

Rising Rents, Closing Doors

*A Profile of Housing in
Allston Brighton*

2019

**Allston Brighton Community
Development Corporation**



Allston Brighton

COMMUNITY DEVELOPMENT CORPORATION®



EXECUTIVE SUMMARY

For the past 38 years, Allston Brighton Community Development Corporation (ABCDC) has been dedicated to opening doors for Allston Brighton residents. Our various program areas strive to make the neighborhood a thriving community and to create opportunities for individuals to achieve their personal dreams.

Our home buying program opens doors to homeownership and provides First-Time Homebuyer education and financial coaching for low-to-moderate income people, opening doors to individuals seeking to stabilize their family's financial situations. The housing development program is focused on stable, affordable rental housing by creating and preserving housing throughout Allston Brighton, a neighborhood that's been feeling the effects of high rents and limited homeownership opportunities. Our community building and engagement program opens doors to personal and political power for local residents by mobilizing and supporting new voices for community leadership. Our resident services program opens doors to stable and secure housing for the 505 households within ABCDC properties by providing high quality affordable rental housing and case management services.

Recently, we have found doors closing on neighborhood residents. Graduates of our class for first-time homebuyers can no longer afford to purchase in the neighborhood, with even condominiums beyond the reach of many residents. Waiting lists for subsidized housing in the neighborhood are growing, and we have witnessed the shrinkage of the subsidized housing stock over the past two years. Our housing development efforts have been stymied by exorbitant acquisition costs, as new construction costs on average \$500,000 per unit in a Boston multifamily project.[1]

To understand this phenomenon, and to develop a strategy to re-open doors in Allston Brighton, we have undertaken the research summarized in this report. We assessed how general trends in the real estate market are affecting Allston Brighton in particular, so that we can work with residents to develop specific strategies for Allston Brighton. The challenges that confront Allston Brighton in today's market differ from those of other neighborhoods, and demand specialized solutions. Rising rents have led to closing doors for renters, homeowners and homebuyers. Allston Brighton CDC is working with neighborhood residents to find ways to re-open doors for those who call Allston Brighton home.

The major findings of the study are:

Rental Housing

- Rents increased dramatically over the past few years and are continuing to rise. Average rents for family-size units (3-bedroom) have increased by 30% over the past two years,

1] Spearance, Cameron. "Boston is Running Out Of Affordable Options To Tackle Sky-High Housing Costs." Bisnow Boston. November 15, 2018.

from \$2,131 to \$2,767 per month. Rents for units of all sizes have increased by 32% (on average) or more.

- Rents in Allston Brighton for a three-bedroom household would require a family earning \$52,795 (the median household income in the neighborhood) to pay 63% of its monthly income in rent, 33% more than the generally recommended 30% of income. Rent for a 1-bedroom apartment would exceed the entire gross pay of a full-time worker earning the minimum wage (\$21,120/year earned- \$21,612 rent only).
- Although new construction is occurring elsewhere in Boston, the lack of vacant land in Allston Brighton makes it nearly impossible to increase the affordable housing stock significantly. There is also currently only one developable vacant lot owned by the city.

Subsidized Rental Housing

- Projections based on the 2016 U.S. ACS data report indicate that there are approximately 8,392 households in Allston Brighton today earning less than 50% of the neighborhood median income. Virtually all of these households would be eligible for publicly subsidized housing, were the units available.
- The need for affordable housing in Allston Brighton far exceeds the supply, as applicants on waiting lists generally wait five or more years before getting a unit.
- Although tenant-based subsidies are available for some low-income residents, today's rents are so high that even families with rental vouchers or certificates may have difficulty finding affordable housing in Allston Brighton.

Impact of Colleges and Universities

- Students in private housing account for approximately 12.4% of the total Allston Brighton population. There is a higher percentage of students living in private housing in Allston Brighton than in any other neighborhood of the city.
- Due to a variety of factors, students can more frequently afford to pay \$2,800 (on average) for a three-bedroom apartment, or \$930 per student per month (sometimes even less if there's more than one student per room or using a dining/living space as an extra room). For a family to afford a monthly rent of \$2,800 and not pay more than 30% of its income in rent, a family would need to earn \$110,000 a year.
- Universities' pricing for on-campus housing provides a significant incentive to students to live in off-campus apartments.

Homeownership

- The median sales price for a single-family home is about \$740,000, whereas two and three-family homes are well into the \$1-1.4 million range. All types of homes have seen drastic increases in prices since 2010.
- Household purchasing power has not kept up with rising real estate prices. All types of home purchase are beyond the means of the average Allston Brighton household.
- Allston and Brighton have in general a low homeownership rate, at around 10% for Allston and 22.5% for Brighton, compared to a 36% homeownership rate citywide in Boston. Homeownership is a key component in a family's ability to achieve financial stability. It is also closely correlated with a neighborhood's ability to advocate for public services and to provide a nurturing environment for children.

ACKNOWLEDGEMENTS

2019 Report Update:

The "Rising Rents, Closing Doors" report was originally produced in 1999 by the staff of Allston Brighton CDC, under the direction of then Executive Director, Bob Van Meter. Rebecca Plaut served as Project Coordinator. The research and writing team consisted of: David Dologite, Ava Kuo, Rebecca Plaut and Josh Sevin. Twenty years later, this report has been updated to reflect the changing market conditions which have continued to strain the rental and homeownership markets – closing the door for many who wish to call Allston Brighton home. The 2018 report update was produced under the direction of Jason Desrosier and supporting staff. The research, writing and design updates were done by Hannah Urbanski and Jason Desrosier.

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CHAPTER 1

Who Lives in Allston Brighton?

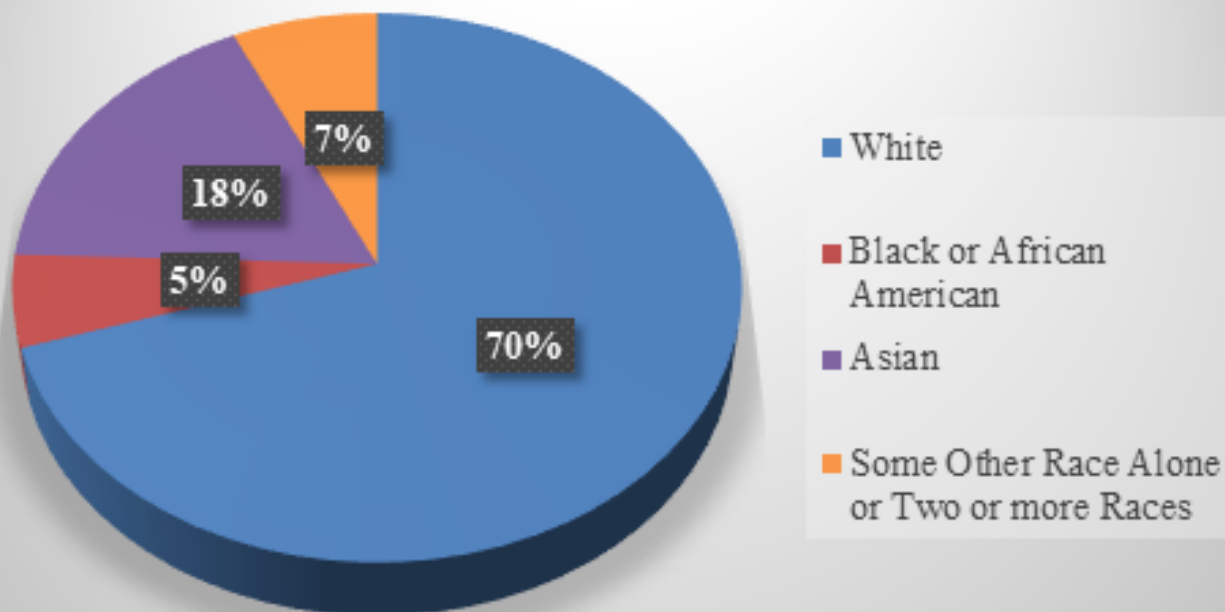
Allston Brighton is home to about 69,000 residents. Most of the neighborhood's residents are middle and low income. Over the past two decades, Allston Brighton has become an increasingly diverse neighborhood in terms of race and ethnicity. While people of color comprised 26.5% of the population in 2000, by 2016 minorities constituted 30% of the neighborhood's residents. Twenty-six percent of Allston Brighton residents are immigrants, hailing from China, Russia, Brazil and many more. The age composition of Allston Brighton's population is also changing. The age group 18-24 has seen the most decrease, whereas the under 5 and 65 and over have had the most increase. These trends indicate a growth in the number of family households with children who will need housing with larger units, particularly considering that many immigrant households are multi-generational.

Racial and Ethnic Composition

According to 2016 demographic estimates, the Allston Brighton population is 70% White, 17% Asian, 7% Other or Two or More Races and 5% Black. Of any race, 11% are Hispanic or Latinx. As Exhibit 1-A shows, persons of color represent about 30% of the Allston Brighton population.

