

The state's 'smart-growth' plans are supposed to loosen the housing squeeze and give would-be home buyers a fighting chance. Problem is, no one seems to be listening.

BY MICHAEL JONAS

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TALK LONG enough to anyone about the high cost of housing in Massachusetts and the conversation usually gets around to the same illustration of just how tough things have gotten: In more and more places, not just the priciest ones, police officers, teachers, and other mainstays of municipal life can no longer afford to buy a home in the communities they serve.

"People who play by the rules and get an education and get a job ought to be able to have a decent place to live," says Clark Ziegler, executive director of the Massachusetts Housing Partnership, a state-wide affordable housing agency. But many of those playing by the rules in the Boston area have found the door closed to the bedrock definition of the American dream. Business leaders, furthermore, point to the high cost of housing as perhaps the single greatest

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threat to the Massachusetts economy, which depends heavily on human capital to drive its knowledge-based industries.

Greater Boston home prices rose by roughly 10 percent or more each year for seven consecutive years leading up to 2004, when the median sale price of a single-family house was \$376,000. In only 27 of the 161 cities and towns in the region could a family earning the median income in that community afford a house at the median price of homes sold there in 2004, down from 59 communities only a year earlier. The red-hot real estate market may be cooling, but the modest price drop in the coming year predicted by some analysts won't be nearly enough to put many teachers and firefighters into homes.

GROWTH, K4

Growth

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We haven't arrived at this situation by accident. As a report released last week by Harvard's Rappaport Institute for Greater Boston and the Pioneer Institute lays out, communities across the Greater Boston region have used nearly every tool at their disposal to resist the pressure to build more housing, putting a squeeze on the supply pipeline that has helped drive the run-up in home prices. Communities have markedly increased their lot-size requirements, so that new houses can only be built on one- or two-acre parcels. Many municipalities have imposed rules governing septic systems and wetlands that are far more stringent than those in state law, and 53 communities in Greater Boston now have some type of growth-control bylaw that simply caps the number of housing permits given out annually.

"We have a situation here not of market failure, but of regulatory failure," says Greg Peterson, a Boston land-use attorney.

That "regulatory failure," say land-use planners and housing experts, has not only helped drive prices up, but is also promoting a sprawl-friendly pattern of land use that is chewing up open space in Eastern Massachusetts at a fierce rate, threatening the traditional New England character of our cities and towns.

If it all adds up to a gloomy picture, state leaders say they have a plan to address the housing squeeze and the squeeze on open space in one fell swoop. "Smart growth," the planning community's answer to sprawl, has been embraced by State House lawmakers and has emerged as the driving philosophy of development policies in the Romney administration.

The only catch: It's not clear that beyond Beacon Hill—in the cities and towns where land-use decisions are actually made—anybody is listening. Meanwhile, some wonder whether the smart growth policies rolled out to date go nearly far enough to address the major issues underlying the Bay State's housing crisis, from local control of land-use to how we fund public schools.

The principles underlying smart growth began to appear in land-use policies as early as the 1960s, but it's only over the past decade that the movement has taken off across the country. In Massachusetts, smart growth arrived with a bang following the 2002 election of Governor Mitt Romney, who tapped Doug Foy, the longtime head of the sprawl-battling Conservation Law Foundation, to serve as his top development aide.

At practically every turn, Romney administration officials tout the central tenets of smart growth: concentrate development near transit stops, bring residential development to city and town centers to mix with commercial uses, and build housing at greater density. It's a back-to-the-future embrace of the community feel of older neighborhoods, which state leaders say can promote construction of desperately needed new housing while also conserving open space farther from city and town centers.

In 2004, the Legislature jumped on the smart-growth bandwagon by passing a new zoning statute, Chapter 40R of the state's General Laws. Under 40R, communities receive one-time incentive payments from the state in exchange for creating zoning districts that allow denser, mixed-use development near town centers and transit stations. Twenty percent of all units in a 40R district must be set aside as affordable housing. Communities are eligible to receive incentive payments ranging from \$10,000 to \$600,000, depending on the number of new housing units projected for the smart-growth district, plus an additional one-time bonus payment of \$3,000 per unit at the time a building permit is issued.

Romney has called 40R the "quintessential smart-growth strategy," while Foy confidently told the *Globe* in December 2004 that it would be a good start if 20 to 50 communities adopted 40R over the next year. A year later, however, not a single city or town has approved a smart-growth district, though state officials say about a dozen communities are weighing such zoning changes.

