

A HOME FOR EVERYONE

STATEWIDE HOUSING NEEDS ASSESSMENT



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Introduction to the Housing Needs Assessment

This housing needs assessment is a companion to the Comprehensive Statewide Housing Plan published in February 2025. It is a compilation of selected research conducted by EOHLIC and its consultant team of the UMass Donahue Institute, the Metropolitan Area Planning Council, and Dain Research. The purpose of the needs assessment is to establish a comprehensive framework for understanding the nature, scale, and diversity of housing challenges facing Massachusetts.

This document is a milestone in establishing a shared understanding of the housing situation in Massachusetts, but by no means is it the end of the process. In the coming months, EOHLIC will publish an expanded version of this Needs Assessment as an interactive online document with supplementary research material, data, and advocacy resources for stakeholders across Massachusetts.

Households

The first step in creating a housing plan is determining for whom we are planning. The initial assessment on households includes answering questions around who is living here today, what are their housing needs, and what do we need to consider about these households with specific challenges that merit a thorough understanding in order to assess the current crisis.

Additionally, it is important to note the demographic factors that have contributed to growth and demand over the last two decades. This section explores what we know about Massachusetts residents and households, and what it means for our current and future housing needs. Some of the key findings include the following:

- Massachusetts has seen strong growth in housing demand over the past 15 years as over 300,000 younger Millennials – many born and raised in Massachusetts – formed new households.
- While the needs of Baby Boomer families dominated the housing market in Massachusetts 25 years ago, most of those householders are now empty nesters. The number of families and children in Massachusetts has declined over that period.
- The state has seen rapid growth of both low-income and high-income jobs, and a decline in middle-income occupations. With few homes available, high-earners can outbid everyone else for what is on the market, driving prices higher.

A. Population and Households

1) Who comprises Massachusetts' Households?

Massachusetts is home to 7 million people from all walks of life. The median age is about 40, but there are two generations that make up an outsized portion of the population: Baby Boomers, now age 60 – 80 years old, make up 22% of population; and Millennials (born 1980 – 1999)

another 27%. As we'll see throughout this chapter and the rest of the plan, the housing needs and choices of these two generations will have an outsized impact on future housing planning.

Massachusetts residents have diverse housing needs and situations. About 3.5% live in dormitories, nursing homes, correctional facilities, shelters, and other "group quarters" where residents don't have their own separate living unitⁱ. While most of the discussion about housing is about people in housing units, we also need to consider the needs of people in group quarters as they transition into or out of permanent housing.

The rest of the population is considered to be living in a household. One household includes everyone living together in a single housing unit. There are all kinds of households in Massachusetts! Nuclear families, empty nesters, roommates, people living alone, couples with no kids, and multigenerational households are just a few examples of households within our State. As we'll see throughout this plan, housing needs and household characteristics change as people age, so there is a need to ensure we support life cycle housing that offers housing options for all generations of residents.

A single household includes everyone living there, including people living with roommates or family members, even if they would rather live alone; as well as 'doubled up' households with multiple 'subfamilies' and overcrowded households. These households or would-be households that don't have a home of their own are what we call "latent demand" and considering their needs is important when setting production goals.

While there is an endless variety of households, we define three basic household types:

- Families with children – this is any household with one or more adult and children under the age of 18 This includes everything from a single parent to a large multigenerational family.
- Multiple Adults, No Children – any households with two or more adults and no person under the age of 18. This encompasses married and unmarried couples, roommates, and other forms of group living.
- People living alone – any household with a single occupant.

Households change with age. Most people in their 20s live with roommates, a partner, or alone; as they get older, they're more likely to be head or part of a household with children; past age 65, most older adults either live alone or are members of small households with no kids. In other words, housing demand is not just a function of people moving here or starting households but also evolving needs as individuals and families age and grow. When larger generations such as boomers and millennials all reach certain stages, it has an outsized influence on housing demand. It's worth looking at how this has played out since 2000.

In the year 2000 the Baby Boomer generation formed an outsized number of households to support their growing families. They constituted 789,000 family households. The state had 1.4

million kids under the age of 18 in households. But in the intervening years, those kids have grown up and the Boomers are well past 60 years old.

In the decade after 2010, the number of Baby Boomer families with children declined by 96,000 households. These Boomers didn't go away—they became empty nesters. Over that same period, Gen X and early Millennial households were changing as well. They transitioned from roommates to parents. People born 1965 – 1985 formed 155,000 new family families with children after 2010, and fewer people were living as couples or with roommates. Since Gen X had fewer children, later than Baby Boomers, they formed fewer families and the number of children in the state declined by 52,000 over ten years.

More recently, millennials have started forming households at a rapid clip, and their needs have become a major driver of net housing demand. From 2010 – 2020, younger Millennials (born 1986 – 1995) formed about 314,000 new households, equivalent to 12.3% of the existing households in 2010. Being larger than the Gen X band, Millennials may push up the number of family households as they age. Based on current birth rates for each age group, forecasts are that the number of families or children will not rebound to the same levels they were at back in 2000.

2) Tenure and Housing Type

As residents move through these different stages and household types, their housing needs and preferences also change; as well as their income and ability to afford to rent or buy a home.

As one might expect, householders under the age of 35 are generally renters of multifamily housing. Only a small share of these households owns a home. As householders age, they are more likely to own a home and live in single family home; 70% of householders between 55 and 84 own their home.

Younger millennials who were in dorms, parents' homes, or with roommates in 2010 now occupy an estimated 408,000 homes, 66% of which are rental units. The growth of these households has been a major driver of housing demand and fully 27% of these new millennial households have incomes of \$150,000 or more, putting them in a position to outbid existing lower income households for the units that are available.

Homeownership and rental opportunities are both critically important and preferred by different types of households at different points of life. For those with a steady income and enough assets for a down payment, homeownership opportunities provide predictable housing costs, increased equity as a property appreciates, tax relief in the form of the federal mortgage interest and SALT tax deductions, and excellent housing stability. Rental opportunities provide people options when they may not have the income or assets to qualify for a mortgage, they may not want the maintenance responsibility of homeownership or if they may have plans to move or lack long-term job security.

3) Household Income

While higher income households are a major driver of demand and price escalation, most households are moderate or low income. There are many ways to categorize income. In this plan we use Area Median Income (AMI) Using the AMI scale has both value and limitations.

Most low-income households, including many classified as Extremely Low Income (ELI), include one or more members who are a member of the workforce. However, wages in many occupations are so low that a household with two full-time workers would earn less than the ELI income threshold.

The number of low-income working households in MA has increased since 1990, while mid-wage occupations have declined and middle -income households along with them. A 2016 Urban Land Institute study found that in Metropolitan Boston, the number of very low income or extremely low-income working households grew by over 70,000 from 1990 – 2014, while the number of middle-income households fell, and high-income households grew by 140,000ⁱⁱ. The ability of these households to outbid and gentrify when supply is scarce is a major factor in the price escalation we have seen.

Households also grow their income as they get older, and the desire to upgrade is an important part of housing demand. Past age 65, most households see their income declining as members retire and become dependent on retirement income and public assistance.

4) Race and Ethnicity.

Massachusetts households are becoming more diverse. According to the US Census, one quarter of households are headed by someone who is Black, Asian, Multiracial, or some other non-White racial group. Their share of total households has doubled since 2010, with the fastest growth among the latter three. As will be explored later in the needs assessment, housing outcomes for people of color are generally worse than for the population overall. Discriminatory policies and practices have been a factor in the Commonwealth's house challenges for centuries. Redlining, exclusionary zoning, discriminatory real estate practices, restrictive covenants, transportation projects and urban redevelopment that displaced entire neighborhoods are some of the reasons for the stark situation we currently face. All of this contributed to a situation in which Black, Hispanic, and Native residents have less housing stability, higher rates of homelessness, fewer wealth building opportunities, less access to schools with high advancement rates, higher exposure to health risks, and less chance of upward mobility.

These disparities are evident in the racial homeownership gap: only 37% of Black households and 32% of Hispanic households own their home, versus 70% of non-Hispanic White householders. Many households face discriminatory practices and structures in the real estate industry. Even high-income borrowers of color in affluent neighborhoods face disparities in mortgage approval rates and home appraisal valuesⁱⁱⁱ. Analysis of Home Mortgage Disclosure Act data shows that high-income (above 120% AMI) Black and Hispanic mortgage applicants were twice as likely to be denied as White applicants.

B. Households identified for further attention in the Affordable Homes Act

the Affordable Homes Act established three commissions that will give further explanation and make policy recommendations for how to best support Extremely Low Income households, Older Adults and People with Disabilities. This plan begins to examine the unique position of these important groups and will be updated pending further recommendations that merit special attention

1) Extremely Low-Income Households

Extremely low income (ELI) households are those with incomes below 30% of the Area Median Income. That figure varies across the state, so the ELI income thresholds vary as well. The threshold for a two-person household ranges from as low as \$26,300 in Western MA and parts of the South Coast to \$39,200 in Metro Boston. For a four-person household it ranges from \$32,850 to \$48,950.

ELI households include a wide variety of household types: working households (38% have at least one worker), retirees (13% have a person on retirement income), and people on public assistance (8% report public assistance income). A four-person ELI household earning \$48,000 per year can only afford \$1,200 per month on housing without being cost burdened. Avoiding severe cost burden affords only \$1800 per month. The number of family-sized units at that price point is vanishingly small. Even conventional "affordable" units at 80% AMI are well out of reach for these households without additional subsidy in the form of a rental housing voucher.

With so little income, ELI households are at great risk of homelessness. They have very little margin to get by if their rent is increased or if they face other unexpected financial demands. Some also need supportive services to remain stably housed. As explored later, ELI households are particularly impacted by high housing costs. The number of ELI households is likely to grow with the forecasted increase in senior households and continued polarization of wages.

2) Older Adult (aged 65+) Households

The Baby Boomer generation comprises 23% of the population and heads up 36% of its households. By 2035, the oldest Boomers will be on the verge of 90 years old. Their aging will result in a big increase in the older adult population and the number of these households. Along with that increase will come large increases in the number of older adult households who are generally low or extremely low income; have members with limited mobility or cognitive challenges; require at-home medical services; and/or have higher sensitivity and lower adaptive capacity when it comes to climate events. At the same time, older homeowners in particular will have an outsized influence on the housing market based on whether and where they decide to move in their later years.

The cost of housing is a fundamental challenge for older adults, since most see their income decline over time. Median income for over-65 households in Massachusetts is \$63,000, half of the median income for householders 45-64. Even those that own their own home may have

challenges making ends meet, despite the real estate value of their property. [University of Massachusetts researchers estimated in 2022](#) that more than half of Massachusetts' older adults living alone, and one quarter of older couples, lack the financial resources required to pay for basic needs^{iv}. Massachusetts ranks last out all of 50 states in economic security for older adults, with higher housing costs being the main driver. Though perhaps worse in Massachusetts, the rate of older adults experiencing homelessness has been rising substantially at a national level.

About 68.7% of householders 65 and older in Massachusetts own their own home, and many have owned it for some time. According to the [2023 American Community Survey](#), 62% of 65+ homeowners moved in before Y2K. Over that time, median home values have increased by 74%. As home prices have steadily rose, many if not most of these homeowners have accumulated substantial wealth in the form of home equity, putting them in a more advantageous position than renters. A Joint Center for Housing Studies report found that homeowners have more wealth than renters in both home equity and non-housing assets. This wealth can help older adult homeowners navigate many challenges. The same Joint Center report found that the typical homeowner aged 65 and over has enough wealth to pay for 42 months of nursing home care and enough non-housing wealth to cover 15 months of care^v. The report continues, "the median older renter, in contrast, cannot afford even one month in a nursing home. Indeed, only 18 percent of renters could pay for nursing home care for more than a year."

Renters are much more vulnerable to unexpected housing cost increases and have less resources to pay for home care. Housing instability among older adults can lead to premature nursing home admissions, ultimately driving up the cost of care and often resulting worse outcomes for well-being. State funding has long prioritized access to community living for older adults, resulting in a 5.4% decline in utilization of nursing home resulting in an increase in nursing facility closures^{vi}. These trends may change with increases in the number of older adult households, which may create challenges given recent findings showing that nursing facilities across the state are operating near full capacity as a result of system-wide staffing shortages.

3) Households in Need of Accessible Housing

According to the 2017 – 2021 American Community Survey, 12% of the population statewide has some type of disability, amounting to just over 800,000 people. (Disability is defined by the Census Bureau as having one of the following six disabilities: Ambulatory disability, cognitive disability, hearing disability, independent living disability, self-care disability, and vision disability. People may report multiple disabilities.) An additional 45,000 residents living in institutionalized settings have a disability. Around one-third of the population 65+ has a disability. Currently, two in five people with a disability are age 65 and older. The aging of the Baby Boomers and the projected increase in older adult population will push up the number of people with a disability.

Approximately one in four (24%) households statewide have a member with some type of disability, which is approximately 650,000 households. Households with a disability are more

likely to have lower incomes compared to all households in Massachusetts. 36% of households with a disability make \$35,000 or less, compared to 21% of all households in the state. 60% of households with a disability have an income less than \$75,000, which is below the state's median household income. Households with a disability are more likely to be renters: 41% of households with a disability are renters compared to around 36% in the state.^{vii}

Regions in Western Massachusetts have a higher share of the population with a disability. Over 15% of people in the Berkshire (BRPC) and Pioneer Valley (PVPC) regions have some type of disability, compared to 12% overall in the state. This is likely due to the older populations in these regions. Some of the RPAs in the eastern part of the state have a lower share than the state; Old Colony (OCPC), Metropolitan Area (MAPC) (10%), and Merrimack Valley (MRPC) (11%). Due to the size of the population, MAPC still has the highest *number* of people with a disability. PVPC has the highest share of *households* with a disability at 30%, higher than the 24% in the state overall.

In terms of type of disability, the most common disability among households in the state is an ambulatory disability. This is also the most common disability among older adults. 19% of the 65+ population has an ambulatory disability, which is over 200,000 individuals. Around 335,000 households (12% of the total) have a household member with an ambulatory disability, meaning they have a condition that substantially limits one or more basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying. Ambulatory disabilities can affect the type of housing needed as the person may not be able to climb stairs, etc.

An independent living disability is another type that could affect the type of housing needed. This includes physical, mental, or emotional conditions lasting six months or more that makes it difficult or impossible to perform basic activities outside the home alone such as shopping or going to a doctor's appointment. 10% of households, or 264,000 households, have a member with an independent living disability. Similarly, this is more common among older adults. 13% of the 65+ population has an independent living disability, which is around 150,000 people.

Another type of disability that could affect the type of housing needed is self-care disability. This means they have a physical or mental health condition that has lasted at least six months and makes it difficult for them to take care of their own personal needs, such as bathing, dressing, or getting around inside the home. 5% of households in the state have a member with a self-care disability, which is an estimated 143,000 households. Self-care disabilities are also more common in older adults; however, they are not as common as ambulatory or independent living disabilities. 7% of the 65+ population have a self-care disability.

Many people with disabilities do not require much, if any, accommodation or accessibility features in their homes. For example, a resident with a hearing disability may require only visual smoke alarms or doorbells. 7% of households in the state have a member with a hearing disability, which is around 200,000 households.

There is a broad range of cognitive disabilities, including difficulties learning, remembering, concentrating, or making decisions because of a physical, mental, or emotional condition. This can range from mental health conditions like depression to intellectual disabilities and autism spectrum disorders. The type of accommodations needed for this population likely depends on other disabilities they might have such as self-care or independent living disabilities. Many may not need accessible housing, per se, but need affordable housing with support services. 10% of households in the state have a member with a cognitive disability (270,000 households.)

People with disabilities in Massachusetts face multiple barriers to housing. It's nearly impossible to find a housing unit that is affordable, accessible, and available. Stories collected by the Massachusetts Statewide Independent Living Council highlight the real-life challenges of households with a member that has a disability that are living in spaces that do not meet their needs, such as spaces that are too small or not on the first floor. Elevators help, but only if they are well maintained and reliable.

Housing affordability and housing security is worse for people with disabilities who need long-term services and support (LTSS).³ This population is more likely to have severe cost burden, be behind in paying rent or mortgage, and live in poor-quality housing. These households also face other disparities such as living in neighborhoods with higher rates of serious crime and risk of natural disaster.

Existing federal support for people with disabilities is not adequate in supporting their needs; 84% of people with disabilities in the U.S. who are low-income and eligible for housing assistance are not receiving public housing or rental assistance.⁴ The number of very low-income older adult households that qualify for HUD housing assistance is rising fast.⁵ As the population ages, the number will likely continue to grow.

These national trends are seen in Massachusetts. There is a lack of accessible, affordable housing units across the state. These challenges will be compounded by the state's aging population and older housing stock that may need modification to support the diverse needs of people with disabilities.

The 1999 U.S. Supreme Court decision in *Olmstead v L.C.* (1999) maintains that states have a legal obligation to administer programs and activities in an integrated setting appropriate to the needs of qualified individuals. This decision recognizes that States may satisfy this obligation through the development of a comprehensive working plan for placing individuals with disabilities in less restrictive settings—known as the *Olmstead Plan*. First completed in 2008, Massachusetts' *Olmstead Plan* encompasses efforts across government agencies to support individuals with disabilities access community living options. Updated every five years, the State plan recognizes the specific housing needs of this population and measures efforts to do.

In 2024, the Executive Office of Health and Human Services (EOHHS) announced a settlement had been reached in a class action, *Marsters v. Healey*, to expand opportunities for individuals in nursing facilities, including the plaintiffs and thousands of people like them ("class members"),

to receive the services they need to live in their communities of choice. EOHHS, in coordination with the Executive Office of Housing and Livable Communities, shall expand subsidized housing capacity targeted to elder and disabled MassHealth members transitioning from a nursing facility to the community by adding 800 new subsidized housing opportunities over the term of this Agreement.

Since disability and access needs present in so many ways and changes over time for individuals, it is difficult to create a definitive estimate of disability needs or inventory of units with accessibility and visitability features. What we define as “accessible housing” has not been updated to meet our current understanding of the ways in which disabilities require varying accessibility needs (i.e., vision impairment, neurodivergent).

