Boston Metropatterns

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Boston Metropatterns:
A Regional Agenda for Community and Stability in Greater Boston

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This report is a project of the Metropolitan Area Research Corporation (MARC) and the Citizens’ Housing and Planning Association (CHAPA). It was made possible with a generous grant from the Housing Innovation Program at Harvard University.

MARC was created in 1995 by Myron Orfield, a Minnesota legislator and law professor, who has been a nationally recognized leader in promoting reform around the issues of land use, social and fiscal equity, and regional governance. MARC’s objective is to study the relationship between common regional development patterns and growing social and economic disparities in regions throughout the country, and to assist individuals and groups in fashioning local remedies that address these concerns. Since its inception, MARC has studied more than 30 U.S. regions, including the 25 largest metropolitan areas in the country.

Established in 1967, CHAPA is the non-profit umbrella organization for affordable housing and community development activities throughout Massachusetts. With this study, CHAPA launches a new effort to link smart growth with affordable housing in greater Boston and across the state.

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THE REGIONAL CHALLENGE

There is a serious affordable housing problem in greater Boston. With the nation’s third highest housing prices after the San Francisco and New York City metropolitan areas, the Boston region’s economic boom of the 1990s has translated into a housing crunch felt by renters and homeowners alike. Several recent studies have analyzed the extent of the affordability dilemma and generated momentum for reform.[4]

While this housing crisis has dominated headlines and policy debates, it is only one aspect of a broader array of problems threatening greater Boston’s long-term social and economic health. Despite a strong economy and reinvestment over the last decade, concentrated poverty and racial segregation persist in many of the region’s older areas. Significant inequities exist in the ability of the region’s communities to generate sufficient revenues for their needs. Sprawling development patterns have led to increased pressure on open space, congested roadways, and a mismatch between jobs and housing.

These problems of social separation by income and race, fiscal inequities, and sprawl plague metropolitan areas across the country, and are the predictable outcomes of highly fragmented systems of governance. With land use planning and a wide range of important public services in the hands of hundreds of local governments throughout greater Boston, overwhelming incentives exist for fiscal concerns to dominate land use decisions. This explains in part why local governments often resist affordable housing – it is viewed as a fiscal liability. There is a clear divergence between local interests and regional needs.

Any policy that treats the symptom (an affordable housing crisis) without accounting for the underlying cause (a governance system that encourages separation, sprawl and fiscal inequities) faces an uphill struggle. Thus, if Boston is to solve its housing crisis, it is essential that policymakers and housing advocates support reforms that go beyond piecemeal solutions to address the larger issues of social separation.

fiscal inequities and inefficient development patterns.

The Metropolitan Area Research Corporation (MARC) and Citizens’ Housing and Planning Association (CHAPA) believe that the first step in this process is to better understand the social and economic trends impacting greater Boston’s communities.[8] With this study, CHAPA has partnered with the MARC to document patterns of social separation and sprawl in the Boston region, show how these patterns relate to regional housing supply and distribution, and suggest strategies to address these challenges comprehensively.[9] It is our hope that the information and proposals in this report, funded by Harvard University, will assist the region’s leaders as they work to maintain and strengthen greater Boston’s unique livability.
SOCIAL SEPARATION AND SPRAWL

Greater Boston’s recent economic renaissance can obscure the fact that concentrated social needs remain in many communities. Cities and towns experiencing concentrated poverty and destabilizing schools are confined to a few areas, but the effects are felt throughout the region.

Concentrated poverty and crime: Research indicates that concentrated poverty compounds the severity of problems faced by poor individuals. Studies have found that poor individuals living in concentrated poverty are far more likely to become pregnant as teenagers, drop out of high school, and remain jobless than if they lived in socioeconomically mixed neighborhoods. These types of outcomes dramatically diminish the quality of life and opportunity for adults and children living in poverty. The impact of concentrated poverty extends into the larger metropolitan economy by reducing the regional pool of skilled workers and otherwise creating a less attractive environment for economic growth and development.

Beyond the obvious negative impacts on poor individuals, concentrated poverty also strains jurisdictions. Recent studies of the Philadelphia area for instance show that, despite receiving federal and state anti-poverty aid, cities with high poverty rates end up spending more of their own revenues on direct poverty expenditures (e.g. welfare, public health, hospitals) than those with low poverty. Poverty may also drive up costs for other services like police, schools, and courts. Often, just as the need for greater resources to maintain these communities increases, revenues from the tax base decline, forcing local governments to cut back on key services or raise taxes to burdensome levels.

As in most metropolitan areas, poverty in greater Boston is heavily concentrated in the region’s core and a few outlying satellite cities. Extreme poverty tracts, where the poverty rate exceeds 40 percent, were centered mostly in Boston, Lowell, Lawrence, and Lynn. However, the percentage of Boston’s population living in these extreme poverty tracts is relatively low compared to other large cities – just 4.5 percent of Boston’s residents live in extreme poverty tracts, compared to an average of 11.3 percent in the central cities of the nation’s 25 largest metropolitan areas.

