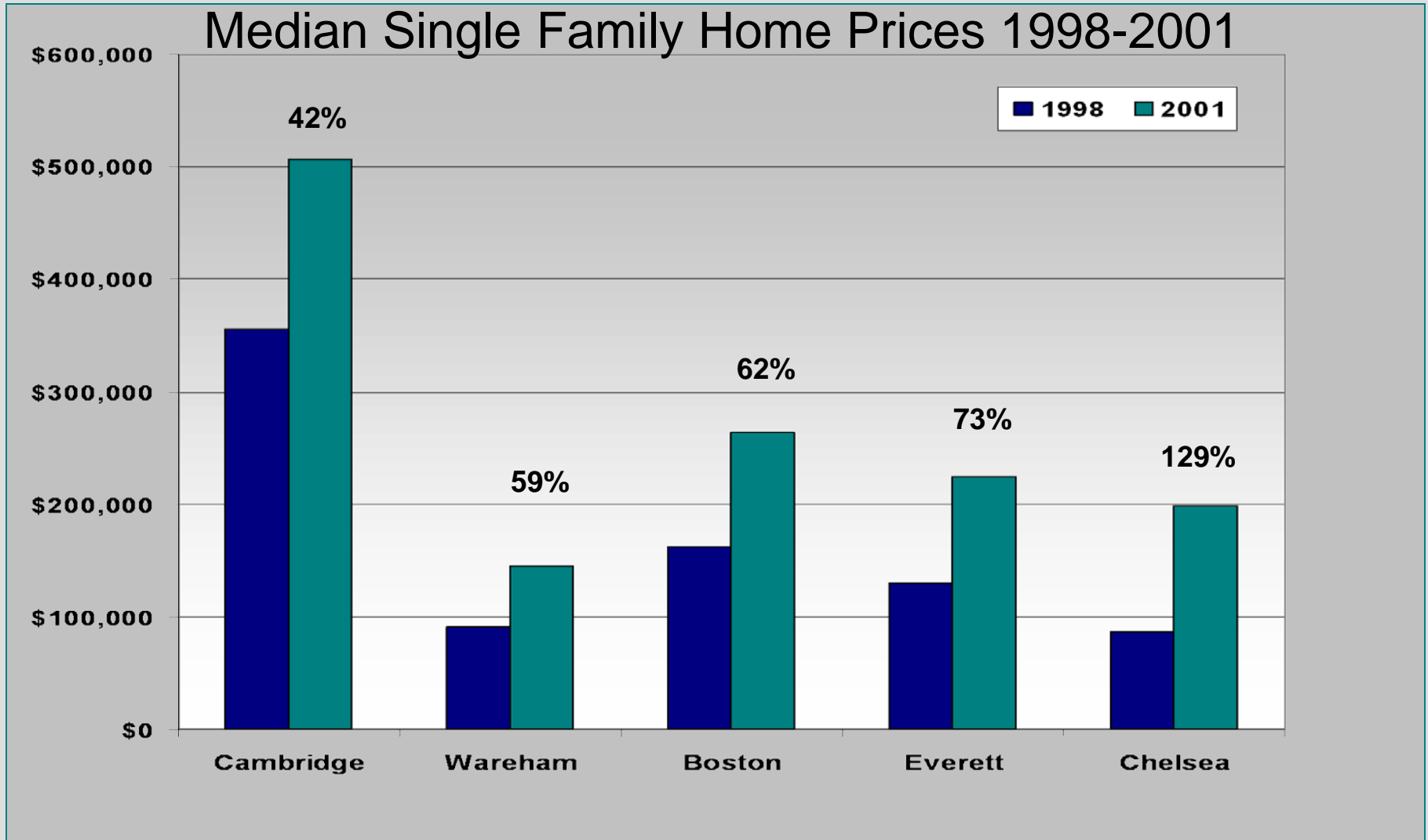
Boston homeowners are also facing affordability problems

- Median sales price of a single family home increased 50% from 1998 to 2001 to \$298,350.
- Households earning the median income could not afford the median priced home in 112 of the 161 towns and cities in the region.

