Observations on hidden housing stocks in Brookline

Avi Kaufman February 21, 2020

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We need more housing

There seems to be growing consensus that housing in Brookline is becoming prohibitively expensive to the detriment of our culture and economy and that we need to do something about it. Housing has become so expensive that even working professionals struggle, from firefighters and teachers to doctors and lawyers. The big idea is to build more housing and reform the zoning by-laws to enable it. That's critical to our future, and I won't belabor the point since if you're reading this you probably already agree.

The benefit, however, will be slow to accrue because permitting and construction is a long process, most new housing is for luxury units, and it takes a while to trickle down to the middle market. We need help now. In the meantime, what else can we do?

Actually, I believe there are thousands of existing homes suitable for middle- and low-income families that have been artificially (or unlawfully) removed from the general market. Their removal has contributed to the housing shortage and run-up in prices. Would it be possible to get them back into circulation through a judicious use of housing policy and enforcement of town ordinances and Fair Housing laws?

For context, the population of Brookline was estimated to be 59,234 people in 2018.[1] Based on the assessor's database there are currently over 25,652 residential housing units in Brookline.[2] Of those, approximately 10,325 (40%) are owner-occupied and 15,327 (60%) are rental units.[3] Around 1,406 (5.5%) are listed as affordable units on the Assessor's database, meaning they are restricted on some criteria, such as income, or owned by a housing authority.[4]

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[1] https://censusreporter.org/profiles/16000US2509210-brookline-ma/

[2] Based on the Brookline Assessors 2020 Property Database, available at https://www.brooklinema.gov/DocumentCenter/Index/1220. I excluded categories such as hotels, inns, fraternities, lodging houses, nursing homes, hospitals, assisted living, etc. from my analysis. For purposes of this analysis, I consider a unit to be owner-occupied if it has a Residential Exemption in place. This is an approximation. Some owner-occupants haven't filed for the Residential Exemption despite the strong financial incentive to do so. Conversely, some owners with an exemption move out and put their unit up for rent without telling the town and so (improperly) keep their exemption.

[3] Although only 40% of *units* are owner-occupied, 62% of *properties* are owner-occupied. The difference is because in many multi-family units the owner lives in one apartment and rents out the others. For example, 523 of the 803 two-family houses in Brookline are occupied by the owner. If a multi-unit building has a residential exemption in place then I assume one unit to be owner-occupied and the remaining units to be rental.

[4] The official count of "affordable" units in Brookline for 40B purposes hovers just shy of 10%. That number is divorced from reality. The denominator in the equation is based on the decennial census, not the assessor's database, meaning it's using a count of the housing stock from 2010 and likely too low. Additionally, the numerator gets artificially inflated: if a rental apartment building has *any* affordable units, then *every* unit in the building gets counted as "affordable". Therefore, the 10% estimate of affordable housing is grossly overstated.

I'm writing to share observations and raise questions of where we might find and unleash hidden, existing housing stocks to alleviate the shortage while new stocks are built. Below are six items for consideration.

ITEM 1: Discrimination against families removes thousands of units.

Unintended consequences of lead paint laws

If you've ever tried to rent an apartment for a family with kids under the age of six, or even for a newly married couple, you've likely experienced discrimination first-hand. It often goes something like this:

> **Prospective tenant**: Is the apartment at 123 Elm Street available?
>
> **Landlord or agent**: Who is it for? / Can you tell me about yourself?
>
> **Prospective tenant**: It's for me, my spouse, and our young kids.
>
> **Landlord or agent**: Sorry, it's not suitable for families. / The upstairs neighbor smokes pot and parties. / It's no longer available. / Bad connection, I'll call you back. / Can I show you something else?

What just happened? The apartment in this hypothetical scenario was built before 1978 and therefore may have lead paint but it has not been tested. If anyone who lives in the apartment is under the age of six or is pregnant, then the landlord would be legally obligated to have the unit tested. If the result indicates lead-based hazards are present, then the landlord would be required to have the unit treated which, depending on the extent of the lead hazard, could cost anywhere from a few hundred dollars to tens of thousands. The landlord in this scenario wants to avoid this possibility, and therefore finds ways to refuse to rent to families.