C. Other Household Topics

1) Immigrant households

Massachusetts has been a destination for immigrants since the first colonist stepped ashore. Many arrive in the Commonwealth with specialized skills on work or student visas, attracted by and ready to contribute to the region’s innovative economy; others have been driven here by political and environmental crises and with an eagerness to build a new life.

The contributions of immigrants to the Massachusetts economy, in various roles and capacities, has been well documented. A study found that immigrants in Metro Boston contribute \$103 billion every year to the region's economy, an outsized amount relative to their share of the population^{viii}. They make up 21% of all residents but 25% of workers and 28% of business owners. Yet the needs of immigrant households are often mischaracterized and poorly understood. Understanding the diverse characteristics of immigrant households is key to planning for future housing needs of everyone.

Over half a million Massachusetts households—one fifth of the total—are headed by someone who was born outside the United States. Foreign-born householders tend to be younger than native-born householders; only 19% of foreign-born householders are age 65+ compared to 28% of native-born householders.¹ Recent immigrants² and their households tend to be even younger. 51% of recent immigrant householders are 18-34, and only 3% are 65+.

32% of foreign-born householders are white, non-Hispanic (compared to 85% of native-born householders). 26% of foreign-born householders are Asian, non-Hispanic. 22% of foreign-born householders are Hispanic or Latino. 15% of foreign-born householders are Black, non-Hispanic

36% of foreign-born householders are from Latin America (including the Caribbean), 30% are from Asia, and 22% are from Europe. Almost two thirds of foreign-born heads of households have been in the country for more than 20 years.

Most foreign householders speak English, and they are more likely to be a renter, a married couple and/or a family with children than are native-born households. Fully half of recent immigrant household members have a bachelor's degree, including 26% that have a graduate, professional or doctoral degree—a higher share than native-born residents (47%). Only one in six adult immigrants lacks a high-school diploma.

Four-fifths of foreign-born householders speak English: 19% speak only English; 61% speak English and another language; and 19% householders do not speak English well (14%) or do not speak it at all (5%).

Foreign-born households are more likely to be a married couple or other family unit than are native-born households. Half (51%) of foreign-born households are married couple households, which is slightly higher than 46% of native-born households that are married couples. 72% of foreign-born households are family households while only 61% of native-born households are family households.

Whether recent or well-established, foreign-born householders tend to have larger households than native-born householders. 51% of foreign-born households are three or more people as compared to only 35% of native householders.

Foreign-born householders are also more likely to have children in the household compared to native-born householders: 39% of foreign-born householders have children in the household compared to only 26% of native-born householders who have children in the household.

Foreign-born householders tend to have lower incomes than native-born householders, but the difference is not drastic. Just under half 48% of foreign-born householders have a household income below \$75,000, compared to 42% of native-born householders. 31% of foreign-born households have an income above \$125,000, compared to 36% of native-born households.

Net international immigration hit a recent high of 90,200 individuals in from July 2023 to June 2024 according to Population Estimates released by the U.S. Census Bureau in 2024. The recent increase in immigration marks the highest level of immigration to Massachusetts since at least 1990. Through the 2010s (2011-2019) annual immigration averaged 39,000 individuals per year. During the first Trump administration and the pandemic, immigration declined sharply to a low of 16,477 in 2021. Since 2021 immigration steadily increased until the middle of 2024. Due to rapid changes in federal immigration policy, it is very likely that the number of international immigrant and households will drop significantly in 2025.

2) Families with Children

As of 2020, there were 690,000 families with children making their home in Massachusetts. Families with children tend to be larger than the average household. These households include about 1.02 million "school-aged" children 5-17. This is slightly larger than the total enrollment of 905,000 students in public or charter public schools in Massachusetts in the 2019 – 2020 school year.

Both the share and the number of families with children has been declining, and along with it the number of school children statewide. Since 2000, the number of children aged 5 -18 fell by 50,000, a decline of nearly 5%. This is driven by changing population size (there simply weren't as many potential Gen X parents) as well as declining fertility rates, resulting in fewer and smaller families. In the 2004 – 2005 school year, there were 956,000 students in public schools in Massachusetts (including charter schools); that has declined to 887,000 students in the 2023 – 2024 school year, a drop of 6.3%.

For a time in the 1990s, school enrollment was growing across Massachusetts due to the large number of children born to Boomer-headed families. Widespread subdivision development during this period accommodated many of these new families, and the resultant enrollment increases were attributed to the housing. Many growth policies and mindsets solidified during this period, often equating all growth with increased school enrollment and unrecovered municipal costs. These days, the number of families with children is declining, most are moving into existing homes (not new construction), and enrollment is changing for many reasons other than housing development. This requires a shift in conventional wisdom about the impacts and benefits of housing on school budgets and municipal finance.

Families with children are a protected class under state and federal fair housing/anti-discrimination laws and are often excluded from affordable housing in communities with more restrictive zoning that often only allow overlays or approvals for age-restricted housing. Families with children and multigenerational families also face difficulties in finding subsidized housing that meets their household size (most of such housing, particularly under 40B for local zoning, has been for 1 and 2 bedrooms). Additionally, families with children under 6 have special needs in terms of the ability to find lead-free housing.

2) People in need of supportive housing

Some Massachusetts residents face complex barriers to housing, including unemployment, mental illness, substance use disorder, history of incarceration, long-term homelessness, and other challenges.

Supportive housing is affordable housing that is coupled with available services to provide dignified community living to individuals or families who exhibit "chronic and high need." This includes individuals, families, and young adults who are experiencing chronic and/or long-term or episodic homelessness and have disabling condition such as mental illness, substance use disorder, HIV/AIDS, and/or other comorbid chronic health conditions.

There are many different types of supportive housing; and not all homeless (or even chronically homeless) individuals or families need supportive housing. That said, data on chronically homeless individuals does provide context. As of November 2024, an estimated 16% of households in Massachusetts, 2,240 out of 13,770, are experiencing chronic homelessness. Similar to national trends, approximately 89% of chronically homeless households are single adults with only 250 family households being identified as chronic homelessness.

Evidence has shown providing supportive housing leads to better long-term health outcomes and reduced utilization of costly emergency health care services that may lead to cost savings^{ix}.

3) Veterans

There are over 240,000 veterans in Massachusetts with 102,000 being of working age (18-64). The largest segment are between the ages 35-54, though this population has been declining since fewer people have been enrolled in the military over the last 50 years. Racial and demographic trends in Massachusetts are proportional to the racial and ethnic makeup of the general population. Most veterans are white (74.2%), while 12.4% are Black and 8.6% are Hispanic/Latino.

Veterans in Massachusetts have higher rates of reported disabilities as well as lower rates of bachelor's degree attainment^x. Despite that, they have lower unemployment rates and lower poverty rates as compared to the general population. Veterans also have higher median household income as well as significantly higher homeownerships in comparison to the general population. However, approximately 32% of veteran households are experiencing housing cost burden. ACS data from 2017-2021 shows approximately 66,528 veterans live in homes with one or major problems of quality, crowding or costs.

Research has shown that veterans are experience homelessness at higher rates than the general population—with combat exposure and resulting post-traumatic stress disorder (PTSD) being identified as high-risk factors. Veterans have received increased focus and levels of funding in part due to the investments Department of Veterans Affairs has made towards housing interventions for this population. In conjunction with State efforts, such as funding to ensure every municipality has a Veterans Service Officer (VSO), there has been a marked decrease in the number of veterans experiencing homelessness in Massachusetts. Veterans homelessness has decreased by over 50% since 2011, going from 1,268 veterans experiencing homelessness to 545 as of 2024 data. As outlined later in this report, the decrease in persons entering active service has resulted in a steady decrease in the veteran population which merits specific considerations as it relates to future housing needs.

4) Multigenerational households

While the traditional nuclear family (two parents and children) is often considered standard for a family household, three or more generations living together in a household is common in many locations and cultures. Multigenerational households may arise out of choice (the desire to have aging parents nearby) or out of necessity (adult children can't independently afford their own home). A nuanced view of multigenerational households can help inform policies to support households that are multigenerational by choice; and provide alternatives to those who do it out of necessity.

5) Seasonal workers, temporary housing needs, and non-traditional housing arrangements

The conventional first apartment - nuclear family - empty nester model doesn't work for lots of people who have less conventional and more varying housing needs. Temporary workers are important to many leisure, hospitality, and retail trade businesses, especially in Seasonal Communities, Cape and Islands. On Cape Cod the number of private sector jobs in July 2023 was 27,000 more than in February of that year. Many of these seasonal jobs may be filled by workers who live elsewhere for the rest of the year/ They become part of the seasonal population, but their housing needs are very different from visitors and vacationers. They need a place to live for 4 months, not just for a week. The Affordable Homes Act has taken important steps towards acknowledging this issue through the creation of the Seasonal Communities designation and the Seasonal Communities Commission.

6) The Households Who Aren't There

Massachusetts is renowned for attracting young people to our institutions of higher education. However, we are not as good at retaining them as they age. Over the past decade, net domestic outmigration for ages 25- 54 amounts to a net loss of between 20,000 – 30,000 people each year^{xi}. This is a major drain on Massachusetts labor supply at a time when thousands of Baby Boomers are retiring each month. As a result, the resident labor force is projected to decline over the next ten years under a status quo scenario, hampering economic growth. High housing costs are a major factor, though not the only one. Massachusetts could stem or reverse the decline if it is able to retain more of those young adults, but it would need homes for them. This section examines the characteristics of people who moved out of Massachusetts recently and what kinds of households they formed.

In 2022, roughly 200,000 individuals moved out of Massachusetts. The Commonwealth's many higher education opportunities attract young adults (18-24), but at every other age group Massachusetts is losing more residents than it attracts. In particular, young adults are choosing to make homes elsewhere. Massachusetts lost 13,700 residents aged 25 to 34 in 2022 and in total nearly 24,000 prime working age adults.

After leaving Massachusetts, outmigrants formed 85,000 households. Reflecting their youth, greater than half of these households were single-person households and over a quarter formed two-person households after their move. Eighty-five percent of households that moved from Massachusetts had no children under 18, over half were single and never married. Individuals who moved out of Massachusetts were well educated, and over a third had a graduate degree.

The ability to work from home appears to have contributed to the increase in outmigration from Massachusetts because Massachusetts' occupation and industry mix meant that the workforce was able to embrace work from home opportunities more readily than other states.¹ It is possible that the one-time shock of the pandemic and the widespread adoption of work from home policies contributed to the short-run increase in domestic outmigration of remote

workers. Current estimates of domestic migration show that in 2024 out-migration from Massachusetts has returned to pre-pandemic levels with on net 27,500 more residents leaving Massachusetts than moving in^{xii}. Policies to attract young adults and families to the Baystate will be necessary to ensure that Massachusetts continues to attract highly educated workers who are now less tethered to the location of their employer.

Supply and Production

This section will do an assessment of the current housing stock in Massachusetts by answering two key questions: how many homes do we have, and where? While the total numbers are important this report will dive deeper into the specific types of housing, the demographics of who owns or rents the current stock, and what set asides are provided within the total units in the Commonwealth for specific populations. There is also information about how many housing units have been brought online in recent decades versus the amount of older stock and who is (or isn't) living in them. Finally, the current supply assessment provides useable reference point for current vacancy rates exploring how many units are actually available for sale or rent, and how many are kept off the market for other uses. On the production side, this section will explore what are the barriers to the development of more – and more diverse—kinds of housing in MA and the ongoing efforts to evaluate these barriers through the Unlocking Housing Production Commission and other initiatives. Key findings include the following:

- Massachusetts has over 3 million homes, of which about 57% are in single family homes and the remainder is in multifamily buildings.
- The state has an substantial inventory of housing for low-income residents: 187,000 privately-owned affordable homes, and over 70,000 homes in public housing. Together these comprise about 8.4% of the total housing stock.
- Housing production over recent decades hasn't kept up with housing demand; as a result, the share of homes available for sale or rent has shrunk to only 1.6%, a historically low vacancy rate. This creates intense competition for the homes that are available.
- The state added 19,000 units per year from 2010 to 2020, but only 11,600 homes were issued building permits in 2023. People seeking to build new homes faces many challenges such as restrictive zoning, elevated construction and operation costs, high expectations from investors, lack of water and wastewater infrastructure, and increasing demands for sustainability, affordability, and design.

A. Massachusetts' Existing Housing Stock

1) Supply overview

Massachusetts has 3.05 million housing units, including everything from studio apartments to luxury condos, public housing units, single family homes, and oceanfront mansions. Overall, about 57% of the homes in Massachusetts are single family homes, 20% are in 2-4 multi-family homes, and 22% are in larger multifamily buildings (multifamily units refers to homes that are in

structures with multiple units—not homes that are occupied by multiple families). The variation in Massachusetts housing supply is reflective of the widely varied character and characteristics of the state’s communities. Urban municipalities have a more balanced mix of units in small (2-4 unit) and larger (5+) multifamily; Suburbs tend to have a larger share of larger multifamily and less middle-income housing, while also including a large share of single-family homes.

The other major distinction is whether homes are rented or owned by their occupants. Nine out of ten single-family homes are owner-occupied, while multifamily housing is over 75% renter occupied. In many municipalities, someone looking to rent – at almost any income—has few units to choose from. The Massachusetts rental vacancy rate is around 2.5% and is among the lowest in the Country^{xiii}. There is also a mismatch of available housing type that creates more challenges for larger households. Families with two or more kids also face challenges finding homes with enough bedrooms. Statewide, 56% of housing units are “family-sized”, that is with 3 or more bedrooms. As outlined in more detail in the Conditions chapter, there is a mismatch as many “family-sized” units occupied by adults with adult children now living outside the home (empty nesters), singles, or roommates.

2) Affordable rental housing

Based on data from EOHLC partner Housing Navigator, there are approximately 210,000 rental homes in Massachusetts limited to people based on their income. This includes affordable deed-restricted homes in private developments, state and federal public housing, as well as varying types of supportive housing. The cost to the resident household depends on the program: rent for subsidized units may be based on income (generally 30% of the household income) or rent may be fixed to a certain income standard.

The most commonly referenced measure of low-to-moderate-income units in municipalities across Massachusetts is the Subsidized Housing Inventory (SHI), established by Chapter 40B, the state’s comprehensive permit law. 40B enables housing developers to circumvent local zoning in cities and towns that do not have more than 10% SHI eligible units and that do not meet other thresholds for affordable housing. Eligible units must be part of a housing development that is subsidized by an approved subsidizing agency and contains affordable, income restricted housing units among other requirements. However, this measure can include, under certain circumstances, market rate units that are not “affordable” if a certain percentage of affordable housing units in a rental development otherwise meet SHI eligibility criteria. Another source of information that includes affordable housing units is provided by the Housing Navigator, which receives support from EOHLC and the other state subsidizing housing agencies. Housing Navigator provides listings of affordable, income restricted units for rent and also distinguishes units with a fixed rent vs rent based on individual household income.

Income restricted homes are created in a variety of ways: federal and state subsidies, federal and state low-income housing tax credits, municipal funding, and private sources. All these funding streams include varying restrictions on the length of time the unit maintains an affordability

restriction. When those restrictions expire, homes can be sold, rented at market rates, unless the development is refinanced or resyndicated, which would prompt new affordability restrictions.

Units are generally targeted to households at a specific income level, such as 50% or 80% of Area Median income. In some cases, very low or extremely low-income households to use a mobile voucher to afford a unit restricted to 60-80% AMI. The voucher makes up the difference between 30% of the household income and the rent, up to a payment standard set for a geographical area. For the voucher program, this allows the vouchers to be used at lower cost than if the tenant were in the open market; and it effectively "deepens" the affordability of the low/moderate income development. Linking project-based vouchers with these development projects makes it possible to meet the EOHLC Qualified Allocation Plan goal of setting aside a minimum percentage of the units for households with incomes at or below 30% or area median income and to achieve the same outcomes for the other EOHLC-funded development programs.

3) Public Housing

Public housing is an invaluable asset in Massachusetts that supports many of our most vulnerable residents, specifically low-income older adults, families and people with a disability across over 230 cities and towns. Public housing includes a variety of housing types such as family housing in large developments, elderly housing ranging from motel-style campuses to high-rises, group homes serving DMH & DDS clients, and scattered site single family homes and duplexes. Massachusetts is one of only four states to provide state-funded public housing and does not solely rely on federal public housing units. Both state and federal public housing units are overseen at the municipal government level through local housing authorities (LHAs). Massachusetts provides the most public housing per capita with approximately 30,000 federally supported public housing units in addition to 41,500 state funded units^{xiv}.

Public housing in Massachusetts experienced a boom in development in Massachusetts starting in 1948 as a response to the post-war affordable housing crisis for returning veterans^{xv}. This critical housing resource was primarily built between 1948 to 1956 through large scale public investments of capital funding that focused on common templates to ensure scale. However, these templates often had common design issues, and though many of these units are still serviceable, they have faced significant deterioration over time that has outpaced the capital investments provided to modernize these units. The state and federal governments also funded a large tranche of public housing development from ~1960 to 1985 serving the elderly, but similarly these buildings are significantly aged and often lack accessibility and other features to support aging-in-place.

The Commonwealth and federal government have tried to revitalize public housing through increased capital funding and redevelopment programs including the HOPE and RAD/REstore-Rebuild programs on the federal side and the state Public Housing Innovations Program. Harbor Point was a successful and nation-leading transformation, followed up by many redevelopments of federal housing including Old Colony in Boston and Lyman Terrace in Holyoke. On the state

side, major redevelopments include Orient Heights in Boston, Innes Apartments in Chelsea, and Lee Fort Terrace in Salem. While these redevelopments transformed neighborhoods and added needed units by bringing in many sources of public and private funding, the supply of funds does not meet demand, and most state and federal funding goes to maintaining aging buildings. The current capital backlog across the state-aided public housing portfolio is approximately \$4 billion, compared to FY25 capital funding of \$157M. This backlog, in combination with factors including staffing capacity (state public housing subsidy lags federal public housing operating support) across LHAs and challenges of the centralized public housing waitlist implemented in 2019, has resulted in approximately 2,150 (5%) public housing units being vacant as of January 16, 2025, despite a waitlist of over 200,000 people. This is comparable to industry standards but not good enough considering the demand for rental housing.