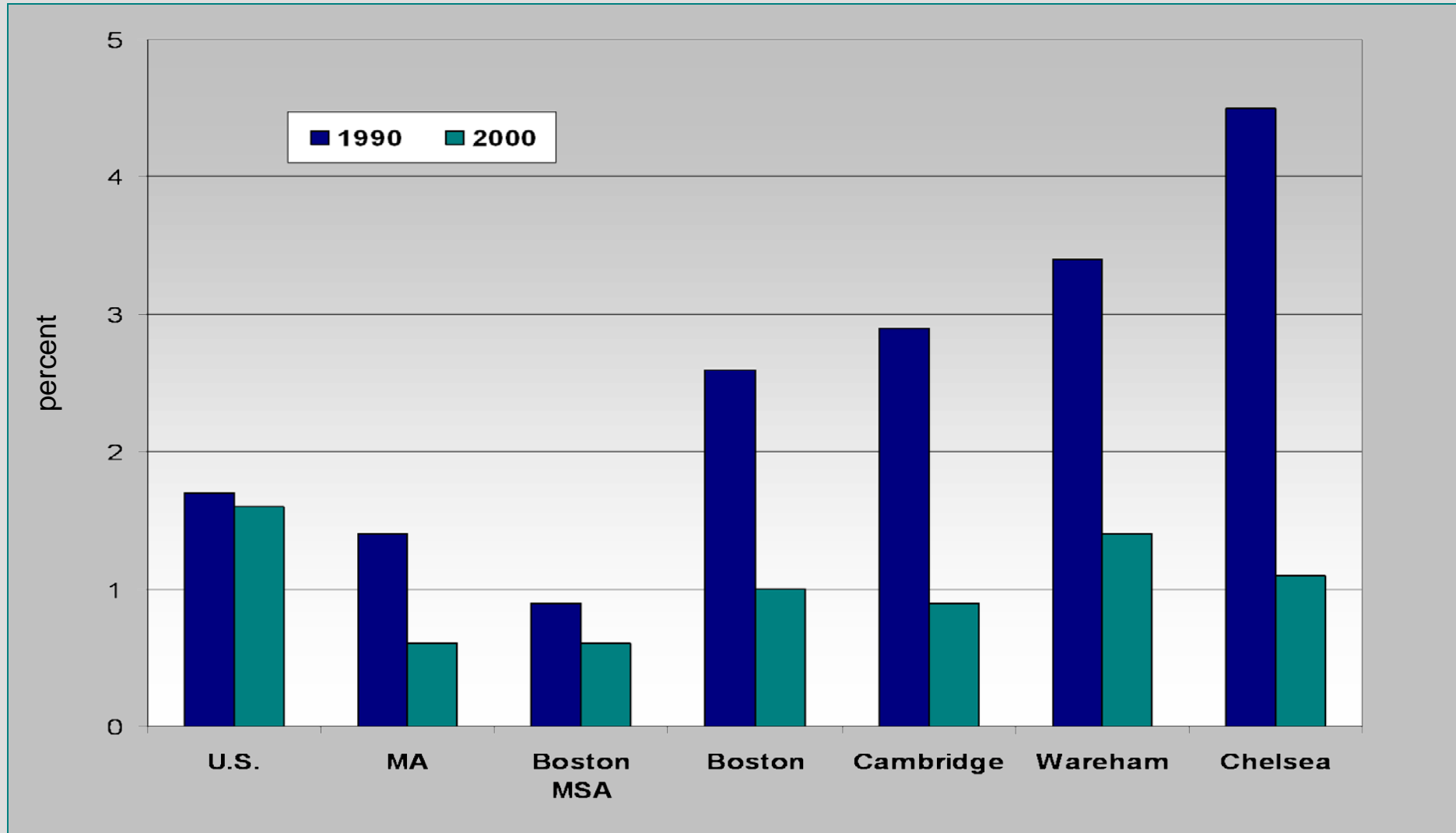
Six Massachusetts' MSAs rank in the top 25 for home price appreciation in 2002



