

SUPERCHARGING HOUSING PRODUCTION

Policies & Practices that Promote Housing
Development, Attract Businesses, & Retain Talent



A Report by the
Greater Boston
Chamber of Commerce
May 2026





A LETTER FROM GREATER BOSTON CHAMBER OF COMMERCE PRESIDENT & CEO JAMES E. ROONEY

Housing affordability continues to be top of mind for the Chamber members. I consistently hear from the Commonwealth's employers that high housing costs are negatively impacting our ability to attract and retain talent. When access to talent, one of our biggest competitive strengths, becomes more difficult, it affects business decisions about where to invest, grow jobs, and deploy capital. Domestic outmigration continues, and a large portion of our young residents either do not think they will remain in Massachusetts in five years or are unsure if they will remain in Massachusetts.

The report comes at a critical juncture for housing policy in the Commonwealth. Massachusetts, through efforts like the Affordable Homes Act and the MBTA Communities Act, has begun to address the barriers to housing production that are largely responsible for the limited inventory and high prices of today. However, our competitor states are doing more to boost housing production – and the Commonwealth faces several impending threats to housing development, both within and outside of our policymakers' control.

Our report, *Supercharging Housing Production: Policies & Practices that Promote Housing Development, Attract Businesses, & Retain Talent*, evaluates housing production trends in key competitor states compared to the Commonwealth, highlights programs and policies that these states embrace to produce more housing units of all types, and offers a menu of policy suggestions, both temporary and permanent, that can help address our housing affordability crisis. The report also highlights public policies we must avoid that will only further exacerbate high housing costs.

A key component of our recommendations emphasizes the need for regional-specific approaches to housing development. Policies that may work for Boston do not reflect the needs of the Berkshires or the South Coast. We encourage flexibility in our policy frameworks to ensure that housing policies meet the needs of every region of the Commonwealth, as a statewide, all-hands-on-deck approach is necessary to reach our housing production goals. Every housing unit produced contributes to curbing long-term housing costs.

I would like to personally thank the Chamber's Director of Research, Emily Baer, PhD, for her thoughtful and thorough work in putting together this analysis and report. I believe it provides the comparative context to our approach to housing production, evaluating other states' approaches to housing, outlining some best practices, and highlighting readily available policy levers here in Massachusetts. Promoting housing production should remain at the top of the policy agenda in Massachusetts, and we urge our local, regional, and state policymakers to take the bold steps necessary to hit our housing goals.

Sincerely,

James E. Rooney
President & CEO

EXECUTIVE SUMMARY

In Massachusetts, access to quality and affordable housing options are vital to maintaining and fortifying the state's economy and workforce.

Housing encourages young people who come to the Commonwealth for secondary and higher education to stay after graduation, enables the Commonwealth's workers to build their careers and start families, and allows all residents to adapt their housing needs when incomes or family conditions change. For businesses and employers, **reasonable housing availability and options are a critical recruitment and retention tool, motivating workers to move to or stay in Massachusetts and strengthen the state's economy.**

This report examines the state of housing in the Commonwealth, supply and demand among residents for housing, and how key metrics of the housing market and residential availability and affordability compare to our economic competitors. The seven competitor states – North Carolina, Texas, Florida, New York, New Hampshire, Connecticut, and California – were selected by the Greater Boston Chamber of Commerce (The Chamber) because they comprise the top seven destination states for residents who leave the state, as well as job losses from employers and businesses.






This report concludes that **Massachusetts renters and homeowners have fewer housing options and higher costs than all seven competitor states.** Competitors in Florida, North Carolina, and Texas have higher homeownership rates, higher rental vacancies, higher overall and multi-family housing production, and more affordable rental and homebuying options. Notably, while New York, California, Connecticut, and New Hampshire often have similarly higher costs as Massachusetts, all four states offer some competitive

advantages for residents seeking better housing options. Nationwide trends also show higher rental vacancies, homeownership rates, lower rents and home prices, as well as higher overall building and housing stock growth. These trends place Massachusetts at a competitive disadvantage.

The Healey-Driscoll administration estimates that over the next decade, Massachusetts needs to build 222,000 new homes across the state to meet the demand – over 22,000 per year. Yet the data illustrates the challenge of doing that and how housing production has dwindled over time. **From 1960-1979, Massachusetts approved permits to construct an average of 30,000 housing units annually.** By 2000-2019, that average fell to less than 16,000 units per year. The Massachusetts market has made significant recovery in home value since the 2008 housing market crash, but the decline in home production, available home listings, and sharp increases in home prices since the pandemic has placed homeownership out of reach for far too many.

This report contributes to a broader conversation about the Commonwealth's competitive advantages and disadvantages, the state of housing in New England and Greater Boston region, how policymakers can incentivize residents to stay in the state to continue building the Massachusetts economy, and the role of housing in supporting economic development and job growth. It raises new questions to explore in future reports, including the broader bureaucratic and cost barriers to home construction across the Commonwealth, and the competitive advantage of the Greater Boston region. The Chamber looks forward to exploring these questions in future studies in 2026.

THE HOUSING MARKET IN CONTEXT

		MASSACHUSETTS	UNITED STATES
	Median House Price	\$665,000	\$419,300
	Permits Per Capita	170 Housing Units/100K Residents	417 Housing Units/100K Residents
	Migration	33,340 Total Residents Lost, 27,992 Lost to 7 Competitor States	7.2M Residents Moved Across State Lines
	Rental Vacancy Rate	3.4%	6.83%
	20,278 Massachusetts residents who moved to Florida and New Hampshire last year	50% Massachusetts residents who live in detached single-family homes	\$3,000 Median Boston rent in 2025 (Zillow Observed Rent Index)

KEY BENCHMARKS IN THE MASSACHUSETTS HOUSING MARKET

The number of approved permitted housing units dropped 36% (from 15,358 to 9,883) amidst the housing market crash.

2008

2019

In June, there were 18,485 active listings, the median home sale price was \$440K, and the median mortgage rate was 3.82%.

Adjusted for inflation, MA homes regained the Zillow Home Value Index (ZHVI) they held before the housing market crash in 2008.

2022

2025

In June, there were 11,681 active listings, the median home sale price was \$725K, and the median mortgage rate was 6.85%.

MASSACHUSETTS COMPETITORS: HOUSING SNAPSHOT

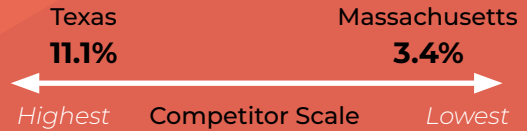
Florida, New Hampshire, Texas, North Carolina, California, Connecticut, and New York comprise the top seven destination states for residents who leave Massachusetts, as well as job losses from employers and businesses.



TOTAL HOUSING PERMITS ISSUED PER 100K RESIDENTS



RENTAL VACANCY RATE



MEDIAN HOME LIST PRICE



MULTI-FAMILY HOUSING PERMITS ISSUED PER 100K RESIDENTS



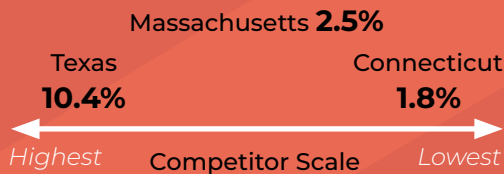
LIVE IN MOBILE HOMES



MASSACHUSETTS RESIDENTIAL MIGRATION



% 5-YEAR CHANGE IN HOUSING STOCK



SPEND MORE THAN 30% INCOME ON RENT



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Section 1

METHODOLOGY

This report aims to identify and quantify the competitive advantages and disadvantages of Massachusetts' housing market. It presents a comprehensive analysis of the *supply* of available housing, including counts of the current housing stock, rental vacancy rates, new construction permits for single-family and multi-family homes, home sale market supply, as well as the *demand* for housing, including domestic and international population migration trends. The analysis focuses on three geographic areas:

- **The Commonwealth of Massachusetts;**
- **Competitor states of New Hampshire, Connecticut, New York, North Carolina, Florida, Texas, and California; and**
- **The United States.**

This report adopts a state-wide focus in recognition of the shared constraints on housing markets across Massachusetts and competitor states. Local differences in zoning, permitting processes, and other municipal-level processes undoubtedly affect the housing supply, but broader regional and state-wide trends are vital to understanding opportunities and challenges for residents seeking housing options that are affordable and accessible. The seven competitor states were selected because they comprise the states

where Massachusetts has experienced the largest and most frequent net migration losses over the past 10 years. Broader, U.S.-level data are also included to contextualize Massachusetts trends beyond competitor states, and to identify other local and regional housing trends across the country.

The data in this report reflects the most recently available information from the U.S. Census Bureau, the Massachusetts Association of Realtors (MAR), the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI), Zillow Home Value Index (ZHVI), Zillow Observed Rent Index (ZORI), the National Association of Realtors (NAR), Realtor.com, and the Internal Revenue Service (IRS), as of March 25, 2026. Where possible, data is triangulated across multiple sources to ensure reliability of measures and robust conclusions.

The analyses presented include both recent and longer-term housing market trends, including the effects of the 2008 housing market crash, when home values dropped and mortgage defaults surged, and the 2020-2022 COVID pandemic home-buying market, when home values surged and interest rates fell. Trends in financial data, including home sale and list prices and monthly rents, are presented in both nominal and inflation-adjusted terms (standardized to 2025 dollars using the appropriate CPI).

Section 2

HOUSING STOCK IN THE COMMONWEALTH

This section examines net and per capita changes in the state's housing stock over time, the age and type of housing stock available, and how it compares nationally and to key competitor states. Total housing stock is a measure of the state's capacity to meet the needs of its current residents or adjust to population changes, and whether newer homes are constructed at the rate necessary to replace aging and otherwise unlivable homes in a community. While there is no universally agreed upon ideal number of housing units per resident, Governor Healey estimates that the state needs to build an additional 222,000 homes by 2035 in order to meet population and demographic needs.

KEY TAKEAWAYS

- ▶ **Housing production rates in Massachusetts are lower than in 6 competitor states, including growth rates in Florida, Texas, and North Carolina that are more than 3.5 times that of Massachusetts.**
- ▶ **Massachusetts residents are less likely than 6 competitors to live in detached single-family homes or mobile homes.**
- ▶ **The Massachusetts housing stock is older than in 6 competitor states, including more than 45% of units that are more than 65 years old.**

Most Massachusetts counties have experienced stagnant housing stock growth over the past five years (*table 2.1*). The counties of Middlesex, Worcester, Suffolk, and Essex, have the largest stock of housing units, while Nantucket, Dukes, Hampshire, and Berkshire have the fewest number of existing housing units. Overall, housing stock has remained stagnant in most counties over the past five years. One notable exception is Nantucket, where housing stock has increased nearly 7% since 2019. Nantucket's building boom persisted despite a sharp increase in lumber prices, including a tariff on Canadian lumber which is commonly used to give the island community's homes its distinctive cedar shingle aesthetic. Likewise, Suffolk, which includes the city of Boston, increased its housing stock by 4.72% over the past five years – above the state's overall increase of 2.54%. The counties of Hampden, Berkshire, and Franklin built the fewest units of housing in the state, increasing their stock respectively by only 0.69%, 0.97%, and 0.97%.

Significant variation within counties is likely. For example, a recent report from the Boston Foundation uses a new metric from the Census Bureau – address counts – to identify housing production trends from 2020 to 2025. According to this report, increases in housing from 2020-2025 range from a low of 0.7% in Belmont to a high of 6.7% in Bedford and Acton (Boston increased housing units 5.7%).³

According to 2024 Census Bureau estimates, Massachusetts has a total housing stock of approximately 3.06 million units and ranks 16th nationally in terms of overall housing units (in line with population estimates ranking the state 16th by population size). Individual state housing stock generally reflects state population such that the greatest number of units are in the four largest states by population – California (14.88 million units), Texas (12.62 million units), Florida (10.63 million units), and New York (8.68 million units), respectively.⁴

Nationally, the largest growth in housing stock occurred in states that have experienced the highest population increases (*figure 2.1*), including the states of Utah (13.5%) and Idaho (12.6%), which have grown by 7.1% and 8.8% respectively in population since 2020. Overall, Utah and Idaho rank fourth and first respectively, in national population growth since 2020. Over the past five years, Massachusetts increased its housing stock by 2.54% (from 2,993,363 housing units in 2019 to 3,058,052 housing units in 2024, according to 2024 Census Bureau data) while its population grew 1.7% (largely due to international migration to the state).

Table 2.1: Total Housing Stock in Massachusetts by County, 2024

	HOUSING UNITS	% 5-YEAR CHANGE
Barnstable	167,405	+1.72%
Berkshire	70,209	+0.97%
Bristol	246,345	+1.54%
Dukes	18,048	+3.21%
Essex*	332,080	+2.00%
Franklin	34,621	+0.97%
Hampden	198,062	+0.69%
Hampshire	67,362	+2.34%
Middlesex*	670,371	+2.55%
Nantucket	12,930	+6.83%
Norfolk*	297,867	+2.91%
Plymouth*	220,733	+3.30%
Suffolk*	363,641	+4.72%
Worcester	358,378	+2.51%
Total Housing Units	3,058,052	+2.54%

Source: U.S. Census Bureau, Population Division, [Annual Estimates of Housing Units for Counties in Massachusetts: April 1, 2020 to July 1, 2024 \(CO-EST2024-HU-25\)](#), May 2025.

*Inclusive of Greater Boston.

Analysis of housing stock per capita is difficult as household sizes vary widely. In 2024, according to Census Bureau estimates, the most common household size in the United States was 2 persons (the average household size is 2.51 persons).⁵ Thus, a rough measure of a community's housing stock capacity would include 1 unit per 2 residents (*see figure 2.2, which compares housing units per 2-person households across the country*). The top states with the largest number of homes per capita include two of the smallest New England states – Maine and Vermont – which have 1.09 and 1.06 homes for every 2 residents, respectively. The Commonwealth has 0.86 housing units per 2-person household.

Housing supply development varies extensively across Massachusetts competitor states (*figure 2.3*). Several competitors grew their housing stock at a significantly higher rate in recent years, including a building rate of more than 3.5 times Massachusetts in Florida (9.0%), North Carolina (8.7%) and Texas (10.4%). Notably, California and New York exceeded Massachusetts'

housing stock growth rate despite losing population. From 2019 to 2024, California increased its housing stock by 3.4% while losing 0.3% of its population. New York increased its housing stock by 2.9% despite losing 1.7% of its population over the same time period.

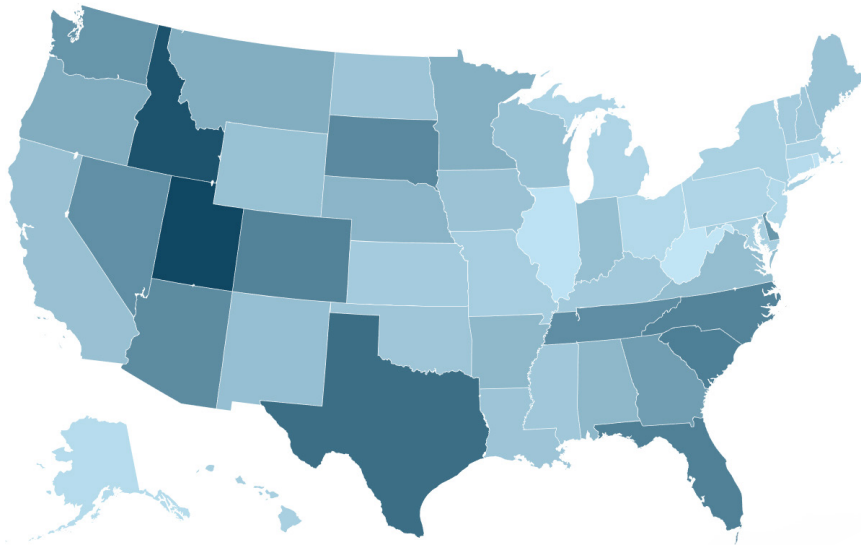
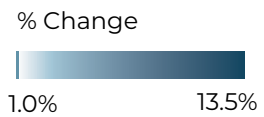


Figure 2.1:
Percent 5-Year Change
in Total Housing Stock,
2019-2024



Source: [Cumulative Estimates of Housing Unit Change for the United States, 2020-2024](#), [Intercensal Estimates of Housing Units for the United States, Regions, States, and the District of Columbia: April 1, 2010 to April 1, 2020](#), U.S. Census Bureau, Population Division.

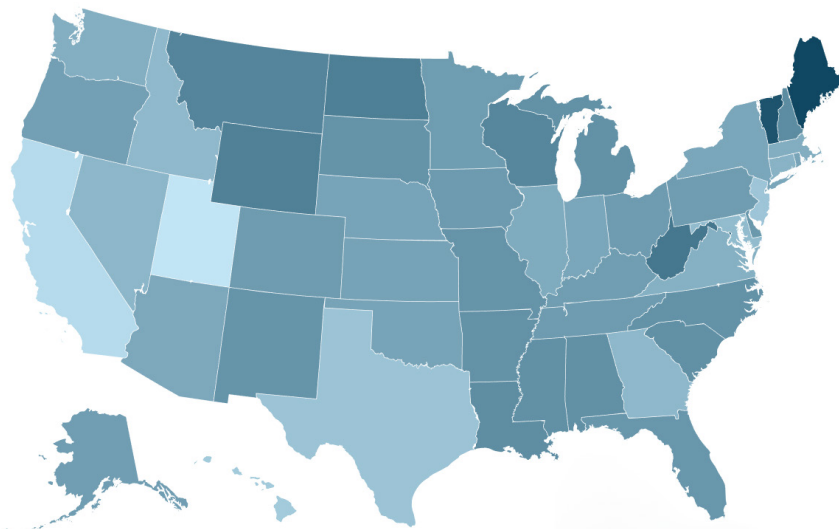
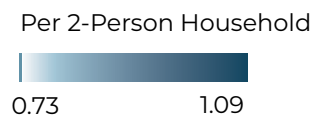
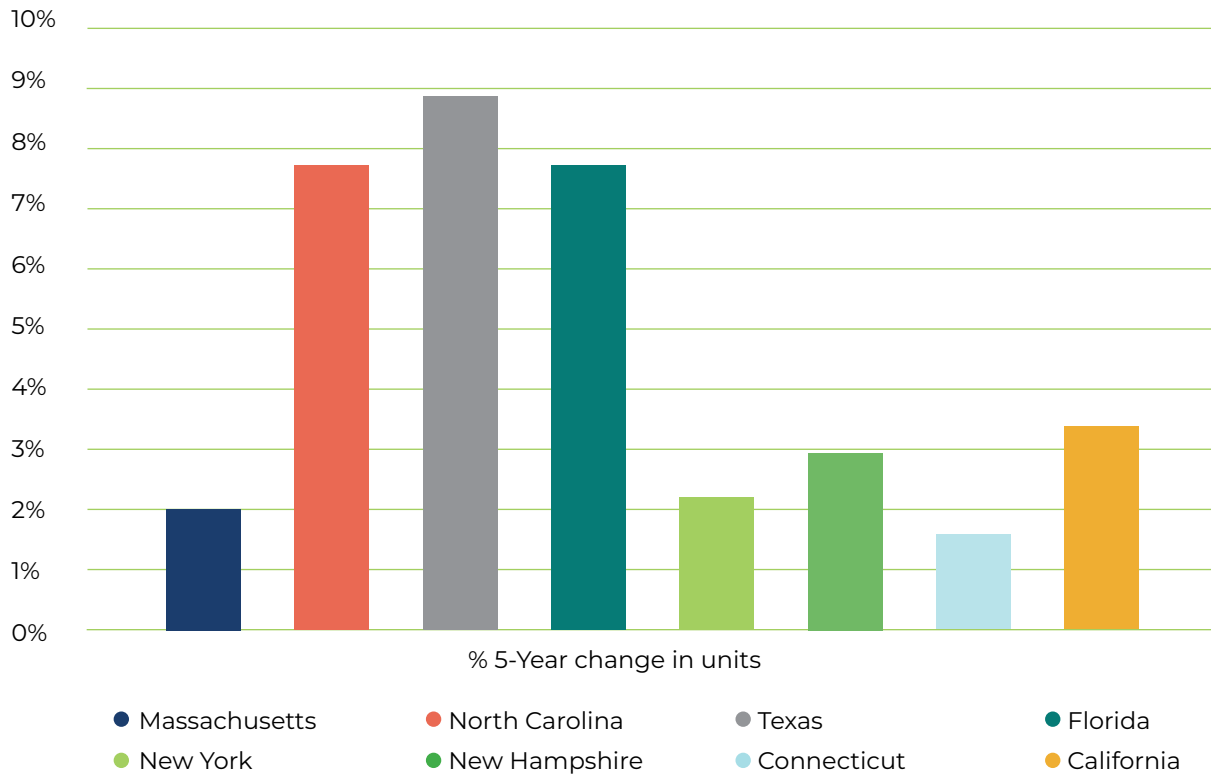


Figure 2.2:
Housing Units
Per Capita, 2024



Source: [Cumulative Estimates of Housing Unit Change for the United States, 2020-2024](#), [Estimates of the Total Resident Population and Resident Population, U.S. Census Bureau](#), Population Division.