State-Aided Public Housing by Program

Program	# Units
Family	12,787
Elderly/Non Elderly Disabled	28,721
Group Home (Approximate)	1,850

State-Aided PH Demographics 2024		
	Family	Elderly
Average Income	\$29,859	\$21,593
Median Income	\$23,960	\$18,600
HoH Employed	47%	16%
HH Member Disability	26%	31%
HoH White	65%	77%
HoH Latino	35%	9%
Average Family size	2.8	1%

The legislature mandated a statewide application system for state-aided public housing as part of the Public Housing Reform legislation in 2014. -DHCD established the Common Housing Application for Massachusetts Programs (CHAMP) pursuant to this legislation and went live in April 2019, fundamentally changing the LHA application process. Instead of an applicant having to appear in person or mail an application to each LHA, who would manage their own waitlist subject to state regulation but with minimal oversight, CHAMP now provides all applications through a single portal. Unfortunately, CHAMP's effectiveness has been hindered by multiple challenges, principally the huge volume of applications and prioritization claims while leaving most tasks in the hands of individual LHAs. The implementation of centralized emergency

priority screening has addressed many of these challenges. EOHLC, in partnership with the legislature and LHAs, has identified additional steps to improve access and equity.

4) Supportive Housing

Supportive housing is defined as affordable housing coupled with supportive services that allows people, most often older adults, veterans, and those experiencing long-term homelessness with a disability, to be able to live independently. Creation of supportive housing primarily takes two forms. 1) developing new units which includes acquisition, construction, and ongoing operating costs, and partnering with an experienced service provider to deliver services to the residents; 2) master leasing already existing structures or individual units by a provider who then delivers services directly to the residents. While upfront costs are less, and there are fewer siting issues related to zoning with the master leasing approach, there is no net gain of housing units to the community.

Supportive housing often requires significant levels of government assistance in the forms of capital financing to develop, deep rental subsidy assistance as most households have little-to-no income, and funding for supportive services to ensure households with complex behavioral or physical health needs are able to maintain tenancy.

It is important to note that supportive housing is difficult to quantify precisely, since the services may not be attached to a specific unit, or supportive housing units in Public Housing may be double counted. In addition to the above challenges in quantifying supportive housing, accurate data on supportive housing is complicated given federal funding and reporting requirements towards homelessness are overseen at a local level by regional or municipal planning bodies called Continuums of Care (CoC). Outlined in more detail in the later section on homelessness, Massachusetts has 11 CoCs, including the Balance of State CoC overseen by EOHLC, which includes multiple municipalities across the Commonwealth.

Analysis of the compiled CoC Housing Inventory Count (HIC) data shows there are roughly 9,458 units of supportive housing targeted to people experiencing homelessness across Massachusetts^{xvi}. Though limited, HIC reporting is also able to provide limited detail on total supportive housing units across homeless subpopulations including transitional-age youth (18-24), families, and veterans.

CoC	Adult-Only	Other Permanent Housing	Family	Youth	Veteran	Total Units
MA Boston	2594	345	431	43	754	3370
Lynn	177	0	20	0	0	197
Cape Cod	197	0	5	8	36	202
Springfield-Hamden	791	36	111	17	242	938
New Bedford Attleboro	148	41	84	0	69	273
Worcester	625	0	152	0	177	777
Three County	450	0	41	42	305	491
Cambridge	404	0	24	0	165	428
South Shore	830	0	156	9	351	986
Fall River	104	0	36	8	20	140
MA - Balance of State	1288	121	247	0	461	1656
Total	7608	543	1307	127	2580	9458

As seen in the HIC data, supportive housing development has prioritized efforts to address homelessness among individual adults. There are many contributing factors for this, but the most notable is that single adults do not have a statutory right to shelter like families or children. Significant focus on the issue of veteran homelessness has aligned both state and federal resources to create supportive housing units to meet the needs of this population. These efforts have been successful as evident by an over 50% reduction in veterans experiencing homelessness since 2011. As highlighted in the HIC data, approximately 26% of identified supportive housing is targeted for veterans, however, veterans experiencing homelessness now account for just 4% of the total population. The success in targeted efforts to address veterans' homelessness offers a potential blueprint for effective ways to address strategies, but also considerations as outlined later in this plan, as we consider future housing need given population trends showing a steady decline in veterans.

5) Who owns the rental units?

Rental housing is an essential component of the Massachusetts housing stock, and for decades rental housing has provided most of the opportunities for low- and moderate-income households to find a home they can afford. Just as there is a great variety of rental housing across the state and within communities, there is great variety in the owners of the rental

housing stock (also known as landlords). Some landlords are individuals or families who own a two-family or three-decker, live in one of the units, and rent out the other(s). This 'resident landlord' model can be a pathway to housing stability and wealth creation for households who have the means to acquire a multifamily home and the capacity to be a landlord. They can earn rent while building equity, and the additional units may also provide a home for family members.

Other landlords own one or two properties and rent them out but live elsewhere. Meanwhile, many rental properties are owned by corporate entities and investors who own dozens, hundreds, or even thousands of rental units. Often, these properties are held by trusts or limited liability corporations so that it is difficult to assess what properties are owned by the same entity or group of entities. It matters who owns rental units because there is evidence that larger profit-driven investors are more likely to maximize rents, take quick action to evict renters who fall behind,^{xvii} or make quick capital investments and 'flip' properties for short term capital gains^{xviii}.

While it is difficult to precisely estimate how many rental units are owned by individuals or small landlords versus large investors, we do know that investor ownership of multifamily housing has been changing. The Metropolitan Area Planning Council's analysis of property transaction data in Metropolitan Boston found that 21% of transactions between 2004 – 2018 had an investor purchaser^{xix}. (Investors are defined as limited liability corporations; entities that purchased more than three residential properties in five years; any purchaser of a building with four or more units; and any purchaser that acquired more than \$3.5 million of residential properties over the study period.)

This analysis also shows that, while investor activity represented 16% of sales in 2004, that number rose to 23% in 2018, with significantly higher investment rates in the small multifamily homes that used to be a pathway to wealth building for middle income households. Over 30% of two-family homes and nearly 50% of three family homes sold in 2018 were purchased by investors. MAPC's analysis also found that investors come to the table with a clear advantage: cash. Cash offers are more appealing to sellers than traditional mortgages, so much so that cash offers are often accepted even if they are not the highest bid, allowing buyers to purchase properties at a discount. More than half of investors who purchased condominiums during the study period did so in cash, with similarly high proportions for single-family (43%), two-families (45%), and three-family (39%) purchases.

MAPC found that 9% of residential buildings bought in Greater Boston between 2002 and 2022 were "flipped" within the next two years, with the highest flip rates among apartment buildings (12%) and three-family homes (11%). Large and institutional investors were the most likely to flip the homes they purchased, with nearly a quarter of single-family homes and a fifth of two-family homes purchased by large or institutional investors being flipped within two years, compared to rates of just 8 and 9% respectively for non-investor buyers. Flips have two important impacts on the region's housing market. First, they take lower-priced houses off the

market for potential owner-occupant buyers; the median purchase price for a home or building that will ultimately be re-sold within two years was \$160,000 less in 2020 than it was for those not sold within two years. The price differential has been steadily climbing since 2014. In addition (and by intent), flippers resell properties for significantly more than the original purchase price, compared to non-investors. Since 2010, investors who flipped their single-family properties have seen re-sale prices a median of 55 to 85% higher than they originally paid for the properties; by comparison, non-investors who flip properties have seen re-sale prices at a median of only 12 to 25% higher in the same period. By acquiring lower cost properties quickly through cash offers, then converting them into a product that sells at a much higher price point, this process is eroding the stock of moderately priced homes.

Transaction data also show that investor activity is most likely to occur in higher density neighborhoods with low or modest home and rent prices. In some of these neighborhoods at the core of the Boston Region, investors comprised nearly one third of all purchases. This activity adds stress to already burdened communities where the cost burden and evictions are above average.

Investor purchases are not limited to urban areas, however. About 20% of sales in high-cost, primarily single-family neighborhoods are to investor purchasers, a rate that has been increasing over time. This activity has led to a decline in availability of modestly priced starter homes. In some of these wealthy communities, ten percent of sales are flipped within two years, often after a teardown/rebuild or substantial expansion of the property and corresponding increase in value. As a result, flips in these markets contribute to pushing these already “exclusive” neighborhoods farther out of reach for the average Massachusetts resident.

[Research from other states](#) has found that when large investors and corporate landlords acquire small multifamily developments, they often raise rents and may seek to evict households in order to renovate and re-list an upgraded unit. [Other researchers have found](#) this leads to displacement of preexisting residents, especially people of color.

The challenges with investor ownership are not limited to unrestricted, market-rate units. In Massachusetts, some long-time owners of deed-restricted units set rents for their tenants at a stable or income-based level rather than according to the rent standard which has increased considerably over time. As these developments are sold or re-syndicated, new owners have the legal authority to increase rents substantially, so long as they are still below the rent limit specified by the affordability restriction. As a result, residents of deed-restricted affordable housing could see unmanageable rent increases. Anecdotal information from residents indicates this may be a growing problem that should be assessed further.

Nationally the real estate industry has seen growth in single family rental market. Large corporate landlords are increasingly using algorithms to set rents and asking prices (RealPage), and all landlords now have access to online listings that provide a broad window into the

market, allowing them to set their asking rents at the top of what they think the market will bear.

6) Historical housing production

While it seems to some as if Massachusetts is building homes at a fast clip these days, the rate of production is still well below that of past decades. The total number of units grew by 190,300 from 2010 to 2020, an increase of 6.8%. This was largely a continuation of production rates in the 2000s, when the state added 186,300 units. It is far less than the historical rates. From 1950 to 1990, Massachusetts' housing stock grew its housing stock by 12% to 21% in *each decade*. This was also the period that produced many units that are still affordable to working families today.

More recent and detailed data on housing production can be gleaned from building permit data reported to the US Census. (However, not all municipalities report regularly, so this data undercounts total production.) From 2013 through 2023, municipalities reported issuing permits for 148,900 units. More than half of those new homes (53%) were in buildings with five or more units. About 40% of those units were single family homes, and only 6% of new units were in two-, three- or four-unit buildings.

About 62% of new homes were in the Metro Boston region, far more than any other region. The Southeast, Old Colony, and Central Mass regions each constitute about 6% of the total units reported, and all other regions make up less than 4% of the total.

In 2023, the reported construction value of the 11,600 units that were permitted was nearly \$3.9 billion, or approximately \$336,000 per unit. The highest valuation per unit was on the Cape (\$606,000 per unit) and Islands (\$780,000 per unit on Martha's Vineyard and \$1.6 million on Nantucket). Value per unit was below \$300,000 in some regions surrounding Metro Boston (Northern Middlesex, Old Colony, Southeastern MA, Central MA) and in the Pioneer Valley.

7) How much housing is actually available for rent?

In a properly functioning housing market, there should be some vacant units available for sale or rent. Vacant units for sale or for rent allow households who want to move to find an available unit. When there are lots of households looking for housing, and not enough units on the market, landlords are able to raise their rents because would-be tenants have few other options. For sale units see bidding wars that drive up the price. Households at the lowest end of the income spectrum experience the worst of it.

Of course, too much vacancy results in units that can't be rented, landlord disinvestment, and declining property values. A study by the Joint Center for Housing Studies used historical trends to benchmark a "natural" vacancy rate for rental and ownership of 7.4% and 1.5%^{xx}. These values correspond to rates in the mid-1990s before Massachusetts started seeing the most extreme price increase.

Not all vacant units are available for sale or rent. Some homes are used for seasonal occupancy, vacation homes, or short-term rentals (discussed below). Others are kept as a second home for people who split their time between two places. While these “unavailable units” are part of the housing stock, they aren’t serving as permanent housing. We don’t count them when calculating vacancy rates.

In Massachusetts there were about 258,000 vacant units in 2018 – 2022. However, only 47,800 (less than one fifth of all vacant units), were available for sale or rent. Others were being held for seasonal use, had been rented or sold but not yet occupied, or were vacant for another reason. That means that only 1.6% of all homes were available for sale or rent.

The number of homes available for sale or rent has been declining for the past twenty years. In 2006 – 2010, there were an estimated 54,300 homes for rent at any given time, and 23,700 for sale. By 2018 – 2022, the estimated number of vacant units for rent had dropped to 35,400, and the number for sale had dropped to 12,400. This is a 40% decline in the absolute number of vacant homes for sale or rent.

Meanwhile, other “unavailable” vacancies have been increasing. The number of “other vacant” units grew by about 2,500; and the number of units “sold but not yet occupied” *doubled* from 6,800 to 14,000 over the 2006 – 2022 time period. This latter category may include luxury homes purchased as stable investment assets, not intended for occupancy.

8) What do we know about seasonal homes and short-term rentals?

Not all homes are used or available for use year-round. 118,000 units in Massachusetts are reported as being used for “seasonal, recreational, or occasional use,” equivalent to 4.0% of the total housing stock. This includes vacation homes used solely for personal stays as well as homes that are made available for seasonal or short term rentals. The share of seasonal units varies widely across the state. On Nantucket and Martha’s Vineyard, fully 60% of all housing units are set aside for seasonal use. On Cape Cod, the figure is 36%, and it’s 13% in Berkshire County. No other region has a seasonal use share of greater than 3.5%.

In December 2018, the Massachusetts legislature passed, and Governor Charlie Baker signed, a bill to regulate and tax short-term rentals in Massachusetts. This law extends the room occupancy tax that was levied on hotel stays to short-term rentals, creates regulations regarding short-term rentals, and explicitly grants powers to local city and town governments regarding short-term rentals throughout Massachusetts. The same law established a Public Registry of Lodging Operators (maintained by the Department of Revenue).

All types of lodging that must pay occupancy tax (hotels, bed and breakfasts, lodging houses, and short-term rentals) must register with the state. As of July 2024, there were 43,400 short term rentals (STRs) listed on the registry. This constitutes 93% of registered entities. Since the Registry does not publish the number of rooms in each hotel or motel, it is not possible to

determine the share of registered units/rooms in STRs versus more traditional lodging operations. Six towns have no registered short-term rentals.

Registered short-term rentals are flagged by DOR as owner-occupied or occupied for 14 days or less. By law all units must register, but units occupied by guests for fewer than 15 days a year do not need to collect tax. Units rented for greater than 15 days are subject to community impact fees (if the municipality implemented them), the Cape Cod & Island Water Protection Fund Excise tax, and occupancy tax. If a unit is owner occupied it is not subject to the community impact fee unless a town opts to require that owner-occupied units pay it, and that is only in the cases of owner-occupied duplexes/triplexes.

Not all STRs are full units. Some are "rooms" or "suites". Since these are not impacting whether a unit that could otherwise be sold or rented to a long-term occupant, they were excluded from the analysis. Analysis was performed on 34,000 STRs that are not owner-occupied, not tax exempt and do not specify that they are "Rooms" or "Suites." This covers about 78% of the 43,410 registered STRs.

One percent of the state's housing stock is registered at the DOR as a short-term rental. Half of all registered STRs statewide are in Barnstable County despite having only 6 percent of the state's housing units. 10 percent of Barnstable County's housing stock is registered as an STR with the state. This is just over one quarter of all seasonally vacant units. Dukes and Nantucket Counties each have over 20 percent of their housing stock registered as an STR. Berkshire County is home to three percent of the state's registered STRs and 2 percent of its housing units. Provincetown has the highest share of housing that is registered as STRs with the Department of Revenue at 27 percent.

Outside of the Cape and Islands, towns with high rates of registered STRs are typically coastal communities or rural towns in the Berkshires with a smaller number of housing units and a few STRs. (Such as Hancock, which leads Western Massachusetts with 12% of its housing stock used for STR.) Some towns have low rates of registered STRs but high seasonal vacancy such as Tolland in Hampden County where 57 percent of units are seasonally vacant but only 3 percent of housing units are registered with the DOR. Nantucket and Dennis have the largest number of registered short-term rentals, followed by Boston.

In FY2021, STRs accounted for 43 percent of total tax revenue, but have fallen to 20% in FY2024. Nominally, revenues from both forms of lodging have grown substantially. Between FY2023 and FY2024, traditional lodging revenue grew eight percent and STR revenue grew 35 percent. Owners may opt to list a property as a short-term rental for a variety of reasons. They may want to have access to it occasionally while also receiving income. For owners who do not plan to use the property, even seasonally, short-term rentals generate more income than long term leases. The average daily rate for an STR in the AirDNA dataset was \$346 in 2022, adjusted for inflation to 2023 dollars. In 30 days of short-term renting at the average daily rate, an STR operator could expect to earn over \$10,000 in 2022, in real 2023 dollars. For comparison,

Median gross rent, a measure of rent which includes the cost of utilities was found to be \$1,653 in 2022, in real 2023 dollars. At the average nightly rate, and not accounting for expenses, an owner could book their short-term rental for just 5 days per month over the course of a year and would earn as much as a one-year lease at the median gross rent.

B. Production Barriers and Opportunities

1) The zoning framework in Massachusetts

For many decades, local zoning has been the principal limit on new housing production, especially multifamily housing. While many factors and limitations such as access to water, wastewater, physical constraints, and the housing market all contribute to production rates, zoning has had an outsized role. For the last fifty years it has been illegal to build any housing type other than single family homes on the vast majority of residentially zoned land in Massachusetts. Currently, the majority of zoning decisions are made locally.

The legal authority for the state to regulate land use was established in 1918 with the adoption of Article 60 of the state constitution. Article 60 grants the legislature the authority to limit the construction and use of buildings in specified areas; that is, to zone land for certain uses. Article 60 makes no mention of municipalities. In 1920, the legislature adopted the state's Zoning Enabling Act, Chapter 40A of the Massachusetts General Laws. This act codified the legal authority under which municipalities could regulate land use.

Prior to the adoption of 40A, municipal authority to regulate certain uses had not been enshrined in legislation or case law. Town meetings had no authority to specify what land uses were permissible anywhere, so landowners had largely unfettered development rights. Through the Zoning Act and its successors, the legislature specifies what municipalities may regulate through zoning, and withholds or conditioned other rights. For example, the MBTA Communities Act modified the Zoning Enabling Act to establish a requirement that municipalities have at least one zone of reasonable size where multifamily zoning is allowed 'as of right.' The Affordable Homes Act further modified 40A by including ADUs as a "protected use" that municipalities must allow as of right, with reasonable restrictions.