Exhibit 1-A

Allston Brighton 2016: Racial Composition



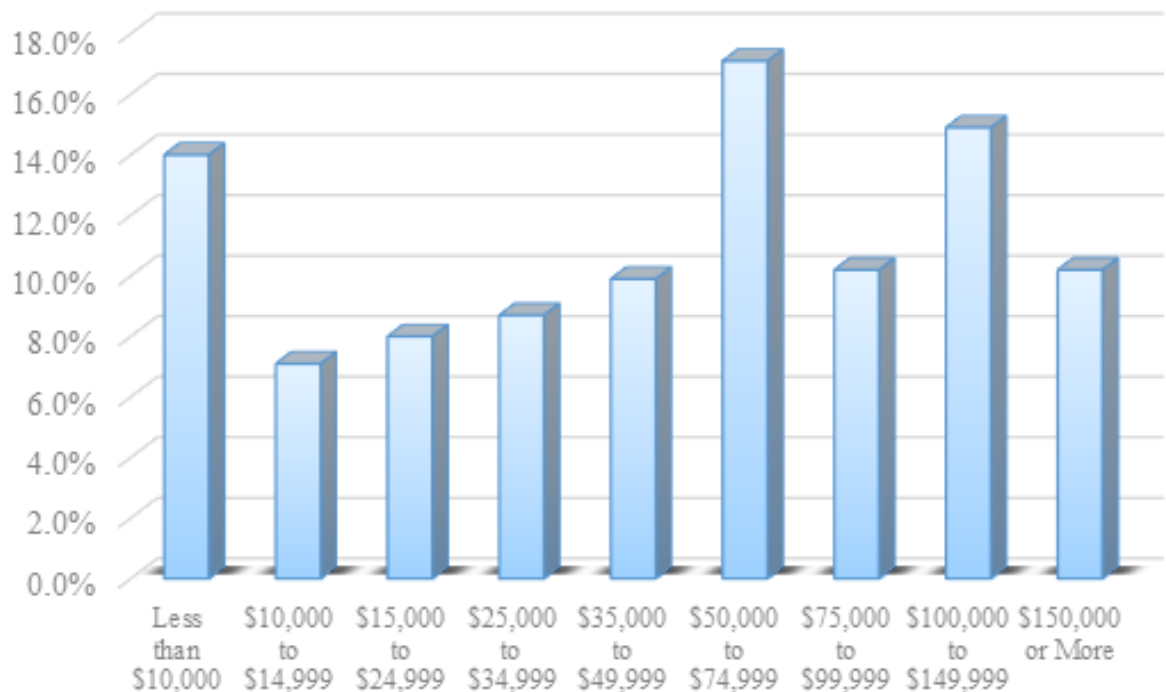
A quick look at neighborhood storefronts and faces on the street confirms these projections. Allston Brighton is home to immigrants from Brazil, Vietnam, Russia, Haiti, Ireland, Cambodia, Korea, the Philippines, and Laos, among other nations. Latinx in the neighborhood hail from the Caribbean and Central and South America. Many Allston Brighton residents are multilingual. Allston Brighton residents speak more than 20 different languages and dialects, yet 97% of the neighborhood's residents speak English fluently. Many immigrant households are families with children under 17 and households also typically include extended family. The scarcity of three and four-bedroom units in Allston Brighton forces many of these families to pay a large percentage of their income in rent or to live in overcrowded conditions. Even when there are single or two-family homes available, the number of these are low due to students renting them to live off campus.

Income and Poverty

Allston Brighton is a Boston neighborhood with a great deal of economic diversity. The area's 2016 estimated median household income of \$52,795 is slightly lower than the Boston median of \$58,516. However, 29% of Allston Brighton's residents earn below \$25,000, according to 2016 ACS projections. As Exhibit 1-B shows, an estimated 46% of all Allston Brighton households in 2016 earned between \$25,000 and \$100,000. About 25% of Allston Brighton residents earn more than \$100,000, compared to 30% citywide.

Exhibit 1-B

Allston Brighton Households by Income – 2016 Estimates



Poverty rates also vary considerably by race or ethnicity. Based on ACS estimates, the poverty rate was 12.5% among Whites, 5% among Asians, 2 % among Blacks and 4% among Hispanic or Latinx of any race.

Age of Population

Allston Brighton, like many Boston neighborhoods, is home to a significant population of college students, the highest according to the Student Housing Trends Report, comprising 12.4% of the population. However, since 2010, Allston Brighton's population of young adults, aged 18-24, has decreased by 25%, with the number of residents aged 25-34 increasing by 3.4%. As this age cohort (25-34) typically includes individuals likely to be parents, it is not surprising that there was also an increase in the number of children in Allston Brighton; the population of residents aged 5 and under increased by 6.4%. This suggests a growth in the number of family households with children, possibly due to continued growth in the number of immigrant families in the neighborhood. Based on these projections, there will be an increasing need for family-sized housing units.

Exhibit 1-C

Allston Brighton Population by Age

Age	2000	2010	2016 Estimates	% of 2016 Population	2010-16 % Change
Under 5	2,152	2,158	2,296	3.4%	6.4%
5 to 17 years	4,333	3,272	3,018	4.5%	-7.8%
18 to 24 years	20,452	26,468	19,736	28.8%	-25.4%
25 to 34 years	20,986	22,429	23,194	33.9%	3.4%
35 to 44 years	7,050	6,177	5,528	8.1%	-10.5%
45 to 54 years	4,903	4,520	3,963	5.8%	-12.3%
55 to 64 years	3,223	3,975	4,185	6.1%	5.3%
65 + years	6,549	5,998	6,534	9.6%	9%
Total	69,648	74,997	68,454	---	---

Source: 2000/2010 Census and 2016 ACS Estimates

Conclusion

Allston Brighton is a diverse community in terms of race, income and age, and recent trends indicate that this diversity is increasing. The number of family households is projected to have increased over the last several years, creating additional demands upon Allston Brighton's limited family-sized housing stock. While the demands on Allston Brighton's housing stock have increased, the supply has remained relatively constant. The following chapters detail how rents and sales prices have escalated in response to these changing market conditions. In Allston Brighton today, amidst a national and regional economic boom, many of these households find themselves faced with a growing crisis of housing affordability. This trend can also be seen nationwide with the shortage of affordable housing.

CHAPTER 2

Rental Housing

Eighty percent of Allston Brighton residents rent, rather than own, their homes according to 2016 ACS estimates. There are several reasons for this high rental occupancy rate. First, Allston Brighton's housing stock is primarily multiple-unit structures. Over half (58%) are in buildings with more than four units. In addition, 28% of single-family homes are renter occupied and 56% of two-family homes are renter occupied. Barring conversion of many apartment buildings and triple-deckers to condominiums, there will always be a significant rental component to the Allston Brighton housing market. On the demand side, the proximity of several colleges to the neighborhood has also had a strong impact on the rental/homeownership rates in Allston Brighton. This influence of students on housing in Allston Brighton is explored in Chapter 5.

In recent years, rents in Allston Brighton have increased sharply. Low vacancy rates have further increased the pressure on rents. These rising rent levels affect nearly all of Allston Brighton's residents. For renters, the more income a family must spend on rent, the less money they have available to spend on other necessities. High rents also increase the sale prices of houses, as investors are willing to pay more for houses that could be rented at high monthly rates. This diminishes the ability of prospective homebuyers to purchase homes in Allston Brighton.

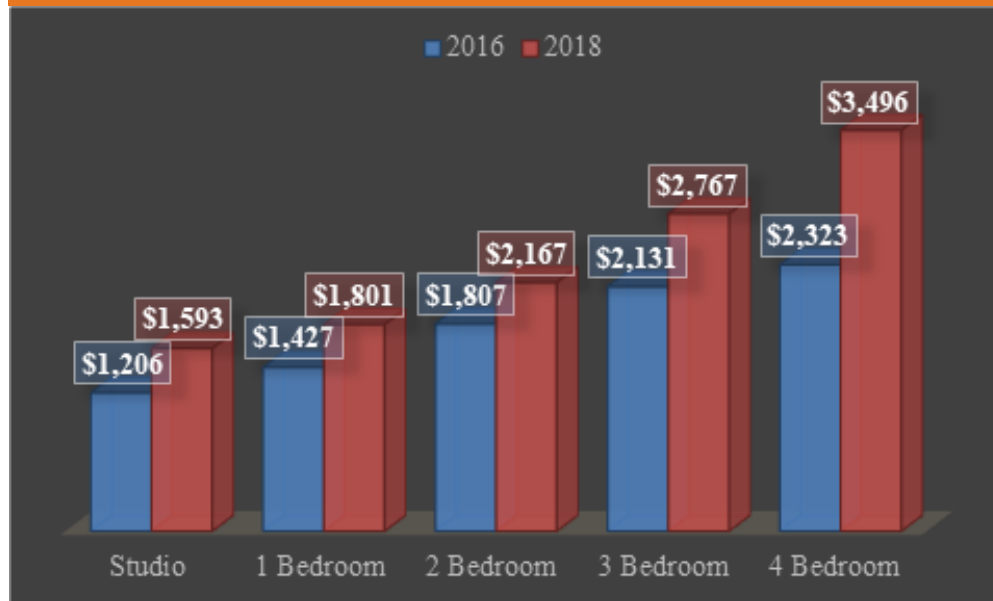
Rising Rent Levels

Rents have risen dramatically in Allston Brighton over the last several years, fueled by a strong economy in the past 5-10 years. A survey of rental ads from Bostonpads.com revealed that the average rent for a three-bedroom unit in Allston Brighton increased by 30%, from \$2,131 to \$2,767, between 2016 and 2018. During the same period, rent for a two-bedroom unit increased by 20%, from \$1,807 to \$2,167. Exhibit 2-A shows the increase in average rents for different unit sizes in Allston Brighton between 2016 and 2018.



Exhibit 2-A

Average Rents in Allston Brighton 2016-2018



Rising rents in Allston Brighton have paralleled rent escalation citywide. In 2018, the highest rents in the City could be found in Back Bay (\$2,444/ 1-bedroom), Beacon Hill (\$2,433/ 1-bedroom) and the South End (\$2,362/ 1-bedroom). Rental housing prices in the Allston Brighton and Fenway/Kenmore neighborhoods followed closely behind. Exhibit 2-B indicates the percentage increase in rents for each unit size between 2016 and 2018.