In fairness, regulations for 40R were only promulgated in March, and the process of adopting the new districts, which will require the approval of town meeting in most cases, is arduous and time-consuming. But it's not too soon to wonder whether the new smart-growth law expects too much of municipalities, in terms of what they would have to accept—and what they would have to give up.

Framingham, for instance, has been very open to affordable housing, and several years ago approved zoning changes to allow residential development in the downtown business district. That would seem to make the community a perfect candidate for the new 40R zoning. But Framingham planning director Kathy Bartolini wants no part of it.

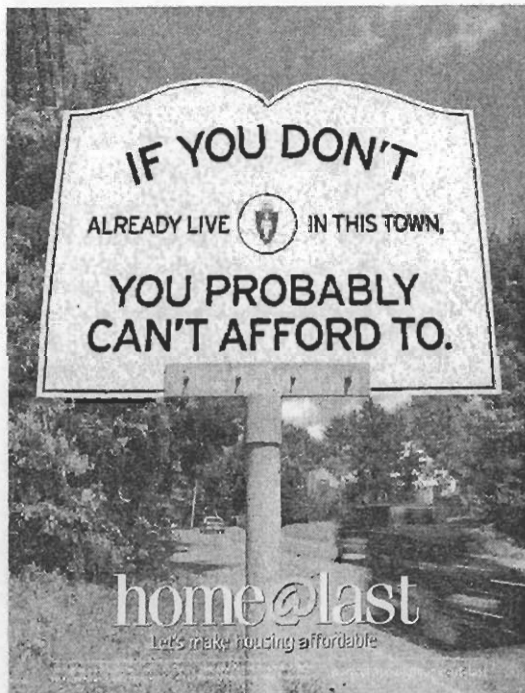
Her biggest objection is that once a smart-growth district is approved, any development proposal that conforms to 40R's guidelines on density and affordable housing can be built "by right," with the local community given very little say over what happens within the district's boundaries. "It's either their way or the highway," says Bartolini. "I don't know of too many communities that will even contemplate this."

State officials concede that the program has gotten off to a slow start. But they say that, with time, the smart-growth zones will take hold. "Every day I hear about another community that's interested," says Sarah Young, deputy director of the Department of Housing and Community Development. "Once the first community gets done, once they pass the zoning and it gets implemented, I think we'll see a lot more interest."

If communities are not leaping to take advantage of smart-growth incentives, it may be because a web of factors lies at the root of the resistance to housing development, ranging from concerns over loss of open space to worries about clogged roadways. The biggest factor, however, is concern over the impact on school costs.

Local officials say the added property tax from a new house—particularly anything short of the super-sized "McMansions" that are in favor with so many zoning boards—does not cover the added education

Some question whether the state's smart-growth policies go nearly far enough to address the issues underlying the housing crisis, from local control of land use to how we fund public schools.



An advertisement from the Citizens' Housing and Planning Association promotional campaign on the need for more affordable housing in Boston's western suburbs.

costs that come with children in those homes. That claim often lies at the root of the endless maneuvers by Massachusetts communities to keep out new residential development in general, and homes that could house schoolchildren in particular.

Local land-use policies "have become very anti-child," says John Clifford, town administrator of Marshfield. "The general consensus is, any subdivision that could bring children to town will negatively impact the town's finances. For a state that is losing population and losing younger population, that is a pretty damaging view."

Hoping to address those concerns head on, last year state lawmakers approved new legislation, titled Chapter 40S, committing the state to pay for any net added school costs that come from children living in new housing built in a smart-growth zoning district. State Senator Harriette Chandler, a Worcester Democrat who cosponsored the new law, calls it "an insurance policy" against municipal concerns over the fiscal impact of new housing.

Not everyone is convinced, however, that the 40S insurance policy provides enough coverage.

Wareham-based A.D. Makepeace Co., the world's biggest cranberry grower, which is looking to develop housing on some of its 12,000 acres of land in Southeastern Massachusetts, recently commissioned research by a Denver-based consulting firm specializing in school finance issues. The report compared Massachusetts with 17 states, 15 of them regarded as economic "competitors" with a significant presence of knowledge-based industries. Massachusetts relied more heavily on local funding of schools than 14 of the 17, with only Colorado, Illinois, New York, and Pennsylvania in the same range as the Bay State, where local taxes account for nearly half (49.8 percent) of all dollars spent on public K-12 education. What's more, that statewide average masks the far greater local share of school costs borne by suburban communities, which get much less state aid than high-poverty cities under the state's funding formula. In Plymouth, for example, local taxes pay for 76 percent of school costs, making new housing with children an expensive proposition.