Zoning and land use regulations are adopted at the local level through varying processes depending on the structure of each municipal government. In general, zoning is adopted by the chief legislative body, either Town Meeting, Town Council, or City Council.

Much of Massachusetts is covered by zoning districts that are quite simple: single family homes with a minimum lot area of one-half to two acres. Until recently, very few municipalities have by-right zoning for multifamily housing, requiring developers to seek variances or a special permit for each project. The process of obtaining a special permit adds time, expense, and uncertainty to the entitlement process, effectively discouraging developers from even attempting to produce housing in certain communities.

The process through which many cities and towns solicit public feedback on development proposals can be unrepresentative of the communities in which those deliberations take place. [Research in Massachusetts](#) has found that participants in municipal developments are older, more likely to be White, and more often homeowners than the general public.

Currently, the state has supported programs that would encourage and assist communities in enabling housing friendly zoning.

- MBTA Communities Law:
- Housing Choice Initiative
- 40R, Smart Growth Zoning Overlay

2) Zoning Practices and Data Availability

Despite the importance of local zoning to the state's housing future, it's hard to have a complete picture across all regions and 351 municipalities. Zoning codes in Massachusetts are dizzyingly complex. Each city and town adopt its own zoning according to its own rules and system. This makes interpreting them across municipalities very challenging. Whether one is a developer, advocate, or regional planner, understanding what is permitted where and under what circumstances is an arduous task. Additionally, as municipalities update their codes, they often layer modifications over existing laws, creating a patchwork of rules and parameters that make interpretation even harder. Rarely do municipalities undertake a complete "recodification" of their zoning that would reconcile all the many overlapping modifications, redundancies, and conflicts.

Another challenge to interpreting and standardizing municipal zoning codes is that there are many terms within the general land use lexicon that have no standard definition, and that municipalities may interpret differently. The terms multifamily, accessory dwelling unit, and percent lot coverage, for example, may refer to slightly different things in different municipalities. Most of the time municipalities will include a definitions section that explains specific terms, or will describe specifications in detail within the document, but there are cases in which these or similar terms are used without further explanation. This tangle is compounded by the wide variety of repositories and formats for zoning codes, ranging from PDF files or Microsoft Word documents posted on the municipal website to HTML pages hosted by third-party providers such as Municode. Some municipalities even post the zoning text as a scanned document, hampering users' ability to search, copy, or quote the code itself. The lack of standard formats and definitions for zoning codes renders local bylaws and ordinances largely inaccessible and opaque to those without abundant time to find and parse the zoning text.

Current practices with regard to municipal zoning often fail to fulfill principles of government transparency and equitable engagement. They also provide unfair advantages to developers, attorneys, or realtors with inside knowledge and relationships, while disadvantaging those who have not previously worked in a given community. This is especially true for developers seeking

to build much-needed workforce and affordable housing in suburban towns, where byzantine regulatory pathways stand between a proposal and a building permit.

Part of the challenge of accessing zoning data stems from the limited capacity of municipalities to maintain and publish electronic GIS records. Zoning changes, including the creation of new districts and the modification of existing district boundaries, are commonly authorized by changes to the text of the bylaw or ordinance itself. These changes must then be translated into new district boundaries on the zoning map itself, a task that may become an afterthought. In many cases, the available spatial data lags one or more revisions behind the code, if it is published at all. Additional barriers exist for those municipalities that don't even have direct access to their own zoning data, having outsourced the maintenance of the electronic records to consultants who may charge a fee for each change or record request. While this format of law making has been central to the historical makeup of the Commonwealth, it is challenging to assess the current state of zoning without standard formats, data systems, or definitions for municipal zoning. For developers, it is similarly challenging to navigate the various rules and protocols town by town when attempting to meet all requirements to build.

3) Financial Feasibility

Lately, zoning constraints have begun to ease in many communities, and state and local leaders support, grassroots organizing, and business sector engagement have helped to open opportunities for new development. Yet as these zoning barriers recede, developers are experiencing new challenges related to financial feasibility, which is blocked by escalating construction costs, higher operating expenses and insurance, and the rate of return expected by equity investors.

There are many different ingredients that go into a residential development. Developers put in labor and seed capital, generally all at-risk if a development doesn't pan out. The funding for site acquisition and construction typically comes from two sources: loans and equity investments. Short-term construction loans give way to long-term mortgages (held by EOHL, quasi-public agencies, and private banks) with predictable payment schedules. But loans can't cover the entire cost; some major equity investment is needed. Some of that may come from the developer, but most of it will come from outside equity investors who get some portion of the net rent or sale proceeds. How much they get depends on the income and operating expenses of the development and sale price once it is sold. Since these values are not certain (costs could be higher, rents could be lower), there is some risk associated with being a capital investor in a development.

EOHL focus groups with industry representatives revealed that major equity investors are seeking a risk-adjusted return that is a certain amount above the ten-year treasury bond rate. For example, if the ten-year treasury bond is 6.25%, then investors might be looking for a return of 6.75% to cover the risk associated with a certain type of development. If forecasts show the development can't meet that rate of return given current assumptions about construction costs,

operating costs, or rental income, then equity investors may choose to invest elsewhere. That means the development can't get built unless the financial picture improves, or the developer can find another source of equity with lower return expectations.

Production is particularly difficult in weaker markets where even market rents and sale prices are insufficient to achieve an acceptable rate of return for lenders and equity investors. For affordable housing developers in regions with a lower median income, a low rent standard means cash flow is hard to sustain. Inclusionary zoning is a tool to produce deed restricted units without public subsidy. The creation of inclusionary units has little to no direct impact on the construction cost of the development, since deed restricted units must be effectively identical to the market rate units. The financial difference emerges during operation, since inclusionary units don't produce as much income. Industry representatives report that in some cases the net present value of the lost income approaches or exceeds the entire profit margin for the developer.

4) Water and Wastewater

The state's ability to develop housing depends on access to adequate resources to support it, especially water and wastewater. The diverse landscape of water and wastewater systems and technologies as well as the environmental conditions across the state must all be considered as we shape our housing plan. Factors include infrastructure issues and the availability of enough water from large public water supply systems, including the Massachusetts Water Resource Authority (MWRA) that supplies 61 communities and around 3 million people, and small public systems as well private wells and septic systems. Housing policies must account for these diverse conditions, needs, and limitations.

The Massachusetts Water Resources Authority (MWRA) is a Massachusetts public authority that provides wholesale water and sewer services to over 3.1 million people in 61 municipalities in the Metropolitan Boston area and west of Boston. The MWRA operates regional drinking water transmission mains that deliver water to cities and towns, who operate the local distribution systems that carry water to customers. Similarly, for wastewater local sewer districts collect wastewater from properties and discharge it to MWRA interceptors that carry it to the Deer Island Wastewater Treatment Facility.

Existing publicly available planning documents from the MWRA indicate that the system is some available capacity to serve new users in existing member communities. The MWRA has no available capacity in the sewer system for new communities. For municipalities served by MWRA water and/or sewer, new development can be accommodated if local collection systems are upgraded to reduce existing inflow and infiltration of groundwater and stormwater. Local distribution/collection systems may need upgrades to accommodate new development. Connection costs and upgrades needed principally for the new development are often paid for by developers or state grants, so even the extension of local collection/distribution systems may

not have much of a fiscal impact on the locality. New development also broadens the base of ratepayers so that administrative and overhead costs can be spread out over more customers.

For municipalities with local or regional water and wastewater systems, the challenges are more diverse. These systems rely on local wells and/or reservoirs for their water supply; and wastewater treatment facilities that discharge treated effluent to the ground or rivers. While many water suppliers and wastewater plants have adequate supply, others are facing practical or regulatory limits on the amount of water that is available or sewage that can be treated. Climate change and pollution (especially PFAS, the so-called “forever chemicals”) could reduce the total water supply available to local systems. Conservation and efficiency programs—such as peak season reduction, graywater reuse, infiltration reduction, and illicit discharge detection—have the potential to further reduce per-customer demand so that new growth can be accommodated without increasing in total demand. As in MWRA municipalities, connection costs and necessary upgrades are generally paid for by developers.

Developments beyond the reach of a public water or sewer system must generally provide their own supply or wastewater treatment. For individual homes, and small developments, this generally takes the form of a private well and septic system. Properly designed septic systems can effectively dispose of wastewater while protecting humans and the environment from the bacteria and pathogens contained in wastewater. Septic systems are effective where the soil conditions are conducive to subsurface disposal and the cost of collecting and conveying wastewater to centralized treatment facilities is expensive. Septic systems are regulated by Title V, but municipalities regularly adopt local septic regulations that are stricter than the state. Some further regulation may be needed to account for specific local conditions while others are less tied to scientific findings and may be put in place to discourage or disable development. Larger developments must be licensed as public water suppliers, and if the system is expected to produce more than 10,000 gallons of sewage per day, the wastewater disposal system is subject to more stringent and expensive design and operational standards, resulting in a substantial increase in construction and operating costs.

Across the Commonwealth there are diverse challenges with water and wastewater capacity that intensify depending on location. For example, the permeable soils throughout the Cape make on-site septic systems highly effective. However, even correctly functioning Title 5 systems are not designed to remove nitrogen. Nitrogen is a major source of pollution in the Cape’s coastal embayment’s, and the Massachusetts Estuaries Project (MEP) has identified wastewater as the primary culprit. To ensure the continued health and enjoyment of the water resources that are so critical to the character of Cape Cod, more aggressive wastewater management is needed to reduce the amount of nitrogen being delivered to estuaries and restore water quality. Nitrogen removal can be improved through a variety of technologies. One possible solution is cluster or satellite systems at the neighborhood or village level, and centralized wastewater treatment facilities. New housing co-located with cluster or satellite systems can help share the cost of those systems while enabling housing growth.^{xxi}

5) Labor availability and industry capacity

Quality firms and skilled labor are essential ingredients for housing construction. Massachusetts has added about 15,900 homes per year since 2020. For Massachusetts to accelerate this rate of production, we need to either grow the construction industry dramatically or increase its productivity, preferably both. Employment in the residential construction industry is up 11% from pre-pandemic levels, but it's still not enough to achieve the levels of production we need to achieve housing abundance. To meet this plan's production targets, Massachusetts will need to train a new generation of skilled labor and entrepreneurs prepared to build our future. Increases in worker productivity can also help achieve more homes with the workforce (and money) we have.

There are about 18,000 people working in residential construction firms today. This is not a historically high level. Employment in the residential construction industry peaked at nearly 20,000 workers prior to the foreclosure crisis and the great recession, then fell to just under 13,000 workers in 2012. The industry made slow gains through 2019 and has increased 10% since the pandemic ^{li}. That's just a portion of overall construction employment in Massachusetts, which includes 18,000 workers in non-residential building construction and 121,000 in specialty trade contracting firms. This category encompasses a variety of specialty establishments such as plumbing or concrete. Many in the construction workforce are self-employed. According to the [Home Builders Institute](#) 24% of the construction labor force in Massachusetts was self-employed.^{xxii} Self-employed workers and sole proprietors will be especially important to smaller scale construction, such as ADUs, and the maintenance and remodeling of single-family homes.

As with the workforce overall, the construction workforce in Massachusetts is aging. Thirty percent of Massachusetts residential construction workers are 55+; the industry skews older as compared to the Massachusetts workforce overall or the residential construction industry nationwide, both of which are only 26% 55+. In the specialty trade contractor industry, only 23 percent of workers are 55 years old or older, similar to the nation overall. One challenge with homebuilding is that many of the occupations that are essential to the construction and maintenance of homes require extensive training and licensing. Thus, even if shortages result in increased incentives for workers to enter a trade, it will take time for workers to obtain the necessary training and certifications. For example, electricians need four years to complete the electrician apprenticeship process and become a journeyman electrician.

In recent years, much of the growth in the construction labor force has been due to foreign-born workers. Research has shown that historic increases in immigration enforcement had negative impacts on the housing supply, by reducing the size of the domestic and foreign-born construction workforce.^{xxiii} Nationally, in 2022 nearly a quarter of the construction workforce was foreign-born and 31% of workers in construction trades were foreign-born. To the extent that immigration in Massachusetts declines, this could have a negative impact on the size of the workforce available to build, repair, and remodel new homes.

One means of growing the workforce is to attract members of groups who have been historically underrepresented in the construction industry, such as women. While 51 percent of all industry employment in Massachusetts is female, only 21 percent of workers in the residential construction industry and 15 percent of workers in the specialty trade contractor industry are female.

Compensation is an important aspect of attracting workers to the construction industry. Massachusetts workers in the residential construction industry earn higher wages than their peers in other states and are just above Massachusetts average wage across all industries (\$96,000 vs \$94,000 in 2024 dollars). Employees in non-residential building construction earn more than the statewide average. Thus, many jobs in construction provide the kind of solid, middle-income careers that have been disappearing in MA over the past 30 years. Within construction, however, there is a disparity between the high-skill union and prevailing wage positions and lower-skill, lower-wage, and less stable employment.

While wages are higher in Massachusetts, it is important to note that the Commonwealth has a higher cost of living than nearly all other states. A challenge for growing the residential construction workforce is that there is overlap in the skills necessary to construct commercial buildings and elements of public infrastructure, such as schools and bridges. If these sectors are adding new jobs at wages higher than residential construction, it will be harder to find enough skilled workers for home construction. Consequently, increases in the wages of those in residential construction will also increase the cost of new construction.

National BLS measures of single-family residential construction productivity show that productivity of the industry also declined with the great recession and has remained consistently below pre-great recession levels. In part this is driven by the nature of the residential construction industry where technological innovation has been limited compared to other industries. Increasing productivity in home building could include implementing measures to encourage the adoption of new technologies and production methods, such as modular or off-site construction. Through standardization and controlled conditions, offsite construction can dramatically reduce the time it takes to build home, increasing productivity of each worker. Massachusetts has historically been slow to embrace off-site construction, but there is potential for change. For example, in 2024, the Biden-Harris Administration and U.S. Department of Housing and Urban Development awarded the Metropolitan Area Planning Council a \$3 million grant to explore innovative ways to build and install modular housing in the Greater Boston region.

Prior research has found that offsite construction can provide predictable, well-paying jobs for people who wouldn't otherwise be involved in the housing construction industry, particularly women and people of color. Offsite manufacturers can also be a positive workplace for formerly incarcerated workers or workers in recovery due to its predictable hours and work.^x Onsite construction often has long periods with little work, followed by periods of intense work, which are difficult for many workers to accommodate, like working parents. Offsite construction has

much more regular hours, with the added benefit that the work largely takes place at one facility rather than at construction sites that may be far away, reducing transit time. Manufacturing facilities are temperature-controlled and protected from inclement weather, making offsite construction friendlier to people who cannot work under difficult conditions due to age or disability.^{xi} There are numerous examples of unionized housing manufacturing facilities.

6) Other Regulation

Zoning is not the only area where evolved and more efficient processes and standards could create a more housing-friendly environment. Various state and local regulations, code requirements, and permitting processes have an impact on the time and cost of producing housing.

Developers and builders have offered feedback that complex, varied and at times conflicting state and local regulations and codes can add years on to the time before a project is in the ground. This slows housing production at a time when Massachusetts needs it most and creates an environment where only the most experienced and often larger firms are able to participate in development. Smaller and often more diverse firms are unable to compete with large teams. It is critical that municipalities are supported in creating an accessible environment for all development teams. EOHLC believes that all regulations, permits and codes required to build housing should be aligned with the latest scientific and technical evidence and only be used to meet energy, environmental, health and safety goals. Moreover, these regulations should be streamlined to avoid unnecessary barriers to housing development.

7) Remaining barriers to Accessory Dwelling Units (ADU's)

The Affordable Homes Act legalized ADUs by-right in every zoning district subject to the Zoning Enabling Act (this excludes the City of Boston.) As authorized, EOHLC promulgated regulations to implement the law. After a public comment period, the regulations went into effect on February 2, 2025. Protected Use ADUs of less than 900 square feet or half the size of the primary dwelling, whichever is greater, are permitted in every single-family zone and may not be subject to owner-occupancy restrictions. If a property owner seeks to create a unit that qualifies as a "Protected Use ADU", they may take their plans directly to the local building inspector for a building permit. Municipalities may adopt reasonable regulations governing ADUs, with administrative approval. This law will open up opportunities for thousands of homeowners across the state to create separate small units.

Other barriers to adoption of ADUs will remain. Access to capital for homeowners is a known challenge, especially for low-income homeowners and those on a fixed income. Local interpretation of fire codes may require additional protective measures (possibly including sprinklers) for detached ADUs that cannot be reached by a fire lane. Managing the design and construction process is a complicated endeavor. Some property owners may have trouble finding qualified contractors and would benefit from a 'turnkey' solution, especially detached ADUs.

Cost and its Consequences

It's well known that Massachusetts housing is too expensive. Recent reports have ranked Massachusetts as having the 2nd highest cost of living in the country^{xxiv}. While the state also has the second highest median income of any state, at \$101,000, it's still not enough for middle income households to find homes they can afford.

This section summarizes a few key measures of housing cost, including homes available to households at different income levels, how this has changed over time, and how this varies across the state. It also explores the consequences that result from high housing costs: cost burden, housing instability, overcrowding, displacement, homelessness, and outmigration. Key findings include:

- Median home prices have risen 73% since 2000, while median household income has risen only 4% over the same period, after adjusting for inflation. As a result, fewer than one quarter of home sales from 2010 – 2019 were affordable to low-moderate income households. Lower-cost rentals are also vanishing.
- Household budgets are also burdened by rising insurance costs (up 40% since 2017); transportation costs (\$13,000 annually for the average household with a car); and utilities such as heat, electricity, and broadband service.
- About 100,000 low-income households receive rental housing vouchers, which provide an average benefit exceeding \$1,500 per month at the end of 2024. With rising rents and EOHLC policy changes that allow more flexibility, the cost of each voucher is increasing.
- The number of households paying more than 30% of their income has been rising across all income groups. More than one quarter of middle-income households are cost burdened, and more than three quarters of very low-income households.
- Eviction rates have rebounded since the pandemic moratorium. There were 27,000 eviction filings for nonpayment of rent in 2023, of which 9,000 resulted in an eviction.
- Homelessness of both individuals and families has been on the rise, even after accounting for the recent migrant crisis. Massachusetts now has the nation's 5th largest homeless population.
- Some people cope with high housing costs by living with parents, roommates or other families; others simply move out of state. There are an estimated 49,000 overcrowded households, 108,000 "missing households" that didn't form due to high housing costs, and 400,000 adult children living with their parents. On net, Massachusetts lost nearly 24,000 prime working age adults to other states in 2022.

