

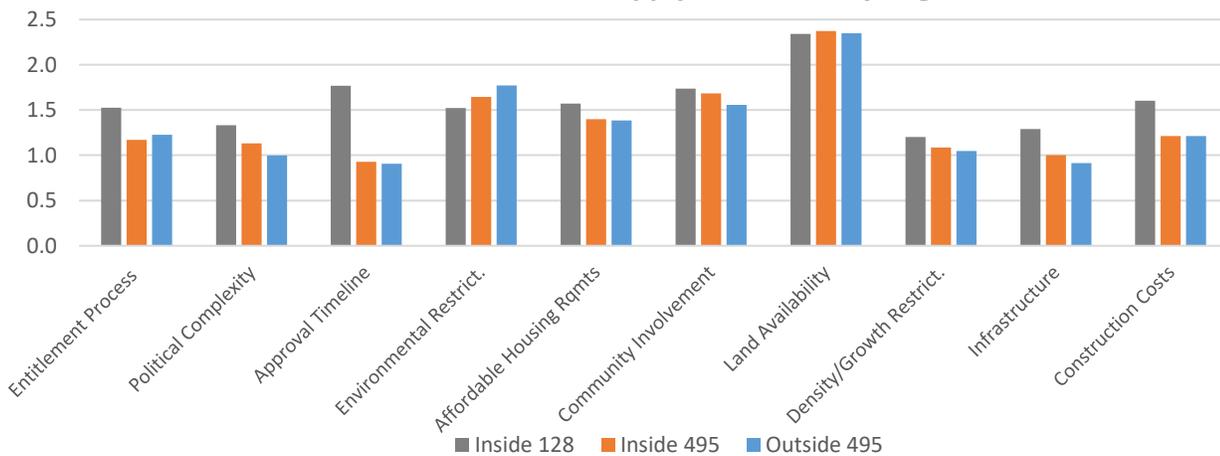
BARRIERS to APARTMENT CONSTRUCTION 2020 UPDATE

- Similar to other growing coastal markets, Greater Boston is limited by a lack of available land and rising construction costs which create affordability issues. Despite a NIMBYism environment, the city has delivered more than 11,000 new units in the past 5 years.
- The more urban areas have significantly longer approval timelines, more complex entitlement processes and higher construction costs. The far suburbs are more likely to have more environmental restrictions but less approval, costs and infrastructure issues.
- Greater Boston moved lower in the rankings (more restrictive) from a rank of 45 last year to 51 of 58 markets this year, just behind Washington DC (ranked 50) but ahead of San Diego (52) and Seattle (53) as approval timelines, land availability, affordable housing and construction costs were rated as more restrictive than last year.

GREATER BOSTON



Boston Barriers to Supply Subindices by Region



With 88% of 2020 survey respondents listing the Greater Boston area as fairly to extremely difficult to build, Boston is rated in 2020 as a restrictive multifamily development market, moving its rank from 45 last year to 51 (becoming more restrictive) of 58 markets. A few factors were noted consistently across the region as being important in impacting new supply including high construction and land costs, NIMBYism, affordable housing requirements, density restrictions, land availability, a lack of by-right processes, and appeal times that can stretch past a year or two. Restrictiveness scores for NIMBYism, community involvement, lack of land, and time to build increased over the past year. Despite the restrictions, the area delivered more than 46,000 units over the past five years with another 18,000 under construction.

Multiple municipalities exist within the Greater Boston area, each with its own policies and processes. Variances between towns and boards creates permitting uncertainty across the region. At a high level, the urban area inside Rte. 128, including the Boston CBD, is more restrictive than the suburbs for a number of survey measures including repeated lawsuits by community groups to delay construction, high and increasing land and construction costs, lack of impact fee waivers, just-cause eviction requirements, and school crowding issues. Development advocates are suggested to lead developers through the approval process

The belt outside Rte. 128 but inside I-495 frequently responded similarly to the urban area inside Rte. 128 but with less intensity; notably zoning and rezoning time was the lowest in this area. Both areas outside Rte. 128 listed requirements for popular votes for zoning changes to be significant. Height restrictions, coastal and flood zone restrictions were also listed as significant outside I-495.

BARRIERS INDEX METHODOLOGY:

NAA HAS Barriers to Apartment Construction indices were created from over 90 apartment development questions in ten categories and scored digitally on a scale of 0 (least restrictive) to 3 (most restrictive) from real estate professionals in both the public and private realms through 2019 and 2020 surveys. CoStar is the source of new supply and under construction figures.