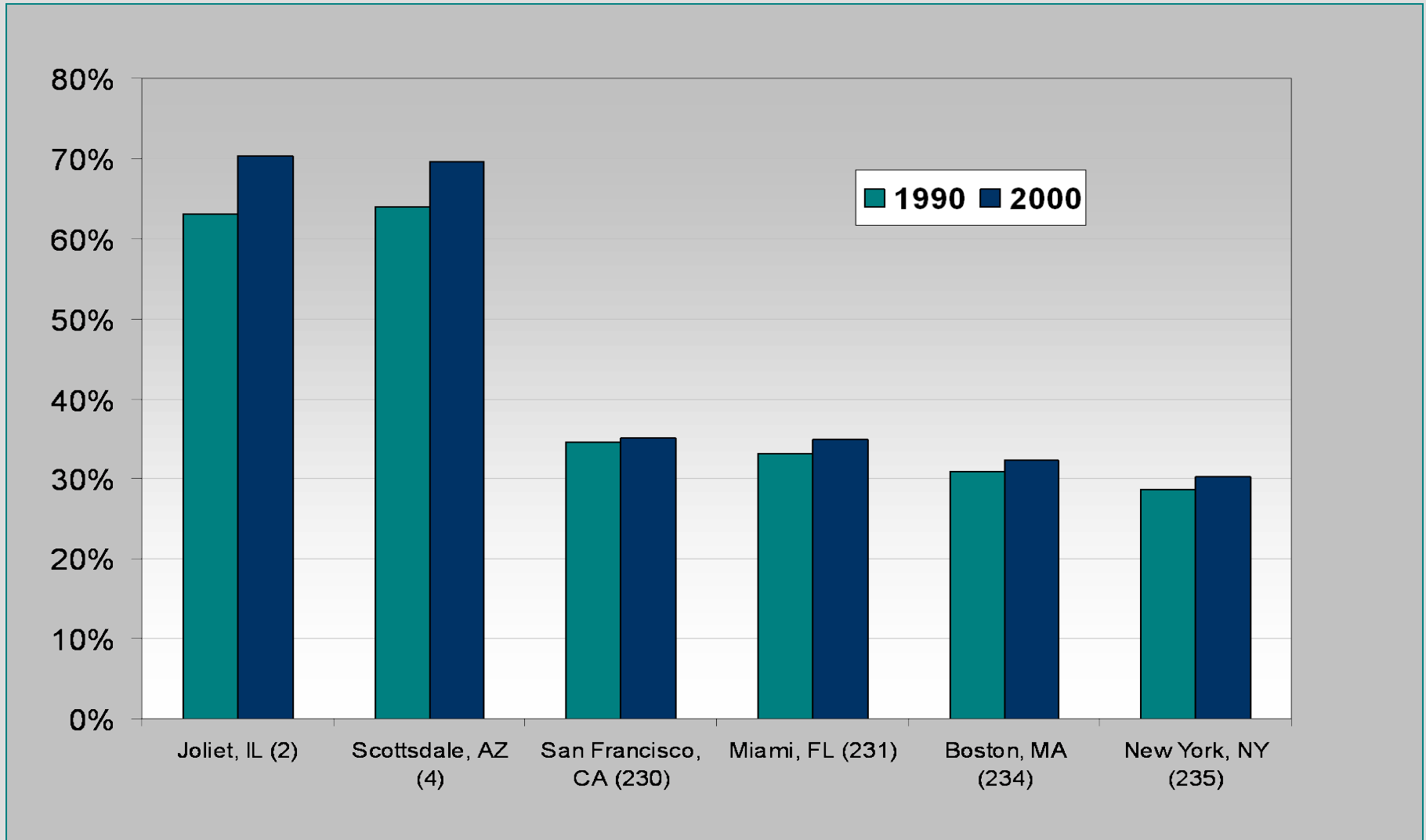
Home prices are moving beyond the reach of many households.