To be clear, this is illegal. Fair Housing Laws unambiguously prohibit discrimination on the basis of, among other things, family status. But it's also very common. There are myriad variations of discrimination, some subtle and some not. For example, one tact is to advertise the unit as "great for students or young professionals;" that's code for "families need not apply." Another is for brokerages to keep such listings internal, off of any cooperative system such as the Multiple Listing Service (MLS), and only share when the desired demographic calls about another listing (which often doesn't really exist). It's hard to complain about being denied an apartment you didn't even know was available.

How many units are we talking about? It's difficult to get hard numbers around the extent of discrimination itself. What we can do is, using the inventory on the MLS as a proxy for the wider apartment rental market, estimate what percentage of rental units have potential lead-based hazards, and hence have an incentive to discriminate.

	Apartments on the MLS in 2019 (rented, under agreement, expired, withdrawn, or cancelled)	Percent reported lead "unknown" or "yes; not treated"	Percent reported lead "Certified treated" or "none"
N. Brookline (02445, 02446)	1,378	**85%**	15%
Boston	14,360	**84%**	16%

Cambridge	2,331	**76%**	24%

As you can see in the table, 76% to 85% of units either have lead paint or have not tested, and therefore are faced with a moral hazard. That would imply approximately **13,000** rental housing units in this situation in Brookline alone.[5]

Given that it's been over 42 years since lead was banned, and that the Fair Housing Laws predate the lead paint laws, it's implausible to believe that discrimination is not happening. Even if only a fraction of the landlords is driven to those actions, these are not marginal numbers. It's more than enough to drive up rent for families. This has ripple effects in the for-sale market as well: it inflates demand for purchasing a home by driving people who might otherwise be better served by renting out of the rental market.

Questions to consider for how to address this:

- What additional incentives could the town offer to voluntarily de-lead? (Beyond the $1,500 per unit state tax credit). For example, could the town offer a break on property taxes for newly de-leaded units?
- If all rental units[6] were *required* to be de-leaded regardless of whether they have young kids living there or not, would that remove the incentive to discriminate against renters with kids?
- How could a requirement to de-lead be implemented? Through the building or sanitary code?
- What kind of penalties would be appropriate for non-compliance?
- What are possible outcomes of a hard requirement to de-lead? A) Landlord complies. B) Landlord sells. C) Landlord refuses and pays penalties. D) What else?
- What type of units should be excluded from the requirement? For example, owner-occupied two-family houses where the owner is elderly.
- What could be done with money collected from penalties? Could it be used to make zero interest loans or grants to landlords who get stuck with larger projects, such as window or siding replacement?

[5] As stated above, units that have not been tested or that have known lead hazards have more incentive to keep their units off the MLS. Therefore, these figures could understate the percent of units that have not been tested for lead-based hazards. On the other hand, some of the larger, professionally-managed buildings also eschew the MLS even though they rigorously comply with Fair Housing and Lead laws. If you wanted to be more precise you could: a) Request or scrape the database of properties that have been tested from Health and Human Services Lead Safe Homes (https://eohhs.ehs.state.ma.us/leadsafehomes/default.aspx). b) From each town download the assessor's database. c) Mark each property as either owner-occupied or rented. You could use the residential exemption to accomplish this in towns that have one. Alternatively, mark where the owner address is different from the property address as another proxy for units that are rented. d) Cross-reference the rented units to the Lead Safe Homes database. Regardless, what's clear is the number is large.

[6] Why only rental units? Because only landlords face this moral hazard. Although the owner/seller of a property has an obligation to disclose any known lead-based hazards, he or she is not obligated to test or de-lead it for a buyer. That's the decision of the buyer. Therefore, a seller does not have the same incentive to discriminate against a buyer with kids as a landlord does against a tenant with kids.

ITEM 2: Airbnb and short-term rentals remove hundreds of units from the resident market

Having the option to rent out your own home on a short-term basis can be a good thing. Imagine someone who rents out an extra room or suite in their primary residence to help make ends meet or earn some extra money. Or someone who will be traveling for a few months and would otherwise leave their home vacant. In those scenarios, no units are removed from the rental or for-sale market.

But what about an investor who purchases multiple units expressly for the purpose of running a shadow hotel? Or landlords who puts their units on Airbnb instead of renting out on a long-term lease? (One more tactic to avoid complying with the lead laws.) This reduces the supply of housing and therefore contributes to rising housing costs.

