

Sunday, July 6, 2014, 3:00am

**Commercial Interests**

## **Shorter Buildings, Higher Rents**

### **Boston's Housing Crunch Unlikely To Ease, Despite New Units**

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Boston sure looks like it's booming, what with all the cranes on the skyline. But appearances can be deceiving, especially when it comes to the increasingly dire housing shortage squeezing the middle class, not just in Boston, but across Eastern Massachusetts.

Despite years of nonstop talk about housing by then-Mayor Thomas M. Menino and now Mayor Marty Walsh, Boston is no nowhere close to building enough condos and apartments.

Builders are on track to roll out roughly 3,200 new residential units this year in Boston, which would make it the best year for housing since the Great Recession. But hold the champagne –

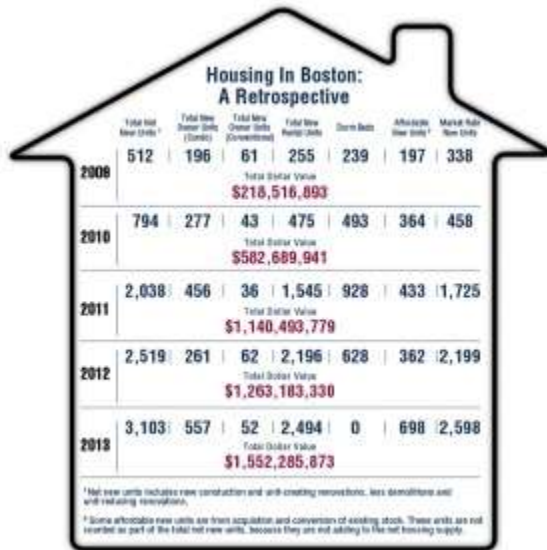
that’s barely a tenth of what will needed by the end of the decade. And that’s just to keep up with current demand, let alone put a dent in soaring condo prices and skyrocketing rents.

The problem is simple, but at the same time not so easy to fix: There are too many small and mid-sized projects in a city notoriously allergic to size and height, and paying through the nose for its quirks in higher condo prices and rents.

Incredibly, a modest high-rise with a couple hundred units counts as a major project in Boston, compared to a couple thousand in other cities.

**“When you limit height and force down the number of units, it creates more upward pressure on costs,” notes Daniel P. Dain, founder, chairman and president of Dain, Torpy, Le Ray, Wiest & Garner, P.C. and a veteran Boston real estate lawyer.**

### A New Plan



All eyes are now on Boston’s new mayor, who pledged during his campaign to spur construction of housing affordable to middle class families. In the next few weeks, Walsh will unveil his own blueprint on how he plans to tackle Boston’s housing woes – and it’s an unenviable task.

Walsh follows on the heels of Boston’s longest-serving mayor, a virtual development dictator who exerted unprecedented control over the city’s building scene. Yet despite talking about housing all the time, Menino wasn’t able to post the kind of numbers needed to keep prices under control.

With great fanfare, Menino last spring unveiled plans to add another 30,000 new apartments and condos to neighborhoods across the city by 2020. Sounds like a big number, but in fact it’s about what’s needed to keep up with current demand in a city whose population is growing again, along with its increasingly high-tech workforce.

Of course, politicians love these big pronouncements – they make great PR and no one bothers to follow up to see how they are really working. So here’s the verdict so far: 3,103 new units last year, and a projected 3,200 for 2014.

That’s just 6,300 units towards Menino’s goal of 30,000 by 2020. That means the number of new condos and homes starting construction will have to double each year for the next five years to hit that mark.

While I don’t have an exact breakdown of where the units are going, it’s pretty clear, given where the cranes are right now, that most are these new apartments are deluxe pads opening up in pricey neighborhoods like the Back Bay and the Theater District.

**“You add up all those projects – and all of them are in quote-unquote ‘towers’ – you add them up and it’s just 2,500 units,” Dain contends. “And those are the huge projects.”**



Boston’s housing czar Sheila Dillon takes a brighter view of the numbers, noting the 12,000 housing units in projects that have been approved by City Hall, but have yet to apply for a building permit. Add that to the units already under construction and you’re in the 20,000 range.

That said, the Walsh Administration realizes the big challenges it faces in spurring more housing construction, especially homes that are affordable to middle-class buyers, Dillon acknowledged.

And that means looking for opportunities for new residential development that is denser and taller.

“We recognize we can’t continue building in the same way we used to,” said Dillon, chief of housing and director of the Department of Neighborhood Development. “Everything is on the table.”

It’s not an impossible goal, if an unlikely one at this point. After all, City Hall, during Menino’s last year on the job, handed out approvals for 12,000 additional units in a scramble to cement the mayor’s legacy. But some of this was clearly front-loading approvals that would have been spread out over a couple of years – how many actually get built and how fast remains to be seen.

## **Walsh's Challenge**

So it's fair to say, Walsh inherits quite a fight as he looks to make good on his campaign promises to deliver some real housing relief to Boston's middle class. But unless he makes some radical changes – and changes that will surely ruffle the feathers of some of his supporters in Boston's neighborhoods – Walsh won't fare any better than Menino did.

Boston needs tens of thousands of new homes over the next few years. And the city just can't get there limiting developers to 200 apartments here, 100 apartments there.

Moreover, too often the only way to get even a few hundred units at a time is to build them downtown, which almost always means luxury units, not homes for middle-class families.

Instead, the city and its new mayor must think big, encouraging developers to swing for the fences with truly ambitious projects, Dain argues. How ambitious? Walsh should find a suitable site and test the waters, putting out a call for proposals for thousands of units, not just a few hundred, he advises.

That would certainly take some real political guts to do. Whether Walsh is capable of making such a bold move, though, remains to be seen.

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