

Housing Trends in Massachusetts

Prepared by Citizens' Housing and Planning Association
October 2011

Income and Poverty Trends

Like the nation as a whole, most Massachusetts families and individuals are under greater economic strain than they were prior to the recession. Real (inflation adjusted) incomes have fallen, poverty rates are up, and housing affordability problems have increased.

New 2010 Census estimates indicate that the state's 2010 median household income (\$62,072) is 4.3% lower than the 2006 median (\$64,858 in inflation adjusted dollars). Greater Boston (the Boston-Cambridge-Quincy metro area) has fared better overall with an estimated 2010 median household income of \$68,020, 1.8% less than in 2006. However, declines vary by community. Overall, 2009 Census estimates indicate most of the decline was felt by renter households - the real median income of renter households in 2009 was 11% below the 2000 median, while the median for homeowners was up by 1%.

Poverty rates have also risen statewide and in Greater Boston. In Massachusetts, the poverty rate increased from 9.9% in 2006 to 11.4% in 2010. In Greater Boston, the poverty rate increased from 9.2% in 2006 to 10.3% in 2010.

	Statewide		Greater Boston	
	2010	2006	2010	2006
Poverty rate-all people	11.4%	9.9%	10.3%	9.2%
People in families	8.3%	7.1%	7.1%	6.3%
Unrelated individuals 15+	23.0%	21.0%	21.9%	20.0%

Home Prices

Massachusetts home prices statewide essentially doubled between 1999 and 2005, with the median price (not adjusted for inflation) for a single family home rising by 97% and the median price for a condominium rising by 116% in those six years. Despite the decline in prices since 2005 (about 14%), the 2010 median single family home price statewide was 69% higher than in 1999 and for condos, 105% higher and there has been essentially no change in the nominal median prices in 2011 through July. In short, the rise in home prices between 1999 and 2010, not adjusting for inflation, was three times the rise in median household incomes (23%) not adjusting for inflation

The rise and fall of prices has varied by region, community and even neighborhood, with some of the biggest rises and subsequent falls occurring in low income neighborhoods. In 2011, prices have remained fairly stable and sales volume is up as of the third quarter of 2011 compared to third quarter of 2010.

	Median SF Home Sale Price	SF total sales	Median Condo Sale Price	Total condo sales
1999	174,900	68,660	129,000	24,611
2000	200,000	62,573	149,262	24,097
2001	225,000	61,445	171,575	23,181
2002	263,000	62,533	210,000	25,152
2003	293,000	64,313	234,500	26,137
2004	326,000	69,230	257,500	31,044
2005	345,000	63,350	278,379	34,672
2006	325,000	55,054	275,000	30,234
2007	345,000	45,340	280,000	26,162
2008	305,000	40,356	275,000	20,109
2009	285,000	41,583	252,000	18,743
2010	295,000	41,279	265,000	18,807
Chg 1999-2010	69%	-40%	105%	-24%
Chg 1999-2005	97%	-8%	116%	41%
Chg 2005-2010	-14%	-35%	-5%	-46%

Rents

Thirty six percent (36%) of Massachusetts households are renters. Of this 36%, about one in five renters are assisted by a state or federal housing program, but many more face housing affordability problems. Estimated median gross rents in 2010 dollars have remained essentially flat since 2006 both statewide and in Greater Boston (\$1,141 in 2010) but real renter incomes have declined. In addition, recent data is showing a declining vacancy rate and increased rent levels in Greater Boston. This seems to be attributed to several factors, including: little new housing supply; households moving from homeownership to rental due to foreclosures; a decrease in young families moving from rental to homeownership; and an increase in the student population.

Housing Cost Burdens

Over 197,000 unassisted very low and extremely low renter households in Massachusetts had “worst case housing needs” in 2008, paying over half their income towards housing. Most (155,000+) were extremely low income, with incomes well below 30% of area median income, according to the [National Low Income Housing Coalition](#). Data from 2009 Census surveys show almost 209,000 renter households (23.6%) were paying more than 50% of their income for housing, up from 17.6% (about 160,000) in 2000. Almost half (46.3%) of renter households in Massachusetts paid 30% or more of their income toward housing in 2009, up from 36.3% in 2000.¹ Almost all have incomes below 80% of

¹ Excluding households who pay no cash rent or report zero income, the percentage of renters with cost burdens is even higher with 49% paying 30% or more and 25% paying 50% or more, up from 39% and 18% respectively in 2000. (to tie to Sean’s fact sheet)

the area median and the majority are extremely low income households (incomes at or below 30% of area median).