The vacancy rate among owner-occupied units declined to 0.6% from 1.7% in Greater Boston during the 1990s



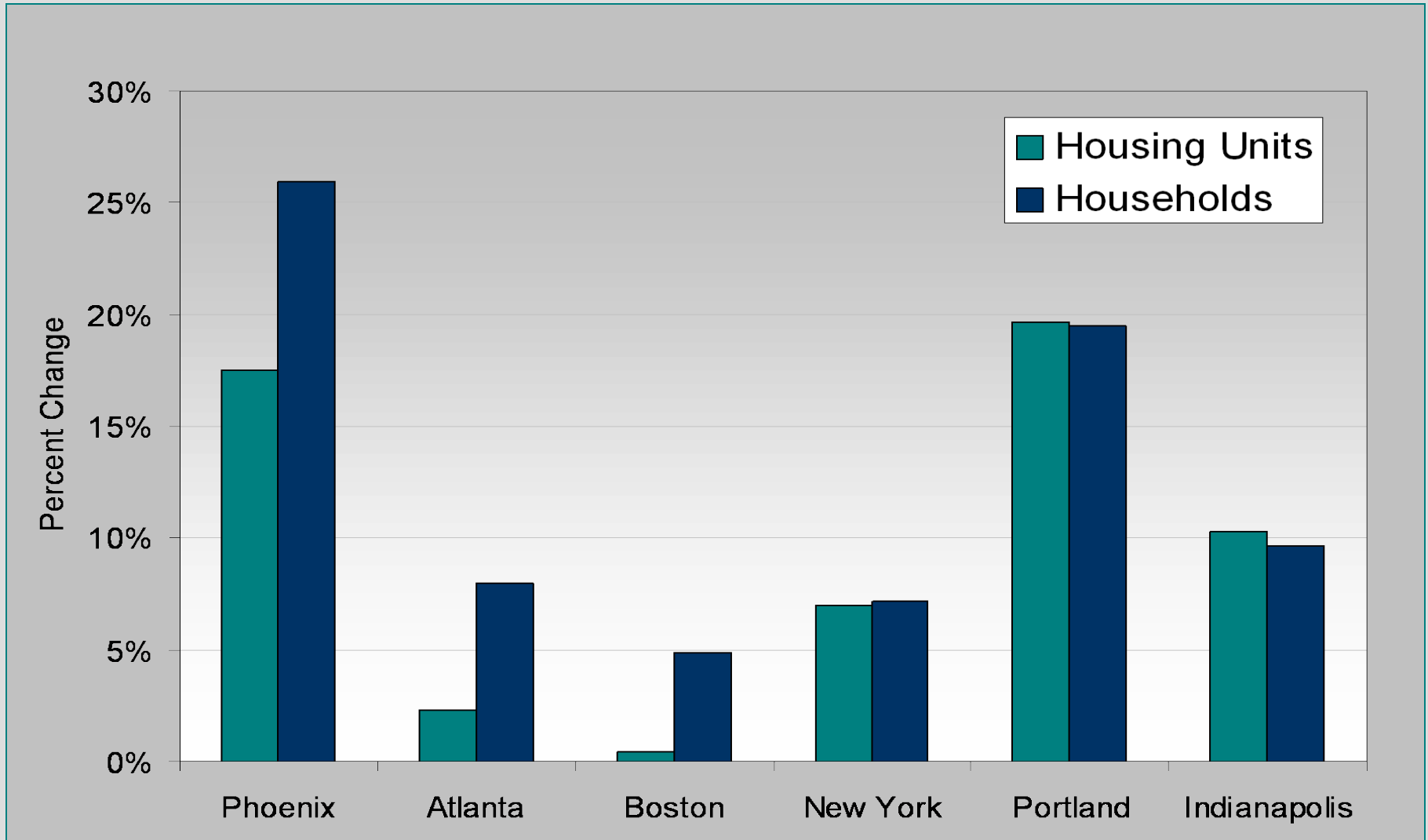
Though Boston's rates remain among the lowest, ranking 234th of 239 in 2000, homeownership rates edged up during the 1990's



Overall production in the region does not meet demand

- Number of households increased by 129,265 during the 1990s, while the number of housing units increased by only 91,567.
- Estimated that 15,660 new units of housing are needed each year to meet demand in the Boston MSA. From 2000 to 2002 production has only averaged 8,300 per year.
- This is a stark departure from prior decades.
- During the 1970s the Boston metro area lost 2.4% of its population, but housing production was 43% higher than current levels.
- Multi-family housing production is now 13% of all permits; in the 1970s it was 65%.