A. The Cost of Housing

1) Measuring Housing Affordability

Massachusetts single-family home prices were at the national average in 1980, but since then have increased more than any other state. The current median single family home price in 2024 was \$610,000—a 10% increase from the prior year. Prospective homebuyers would need an

annual household income of roughly \$162,000 to afford a home. This is even more pronounced in high employment areas, notably Greater Boston, which is the third most expensive metropolitan area in the country with the median single family home price being \$950,000.

Housing affordability in Massachusetts is not just an issue for prospective homebuyers as data shows rental prices are among the highest in the country. Recent findings from the National Low Income Housing Coalition show Massachusetts is 2nd most expensive state for a 2-bedroom apartment^{xxv}. This is more pronounced in regions such as Central Massachusetts and the Greater Boston areas which rank as the 3rd and 12th most competitive rental markets in the Country.

Sale prices and rents have risen drastically in recent years/decades. According to Zillow, the median price of a home increased by 73% in real dollar terms from 2000 – 2024, while the inflation adjusted median household income grew by only 4% over that same time period^{xxvi}. One key driver is a substantial increase in very high value sales and high -cost rentals, and an evaporation of homes affordable to low- and moderate -income households. The price of a “lower tier” home (in the 5th to 35th percentile of home prices) rose by 93% over the past 25 years.

A 2021 analysis conducted by MAPC for MassHousing analyzed 409,000 single family and condominium home sale transactions that took place across Massachusetts from 2010 – 2019. That analysis estimated that only 24% of sales would have been considered attainable to low-moderate income households (defined as 70% of the statewide AMI.) In most Greater Boston municipalities, fewer than 20% of home sales were attainable, and in dozens of suburbs, fewer than 5% of sales were attainable. A higher share of home sales were attainable in Southeastern, Central, and Western Massachusetts. Notably, Gateway Cities tend to already have a higher share of attainable housing sales compared to the rest of the state. With the exception of Quincy, Malden, Salem, and Peabody, more than 20% of sales in each Gateway City were attainable. For most Gateway Cities outside of Greater Boston, the attainable share is higher than 50%, and over 75% in Springfield and Holyoke.

Affordable rentals are also scarce in Massachusetts. A four-person household with two full-time workers earning \$20 an hour would have income right at the Very Low-Income limit for the Boston region (\$81,600), enough to rent an apartment for \$2,050 without being cost burdened. Approximately 56% of all rentals in Massachusetts currently rent below that price, and it's only 36% of existing rentals in Suffolk County. Those figures may overstate the share of available homes affordable to a Very Low-Income household, since they include people who have lived in their homes for a long time and may be paying rent below what would be asked when the apartment next becomes available. According to Comprehensive Housing Affordability Strategy data from HUD, the number of vacant units available for rent at prices affordable to VLI households declined to 13,800 in 2017 – 2021, down from 25,300 in 2007 – 2011^{xxvii}.

Affordability problems vary across the state. Western MA has units that would be “affordable” in Metro Boston but are out of reach for many workers due to lower wages. According to 2023

American Community Survey data, 36 percent of renter households in Western MA have incomes lower than \$25k compared to 26 percent statewide. Rates of cost burden vary across Western MA, notably renter cost burden in Hampden County, home to the cities of Springfield and Holyoke, was above the statewide average at 53.9 percent.

2) Other housing costs

Rent and sale price are not the only costs of keeping a home: utilities, internet, property taxes, insurance, and maintenance are all direct costs that renters and/or homeowners must factor in as part of their housing costs.

Property insurance is essential to preserving the value and useability of a home. When there is major damage or disaster, insurance can cover the costs of repair and rebuilding. To make a profit, private insurance companies must generate sufficient revenue through premiums to pay out claims for covered losses. However, the rising frequency and cost of natural disasters has made it challenging for private insurers to provide insurance at affordable rates. [NOAA reports](#) that in 2023, the US experienced more than two dozen natural disasters that resulted in over \$1 billion in direct costs. "Greater [levels of risk](#) translate to higher property insurance premiums as insurance providers raise rates to maintain profitability and ensure sufficient resources to cover future customer losses^{xxviii}. The resulting sharp increase in insurance premiums for homeowners and property developers has exacerbated housing affordability challenges across the U.S."^{xxix} Furthermore, the rising cost of construction makes rebuilding more expensive.

Property insurance rates have been rising since the last quarter of 2017. Over the following five years, homeowners' insurance premiums rose [40% faster](#) than inflation. The national average cost of homeowners insurance premiums is estimated at \$1,750 to \$2,500 annually. As a result, some homeowners may forgo insurance if not required by their mortgagor. Survey results indicate that 12% of homeowners nationwide do not have insurance, and nearly half of those homeowners have incomes below \$40,000 per year^{xxx}. While comparable data is not available for Massachusetts, it is clear that the rising cost of insurance will be challenging for low-income homeowners, especially those in vulnerable areas. Those who choose to opt out of insurance due to the cost will put all of their property assets at risk.

Nationally, in some high-risk areas some insurance companies have ceased issuing policies because the potential cost of a disaster is too high to support affordable premiums. When this happens, homeowners have fewer choices and are likely to face higher costs.

U.S. families spend an average of 3.1 % of income on energy bills, but the average energy burden for low-income households is three times that. Recent research found that average neighborhood energy burden is positively and significantly associated with eviction filing rates, holding rent burden constant. The cost of energy is likely to continue increasing due to the need for new renewables, grid modernization, and increasing demand. Some recent state policies help mitigate rising energy costs. First, in regard to new construction energy codes - notably the growth of Passivehouse- certified construction in multi-family (where there are currently over

23,000 units in the pipeline) is dramatically reducing energy costs for tenants and/or property managers. Second, the Mass Save weatherization program, particularly for low and moderate income households is mitigating energy costs for mostly single-family households. Finally, the Department of Public Utilities is also expanding electric discount rate categories to cover moderate income as well as low-income households.

Energy is not the only utility that can be costly for households. Despite the ubiquity of 5G signals and Wi-Fi networks, high-speed wired connections are still essential for households to fully take advantage of the internet for learning, health, economic opportunity, and entertainment. This was no more evident than it was during the Pandemic, when a digital divide disproportionately impacted some populations more than others. According to the MBI Digital Equity Plan, "As more aspects of everyday life depend on the internet and as online activity grows more sophisticated and demands higher speeds for full participation, the availability of broadband has a greater impact on quality of life than ever before." That report found that the statewide median price for broadband service was \$75 per month, or \$900 per year. Half of survey respondents said it was either somewhat hard or very hard to pay their internet bill each month; and two thirds of households who said they don't have home internet services say that cost is the principal factor. Lack of competition is one contributing factor to high internet costs. Until July 2024, the American Connectivity Plan subsidized internet access for low-income households. The state is now implementing a Digital Equity Plan that aims to bring low-cost internet to communities that need it. One implementation strategy being implemented by the Mass Broadband Institute is installation of free internet at public housing developments, along with device distribution and digital literacy training.

Recent polling from MassINC report housing and transportation costs are the top two identified burdensome expenses—specifically amongst women, renters, public transit riders, and low-income residents^{xxxii}. Transportation is a key determinate of affordability and opportunity. The average US household spends \$13,000 per year on transportation, equal to 15% of average household income. (Second-largest category, after housing.) Low-income households are particularly burdened by transportation costs; those in the lowest quintile of income (<\$28K/yr) spend >30% of income on transportation. Auto-dependence is a huge driver of transportation costs: Auto ownership constitutes 93% of household transportation spending. Households (at any income level) without a vehicle generally spend only 5% of their income on transport. However, in order to live without owning a car, households need to find a) housing they can afford, in b) a neighborhood with transit or pedestrian access to most of the things they need. When such homes aren't anywhere to be found, households are forced to auto-dependent areas where any bargain on housing costs is likely offset by the costs of auto-ownership and operation. Therefore, one way to increase overall affordability is to create more homes in places where people can live with only one or no cars.

For car-free households, one hidden cost may come in the form of a free parking space. Parking spaces in new multifamily development may cost anywhere from \$10,000 to \$40,000 per space.

If parking spaces are automatically “bundled” with the rent or the cost of a condo, then car-free households are required to pay for an amenity they do not need. The availability of space may actually encourage higher rates of car ownership and all its attendant costs and congestion. Research has found that middle-income households in urban areas were more likely to purchase a car if they moved into an apartment that had free parking.

3) Rental Subsidies

As the first state to create a state rental voucher program, Massachusetts continues to recognize housing assistance as a necessary component of our social safety net. Households at or below 80% AMI may have some of their housing costs offset by subsidies, or other government assistance, in order to afford housing they otherwise may not be able to afford, or to maintain their existing housing. Accounting for housing-related economic assistance is important to understand the true cost and benefits of renting or homeownership. However, the current lack of needed housing supply, specifically affordable housing, impacts the ability for this crucial resource to better address unmet need amongst eligible households on waitlists for these programs. Furthermore, the median household income across the programs highlighted below are below 30% AMI.

Massachusetts and the federal government provide financial aid, primarily in the form of rental housing vouchers, to low-income families and individuals in rental units other than public housing. Rental housing vouchers cover the difference between what a renter household can pay, often 30% of their total income, and what a landlord is charging for rent. There are different types of housing vouchers, with different funding sources, eligibility, and usage limits. There are long waitlists across both federal and state programs as appropriated funding falls well short of covering the entire eligible population. Furthermore, the current limits in housing supply have created significant challenges for voucher programs as rising rental costs outpace program funding, while EOHLC has had to increase payment standards and implement other costly measures to ensure vouchers are competitive in the market.

Federal Rental Vouchers: The Housing Choice Voucher Program (HCVP), often referred to as Section 8, is the federal government’s main program for supporting very low-income families, older adults, veterans, and individuals with disabilities across varying HCVP programs. Federal rental assistance is provided and overseen at both the state level through HLC and local level through Public Housing Authorities (PHAs). As of October 2024, there are 91,968 leased HCVPs administered throughout Massachusetts, with 22,422 or 24% administered by HLC and the rest by about 100 PHAs.

	Leased and Searching Vouchers (including targeted programs)	Cost Per Voucher Per Month
CY20	22,777	\$1,094
CY21	22,929	\$1,159
CY22	23,343	\$1,246
CY23	24,050	\$1,397
CY24	25,285	\$1,585

As of the end of 2024, 49% of HCVP households had a head of household with a disability, and 55% had at least one household member with a disability. At least 31% of households had a non-white head of household. The average family income was \$20,913, and the average tenant rent share was \$501.

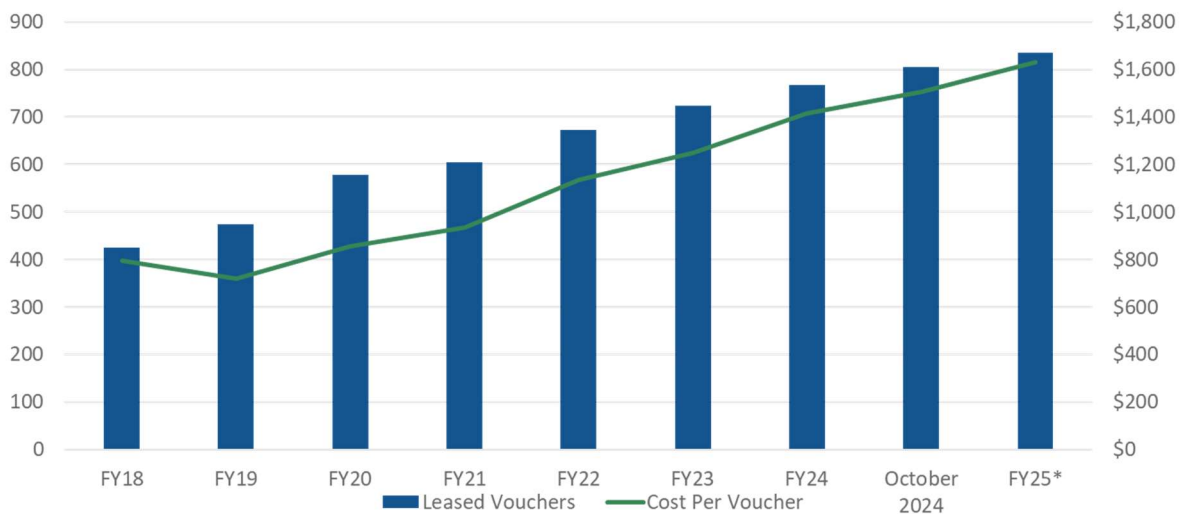
State Rental Assistance: The Massachusetts Rental Voucher Program, administered by HLC, provides rental assistance in the form of vouchers to assist individuals and households in affording the housing costs of market-rate units. Generally, rental assistance program participants pay 30% of their income for rent and HLC pays the landlord the remaining cost up to the applicable payment standard. HLC uses small area (zip-code level) payment standards to better match the rental market. Some vouchers are mobile and allow the participants to choose the type and location of their unit. Other vouchers are attached to specific units and are not mobile. The smaller Alternative Housing Voucher Program (AHVP) works similarly, but is targeted by households headed by non-elderly, disabled individuals.

	MRVP Leased Vouchers	Cost Per Voucher per Month
FY17	8,268	\$790
FY18	8,232	\$867
FY19	8,535	\$911
FY20	8,883	\$967
FY21	9,001	\$1,001
FY22	9,423	\$1,153

FY23	9,527	\$1,343
FY24	9,982	\$1,574
October 2024	10,359	\$1,654
Projected End FY25	10,935	\$1,767

In 2024, the average annual income for a household in MRVP was \$21,683 and \$18,663 for a household in AHVP. In 2024, The average tenant rent share in MRVP was \$455, and the average subsidy payment was \$1,574 . For AHVP, the average tenant rent share was \$435, and the average subsidy payment was \$1,459. 48% of households in MRVP had at least one household member with a disability. All households in AHVP have at least one household member with a disability. 24% of households were headed by someone of Hispanic or Latino heritage in MRVP and 9% in AHVP.

Head of Household Race	Percentage of MRVP Households	Percentage of AHVP Households
White	63%	71%
Black or African American	21%	15%
Asian	2%	1%
American Indian or Alaska Native	1%	1%
Native Hawaiian or Pacific Islander	<1%	0%
Did Not Disclose	7%	12%



4) Emergency Rental Relief

In addition to rental housing vouchers, EOHLC provides emergency funding to help prevent evictions or secure housing for someone coming out of homelessness:

Residential Assistance for Families in Transition (RAFT): RAFT provides emergency financial assistance for rent, mortgage, moving, and utility costs for low-income households facing a housing crisis. RAFT serves more households annually than any other single line-item with an \$3.7k average annual benefit disbursement per household. When considering the average annual subsidy for an MRVP is \$20k and an average \$75k cost for a 9-month length of stay for a family in the EA shelter, RAFT is a crucial upstream intervention. It is also a program that disproportionately serves marginalized populations. About 75% of RAFT assisted households have a female head of household. 40% of RAFT assisted households are Hispanic / Latino, despite making up only 12.6% of the general population of MA. Over 30% of RAFT assisted households are Black or African American, despite making up only 6.5% of the general population of MA

HomeBASE: The HomeBASE program helps families that have been determined eligible for EA by providing up to \$30,000 over a 2-year period, with the possibility of a third year. Funding is flexible and able to support monthly rent payments, move-in cost, arrearages, moving expenses, and even furniture. Similar to other rapid rehousing and rental assistance programs, households will pay at least 30% of their gross monthly income towards rent.

5) Owner and Renter Tax Deductions

Renters and low-income households are not the only ones receiving public sector housing-related subsidies. Federal mortgage interest deduction is a significant offset for homeowners, especially higher income homeowners. A household earning \$200,000 with a \$700,000 mortgage will be paying roughly \$40,000 of federally deductible interest annually during the first decade, enough to reduce their federal tax bill by \$10,000. The benefits of this deduction accrue relatively more for higher-income homeowners (in a higher tax bracket) and those with a relatively recent mortgage (where the monthly payments include a larger share of mortgage interest). Lower income households, those with an older mortgage, and those who do not have many other deductible expenses benefit the least. The availability of this tax deduction is a major reason why homeownership provides such wealth-building opportunities.

Massachusetts offers a tax deduction for renters, who may deduct 50% of their rent paid to a landlord for a principal residence in Massachusetts, up to \$4,000. At the state's 5% tax rate, the maximum deduction results in a \$200 reduction in tax liability, or \$16 per month. This is equal to 1% of the median rent for all Massachusetts renters. This benefit is available to all Massachusetts renter taxpayers, regardless of whether they itemize deductions. Twenty-two other states plus the District of Columbia provide some form of rental deduction, credit, or refund for rent costs. Massachusetts, New Jersey, and Indiana are the only states that do not condition this benefit on

income, age, disability status, or other factors. While the Massachusetts deduction provides some relief for renters, it is too small to make a substantial impact on renter cost burden.

B. Consequences of the Housing Cost Crisis

1) Cost Burden

A commonly accepted standard is that a household shouldn't spend more than 30% of their income on housing, leaving the rest of their income for food, transportation, health care, savings, and entertainment, among other things. Households that pay above 30% of their income on housing are considered cost burdened and those paying above 50% are considered severely cost burdened. The high cost of housing means that many MA residents are cost burdened or even severely cost burdened.

Cost burden has been increasing over the past few decades, not just for low-income households but middle-income households as well. Approximately 26% of households between 80 to 100% area median income are now experiencing cost burden which is comparable to cost burden rates for low-income households 10-15 years ago.

Housing cost burden is pronounced amongst Low-income households, renter households, and people of color--specifically Black and Latino-led households. Approximately 76% of very low-income households are cost burdened with 36% of these households being severely cost burdened^{xxxii}. To no surprise, this is much higher for ELI households, of which 80% are cost burdened and 64% experience severe cost burden.

Why is cost burden an issue? Cost burdened households forgo other necessary household expenses such as food, childcare, and transportation. Furthermore, they are unable to save money for opportunities that could provide a pathway to higher income as well as wealth-building—such as education, job training, or homeownership. Instead, these households are often one emergency expense from falling into housing instability, facing eviction, or relying on emergency systems such as shelter.