Figure 2.3: 5-Year Percent Change in Housing Units in Competitor States, 2019-2024



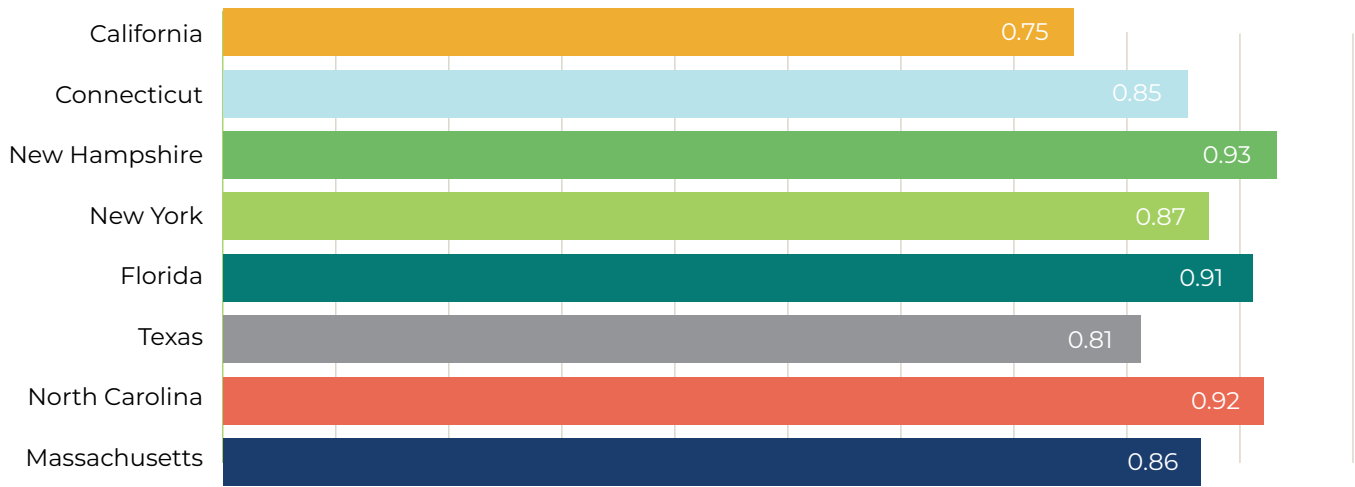
Source: [Cumulative Estimates of Housing Unit Change for the United States, 2020-2024](#), [Intercensal Estimates of Housing Units for the United States, Regions, States, and the District of Columbia: April 1, 2010 to April 1, 2020](#), [Estimates of the Total Resident Population and Resident Population](#), U.S. Census Bureau, Population Division.

The Commonwealth’s housing units per 2-person household (*see figure 2.4*) is more than the states of California (0.75 units), Texas (0.81 units) and Connecticut (0.85 units), which reflects both the total size of each state’s housing stock, as well as geographic residential patterns that favor (larger) smaller households. Notably, competitor states of North Carolina and Florida have a higher baseline of housing units per capita and are growing at a much faster rate to meet future population needs.

The diversity of housing options occupied by Massachusetts residents (*figure 2.5*) suggests that the state’s current stock includes a range of traditional single-family homes, townhomes, and large apartment complexes available to meet resident needs. A slim majority of state residents (50.7%) live in a 1 unit detached single-family home (SFH), while 62.2% of U.S. residents overall live in detached SFH. Approximately 23% of state residents live in homes with 5 or more units, including over 13% who live in 20+ unit buildings.

Only 5.9% of state residents live in 1 unit attached homes, which include the townhomes and rowhouses common to many of the state’s urban centers and surrounding suburbs. Duplexes, or 2-unit apartment buildings, serve as home to 9% of the state’s residents. A 3-bedroom home is the most frequent size of Massachusetts residencies – called home by 33.9% of all residents – followed closely by 2-bedroom homes (which are lived in by 28% of all residents). Overall, a higher proportion of Massachusetts residents live in 1- and 2-bedroom homes than the national average, and a lower proportion of Massachusetts residents live in 3-, 4-, and 5+ bedroom homes than the national average. Notably, less than 1% of the state’s residents live in mobile homes (MH), or boats, RVs, or vans. Nationally, more than 5% of U.S. residents live in mobile and other types of moveable housing. Mobile homes are generally considered a more affordable path to home ownership as residents typically own the home, but not the land upon which the mobile home sits.

Figure 2.4: Housing Units Per 2-Person Household in Competitor States, 2024



Source: [Cumulative Estimates of Housing Unit Change for the United States, 2020-2024, Estimates of the Total Resident Population and Resident Population](#), U.S. Census Bureau, Population Division, May 2025.

The age of the Massachusetts housing stock reflects its historical status as one of the earliest colonies in the United States (see [Figure 2.6](#)). As older homes generally require more significant repair and investment than newer homes, and the costs to repair and replace many components are more expensive, aging housing stock can help illustrate future housing infrastructure needs. According to a 2023 report by the Joint Center for Housing Studies at Harvard University, homes built prior to 1940 are more than three times more likely than

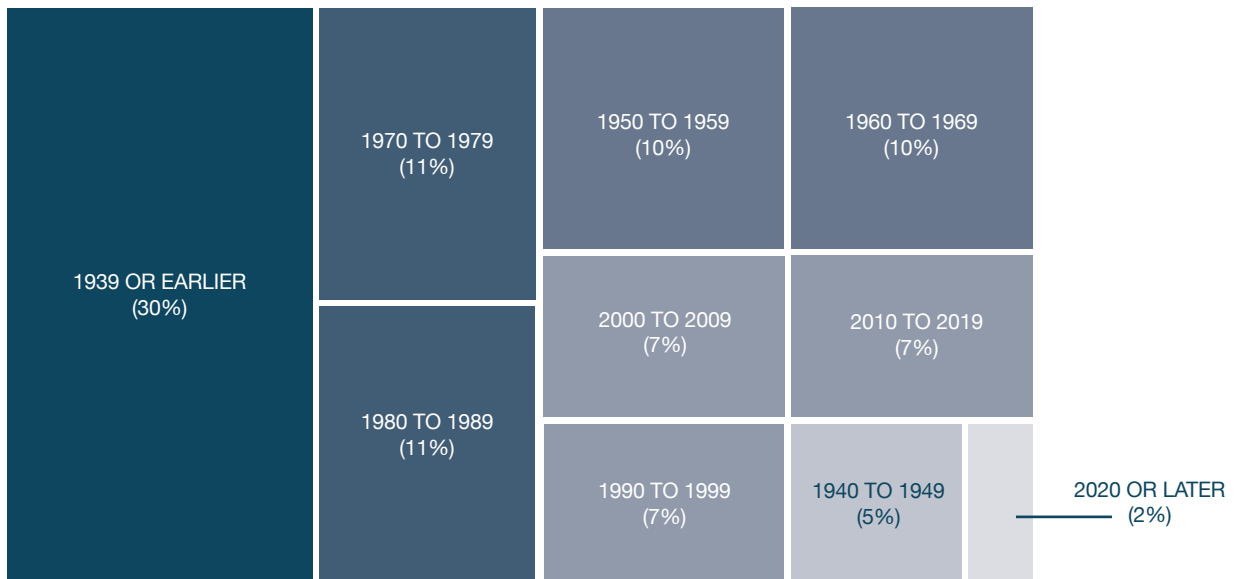
homes built since 2000 to be classified as moderately or severely inadequate by the Department of Housing & Urban Development (HUD). More than half of all Massachusetts residents live in homes that were built more than 50 years ago, and 30% live in homes that were built more than 85 years ago. By comparison, only 11.5% of U.S. residents live in homes older than 85 years old. Only 2% of state residents live in homes built within the last five years.

Figure 2.5: Type of Massachusetts Residential Housing, 2024



Source: American Community Survey (ACS) 1-Year Estimates, 2024, U.S. Census Bureau.

Figure 2.6: Age of Massachusetts Residential Housing, 2024



Source: American Community Survey (ACS) 1-Year Estimates, 2024, U.S. Census Bureau.

Among competitor states, only New York has a lower proportion of residents who live in 1 unit detached homes (40.8% of all residents) than Massachusetts. More than 60% of residents of North Carolina, Texas, and New Hampshire live in detached single-family homes. More common among competitors are large apartment complexes of 20 or more units, which are called home by at least 10% of residents in Texas, Florida, Connecticut, and California; in New York, more than 25% of residents live in a 20+ unit building. Far rarer among competitors and the Commonwealth are

mobile homes (*see table 2.2*), except for North Carolina or Florida; 10.4% of North Carolina residents and 7.8% of Florida residents live in mobile homes.

Massachusetts is second only to New York in the share of the oldest housing stock (aged 65 years or more). In contrast, Texas (43.2%), North Carolina (38.3%), and Florida (35.7%) have respectively the largest share of housing built within the last 25 years. Only 16% of Massachusetts' housing stock was built within the last 25 years.

Table 2.2: Age & Type of Housing in Massachusetts Competitor States, 2024

	% RESIDENTS IN MOBILE HOMES	% HOMES 65 YEARS+
Massachusetts	0.9%	45.2%
North Carolina	10.4%	13.5%
Texas	6.2%	11.5%
Florida	7.8%	9.6%
New York	2.1%	51.2%
New Hampshire	5.5%	27.6%
Connecticut	0.7%	40.5%
California	3.4%	26.0%

Source: American Community Survey (ACS) 1-Year Estimates, 2024, U.S. Census Bureau.



Section 3

HOMEOWNERSHIP IN THE COMMONWEALTH

This section presents data on homeownership rates in the Commonwealth and across the country. Homeownership remains one of the most important paths to individual financial stability and communal residential stability. Given that available mortgage rates do not vary significantly state-by-state, lower homeownership rates usually suggest local conditions make homeownership more difficult to obtain due to the high-cost and/or limited supply of available homes.

KEY TAKEAWAYS

- ▶ Massachusetts' homeownership rate – 62% – remains below its highwater mark in the years before and after the 2008 housing crash.
- ▶ Since 2015, homeownership in Massachusetts has grown by 3.14%.
- ▶ Massachusetts ranks behind the national homeownership rate and rates in 5 competitor states, including ranking nearly 16% behind New Hampshire's homeownership rate.
- ▶ Nationwide, the average homeownership rate for 2025 is 67%.

Homeownership in 2025 varied extensively across the country (*figure 3.1*). Washington, D.C. (40%) has the absolute lowest homeownership rate in the country. The highest homeownership rate is in West Virginia where 78% of residents are homeowners. Three New England states are also among the top 10 homeowning states: New Hampshire (73%), Vermont (75%), and Maine (75%). Longer term, homeownership rates in most states – including key competitors – continues to reflect the lingering effects of the 2008 housing crash (*see figure 3.2*).

In Massachusetts, homeownership rates have remained above 60% over the past two decades but remain several percentage points lower in 2025 than they were at their height of 65.83% in the years immediately after the housing crash. Only New York and California have homeownership rates lower than the Commonwealth (52.20% and 55.30% respectively). By contrast, several states have homeownership rates that remain significantly higher than the national average. New Hampshire has a homeownership rate that is eight points higher than the national average, although it remains a few points behind its highwater mark in 2009 (73.28%). Massachusetts, by contrast, has a homeownership rate that is more than three points below the 2025 national average.

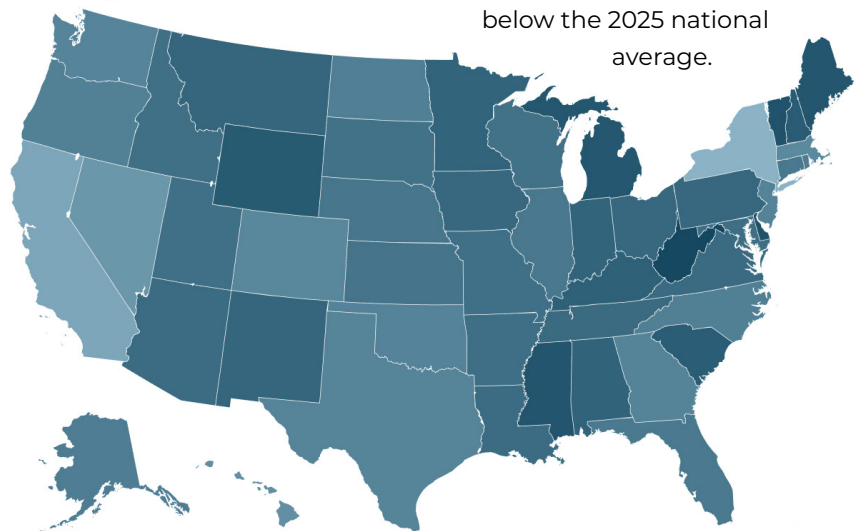


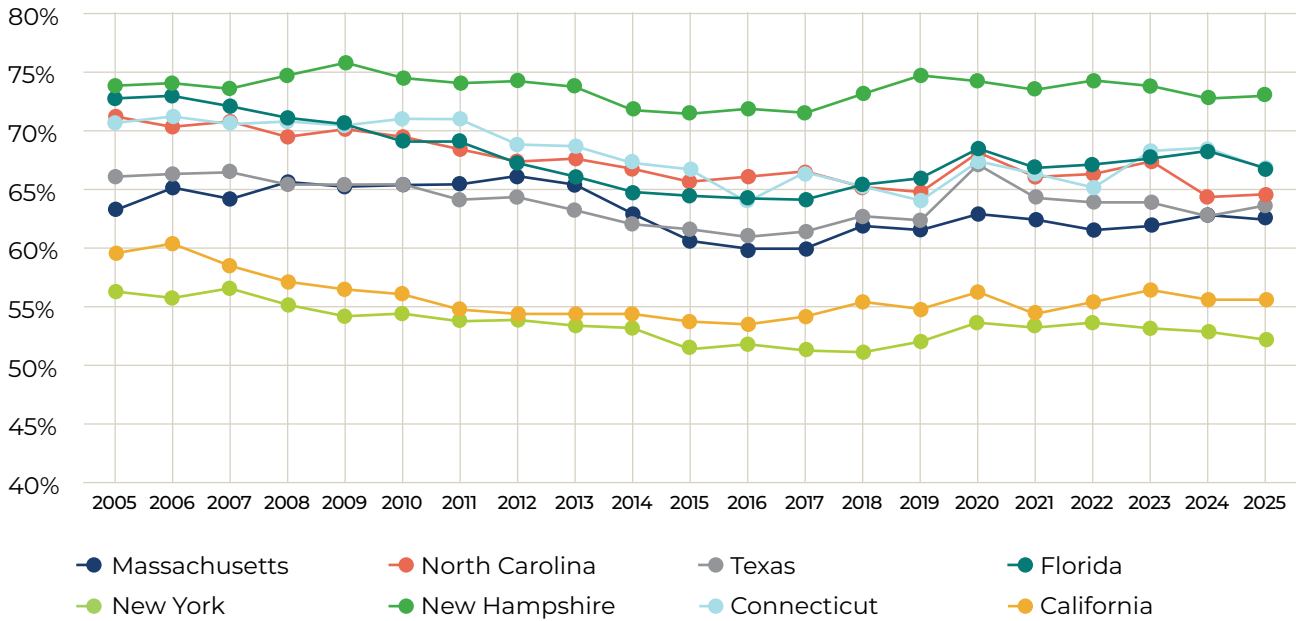
Figure 3.1:
Homeownership Rate, Avg. 4Qs, 2025

Avg. 4Qs



Source: [Homeownership Rates by State: 2005-present](#), Current Population Survey/Housing Vacancy Survey, U.S. Census Bureau.

Figure 3.2: Homeownership Rates in Competitor States, Avg.4Qs, 2005-2025



Source: [Homeownership Rates by State: 2005-present](#), Current Population Survey/Housing Vacancy Survey, U.S. Census Bureau.

The lingering effects of the housing crash narrowed the homeownership gap between the Commonwealth and competitor states. **Table 3.1** details changes in homeownership rates over the past two decades. As the data show, all eight states remain approximately two to eight percentage points down from their highs in 2008 and 2009. Homeownership in the Commonwealth is down almost 5% from 2008. Florida and North Carolina have struggled to rebound from the mid-2000s and are both six percentage points off from

their respective highwater marks in 2005 respectively. However, more recent progress towards recovery from the housing crash is evident, including a growth in homeownership of 3.14% in Massachusetts over the past 10 years. New Hampshire, Texas, and Florida also have 10-year growth rates above 2%. Notably, over the past year (2024-2025), home ownership rates have trended downward in every state except for New Hampshire and Texas.

Table 3.1: Competitor Homeownership Rates, 2025

	HOMEOWNERSHIP RATE, AVG. 4QS, 2025	% CHANGE IN HOMEOWNERSHIP RATE FROM 2008	% 10-YEAR CHANGE IN HOMEOWNERSHIP RATE
Massachusetts	62.40%	-4.95%	+3.14%
North Carolina	64.58%	-6.95%	-0.95%
Texas	63.55%	-2.94%	+2.71%
Florida	66.15%	-6.93%	+2.12%
New York	52.20%	-5.00%	+1.36%
New Hampshire	73.28%	-2.26%	+2.27%
Connecticut	66.60%	-5.80%	+0.15%
California	55.30%	-3.83%	+1.89%

Source: [Homeownership Rates by State: 2005-present](#), Current Population Survey/Housing Vacancy Survey, U.S. Census Bureau.

Section 4

RENTAL VACANCIES IN THE COMMONWEALTH

This section presents data on changes to the rental vacancy rate in Massachusetts, competitor states, and the United States. Rental vacancy rates provide insights into how easy it is for residents to move within and to a state. High vacancy rates indicate that residents have more opportunities to move to a new home when their circumstances change—for example, after a decrease or increase in income or when a job opportunity arises in a new community. Low vacancy rates hinder mobility and limit opportunities for residents (and potential residents) in the state and make it more difficult for businesses to recruit workers. Many experts consider 7.5% to be a healthy vacancy rate that balances residential needs with property value and investments.

KEY TAKEAWAYS

- ▶ **At 3.35%, Massachusetts has one of the lowest vacancy rates in the country.**
- ▶ **6 competitor states have higher vacancy rates than Massachusetts, including rates in Florida and Texas that are 3 times as high as in Massachusetts.**
- ▶ **Vacancy rates in all competitor states have trended downward since the 2008 housing crash, suggesting a nationwide inventory constraint, although many states have made progress since 2020.**
- ▶ **Nationwide, the vacancy rate for 2025 is 6.83%.**

Nationally, average rental vacancies rates in 2025 (*figure 4.1*) ranged from a high of over 10% in several southern states, including Texas, Louisiana, Arkansas, and Alabama, to a low of 2-3% in New England states, which comprise the lowest rental vacancy rates in the country: Maine (2.23%), New Hampshire (3.9%), Vermont (2.83%), and Massachusetts (3.4%). New England's low rental vacancy rate in 2025 continues a broader trend seen over the past 20 years, which is especially apparent when compared to the four-quarter average of key competitor states (*figure 4.2*). Massachusetts' rental vacancy has trended downward over the past two decades, although it has increased slightly from a low of 2.5% in 2023 when the Commonwealth held the absolute lowest vacancy rate in all 50 states. California, New York, New Hampshire, and Connecticut have trended closer to Massachusetts, especially in recent years.