Characteristics of Low-Income Renters in Massachusetts in 2009²

	Number of households	Percent extremely low income	Percent elderly	Percent disabled	Percent families with children
Housing costs greater than 30%	366,472	55%	24%	19%	24%
Housing costs greater than 50%	200,743	77%	21%	22%	24%

- In 2009, Massachusetts ranked 22nd (out of the 50 states, plus the District of Columbia) in terms of a high percentage of renter households (46.3%) paying 30% or more for housing and 20th in the percentage paying 50% or more.
- Over 94,000 households are on [DHCD's Section 8 waiting list](#) for rental assistance as of February 2011, up by over 10,000 in the past year, and they face long waits (DHCD issued a total of 248 vouchers for waiting list households in FY2010). This is more than the total number of vouchers in use statewide in 2010 (72,352, including about 19,000 administered by DHCD). This is separate from the waiting lists kept by each local housing authority for their Section 8 vouchers.

Housing Supply

Overall, Census Bureau data indicates that Massachusetts' supply of year-round housing increased by about 165,000 units between 2000 and 2010 and total occupied units by about 77,000 units. Overall, the number of owner-occupied units statewide rose by 60,000 over the decade, but most of that increase occurred between 2000 and 2005 and was offset by declines in the number of renter households. Between 2005 and 2010, the number of renters in the state grew more rapidly. While the homeownership rate in 2010 (62.2 %) is still above that of 2000 (61.7%), it has fallen from its 2006 peak (64.9%).

Change in Renter and Owner-Occupied Units 2000-2010

	2000-2005	2005-2010	Total Change 2000-2010
Owner Occupied	59,833	497	60,330
Renter Occupied	(55,381)	71,890	16,509
Total Occupied Units	4,443	72,387	76,830

Massachusetts' supply of affordable units has been growing by about 2,000 units a year (gross additions minus losses), including about 1,400 in the Greater Boston region--excluding homeownership rehabilitation units and group home beds. About half are produced using low income housing tax credits.

² [Massachusetts Federal Rental Assistance Facts](#), Center on Budget and Policy Priorities, May 2011

Census Bureau [data](#) for residential building permits issued in 2011 suggest that Massachusetts will permit fewer housing units in 2011 than any year since Census record-keeping began in 1960, breaking the previous low reported in 2009.

Massachusetts permitted 4,234 units in 2011 through August, 6% below the number reported through August in 2009. As detailed in the Bureau [report](#) on annual units by state, the past three years represent the lowest years to date, with units permitted totaling 9,833 (2008), 7,941 (2009) and 9,075 (2010). By contrast, 24,549 units were permitted in 2005 and 16,000-20,000 units were permitted every year between 1992 and 2006.

MAPC's MetroFuture [report](#) in 2008 estimated that the Greater Boston region alone needed to add 349,000 units (11,600 units a year on average) between 2000 and 2030 to meet future demand through 2030.

Given current trends, the University of Massachusetts Donahue Institute has estimated that the statewide shortage of housing units is expected to reach 29,926 units by 2020.

Foreclosures

In Massachusetts and nationally, foreclosure activity began to rise in 2006 as home prices began to drop and that rise has continued with minor ups and downs. The first wave of foreclosures involved subprime mortgages, but more recently it's been the loss of employment that is the greatest factor.

Almost 51,000 homes have been lost to foreclosure since 2006. There were about 1,000 foreclosures in 2005 compared 12,000 foreclosures in 2010. However, foreclosures began to slow in the fall of 2010 due to state legislation, court decisions, the "robo-signing" controversy, a slower market, and an increase in loan modifications. It now takes on average of 463 days to get through the foreclosure process.

It is possible that foreclosure activity will rise over the next year as legal issues get resolved and properties work their way through the backlogged system. There are approximately 20,000 Massachusetts homes currently in the foreclosure process and there are 25,000+ homes that are more than 90 days delinquent for which no petition has been filed.³ There are many more households with negative equity (15% of all Massachusetts mortgage holders) who are unable to refinance and are vulnerable to a foreclosure if their incomes decline. This could further depress housing prices, especially because it has become much more difficult for would-be buyers to obtain mortgages.

³ Mortgage Bankers Association [National Delinquency Survey](#), August 22, 2011 and Core Logic U.S. Housing and Mortgage Trends, July 2011 (page

MA Foreclosure Deeds and Petitions - Annual

	Petitions Filed	% Chg from Prior Yr same period	Foreclosure Deeds	% Change from Prior Year	National Foreclosure Deed Totals (Estimates) ⁴
2005			1,092		
2006	19,112		3,130	187%	268,532
2007	29,607	55%	7,653	145%	514,000
2008	21,804	-26%	12,430	62%	914,000
2009	27,928	28%	9,269	-25%	947,000
2010	23,933	-14%	12,233	32%	1,069,867
2011 (9 months)	9,417	-42%	6,402	-55%	571,005
Total 2006-forward	131,801		50,919		4,285,028

Source: The Warren Group/Banker & Tradesman monthly news reports

⁴ Through August 2011. Multiple sources including HOPE Now (for 2008 through August 2011), Calculated Risk Blog (2/2/2011) for 2007, and RealtyTrac for 2006.