Households with a disability also are more likely to be cost burdened than all households statewide. More than half (56%) of renter households with a disability are cost burdened (including 31% that have severe cost burden). Similarly, 31% of household owners with a disability are cost burdened.

2) Evictions

When rent exceeds the tenant's ability to pay, they may fall behind on their payments and be subject to formal eviction for nonpayment of rent. Increasing housing market pressure, paired with decreasing resources for tenants at risk of eviction, have contributed to worsening housing instability in Massachusetts since pandemic-era policies were lifted. The effects of rising instability are particularly acute among renters and vulnerable communities.

Residential evictions are legal under Massachusetts law for three reasons: 1) nonpayment of rent; 2) lease violations other than nonpayment of rent, which are referred to as “fault” evictions; and 3) the expiration of a lease or the end of a tenancy at will, which are referred to as “no-fault” evictions. The law requires that a “notice to quit” be filed for all nonpayment and fault eviction filings. If the tenant does not move out, the landlord can file an eviction request with court, and eventually a judge may issue an “execution” of the eviction, which directs the tenant to vacate the apartment and authorizes a compulsory move-out if necessary. Filings often do not result in executed evictions. The eviction process can be time-consuming and costly for both tenants and landlords and often landlords, especially smaller landlords, may use other tactics to avoid eviction, in some cases working with tenants to help keep them in their apartments, or in others using tactics such as “cash for keys” (where a tenant accepts a cash payment to vacate the apartment) to encourage tenants to give up their apartment without a formal eviction filing. Thus, filings and formal evictions are often a small share of forced moves.

Formal evictions and forced moves are bad for households, families, and communities. Research has shown that experiencing an eviction is associated with negative infant and childhood health outcomes. There is also evidence that evictions are associated with an increased risk of homelessness. The loss of housing may also have negative outcomes for children by disrupting school attendance and for adults by disrupting employment. Eviction is concentrated in neighborhoods that are historically disadvantaged. There is also evidence that eviction may negatively impact levels of community engagement, as measured by 311 calls. Furthermore, evidence suggests that increased evictions lead to increased demand on local shelter systems. Black, female-led households are disproportionately impacted by evictions.

During the early days of the COVID-19 pandemic federal and state moratoriums led to historic lows in evictions. Policies aimed at keeping vulnerable families housed worked. However, their effects were temporary and since the lifting of these policies the number of eviction filings has increased. In Massachusetts, for 19 consecutive months (August 2022 to February 2024) eviction filings surpassed average pre-pandemic rates, averaging over 3,000 monthly eviction filings compared to a pre-pandemic average of 2,600. The most common cause of the filings is non-payment; non-payment filings specifically have increased significantly since August 2022. Executed evictions have also been trending higher in recent months. The eviction execution rates for non-payment have averaged 800 eviction executions per month in the state.

In 2023, there were over 35,000 eviction filings for all causes, not just nonpayment. Over 27,000 filings were due to nonpayment, 4,000 were no-cause filings, and the remainder were “for-cause.” In other words, about three out of four eviction filings were due to nonpayment of rent. Over 9,000 of these eviction cases were executed due to nonpayment, and an additional 3,000 for other reasons. This is an increase from over 5,000 in 2022 and around 3,700 in 2021.

There were over 35,000 eviction filings total in 2023 for all actions, not just nonpayment. Over 4,000 were no-cause filings, but the majority of filings were due to nonpayment of rent. About three out of four eviction filings were due to nonpayment of rent. The increase in filings also

corresponds with two changes in state policy. First, in April 2022 the Emergency Rental Assistance Program (ERAP) ended. Second, in August 2022 the state reinstated the “notice to quit” requirement for Residential Assistance for Families in Transition (RAFT) applications (a state-funded homelessness prevention program). A notice to quit is a written notice that a landlord provides to the tenant that they intend to end their tenancy. Such a notice is required to access RAFT assistance.

Massachusetts Housing Partnership analysis of the eviction data by municipality and by county estimated there were approximately 17.4 eviction filings per 1,000 rental households. Rates significantly range across counties, with renters in Western and Southeastern Massachusetts having some of the highest eviction filings rates across the state, making people in these regions more vulnerable.

Having an eviction record can be a barrier to finding new housing, especially in tight rental markets. The Affordable Homes Act included a provision that allows tenants to petition a court to seal their eviction records in cases where there is a no-fault eviction, a dismissed case, or the tenant won their case in housing court. The law will go into effect in May 2025.

Unlike in criminal court, tenants are not guaranteed representation in housing court if they cannot afford it. However, there is evidence that representation is associated with better outcomes for tenants. The state provides limited funding for legal help for tenants, and many rely on volunteer legal services and Legal Aid services throughout for assistance when facing eviction.

A major challenge at the state and federal level is a lack of consistent and accessible data collection related to evictions. Improving data collection can help the state better target its resources as it seeks to improve housing stability. It is important to balance protecting the identities of residents with data and policy research needs.

3) Foreclosures

The rising costs of property taxes, insurance, maintenance, or adjustable-rate mortgages also jeopardize the housing for lower-income and moderate-income homeowners. Foreclosure petitions saw a sharp decrease during the Covid-19 pandemic due to the accompanying Moratorium on Foreclosures, which like efforts established to halt evictions of renter households, launched new assistance programs to prevent households from facing foreclosure. Similar to the ERAP program, the Homeowner Assistance Fund (HAF), established in response to the Covid-19 pandemic, supported over 6,000 households behind on mortgage payments to prevent foreclosure. The end of the moratorium in June 2021 resulted in a steady increase in foreclosure petitions until March 2023. In contrast to recent eviction trends, the rates remained below pre-pandemic levels and foreclosure petitions are now declining. Unfortunately, numerous petitions are still working their way through the system and resulting in more foreclosure deeds transferring the property to the lender. HAF, like ERAP, stopped taking applications when the moratorium was lifted. Homeowners in need of assistance can still apply

for RAFT benefits, though the \$7,000 maximum funding amount under RAFT is much lower than the average request for HAF applicants--\$20,000.

4) Overcrowding and Doubling Up

One basic way that households cope with high housing costs is to opt for a unit smaller than what they want or need. A family of four might not be able to afford a two-bedroom apartment, but able to afford a 1-bedroom apartment. They are housed but overcrowded. Overcrowding is defined here as Greater than 2 household members per bedroom.

Households also adapt to high housing costs by living with parents or extended family, or living with other family units in a "doubled up" household with two distinct "subfamilies." These multigenerational or combined households may or may not be overcrowded, and some may be doubled up by choice, tradition, or convenience. When families double-up strictly for financial reasons, it can ease the cost of living while also putting increased stress on personal or family relations, and lower educational outcomes for children. Lower income households, specifically households of color, are more likely to be in overcrowded housing situations.

In Massachusetts, there are an estimated 49,000 overcrowded households, 1.8% of the total. The rate of overcrowding ranges by RPA from 0.4% in the Berkshire region to 2.6% in the Merrimack Valley region. Overcrowding is predominately a problem for households with children under the age of 18. They make up 74% of all overcrowded households and are overcrowded at a rate of 5.4% compared to a rate of 0.4% for households without children. BIPOC households are five times more likely to be overcrowded than White households, at a rate of 4.5% for all BIPOC households compared to 0.9% for White households.

Most overcrowded households (65%) are in rented units. About 8% either own their home free and clear or don't pay rent, both of which are strong incentives to stay put. Most overcrowded households aren't huge, 30% are six or more people, 70% just need a two- or three-bedroom unit to have an adequate room.

These days everyone has a story about "empty nesters" whose adult children are living at home, often due to high housing costs. It is estimated that 15.0% of all households are households with a parent head of household and adult children living at home. About one third of those households also had a child under the age of 18. By combining incomes from multiple adults, these households are more likely than the general population to have higher income and less likely to be cost burdened.

5) Suppressed household formation

High housing costs have played a role in suppressing household formation over the last 25 years. When people can't find an affordable home for themselves or with a partner, they end up living with parents or roommates instead. This can be seen in the headship rates over time: back in 2000, about a third of people in their twenties were the head of household, either by themselves or with others. By 2019 that had fallen to a quarter. For some this may be

preferable, for others, suboptimal. A recent report from [Up For Growth](#), based on changes in household formation since 2000 estimated there were 108,000 “missing households” in Massachusetts. When people are unable to settle down—as homeowners or renters in a stable situation, it’s harder for them to grow roots in a community. It is harder to create social connections.

6) Homelessness

The number of people experiencing homelessness in the United States has been steadily rising in recent years. The recently released 2024 Annual Homelessness Assessment Report (AHAR) from HUD showed the highest total number of persons experiencing homelessness since survey efforts began as the result of an 18.1% increase relative to persons identified in 2023^{xxxiii}. Massachusetts saw an even more startling increase in persons experiencing homelessness with the AHAR reporting a 54% increase in total persons experiencing homelessness in Massachusetts—the third largest increase among all states and the 5th largest homeless population. Rising housing costs and the lack of affordable housing is a national trend that is attributed to be the primary factor causing increases in homelessness. It is no surprise that Massachusetts, which has among the highest cost of living and home prices in the country, would see a more significant increase in persons experiencing homelessness. However, there are other contributing national and state-specific factors contributing to the increase in persons experiencing homelessness.

In 2024, there were 22,845 persons in families experiencing homelessness – a 74% increase from 2023. As noted in HUD’s findings, Massachusetts is one of many states that has seen a historic increase in immigration--specifically Haitian family households that are legal U.S. residents under temporary protective status. Massachusetts is the only state in the country with a right to shelter law for families and pregnant persons, which many attribute to the increase in households experiencing homelessness, that are not long-time residents of Massachusetts, migrating to our state. This recent trend has overshadowed the rise in longtime Massachusetts families experiencing homelessness because of rising housing costs and the end of the eviction moratorium in July 2021, which included increased eviction prevention funding, that prevented households from falling into homelessness during the Covid-19 pandemic.

Attention to current challenges caused by the significant growth in family homelessness has also attracted less attention to the quieter crisis of the rising rate of individual adults experiencing homelessness. In 2024 there were 6,950 unaccompanied adults experiencing homelessness, the highest on record and a 12% increase from 2023. As noted earlier, single adults are not covered by the Right to Shelter law and often rely on community-based shelter that is primarily provided through community-based organizations through funding from HLC as well as federal, local, and philanthropic funding support. Unfortunately, shelter is often not provided at scale, is often first-come-first serve, and often not utilized by many homeless individuals due to a variety of personal factors including but not limited to: safety concerns, separation from romantic partners given shelters are often single-sex, and challenges related to substance-use disorder and/or

mental illness. The 2024 count showed a 19.9% increase in individuals experiencing unsheltered homelessness.

Similar to other housing disparity trends outlined in this plan, homelessness is a racial equity issue as persons of color disproportionately experience homelessness across the nation—particularly for African Americans as they account for 40% of total persons experiencing homelessness but only 13% of the general population. This trend is even more pronounced in Massachusetts where 54% of the state’s homeless population is African American but only account for 6.5% of the general population^{xxxiv}. Though less pronounced, Hispanic or Latino individuals account for roughly 30% of the total homelessness population yet just 12.6% of the state population.

People experiencing homelessness are not a monolithic population and require differing levels of government assistance to meet their housing needs. A family who just got evicted requires different supports than a single adult with co-occurring mental health and substance-use disorder that has experienced long-term unsheltered homelessness. In an ideal state, efforts to address homelessness are structured to meet the specific needs of varying populations in order to maximize limited government resources in a manner informed through an overarching goal to make homelessness rare, brief, and non-recurring. This includes upstream, cost-effective preventive efforts to prevent homelessness in the first place, such as RAFT which are outlined elsewhere in the plan. However, despite RAFT being among the most utilized government assistance programs, many people still fall into homelessness. Government assistance and programs are designed to ensure the level of assistance is aligned with the acuity of the person experiencing homelessness. This may include rapid rehousing funding to help individuals pay upfront costs or initial rental assistance that they can support through their income, front door interventions to help persons identify housing support through family, and in the case of persons experiencing long-term homelessness, providing permanent supportive housing.

The federal and state response to homelessness has shifted over the last two decades towards prioritizing funding for permanent supportive housing (PSH) given strong empirical evidence demonstrating the effectiveness of this solution. PSH is designed to address both the housing and accompanying health-related needs for individuals and families experiencing long-term or chronic homelessness—defined by HUD as a person with a disabling condition that has been homeless for 12 consecutive months or experienced- homelessness on 4 separate occasions over the course of 3-years that equals at least 12 months. Individuals experiencing chronic homelessness are more likely to experience unsheltered homelessness, utilize costly emergency healthcare services (e.g., emergency departments, inpatient treatment), intersect with the criminal justice system. The cyclical nature of the intersection with these systems followed by a return to homelessness results in increased taxpayer spending, poorer health outcomes for the person including higher rates of mortality, and ultimately a government response that does not address individuals’ underlying housing needs and fosters distrust towards future intervention efforts. As noted earlier, supportive housing requires a high level of government assistance,

which hinders the ability to provide it at scale, and thus, must be prioritized for those most in need. As of November 2024, an estimated 16% of households in Massachusetts, 2,240 out of 13,770, are experiencing chronic homelessness. Similar to national trends, approximately 89% of chronically homeless households are single adults with only 250 family households being identified as chronic homelessness. It is important to note that Massachusetts' efforts to utilize real-time data to observe emerging trends and better inform interventions addressing homelessness is impacted by varying structural challenges.

As noted earlier, federal funding and required measurements on persons experiencing homelessness, with some exceptions for family households, is overseen at a local level through Continuums of Care (CoCs) – homeless planning groups that are accountable to the federal government (HUD). Massachusetts has 11 CoCs plus the EA system overseen by HLC—which is relatively high when looking at Connecticut, a state of comparable size, that has only two. Eleven continua means that there are 11 distinct plans and strategies for use of federal permanent supportive housing funds, 11 mechanisms for determining eligibility and prioritization for programs supported by those funds, 11 distinct applications for those funds (each of which takes hundreds of hours to prepare), 11 annual homelessness assessment reports, housing inventory charts and point in time counts submitted to HUD, etc. All of this results in needless administrative redundancy, confusion for homeless people trying to navigate the system, and disparity in CoC funding across the Commonwealth. The Rehousing Data Collective was established by HLC to provide a collective source of data on homelessness; however, it does not address many of the noted challenges regarding this structure as well as existing data issues across multiple CoCs. CoCs not uniformly prioritizing data quality and uploads to the RDC, significantly limiting the ability to rely on this data warehouse for policy planning. As the CoCs have no contractual relationship with any state agency, it is difficult to align on and enforce shared priorities.

In the face of record levels of homelessness, it is important to note that Massachusetts has long been a national leader in addressing homelessness even in the face of significant demand. Massachusetts has one of the lowest rates of unsheltered homelessness in part because Massachusetts is the only state in the country that guarantees a right-to-shelter for eligible families and pregnant persons. Boston, which has the highest homeless population in the State, has the 8th lowest rate of unsheltered homelessness in the country at 6%—substantially lower than the national average of 40%. Massachusetts is also the first state to receive approval from the Center for Medicaid and Medicare to allow for Medicaid-reimbursement for tenancy support services.

7) Outmigration and loss of talent

Massachusetts' population has grown over the last few decades, however, the State has seen an increasing trend of outmigration of long-time residents, particularly young adults, to other states. People move away from MA for many reasons, but housing cost is at the top of the list for many. High costs make it difficult or expensive for companies to locate and expand in MA.

Outmigration to other states varies over the years but has long been offset through population growth from international immigration. Massachusetts outmigration trends show decline across all age, income, and educational attainment groups. Young adults ages 24-44 are the age group with the highest rate of outmigration.

In 2022, roughly 200,000 individuals moved out of Massachusetts. The commonwealth's many higher education opportunities attract young adults (18-24), but at every other age group Massachusetts is losing more residents than it attracts. In particular, young adults are choosing to make homes elsewhere. Massachusetts lost 13,700 residents aged 25 to 34 in 2022 and in total nearly 24,000 prime working age adults.

In total, roughly 200,000 people left the state in 2022 and formed 85,000 households after leaving Massachusetts. Reflecting their youth, greater than half of these households were single-person households and over a quarter formed two-person households after their move. Eighty-five percent of households that moved from Massachusetts had no children under 18, over half were single and never married.

Individuals who moved out of Massachusetts were well educated, over a third had a graduate degree. Across every income group Massachusetts is losing residents, however those with lower incomes are more likely to leave, holding other factors constant.

The ability to work from home appears to have contributed to the increase in outmigration from Massachusetts because Massachusetts' occupation and industry mix meant that the workforce was able to embrace work from home opportunities more readily than other states.¹ It is possible that the one-time shock of the pandemic and the widespread adoption of work from home policies contributed to the short-run increase in domestic outmigration of remote workers. Policies to attract young adults and families will be necessary to ensure that Massachusetts continues to attract highly educated workers who are now less tethered to the location of their employer.

Why is it important to retain these folks in MA? Massachusetts has invested significant resources, such as public education, to support young adults grow up and contribute to the workforce, their communities, and the overall wellbeing of our state. Over the long term, continued outmigration will deplete the supply of labor in Massachusetts, from entry-level to high-skill, and result in fewer businesses operating in our state. This labor force is essential to the economic growth of Massachusetts and to maintain healthy tax revenue levels as more baby boomers exit the workforce as they enter retirement. Recent analysis shows that current outmigration trends cost the state \$4.3 billion in adjusted gross income and \$213.7 million in lost tax revenue in 2021^{xxxv}. These outmigration trends are even more concerning when considering Baby Boomers, many of which are entering or nearing retirement age, represent a larger size of the population.

However, these trends may be reversing. From 2023 to 2024, the state's population increased by almost 1%, approximately 70,000 individuals, which represents the largest growth since the end

of the baby boom. This is in part due to the highest immigration levels in decades as well as declining outmigration that have leveled off following the end of the Covid-19 pandemic.