Exhibit 2-B

Increases in Allston Brighton Average Rents 2016-2018

Source: 2016 ACS Estimates and Bostonpads.com

Unit Type	2016	2018	% Increase
Studio	\$1,206	\$1,593	32%
1 Bedroom	1,427	\$1,801	26%
2 Bedroom	\$1,807	\$2,167	20%
3 Bedroom	\$2,131	\$2,767	30%
4 Bedroom	\$2,323	\$3,496	50%

Impact of Local, State and National Policies

Several factors, including changes in local, state, and national policy, have contributed to the overall increase in Allston Brighton rents. In 1994, a state referendum ended rent control in Boston. Property owners could impose dramatic rent increases on units of previously rent controlled housing, continuing the vacancy decontrol trend that began in 1974. Although vacancy decontrol allowed property owners to increase rents when new tenants moved in, it

ensured that long-term residents, primarily the elderly, would not experience dramatic rent increases. The end of rent control also permitted increases in rents on current tenants in vacancy decontrolled units. **As a result, many elderly residents and low-income families were displaced.** The end of rent control coincided with reductions in the stock of publicly-subsidized housing. Since this report was written in the late 1990's, there have been policies designed and utilized in different cities across the country to help re-stabilize and grow affordable housing stock. Some of these policies are listed below.

“As a result, many elderly residents and low-income families were displaced”

Condo Conversion Ordinance (COO)- The COO is designed to “slow the loss of affordably priced rental housing by requiring prior notice to existing tenants in buildings slated for conversion to condos and impose an impact fee on developers for every converted rental unit. Enacted in 1999, this ordinance established a five-year notice period for elderly, disabled, and low to moderate-income residents and a one-year notice period for all other tenants. It also required developers to provide relocation assistance for displaced renters.” (Vrtunski, 2014)

Vacant Site Acquisition Fund- This program was established in Boston in 2017, to “provide nonprofit developers with financing to acquire vacant land and underutilized buildings that could be developed as mixed-income, multi-family housing. The fund offers short term bridge loans for site deposit assistance, low interest rate financing to help nonprofit developers acquire sites, and loans that help defray the cost of holding property.” (Abu-Khalaf, 2018)

Tenant Right to Buy Ordinance- This ordinance is designed to “slow the loss of affordably priced housing by giving existing tenants a collective right to buy their building, triggered by their building’s proposed sale to a new owner or its slated conversion to condominiums.” This has not yet been enacted in Boston but has shown success elsewhere such as Washington D.C. (Vrtunski, 2014)

Anti-Speculation Tax- This ordinance is designed to “discourage the speculative “flipping” of residential property or speculative “mothballing” of lands and buildings. Some of these measures work by capturing a higher percentage of a property’s capital gains if it is resold shortly after being purchased. Other measure increases an owner’s cost of hoarding buildings, keeping them vacant, unimproved, or underutilized in anticipation of future market appreciation.” This has not yet been enacted in Boston but has shown success elsewhere (Vrtunski, 2014). District 1 City Councilor Lydia Edwards (District 1 includes the neighborhoods of Charlestown, East Boston, and the North End) has recently announced her interest in exploring a variety of policy initiatives to mitigate the impact of investor-ownership and property flipping, which in turns raises rents and diminishes the opportunities for homeownership for many Boston residents. Policies being looked at include:

Capturing a fraction of the value from real estate transactions

- Currently, nearly all local policies to fund affordable housing are tied to development impact fees from large projects. The city and state should look at other market activity to diversify funding sources. For example, evaluating the impact and revenue of 0.5-1% fee on all real estate transfers, exempting inter-familiar transfers, to fund affordable housing.
- A luxury transfer tax could be applied at a higher rate to generate revenue from properties worth over \$1.5 - 2 million while allowing property owners of lesser means to continue as normal or with a vastly reduced rate of taxation.
- Increasing the state match for the community preservation act funds would also help in the preservation and creation of affordable rental housing and with the expansion of homeownership opportunities. This is accomplished from a small fee at the registry of deeds, which could be increased by the state legislature. In Fall 2018, Governor Baker announced support for this policy.

Discouraging speculative market activity

- Consider tax policies that discourage "flipping" of homes (repeat sales every six months/one year)
- The City of Boston could look at expanding or revamping vacant/foreclosed property ordinance to address high-end, unoccupied units, and consider a fee on properties that are unoccupied for the majority of the year, or those that are treated more like stock investments than homes.

Improving data collection on vacant units

- The city does not have an accurate and reliable count of units in certain multi-unit buildings and should improve data collection, perhaps during tax assessment or payment, to better understanding unit count and which units are actively housing residents.
- Notably, the city wants to increase its rental "vacancy" rate to reduce rents, but vacant properties that never are put to productive use in housing residents do not serve any public purpose.

Inclusionary Development Policy- Although this policy has been in Boston for over a decade (2006), in 2015, it was updated and improved by Mayor Martin J. Walsh. The goal of the Inclusionary Development Policy (IDP) is to address gentrification by ensuring that newly constructed or heavily rehabbed residential housing projects contain a specified percentage of units that are rented or sold to low to moderate-income households. In the City of Boston, all new housing developments containing 10 or more units are required to have at least 13% of the units set aside as affordable. A developer can also choose to contribute to the city's housing trust fund instead of building the affordable units on-site.

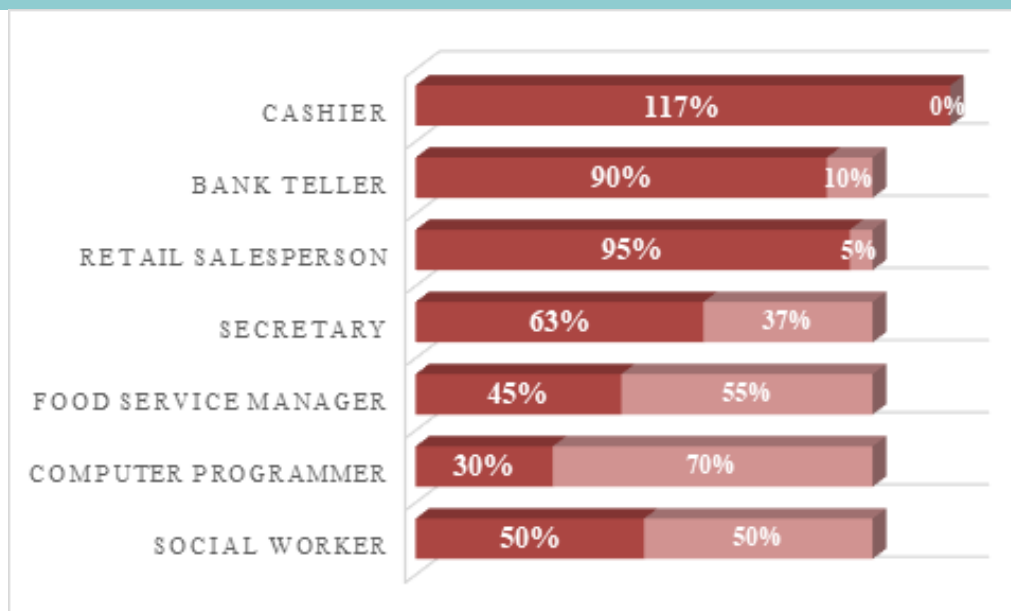
Municipal Support for Resale-Restricted Homeownership: Community Land Trusts- This creates a "permanent stock of publicly assisted, affordably priced, owner-occupied housing that retains its affordability and desirability over time. Municipal resources are provided to assist in the development and stewardship of such housing." (Vrtunski, 2014)

What is the Affordability Gap and Why Does It Matter?

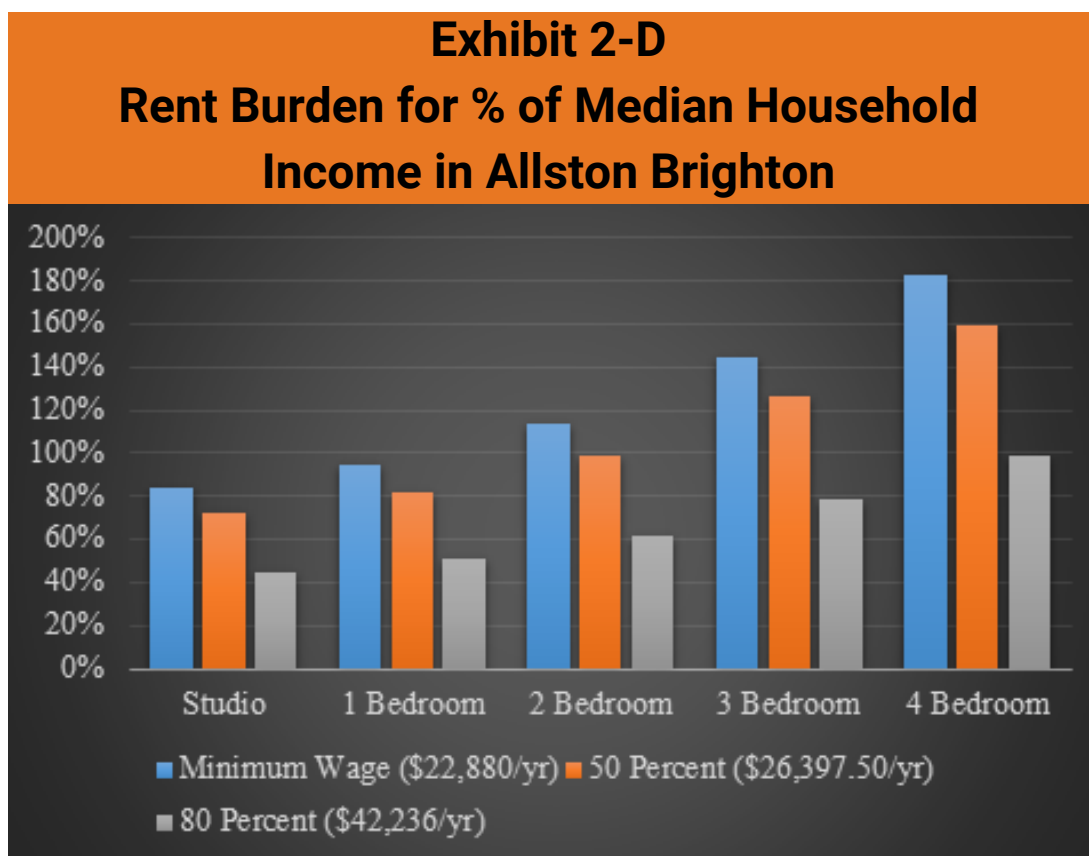
Despite the booming economy, high housing costs have eroded the real purchasing power of most Massachusetts households. Although Massachusetts residents have incomes above the national average, the state's high cost of living negates most of that advantage. The biggest factor in Massachusetts' high cost of living is the high relative cost of housing. As increases in Allston Brighton rents have exceeded increases in the neighborhood median income, the typical renter household has had to apply a larger portion of its income toward rent. Both public and private participants in the housing industry generally agree that rents that consume more than 30-35% of household income constitute a burden on a family's financial health. In 2016, a household earning the median income would have had to pay 63% of its income to rent a three-bedroom apartment in Allston Brighton.