Because 40S only covers added school costs in new smart-growth districts, which many towns may not adopt and which are not necessarily the place where all new housing in the state should go anyway, Makepeace CEO Michael Hogan says it is hardly the cure-all for suburban resistance to housing development.

"Local government pays the majority of the

freight for public education," says Hogan, a former mayor of Marlborough and also formerly director of the quasi-public state agency MassDevelopment. "Until we fix that, we're never going to fix the housing situation."

Ziegler, the head of Massachusetts Housing Partnership, says he's "kind of agnostic" about the impact of the state's new smart-growth zoning law. "I don't think it's a magic bullet, even with the education funding piece." Taking the school-cost issue "off the table" is a good idea, he says. "But my experience is that the resistance [to new housing] comes from a much deeper place. You address one issue and people move on to another. You solve a traffic issue and it becomes schools. You solve schools and it becomes groundwater."

"We have to figure out a different social compact," adds Ziegler. He even raises the idea of a mandate, perhaps at least in the eastern half of the state, that communities allow for a certain percentage of housing growth each year, some of it affordable housing, in exchange a more reliable stream of local aid from state government, recent cuts to which have only increased municipal resistance to new housing.

The politics of the situation, however, do not seem particularly favorable to dramatic steps that would shake up the status quo. "People see home values going up 10 or 15 percent a year and they say, 'I can live with this crisis,'" says David Begelfer, CEO of the Massachusetts chapter of the National Association of Industrial and Office Properties. "But they're not looking down the road. No one is speaking from the bully pulpit saying, 'This cannot go on because it's going to affect our economy and all of our futures.'"

Perhaps the patchwork of state smart-growth initiatives, designed to promote more housing production while reining in sprawl, will eventually make a difference for people like Jeff Convery, 37-year-old father of three, Framingham native and social studies teacher at Framingham High School, who has been shut out of homeownership in his own community by prices that keep rising faster than incomes. In the meantime, it's hard to blame Convery and his wife, Barbie, for hoping that the rules of the game that have been so kind to the housing haves—and which the haves have fought so fiercely to protect—turn sharply in favor of the have-nots.

"We're actually kind of hoping the bottom will drop out of this housing market," he says.



TIM LANE

The school-cost equation

LEADERS OF the Commonwealth Housing Task Force, an ad hoc group of academic experts, business leaders, and housing advocates, argue that the state's school-funding formula, which puts wealthier communities on the hook to pay most of their own school costs, contributes significantly to suburban resistance to new housing. Boston developer Ted Carman, a task force member, says the school-funding system has created "extraordinarily perverse" financial incentives against new modest-priced housing in most Massachusetts communities. "And guess what?" he says. "They've all figured it out."

With local school costs often consuming as much as half of a suburban community's municipal budget, Carman says a \$300,000 house that pays \$4,500 in taxes—of which about \$2,250 goes toward school funding—is a money loser for communities as soon as it has even one public school

student living in it. With average per-pupil school costs in many suburban communities in the range of \$8,000 to \$9,000, only a fraction of which is picked up by the state, such towns would lose about \$5,000 per child in the type of modest-priced housing envisioned for more densely built smart-growth districts, he says.

Carman is the principal architect of the new Chapter 40S statute, signed by Governor Mitt Romney in November, under which the state will make up the difference in additional net school costs in smart-growth zones, beyond the contribution of property taxes from those housing units.

Doug Foy, secretary of the Office for Commonwealth Development, and others have suggested that the school-cost burden from new housing may not be nearly as great as Carman and the task force suggest. In October 2003, an analysis by the Execu-

tive Office of Administration and Finance showed that in 170 of 215 Massachusetts communities studied, tax revenues from single-family houses built in 2000 exceeded the incremental school-cost increase from children moving into those houses, while just 45 municipalities were net fiscal losers.

It seems possible, however, that most towns came out ahead precisely because they have been following the sort of zoning policies the state is fighting hard to change: those that generate only expensive homes built on large lots, which in turn generate property tax bills much higher than the \$4,500 used in the example above. Denser development of modestly priced homes—the kind smart-growth calls for—could well tip the financial equation against communities, exactly the sort of disincentive for new housing that 40S is intended to head off.

— MICHAEL JONAS