Among southern competitor states, Florida, Texas, and North Carolina have consistently experienced higher rental vacancies than Massachusetts, including some of the highest rates overall in the country. Notably, Florida's 17.85% four quarter average vacancy rate in 2009 ranks as the second highest overall vacancy rate of all states over the past two decades (only Michigan's 2006 rate of 18.13% ranked higher). In recent years,

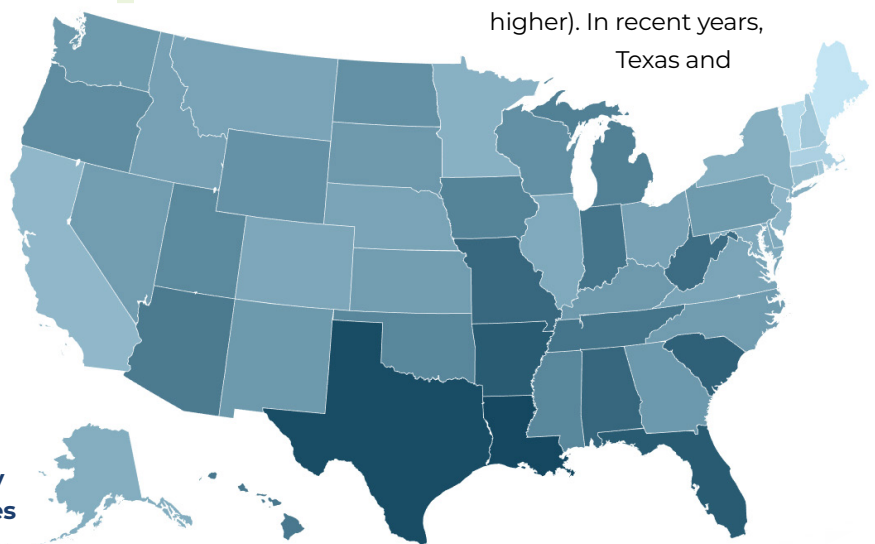
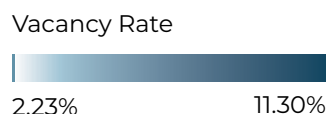
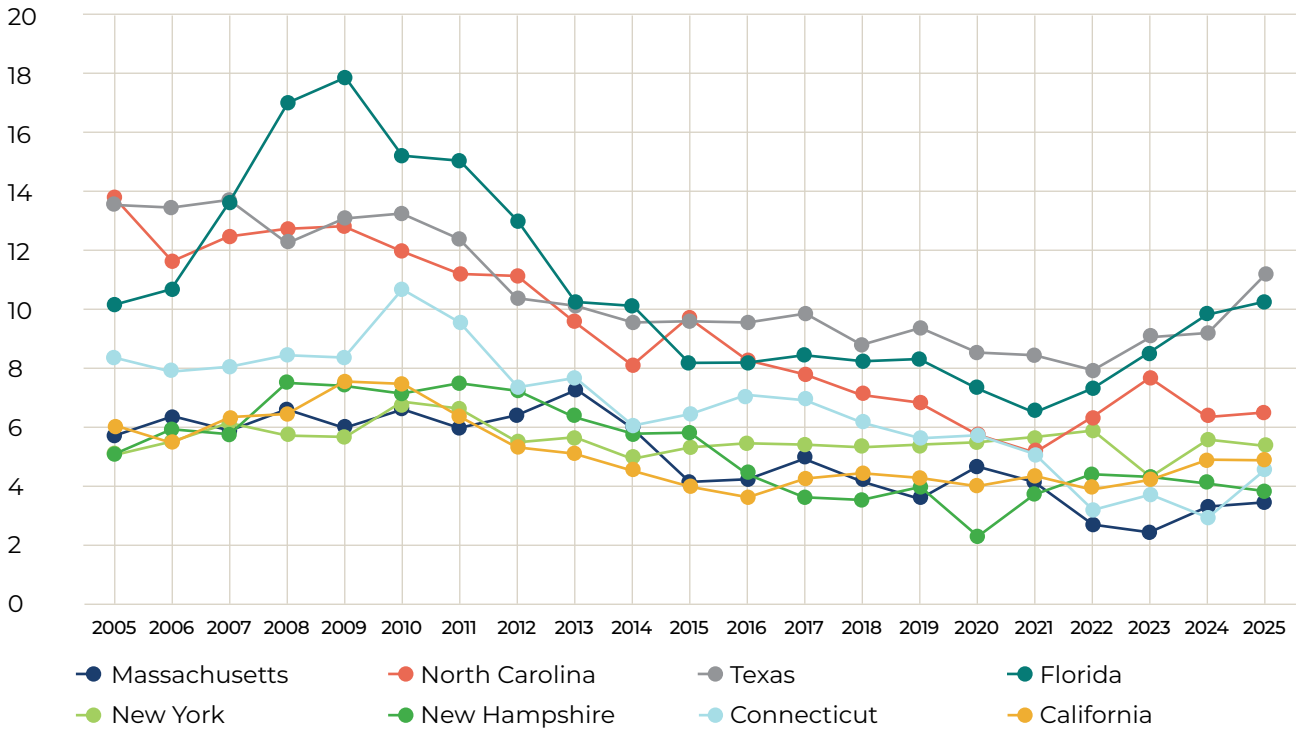


Figure 4.1:
Rental Vacancy Rate, 2025



Source: [Rental Vacancy Rates by State: 2005-present](#), Current Population Survey/Housing Vacancy Survey, U.S. Census Bureau.

Figure 4.2: Competitor Rental Vacancy Rates, Avg. 4Qs, 2005-2025



Source : [Rental Vacancy Rates by State: 2005-present](#), Current Population Survey/Housing Vacancy Survey, U.S. Census Bureau.

Florida has had vacancy rates nearly triple the rate of Massachusetts, and North Carolina has experienced vacancy rates approximately double that of Massachusetts.

Notably, like Massachusetts, southern competitor states have also trended downward from their respective vacancy highs in the mid- to late-2000s (*table 4.1*), suggesting that they are experiencing similar inventory constraints as Massachusetts and New England more broadly as fewer residents became homeowners,

and more residents entered the pool of renters. Since 2008, vacancy rates in North Carolina, Florida, and New Hampshire declined nearly 50%. **Since 2020, Massachusetts' vacancy rate has continued to decline alongside New York and Connecticut, although it increased slightly in 2024 and 2025. The vacancy rate in North Carolina, Texas, Florida, New Hampshire, and California experienced double-digit percentage increases.**

Table 4.1: Rental Vacancies in Massachusetts Competitor States

	VACANCY RATE, AVG. 4Qs, 2025	% CHANGE IN VACANCY RATES FROM 2008	% CHANGE IN VACANCY RATE FROM 2020
Massachusetts	3.4%	-47.69%	-24.86%
North Carolina	6.5%	-49.12%	+13.54%
Texas	11.1%	-9.39%	+29.45%
Florida	10.2%	-39.82%	+40.21%
New York	5.4%	-5.68%	-0.46%
New Hampshire	3.9%	-47.83%	+65.96%
Connecticut	4.5%	-47.83%	-20.00%
California	4.8%	-25.29%	+18.52%

Source: [Rental Vacancy Rates by State: 2005-present](#), Current Population Survey/Housing Vacancy Survey, U.S. Census Bureau.

Section 5

MIGRATION & MOBILITY IN THE COMMONWEALTH

This section examines intra- and inter-state migration and mobility in the Commonwealth, including population lost and gained to competitor states, and net domestic, international, and total migration. Population movements within a state are vital to understanding both the supply of and demand for housing as resident growth can indicate a greater need to increase the supply of housing in a community. Likewise, population decline can indicate problems with housing access for residents. From 2024-2025, Massachusetts lost more than 33,000 residents to other states – the vast majority to competitor states.⁶

KEY TAKEAWAYS

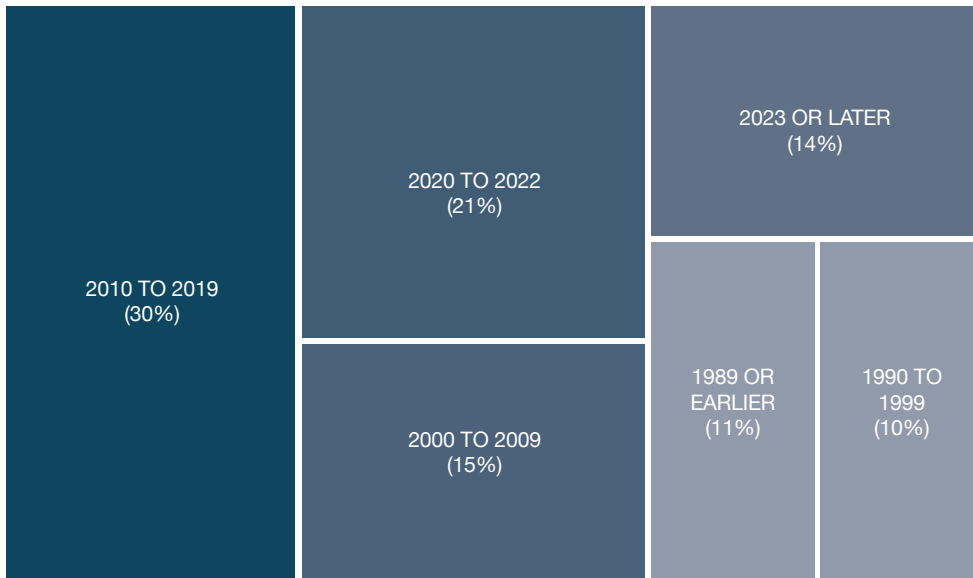
- ▶ **Massachusetts has lost population to all competitor states in recent years.**
- ▶ **International migration to Massachusetts, including young people attending local colleges, is vital to preventing the state from a net decline in population.**
- ▶ **Workforce aged adults – ages 26 to 44 – comprise more than half of all residents who leave Massachusetts for other states, including competitors.**
- ▶ **Nationwide, Massachusetts ranks as the 3rd highest density state (914.8 persons per square mile) and experienced the 13th lowest population growth last year.**

Most Massachusetts residents have lived in their home for more than five years, including more than 20% who have lived in their home for more than 25 years (*see figure 5.1*). As of 2024, the most recent year for which data is available, a little over a third of residents have lived in their home for less than four years. The vast majority (65%) of Massachusetts state residents have lived in their current home for five or more years. Residents of several competitor states have shorter average tenures at their current residence, suggesting a higher rate of intra-state mobility. In Texas and Florida, 45.5% and 43.7% of state residents, respectively, have lived in their current home for four years or fewer. By contrast, tenure rates in New Hampshire, New York, Connecticut, and California are closer to those in Massachusetts – suggesting far lower intra-state mobility.

Beginning approximately a decade ago, domestic out-migration – residents moving from Massachusetts to another U.S. state – began outpacing domestic in-migration – residents moving from another U.S. state to Massachusetts (*see figure 5.2*). Out- and in-migration from 2011-2014 was effectively level (the difference between the two groups was not statistically different from zero), but has since increased to a deficit of approximately 30,000-50,000+ residents annually from 2019-2024. From 2011-2023, the most recent years for which IRS demographic data is available on population movements, residents aged 26 to 34 comprise the largest share of out-migrants from Massachusetts (*figure 5.3*). In 2022-2023, residents aged 26 to 34 comprised 33.60% of total out-migration; residents aged 34 to 44 comprised 20.08% of total out-migration. While these figures are likely to reflect the state's status as a destination for college and post-graduate studies, more than half of residents leaving are prime workforce aged individuals.

According to Census Bureau data, Massachusetts has consistently lost population to other states. Net domestic migration, or domestic in-migration (population gain from other U.S. states to Massachusetts) minus domestic out-migration (population loss from Massachusetts to other U.S. states), has been consistently negative over the past five years. The steepest net decline in migration was at the height of the COVID and post-pandemic period from 2021-2022 when the state lost a net total of nearly 50,000 residents. In 2024-2025, the

Figure 5.1: Tenure in Current Massachusetts Residence, 2024



Source: American Community Survey (ACS) 1-Year Estimates, U.S. Census Bureau.

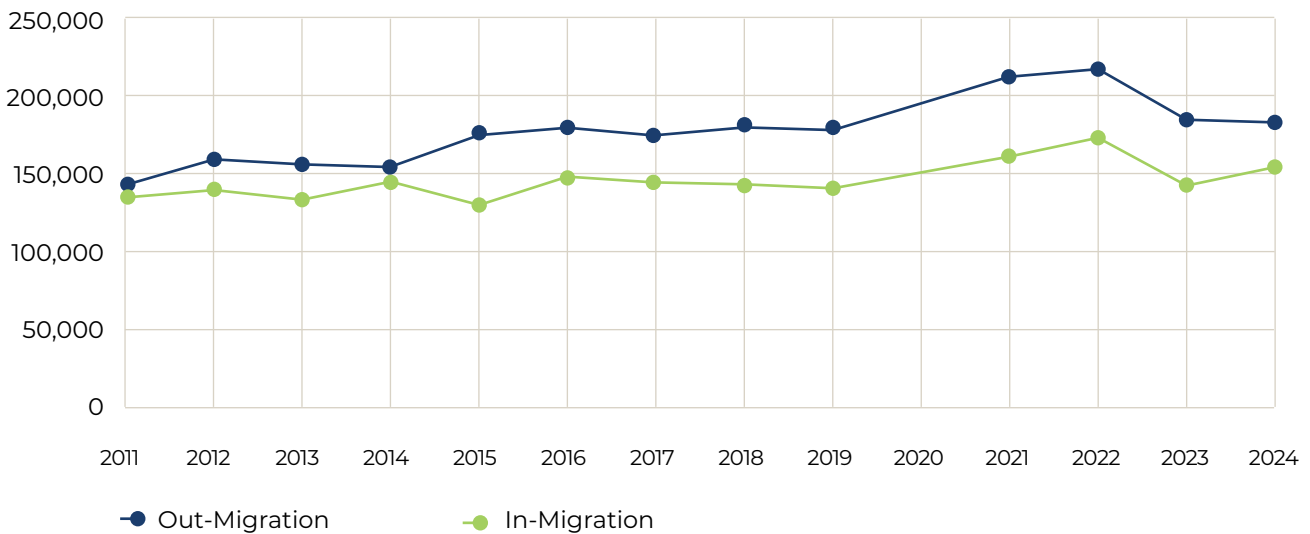
most recent period for which data is available, the Commonwealth lost a net total of more than 33,000 residents to other states.

Notably, net total migration in 2023-2024 totals nearly 60,000. As *figure 5.4* depicts, the only reason the Commonwealth has not declined in population in recent years is due to significant international migration. International immigration sharply diminished during the heights of the COVID pandemic in 2020 but rebounded significantly in recent years – rising nearly 350% from 2020-2021 (16,497 individuals) to 2021-2022 (73,597 individuals). However, according to the most recently

available data, immigration to Massachusetts and the United States overall fell steeply from July 2024 to June 2025 amidst significant shifts in federal immigration policy under a new presidential administration. The nearly 50% decline in net international migration contributed to a steep decline in overall net migration levels (from 58,762 to 6,900 individuals).

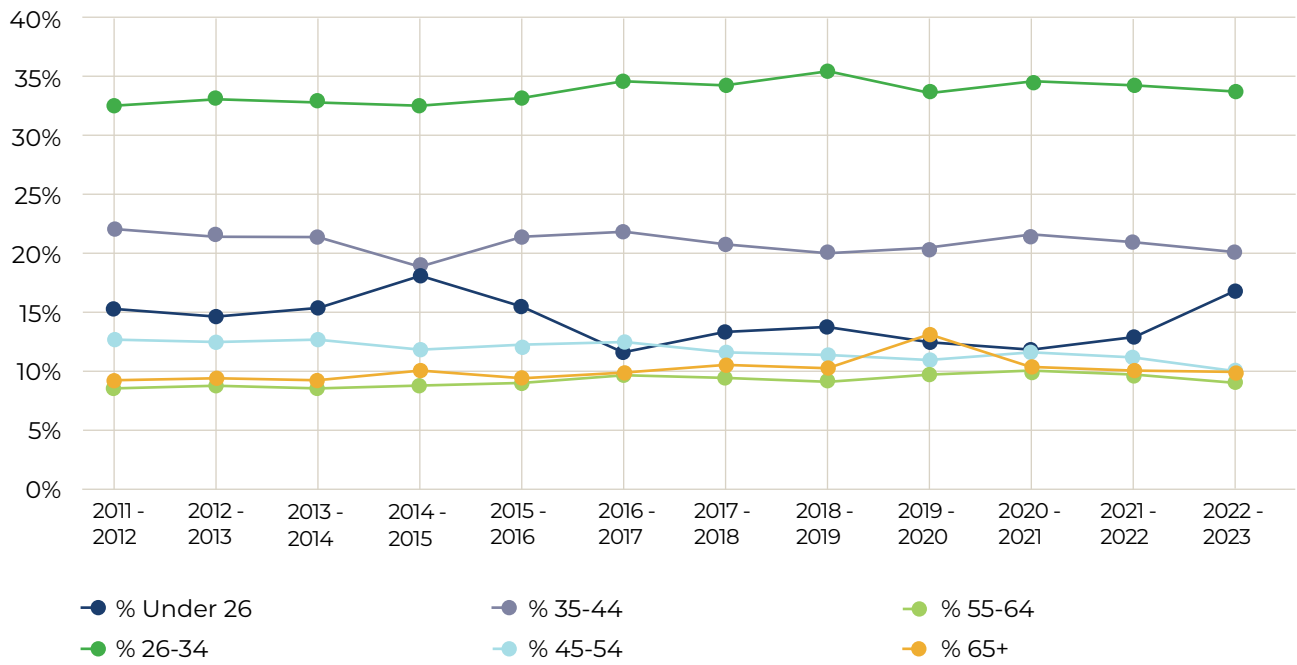
Some of the most significant domestic population losses are to competitor states (*figure 5.5*), including net losses of 10,000 to more than 35,000.⁷ Overall, the trend lines suggest that the pace with which the Commonwealth is losing population to competitor

Figure 5.2: Domestic Migration Flow to/From Massachusetts, 2010-2024



Source: [State-to-State Migration Flows](#), 2011-2024, American Community Survey, U.S. Census Bureau.

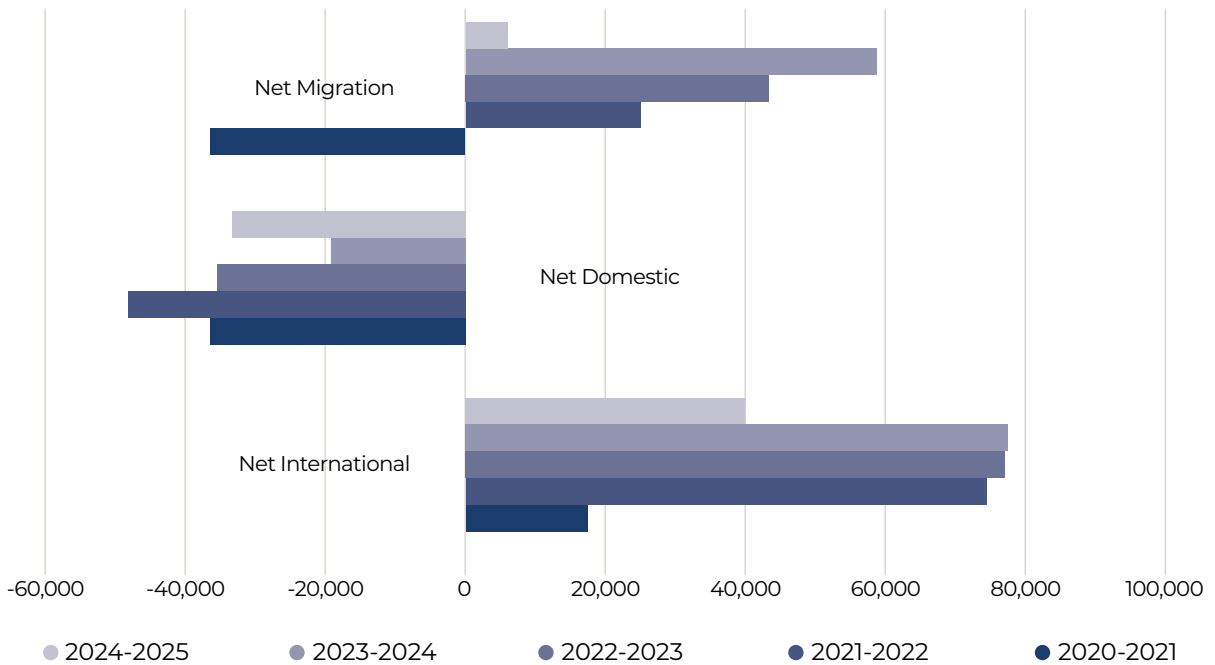
Figure 5.3: Percent of Annual Massachusetts Outmigration by Age Cohort, 2011-2023



Source : [SQL tax stats - Migration data](#), 2011-2023, Internal Revenue Service.

Note: 2022-2023 is the most recently available data on migration trends by demographic from the IRS.