Consider the rent burden that Allston Brighton residents' shoulder. In 2016, the average social worker, secretary, and retail salesperson employed in the statistical area that includes Boston earned \$51,630, \$41,060, and \$27,460, respectively. To rent an average two-bedroom unit in Allston Brighton, these workers would have to apply 50%, 63%, and 95% of their incomes, respectively, towards their rent. The rent for a one-bedroom apartment in Allston Brighton exceeds the gross earnings of someone in a full-time minimum wage job. Exhibit 2-C shows the rent burden shouldered by working families in Allston Brighton, assuming there is only one wage earner and the family rents an average two-bedroom unit. The jobs selected are from the four largest fields of work in Allston Brighton (Professional and Related Occupations, Management/Business and Financial Operations, Office and Administrative Support Occupations and Sales and Related Occupations) Working families are finding that housing in Allston Brighton is increasingly inaccessible. Exhibit 2-D indicates the percentage of gross income a household earning 80% and 50% of the median income, and the minimum wage would have to pay to rent units of various sizes in Allston Brighton (BLS).

Exhibit 2-C Rent Burden for Families in Allston Brighton



Source: BLS Annual Mean Wages for the Boston Metro Area: May 2017 Estimates



*Median Income: \$52,795 Source: BLS Annual Mean Wages for the Boston Metro Area: May 2017 Estimates

When housing costs consume a large proportion of a household's income, there are fewer funds available to pay for higher education, to pay for an emergency medical expense, or to save for the purchase of a home. People who find it necessary to work a second job to pay high housing costs have less time to participate in the community, to volunteer with neighborhood associations or to help their children with schoolwork. High housing costs often force families to choose among rent, food, and education. A recent study from the National Coalition for the Homeless found that high costs of housing is a major cause of hunger. The study also demonstrated that hunger impairs a child's ability to learn. Children who are hungry are much more likely to have academic, social, and psychological problems as children. By the time they are teenagers, food insecure children are more than twice as likely to have seen a psychologist and to have been suspended from school (National Coalition for the Homeless, 2011)

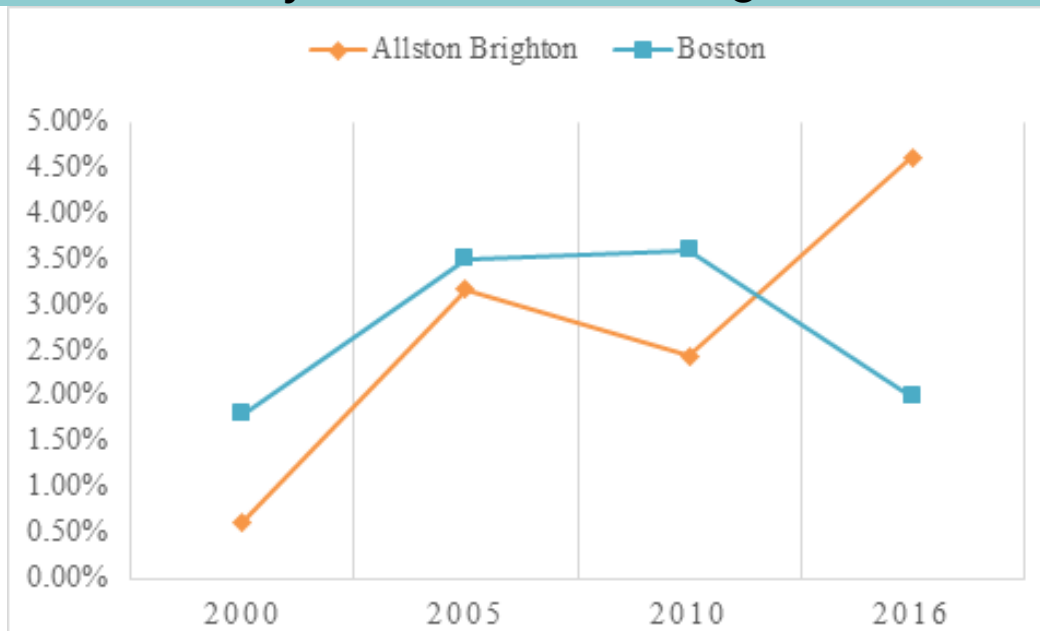
Vacancy Rates

The challenges that renters face in finding housing are compounded by the exceptionally low rental vacancy rate in today's market. Real estate experts generally cite five percent as a healthy rental vacancy rate. If the rate rises significantly above this level, prices and property values begin to fall, while a lower rate results in higher prices and difficulty finding units. Over the last fifteen years, rental vacancy rates in Boston and Allston Brighton have been below the 5% mark. Between 2010 and 2016, the rental vacancy rate dropped from 3.6% to 2% in the city of Boston. In Allston Brighton, the vacancy rate rose from 2.4% to 4.6% over the same period. As Exhibit 2-E indicates, the vacancy rate in Allston Brighton dropped below that of Boston in 2000, 2005 and 2010, but rose above it in 2016. This trend may reflect the growing number of young

professionals who are choosing to live in Allston Brighton because they want to be near the city's amenities, but do not want to pay the prohibitively high rents in Back Bay or Beacon Hill.

Exhibit 2-E

Rental Vacancy Rates in Allston Brighton and Boston



Short of an economic downturn, the best way to alleviate a tight housing market is to build new units of housing. The housing market in Allston Brighton has seen an upturn in construction, however not enough of the units are family sized or affordable to the average family, forcing them to spend more of their income on rent, or to move somewhere they can afford.

Construction of New Housing

Between 2006 and 2016, the number of new rental and owner-occupied housing units developed in Boston ranged from approximately 2,000 to 2,500 units per year. These units were generated through new construction and renovation. In Allston Brighton, housing production has not followed similar market cycles. In 2000, there were 30,988 units, in 2006 there were 31,068, and in 2016 there were 30,050. In 2009, following the housing market crash, there has been an upswing in new development throughout Boston. In the case of Allston Brighton, most of the new construction that has occurred has been market rate (or higher) studio and one to two-bedroom apartments or condominiums. This is more geared toward the "young professional" and not the families that have lived here for years or those who need larger accommodations.

As the housing market has tightened in Allston Brighton over the last few years, the number of new units produced has risen substantially. From May of 2014 to May of 2017, the Boston Planning and Development Agency (BPDA) has reported 19,569 new residential units have been approved, and since then many are either under construction or have been completed. Theoretically, this increase in the supply of housing should begin to relieve the tight housing

market in neighborhoods where production is occurring. It should be noted, however, that a high percentage of the units being constructed are targeted for higher income households. In addition, the 2016 ACS data indicated the total number of housing units in Boston to be 324,390 (299,658 are occupied), so an increase of 19,569 units represents an increase in the housing stock of only about 6%.

This slight increase in supply is unlikely to have a significant effect on vacancy rates in Allston Brighton. As this construction is occurring in other neighborhoods, it will not provide measurable relief to the Allston Brighton market. A significant increase in the number of housing units in Allston Brighton is nearly impossible because of space limitations, with few parcels remaining that can accommodate new housing. While other neighborhoods have vacant city-owned lots on which housing can be developed, Allston Brighton has only seven lots owned by the city. None of which can be developed on and are classified as “small abutter sales” or “undevelopable”. For example, this parcel on Leo M. Birmingham Parkway runs along the back of a swath of land owned by the Department of Conservation and Recreation at 15 Leo M Birmingham Parkway. (view the parcel here: <https://buildinghousing.boston.gov/project/-leo-m-birmingham-pw-717ce>)



The BPDA citywide development update (May 2017) estimates that of the 19,569 new units approved and scheduled to begin construction, about 2,272 are in Allston Brighton. Since the time of the update, some of these units have been fully constructed. From May 2017 to present, there are about another 2,000 units in the pipeline for approval or construction. These include: “Allston Yards”/Stop & Shop (895 units), “Allston Square” (334 units), 159-201 Washington Street/St. Gabriel’s (610 units). Of these units, there is again the trend of most of them being a studio to two-bedroom size, usually charging market rate or higher rents (i.e. “market-plus”). Most of the other new units under construction are small conversions (i.e., the splitting of larger housing units into smaller ones). Unfortunately, these conversions will reduce the supply of larger rental housing units, which are suitable for families, and replace them with smaller units, which typically serve a more transient population.