The 2018 Massachusetts Acts Ch. 337 "An Act Regulating and Insuring Short-Term Rentals"[7], which went into effect on July 1, 2019, created a framework that enables towns and cities in the Commonwealth to crack down on these short-term rentals. Among other provisions, it requires owners to register their units as short-term rentals with the state Department of Revenue and to collect and pay room taxes. It also gives local municipalities broad authority to regulate these units.

Boston provides a partial model of how to respond. They implemented smart restrictions and required units to register with the city. They also entered into an agreement with Airbnb whereby the site is dropping hosts who fail to register as of December 2019. It's starting to have an effect, with the total number of rentals on Airbnb reportedly dropping by 1,720, from 5,500 in November to 3,780 in December[8]. It's worth noting though that only 700 units have been approved in Boston so far[9], yet the number of remaining listings is far higher.

Is that partial effect enough? InsideAirbnb.com is an open source project dedicated to compiling and analyzing data scraped from the Airbnb site, specifically to help answer this question. By their analysis[10], there are 3,507 Airbnb rental units in Boston, of which approximately 2,232 (63.6%) are for the entire unit (not just a room). They estimate 1,544 of those full units have high availability, meaning they are available for at least 60 days a year. That is a strong indication that residents have been displaced and those units are being operated as shadow hotels.

What about Brookline? Short-term rentals are not currently permitted in Brookline at all[11], and yet they have proliferated. The town of Brookline only seems to enforce the code if there is a complaint. InsideAirbnb does not provide data on Brookline, but the commercial provider AirDNA.co MarketMinder[12] does. They include inventory from both HomeAway and Airbnb (although notably not other sites like Booking.com, Expedia, etc.) Over the past four quarters for which AirDNA has data, there were an average of 526 active short-term rentals in Brookline. It would be reasonable to estimate that approximately 300 of those are for entire units.[13] That accounts for ~2% of our rental

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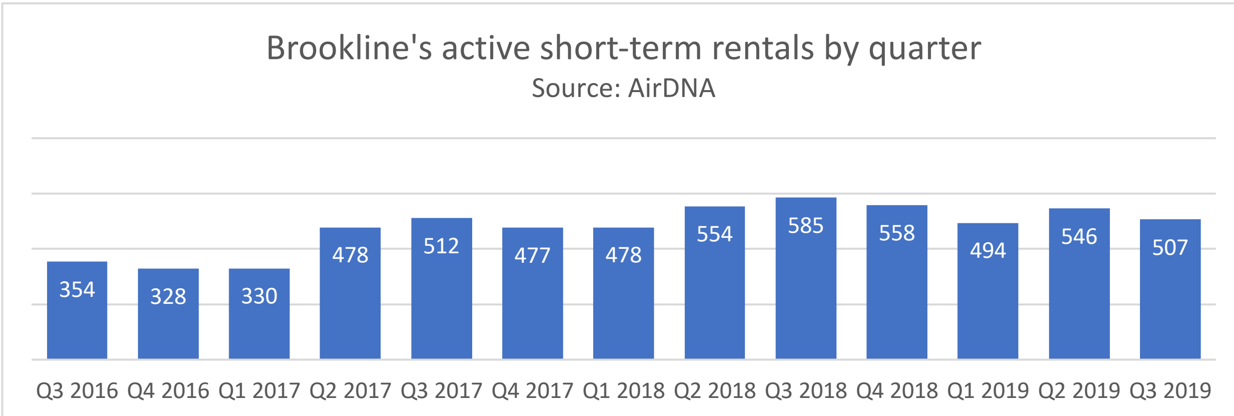
[7] https://malegislature.gov/Laws/SessionLaws/Acts/2018/Chapter337
[8] https://www.wbur.org/bostonomix/2020/01/15/airbnb-removes-boston-listings
[9] https://www.bostonherald.com/2020/01/14/boston-airbnb-listings-drop-by-a-third-after-agreement-kicks-in/
[10] InsideAirbnb analysis of Boston: http://insideairbnb.com/boston/
[11] https://www.brooklinema.gov/1510/15396/Air-BnBs
[12] https://www.airdna.co/vacation-rental-data/app/us/massachusetts/brookline/overview
[13] According to AirDNA, on January 15, 2020 there were 438 active short-term rentals in Brookline listed on Airbnb or HomeAway, of which 243 (55%) are for an entire home. Applying that 55% number to average inventory of 526 units yields

housing stock in Brookline – enough to move the needle on cost of housing. (How much would it move the market? I'm just a real estate agent. Ask an economist.)