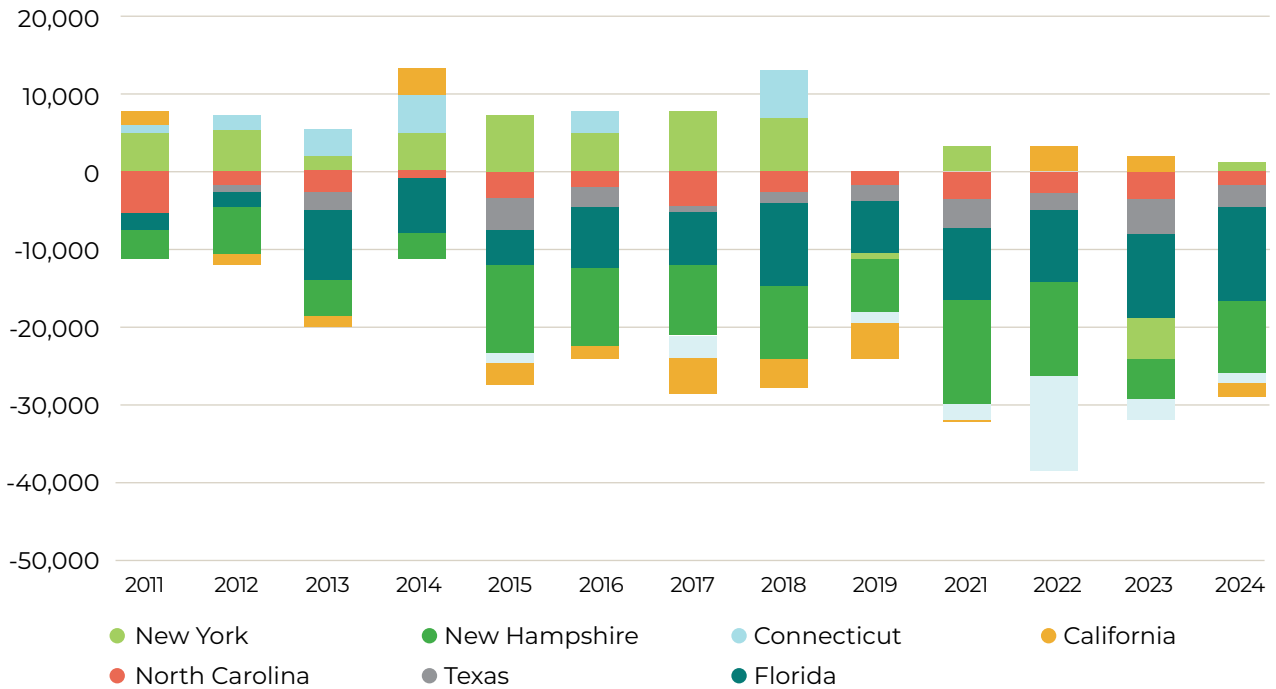
Figure 5.4: Massachusetts Migration patterns, 2020-2025



Source: [Annual Population Estimates, Estimated Components of Resident Population Change, and Rates of the Components of Resident Population Change for the United States, District of Columbia, and Puerto Rico: April 1, 2020 to July 1, 2025 \(NST-EST2025-ALLDATA\)](#), U.S. Census Bureau, Population Division.

Note: Each bar represents population change from July 1st to June 30th of the relevant years listed.

Figure 5.5: Net Massachusetts Migration to Competitor States, 2011-2024



Source: [State-to-State Migration Flows, 2011-2024](#), American Community Survey, U.S. Census Bureau.
 Note: Data for 2020 is not available due to the pandemic.

states has increased. In 2011, for example, Massachusetts lost a total of 2,305 residents to Florida. In 2024, the most recent year for which comprehensive state-by-state migration data is available, the state lost a net total of 11,254 residents to Florida. Net losses to New Hampshire total 9,024 residents, and thousands more to North Carolina, Texas, and Connecticut. In recent years, only California and New York added positively to net total migration in the Commonwealth, although the trends are not consistent.

Table 5.1 summarizes migration and mobility trends between and within competitor states, including

the average five-year net migration from 2019-2024, which gives a broader view of population shifts from pre- to post-pandemic. On average, both Florida and New Hampshire are the recipients of the migration of more than 9,000 Massachusetts residents annually. Significant losses are also observed in North Carolina, Texas, and Connecticut. Population trends between Massachusetts and California and New York are more fluid and less predictable. For example, in 2022-2023, Massachusetts began to reverse historic population losses to California, although those trends sharply reversed in 2024.

Table 5.1: Resident Migration & Mobility in Competitor States

	NET MASSACHUSETTS MIGRATION, 2024	AVERAGE 5-YEAR NET MIGRATION, 2019-2024
North Carolina	1,700 residents lost	2,753 residents lost
Texas	3,263 lost	2,904 lost
Florida	11,254 lost	9,622 lost
New York	835 gained	258 lost
New Hampshire	9,024 lost	9,268 lost
Connecticut	1,676 lost	3,902 lost
California	1,910 lost	362 lost

Source: [State to State Migration Flows: 2024 American Community Survey 1-Year Estimates.](#)

Section 6

HOME CONSTRUCTION IN THE COMMONWEALTH

This section analyzes building trends in Massachusetts and competitor states, including total and per capita permits issued as well as single- and multi-unit permits.⁸ Permits are one part of a complex multi-year home construction process involving land acquisition, bureaucratic and regulatory processes, funding pooling, material procurement, and labor supply. In most towns, building permits are required before other permits, including gas, electrical, and plumbing permits, can be obtained. Permits trends give critical insights into how a community responds to current and future demographic trends. Higher total and per capita issuance of permits can suggest that a state is better equipped to adapt to changing conditions for its residents, has a robust real estate construction industry, and/or has a streamlined permit application and approval process.

KEY TAKEAWAYS

- ▶ From 1960-1979, Massachusetts approved permits to construct an average of 30,000 housing units annually. By 2000-2019, that average fell to less than 16,000 units per year.
- ▶ In the last year, Massachusetts approved permits to construct 12,096 units, or 170 housing units per 100K residents – less than half the permits it approved in 2005.
- ▶ Massachusetts approved fewer housing permits per capita than all 7 competitor states.
- ▶ 59% of Massachusetts' approved building permits were for multi-family housing – nearly double the proportion of approved multi-family permits in Texas and North Carolina.
- ▶ Nationwide, 1,426,166 new housing units were approved by permit. Multi-family units comprise 36% of approved permits.

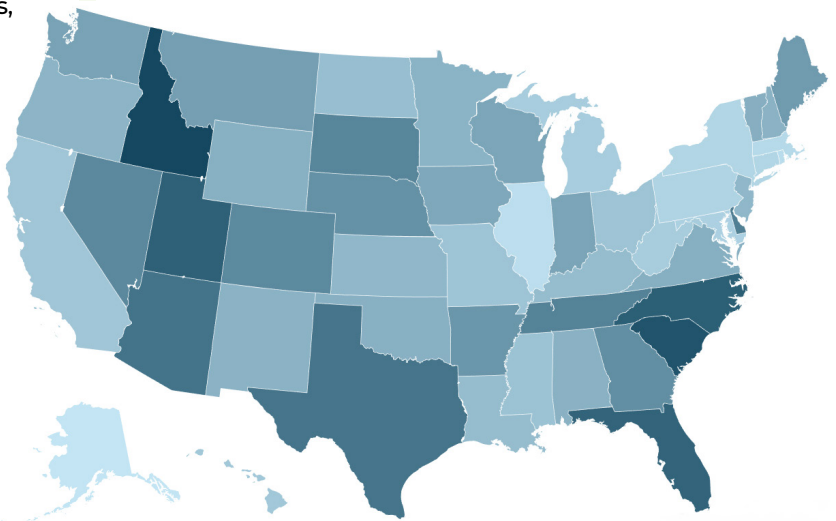


Figure 6.1:
Total Housing Units Authorized by
Permits Per Capita, 2025

Total Units Per 100K



Source: [Building Permits Survey \(BPS\)](#), 2025, U.S. Census Bureau. Note: 2025 data is preliminary as of February 25, 2026.

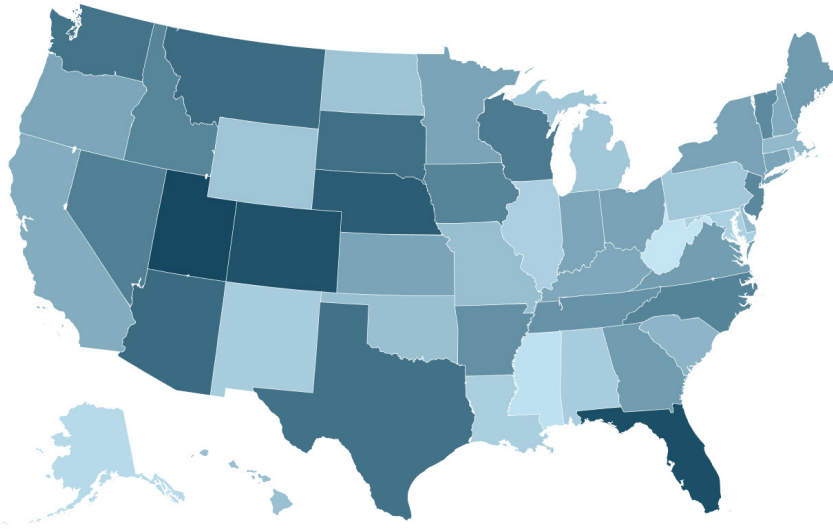



Figure 6.2:
Multi-Family Housing Units
Authorized by Permits Per
Capita, 2025

Multi-Family Units Per 100K

 29 286

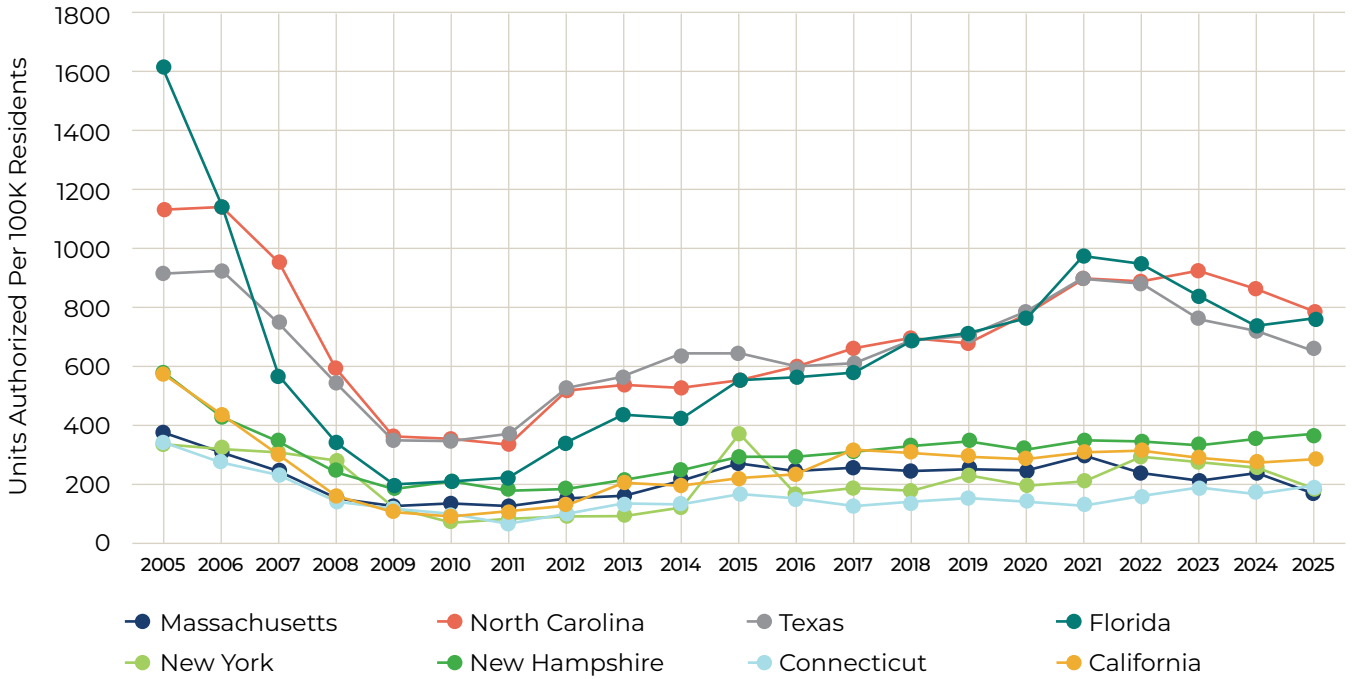
Source: [Building Permits Survey \(BPS\)](#), 2025, U.S. Census Bureau. Note: 2025 data is preliminary as of February 25, 2026.

In raw numbers, permits reflect state populations such that larger states tend to approve more permits than smaller states. From January-December 2025, Texas authorized the largest number of total units to be constructed at 208,175 units. The other top five states included Florida (authorized 175,204 units), California (104,626), North Carolina (85,916), and Georgia (60,430). A more nuanced home development story emerges however, when adjusting for state population size (*figure 6.1*). In 2025, Idaho authorized permits for the largest number of new housing units per capita at more than 889 new units per 100K residents, followed by South Carolina (832 units per 100K residents).

The vast majority of new units authorized in most states are for single unit buildings such as a single-family home. Multi-family housing units (2 or more units per building) comprise a smaller portion of most states' new approved housing stock, although significant

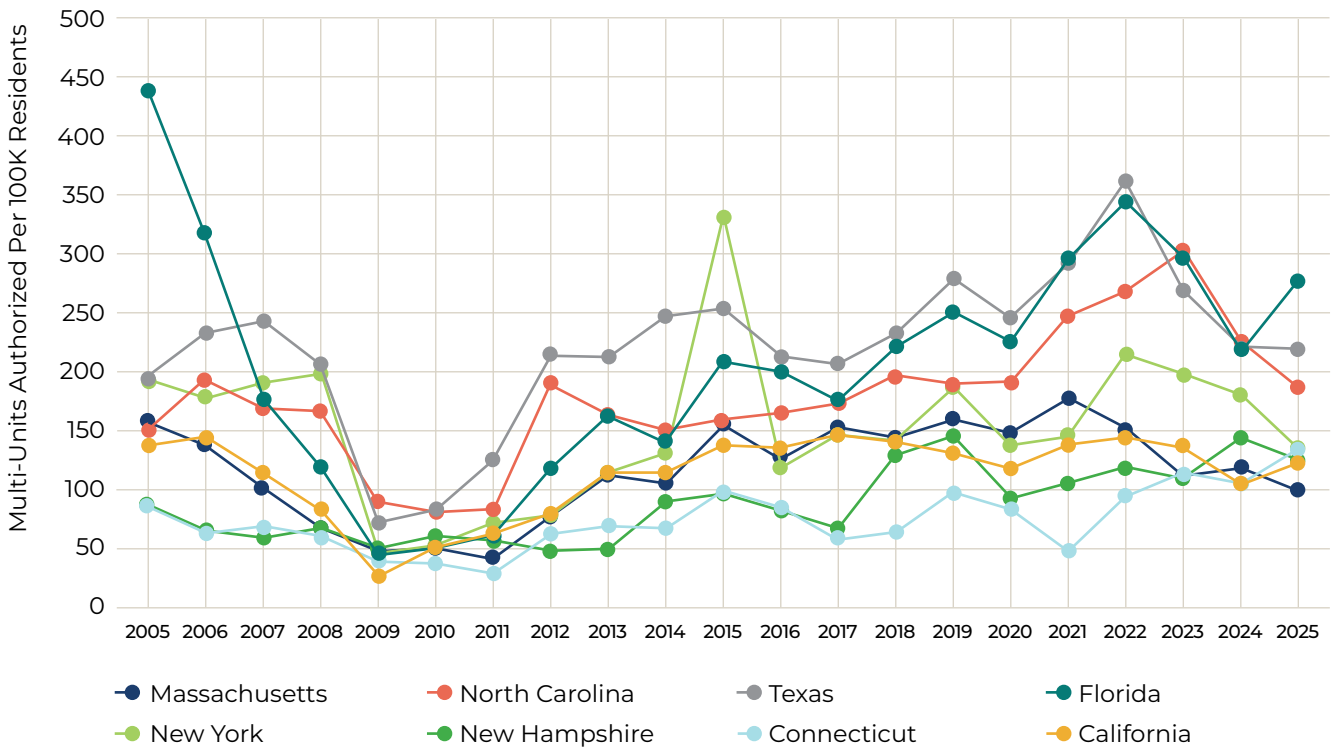
national variation remains (*see figure 6.2*). Utah approved the largest number of multi-family housing units (286 units per 100K residents), followed closely by Florida (276 units per 100K residents), Colorado (270 units per 100K residents), and Nebraska (251 units per 100K residents). Longer-term trends reveal that both Massachusetts and its competitor states declined in housing construction precipitously amidst the 2008 housing crash (*see figure 6.3*). The steepest declines were in Florida where per capita unit construction declined nearly 90% from 2005 to 2009 (and by 60% from 2005 to 2025). Overall, the crash significantly decreased the per capita home building gap between Massachusetts and its southern competitors – trends that reversed quickly in the 2010s. Since 2020, North Carolina, Texas, and Florida have approved triple to quadruple the number of per capita housing units as Massachusetts.

Figure 6.3: Total Housing Units Authorized Per Capita in Competitors States, 2005-2025



Source: [Building Permits Survey \(BPS\)](#), 2025, U.S. Census Bureau.
 Note: 2025 data is preliminary as of February 25, 2026.

Figure 6.4: Multi-Family Housing Units Authorized by Permits Per Capita in Competitor States, 2005-2025



Source: [Building Permits Survey \(BPS\)](#), 2025, U.S. Census Bureau.
 Note: 2025 data is preliminary as of February 25, 2026.

Permits for multi-family housing units are much more volatile with sharp year-to-year declines and increases (see figure 6.4). For example, New York has made periodic robust investments in multi-family housing, including in 2015-2016 (448 units per 100K residents) and from 2022-2023 (412 units per 100K residents on average), but generally approves significantly fewer permits. Overall, multi-family permit trends are similar to those for overall housing units per capita. Historically, and in 2025, North Carolina, Texas, and Florida approved significantly more multi-family housing units per capita than Massachusetts, California, New Hampshire, and Connecticut.

In 2025, Massachusetts approved fewer permits per capita than all of its competitors (table 6.1). North Carolina, by contrast, approved more total units per capita (778 per 100K residents), and Florida approved more multi-family units per capita (276 per 100K residents), than all other competitor states. Notably, competitor states vary considerably in their home construction strategies. In total, 59% of Massachusetts' approved permits are for buildings with two or more units, while a third or less of North Carolina and Texas' permits are for multi-unit housing (24% and 33% respectively).

Table 6.1: Permitting in Massachusetts Competitor States, 2025

	TOTAL UNITS AUTHORIZED	TOTAL UNITS AUTHORIZED PER 100K	MULTI-FAMILY UNITS AUTHORIZED PER 100K
Massachusetts	12,096	170	100
North Carolina	85,916	778	188
Texas	208,175	665	218
Florida	175,204	750	276
New York	37,885	191	137
New Hampshire	5,061	359	124
Connecticut	7,009	191	134
California	104,626	265	121

Source: [Building Permits Survey \(BPS\)](#), 2025, U.S. Census Bureau.

Note: Numbers reported are rounded to the nearest whole number. 2025 data is preliminary as of February 25, 2026.

Section 7

AVAILABILITY & AFFORDABILITY OF HOMES IN THE COMMONWEALTH

This section presents data on changes in Massachusetts home list prices, sales prices, and home values, the availability of homes on the market, the affordability of home prices for the median household by income in the state, and how it compares to key competitor states. Higher rates of homeownership enable residents to build wealth, positioning them for other long-term investments in a community, including contributions to the local tax revenue and business development.