In Boston, the increase in number of households far outpaced the increase in housing units during the 1990's



Housing production falls short of housing goals set for the region

	Annual Requirement	Expected Annual Prod.	Projected Annual Shortfall	5-Year Production Goal
Market Rate	9,860	7,160	2,700	13,500
Subsidized New Constr.	4,300	1,300	3,000	15,000
Dorm Units	1,500	*	1,500	7,500
TOTAL	15,660	8,460	7,200	36,000



III. What are solutions to the region's most pressing challenges?

The New Competitive Agenda

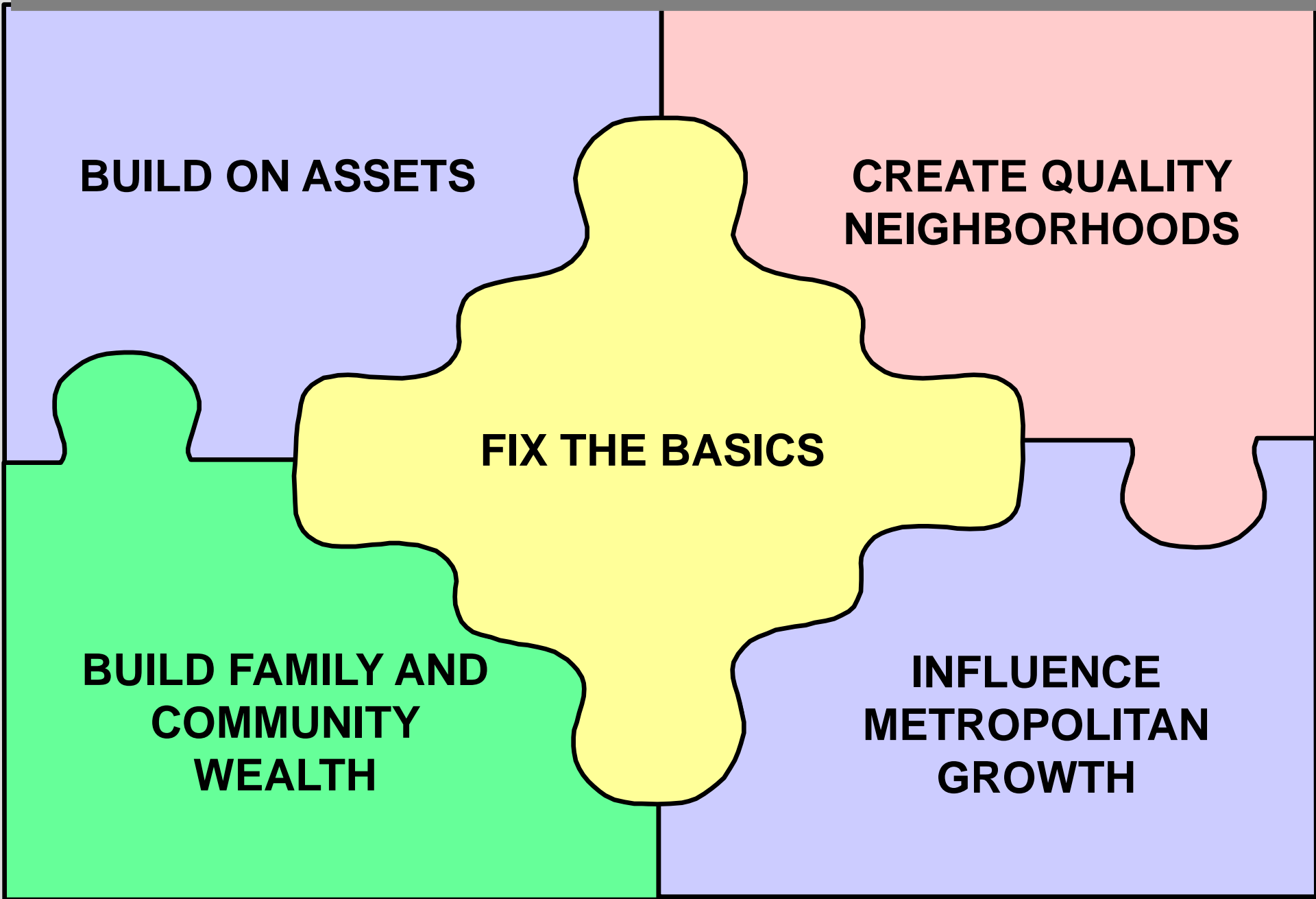
BUILD ON ASSETS

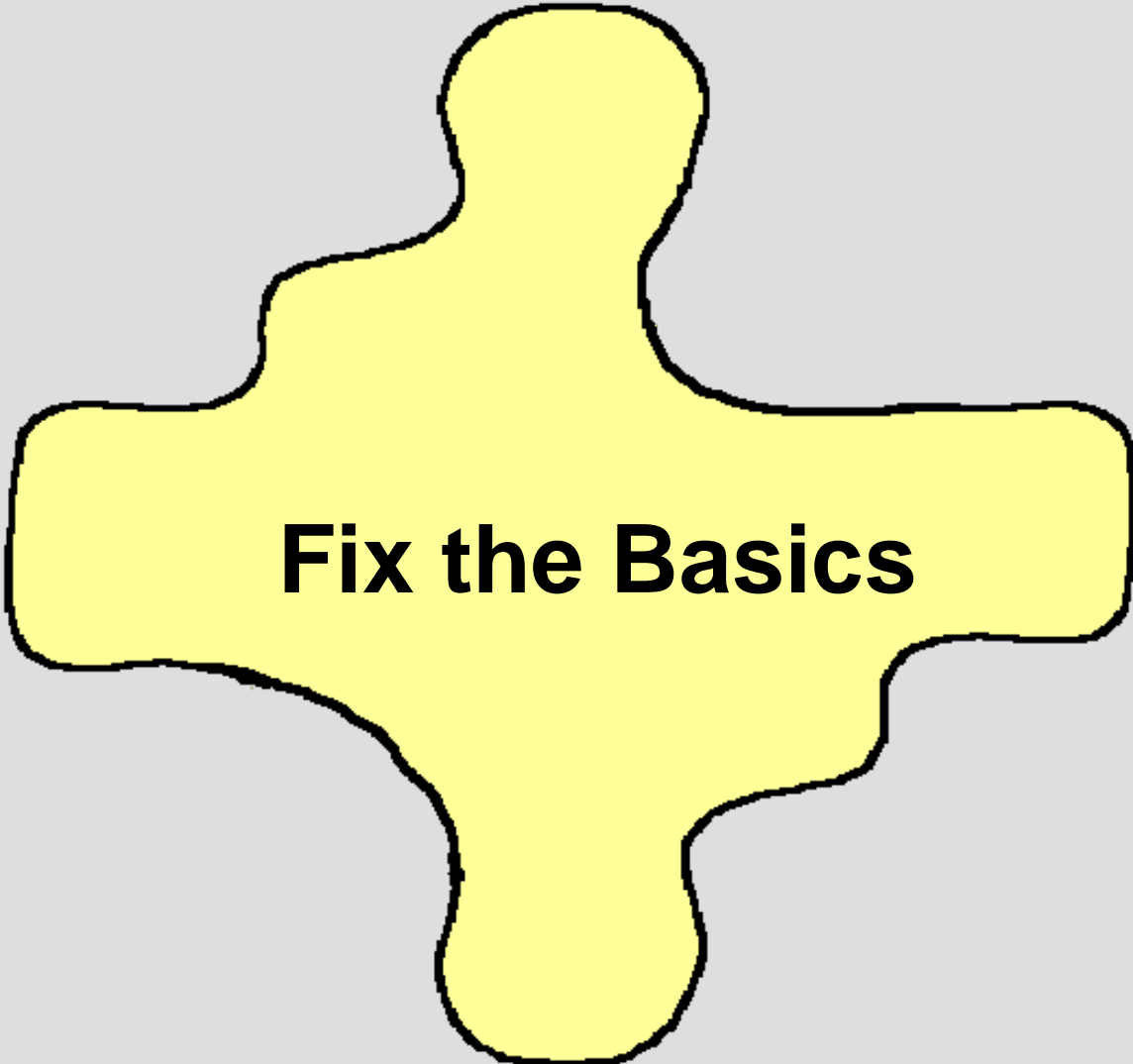
**CREATE QUALITY
NEIGHBORHOODS**

FIX THE BASICS

**BUILD FAMILY AND
COMMUNITY
WEALTH**

**INFLUENCE
METROPOLITAN
GROWTH**





Fix the Basics



Fix the Basics

Key Elements

- **Good schools**
- **Safe streets**
- **Competitive taxes and services**
- **21st century infrastructure**
- **Affordable housing**



Fix the Basics

Key Housing Reform Opportunities

- **Federal Policy**
- **State Policy**
- **Local Policy**
- **Private Sector Engagement**



Federal Reform Opportunities

- **Bush administration proposals**
 - \$2.4 billion Single-Family Affordable Housing Tax Credit
 - Goal of 5.5 million new minority owners by 2010
- **Congressional Millennial Housing Commission**
 - New Rental Housing Production Program



State Reform Opportunities: Fair Share Policies