Along with commonsense restrictions, what kind of tough enforcement and large fines would be needed if we wish to return these residential units to the residential market? Investors have strong incentives to work around the law, and if fines are minimal, operators will consider it a "cost of doing business" and flout the restrictions.

Brookline Warrant Article 18 from the December 2020 Town Meeting[14], which was referred to committee, would require a short-term rental to be owner occupied, meaning its located in the host's primary residence. It would allow no more than 2 rooms to be rented out, to no more than 2 people, and without a separate kitchen. I believe the intent is to crack down on short-term rentals for investment purposes.

A few questions to consider on how to improve that proposal:

- Following Boston's lead, would it make sense to require registration of units with the town in addition to the state registry? That would make it easier to track units and enforce requirements.
- Would it make sense to impose lodging taxes on approved units? It seems fair to put them on an even playing field with our hotel industry, and to generate revenue for the town.
- Why restrict the occupancy of approved units to two people? Wouldn't that push a family of four to occupy two units instead of consolidating into one? If the problem is with the number of units then why not allow four people to stay in one two-room unit?
- What kind of edge cases would warrant exceptions? For example, would it make sense to allow the short-term rental of an entire unit for a limited time, such as no more than 14 days per year, provided the unit is appropriately registered and the taxes are paid? This could allow, for example, a person who is away on vacation to receive income on their home while they are gone, while providing relief to the local tourism industry during peak travel times. The 14 day

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the estimate that on average 289 of the short-term rentals in Brookline are for the entire unit. Using the 63.6% estimate from InsideAirbnb for Boston and applying it to the 526 inventory number for Brookline from AirDNA indicates up to 335 could be for the entire unit.

[14] https://www.brooklinema.gov/DocumentCenter/View/20106/November-19-2019-Special-Town-Meeting-Warrant

limit is short enough that it is extremely unlikely for an owner to leave a unit vacant for the rest of the year to qualify.

ITEM 3: The uncarved block: thousands of potential units inside underutilized housing

There are thousands of existing housing units that are only partially used. Imagine, for example, a family where the children have grown and left but the parents remain in their 3,000+ square foot, 4-bedroom home. The parents may not wish or may not be able to maintain such a large home but are forced by the existing zoning to make a binary decision: either stay or leave. There is no apparent middle-ground, and frequently the owners stay well past the time they can care for the property, leaving a great portion of their home vacant, and in some cases in a declining state of repair.

This is why we often see properties listed for sale that have been owned for 30+ years but in a deteriorated condition that only a developer could consider taking on. That situation creates a triple loss to our community:

1. **Owner**: The owner loses the rent they would collect if they could carve out another unit and remain in their home (or the space for a potential caregiver so they can remain in their home), and they lose money on the eventual sale if the home deteriorates in the meantime.
2. **Residents**: A potential housing unit that would be suitable for the middle-market is left mostly empty. Residents lose because this reduction in supply helps drive up the cost of housing generally.
3. **Workforce**: If the condition of the house has deteriorated, then when the house is eventually sold the only way the numbers work for the developer, given our strict zoning, is to build large luxury units instead of more modest housing. This further reduces the supply of workforce housing.

Brookline Warrant Article 19 from December 2020 Town Meeting, which passed, is a commendable attempt to address this issue.[15] Is it too modest? It would allow owners of single-family homes to create an "accessory dwelling unit," i.e. a small apartment in their home. There are notable restrictions including:

- Not allowed in new construction. The house must be at least five years old.
- Not allowed in condos, even if it's a large townhouse. Only allowed in single family houses.
- Cannot be separately sold. The owner must own the whole house.
- The house must be owner occupied. The owner can live in either the main house or the accessory unit.
- Must be small. By right, whichever is less: 30% of the house or 750 square feet. Special permit up to 950 square feet.
- No short-term rentals allowed. Minimum 6-month rental terms.