KEY TAKEAWAYS

- ▶ **The pandemic homebuying boom helped Massachusetts homes recover the full value they held before the 2008 housing crash, adjusting for inflation.**
- ▶ **Post-pandemic, Massachusetts has more expensive and fewer home listing options available for homebuyers.**
- ▶ **Despite having the highest median income of competitor states, homes in Massachusetts are less affordable for most households than in 5 competitor states.**
- ▶ **Nationwide, the median single-family home sold for \$414,400 in 2025.**

During the pandemic, significantly increased access to remote work opportunities and falling mortgage rates that decreased the cost of homeownership enabled many residents to buy homes that were otherwise inaccessible due to commuting or affordability constraints – creating a homebuying boom. Over time, as supply constraints competed with the expanding homeownership market, these dynamics drove up the value and cost of homes. The result was a housing boom that dramatically reshaped the market. In Massachusetts, year-over-year change in home list prices has been highly volatile over the past several years, including steep increases and more recent declines (*figure 7.1*). The single biggest percentage increase in homes came in 2020 when home list prices increased more than 18% from the prior year. Since 2020, the median home list price increased 33% (from \$599,000 in June 2020 to \$799,450 in June 2025). In inflation adjusted terms, Massachusetts home list prices increased only 5% since June 2020. Home list prices have leveled off since 2023, including a slight year-over-year decline in 2024 and 2025. After high periods of home price increases – such as the pandemic homebuying boom – many experts consider flat, inflation-adjusted change in home prices to be a key factor in enabling income to catch up with the housing market.⁹

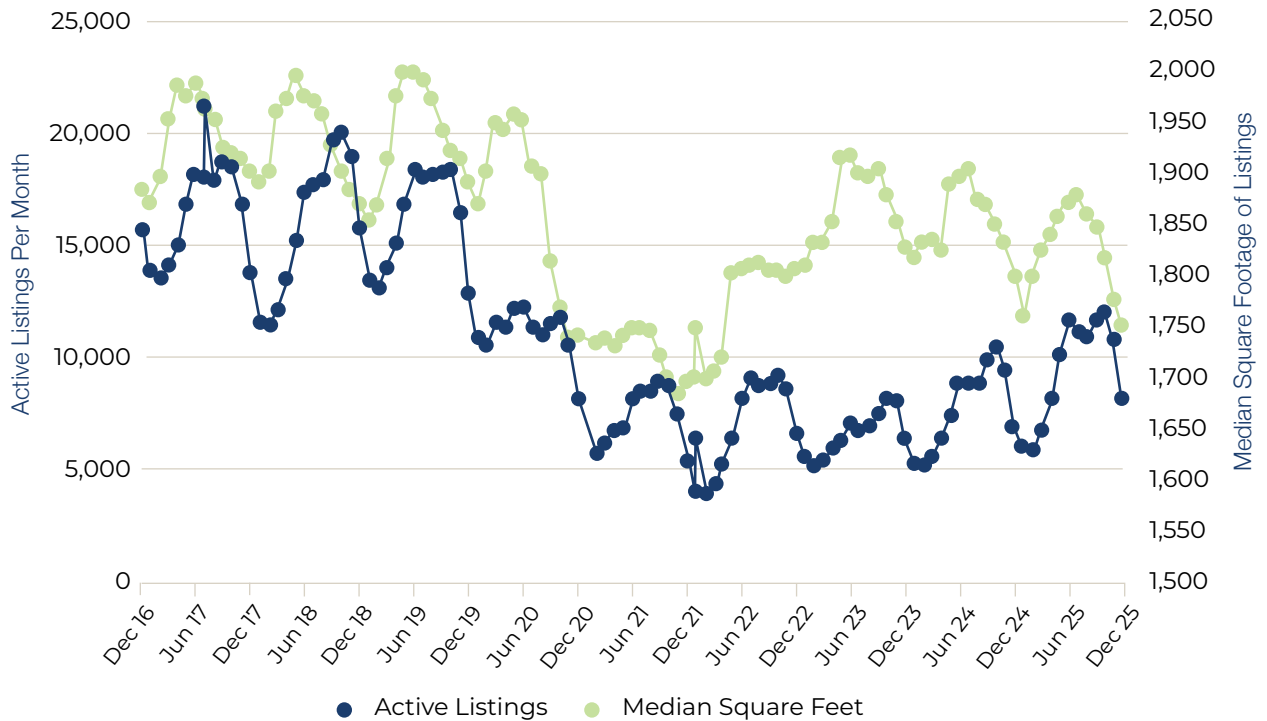
The pandemic also significantly shaped other facets of the Massachusetts homebuying market (*figure 7.2*). Typically, spring is considered the best time for sellers to list a home as new buyers enter the market after a quiet winter, although in Massachusetts, the largest numbers of listings are available for buyers in the fall months, especially September and October.¹⁰ The past several years observed a notable decline in the number of listings – dropping from a monthly average of 16,024 in 2018 to 7,846 in 2024, a decline of more than 50%. Listings in 2025 picked up noticeably – averaging 9,852 per month, a year-over-year increase of 26% – but remain nowhere near the pre-pandemic housing market trends. The size of available listings has also declined sharply from 2020-2022, falling to a median monthly low of 1,684 square feet in November 2021. While some recent recovery is evident, the highest monthly median square

Figure 7.1: Massachusetts Home List Prices, December 2016-2025



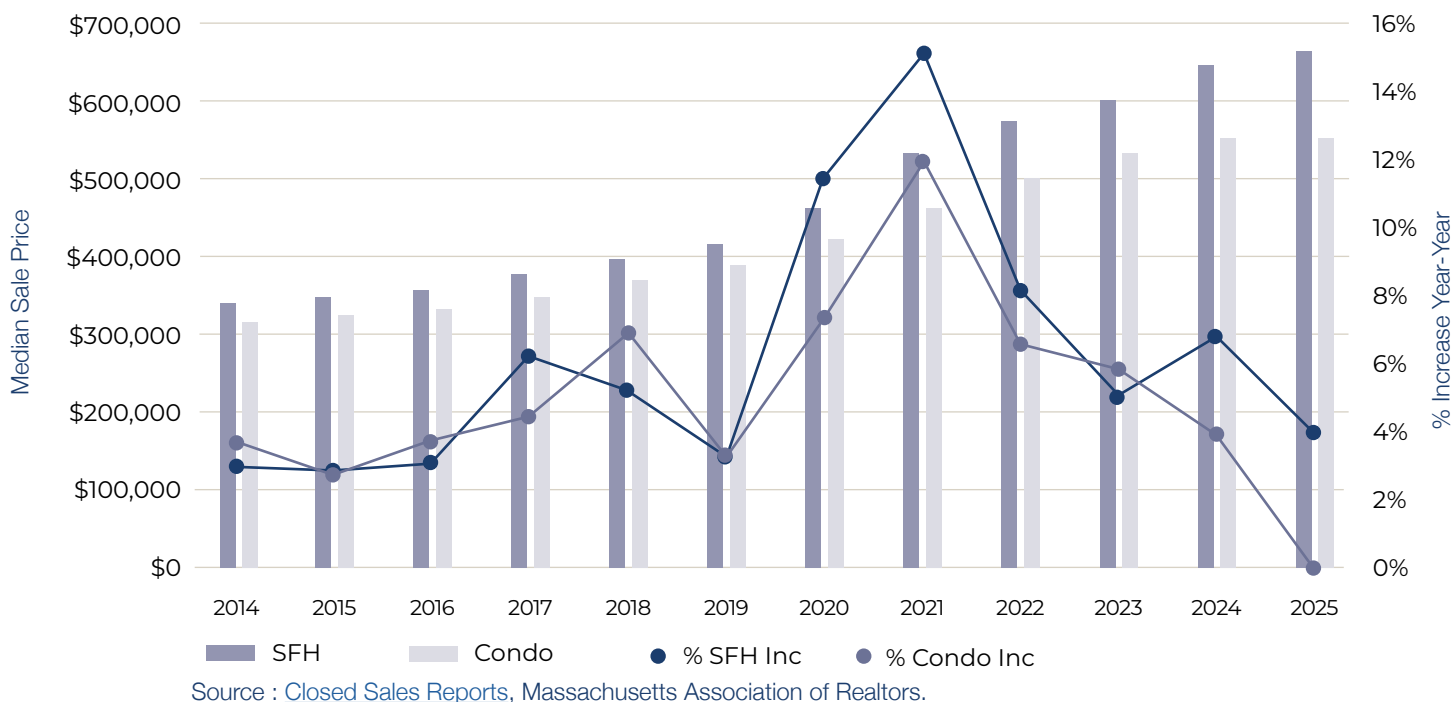
Source : [Real Estate Data and Housing Market Trends](#), Realtor.com.

Figure 7.2: Massachusetts Housing Market Characteristics, December 2016-2025



Source : [Real Estate Data and Housing Market Trends](#), Realtor.com.

Figure 7.3: Massachusetts Real Estate Sale Price, 2014-2025



footage of listings in 2025 – 1,878 square feet in July 2025 – remained about 6% behind 2019.

Final home sale prices can vary from list prices as they take into account negotiations between the buyer and seller, including a shared incentive to guarantee a quick sale and accommodate major home repairs discovered during inspections. *Figure 7.3* presents data on single-family and condo sale prices from the Massachusetts Association of Realtors.¹¹ Single-family home and condo prices have increased rapidly in recent years. Since 2020, median single-family home and condo prices increased 44.6% and 31.3%, respectively. Adjusted for inflation, single-family home sale prices increased 13.8% and condos increased 3.3% from 2020-2025.

Prior to the recent COVID-era housing market changes, the sale price of Massachusetts single-family homes and condos generally aligned together, and the median condo sale price was only 7% less than the median single-family home sale price in 2015. However, the price of single-family homes has increased more rapidly than condos, especially since 2020 when the median sale price of condos increased by 7.4% and single-family homes increased by 11.4%. Today, condos sell for about 19% less than single-family homes. While numerous factors contribute to the price of a home, the divergence

of single-family home and condo sale prices in the state suggest a higher demand for single-family homes relative to condos and a dearth of supply to meet that demand. Nationally, condos sold for approximately 14% less than single-family homes in 2025, according to the National Association of Realtors.¹²

Collectively, before the pandemic, buyers in Massachusetts had access to a greater number of listings, larger sized homes, more affordable homes, and lower interest rates (*table 7.1*). Today, homeownership is out of reach for far more buyers.¹³

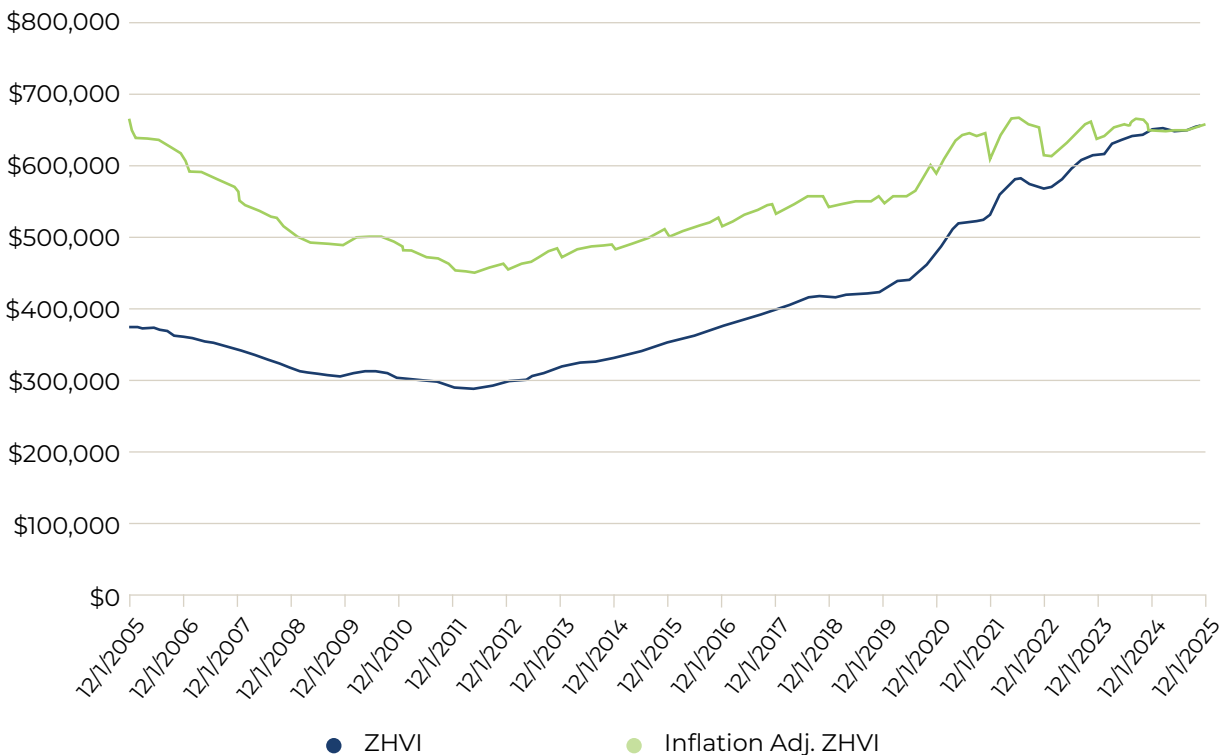
The value of homes in the market provides another measure of a community's housing stock. *Figure 7.4* presents data on nominal and real (inflation adjusted) Zillow Home Value Index (ZHVI) for the median Massachusetts home from 2005-2025. The ZHVI is a broader measure than the home listing and sale price data analyzed above as it includes not only homes that are on the market, but new construction homes and homes that "have not traded on the open market in many years."¹⁴ As the time series shows, real and inflation-adjusted home values declined in the aftermath of the 2008 housing crash, but both have trended upwards with shorter periods of decline evident in the post-pandemic period. Adjusting for

Table 7.1: Change in Available Homes for the Median Home Buyer in Massachusetts

	PRE-PANDEMIC JUNE 2019	POST-PANDEMIC JUNE 2025	% CHANGE
Monthly Listings	18,485	11,681	-36.8%
Median Square Footage	2,000	1,870	-6.5%
Median Listing Price	\$539,900	\$799,450	+14.0%
Median Sale Price	\$440,000	\$725,000	+27.0%
Median Interest Rate	3.82%	6.85%	+79.3%
Median Household Income	\$87,710	\$113,900	+7.2%

Source: Listing information from [Realtor.com](https://www.realtor.com), single-family home sale price information from the [Massachusetts Association of Realtors](https://www.mass.gov/info-details/massachusetts-association-of-realtors), median household income information from the [U.S. Census Bureau](https://www.census.gov), median interest rate information from [Freddie Mac](https://www.freddiemac.com). Note: 2024 median household income data was used for the 2025 sale price to income ratio calculations as 2025 income data is not yet available from the Census Bureau. The reported percentage increases in home list and sale prices are inflation-adjusted.

Figure 7.4: Real and Inflation-Adjusted Median Zillow Home Value Index (ZHVI) in Massachusetts, 2005-2025



Source : [Zillow Home Value Index \(ZHVI\)](https://www.zillow.com/hz/home-value-index/), Zillow Housing Data. ZHVI reflects “the typical value for homes in the 35th to 65th percentile range.” Data reflects the ZHVI model updated as of January 16, 2026.

inflation, homes in Massachusetts have recovered the full value they held at the height of the housing market before the 2008 crash – a significant if protracted recovery. From June 2020 to June 2025, home values in Massachusetts nominally increased 47.2%, according to Zillow. In inflation-adjusted terms, home values experienced a net increase of 15.8%.

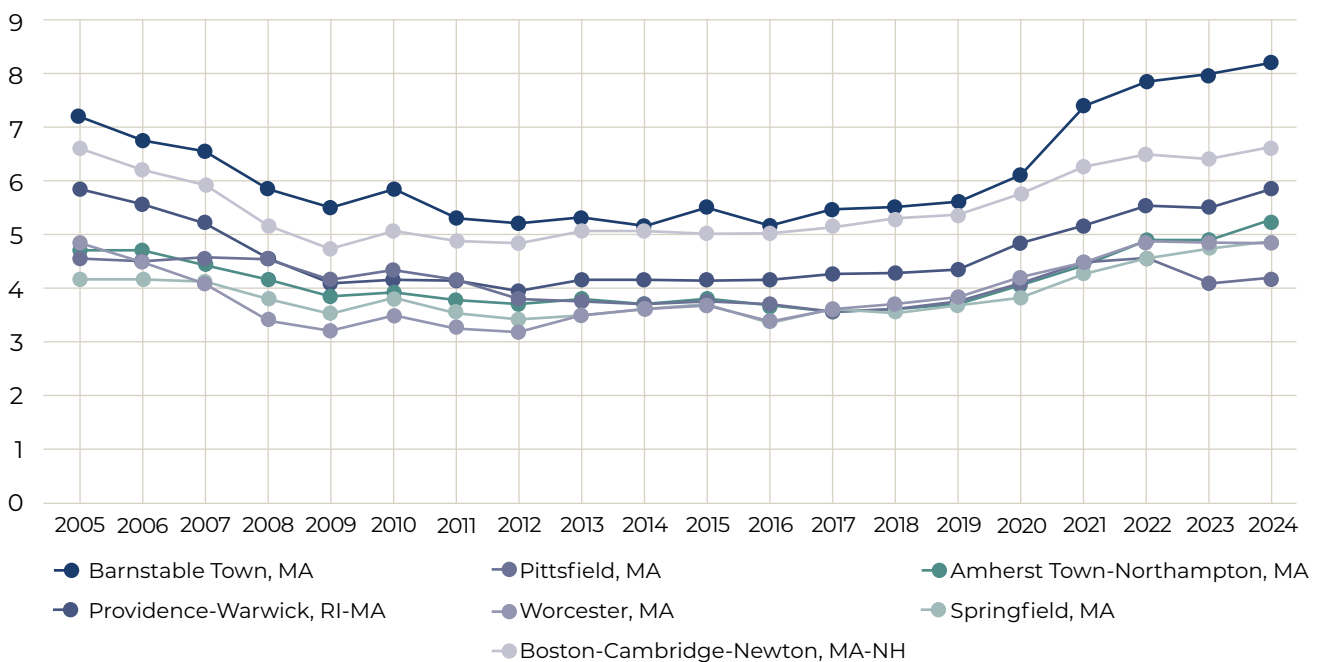
The affordability of homes in a community can be measured in many ways, but one key metric is the ratio between the median priced home and the median household income (see figure 8.6). Recommended ratio levels vary, but the home loan industry recommends 3 and no more than 5 as an ideal ratio.¹⁵ Statewide, this measure gives insight into how many individuals in a given community can afford homes in that area. The housing market crash of 2008 led to a steep decrease in home prices, which decreased the price-to-income ratio in many communities.¹⁶ In recent years, communities across Massachusetts experienced a price-to-income ratio ranging from 4 (Pittsfield) to more than 8 (Barnstable). Ratios above 5 suggest that homes remain unaffordable for more than half of buyers in most communities. Notably, in 2024, the home price-to-income ratio is less than or meets the ratios

before the housing crash of 2008 in all communities except Barnstable Town, MA (where the 2024 ratio of 8.2 exceeds the 2025 ratio of 7.2).

Nationwide, the past five years have seen sharp changes in home list prices. The steepest increase is in Wyoming, where homes increased 67% since 2020 (from \$265,000 to \$442,450). Washington, D.C. is the only locality with a net five-year decline in home prices from a median list price of \$606,000 in December 2020 to a median list price of \$549,500 in December 2025. At the end of 2025, the highest median home list price was in Hawaii (\$750,000), followed by Massachusetts (\$699,900), California (\$699,500), and New York (\$649,000) (see figure 7.6).

Among competitor states (see figure 7.7), Massachusetts ranks alongside California in the high price demanded for available home stock. Home prices in Texas, North Carolina, and Florida remain significantly lower than in the Commonwealth, and the price gap has increased significantly over time. In June 2017, home prices in Massachusetts were 77% higher than in North Carolina, 65% higher than in Texas, and 48% higher than in Florida. In June 2025, home prices in Massachusetts

Figure 7.5: Home Price to Household Income Ratio by Massachusetts Community, 2005-2024



Source: [Home Price-to-Income Ratios](#), Joint Center for Housing Studies, Harvard University. Note: According to JCHS, home prices reflect the median sale price of single-family homes and income data reflect the median household income in the applicable market.