- **Washington State** - Requires localities to provide existing & projected housing needs of families at all income levels.
- **California** - State law mandates local plans to include a housing element which contains an analysis of projected housing needs including rental and affordable housing demand.
- **Oregon** - All metro Portland jurisdictions have minimum density standards to facilitate the development of affordable housing throughout the metro area.



State Reform Opportunities: Statewide Affordable Housing Initiatives

Housing Minnesota Campaign

- Public, private and nonprofit partnership to promote the creation of affordable housing across the state.
- Outreach campaign will educate the public about the scarcity of affordable housing statewide
- Highlight the consequences of the lack of affordable housing faced by residents, communities and the economy.



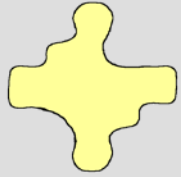
Massachusetts Reform Opportunities: Strengthen “Anti-Snob” Zoning

- MA has had “anti-snob” zoning since 1969
- Yet, only 23 of the state's 351 cities and towns met the 10 percent affordable housing goal in 1999, few of which were in wealthier suburban areas
- Only 12 of the region’s 161 communities have reached the 10% threshold for affordable housing
- These 12 communities contain one-third of the region’s housing, but 60% of the total assisted inventory.



Massachusetts Reform Opportunities: Increase Housing Production

- MA was leader in affordable housing investments in the late 1980s
- But state spending on affordable housing has declined from \$410 million in 1989 to \$237 million in 2001.
- State funding for housing now comprises .7% of state spending - down from 2.9% in 1989.



Local Reform Opportunities

Strengthen inclusionary zoning ordinances

	Year of Inception	Affordable Units Created
Boston	2000	68
Brookline	1987	54
Cambridge	1999	88
Newton	1977	225
Lexington	1985	118

While several communities in the region have had inclusionary zoning ordinances for many years, few units have been created



Private Sector Opportunities: Engage Business Leaders

Chicago Metropolis 2020 Plan

Corporate expansion decisions of over 100 business leaders will take into account:

- Community zoning, building and land use policies that allow for the construction of affordable housing for workers.
- Reliability and accessibility of mass transit, particularly mass transit near work sites.



Private Sector Opportunities: Encourage Partnerships

Silicon Valley Manufacturing Group

Company leaders and local, regional, state and federal government officials work together to address public policy issues.

- Encourage the construction of greater numbers, and a broader range of styles, of affordable homes for Silicon Valley residents and workers.
- Encouraging sustainable land use practices and discouraging urban sprawl.
- Encouraging the use of public transportation and reducing dependence on automobile travel.