Questions to consider to improve the proposal:

1) Why prohibit accessory units in new construction? Could this be a rare opportunity to create affordable housing units willingly subsidized, supported, and maintained by wealthy property owners?

[15] Ibid.

Consider that most new construction (or gut renovations) are for high-end luxury housing and are not financially attainable to most of our population. An accessory unit in that house, however, would be. It would add utility to the home for the owner, add value to our tax base, and create affordable workforce housing – a potential win-win-win. Would there also be a social benefit by integrating people from different levels of income into the same housing?

Also, wouldn't these be much more cost effective to build at the time of the home's construction rather than five years later? Limiting this option to homes that are at least five years old will dissuade a number of people who would otherwise consider it.

2) Why restrict this option to a classification (single family house) instead of by a physical constraint? Imagine a large townhouse. Some are classified as an "attached" single family, while others as condominiums. The distinction is legal, not physical. If the town allows accessory units to be built in some properties, then wouldn't it be unfair to prohibit it in similar properties just because the ownership is structured differently? This is a decision that would be best left to the individual condo associations, not the town.

There are many condos that could be suitable in their size or layout, and where the owners face the same challenges and incentives. I count 436 condos in Brookline with at least 2,500 square feet and that therefore would be large enough to qualify for the maximum by right 750 square foot accessory dwelling units. (There are thousands more that would qualify for smaller units).

3) Why limit Accessory Dwelling Units to such a small size? Why limit a house of 5000 square feet to the same 750 square foot ADU as a home of 2500 square feet. If we look to our neighbors in Newton, they allow ADUs of least 250 square feet up to a maximum of 1,200 square feet for internal units by special permit, or 40% of the total building size.[16]

4) If we want to add more housing, would a practical next proposal be to change the zoning to allow the 4,734 single-family houses in Brookline to convert to true two-family houses? Brookline, especially zip codes 02445 and 02446, is already dense with a mix of housing types, and it's part of what makes our town awesome. As long as no one is *compelled* to convert their house it seems like a win-win: the owners of single-family houses would instantly increase the value of their property, the town would increase its tax base, the supply of housing would increase as a number of single-family houses are turned into two-family houses, and our ecological footprint would be reduced.

ITEM 4: Undergraduates living off-campus take up housing

Brookline's proximity to Boston's many colleges and universities is another factor, albeit not a new one, in our housing crunch. Students living off-campus increase demand on our limited housing, pushing rents and housing prices up further. This is not to blame students - they need to live somewhere.

As a sample, Boston University's off campus housing office[17] told me that approximately 25% of their 18,000 undergraduate students live off campus, and 16% of Boston College's 9,800 students live off campus. From those two schools alone that's over 6,000 students. Estimating an average of 2.5 people per unit, that's 2,400 housing units occupied by undergraduate students from BU and BC. There are, of

[16] http://www.newtonma.gov/gov/planning/current/accessory_apartments.asp
[17] Phone call, January 21, 2020, https://offcampus.bu.edu/

course, many other schools contributing to this as well. Northeastern University has close to 50% of its students off campus.