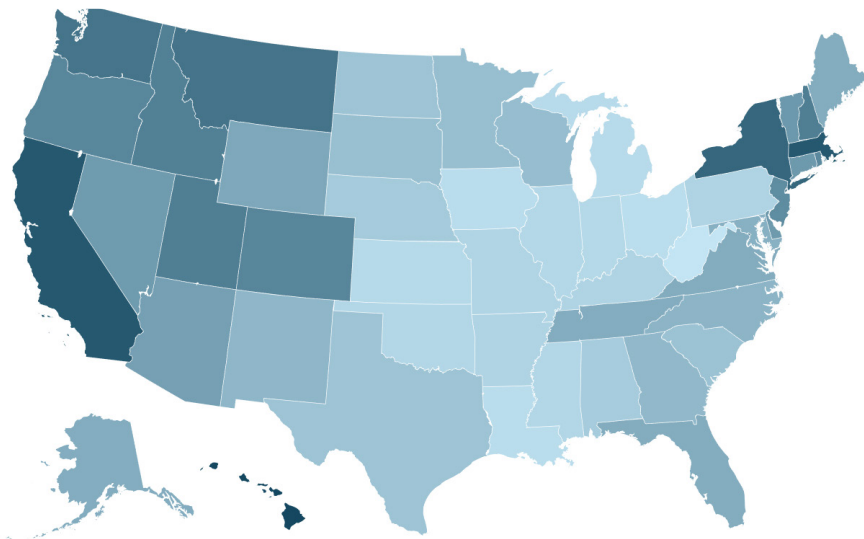


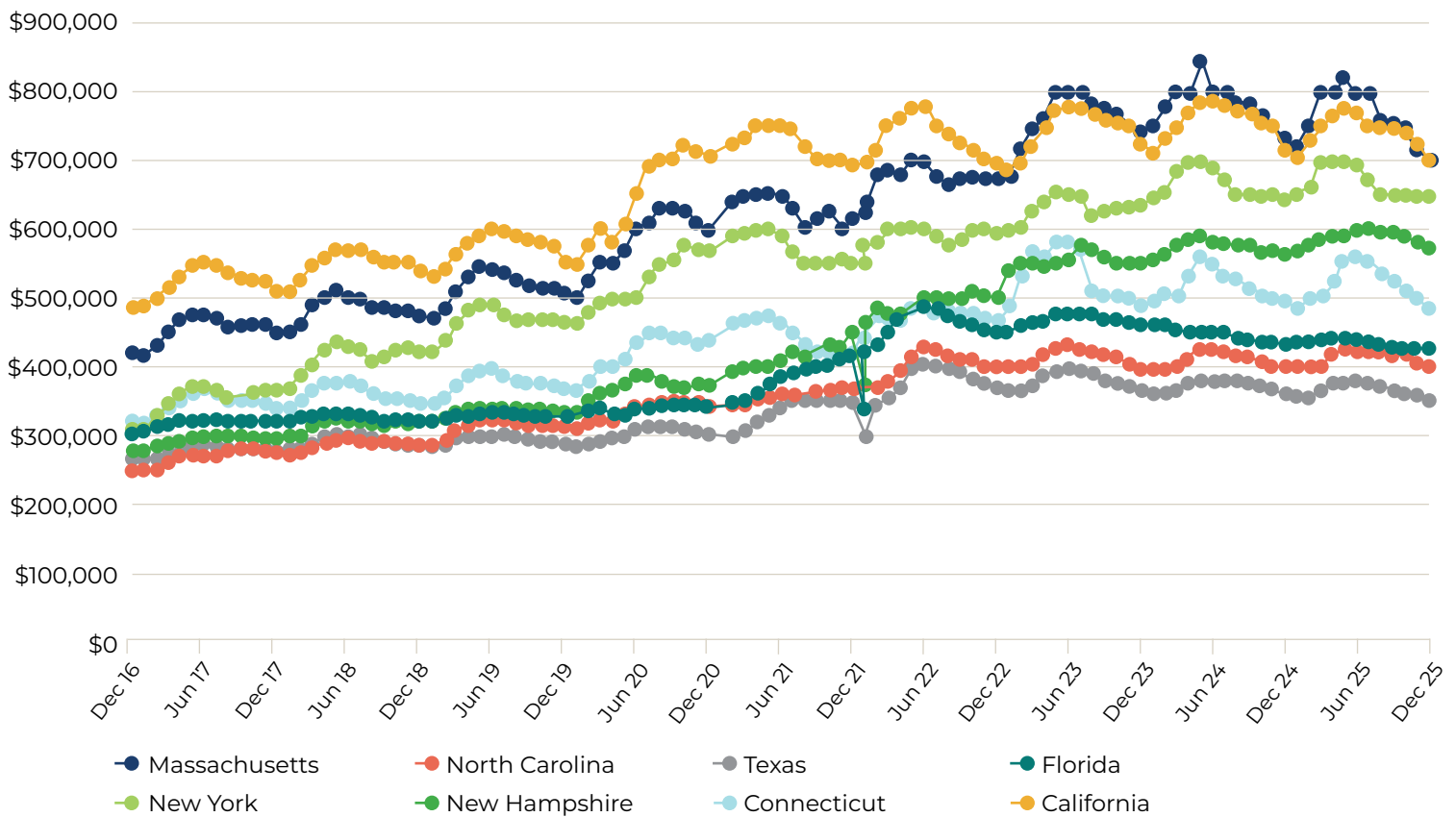
Figure 7.6:
Median Home List Prices
in December 2025

List Price



Source: [Real Estate Data and Housing Market Trends](#), Realtor.com.

Figure 7.7: Median Home Listing Prices in Competitor States, 2016-2025



Source : [Real Estate Data and Housing Market Trends](#), Realtor.com.

were 111% higher than in Texas, 88% higher than in North Carolina, and 82% higher than in Florida.

The affordability of homes for most residents varies across most competitor states, but the sharp increase in home prices and values is a common trend (**table 7.2**). In New Hampshire, home list prices have increased approximately 54% from June 2020 to June 2025 (from \$389,000 to \$599,000), while incomes rose only 26% in that same time period. Adjusting for inflation, New Hampshire list prices increased a net 27% since 2020. The state ranks behind only Montana for the sharpest nationwide increase in home prices. The Zillow Home Value Index (ZHVI), which includes all homes (not just those for sale), reveals that homes in Massachusetts and competitor states have increased significantly in value, increasing anywhere from 35% to more than 50%, over

the past five years. The steepest increases are in New Hampshire and Connecticut.

Massachusetts has the highest median household income among competitor states – \$113,900 in 2024 – and income rose faster than list prices from 2022-2024.¹⁷ But higher household income cannot compensate for the sharp increase in home prices. In 2024, the most recent year for which comprehensive income data is available, Massachusetts, New York, and California all had a home list price to income ratio over 7, which places the median home out of reach for the median household by income. Only Texas falls below the recommended ratio level of 5, suggesting that the state is the most affordable to buy a home for the largest number of residents among competitor states.

Table 7.2: Changes in Home Listing Affordability in Competitor States

	% 5-YEAR HOME LIST PRICE CHANGE	% 5-YEAR ZHVI CHANGE	HOME PRICE TO INCOME RATIO, JUNE 2024
Massachusetts	+33.46%	+44.45%	7.02 (+/- .27)
North Carolina	+25.04%	+51.93%	6.25 (+/- .15)
Texas	+22.15%	+35.19%	4.66 (+/- .10)
Florida	+29.50%	+50.07%	5.94 (+/- .13)
New York	+38.14%	+37.96%	7.73 (+/- .25)
New Hampshire	+53.98%	+63.71%	5.17 (+/- .09)
Connecticut	+30.03%	+57.94%	5.36 (+/- .23)
California	+18.25%	+37.55%	7.72 (+/- .25)

Source: Listing information from [Realtor.com](https://www.realtor.com), median household income information from the [U.S. Census Bureau](https://www.census.gov), Zillow Home Value Index (ZHVI) from [Zillow](https://www.zillow.com). 5-year calculations shown are from June 2020 to June 2025, and home price to income ratio is from June 2024. 2025 household income data not yet available as of January 2026.



Section 8

HOME RENTS & COST BURDENS IN THE COMMONWEALTH

This section examines nominal and real changes to monthly home rental costs and cost burdens in Massachusetts, as well as in competitor states. Monthly rental costs can impact whether individuals from out of state choose to relocate to Massachusetts for work. It may also determine an individual's ability to save money for a down payment or repay student loan debt. Rental costs are particularly impactful for young workers at the beginning of their careers who are more likely to rent.

KEY TAKEAWAYS

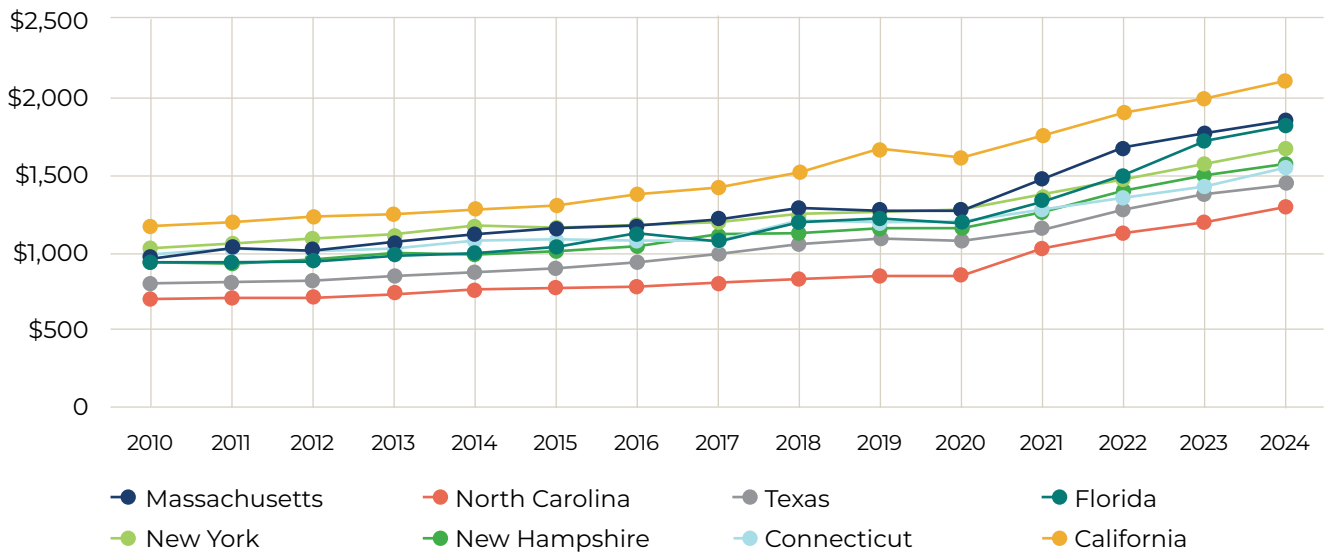
- ▶ **In 2025, monthly rents in Boston were more than \$1,000 higher than the U.S. average.**
- ▶ **Real monthly rents in Massachusetts rose 12.5% since 2020, but the proportion of residents spending more than a third of their income on rent increased by only 3.15%.**
- ▶ **Since 2020, rental costs increased more in Florida and North Carolina than in Massachusetts.**
- ▶ **Nationwide, rents for homes and apartments increased 2.8% from 2024-2025.**

Nominally, gross median rent – a Census Bureau measure that includes rent and utilities – in Massachusetts has increased from \$1,009 to \$1848 from 2010 to 2024 – an increase of 85.15% (*longer-term state and competitor trends depicted in figure 8.1*). In inflation adjusted terms, rents in Massachusetts increased 18.61% over the same time period (*see figure 8.2*). More recently available data from the Zillow Observed Rent Index (ZORI) illustrates rental price increases in the largest localities across the state (*table 8.1*). Boston has the highest average 2025 rent (\$3,000), which represents a 3% increase from 2024. The steepest year-over-year increase is in Pittsfield, where the average rent for homes and apartments increased 6.32% (to \$1525 per month). Overall, Massachusetts communities experienced higher percentage rent increases year-over-year and over the past five years than the U.S. averages of 2.8% and 34.2% respectively, although Boston is a notable exception to these trends.

Real gross rents generally declined in 2020 at the height of the pandemic but have increased significantly for most states. Overall, rents in Massachusetts grew faster than all but two competitors (Florida and North Carolina). New York is one exception among competitors where rents have risen just over 1% in real terms over the past five years. Rents in Connecticut and California have also grown at an inflation-adjusted rate of only 5% since 2020.

Massachusetts renters are no more likely than those in competitor states to spend a significant portion of their income on rent (*table 8.2*), suggesting that rental affordability is a shared concern among all competitor states right now. Longer-term trends over the past 20 years show that Massachusetts has consistently ranked ahead of California and Florida on rental cost burdens (*figure 8.3*). And while homeownership remains five percentage points higher in Florida than in Massachusetts, far more of Florida's renters spend more than 30% of their household income on rent than in Massachusetts (62.1% versus 52.4%). Experts typically recommend that renters spend no more than 30% of their income on rent as it inhibits the ability of renters to save for a down payment, develop an emergency fund, and/or cover other required monthly costs such as health insurance,

Figure 8.1: Nominal Change in Gross Median Rent Among Massachusetts Competitor States, 2010-2024



Source: American Community Survey (ACS) 1-Year Estimates, U.S. Census Bureau.

Table 8.1: Average Rent in Selected Massachusetts Communities

	2025 MONTHLY RENT	% CHANGE 2020-2025	% CHANGE 2024-2025
Barnstable	\$2,579	39.27%	3.39%
Boston	\$3,000	25.59%	2.99%
Pittsfield	\$1,525	—	6.32%
Springfield	\$1,891	37.52%	5.04%
Worcester	\$2,078	39.37%	5.87%
U.S. Average	\$1,901	30.59%	2.74%

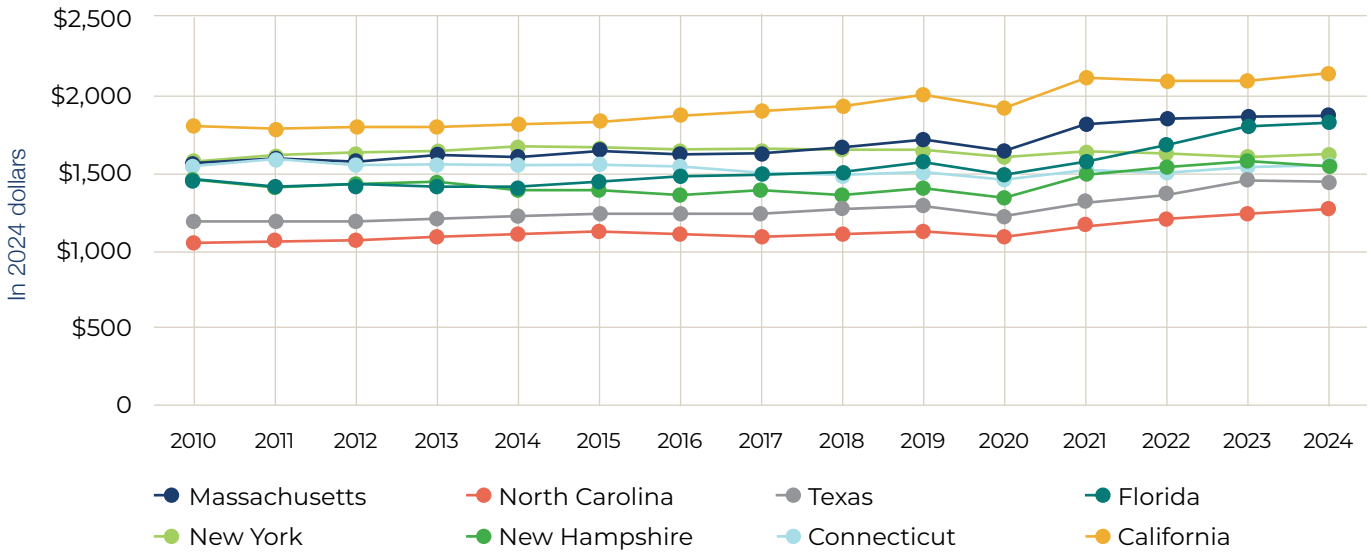
Source: Zillow Observed Rent Index (ZORI), which reflects the mean of listed monthly rents that fall into the 35th to 65th percentile range for all homes and apartments in a given region, weighted to reflect the housing stock. Rounded to the nearest whole dollar.

Table 8.2: Rental Costs in Massachusetts Competitor States, 2024

	% REAL CHANGE SINCE 2020	% NOMINAL CHANGE SINCE 2020	% SPENDING MORE THAN 30% OF HOUSEHOLD INCOME ON RENT, 2024
Massachusetts	+12.5%	+38.3%	52.4%
North Carolina	+16.9%	+43.6%	51.5%
Texas	+10.9%	+36.3%	52.7%
Florida	+21.0%	+48.8%	62.1%
New York	+1.1%	+24.3%	51.5%
New Hampshire	+10.7%	+36.1%	49.4%
Connecticut	+5.0%	+29.1%	54.1%
California	+5.0%	+32.7%	55.8%

Source: American Community Survey (ACS) 1-Year Estimates, U.S. Census Bureau.

Figure 8.2: Real Increase in Median Gross Rent in Massachusetts Competitor States, 2010-2024



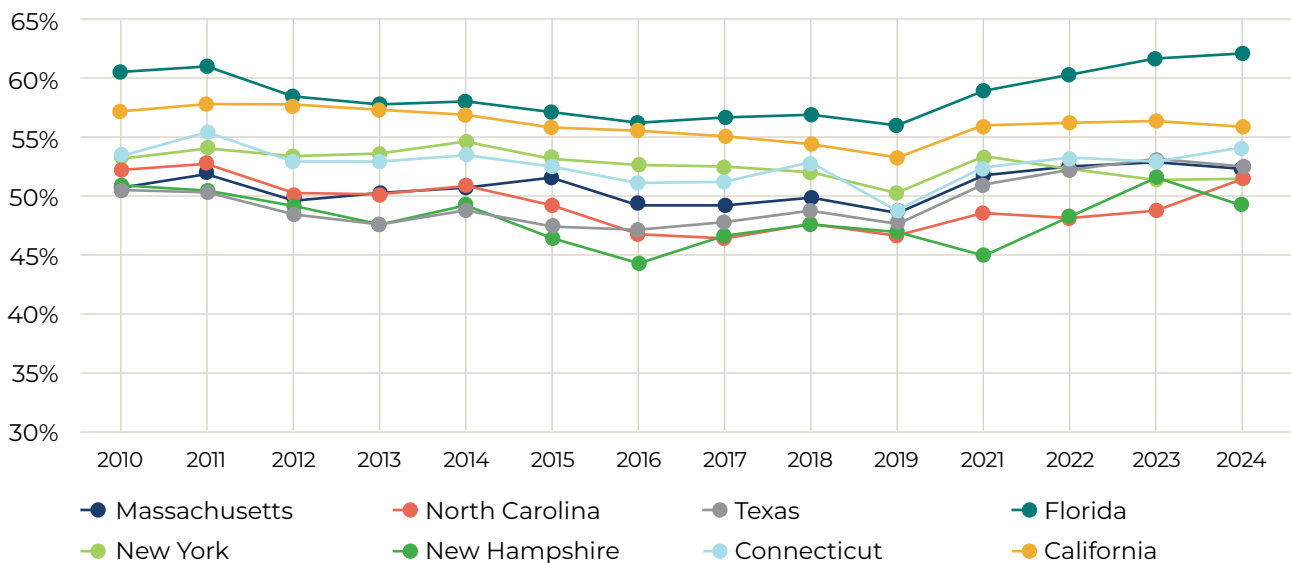
Source: American Community Bureau Survey (ACS) 1-Year Estimates, U.S. Census.

transportation, or car payments. Overall, among competitor states, Massachusetts ranks closely behind California, and just ahead of North Carolina, Connecticut, New York, and Texas, in high rental cost burdens for residents.

Since 2010, the proportion of Massachusetts residents cost-burdened by monthly rental costs has not significantly changed (*figure 8.4*). In 2010, 50.8% of renters spent more than 30% of their income on rent.

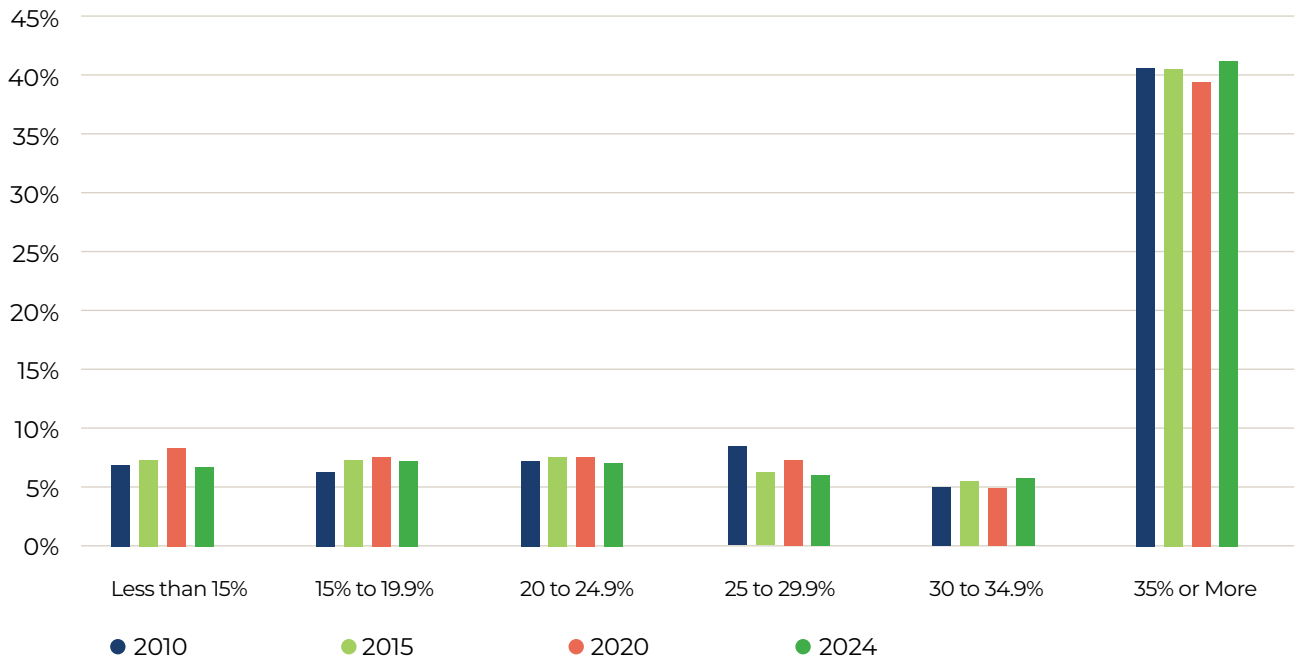
In 2024, 52.4% of renters spent more than 30% of their income on rent – an increase of only 3.15% despite the fact that real rents increased by 18.61% and household income declined by \$3,583 (a net 3.05% decline). These paradoxical trends are likely due to the pool of renters becoming larger and slightly wealthier overall as homeownership rates in Massachusetts declined during this same period from 65.4% to 61.2%.