Conclusion

The clear majority of Allston Brighton residents are renters. Today's high rents and low vacancy rates are forcing households to spend an ever-increasing percentage of their incomes on housing. Rising rents have forced many long-term residents to leave Allston Brighton and has made it increasingly difficult for those who want to establish roots in the neighborhood the ability to stay. As rents increase by well over 10% a year, households that remain in the neighborhood have fewer resources available for education, the purchase of a home, saving for retirement or for an emergency. Current conditions in the rental market pose challenges for most Allston Brighton renters, but have a particularly harsh impact on low-income residents. The next chapter addresses the portion of Allston Brighton's housing stock that was built as subsidized housing and discusses recent threats to its affordability.



“Rising rents have forced many long-term residents to leave Allston Brighton and has made it increasingly difficult for those who want to establish roots in the neighborhood the ability to stay”

CHAPTER 3

SUBSIDIZED RENTAL HOUSING

What Is Subsidized Rental Housing and Who Needs It?

Just over 14% of Allston Brighton's 30,050 housing units are subsidized. For the purposes of this report, "subsidized housing" refers to any housing built with some financial support from a public agency (generally the U.S. Department of Housing and Urban Development (HUD) MassHousing or the Boston Housing Authority) that has some units dedicated to households of low and moderate incomes. In general, to live in subsidized rental housing, a household must have income that does not exceed 60% of median income. For a household of four, 60% of the median income is \$64,700. Some subsidized rental housing developments are only available to households earning less than 50% of area median income, which for a household of four would be \$43,100 (at 40% AMI).

Projections based on the 2016 U.S. Census ACS data report indicate that there are approximately 8,392 households in Allston Brighton today earning less than 50% of median income. Virtually all these households would be eligible for publicly subsidized housing, were the units available. However, there are only 4,339 such units in Allston Brighton. This means that nearly half of the Allston Brighton households who are eligible for housing assistance do not have access to subsidized housing. We examine this severe affordable housing shortage by identifying the types and numbers of subsidized units in Allston Brighton and the trends leading to a decline in these units.

While all the subsidized units in Allston Brighton are in apartment buildings, there are significant differences among subsidized housing developments throughout the neighborhood. The distinguishing characteristics of each development include: the resident population served, the type of public subsidy, and the level and duration of affordability (which often corresponds to the type of ownership). For instance, J.J. Carroll Apartments, a publicly-owned garden-style complex built in the 1970s, serves very low-income senior citizens by providing deep federal subsidies. In contrast, CommGlen Apartments, a group of existing apartment buildings owned by the Allston Brighton CDC in partnership with the Commonville Tenants Council, houses families with incomes generally below 50% of median because the level of subsidy provided is more limited. In contrast to Commonwealth Apartments, which was built when the electric streetcar first traveled to Allston Brighton, Babcock Tower is a modern high-rise on the Brookline border. Owned by a private developer, Babcock Tower offers a portion of its units to moderate income families. Due to the different financing mechanisms, affordability will last indefinitely at J.J. Carroll and Commonwealth Apartments, but possibly only for a limited time at Babcock Tower.

Current Trends

In recent years, the supply of affordable housing in Allston Brighton has diminished. Many federal programs dedicated to the creation of new subsidized housing have been eliminated. In the early 2000's, Congress created new opportunities for owners to abandon their subsidy contracts with the federal government. While nonprofit owners will seek to retain their subsidies to the extent possible, absent a change in federal policy, it is likely that many private owners will take advantage of Allston Brighton's continually growing high rents by converting their subsidized units to market rate housing over the next decade.

Types of Subsidized Housing in Allston Brighton

Of Allston Brighton's 4,339 subsidized units, 1,895 (44%) are dedicated to low-income seniors and disabled persons. The remaining 2,444 units (56%) house families. There are opportunities for single individuals, however they are very rare and only under certain circumstances.

There are three major categories of affordable housing in Allston Brighton: public housing, HUD 202 elderly housing, and Section 8 contracts (which can be either project or tenant-based). All HUD 202 projects also have project-based Section 8 contracts. Each of these types of housing provides different advantages to residents, owners, and the community. Exhibit 3-A illustrates the proportion of each type of housing in Allston Brighton. The following section discusses each type of housing in detail.

1. Public Housing

Public Housing “was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single-family houses to high-rise apartments for elderly families. There are approximately 1.2 million households living in public housing units, managed by some 3,300 HAs. The U.S. Department of Housing and Urban Development (HUD) administers Federal aid to local housing agencies (HAs) that manage the housing for low-income residents at rents they can afford. HUD furnishes technical and professional assistance in planning, developing, and managing these developments.” (HUD.gov)

There are 1,017 units of public housing in Allston Brighton. Four elderly developments provide 483 units of low income senior housing. Two housing developments provide 534 units of family housing. At present, the Boston Housing Authority gives priority to families with the most serious housing need. There is no threat to these units remaining affordable, although there may be changes to admission priorities over the years.

2. Housing Built with Subsidized Mortgage Financing (still operating program)

During the 1960s and 1970s, developers using federally subsidized mortgages created or renovated 949 units of housing in Allston Brighton. In exchange for reduced interest rates

on mortgages, the owners pledged to keep the apartments affordable for up to 40 years. Federal regulations required that owners rent the units to low- and moderate-income residents. In some cases, the regulations also stipulated that after twenty years, the owner could prepay the mortgage, allowing them to convert affordable units to market rate rents, and in turn make more money. From 1987 to 1997, the federal government provided grants and loans that owners and purchasers could use to preserve these projects as affordable housing. Today, such programs are no longer available. The only properties developed with subsidized mortgage financing that were acquired and permanently preserved are those owned by non-profits. Had this program not been eliminated, there might have been more access to affordable units from developers using this financing tool to build housing.

3. HUD Elderly Housing (202 Program)

HUD 202 Housing provides housing for low income elderly individuals. Sponsored by private non-profit organizations such as Jewish Community Housing for the Elderly, B'nai B'rith of New England, and St. Anthony's Church, 5 HUD 202 developments in Allston Brighton provide 972 units of subsidized housing, as shown in Exhibit 3-C. These projects all have Section 8 contracts as well. There is no immediate threat to this type of affordable housing provided that Congress continues to fund the Section 8 program.

Exhibit 3-A HUD 202 Elderly Housing in Allston Brighton

Housing Development	Total Elderly Subsidized Units
Covenant House	199
McNamara House	79
Leventhal House	243
Wallingford House	209
Ulin House	242
Total	972

Source: City of Boston Department of Neighborhood Development

4. Other Subsidized Housing in Allston Brighton

As the funding sources that created most of Allston Brighton's affordable housing have dried up, developers of affordable housing have adapted by using innovative financing mechanisms. As shown in Exhibit 3-C, several other projects have been developed by the Allston Brighton CDC and Charlesview Inc. financed with a mix of public and private funds, including low-income housing tax credits. Of the 240 rental units at Charlesview, 220 units are subsidized and there are an additional 20 affordable homeownership units. It is unclear whether MassHousing will offer incentives to owners to continue to rent to low-income families.

Exhibit 3-B

Other Subsidized Housing in Allston Brighton

Source: City of Boston Department of Neighborhood Development

Housing Development	Total Subsidized Units	Developer
Ashford St Lodging House	12	ABCDC
Brian J. Honan Apts	50	ABCDC
Brighton-Allston Apts	60	ABCDC
Carol Ave Cooperative	33	ABCDC
CommGlen Apts	305	ABCDC
Charlesview Apts	220	Charlesview Inc
Hano Homes	20	ABCDC
Ray Dooley Apts	59	ABCDC
Total	469	ABCDC

5. Project-Based Section 8

The rents that low-income households can afford to pay often are not enough to cover a building's expenses. To address this obstacle in providing affordable housing, Congress developed the Section 8 program. Under the Section 8 program, the federal government pays a portion of a tenant's rent. There are two types of Section 8 subsidy: project-based and tenant-based. Tenant-based subsidy is discussed later in this chapter.

In the 1970's, developers entered into contracts in which HUD agreed to provide funds to provide rental subsidies to owners on behalf of eligible low-income renters. These "projectbased" contracts ranged from 20 to 40 years and obligated an owner to rent to low-income households during the life of the contract. In some instances, shorter term project-based Section 8 contracts have been combined with subsidized mortgages, 202 Elderly Housing, or other programs which are discussed above.

Nearly all the project-based Section 8 contracts in Allston Brighton expired at the end of 2002. Generally, if an owner decides to terminate a project-based contract, the units most likely will be permanently removed from the supply of affordable housing because it will be converted to market rate rent.

In today's market, the rents an owner can collect from tenants exceed the subsidized rents made possible through Section 8 contracts. HUD provides some tenant-based Section 8 assistance to current low-income tenants when a Section 8 contract is terminated. Unfortunately, current rents in Boston often exceed the subsidy offered by HUD, so the assistance is not enough to allow a renter to find a unit at current Allston Brighton market rents.

Waiting Lists

A good indicator of the need for affordable housing in a neighborhood is the size of the waiting lists in its subsidized housing developments. As mentioned earlier, about 8,400 households in Allston Brighton have incomes below 50% of median income, which makes them eligible for subsidized housing. As a result, the waiting lists for subsidized housing in Allston Brighton are lengthy.

“There are about 1,200 people on the waiting list for public housing”

Currently, there are about 1,200 people on the waiting list for public housing, which is about a four year wait. Waiting lists for elderly housing is five years, but in most cases, the wait for elderly housing is shorter than that of family housing. For family housing, waits are anywhere from 5-10 years, with waiting lists for properties owned by ABCDC being 3-5 years (on the lower end). Unfortunately, all types of housing have waiting lists that far exceed the actual number of units in the property. In most cases, the number of households on the waiting list is several times the capacity of the property. However, a household that places itself on one of Allston Brighton's subsidized housing waiting lists must wait several years before it is able to move into a subsidized unit. Households facing a housing crisis often do not have several years to wait.

