

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,

A handwritten signature in black ink that reads "James E. Rooney". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

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

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

2022

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

2019

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

2025

MASSACHUSETTS COMPETITORS: HOUSING SNAPSHOT

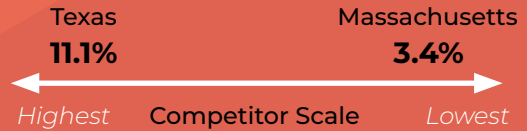
Florida, New Hampshire, Texas, North Carolina, California, Connecticut, and New York comprise the top seven destination states for residents who leave Massachusetts, as well as job losses from employers and businesses.



TOTAL HOUSING PERMITS ISSUED PER 100K RESIDENTS



RENTAL VACANCY RATE



MEDIAN HOME LIST PRICE



MULTI-FAMILY HOUSING PERMITS ISSUED PER 100K RESIDENTS



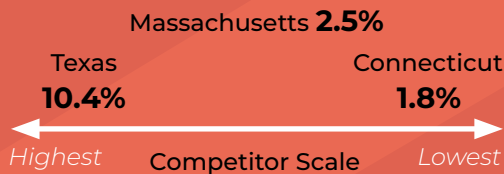
LIVE IN MOBILE HOMES



MASSACHUSETTS RESIDENTIAL MIGRATION



% 5-YEAR CHANGE IN HOUSING STOCK



SPEND MORE THAN 30% INCOME ON RENT



STATE & LOCAL POLICY OPTIONS FOR CONSIDERATION

Massachusetts should remain active in pursuing policies that spur housing production, while avoiding those that will further exacerbate our low production in recent decades.

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

An expanded 100% tax abatement for 20 years and a 3-year window builds on the success of the City's program.

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

A medium-term, statewide inclusionary development policy cap of 10% on residential developments of 10+ units preserves the viability of multi-family construction amidst economic and fiscal uncertainty while increasing affordable housing construction.

▶ **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**

A short-term moratorium to the state's strict energy efficiency requirements, or formal appeals or variance process for specific housing developments would decrease the upfront costs of new construction.

▶ **Reduce lot sizes for starter home construction**

Allowing construction of single-family homes on lots as small as 5,000 square feet – as voters will consider this fall – while preserving municipalities' ability to regulate is a commonsense strategy.

▶ **Increase financial support for the Housing Development Incentive Program and expand incentives for market rate housing production to new municipalities**

Policymakers should consider doubling HDIP to a \$60 million annual cap and dedicating new market rate housing production incentives to underserved municipalities that struggle to attract market rate housing development across the Commonwealth.

▶ **Double down on the Momentum Fund and customize the fund to promote housing in all regions of the Commonwealth**

The Fund lowers developers' capital cost by sharing the risk, while retaining the ability to realize a return on investment. Limitations on access to the Fund should be adjusted to ensure a statewide impact by reducing unit thresholds in certain regions of the Commonwealth. The Commonwealth may then reinvest revolving funds as capital investments are repaid.

▶ **Allow multi-family construction zoning by right**

More municipalities should consider the approach adopted by the City of Cambridge, which approved zoning reform to allow residential building construction up to six stories by right.

▶ **Continue to reaffirm already approved and issued local and state permits**

The Commonwealth should continue the permit extension adopted in the Mass Leads Act to ensure residential housing projects move forward amidst economic and fiscal uncertainties.

▶ **Mandate state developed training for individuals serving on local planning boards**

A basic, foundational education program to ensure individuals serving on local planning boards and governing boards is critical to speeding up reviews and approval processes and avoiding unnecessary delays and costs.

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

Policymakers should consider the approach adopted by Washington state, which approved a tax exemption to increase the viability of housing production amidst rising construction costs and an unpredictable tariff environment.

▶ **Avoid policies that drive up construction costs and minimize residential mobility**

- **Oppose Statewide Rent Control**, which limits the economic viability of new construction, decreases tenant mobility vital to a healthy housing market, and increases rents in non-stabilized units.
- **Oppose Real Estate Transfer Fees**, which disincentivize developers from building new housing. Instead, municipalities should utilize the Community Preservation Act to fund affordable housing construction.
- **Oppose Energy Bans**, which limit fossil fuel hookups in new construction and major renovations, and add significant costs.