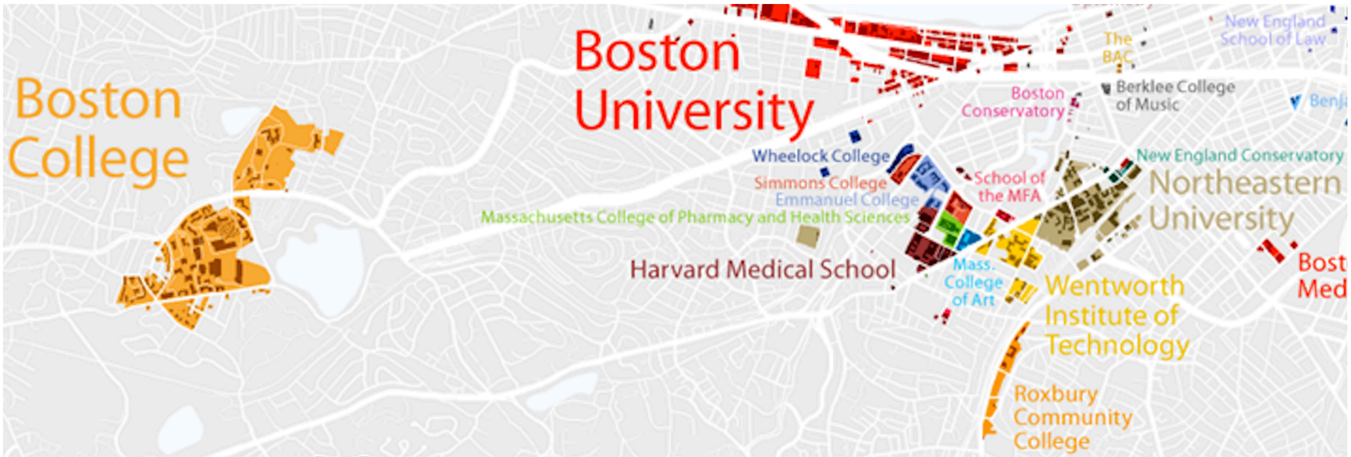
Neither the BU housing office or off-campus housing office knew how many students live in Brookline specifically when I asked. The off-campus housing website describes Brookline as a "sprawling residential community [that] tends to attract undergraduates in search of a quieter community as well as graduate students, faculty, and staff…." From experience, many students end up a stone's throw away in neighboring Allston. However, regardless on which side of the municipal border they reside, **2,400 apartments** is more than enough units to affect the market rent for all neighboring communities.

Given that non-profits are exempt from property taxes, the town does not seem to have a lot of leverage. It does negotiate Payment In Lieu of Tax (PILOT) agreements though[18], which are expected to produce approximately $1M in revenue in 2020 from all sources[19]. The only university with significant property in Brookline itself is Boston University, which owns 32 parcels and makes PILOT payments.[20]

To consider:

1. What are the incentives for students to live off-campus? For example, universities often require students to purchase expensive meal plans when living on campus, which pushes the overall housing expense higher compared to living off campus, and therefore drives demand for off campus housing.[21] Would reform of meal plan requirements help return students to campus?
2. Is there a shortage of on-campus housing to accommodate all students who want to live on campus?
3. What other factors are pushing students off campus?
4. What could these universities do to help alleviate the detrimental effects of their off-campus population on our housing stock?
5. In the next PILOT negotiation with BU, would it make sense for the town to include reduction of off-campus housing as one of the requests?
6. Are there sympathetic student groups on campuses who could help raise awareness and apply pressure on relevant university policies?

[18] https://www.brooklinema.gov/DocumentCenter/View/677/PILOT-Policy-Revised-2011?bidId=a
[19] Page 2 and 12: https://www.brooklinema.gov/DocumentCenter/View/18632/Sec-III_FY20-Revenue
[20] Northeastern University owns one property – Parsons Field on Kent St, which is also used by Brookline High School.
[21] See page 22, http://allstonbrightoncdc.org/wp-content/uploads/2019/05/FINAL-Rising-Rents-Closing-Doors-Report.pdf



[22]

ITEM 5: Drawbacks of a property transfer tax

Several towns and cities, including Brookline, are considering petitioning the state for legislation to authorize the Town to levy a real estate transfer tax for the purpose of funding affordable housing. Although certainly well-intentioned, as currently written Warrant Article 9 from Brookline's December 2019 Town Meeting runs the risk of galvanizing opposition to overall affordable housing efforts.

Essentially, the transfer tax would charge an additional fee of 2% on the sale of residential property in Brookline on the amount above \$500,000. For example, on a \$1,200,000 sale an additional \$14,000 would be owed to the town.[23]

There are several cases to consider where the application of this would be unfair and/or could increase the cost of housing. Please consider the following scenarios, which I believe should be seriously considered when contemplating how to implement this new tax:

1. Even in a hot market some properties sell for less than they were purchased. (And this will increase in frequency if the market cools). Take for example 147 Brook St. It was purchased in July 2015 for \$1,500,000, and sold four years later in October 2019 for \$1,380,000 after 114 days on market.