Conditions and Risks

The number of housing units and their cost doesn't tell the whole story. Size, condition, accessibility, and location also determine whether the housing stock meets the needs of the population. Even those homes that are working well today may be at risk in the near future. The growing threat of natural hazards from water, wind, and fire threatens to damage or destroy a large number of homes. Other homes may be lost to long-term residents not because they are destroyed, but because they are converted to seasonal homes or short-term rental properties. This section explores these topics with the following key findings:

- Over half the homes in the state have three or more bedrooms, making them suitable for larger families who need more room than the average household. However, only 38% of these homes are occupied by families with children. The rest are occupied by groups of adults, couples, or even people living along (14% of all 3+ bedroom homes.)
- There is a profound shortage of homes accessible for people with disabilities, especially low income households. There are 650,000 households where at least one member has a disability, but only 10,200 accessible homes reserved for low income households.
- While the state has identified financially feasible pathways for adoption of high efficiency standards in new construction, the existing housing stock will require significant upgrades to meet emissions reduction targets: 73% of homes still use on-site fossil fuels (gas or oil) for heating, and retrofitting these homes can be costly and complicated.
- Natural hazards, especially flooding, are damaging homes well outside previously mapped hazard areas. One recent analysis estimated that 193,000 properties in Massachusetts face a substantial risk of coastal flooding, and the property damage from inland flooding is projected to rise by 44% over the next 25 years.
- Cape Cod, the Islands, and Western Massachusetts lost an estimated 9,000 year-round homes to seasonal conversion from 2010 to 2020.

A. Conditions

1) Family-sized units

Larger households, especially families with children, need larger units to avoid overcrowding and enjoy a good quality of life. Statewide, there are an estimated 1.6 million 3+ bedroom units—over half the total homes in the state. Only 38% of these homes are occupied by families with children. Nearly half are occupied by couples or groups of adults and 14% of these “family sized” homes—more than 215,000 homes statewide—are occupied by a single person.

A recent study in the Boston region found that large owner-occupied units, whether single family homes or condos, are more likely than rental units to be occupied by just one or two

people, mostly older households without children present. Fully one quarter of all large units in the study area were occupied by an over-55 household comprised of only one or two people.

Statewide, there are 250,000 family sized units occupied by householders over the age of 70. Many of these will be freed up in the coming years as those households downsize, move away, or pass away. Providing affordable and attractive options for those aging householders who would like to downsize might increase the number of large homes available to younger families.

In the Boston region, newer family-sized units are actually more likely than older units to house families: 52% of large units built since 2000 are occupied by a family with a child (compared to 38% of large units built prior to that year).

2) Healthy Housing

Housing affordability issues often force households to live in substandard housing that can pose detrimental impact on their health and wellbeing. The presence of lead, mold, radon, and other pollutants and substandard conditions contribute to serious health problems such as lead poisoning, cancer, and asthma and expose residents to increased risk for other injuries like trip and falls..

71% of homes in Massachusetts were built before 1978 and are therefore likely to contain some lead-based paint.. Lead poses a wide range of health issues including cardiovascular, brain damage, and reproductive issues. Young children under the age of 6 are much more vulnerable to the toxic effects of lead exposure and increased levels of exposure can result in permanent health impacts such as developmental delays and learning disabilities. The Massachusetts lead law requires lead hazards be mitigated in homes with children under 6, however the cost to do so is expensive and there is less incentive for landlords to make this investment if they can find an alternative renter—thus further limiting available housing options for young families. This most disproportionately impacts black children, which are 2.5x more likely than white children to have lead poisoning^{xxxvi}.

The age of our housing stock also poses increased risks for increased prevalence of chronic health conditions, such as asthma and respiratory diseases, cardiovascular disease, cognitive effects, and cancer resulting due to poor indoor air quality. Older Massachusetts homes are more likely to have higher levels of radon—a chemical linked to increase rates of lung cancer. Indoor Air Quality in housing is hard to quantify and can also overlap with poor outdoor air quality because of higher levels of environmental and/or pollution in specific communities. Research from MACDC found Brockton, Holyoke, and Springfield, all of which are gateway cities, have higher rates of confirmed child elevated blood lead levels as well as slightly higher rates of asthma. The higher prevalence of housing condition-linked health impacts in Gateway cities is an issue of both racial and economic inequality. Hispanic and black children have 2.5-3.5x higher asthma related emergency visits as compared to white children.

Aside from the housing structure itself, the location and neighborhood environmental conditions, plays a significant role in their physical and emotional wellbeing. Access to reasonably priced healthy food is now commonly understood as a major factor in a person's overall health. National research has shown that low-income communities and communities of color have less access to healthy food than higher income and less diverse communities^{xxxvii}. Analysis has shown that Massachusetts rural area experience significant less access to food due to geographic distances as compared to urban and suburban communities^{xxxviii}. However, in urban areas of Massachusetts that have higher numbers of lower-income households, on average, they have significantly less access to healthy food options. Mixed-use communities, specifically those including accessible public transit, are often designed to be more walkable allowing people to travel shorter distances for their daily needs. This offers increased health benefits due to the ability to walk, rather than drive, to access basic needs such as groceries, open green space, entertainment, and often public transportation. Transit oriented development creates larger societal benefits through the reduced reliance on automobiles that contribute to increased pollution, air quality issues, and reduced traffic congestion leading to reduced economic activity and is time a person could better spend on activities that contribute to their overall wellbeing.

3) Accessible units for people with disabilities

Accessible housing means different things to different individuals because needs vary among people with disabilities. Furthermore, needs for households with disabilities vary across their life spans. Data that allows researchers and policy makers to assess the needs of people with disabilities in Massachusetts is limited as is data on the supply of housing to meet the needs of residents.

Depending on the nomenclature of the relevant federal or state accessibility code/law, units may be "fully accessible" (typically 5% of units required for new multifamily construction or substantial rehab), as well as "adaptable" (adaptable for wheelchair users although the units are not as large. This is generally required for all units in multifamily developments where there is an elevator, or ground floor units where there is not. Often such units are not reported as "accessible" but they are still an important benefit of new construction that is not townhouse or single-family, housing types that are generally exempt from adaptable/accessible requirements under the state code.

The only national survey that measures characteristics of housing and allows insight into whether it may be accessible for those with mobility disabilities is the American Housing Survey (AHS). The sample size of the survey does not allow for state level estimates. Analysis of the 2019 American Housing Survey, found that "in total, just 42 percent of homes enabled single-floor living in 2019, with both a no-step entry and a bedroom and bathroom on an accessible floor."⁶ Accessible housing units were most likely to be found in multifamily buildings with at least 50 units. The study also found that older adults were more likely to experience difficulties

entering or navigating their homes with 12 percent of households aged 65–79 and 23 percent of households aged 80 and up reporting some difficulties.

To increase the stock of accessible homes, Massachusetts law requires that five percent of large multifamily buildings are fully accessible. This policy adds accessible units to the market, but it does not ensure the units are affordable or accessible to households who need them. Accessible units can be rented to anyone, and most households with disabilities can't afford the market rate units that do become available. It's likely that many accessible units are occupied by households who don't need those features. In other words, there is both a shortage and a mismatch.

The non-profit Housing Navigator Massachusetts maintains a database of affordable accessible housing units. The organization recently collected data from property owners across the state and while the data is not comprehensive, they found that there are 10,200 accessible deed restricted affordable units in Massachusetts open to (not including any naturally occurring affordable and accessible housing, nor those filled through closed referral programs such as Community Based Housing and Section 811).⁷ Census data estimates that there are 650,000 households where at least one member has a disability, resulting in a significant unmet need for accessible units. The Housing Navigator suggests there is one accessible and affordable unit for every 63 renters earning 80% or less of AMI. Availability varies across the state, from 1 unit for every 46 HHs in Metro Boston to 1:103 in Bristol county.

Around 6,000 (60%) of the known accessible units are “deeply affordable”, meaning rent is based on household income including those on fixed incomes such as Supplemental Security Income (SSI). [Housing Navigator has a search tool](#) to find affordable units across the state including those with accessibility features. This is the best existing resource to search for accessible, affordable housing, but it is still limited by incomplete data.

Massachusetts needs better information about its accessible housing units. The Housing Navigator inventory, developed with substantial support from DHCD and EOHLC, provides a good foundation. New data systems at EOHLC will track accessibility of state-subsidized homes. Yet there is still no way to know what homes in the private market are accessible and to what degree, nor any system that could help to match accessible units with tenants.⁹

Many stakeholders have also identified the need for better matching of people with disabilities to affordable units that are accessible.¹⁰ The [DMH/DDS Set-Aside Program](#) requires MassHousing-financed developments to set aside 3% of all low- and moderate-income units for referrals from the Departments of Mental Health (DMH) and Developmental Services (DDS). The state [MRVP Set-Aside Initiative](#) is designed to improve matching project-based voucher, affordable units to those in need. The Community Based Housing [\(CBH\)](#) program provides funding for the development of integrated housing for people with disabilities, including older adults, with priority for individuals who are in institutions, nursing facilities or at risk of institutionalization. The CBH Program does not require all units to be fully accessible. However,

accessibility through visitability is strongly encouraged. The CBH Program excludes clients of the DMH and DDS who may access housing financed through the Facilities Consolidation Fund (FCF). FCF provides funding for the development of community-based housing for clients of the Department of Mental Health (DMH) and the Department of Developmental Services (DDS). However, there still needs to be a greater effort to match people with disabilities with accessible units, not just affordable units.

4) Sustainability and Climate

As mandated in the 2021 Climate Law and the state's Clean Energy Climate Plan, the Massachusetts residential sector must achieve a 95% reduction in greenhouse gas (GHG) emissions below 1990 levels by the year 2050 and a 50% reduction in GHG emissions by 2030. In order to meet this target, housing units will need to be built or retrofitted to the highest energy efficiency standards, while phasing out fossil-fuel powered systems and equipment (electrification) and deploying renewable energy at scale (greening the grid).

Massachusetts has 3.05 million existing housing units, of which, a substantial number of older housing units that lack adequate insulation and do not use clean energy sources for heating, hot water, cooking, or other needs. Approximately 22% of occupied housing units rely on oil heating systems, 51% rely on natural gas, and 20% use electricity for home heating. Further, roughly 80% of the buildings that will exist in 2050 have already been built, making retrofits essential to meeting net zero emissions limits. While there is a feasible pathway for decarbonizing newly built housing, retrofitting existing buildings is often more complicated and costly.

As stated in the Commonwealth's 2023 and 2024 Climate Report Cards and the report from the Commission on Clean Heat it is critical that the Commonwealth rapidly scale up decarbonization efforts within the residential and commercial building sectors. The report alludes to the need to coordinate actions across multiple fronts including investments in affordable housing and low-to-moderate income communities as well as coordinated utility planning and urban development. The acceleration of decarbonization was central to the funding provided in the Affordable Homes Act, which provided funds for decarbonizing state-aided public housing that serves some of the most vulnerable residents and reauthorized the Climate Ready Housing program that provides funds for retrofitting privately owned affordable housing. The new 2025-27 Qualified Allocation Plan (QAP) further prioritizes the state's Low-Income Housing Tax Credit equity to prioritize decarbonization by requiring, at minimum, stretch code building energy performance standards for all funded projects and also Enterprise Green Communities Certification. The QAP priorities for decarbonization, per the Affordable Homes Act, will also be reflected in state capital grant making for affordable housing production and preservation. Additionally, EOHLC remains committed to working with partners at MassHousing in making key investments through the Climate Bank to increase the supply of decarbonized affordable homes.

The 2025-2027 Mass Save Plan also makes significant, increased financial incentives and technical assistance available for building decarbonization, with specific targets for equity and a focus on supporting low- and moderate-income households. EEA has conducted an analysis and is advancing recommendations to further streamline and enhance resources for building decarbonization. Recent successes suggest that under the right circumstances and when paired with effective agency coordination, sound program design, and adequate funding, decarbonization and affordable housing goals can be mutually reinforced. In order reach toward our goals of creating more sustainable housing it is critical that we match our continued investments with new innovative construction models that build more efficiently and sustainably across all housing development including but not limited to building on the 'thermal code' approach of the Stretch and Specialized energy Codes from the Department of Energy Resources and an exploration of modular development and offsite construction strategies. The energy codes that updated in 2023/2024 are an example; the shift in these codes to reduce heating and cooling loads (with policies like Passivehouse and TEDI) will reduce total cost-of-ownership through lower energy costs but also result in a x5 reduction in the ratepayer impact of future electric grid investments.

B. Risks and Responses

1) Natural Hazards and Climate Change Impacts

Many homes in MA are at risk of natural hazards, and the exposure is getting worse. The ResilientMass plan identifies key risks for the state that are projected to increase in intensity and frequency due to climate change, particularly rising temperatures, increases in precipitation and resulting flooding even in areas outside the 100-year floodplain, coastal flooding, and severe weather. These hazards pose significant risks to MA, including coastal erosion, coastal flooding and sea level rise, extreme storms, riverine and urban flooding, increasing high heat events, and wildfire.

Risks are not limited to coastal flooding, though coastal risks are significant with about 43% of the Commonwealth's population residing in coastal communities, with populations expected to increase, and current annual average damage to coastal buildings in MA at \$185M (with this projected to double by 2030). Riverine and inland flooding is an increasing problem in places long since thought to be safe from flooding. A May 2010 storm caused widespread basement flooding and triggered a federal disaster declaration; 90% of claims in MA were outside a mapped flood zone. The 2022 MA Climate Assessment identified 'Damage to Inland Buildings' from heavy rainfall and overwhelmed drainage system as one of the most urgent infrastructure-related climate impacts, with inland residential property damage projected to increase by 44% by 2050.

New analytical tools show that existing maps underestimate flood risk. A year 2020 [report](#) from the First Street Foundation using new data found that 193,000 properties in Massachusetts face a substantial risk of flooding, a number far greater than those at risk according to existing FEMA

flood maps. Thousands more may be at risk of inundation as the global climate warms in the coming decades. The MA Coastal Flood Risk Model (MC-FRM) is a dynamic model in use by state and local agencies to understand what areas might be subject to future flooding under various climate and storm conditions.

Climate change may affect infrastructure serving houses even if the home is untouched. Damage to utility distribution infrastructure, roads, rails, and dams from extreme precipitation, flooding, and temperature increases will all continue to impact communities

Heat exposure is a growing issue especially as summertime temperatures are forecasted to rise, with longer and more intense heat waves and more days (from 4 historically to 25 by 2050 and 55 by late century) projected to be over 90 degrees, leading to health impacts for vulnerable populations and infrastructure impacts for roads, rails, and utility systems.

The ResilientMass Plan identifies over 140 agency actions underway to build resilience across MA. To date, EOHLC's ResilientMass actions have been targeted to increasing the resiliency of state-aided public housing. Secretariat efforts will continue to expand to incorporate actions for privately owned affordable housing and community planning and development initiatives as the Commonwealth continues to build expertise and adaptive capacity in this area. For instance, ResilientCoasts, an action in the ResilientMass plan, is currently developing a comprehensive, state-wide strategy for coastal resilience, including delineating new coastal resilience districts and best practices for new and existing development in areas vulnerable to sea level rise, coastal flooding, and erosion. Within ResilientCoasts there will be considerations for existing and future housing.

2) Seasonal Housing Conversion

Loss of year-round housing units to seasonal housing is a major concern for many Massachusetts regions. Many communities have seen large numbers of moderately priced units bought and converted to second homes, vacation homes, or short-term rentals. While the investments associated with these conversions might bring higher property values, increased local tax revenue, and greater economic activity due to tourism; seasonal conversions deplete the supply of available year-round homes resulting in fewer options and higher prices for permanent residents. Understanding the patterns of seasonal conversion is important to crafting policies to manage the rate of conversion and compensate for the year-round homes lost.

With the exception of the lodging registry for short term rentals, there is no definitive data source on what units are used only seasonally. The best available estimates come from the American Community Survey, which provides statistics on how many homes are not occupied by a household because they are used for "seasonal, recreational, or occasional use." In many areas of the Cape, Islands, and Western Mass, the numbers of such units have been increasing while the number of units occupied by (or available to) year-round residents has been declining. The magnitude of seasonal conversion is greater than just the total decline in year-round units.

Additional conversions are offset by the new year-round units built over the same time period. Those need to be netted out to create an accurate estimate of seasonal conversion.

For example, Cape Cod added 8,800 housing units from 2009 to 2019, of which at least 2,400 are occupied by year-round residents. Despite that, the total number of year-round housing units on the Cape *declined* by 3,400. Together, those figures suggest that 5,800 year-round homes were lost to seasonal use or for other reasons, almost 6% of the total year-round homes. New production made up part of the difference, but not enough to stem the overall loss of year-round units.

Similar patterns are observed, to a lesser extent, in three other regions: Berkshire County, Pioneer Valley, and Franklin County, where seasonal conversions affected 2.5%, 0.7%, and 0.1% of the year-round housing stock, respectively. On Nantucket and Martha's Vineyard, small sample sizes and high margins of error make it hard to generate reliable estimates, though local housing plans and input from local stakeholders both indicate this is a known issue on the Islands. EOHLC estimates that 8,830 year-round residences were converted to seasonal units between 2009 – 2019.

All other regions showed a net gain in year-round units, even after accounting for newly constructed ones. While some seasonal conversion is likely happening in these regions, the low incidence is such that it is not possible to quantify it with any precision.

Future Housing Demand

The prior chapters have described the breadth and complexity of Massachusetts' housing crisis, much of which is attributable to that lack of supply. A key question for policy makers is, how many new homes are needed to help solve this crisis? As will be addressed in the section on Strategies, production of new homes is not the only solution to the housing crisis, but it is an essential one. Working with a team of researchers, EOHLC forecasted future population and household scenarios, and estimated the number of homes that would be needed under each one. Key findings of this exercise include the following:

- Current demographic trends indicate that Massachusetts may see no population growth from 2025 – 2035. Over that time, a half million Millennials and Gen Z will be forming households. Even with no population growth, Massachusetts needs 73,000 additional homes to accommodate that demographic demand.
- An additional 116,000 homes are needed to accommodate overcrowded & doubled-up families, young adults living with parents or roommates, and families and individuals currently living in shelters; and to achieve a healthy vacancy rate of about 2.6%
- If the state can retain 10% of the young adults moving out of state, it can prevent declines in the resident labor force, but it will need an additional 36,000 homes.