The New Competitive Agenda

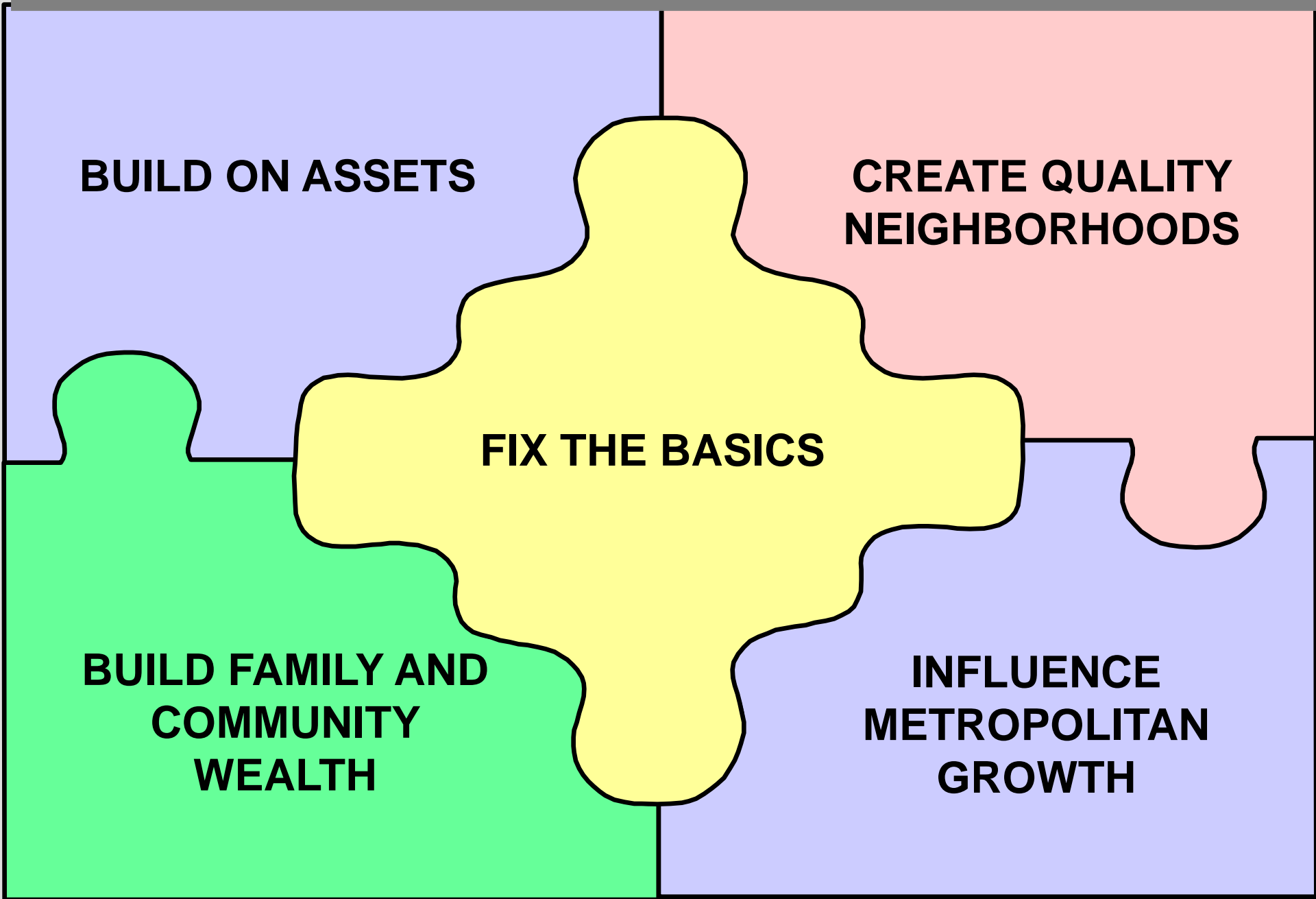
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