The Boston Housing Authority keeps one master waiting list for all its public housing. There are currently about 40,000 households on the City's waiting list for family public housing, which has been closed and does not have any speculative date on reopening.

Projections - Loss of Affordable Units

During the 1960s and 1970s, developers used a range of federally funded financing tools to build and renovate affordable housing in Allston-Brighton. In the past few decades, however, changes in the national political climate have eroded support for these programs. Without a substantial infusion of capital to preserve existing units and create new affordable housing, Allston Brighton's affordable housing stock will drop dramatically from today's levels. The only affordable units will be those that are owned by the Boston Housing Authority, Allston Brighton Community Development Corporation or by other nonprofits (such as Jewish Community Housing for the Elderly, and Charlesview Inc.).

Tenant-Based Subsidies

As the stock of subsidized housing in the neighborhood declines, low-income families become more reliant on tenant-based subsidies. Tenant-based subsidies require that residents pay a portion of the rent, usually approximately 30% of their income. The state or federal government then pays the remaining share. Most tenant-based subsidies are through HUD's Section 8 program. A limited number of people receive rental assistance through the Massachusetts Rental Voucher Program (MRVP). When a household receives one of these subsidies, it can be used anywhere. The waiting lists for these subsidies are usually closed, unless one is in an emergency situation.

There are two types of tenant-based subsidies through the Section 8 program: certificates and vouchers. With a certificate, the tenant pays 30% of his or her income and the entity issuing the certificate usually the Boston Housing Authority (BHA) or MetroHousing Boston pays the remainder of the rent, provided that rent does not exceed a level set by HUD. With a voucher, the issuing entity pays the difference between 30% of tenant's income and the HUD-determined payment standard. The tenant can pay more than 30% of income for rent if s/he can afford it.

According to the BHA website, "The maximum amount the BHA will pay toward rent is calculated by subtracting 30% of the household's monthly adjusted income from the payment standard. If the unit rents for less than the payment standard, the household will still pay 30% of its monthly adjusted income."

For example, your payment voucher is for a 2- bedroom apartment. The payment standard for Boston (there is no neighborhood specific payment standard) is \$1,914, and your monthly household income is \$4,400 (median household income/ 12 months), the BHA will pay \$595 a month.

Payment Standard: \$1,914 - \$1,319 (what you pay/ 30% of \$4,400) = \$595 (maximum BHA will pay towards rent)

As Exhibit 3-C shows, even those who are making the median household income still have a \$2,500-\$4,400 gap every year that they must take additionally from their income to afford rent. As aforementioned, taking more than 30% of income for rent means less money for education, food, and other necessities, and there are many households that do not even make the median income for the neighborhood, making their situation increasingly dire. Even if a low-income person is fortunate enough to obtain a Section 8 certificate or voucher, in today's market it is unlikely that they will be able to use it in Allston Brighton. If it is a certificate, they will not be able to find units renting at or below the payment standard. If the subsidy is in the form of a voucher, even though the tenant is technically allowed to pay more than HUD-approved rent, many cannot afford to pay 30% of their income, plus the difference between actual rents and HUD's approved rent levels.

Exhibit 3-C

Rent for Allston Brighton Households at 30% of Area Median Income for Rent with Section 8 Subsidy

Unit Size	Household Size* (persons)	Affordable Rent (@ 30% of Income)	Maximum Section 8 Rent	Actual Allston Brighton Rent	Additional "Uncovered" Rent Per Year
Studio	1 (non-family)	\$1,138 (per/mo.)	\$240	\$1,593	\$2,580
1-Bedroom	1-2 (non-family)	\$1,138 (per/mo.)	\$425	\$1,801	\$2,856
2-Bedroom	3 (family)	\$1,319 (per/mo.)	\$595	\$2,167	\$3,036
3-Bedroom	4-5 (family)	\$1,319 (per/mo.)	\$1,081	\$2,767	\$4,404

Conclusion

Over the past four decades, Allston Brighton has offered subsidized housing to ease the housing burden on moderate and low-income residents. At present, that supply of affordable housing is decreasing and waiting lists are increasing. The only subsidized housing that is likely to remain affordable is that housing owned by the Boston Housing Authority, MassHousing and non-profit organizations.



CHAPTER 4

IMPACT OF COLLEGES AND UNIVERSITIES

How Do Local Institutions Affect Housing in Allston Brighton?

Allston Brighton's proximity to local colleges and universities influences the neighborhood's housing market in several ways. Many students enrolled at local institutions, particularly Boston University and Boston College, choose to live in off-campus housing in Allston Brighton. This creates additional demand for the already limited supply of housing in the neighborhood and contributes to increases in rents. Harvard University impacts the Allston Brighton housing market through its role as one of the major property owners in the neighborhood. At present, Harvard owns 358 acres on the Boston side of the river and 215 in Cambridge. Their most recent purchase was the Beacon Park Yard, a former rail station, which is about 100 acres, and will eventually be developed.

Who Are the Students Living in Allston Brighton?

The most recent comprehensive statistics on student housing in the neighborhood come from the Boston Student Housing Trends 2017 report done by the Department of Neighborhood Development. College students living in Allston Brighton hail from schools citywide, including Northeastern University, Berklee College, Newbury College and Simmons College. Of Allston Brighton's residents, 8,486 are students living in off-campus housing. In contrast, Fenway/Kenmore has 5,215 and is the second highest under Allston Brighton. In total, students in private housing account for 12.4% of Allston Brighton population.

The two main universities with the largest contributions to the student population living in Allston Brighton are Boston University and Boston College. Total enrollment at Boston University for the 2017-18 school year was 27,681. Of these, 16,812 were undergraduates and 10,869 were graduate students. At Boston College, there were 13,996 total students enrolled. Of these, 9,358 were undergraduates, and 4,638 were graduate students. Enrollment figures indicate that the overall student population in the area is growing, but to truly assess the impact on the private housing market, we must look at the number of students living off campus (BC/BU.edu).

Unlike Boston University, Boston College does not offer graduate housing. However, both Boston College and Boston University have publicly expressed their intention to house more of their students on-campus. During the past four years, the number of Boston College students living off-campus has declined, from an average of 20% of students to 14% at present. However, Boston University's off-campus numbers have increased from 21% of the student body to 25%.

What Impact Do Students Living Off-Campus Have in Allston Brighton?

While the student population can have a positive impact on the local economy and bring intellectual capital into the neighborhood, it also places a strain on the housing market. A small percentage of these students are long time Boston residents living at home with their families, but the majority are new to the city. This influx of temporary residents inflates housing rents, as groups of students sharing apartments can often afford to pay more than individuals, families with children, or people living on fixed incomes.

Chapter 2 explained that Allston Brighton's supply of housing is unlikely to expand significantly. Increases in demand, therefore, will result in higher housing prices for neighborhood residents. As the number of student households seeking housing in Allston Brighton increases, the demand rises. Students pay about \$930 per bedroom to rent a bedroom in a three-bedroom unit. Also, it is not uncommon for students to use a dining room or living room as an additional bedroom or to share bedrooms, further decreasing the rent per student. The ability of students to pay these rents affects housing options for Allston Brighton residents in two ways. First, families looking to rent an apartment find themselves priced out of the market. In order to afford a monthly rent of \$2,800 (\$33,600 a year) and pay not more than 30% of its income in rent, a family would need to earn \$110,000 a year. High rents also increase the sales prices of houses. Investors seeking to purchase rental properties calculate what they are willing to pay for a house based on a monthly rent of about \$2,800. This is discussed further in Chapter 5.

University Policies That Encourage Students to Live Off-Campus

Both Boston College and Boston University price on-campus housing accommodations in a manner that provides financial motivation for students to move off-campus.

■ Institutional Commitment to On-Campus Housing

Boston College does not guarantee on-campus housing to juniors. While the college states that its policy is to provide funding for students to study overseas, not every third-year student will choose to do so. Those students that elect to remain must find off-campus housing in the surrounding neighborhood. If, however, a student is in the top 5% of his or her class, Boston College guarantees on-campus housing. This suggests that if more on-campus housing were available, fewer Boston College students would live in Allston Brighton. Boston College did however recently converted the old Boston College Law School (More Hall) into the 490 bed Thomas More Apartments to try to ease the student population in surrounding neighborhoods.

Students weigh many factors in deciding where to live, including proximity to campus, the social environment, level of services, independence, and convenience, among others. On-campus units are heated and furnished. With current education costs so high, however, cost will be an important variable. The pricing of on campus housing adopted by local institutions provides a strong incentive for students to live off campus.

Pricing of Dormitory Housing

While the "room" charge for dormitories is lower than market rents, colleges and universities often require students living in dormitories to enroll in the campus meal plan. At \$677 a month at Boston College and \$665 a month at Boston University, these costs far exceed what a student will pay for food if living off-campus. At both universities, there is a variety of dormitory options. There is the traditional style, which can house either a single person or 2-4 people (double, triple, quad) in the same room. These can sometimes have the option of a private bathroom. There is also suite style. These are either single or multiple occupancy rooms, within a suite of two or more bedrooms. They generally have a small kitchen/dining area, with a common space as well as a private bathroom (BC/BU.edu).

Exhibit 4-A shows that a Boston University student who lives in a dorm and enrolls in the required meal plan will pay an average of \$2,240 per month for room and board. This price will vary slightly by room style, traditional or a suite style, and if there is a private bathroom or not. During the eight-month academic year, a Boston University student would save \$7,056 (\$882/mo.) by living in a two-bedroom apartment off-campus (with average \$275 grocery bill per month) rather than in dormitories. If the same student lived in a four-bedroom apartment off-campus, he or she would save \$8,728 (\$1,091/mo.) during the academic year (*This does not factor in the four months of the summer semester into calculations).