Figure 8.3: Percent of Renters Spending More than 30% of Income on Rent Among Competitor States, 2010-2024



Source: American Community Survey (ACS) 1-Year Estimates, U.S. Census Bureau.

Figure 8.4: Percent of Household Income Massachusetts Residents Spend on Rent, 2010-2024



Source: American Community Survey (ACS) 1-Year Estimates, U.S. Census Bureau.

Section 9

STATE INITIATIVES & REFORMS TO BOOST HOUSING PRODUCTION

This section presents a qualitative analysis of some of the policies, reforms, and proposals undertaken by Massachusetts, our top competitor states, as well as other states, to support housing production.¹⁸

KEY TAKEAWAYS

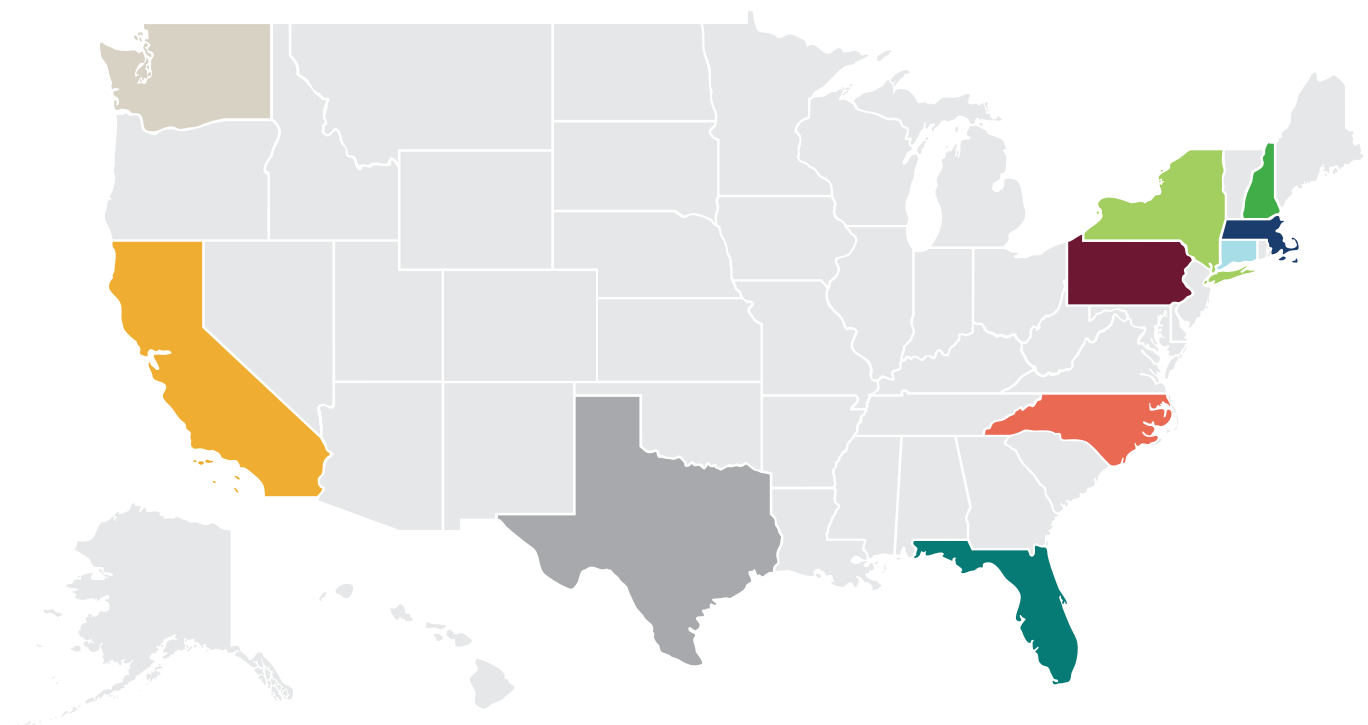
- ▶ **New York, Florida, New Hampshire, California, and Texas took action to reduce land use and other zoning barriers to home construction, including parking, ADU and multi-family housing, and lot size requirements.**
- ▶ **Texas, New Hampshire, and California streamlined the permitting process to limit the time costs of new construction.**
- ▶ **New Hampshire and Florida incentivized developers to build affordable home construction through tax credits, exemptions, grants, and other strategies.**
- ▶ **Pennsylvania and Washington expanded tax abatements and exemptions to transform underutilized commercial property to residential housing.**

The foregoing analyses reveal the persistent effects of the 2008 housing crash on home production for communities across the United States, as well as a sharp increase in housing costs for homeowners and renters since the 2020 COVID pandemic. Massachusetts and its competitor states experienced significant increases in home list and sale prices, monthly rental costs, and declines in homeownership and rental vacancies. All eight states analyzed in this report are also experiencing a housing shortage – a reflection of the steep drop in home building across the country after the market crash nearly two decades ago. Most competitor states, however, have been more effective at addressing these shared housing challenges. While Massachusetts has recently undertaken two major statewide reforms to support housing production, it still produces less housing per capita than Texas, New Hampshire, California, North Carolina, Florida, and New York. What explains the gap in housing production?

Several shared policy innovations stand out among other states. All seven competitor states as well as Washington adopted statewide and/or municipal zoning reforms to reduce lot size, building height, density, aesthetic and parking and other requirements. North Carolina and Texas imposed limits to impact fees charged by municipalities for current and/or future infrastructure needs, and Washington offered discounted impact fees for multi-family developers who reserve some units as affordable housing. Florida and California enacted down payment and closing cost assistance programs to some state residents. Florida and New Hampshire provided incentives, including low-interest loans, grants, loans, and tax exemptions for developers of affordable housing projects. California and North Carolina froze building code standards through 2031, limiting potential unforeseen building costs for developers. Both New Hampshire and New York linked some statewide funding pots to localities that support housing construction, including demonstrated increases in permitting rates and zoning and land use reforms. California notably exempted some multi-family housing construction from mandatory environmental reviews. And Pennsylvania and Washington significantly increased tax exemptions and/or abatements to promote multi-family and affordable housing development.

The actions taken by our competitors reflect a shared, widespread appreciation for the economic impact of housing and its impact on job creation and state competitiveness. As Texas State Senator Paul Bettencourt detailed after the passage of the 2025 zoning reforms he sponsored: “Texas has become the job creation nexus of the country. To follow along with housing affordability is simply just a continuation of the obvious. Because all these people coming to Texas, many of them coming from California, will have to have a place to live, so they can work here in the great state of Texas.”¹⁹ In addition to the indirect economic effects, housing initiatives contribute directly to the state’s economy as well. In North Carolina, one study estimates that addressing the gap in the housing supply would support nearly 2.2 million jobs across a range of industries (including, but not limited to construction and real estate), produce \$489 billion in economic output, and support state and local tax revenues of \$18 billion.²⁰ If Massachusetts is going to effectively compete as a home for employers, business, talent, and residents, it needs to prioritize housing production to support the workforce today and in the years to come.

Housing Initiatives in Massachusetts' Top Competitors & Beyond.



MASSACHUSETTS

Governor Maura Healey estimates that the state needs to build an additional 222,000 homes by 2035 to meet the needs of current and future state residents.²¹ In partnership with the state legislature and other stakeholders, Governor Healey and former Governor Charlie Baker undertook several initiatives to incentivize communities to rezone in support of multi-family housing around mass transit, expand residential accessory dwelling units (ADUs), and other improvements to strengthen long-term housing planning.

- ▶ In 2021, Governor Baker signed the Massachusetts Bay Transportation Authority (MBTA) Communities Act into law, which updated Section 3A of the Zoning Act to incentivize 177 towns and cities across the state to engage in significant multi-family zoning reform. The law required communities serviced by the MBTA, as well as adjacent (“abutting”) communities, to create a zoning district in which multi-family development is permitted by right; specific zoning requirements vary by district size, location, density, and other benchmarks, but the minimum density is 15 units per acre. The final deadline for compliance was December 31, 2025, or communities risk losing access to several discretionary state funding streams, including infrastructure and capital projects funding.²² Additionally, several non-complaint municipalities now face legal action by the Attorney General. While the vast majority of communities are in compliance, the statute does not require communities to build more housing units as newly created multi-family zoning districts may overlap with already-existing multi-family housing developments. According to a January 2026 report from Boston Indicators, thus far, the law has supported less than a 1% increase in housing stock in the 177 affected communities.²³ Governor Healey’s Administration believes about 5,200 homes are under development due to the Act so far.
- ▶ Under Mayor Michelle Wu, Boston adopted several modest reforms to increase the housing supply as part of its broader downtown revitalization policies, which began in 2018 and expanded as the city considered how to adapt post-pandemic.²⁴ One of these initiatives is the Office-to-Residential Conversion Program created in 2023, which provides expedited permitting processing, as-of-right zoning for conversion, and up to 75% tax abatement of fair market assessed value for up to 29 years as part of a payment in lieu of taxes (PILOT) agreement, to support the conversion of class B/C office space into residential and student housing.²⁵ The city also conducted an audit of public lands in 2022, which identified hundreds of potential sites for future projects.²⁶ Other initiatives within the Mayor’s Office of Housing fast tracks developments and provides \$30 million in annual funding to support projects with at least 40% affordable housing.²⁷ In 2025, the city’s Zoning Commission approved zoning reforms to promote high density growth in the downtown neighborhood, including eliminating some land-use restrictions, creating new Skyline zoning districts that legalize residential use, and eliminating zoning barriers to convert or adapt existing buildings (known as PLAN: Downtown).²⁸ However, housing production continues to remain stalled in Boston, as developers navigate high borrowing and construction costs, aggressive building energy efficiency requirements, and high inclusionary development policies that contribute to the current slowdown in housing production.
- ▶ In 2023, Governor Healey restructured the executive offices to create an Executive Office of Housing and Livable Communities (HLC) for the first time in 30 years. The newly created Secretariat centralized existing financial assistance, preservation, and rehabilitation programs and expanded its scope of work to include housing production.²⁹ The next year, the Governor signed the over \$5 billion Affordable Homes Act, which HLC is responsible for implementing. The law provides billions in funding to boost housing production and maintain existing housing, including an additional \$800 million in new capital authorization for the Affordable Housing Trust Fund, and expands efforts to centralize long-term housing planning by mandating the development of a statewide housing plan every 5 years. It also allows homeowners to build an accessory dwelling unit (ADU) by right, establishes a Homeowner Production Tax Credit for housing development for individuals making up to 120% AMI, and designates funding to support infrastructure improvements associated with housing development.³⁰

NEW HAMPSHIRE

New Hampshire is estimated to need almost 60,000 housing units by 2030 and nearly 90,000 housing units by 2040 to meet increasing population demand.³¹ To increase its housing supply, the state has made significant efforts through incentivizing localities to engage in zoning and land use reform, expanding down payment and closing costs assistance programs, and employing federal pandemic era funding for workforce housing development.

- ▶ In 2023, New Hampshire launched a down payment assistance program providing eligible buyers (at or below 100% of the statewide median income) up to \$10,000 in down payment or closing cost assistance. The program amounts have since increased to a maximum of \$15,000.³² The state also took advantage of its \$100 million allocation of American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) to develop and launch InvestNH, which has funded 4,657 multi-family rental housing units to date for individuals and families at or below 80% of the Area Median Income (AMI).³³
- ▶ In the years since, New Hampshire developed additional programs to support workforce housing construction, including InvestNH 2.0, which invests up to \$10 million in grants and loans for housing development, and the Housing Champion Designation and Grant Program, which funds infrastructure improvements in municipalities that adopt zoning and land use reforms.³⁴ The incentives for zoning reform builds on the Uniform Accessory Dwelling Unit policy, adopted in 2016, which enables homeowners to build one ADU by right (or with a minor permit).
- ▶ In August 2025, Governor Kelly Ayotte signed several bills designed to decrease the cost of home production and encourage multi-family housing, including new laws to streamline building codes, the permitting process, decrease parking and building space and height restrictions, and promote the conversion of underutilized commercial property to housing.³⁵

NEW YORK

New York is estimated to have a shortage of approximately 920,000 housing units by 2035.³⁶ Over the past year, initiatives undertaken by the Governor's office, the legislature, and the New York City Council have sought to incentivize local zoning reform to boost housing construction around transit stations, increase overall production, and expand financial investments in affordable housing.

- ▶ In 2023, Governor Kathy Hochul announced the Pro-Housing Communities Program as an executive action, which grants certified "Pro-Housing Communities" access to key discretionary funding programs (up to \$650 million in FY 2025), including the Downtown Revitalization Initiative, the Public Transportation Modernization Enhancement Program, and the Regional Council Capital Fund.³⁷ "Certified communities must document a projected 1 to 3% increase in housing stock through permitting over the past one to three years. As of January 2026, more than 401 communities across New York state are certified and 552 have submitted letters of intent.³⁸ The FY 2026 budget includes an additional \$100 million "Pro-Housing Supply" fund to support infrastructure projects in certified communities.³⁹
- ▶ Further reforms were adopted by the New York City Council in December 2024 with the adoption of the "City of Yes for Housing Opportunity" zoning amendments.⁴⁰ The reforms removed and limited off-street parking requirements for new buildings around densely populated areas, as well as changing residential height, density, urban design, and other aspects of zoning standards. The legislation also established tax abatements to rehabilitate existing multi-family affordable housing; and created a pathway to legalize previously unauthorized basement, garage and other ADU rental units. The reforms are estimated to create over 82,000 new homes across the city. The FY 2026 budget signed by Governor Hochul provides \$1 billion in funding to support New York City's "City of Yes" programs (as well as \$50 million to support starter home construction, including modular homes).⁴¹

FLORIDA

Florida is estimated to need 55,000 single-family units and 66,000 rental housing units, although the gap is worse in some metro areas, including Miami-Dade, Fort Lauderdale, and Tampa.⁴² To support current and future population needs, Florida has initiated significant reforms, including zoning reforms, new sales tax exemptions for some building components, and down payment and closing cost assistance.

- ▶ The 2023 Live Local Act incentivizes the development of housing to meet the needs of households earning between 80% and 120% of the Area Median Income (AMI). Among its provisions, the act provides tax credits, zoning flexibility, including reduced parking requirements, maximum density allowances, increased building height flexibility, and infrastructure funding. Under the law, localities are required to approve multi-family housing development on sites zoned for mixed-use residential, commercial, or industrial purposes if at least 40% of the units will be affordable to households up to 120% of the AMI for 30 years. It established a new 75% property tax exemption for construction targeting the middle class; eligible properties serving households below 80% AMI receive a 100% property tax exemption.⁴³ It also established the Live Local Tax Incentive Program, which allows individuals to direct their corporate income tax liability or insurance premium tax contribution towards the State Apartment Incentive Loan program, which provides low interest loans to affordable housing developers. According to the Florida Housing Finance Corporation, every \$1 million contributed to the program supports the construction of 20 affordable housing units.⁴⁴ Lastly, the act created the Hometown Heroes Housing (HTH) Program, which provides down payment and closing cost assistance to first time homebuyers who work in more than 50 eligible professions, including teachers, veterans, paramedics, nurses, and childcare workers.⁴⁵
- ▶ Amendments to the law passed in 2025 streamlined zoning requirements for multi-family housing, limited local governments from requiring that multi-use projects devote more than 10% of development square footage to nonresidential purposes, allows local governments to approve housing development on lots owned by religious institutions regardless of zoning as long as at least 10% of the homes are affordable, and allows developers to create a preference to provide affordable housing to employees of hospitals, healthcare facilities and governmental entities.

TEXAS

The sharp growth in population during and after the pandemic helped spur a housing shortage of 306,000 homes in Texas, according to an estimate provided by the Texas Comptroller of Public Accounts.⁴⁶ In response, localities throughout the state have undertaken initiatives to support home production, including zoning reform, which the legislature mandated statewide in 2025.

- ▶ Houston has long adopted an approach to zoning unique among major U.S. cities. In 1998, the city significantly cut minimum lot size requirements in the downtown urban center from 2,500 square feet to 1,400 square feet for townhomes, and from 5,000 square feet to 3,500 square feet for single-family homes. This was later expanded in 2013 to include all land within the city's wastewater infrastructure, although neighborhoods were given an opt-out provision.⁴⁷ Other regulations, including building height, lot separation, and front setbacks, are also more flexible than found in most cities.
- ▶ In 2023 and 2024, the Austin City Council passed a variety of reforms intended to increase the development of multi-family and affordable housing and address surging home and rental prices. In late 2023, the City Council voted to remove minimum parking requirements for nearly all properties, including many commercial buildings, apartment buildings, and single-family homes, and allow up to three housing units to be constructed on any lot where single-family homes are currently allowed.⁴⁸ In 2024, Austin adopted further changes, including reducing the lot size requirement for single-family homes from 5,750 square feet to 1,800 square feet.⁴⁹
- ▶ In 2023, the legislature enacted reforms to speed up consideration of permits for home construction. HB 14 requires localities to consider development applications within 15 days of receipt and allows landowners to work with a licensed third party to complete permitting and inspection processes if the relevant locality does not act within that window.
- ▶ In 2025, lawmakers passed several bills aimed at increasing housing production across the state. SB 840 and 2477 allows owners of land zoned for retail and commercial space in large cities to build apartments and mixed-use developments by right without seeking rezoning approval.⁵⁰ SB 840 and SB 1883 also limit impact fees and add new restrictions around their use. Senate Bill 15 requires municipalities to allow single-family homes on lot sizes as small as 3,000 square feet and limited required off-street parking to one spot (rather than two to four, as is typical across the state).⁵¹ Homeowners associations as well as select locations (e.g. land near airports) are exempted from the new requirements.

NORTH CAROLINA

North Carolina faces a projected shortage of 764,478 for-sale and rental unit shortfall through 2029.⁵² Over the past decade, the state encouraged housing production by limiting the ability of local governments to impose aesthetic design requirements and impact fees, regulatory freezes, and a newly adopted ban on downzoning.