After accounting for transaction costs, such as mortgage closing costs when they bought and the commission when they sold, I'd estimate that seller's loss to be \$200,000. The transfer tax would have stung them for an additional \$17,600. (After 114 days on the market, it's a safe bet that the buyer would not be the one to absorb the "transfer fee." Even if the law says that the buyer is responsible for half, they would just bake that into the sale price and pass it to the seller).

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[22] Map of colleges and universities surrounding Brookline: https://en.wikipedia.org/wiki/File:Boston_area_college_town_map.png

[23] It specifies that the cost of the tax would be evenly split by the buyer and seller, but that's just not how price increases work in the real world. "While one side of the market or the other might superficially appear to pay a tax, that is, the ones writing the check, more often than not both sides of the market share the tax burden. They share the burden by way of changes in their demand and supply prices. If a \$10 tax, for example, results in an \$8 increase in the demand price and a \$2 decrease in the supply price, then buyers pay 80% of the tax and sellers pay the remaining 20%." Read more: https://www.amosweb.com/cgi-bin/awb_nav.pl?s=wpd&c=dsp&k=tax+incidence

Other examples include 213 Reservoir Road #1, which was purchased in 2016 for $670,000 and sold in 2019 for $630,000. Or 219 Crafts Road, purchased in 2018 for $641,000 and sold in 2019 for $625,000. This can happen in any market.

Depending on their mortgage and other payoffs, those sellers likely already had to bring money to the closing table. It's not common under current market conditions to sell for a loss, but it does happen, and it will become more common when the housing cycle changes. (Or if housing initiatives are successful.)

2. The transfer tax proposal would also hurt people who have to move after a short tenure, forcing many of them to take a real loss even with modest price increases.

Sometimes people need to move for work, or when their family situation changes. Imagine buying a home and then learning months later that your job is moving out of state. Or your parents need your help. This happens, and sellers are likely going to experience a financial loss.

In fact, of the homes sold over the past two years in Brookline, approximately **30%** were held less than five years. **10%** were held less than two years.[24]

The extra 1-2% cost will push some people who would otherwise break even into the red. Some will reconsider and hold on to their property, maybe even keeping it vacant, while they wait for the market to make them whole. That would be a tragic lose-lose resulting in reduced supply of available housing and higher prices.

3. While 2% of the sale price might seem small relative to the sale price, from the buyer's perspective it could actually represent 5 to 10% of the cash they need to bring to the closing.

The typical buyer with a mortgage makes a 20% down payment, meaning on the purchase of a $1.2M condo, they need $240,000 cash. On top of that they need to pay an additional $7,000 to $14,000[25] for the tax, representing 2.9% to 5.8% additional. (Buyers stretching to afford a home might make a lower down payment, in which case the transfer fee represents an even larger percentage increase in the cash they need to save to buy.) That's not peanuts!

In a very real way, that increases the price of housing and makes it less affordable – counter to the goal.

4. The added complexity of the transfer tax may tempt more people to sell to family or friends for a discount or with non-disclosed side terms instead of making their properties available to the general public. Hopefully most people would be honest, but some people would certainly search for loopholes. The problem with that goes beyond the lost revenue. As collateral damage, when people sell privately the property gets exposed almost exclusively to their own personal networks, which denies access to people from other backgrounds. That reduces diversity and fair housing.

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[24] Based on the Assessors database, there were 1,929 sales of condos, single family, two family, and three family houses in Brookline from December 1, 2017 through October 31, 2019 where I could also identify the prior sale date and price. 580 (30%) of those were held for less than five years. 188 (10%) were held less than 2 years.

[25] If it's a competitive bid situation (i.e. demand is less elastic than supply), common in a hot seller's market, the buyer will bear most of the 2% transfer tax.

I understand why people are supporting this idea – we want to do *something*. But the transfer tax could make housing more expensive, will push some sellers to lose money on their sale, and will hurt people who are already taking a loss.

5. If we need a new tax, would it be possible to tax the seller's gain instead? (Similar to a capital gains tax). For example, if the buyer purchased a home for $30,000 in 1970 and sells it for $1,000,000 today, tax the $970,000 difference. If the home sells for less than it was purchased, then don't tax it. I think that would eliminate most of those negative edge cases mentioned above.