A Boston College student who lives in a dorm and is required to enroll in the meal plan will pay an average of \$1,885 per month for room and board, again depending on what style is selected or available, which will vary price slightly. During the eight-month academic year, a Boston College student would save \$4,216 (\$527/mo.) by living in a two-bedroom apartment off-campus (with average \$275 grocery bill per month) rather than in dormitories. If the same student lived in a four-bedroom apartment off-campus, he or she would save \$5,888 (\$736/mo.) during the academic year (*This does not factor in the four months of the summer semester into calculations).

Exhibit 4-A

Comparison of Allston Brighton Housing Costs to Dormitory Costs

Unit Type*	Allston Brighton	Boston College**	Boston University
Studio	\$1,593	N/A	N/A
1-Bedroom	\$1,801	\$1,481	\$2,167
2-Bedroom	\$1,083	\$1,481	\$1,965
3-Bedroom	\$922	\$1,481	N/A
4-Bedroom	\$874	\$1,481	\$1,931

*Assumes one person per bedroom

**At Boston College, there are two students per bedroom. Students who live in apartments off campus or at Boston University have a bedroom to themselves. There is no distinction between pricing for apartment size, so an average \$1,481 is used

Source for Exhibit 4-A&B: Boston University and Boston College Room/Board page on websites

Apartment-Style On-Campus Housing

Local colleges and universities also provide apartment-style housing options. Students who live in university owned apartments are not required to enroll in a university meal plan, so these room charges are comparable to Allston Brighton rents. Exhibit 4-B compares the housing costs of students living in Allston Brighton housing versus university owned housing.

Exhibit 4-B

Comparison of Allston Brighton Housing Costs to University Owned Housing Costs

Unit Type*	Allston Brighton	Boston College**	Boston University
Studio	\$1,593	N/A	N/A
1-Bedroom	\$1,801	\$1,481	\$2,167
2-Bedroom	\$1,083	\$1,481	\$1,965
3-Bedroom	\$922	\$1,481	N/A
4-Bedroom	\$874	\$1,481	\$1,931

*Assumes one person per bedroom
**At Boston College, there are two students per bedroom. Students who live in apartments off campus or at Boston University have a bedroom to themselves. There is no distinction between pricing for apartment size, so an average \$1,481 is used
Source for Exhibit 4-A&B: Boston University and Boston College Room/Board page on websites

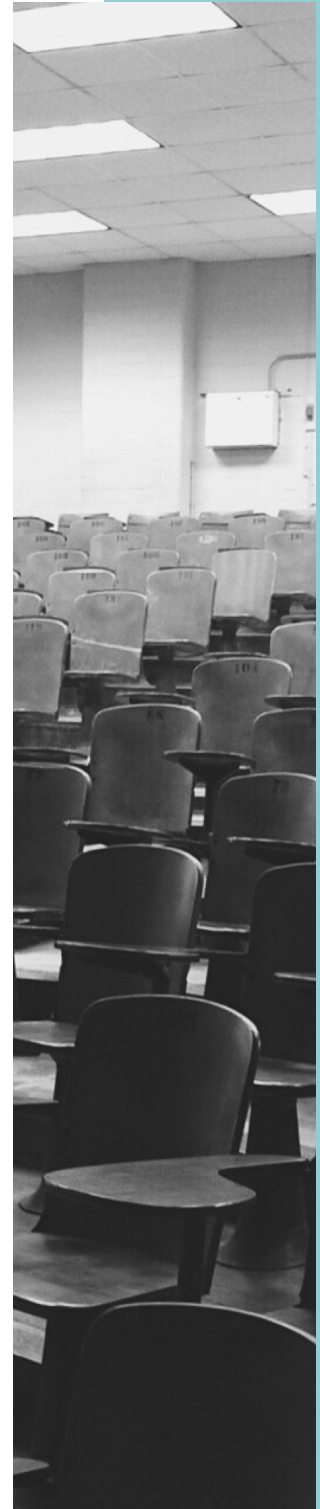
Harvard as a Property Owner

In general, the purchase of land does not remove it from the market of buildable space. Under ordinary circumstances, a prospective developer can simply purchase the land from the new owner. Harvard University has peculiar characteristics, however, that distinguish it from other participants in the real estate market. While most real estate investors evaluate investments on a ten to thirty-year time horizon, Harvard is noted for purchasing and holding property for centuries. Whereas most conventional real estate investors buy and sell properties regularly, Harvard usually holds property, and sells only infrequently. This means that unless Harvard

decides to develop housing itself, or to partner with a community group to create new housing, it is extremely unlikely they could ever contribute to alleviating the housing affordability crisis in Allston Brighton. For the past several years, Harvard has been acquiring the roughly 100 acres of Beacon Park Yard, an old train yard previously used by CSX Transportation. Part of the site is expected to become a new public transit station, called West Station. There is also expected to be development of housing, mixed use and campus expansion, but no concrete plans have been written or made known to the public (Spearance, 2017).

Conclusion

Local colleges and universities affect housing in Allston Brighton in numerous ways. Due to a variety of factors, including university policies and lifestyle choices, students are frequently willing and able to pay rents that exceed those that working families can afford. As a result, students contribute to escalating rents in Allston Brighton. As the next chapter details, rising rents lead directly to increases in housing prices.



CHAPTER 5

HOMEOWNERSHIP

Why is Homeownership Important to Allston Brighton?

Homeownership contributes to the health of a community in several ways. According to a recent study done by the Federal Reserve Bank of San Francisco, homeownership is a significant factor in promoting neighborhood stability. High levels of homeownership have a positive correlation with a neighborhood's ability to control crime, advocate for public services, and provide a nurturing public environment for children. When homeownership rates are low, the ability of a community to respond to challenges to its quality of life diminishes. In Allston Brighton, the All Bright Homeownership Program was created to provide homebuyers more access to a much sought-after community, the program is designed to support the growth of owner-occupancy and to strengthen the vibrancy of the neighborhood. Homeownership is also an important means to build financial stability, as the asset that is a home can be passed from generation to generation or used within a generation to leverage investments.

In this chapter, we will examine the housing stock available to potential homeowners. We will then explore trends in housing sales prices and purchasing power to illustrate homeownership affordability in the neighborhood. The final picture is one of increasing obstacles to homeownership in Allston Brighton.

Historical Background

Residential housing development in the Allston Brighton community reached its period of greatest growth in the 50 years between 1880-1930. Over this period, the residential population of the area grew from 6,700 to over 60,000 persons. Due to this tenfold increase in population, Allston Brighton became one of the most densely populated neighborhoods in Boston. There are currently 30,050 units of housing in Allston Brighton (27,121 are occupied) most of which were built before 1930. Neighborhood property types available for homeownership fall into three general categories, as shown in Exhibit 5-A and discussed below:

1. Single Family Homes

Single-family homes are a scarce commodity in Allston Brighton. With 1,585 single-family homes currently in the area, this type of housing represents only 5% of the total housing units in Allston Brighton. Traditionally, this type of housing has been popular among families with children. Despite their desirability to prospective homebuyers, only 72% of single family homes are owner occupied. The remaining 28% are rental properties.

2. Two and Three Family Homes

Traditional New England double and triple decker homes, often viewed as a starter home for families, can be found throughout Allston Brighton alongside single-family homes and midrise apartments. There are 3,354 two and three-family homes in Allston Brighton.

3. Condominiums

Popular with single people, couples and other budget conscious homebuyers, condominiums in Allston Brighton consist primarily of converted rental mid-rise apartments, which are concentrated along the Commonwealth Avenue corridor and its side streets, including Aberdeen and Cleveland Circle. This stock consists primarily of studio, one-bedroom, and two-bedroom units, family size (3+ bedroom) units are rare. With 7,896 condominium units, this type of housing represents 26% of the housing stock but makes up nearly half of the owner-occupied housing. This may be due to younger people or families moving in and not being able to find actual homes that they can afford, so they turn to the condominium market. Although single-family, two-family, and three-family homes are attractive to prospective homebuyers, a significant percentage of these homes in Allston Brighton are owned by investors. The owner-occupancy rate in Allston Brighton is approximately 21%, compared to 36% citywide.

Exhibit 5-A

Housing in Allston Brighton by Building Type

Housing Type	# of Units in Allston Brighton	% of Housing Units
Single Family House	1,585	5%
2-3 Family House	3,354	11%
Condominium	7,896	26%
Multi Family (apartments)	17,215 (estimate)	58%
Total	30,050	---

