

# Why Does It Cost So Much to Live in Boston?

It is expensive to rent or buy a home in Boston. This isn't news to any of us who live here. But, why does it cost so much and how can we change this?

By John Keith, Neighbor

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According to a recently released study from the [Center for Housing Policy](#), 24% of Massachusetts families are spending as much as 50% of their incomes on housing. This will come as no surprise to those of us living here in Boston. Housing is expensive? This, we know. But, why does housing cost so much and, even more important, how can we fix this?

## How we got here

Boston hasn't always been a great place to live. Between the 1950's and 1980's, the city's downtown neighborhoods were in decline as the middle class moved to the suburbs. Things got worse when the [busing crisis](#) of the 1970's led many families with kids to abandon the city.

It wasn't until the late 1980's and the 1990's that the city started getting its **mojo** back. Major crime plummeted (the homicide rate **dropped** from 24.9 to 11.99 per 100,000 residents between 1990 and 2010) while local banks and mutual fund companies grew. Colleges increased enrollments and hospitals expanded, creating professional and custodial jobs for thousands.

As **Boston's population** recovered, housing prices skyrocketed. It's estimated that **Boston's median home price** jumped 153% between 1980 and 2000 and another 50% between 2000 and 2010.

While more demand is somewhat responsible for higher housing prices, it doesn't explain most of it. The city's population is still smaller - 23% smaller - than it was 60 years ago.

Downtown Boston's population in the mid-20th century included many people living in substandard housing - rooming houses, single-room occupancy units (SRO's) - **flop houses**, basically. In the 1960's and 1970's, almost all of these were torn down, thereby reducing our housing stock

Urban renewal projects of the 1950's and 1960's replaced densely-populated areas such as the South End's **New York Streets** and the **West End** neighborhood with sterile, often smaller, housing developments.

Over the years, apartments in the South End, Back Bay and Beacon Hill were renovated, but with fewer units per building. Throughout the city (and across the U.S.) more people began living alone, or getting married but reducing the number of children they had, so there was no reason for large, multi-bedroom units to be built.

Whereas there were ~220,000 households in Boston in 1950 with an average of 3.1 persons per unit, in 2010 there were ~252,000 households with an average of 2.26 persons, according to the US Census Bureau.

Since 2000, Boston's college student population exploded, due to US demographic changes, easy access to tuition loans, and a renewed emphasis higher education by business and government. It's estimated there are 67,000 students living in rental housing within Boston.

### **Where we are**

During the past ten years, there has been a lot of construction in the city - **almost 20,000** new housing units have been added. But, a quarter of these were in low-income housing projects. Meanwhile, our city's population increased by more than 28,000 people. So, in perspective, we're in barely better shape at the end of the decade than when it began.

The housing collapse and recession have done nothing to improve the situation.

According to research by Northeastern University professor Barry Bluestone at the [Kitty & Michael Dukakis Center for Urban and Regional Policy](#), this is mainly for three reasons:

- Homeowners who lost their homes due to foreclosure are now renting;
- Younger families that would traditionally turn from renters into buyers are now holding off on purchasing homes, either because they can't get loans or are worried about continued price decreases; and,
- College students, especially graduate students, are competing with other households for apartments.

Housing prices in the city aren't coming down and aren't expected to come down. An improving economy will mean more people looking to move into the city - basically, more demand but a limited supply.

So, now what?

### **Where we're going**

There have been some positive developments recently.

New apartment complexes are proposed for downtown Boston - as many as three thousand units are already permitted. Already, at North Station and in Downtown Crossing / Chinatown. Within two years we'll see 1,000-1,500 new apartments completed. In the scheme of things, not a lot of additional supply (a 0.37% increase), but still very helpful.

The Boston real estate market is **improving**. There is definitely renewed interest in looking for new places to live - I've seen increased traffic on my **Boston real estate** websites and noticed more people visiting Sunday open houses. The downside of this is that there will be more buyers competing for a limited number of homes for sale, but eventually, developers will be encouraged enough to break ground on new projects. More developments in the pipeline now will benefit us two to three years from now.

And, dormitory construction is on-going. Since 2000, Boston's colleges and universities have **added 29 dormitories and nearly 11,000 dormitory beds**, an increase of 39%. (Offsetting this has been an increase in student enrollment by 16,559 students - 12.3% - during the same period.)

### **What to do**

Residents of the downtown Boston neighborhoods have a right to expect a high quality of life and not be inundated with new construction projects that cause more congestion and the ruination of their neighborhoods' aesthetics, but they also have to be practical - new, even dense, housing developments on the peripheries of their neighborhoods will do little harm.

We need to encourage specific neighborhoods to be amenable to new housing initiatives, where appropriate (Downtown Crossing, Seaport District, the South End's Harrison/Albany Corridor, on top of the Massachusetts Turnpike, and on the [Rose Kennedy Greenway](#)).

Building dorms is a great way to increase supply. It's a win-win - students get quality, safe housing while residents get stabler, stronger neighborhoods.

## **Conclusion**

A couple months ago, I suggested the city of Boston could work toward solving its housing crisis. None of those addressed the singular problem facing the city: too much demand and not enough supply. We could build ten thousand units of housing over the coming decade and still only partially satiate demand.

What other ideas do you have?

<https://patch.com/massachusetts/charlestown/why-does-it-cost-so-much-to-live-in-boston-b94e5a33>