A. Methods

In order to create a comprehensive picture of Massachusetts changing housing needs, this plan examined many different elements of housing demand. EOHLC and a team of researchers from the University of Massachusetts Donahue Institute and the Metropolitan Area Planning Council created three different scenarios of future population growth. With these population scenarios, the team estimated what kinds of households might form and how many homes would be needed. It also estimated how many homes might be returned to the market as older adults downsize, move away, pass away, or move into nursing homes. Also addressed were how many homes would be needed to address the current shortage manifesting through historically low inventory of homes for-sale and for-rent, doubled-up and overcrowded households, homeless families, young adults reluctantly living with parents or roommates, and conversion of year-round homes to seasonal use.

B. Housing needed to address the existing shortage

The first step is estimating how many homes it would take to address our current shortage, which expresses itself in the state's critically low vacancy rate: only 1.6% of units are available for sale or rent. This creates stiff competition for the units that are available, driving up prices and fueling displacement. If more units were available for sale or rent, then movers would have more choice, and landlords would have less power to set rents. Of course, vacancy rates that are too high create their own issues, such as disinvestment. A study by the Joint Center for Housing Studies used historical trends to benchmark a "natural" vacancy rate for rental and ownership of 7.4% and 1.5%, respectively. These values correspond to rates in the mid-1990s before Massachusetts started seeing the most extreme price increases. EOHLC estimates the state needs 13,000 additional homes for sale, and 38,000 additional homes for rent in order to achieve those target vacancy rates. This would provide more choices for people looking to move, would reduce bidding wars, and would give landlords less power to set prices at or near the maximum of what the market will bear.

Massachusetts also need additional homes for residents who are not adequately housed at the present time. Most critically, as of the end of 2024 there were 6,800 families in the state's family shelter system. Helping these families exit the system to permanent, stable housing is challenging because, even with a rental voucher and other assistance, there are very few homes available for rent.

As discussed in the Needs Assessment, one way that households cope with high housing costs is by doubling up with other families, often in overcrowded conditions. EOHLC estimates there are approximately 16,000 doubled up and overcrowded households with children, and an equivalent number of additional units are needed to allow those families to find homes more suitable for their needs.

EOHLC estimates that there is 'latent demand' for approximately 34,000 housing units from young adults currently living with roommates or parents, but who would rather have their own place. If more homes come on the market at more affordable prices, these young adults may form their own households, requiring even more homes to maintain that target vacancy rate.

Another element of the target relates not to demand, but to supply. As noted above, EOHLC estimates that the Cape and Islands and Western Mass collectively lost about 9,600 year-round homes to seasonal uses over the course of a decade. Preserving these homes from conversion or producing enough homes to compensate for their loss is essential to ensuring adequate supply in those regions. EOHLC estimates a need for production or preservation of 9,600 homes to address this loss.

In total, approximately 115,600 homes are needed over the next ten years *just to solve our existing shortage*. This doesn't even account for the changing housing needs that comes along with a growing and aging population.

C. Housing needs under a 'no-growth' scenario

While Massachusetts grew by 7.3% from 2010 to 2020 and has continued to add people in the last couple years, the signs are that the population growth in the state will slow considerably over the next decade. In fact, "business as usual" population projections prepared for this plan indicate that the state's population may decline by 0.4% from 2025 to 2035 due to diminishing international immigration and continued loss of residents to other states. However, this does not mean that housing demand will decline over that period. Baby Boomers and Silent Generation households are projected to decline by about 391,000 as their occupants move away, pass away, or move to other housing situations. Over the same period, Millennial, and Gen Z residents—many Massachusetts born and raised—are projected to form about 493,000 new households. As a result, an additional 73,000 homes are needed to accommodate demographic demand in a no-growth scenario.

D. Competing and Growing

There are good reasons to aim higher. Under that demographic forecast, Massachusetts is on track to see a 1% decline in the resident labor force by 2035—a loss of nearly 50,000 workers. This is largely due to the annual net loss of roughly 25,000 working age residents to other states. Labor scarcity makes it difficult for firms to grow and thrive. And while remote work enables *some* firms to retain *some* employees moving out of state, it is not as conducive to the innovation and entrepreneurship essential to a robust economic future for Massachusetts. Furthermore, some regions are facing even steeper declines in the working age population. For all these reasons, it is important to create conditions that attract and retain young workers in Massachusetts. If the state can retain just 10% of the young people who would otherwise move out of state—returning to the net domestic migration patterns of the early 2010s when Massachusetts was more competitive in this regard—it could maintain a growing labor force

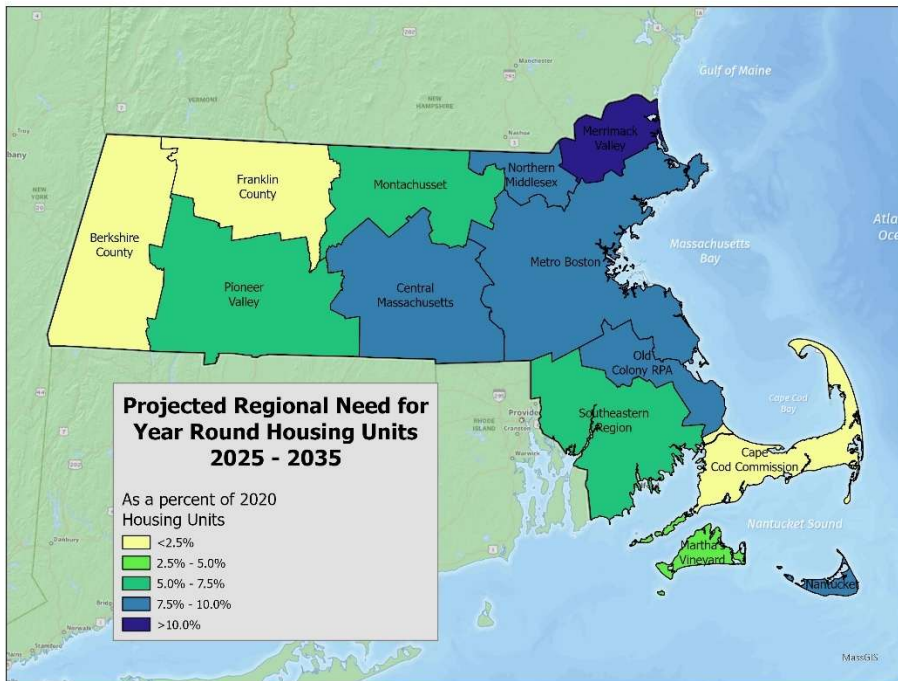
and population. This is the Competing and Growing scenario, and it would require an additional 33,000 homes above and beyond what was already described.

E. Forecasted housing needs

Altogether, EOHLC estimates that the state needs to produce or preserve at least 222,000 homes from 2025 to 2035 to address the existing crisis, accommodate unmet housing needs, achieve a healthy vacancy rate, meet the needs of our existing population, and set the stage for long-term economic growth. More than half of net household growth is projected to be people living alone, mostly older adults. An estimated 22% of net growth is multiple adults with no children under 18 (roommates, couples, adult children living with parents, etc.) One quarter of net household growth is families with children, though it should be noted that most of these family households are already living in Massachusetts, either in doubled up & overcrowded situations or in the family shelter system. Driven largely by the substantial growth in low-income seniors, households earning less than \$35,000 comprise fully half of net household growth--over 80,000 households. Meeting the needs of low-income seniors will be of paramount importance over the coming decade.

Housing demand will vary across and within the regions of the state, based on the different demographics, migration patterns, and needs of those regions. Some will see faster population growth; others will see slow growth or even modest decline in population; but all regions will need additional homes to meet existing and future needs. The map below depicts the projected need as a percent of existing housing units. Due in part to existing overcrowding, the Merrimack Valley region is projected to have the largest housing demand in percentage terms: 13.5%. Metro Boston and three adjacent regions will have demand of between 7.5 – 10%. The Southeastern region, Montachusett, and Pioneer Valley are all projected to have moderately low housing demand, while Berkshire, Franklin, and Cape Cod are projected to need less than 2.5% growth in year-round housing units to satisfy net increase in demand.

The regions on the lower end of the range may not need as many new units in percentage terms, but they still have significant housing issues. Affordability of the existing units, seasonal workers, maintenance of homes, and climate risk are all significant concerns in these regions.



Conclusion

This need assessment demonstrates the breadth and complexity of Massachusetts' housing crisis, and the challenges entailed in solving it. Much of the information is not new, nor even surprising, but for the first time it is set down in one place for all to see and contemplate. Collectively it tells a powerful and intimidating story about our crisis yet also points the way towards achievable solutions. Reviewing all the information presented here, EOHLC draws five key conclusions:

- A. A shortage of homes is the root cause of our housing cost crisis, but getting to a more abundant supply won't be easy.

For decades, housing supply simply hasn't kept up with demand. Units for sale or rent are at historic lows. Limited options and stiff competition drive up housing prices, which have risen much faster than wages or inflation. Lack of housing supply also prevents people from moving when they want to, makes it harder to exit homelessness, and drives up the cost of vouchers.

Evidence from our own history and across the nation shows that when housing is more abundant, home buyers can shop around, landlords can't ask for top dollar, and people find it easier to move when they need to. Housing abundance won't necessarily cause housing prices to go down, but it can slow the rate of increase so that wages have a chance to catch up.

This plan identifies a need to add 222,000 homes over ten years, including homes of all types, sizes, and affordability, in all regions of the Commonwealth. That is the number of homes

needed to accommodate our current population as it ages, reduce overcrowding and homelessness, and retain a strong labor force.

Making that a reality won't be easy. Local zoning doesn't provide capacity for all the types of homes we need in the places we need them. People building homes face difficult approval processes (state and local) and equally challenging financial conditions. Construction costs and operational expenses are on the rise, while at the same time demands are rising with regard to energy efficiency, accessibility, inclusionary zoning, and design.

No home can be built without capital investments, but securing those investments is hard for both affordable and market rate developers. Federal low-income housing tax credits are limited, and even the record amount of funding authorized by the Affordable Homes Act can't build all the homes we need. For market-rate developers, rising costs make it difficult for anything but high-end housing to provide the investment returns expected by many capital investors. Without those capital investments, homes affordable to moderate income residents can't get built.

Cities, towns, and regions have few revenue-raising tools to meet localized housing needs. Even homeowners wishing to build an ADU may have trouble accessing the financing for it. There is a limited supply of skilled labor and firms in the construction industry, arguably not enough to build 222,000 homes in ten years; but training new workers and growing new firms takes time.

B. We are at risk of losing the homes we have, especially the affordable ones.

Thousands of homes are at risk due to increasingly severe coastal and riverine flooding. But a home doesn't have to be flooded to be lost. An estimate 9,000 homes were converted to seasonal homes or short-term rentals between 2010 and 2020 and are no longer available to year-round residents in those communities. The availability of modestly priced homes and apartments is dwindling as they are acquired and upscaled by investors who sell or rent at a much higher price point.

The state can be proud of its public housing portfolio and robust stock of affordable housing. The usefulness and affordability of these assets must be maintained. The state public housing system has an estimated \$4B backlog, but the process for making improvements is not always efficient. Many homes need investments to protect them from natural hazards or make them suitable for residents with disabilities. Achieving the pace and scale of public housing reinvestment will require new and innovative approaches and partnerships that bring private capital and expertise to the table.

At last count, 6,000 units of privately-owned affordable housing are at risk of being converted to market rate when their deed restrictions expire in the coming years. Preserving the affordability of these existing homes is generally more cost-effective than building new homes elsewhere, but it's a complicated endeavor.

- C. A growing share of residents struggle to afford the cost of living in Massachusetts and need support to get by.

Housing prices already exceed what is sustainable for most low-income working households, fixed-income seniors, people with disabilities, and new arrivals. Add on the cost of utilities, transportation, insurance, and home maintenance, and the problem gets worse.

While housing abundance can create more affordable options and slow the growth in housing prices, these residents can't wait that long. Furthermore, many don't have enough income to afford even modest rents or mortgages. Housing vouchers can close the gap between asking rents and what households can afford, but there is a long waiting list and voucher holders have a hard time finding units that meet their need. The current process of applying for a privately-owned affordable housing unit is complicated and time-consuming, adding to the burdens these households face. Heating assistance can help in winter months, but for those with drafty homes and inefficient appliances, this assistance doesn't go very far; nor does it provide any support for cooling during our increasingly hot summers. The growing senior population and the disability community often can't afford a unit that meets their needs or make improvements to the home they're in.

- D. The population with complex housing and medical needs is growing

Many Massachusetts residents have unique challenges that make it hard for them to use conventional housing, even with financial support. Chronically homeless individuals, people with substance use disorder, individuals with cognitive disabilities or severe medical conditions, and families fleeing unsafe conditions all require special assistance to achieve a stable housing situation.

The need for these services currently exceeds the resources available. Supportive housing is a proven strategy for helping chronically homeless individuals, but there are simply not enough capacity or coordination to serve all those who need it. Stable housing can reverse the spiral of worsening health conditions; but complicated funding requirements make it difficult to provide solutions that can ultimately reduce health care costs. Massachusetts' commitment to shelter for families demonstrates our values, but the EA shelter crisis demonstrated the limitations of the system, and the actions needed to make it operationally and fiscally sustainable. More planning and capacity is needed to prepare the EA system for future crises, if and when they occur. The rapidly growing senior population with specialized health needs requires new programs and approaches to help seniors stay housed and reduce the number of premature or unnecessary nursing home admissions.

- E. The housing crisis affects everyone in Massachusetts, and we all have to work together to solve it.

The most immediate impacts of the housing crisis affect people who are having trouble finding or affording housing, and rightfully so. But no one is immune, including those who are

comfortably housed (for now.) The cost of housing is driving away young people, including many born and raised in Massachusetts, who are the future of our communities and our economy. Without course correction, the resident labor force is projected to go down. Employers will find it harder to hire workers, discouraging them from locating or expanding here; and there will be fewer working taxpayers to support a growing senior population. Remote work might mitigate some of this loss, but remote workers can't change a set of tires or administer an IV. Nor does remote work foster the entrepreneurial energy that drives our economy.

Ratepayers and taxpayers end up shouldering some of the cost of housing instability. Evictions and frequent moves have effects on personal health and childhood wellness, driving up health care costs and educational expenditures. Health care expenditures are also rising due to premature nursing home admissions and high utilization of emergency rooms by those who are homeless.

The housing crisis affects communities: People who can't find homes near work end up with longer commutes, creating more traffic congestion in the cities and towns along the way. Renters who move frequently due to rent increases don't have the opportunity to put down roots in a community. Many city and town centers and commercial districts are struggling economically due to lack of foot traffic and resident customers.

It's well documented that these widespread impacts occur because many communities see housing as a problem and seek to discourage it. Some are concerned about changing community character, worried that denser development and different demographics will degrade what is good about a community. Some are worried about the financial impacts on school budgets or property taxes. Many lower-income and Environmental Justice communities posit that new development is the reason rents are going up in existing homes nearby. Environmental stakeholders are concerned that new housing will degrade the natural environment in the surrounding neighborhood and globally.

These are valid concerns, even if some are often overstated or not supported by the evidence. For example, research shows no correlation between housing production and school enrollment changes in Massachusetts communities; and many new multifamily developments provide net positive fiscal benefits to their municipality. The best available research shows that the creation of new homes in gentrifying areas is associated with lower rent increases in the surrounding area.

More importantly, these are all solvable problems! The state can support infrastructure improvements and adjust funding formulas to account for communities doing more than their fair share. Designers and developers can create buildings and landscapes that enhance the local and global environment by mitigating heat, absorbing water, and facilitating sustainable transportation choices.

Massachusetts won't be able to achieve these win-win solutions unless everyone is working together. Too often progress has been stymied by lack of coordination among various levels and agencies of government, unrepresentative decision-making processes, disputes about the very nature of land use regulatory authority, and disagreement about essential facts. All of these hamper our collective ability to solve the problem. Finding consensus on all these issues won't be easy, but Massachusetts is good at solving hard problems.

ⁱⁱ Census 2020, PL-94, analysis by MAPC

ⁱⁱ <https://boston.uli.org/uli-resources/building-for-the-middle-housing-greater-bostons-workforce/>

ⁱⁱⁱ <https://www.jchs.harvard.edu/blog/discrimination-home-lending-and-appraisals-challenges-black-homebuyers-massachusetts>

^{iv} Mutchler, Jan; Velasco Roldán, Nidya; and Su, Yan-Jhu, "Living Below the Line: Economic Insecurity and Older Americans, Insecurity in Massachusetts, 2022" (2023). *Center for Social and Demographic Research on Aging Publications*. 67.

<https://scholarworks.umb.edu/demographyofaging/67>

^v

https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Housing_Americas_Older_Adults_2023.pdf

^{vi} <https://www.chiamass.gov/massachusetts-nursing-facilities/>

^{vii} UMDI analysis of 2017 – 2021 PUMS data

^{viii} https://www.bostonindicators.org/-/media/indicators/boston-indicators-reports/report-files/bi_immigration_pages_reducedsize_2_13.pdf

^{ix} <https://www.bluecrossmafoundation.org/publication/preventive-effect-housing-first-health-care-utilization-and-costs-among-chronically>

^x <https://www.data.va.gov/stories/s/NCVAS-State-Summary-Massachusetts-FY2023/62n6-9j8t/>

^{xi} <https://www.irs.gov/statistics/soi-tax-stats-migration-data>

^{xii} <https://donahue.umass.edu/business-groups/economic-public-policy-research/massachusetts-population-estimates-program/population-estimates-by-massachusetts-geography/by-state>

^{xiii} <https://fred.stlouisfed.org/series/MARVAC>

^{xiv} HUD dashboard

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/PH_Dashboard

^{xv} https://www.chapa.org/sites/default/files/PublicHousingStudy_0.pdf

^{xvi} <https://www.hudexchange.info/programs/coc/coc-housing-inventory-count-reports/>

^{xvii} <https://www.mapc.org/resource-library/landlords- eviction-covid19/>

^{xviii} [https://www.gao.gov/products/gao-24-](https://www.gao.gov/products/gao-24-106643?utm_campaign=usgao_email&utm_content=topic_housing&utm_medium=email&utm_source=govdelivery)

[106643?utm_campaign=usgao_email&utm_content=topic_housing&utm_medium=email&utm_source=govdelivery](https://www.gao.gov/products/gao-24-106643?utm_campaign=usgao_email&utm_content=topic_housing&utm_medium=email&utm_source=govdelivery)

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