ITEM 6: The demand side: help people live where there is less costly housing

The preceding sections focused on increasing supply of housing. A major objection often heard in opposition to increasing the supply of housing in Brookline is that the increased population could overwhelm our school system and lessen the quality of the education. I believe we can find reasonable solutions to that question, especially with the increased tax revenue that will be generated by more housing. However, should we also explore ways to dissipate demand?

There are other great places to live in Greater Boston with a lower cost of housing. For example, the median single-family house in Natick sold for $635,000 in 2019. But reasonably, people don't want to spend two hours a day on a packed highway. That drives further demand for living closer to Boston.

What could we do to make other towns closer (in commuting time) to shift demand to other towns? I imagine not much at the town level, but perhaps at the state level. Even if our towns are not the direct beneficiaries, how can we demonstrate support to our state representatives for efforts such as the following.

1. High speed rail to central and western Massachusetts
2. Highway lanes dedicated to busses and high occupancy vehicles
3. Support for remote working
4. Other ideas?

Appendix – general thoughts on what “affordable housing” means and why we need more

Income-restricted housing

Sometimes when people say “affordable housing” in the context of a town’s housing stock they are referring to income-restricted rental housing, meaning you must earn less than a certain amount to live there.

As an example, “The Calvin” at 420 Harvard Street, Brookline is a 25 unit development. In order to be built under 40B to overcome zoning restrictions, part of the project, 4 units and 1 more nearby were set aside for households with income at or below 50% of the Area Median Income. The affordable units included one studio, one 1-bedroom, two 2-bedrooms, and one 3-bedroom.[26]

The restrictions on those units include: A family of three’s total income had to be less than $53,350 per year to qualify. Also, they must be able to afford the rent, which was $1,167 for one of the 2-bedrooms, meaning they needed minimum income of ~$41,700 to qualify, according to guidelines from the leasing office. (So they have to earn between $41,700 and $53,350 to even apply). After move-in, they must leave if their income increases above 140% of the then current Area Medium Income for their household size.

Unsurprisingly, the project received well over 1000 applications for those 5 spots, necessitating a lottery.[27] Each applicant had less than half a percent chance of securing an affordable unit. It’s easy to conclude Brookline is generally unaffordable to those earning less than 50% of Area Median Income, and almost any amount of affordable housing built for the 50% of Area Median Income would be insufficient. (Not a reason not to build more.)

Is even 200% of Area Median Income enough?

There is a big gap, however, between the earnings maximum to qualify for those affordable housing units, and the minimum needed to qualify for market rate units. Even people earning substantial income well above area medians, which historically would have been sufficient for Brookline, often cannot afford the housing option they would prefer.

For example, a family with annual household income of $200,000 (approximately 200% AMI for a family of three to four[28]) might consider $900,000 to $1,000,000 to be the upper limit of what they can afford.[29] If they desire a three to four bedroom condo in move-in condition with 1 ½ or more bathrooms, a deeded parking spot, central air conditioning, in-unit laundry, 1500 square feet, and walkable to the T, shops, and parks, they may very well conclude that north Brookline lacks affordable options. 69 units matching that description sold on the MLS in 2019 for an average of $1,659,378, and ranged from $1,075,000 to $2,767,500.

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[26] https://s-e-b.com/wp-content/uploads/2019/06/InfoPack_JFK-Crossing_v2019.pdf
[27] https://s-e-b.com/property/jfk-crossing/
[28] https://www.brooklinema.gov/DocumentCenter/View/14588/2018-HUD-Income-Limits
[29] Assuming a 20% down payment and 3.825% interest on a 30-year fixed mortgage, $8000/ year in property tax, $500/month condo fee, and $1200 per year for insurance, their monthly payment would be approximately $4632 on a $900,000 condo purchase, representing 27.8% of their pre-tax income. A typical lender would likely approve the person for a higher monthly housing cost, perhaps as high as 48% of income (i.e. 48% debt to income ratio), but many people would be uncomfortable/unable taking on that level of debt, especially given other rapidly increasing costs such as childcare, healthcare, and eldercare.

The point is not to “feel sorry” for a family earning $200,000 a year; they certainly have more options than most. Rather, consider what change that will wrought on who can live here and what it will mean for Brookline if the people who dedicate their lives to serving others (from teachers and firefighters to doctors and lawyers) cannot afford to live here.

In conclusion, we need more housing at all price points.