Source: City of Boston Assessing Department

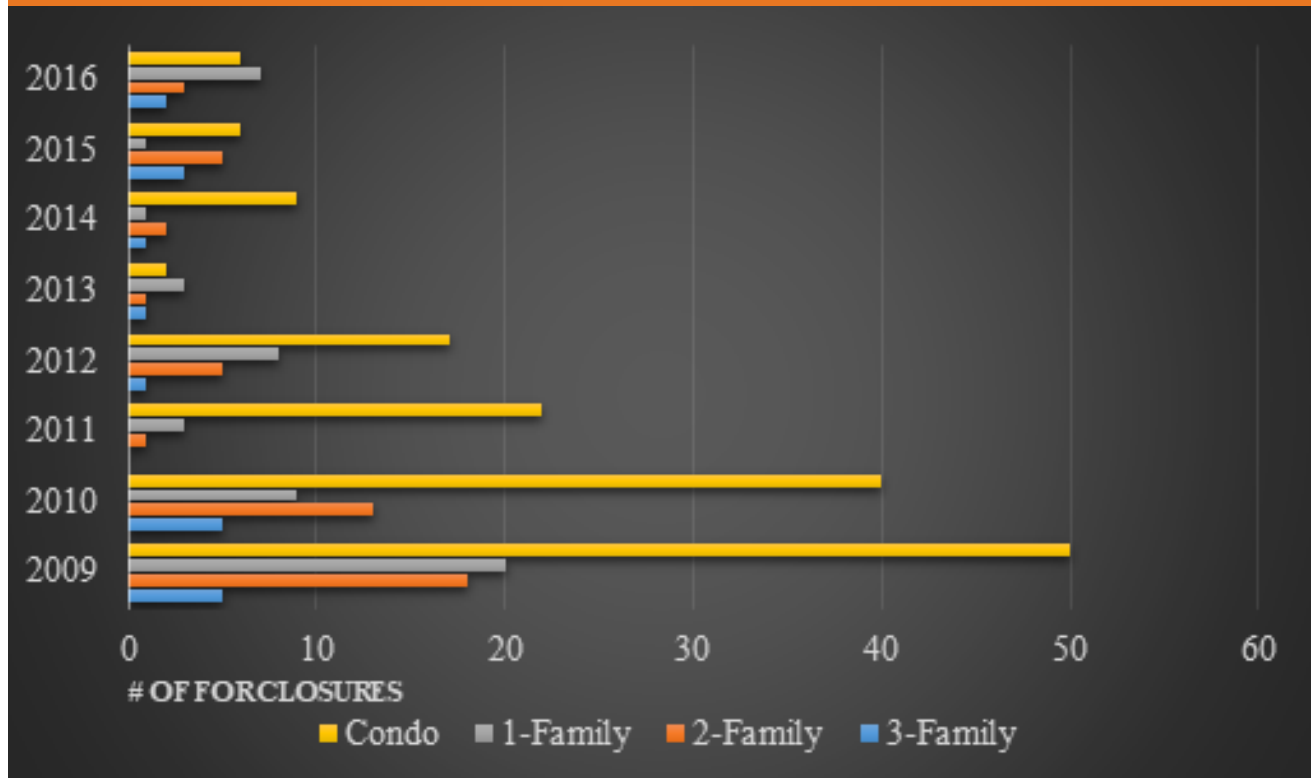
Housing Sales Trends Over the Past Decade

2009-Present

Since the housing market crash that affected the entire nation in 2008, there has been an upswing in both sales and sale prices for homes in Allston Brighton. As seen in exhibit 5-C, housing prices have been quickly rising since 2010, after the market started to recover. The total amount of foreclosures also has been decreasing since that time (Exhibit 5-B).

Exhibit 5-B

Allston Brighton Foreclosure Rate by Housing Type



Source: Foreclosure Trends Report, Department of Neighborhood Development: 2009-2016

As seen in Exhibit 5-B, over the past eight years, the foreclosure rates have decreased significantly. From 93 foreclosures in 2009 to only 18 foreclosures in 2016. Overall, the two types of housing with the highest rate of foreclosure are condominiums and single-family homes.

Exhibit 5-C

Median Sales Price Trends in Allston Brighton

Housing Type	2010 Median Sales Price	2014 Median Sales Price	2017 Median Sales Price
Condominium	\$270,540	\$348,389	\$455,949
1-Family	\$434,495	\$541,090	\$737,130
2-Family	\$527,577	\$794,758	\$1,350,710
3-Family	\$722,207	\$1,024,917	\$1,407,000

Source: MLS data- Kevin Cleary and Michelle Meiser

Since the 2008 housing crash across the nation, the price of housing in Boston has been on a sharp and steady rise. Since 2010, the cost for a single-family home has jumped nearly 70%. Two and three-family homes have almost doubled. This has priced out many families in Allston Brighton, further making owning a home out of reach.

This increase in prices also reflects the impact of students as renters in the housing market. Students frequently pay \$700 - \$930 per bedroom to rent a unit. Also, it is not uncommon for students to use a dining room or living room as an additional bedroom or to share a bedroom. When a single, two-family or three-family home is listed for sale, investors will assess the property's value based on the cash flow it can generate as a rental property. This results in houses being priced beyond the means of most Allston Brighton families.

Homeownership Affordability

Increasing real estate prices pose a substantial obstacle to Allston Brighton homebuyers. Data from recent years suggest that there is a growing affordability gap between what Allston Brighton households can afford to pay for a given housing type and its sales price.

Exhibit 5-D

Home Affordability: Down Payment

Housing Type	2017 Median Sales Price	4% Down Payment	15% Down Payment	Remaining Mortgage (4% DP)	Remaining Mortgage (15% DP)
Condominium	\$455,949	\$18,237	\$68,392	\$437,712	\$387,557
1-Family	\$737,130	\$29,485	\$110,569	\$707,645	\$626,561
2-Family	\$1,350,710	\$54,028	\$202,606	\$1,296,682	\$1,148,104
3-Family	\$1,407,000	\$56,280	\$211,050	\$1,350,720	\$1,195,950

Exhibit 5-D shows the median cost for a range of housing types, and how much a four or fifteen percent down payment would affect the total amount of the mortgage. Generally, households put down 10-20% of the mortgage, but there are also First Home Buyer courses (such as those offered by the Allston Brighton Homebuyer Program) that if passed, will allow for a lower down payment, such as 4%. However, this is dependent of many variables, including, who is giving the courses, availability, and credit score.

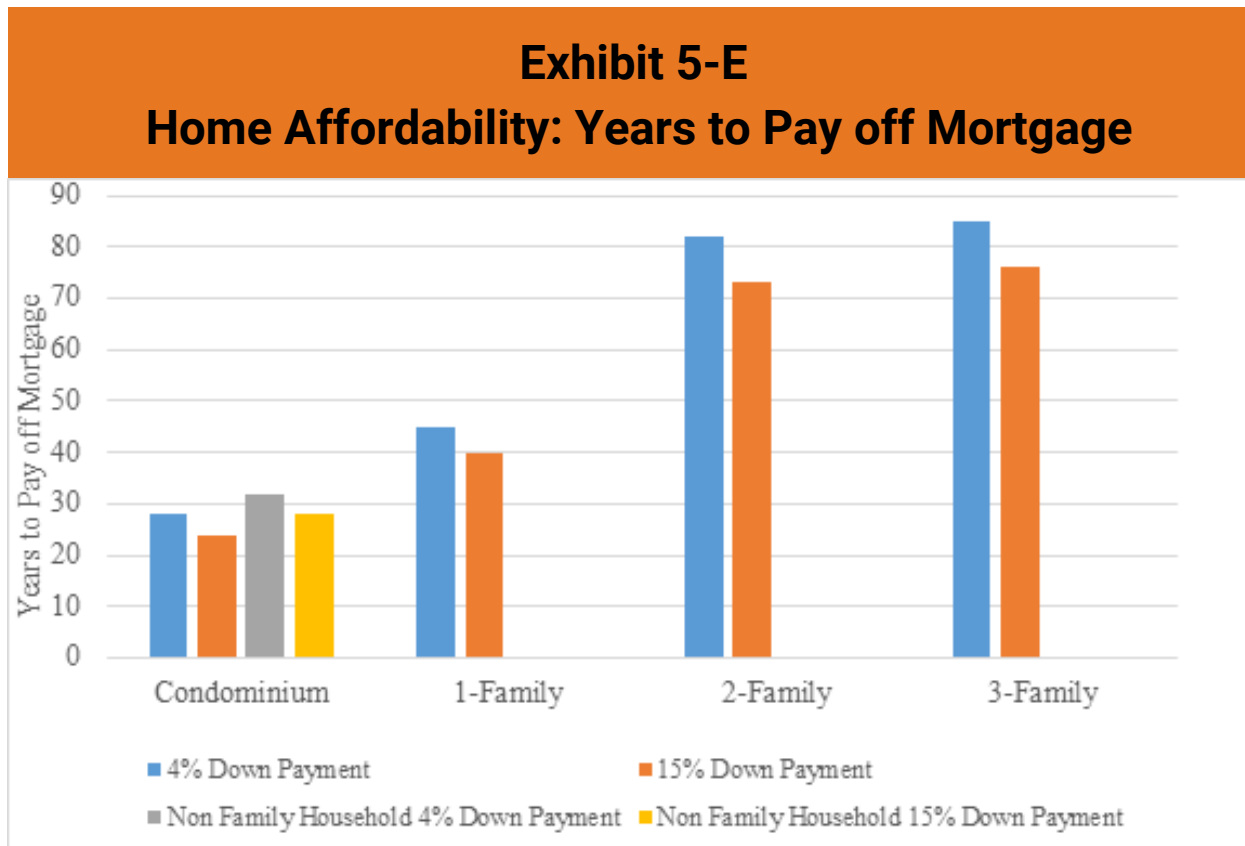


Exhibit 5-E gives insight into how long it would take a household earning the median income of \$52,795 to pay off a condo (with no monthly condo fee calculated) to a three-family home. This factors in a down payment at both 4% and at 15% (not including interest). As the graph clearly shows, an average single-family home would take 40-45 years to pay off, with a two-family home taking nearly 75 years, which is unrealistic for most families. This further proves that housing is beyond the reach of many of the average households in Allston Brighton.

Condominium buyers tend to be non-family households and the average purchasing power of these households has often been greater than the median sales price for these units. However, increasing costs have eroded these homebuyers' purchasing power as well. The average income for a non-family household is only \$45,538, which is about 15% lower than the family household income. Even with a 15% down payment, it would take a condominium buyer 28 years to pay off their mortgage.

Conclusion

Allston Brighton's real estate market over the past several years has been marked by steadily increasing sales prices. In some categories, these increases have been significant. Pressures from rising rents are forcing prospective first-time homebuyers to compete against real estate investors. These trends have created a severe affordability gap for a majority of Allston Brighton homebuyers. If current trends continue, more and more Allston Brighton residents will no longer be able to afford to buy a house in the neighborhood they have called home for many years.

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