- ▶ In 2023, North Carolina passed HB 488, which created a separate Residential Building Code Council, and reformed the provisions that apply to residential housing.⁵⁶ It also delayed updates to the state's building code until 2031, which many home builders argue are important to maintain home affordability (opponents argue that new standards are necessary to ensure homes are prepared to withstand climate change and save homeowners energy use over time)
- ▶ At the end of 2024, North Carolina adopted a widespread ban on downzoning, or a reduction to the allowable density of development, reduction in permitted uses, or creation of a "nonconforming" use, lot or structure.⁵⁷
- ▶ Cities are explicitly prohibited from controlling "building design elements," such as exterior building colors and style and the number and types of rooms in one- and two-family dwellings.⁵³
- ▶ North Carolina is one of only 16 states that do not allow impact fees by statute – a shift that was enabled by a series of rulings from the North Carolina Supreme Court declaring most impact fees paid by homeowners and developers to fund local infrastructure such as parks or school construction as unconstitutional.⁵⁴ Towns are however, allowed to initiate upfront charges for water and sewer (by the 2017 Public Water and Sewer System Development Fee Act). The elimination of impact fees has led to costly litigation, but it has also significantly decreased the cost to build in the state.⁵⁵

CALIFORNIA

California's Governor Gavin Newsom has set a goal of building 2.5 million new housing units by 2030.⁵⁸ The state has been especially active in reforming several components of the bureaucratic homebuilding process, including new exemptions from the 1970 California Environmental Quality Act (CEQA), which subjects housing developments to an extensive, costly, and lengthy environmental review process.⁵⁹

- ▶ The Housing Crisis Act of 2019 was designed to increase and protect existing residential development, and expedite permit processing. Among other provisions, the law limited the ability of local governments from downzoning without compensatory upzoning, imposing new design standards, enforcing moratoriums or growth control measures, and retroactively froze zoning standards.⁶⁰ This law was extended in 2021 through SB 9 (the Housing Opportunity and More Efficiency (HOME) Act), which allow lot-splitting and upzoning in single-family neighborhoods by right – allowing up to four homes on newly subdivided lot – and SB 10, which allows local governments to access streamlined CEQA requirements for new multi-family housing near transit or urban infill areas (allowing up to 10 units per parcel of land).⁶¹
- ▶ In 2022, the state's Dream for All Shared Appreciation Loan Program was created to provide a loan for all or most of a down payment or closing costs (up to 20% of the home purchase price). The original loan amount, including 15 to 20% of any appreciation in the value of the home (based on buyer income), must be repaid when the home is sold or transferred.⁶² Awardees are selected via a lottery; while the exact number of awardees varies based on funding and applicants, only 6,800 first-time (and first generation) homebuyers participated in the program FY 2024-2025.⁶³ The loan program is run in conjunction with the Dream for All conventional mortgage, which provides a 3% down payment option and does not require mortgage insurance.
- ▶ California's 2025 budget package included a major set of reforms to exempt many urban infill housing development projects from CEQA (including any permits and public improvements required for the project), streamline the permitting processes by requiring local governments to adhere to strict time limits, and limits local governments' power to impose standards on ADU construction or make residential building standards changes (through 2031), among other provisions.⁶⁴

PENNSYLVANIA

Governor Josh Shapiro projects that the state needs 100,000 additional housing units to meet current residents' needs.⁶⁵ In September 2024, the governor signed an executive order directing the developing of a comprehensive Housing Action Plan, including an assessment of local needs, identification of goals and measurable outcomes to meet local housing needs, and policy recommendations and insights from the public and private sector.⁶⁶ In order to spur housing development, state and local governments focused on learning from past successful initiatives, including an expansion of a tax abatement for development of residential properties, as well as new programs to develop vacant public lots and grants to preserve available housing.

- ▶ In the late 1990s, Philadelphia prioritized housing development reforms in response to decades of population decline, which strained city finances, thousands of vacant lots and buildings, and led to decreasing property values across the city of roughly \$3.6 billion.⁶⁷ The city established a business improvement district in the Center City, a Neighborhood Transformation Initiative (NTI) to demolish and clean vacant buildings and lots, and a series of 10-year tax abatement programs for commercial-to-residential conversions, which were later expanded to include new construction and renovated home projects. Data shows that permitting rates more than tripled in the decade after the tax abatement policy went into effect (from 5,000 in the 1990s to more than 16,500 from 2000 to 2009).⁶⁸ In total, Philadelphia added more than 60,000 total and more than 18,000 buildings as of 2023.
- ▶ The 2025-2026 budget, signed by Governor Shapiro in November 2025, increased the state's property tax abatement program to include the conversion of commercial, industrial, governmental, and school buildings into residential housing.⁶⁹ The program previously only applied to economically depressed areas and was limited to 10 years. Philadelphia's Mayor Cherelle Parker announced a plan to allow property tax abatements for 20 years in the city, although the plan still needs to be formally introduced and passed by the City Council. The state legislature is currently considering measures that would require municipalities to make decisions about permit applications in a faster timeframe, centralize some housing developmental programs and processes across the state, and create a new grant program to fund housing near major hubs across the state.⁷⁰
- ▶ In spring 2025, Philadelphia announced a series of reforms under the Housing Opportunities Made Easy (HOME) Initiative, including establishing a goal to build or preserve 30,000 affordable and workforce housing units. The HOME budget includes \$277 million to support the Turn the Key program, which constructs homes on public lots for lower income, first-time homebuyers, as well as providing support for affordable housing and home repairs.⁷¹ Similarly, Pittsburgh's Mayor and City Council passed a \$31.6 million bond to build 1,000 affordable housing units over the next three years, and an expansion of the Pittsburgh Land Bank's program to sell or prepare for sale vacant or abandoned blighted properties to buyers who can transform them into affordable housing.⁷²
- ▶ In 2022, the legislature passed the Whole-Home Repairs Program, which used \$125 million in American Rescue Plan Act (ARPA) funding to offer income-eligible homeowners (at or below 80% AMI) and small landlords (no more than 5 properties or 15 rental units) grants to address home repairs that preserve and sustain currently existing housing. Senator John Fetterman (D-PA) later introduced federal legislation to create a national five-year pilot program based on the Pennsylvania program.⁷³

WASHINGTON

Washington's Department of Commerce estimates that the state needs to build over 1,000,000 homes by 2044 to meet current and future residents' needs, including more than 336,000 in King County (home to Seattle) alone.⁷⁴ In order to address this significant disparity in housing capacity, the state legislature and Governor Bob Ferguson adopted a variety of reforms over the past five years, including removing zoning barriers to new construction, increasing tax exemptions for affordable housing, deferment of sales tax on construction costs, and new mandates requiring local communities to plan for housing needs for all income levels.

- ▶ In 2021, the legislature required all municipalities to “plan for and accommodate” housing affordable to all income levels (an update to the state’s Growth Management Act (GMA), which charged municipalities with “encouraging” affordable housing). HB 1220 directed the state’s Department of Commerce to offer estimates of projected housing needs by income level (0-30%, 30-50%, 50-80%, 80-100%, 100-120%, 120+ AMI and emergency housing), by county, and requires all jurisdictions to update their GMA planning to include policies and provisions for moderate density housing, identify sufficient capacity of land for all housing needs, and make adequate provisions for existing and projected housing needs at all income levels.⁷⁵
- ▶ In 2025, the state significantly decreased the minimum parking requirements municipalities can require for single-family and multi-family residential housing and commercial development, including no more than 0.5 parking spaces per multi-family dwelling, 1 parking space per single-family home, and no more than 2 parking spaces per 1,000 square feet commercial space. All parking requirements for smaller residences (under 1,200 square feet), affordable housing, small commercial spaces (under 3,000 square feet) and senior housing, were also eliminated.⁷⁸ Governor Ferguson estimates that each parking space adds “up to \$20,000 to the cost of developing a home” with parking garages adding even more.⁷⁹
- ▶ In February 2024, Governor Ferguson signed legislation allowing developers to defer sales and use taxes on the construction costs of converting commercial space to housing and established an 8-year tax exemption for new construction, converted, or rehabilitated multi-family residential structures. The tax exemption increases to 12 years if the property owner rents or sells at least 20% of units as affordable housing to low or moderate-income households, and to 20 years if the property owner rents at least 20% of the units to low income households for “a term of 99 years.”⁷⁶ In 2025, the 20-year property exemption expanded to include properties fully or partially located in a bus or rail station area that meet existing affordable or workforce housing requirements (3SHB 1491, HB 1494). Compliant development projects would also receive a 50% discount from local impact fees.⁷⁷

Section 10

STATE & LOCAL POLICY OPTIONS FOR CONSIDERATION

Massachusetts should remain active in pursuing policies that will continue to spur housing production, while avoiding those that will further exacerbate our low production. This report outlines several opportunities to pursue policy reforms that promote housing construction and development of all types. Given the housing affordability crisis, the state should analyze short-term actions to spur construction. The Chamber has developed several policy options for consideration.

POLICY OPTIONS TO CONSIDER

Expand Boston's tax abatement program for office to residential conversions to 100% over 20 years

- Boston's current office to residential conversion program, providing 75% tax abatement over 10 years, resulted in 251 new units under construction or already completed, with 1,517 total applications.
- The program was extended until December 31, 2026, with any eligible units committing to pulling a full building permit and starting construction by December 2027.
- Given the success of this program, the City should announce a 3-year window for program extension and offer 100% tax abatement for 20 years – similar to other major city approaches.
- Furthermore, the City should consider expanding property tax abatements to encourage other outdated office conversions to support downtown vitality.
- For instance, Washington, D.C. offers a Housing in Downtown program, offering a 20-year tax abatement for qualifying office to housing conversions. However, to ensure downtown is a desirable location to live and work, D.C. launched a companion "Office to Anything" program.
- This program grants a 15-year temporary property tax freeze for office space conversions into retail, hotel, world-class office space, restaurants and other non-residential uses.
- This competitive grant program is available beyond 2030 to ensure dynamic neighborhoods downtown.

Create a 10-year statewide cap of 10% for inclusionary development policies and improve flexibility

- Governed by local municipalities, inclusionary development policies (IDPs) require a certain percentage of newly constructed housing units in market-rate multi-family developments are dedicated to low- or middle-income residents. In lieu of producing the required units, developers are sometimes allowed to pay into a municipally controlled trust fund dedicated to developed affordable housing units, or allowed to build affordable units offsite elsewhere in the municipality.
- IDPs are a useful tool to ensure diverse housing options are produced within a municipality. However, many recently amended or adopted IDPs push affordability requirements too far, requiring 15-20% of units to be set aside for income restrictions. Developers often cannot offset that requirement through their market rate units, and projects don't move forward.
- Moreover, outside of Boston and Cambridge, IDPs have resulted in few affordable units, and most of those were developed before Boston increased their affordability requirements.⁸⁰
- A medium-term, statewide cap 10% of units on residential developments of 10 units or more creates a viable middle ground, allowing for the continued support of affordable housing in new construction, while facilitating the necessary housing development Massachusetts needs through 2035. The policy should also allow developers to build any required affordable units offsite or contribute to IDP Funds as alternatives to unit requirements.

Institute a 5-year statewide moratorium on the stretch energy code and specialized energy code, or otherwise develop a variance or appeal pathway for important housing developments

- Massachusetts has some of the strictest energy efficiency requirements in new construction and major renovations through its stretch energy code and specialized energy code. The stretch energy code is mandatory for municipalities seeking a

“Green Community” designation and is automatically updated by the Department of Energy Resources. 301 municipalities have adopted either the stretch energy code or specialized energy code.⁸¹

- These requirements, while well intentioned, add to the upfront costs of new housing development.
- A short-term moratorium would ease cost pressures, allowing the base building code to guide housing efforts statewide to boost critical production.
- In the alternative, the Commonwealth should develop a formal appeal or variance process for specific housing developments that further the Commonwealth's housing production goals. Housing projects that fill critical needs, further the state's housing production goals, or offer affordability benefits to residents should be afforded flexible pathways to meeting energy efficiency requirements or other restrictions imposed by the stretch energy code.

Reduce lot sizes for starter homes

- This fall, Massachusetts voters will consider a ballot petition that will reduce the minimize lot size for a proposed single-family home to 5,000 feet.
- Allowing starter home building as of right on smaller lots – as long as they have access to public water and sewer service and 50 feet of frontage – is a commonsense strategy to foster development statewide.
- This change could be particularly helpful to housing development in areas of the state with less dense development and more available land – areas that are likely to already be more affordable than densely populated municipalities.
- Municipalities retain the ability to regulate setbacks, bulk, and heights of structures.

Increase financial support for the HDIP Program and use the HDIP model to expand support for other market-rate housing production

- The Housing Development Incentive Program provides Gateway Cities critical tools to increase market rate housing production.
- The Program allows for a local-option real estate tax exemption on all or part of increased property value resulting from improvements and state tax credits for qualified expenditures.
- This program is subject to a \$30 million annual cap and is only available to 26 Gateway cities with a population between 35,000 and 250,000.
- Expansion of the previous \$10 million cap resulted in 1,525 new housing units in 2024.
- Policymakers should consider permanently doubling this program to a \$60 million cap per year, and extending incentives to municipalities with lower populations that also struggle to attract market-rate housing. Regions such as Cape Cod and the Berkshires face constraints in attracting market rate housing development and could benefit from increased access to either HDIP funds, or a similar HDIP model for rural or seasonal communities that provides assistance to other municipalities.

Double down on the Momentum Fund and Customize Fund to promote housing in all regions of the Commonwealth

- Part of the Affordable Homes Act, the Commonwealth created the Momentum Fund to offer developers of mixed-income housing a source of equity financing.
- The Fund lowers developers' cost of capital by sharing the risk, while retaining the ability to realize a return on investment. It then may reinvest revolving funds as capital investments are repaid.

- \$50 million is a significant investment and has already translated into over 450 units of housing production. However, to reach the Commonwealth's 222,000 units by 2035 goal, sustained investment is needed. Policymakers should consider doubling the fund to \$100 million.
- However, some requirements for funding do not reflect the realities of regional barriers to housing development.
- For example, applying income restrictions to 20% of housing units for developments to access Momentum funding prohibits many Gateway cities from accessing the benefits of the Fund. In effect, many municipalities become ineligible.
- In addition, prioritizing large developments of 50 units or more oftentimes excludes key regions of the state, such as the Berkshires, from accessing the Fund. These regions rarely see individual housing developments larger than 10-25 units.
- The Fund should be adjusted, through legislative and regulatory changes, to apply different restrictions to different areas of the state, and reflect other recommendations in this report, such as temporary caps on inclusionary development policies and energy mandates. This added regional flexibility in the Fund would allow all areas of the Commonwealth to take advantage of this key program.
- Policymakers should also consider targeting housing development that supports urgently needed workforce professions such as nurses, childcare workers, and firefighters, by expanding eligibility for a \$50 million fund to offset capital costs of development projects that support retaining and recruiting critical workforce professions.

Allow multi-family construction by right

- Last year, the City of Cambridge approved zoning rules that allow the construction of residential buildings up to six stories by right. Four stories are allowed by right in all residential areas, and six stories are allowed by right in lots with more than 5,000 square feet if they incorporate 20% or more of affordable housing.
- Avoiding the special permit and variance process gives developers more predictability for the normal permitting process and creates a welcoming environment for new housing production.
- More municipalities in the Greater Boston area should consider creating a multi-family zoning district to encourage by right construction of small to mid-size multi-family housing, particularly those municipalities close to the City of Boston. Local policymakers should also consider allowing some large single-family homes to be converted into duplexes, triplexes, and/or quadplexes by right, an approach adopted by Newton in new Multi Residence Transit (MRT) zoning districts. This approach significantly increases housing in a community while preserving existing neighborhoods and the original facade of homes.

Continue to reaffirm already approved and issued local and state permits

- In the Mass Leads Act, the Legislature wisely adopted a permit extension provision that created a tolling period to protect state and local permit approvals in the wake of the Great Recession. Without this action, many developments in Boston and beyond would have faltered before the economy could recover. With similar economic and fiscal uncertainties facing policymakers in 2026, combined with the expiration of pandemic-era permit tolling and the current housing shortage, the Commonwealth should again consider such tolling to ensure much needed housing and commercial projects move forward when possible and avoid cumbersome delays that may undermine otherwise worthy development.

Mandate state developed training standards for individuals serving on local planning boards

- Often volunteers, individuals serving on planning boards and other local governing bodies at times do not fully understand cumbersome local zoning rules and regulations, the proper standards of review and approval, and the roles between state and local zoning and permitting processes.
- Requiring a basic, foundational education program and other resources developed and required by the state can assist local residents in understanding the procedural and regulatory frameworks at the local government level, speeding up reviews and approval processes and avoiding unnecessary costs and delays in projects.

Adopt 10-year sales tax exemption for housing construction materials for multi-family construction

- The Commonwealth should create a state sales tax credit to enhance the viability of multi-family housing construction in a period of sustained increases to material costs and an uncertain tariff environment affecting prices for lumber, steel, aluminum, and electrical components.
- Since February 2020, prices for construction materials have increased 25-60+%, including a 25% increase to lumber and wood products, 42% increase to concrete products, 52% increase to iron and steel projects, and a 63% increase to switchgear, switchboard, industrial controls equipment.⁸²
- According to some estimates, **the 6.25% Massachusetts sales tax for materials accounts for up to 5% of housing development project costs.**⁸³ Given already-narrow profit margins and the continuation of economic and fiscal uncertainty in 2026, policymakers should consider creating a 10-year sales tax exemption for construction materials to lower the costs of new multi-family development.

POLICY OPTIONS TO AVOID

Oppose statewide rent control

- A statewide ballot initiative proposes the strictest form of rent control in the nation. The simple filing of this proposal is already driving away housing investment, and if enacted, will essentially halt large-scale development across the state.
- Increasing housing supply and tenant mobility creates widespread access to affordable housing. Rent stabilization limits access by reducing both methods: it chills housing production and tenants' willingness to move.
- The impacts of imposing rent stabilization on housing production can be seen clearly in other cities that recently adopted rent control policies. **St. Paul, Minnesota voters adopted rent stabilization policies in 2021. In 2022, the first year of implementation, data shows a stunning 50% drop in housing production.**⁸⁴ The impacts were so swift and so detrimental that the city changed course within six months to exempt new construction and allow for greater increases between tenants, among other changes.
- Less housing production creates scarcity and raises rents for units not covered by rent stabilization. A 2024 study of 27 metro areas found that rent stabilization not only failed to benefit the middle class, but increased costs for many residents.⁸⁵ In New York and Los Angeles, for example – both of which maintain longstanding rent stabilization policies limiting rental increases – the median rents rank among the highest in the country.
- Rent control and stabilization policies also lead to less tenant mobility, making it harder for new residents to access affordable housing. As tenants remain in rent-controlled and rent-stabilized units – regardless of their income level or financial situation – residents looking to find new housing or potential new residents who wish to move into the city will find only higher rents in non-stabilized units.
- These factors – less housing supply and reduced tenant mobility – are proven to create higher housing costs in rent control environments. A 2019 study evaluating San Francisco's rent control policies after a 1994 change of the law found that rent control reduced new construction by as much as 15% and limited tenants' mobility by 20%.⁸⁶ The report concluded "...while rent control prevents displacement of incumbent renters in the short run, the lost rental supply likely drove up market rents in the long run, ultimately undermining the goals of the laws."⁸⁷ The outcome is clear: as a whole, city-wide rents went up, not down.

Oppose transfer fees

- Real estate transfer taxes hurt housing production. Jurisdictions that adopted similar policies have, in fact, permitted less housing after the tax is implemented. Furthermore, Massachusetts communities already have a local option revenue source for affordable housing that is dramatically underused.
- New York and New Jersey, two states that are both competitors for jobs and talent with Massachusetts, each have long-established real estate transfer taxes on properties over \$1 million. New York state's tax, implemented in 1989, levies an additional 1% tax on the sale price for properties sold for more than \$1 million. New Jersey's tax, implemented in 2004, similarly levies an additional 1% tax on properties sold for more than \$1 million.
 - New York state averaged more than 60,000 housing units permitted per year between 1960 and 1988, before the tax was implemented. Beginning with its implementation in 1989 and through 2022, it averaged less than 40,000 permitted housing units annually. During the 29 years before implementation, a total

of 1.78 million housing units were permitted compared to 1.35 million in the 34 years that followed. With the transfer tax in place, the state permitted 431,000 fewer housing units compared to a period five years shorter without the tax in place.⁸⁸

- New Jersey follows similar trends. In the 19 years prior to the tax taking effect, the state averaged a total of 31,600 housing units permitted annually. In the 19 years since the tax took effect, the state has permitted an average of less than 27,500 units annually. Since the transfer tax took effect in 2004 through 2022, the state permitted 522,325 total units. Compared to the same length of time prior to the adoption – 1985 through 2003 – the state permitted 75,000 fewer housing units.
- Furthermore, Massachusetts communities already have the Community Preservation Act (CPA), a local option property tax for which up to 80% of revenues can be used to fund affordable housing. Since 2000, over half of municipalities across Massachusetts have voluntarily opted to adopt the Community Preservation Act.⁸⁹ According to a study issued in June 2023, the CPA has resulted in 15,000 local projects and a total of \$2.7 billion in community investment, but affordable housing development represents only a small fraction of the spending. Despite a requirement that CPA communities must devote 10% of funding toward affordable housing, 70 municipalities fall short of this rule. Only 20% of total CPA revenues go towards affordable housing purposes, and less than 5% of CPA projects involve the construction of new housing units. Communities should make use of the tools they have before the state opens another path to add a tax and further raise housing costs.

Oppose energy bans

- Under a 2022 Massachusetts climate law, the Commonwealth allowed 10 municipalities to restrict or ban fossil fuel hookups in new construction and major renovations.
- The municipalities electing to participate include Acton, Aquinnah, Arlington, Brookline, Cambridge, Concord, Lincoln, Lexington, Newton, and Northampton.
- While all electric or other fossil-fuel-free new construction may make sense in particular locations, blanket bans restrict many projects from moving forward, and at the minimum add significant costs to new construction.
- Given the significance of the Commonwealth's housing shortage, and the uncertain impacts of this policy to housing development and construction, the state should avoid expansion of energy bans across more municipalities – particularly those posed for housing growth.
- Municipalities and the Commonwealth should also consider alternative pathways to housing production in municipalities that have already instituted a ban, allowing for case-by-case review on housing proposals that further the Commonwealth's ability to stabilize housing costs.

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