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## New units don't bring rent relief

By Paul McMorrow | NOVEMBER 22, 2011

RECORD HIGH rents are luring developers across Boston to rush to get apartment projects in the ground. In the past few weeks, builders broke ground on more housing units than got built in the city in the last two years. Still, the apartment construction rush could continue unabated for years without causing a serious glut, or making much of a dent in rents that rank among the country's highest. The region's inability to keep up with housing demand is a long-running problem, and one spurt of construction activity can't reverse it.

Massachusetts entered the last decade with a severe shortage of housing, and since cities and towns started from behind and haven't been able to keep up with growing populations, market dynamics have been thrown even more off kilter. This is as true in Boston as it is in Worcester County.

Rents have been rising to record levels around Boston, in the recession's teeth, because cities and towns have long struggled to produce a steady supply of new housing. Dense construction, which often goes rental, is in especially short supply. Prices rise when steady demand meets sluggish supply, and sluggish is a charitable way of characterizing most communities' appetite for approving dense new housing developments.

In isolation, the recent burst of construction activity in Boston looks impressive, since it's unlike anything the city has seen since the housing bubble's greatest heights. Last week, workers broke ground at Hayward Place, a 256-unit complex just south of Downtown Crossing. A couple weeks before, the commemorative hardhats and shovels had been down the street, ringing in the start of work at Kensington Place, a 385-unit Chinatown apartment tower. Last quarter, construction crews started on more than 1,000 residential units. It was the busiest three-month period since 2006. And more units are on the way - last week, Boston officials handed development permits to

projects totaling nearly 1,200 dwellings.

But this construction activity doesn't come close to matching the need for new housing. Suffolk County entered last decade with an absurdly low rental vacancy rate of 2.9 percent - a rate that was less than half the national average, and an indication of how dramatically demand for rental housing was outstripping supply. And, according to Census data, that supply shortage grew worse between 2000 and 2010. The county's population grew at a healthy clip over the past decade, but private sector developers only built 0.4 new housing units for every new resident.

High rents stem from high land and construction costs, but they're also an indication that municipalities aren't building enough housing to keep up with demand. A decade ago, 40 percent of Suffolk County residents were sinking more than 30 percent of their incomes into rent, a threshold that federal policymakers consider to be unaffordable. Now, half of the county's renters are paying unaffordable rents. A quarter of Suffolk County residents are devoting more than half their income to paying rent - a number that's risen significantly over the past decade.

Boston's suburbs aren't in any better shape, partly because they too haven't built enough housing to keep up with population gains, and partly because they haven't built the right type of housing.

Communities in Worcester County, the fastest-growing county in the state, built less than 0.6 units of new housing for every new resident over the last 10 years. The vast majority of those homes were single-family structures, and as a result, nearly a quarter of Worcester County renters are now devoting half their paychecks to just making rent.

In Middlesex County, roughly half of the new housing built over the past decade were single-family units. And development in key transit-rich cities has ground to a halt. Between 2008 and 2010, housing construction in Cambridge fell off its mid-decade pace by 92 percent; it fell by 87 percent in Medford, and 97 percent in Malden.

Those cities aren't statistical outliers. They are, however, turning Boston's 1,000-unit construction boomlet into a drop in the bucket.

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