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Index Spots Rental Housing Weak Points

By Aglaia Pikounis

WINCHESTER, HOPKINTON, NORWELL and Sudbury all have one thing in common: All four communities are among more than two-dozen Greater Boston municipalities that could use more affordable rental housing, according to a newly developed index.

The index, crafted by researchers at the Massachusetts Institute of Technology's Center for Real Estate, examines the number of rental units, both subsidized and privately owned, that are affordable to households earning between 50 percent and 80 percent of the area median income, while also taking into consideration the town's access to jobs and major employment centers, to calculate a score.

Thirty communities out of 155 in Greater Boston that were analyzed had a low index score, meaning that based on their proximity to jobs they should have had a higher share of affordable rental housing units. Another 32 communities fared slightly better with a medium-low score.

Henry O. Pollakowski, director of the MIT Center for Real Estate's Housing Affordability Initiative, said the index is designed so towns that are closer to jobs must provide a larger stock of affordable housing in order to achieve the same index score as less accessible communities.

"The bar is raised higher for some places than others and that's because they have better accessibility," said Pollakowski, who presented the results of the index at the Center for Real Estate's first Housing Affordability Conference at MIT last week. "If you go out to Framingham you have a lot of affordable housing and you have a fair amount in Natick, but then if you go north in Sudbury it's like falling off a cliff."

In calculating the index, MIT researchers took into account major job centers like Boston and Cambridge as well as nine communities with the largest concentration of jobs: Waltham, Newton, Quincy, Framingham, Woburn, Brockton, Burlington, Lowell

and Andover.

The index reveals that communities with a similar share of affordable housing units may have different scores based on their proximity to area jobs. For example, both Woburn and Framingham have similar percentages of affordable rental units. But Woburn, which has good accessibility to jobs, ranks lower, while Framingham, which is a little more remote, ranks higher than Woburn.

In a similar manner, communities with comparable access to cities with high concentrations of jobs may have different scores because of their share of affordable housing units. Burlington and Everett, for example, are within comparable commuting distance to Boston-area jobs. But Everett gets a higher score than Burlington because a higher percentage of Everett's housing stock is affordable rentals.

Researchers at MIT are hoping that policymakers and lenders will be able to use the index as a tool when making decisions about where to develop housing and which projects to invest in.

"I think having an affordability index that is informed by access to employment may create a different series of decisions about where do you locate and why do you locate," said Thomas R. Gleason, executive director of MassHousing, a quasi-public agency that provides financing for affordable rental housing projects.

"This research adds to the body of knowledge that we have and that's why I think it's valuable, because more information is needed on housing in this market, both subsidized and unsubsidized, to make good lending decisions."

Joseph L. Flatley, president and chief executive officer of the Massachusetts Housing Investment Corp., a private nonprofit that provides financing for housing and community development, said the index will help local decision makers see how their communities measure up in terms of providing affordable rental housing.

The index also can assist MHIC and other lenders "establish some priorities" and focus

on suburban communities where the need is greatest and market for rental housing is strongest, Flatley said.

"In a sense, it's a test for the market," he said.

Some observers blame the lack of affordable rental housing in Greater Boston suburbs to municipalities' resistance to such projects.

Gary Ruping, a developer of mixed-income housing and president of the Builders Association of Greater Boston, said many town officials have a misperception that rental housing with an affordable component will result in an influx of school-age children who will burden their school systems.

"What it really comes down to is children," said Ruping. "Many communities are experiencing budget problems and they perceive rental housing to be an area where they can blow their budget."

Ruping said that while some communities are embracing mixed-income housing development through the state's comprehensive permitting law, Chapter 40B, towns inside the Route 128 belt don't have a lot of land zoned for multifamily use.

"When you look at employment nodes and you look at the affluent communities that surround those employment nodes, those are the communities that should be contributing to affordable housing," he said.

Low Points

Hopkinton, which is within a 30-minute commute to Framingham, a suburban employment center, was one of the communities that scored low on the index. Jim Holbrook, manager and vice president of the Westborough office of Coldwell Banker Residential Brokerage, said families are attracted to Hopkinton and Westborough because both towns are accessible to Route 9 and the Massachusetts Turnpike, making for an easy commute to Boston or Worcester.

Residents also have access to jobs nearby because several companies have a presence in the area, including Boston Scientific,

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Pfizer, and EMC, which has its headquarters in Hopkinton, according to Holbrook.

"There are definitely jobs in this area," Holbrook said.

However, Hopkinton has a limited supply of rental housing. Zoning in Hopkinton is mostly geared toward single-family housing, said Holbrook, with minimum lot sizes of 1.5 acres. In fact, Holbrook could only think of one significantly sized rental housing development – Avalon at Flanders Hill – a 280-unit apartment complex in Westborough that sits on the borders of Hopkinton and Southborough. Those apartments rent for anywhere from \$1,335 up to \$2,795 a month.

Winchester, a town that is close to job centers like Boston, Cambridge, Woburn and Burlington, also had a low index score.

"Winchester is not a big area. It's only six square miles. What we have is fairly limited," said Marion Crandall, a Realtor in the Winchester office of Carlson GMAC Real Estate.

According to Crandall, the town does have an area that's zoned for two-family housing.

Crandall said the strength of the homeownership market has had an effect on the rental market in recent years. Low interest rates have allowed more renters to become homeowners, thereby decreasing the overall demand for apartments, and Crandall pointed out that some rentals have been converted into condominiums.

In Winchester, for example, Winchester Gardens, a 96-unit apartment complex built after World War II for veterans, was sold earlier this year and is currently being converted into townhouses.

In addition to Hopkinton and Winchester, other communities that scored low on the index include Lexington, Lincoln, Wilmington, Carlisle, Weston, Dover, Sherborn and Duxbury.

"There's clearly a lack of rental housing that's on the affordable level," said Laurie Cadigan, president of the Greater Boston Association of Realtors.

However, Cadigan said thanks to legislation like the comprehensive permitting law, which

enables developers of mixed-income housing to skirt local zoning rules, and Chapter 40R, a law passed last year that provides financial incentives to communities that create smart-growth overlay zoning districts for higher-density housing development, more rental housing development "is coming down the pike."

The release of the index comes as reports have shown that residents in Greater Boston are commuting greater distances to get to work and are being pushed further away from cities where jobs are centered, like Boston and Cambridge, in search of more affordable housing.

As part of the Housing Affordability Initiative at the MIT Center for Real Estate, researchers are working on producing a series of other indexes that will look at rental housing that's affordable to households at different income levels, as well as homeownership affordability. ■

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