Poverty in Schools: Community stability and housing markets depend greatly on schools. School performance and composition are major drivers for the location of the middle class, and therefore a powerful prophecy for the direction of communities. Deepening poverty and other socioeconomic changes appear in schools before they do in neighborhoods and in elementary schools before secondary schools. When the perceived quality of a school declines, it can set in motion a vicious cycle of middle class flight and disinvestment. School poverty rates are not only important in influencing where the middle class decides to locate, but the high correlation between poverty and low student achievement has profound impacts on opportunities for student success.

Concentrated poverty is a greater problem in the region’s public schools than in the regional population as a whole — a pattern that does not bode well for the future. The city of Boston educates just 10 percent of the region’s students, but it serves 30 percent of the region’s children eligible for subsidized lunches. In the 25 largest U.S. metropolitan areas, the percentage of central city students eligible for subsidized lunches in 1997 was, on average, 185 percent of the regional mean; in Boston, it was 291 percent.

Other greater Boston communities with high percentages of poor students include Lowell (55 percent), Revere (39 percent), Brockton (37 percent), Malden (35 percent), Cambridge (34 percent), and Everett (34 percent). These free lunch concentrations correlate very highly with Census poverty and subsidized housing patterns. Historical data show growing student poverty rates in many of the region’s inner-suburban school districts.

Minority students: More than three decades after the Civil Rights movement and the creation of the Metco program, greater Boston’s students of color continue to find themselves concentrated in schools where poverty and low student
achievement limit opportunities to succeed in school and later in life. As poverty has concentrated in core communities in the region, so has the segregation of students by race. Almost 60 percent of the region’s non-Asian minority students attend high-poverty schools (schools with more than 50 percent of students eligible for subsidized lunches), compared to just nine percent of other students.¹⁰

Statistics that measure the percentage of minority students that would have to change schools in order to fully integrate the school system indicate how segregated greater Boston remains. In 1997, the racial dissimilarity index for the region’s schools was 66, compared to a national average of 61 across 25 major metropolitan areas.

These school concentrations reflect minority home-buying patterns and segregation in the region’s housing market that are steering homebuyers of color to at-risk suburbs. A recent study of segregation in the Boston region found that, between 1993 and 1998, 40 percent of African-American and 60 percent of Hispanic homebuyers bought outside of the city of Boston. However, almost one-half of these suburban purchases were concentrated in seven communities — Chelsea, Randolph, Everett, Lynn, Somerville, Milton and Malden.¹¹

**Jobs:** A major recent success story for the Boston region has been its employment growth. More than 42,000 new jobs were created in 2000 alone. While the region’s economy has benefited, one downside of this growth has been additional pressure on the housing market.

Outside Boston, the most rapidly growing job centers lack affordable rental housing (see Maps 13 and 15-17). Over the last decade, new units constructed in high job growth areas, such as Burlington and Wilmington to the northwest and along I-495, were overwhelmingly single family. Limited multifamily or rental construction has accompanied job growth along Route 128 in Waltham and on the South Shore in Quincy, Braintree, and Canton. Smaller amounts of multifamily housing have been built along 495.

Much of the new housing stock near suburban employment centers is being taken by high-skilled, high-wage technology workers. But growth along 128 and I-495 also brings new low-wage retail and service jobs, and the employees hired to fill these slots often cannot afford to live nearby. The resulting jobs/housing imbalance forces low-wage workers to commute from other parts of the region, adding to the strain on highways. For those who are poorest and most in need of the jobs, it may be difficult to find transportation to these employment centers, while more of their already low wages go toward the commute.

**Urban growth:** Like most metropolitan areas, Boston is sprawling, but at a rate exceeding comparably sized regions. Between 1970 and 1990, greater Boston’s urbanized land area grew by 34 percent and population grew by only five percent – a ratio of nearly 7 to 1. In contrast, urbanized land area grew by 46 percent, on average, across the nation’s 25 largest metropolitan areas, while population grew at a much higher rate of 20 percent – a ratio of just 2.3 to 1. Population per square mile in the urbanized portion of the Boston region decreased by 22 percent between 1970 and 1990, compared with an average of 18 percent in the comparison group.
Map 1 Caption: Percentage of Persons in Poverty, 1990

1990 Census data show that most of the region’s high poverty tracts lie within Boston, cities to the near north such as Chelsea and Lynn, and older mill towns at the periphery such as Lowell, Lawrence, and Brockton.
Relatively high crime rates in poor areas are one type of social strain associated with concentrated poverty. Crime rates generally have fallen during the 1990s, but clear signs of stress remain in Boston (6,304 crimes per 100,000 people, or nearly twice the regional average), cities to the near north, and several communities to the south such as Brockton (5,461) and Raynham (5,359).
Map 2 BOSTON REGION: Crimes per 100,000 Persons by Municipality, 1998

Legend
Regional Average: 3,048.8

- 238.4 to 912.2 (22)
- 965.5 to 1,245.6 (25)
- 1,357.3 to 1,756.2 (25)
- 1,824.2 to 2,995.7 (41)
- 3,048.8 to 3,538.8 (13)
- 3,942.6 to 8,126.8 (13)
- No data (23)

Note: Crimes include murder, rape, robbery, aggravated assault, burglary, larceny and motor vehicle theft.

Data Source: Massachusetts State Police.
The most widely used measure of student poverty is eligibility for free or reduced-cost lunches, which are available to children of families whose household income is at or below 130 percent of the federal poverty line. In 1997, 25 percent of all elementary students in greater Boston were eligible for free or reduced-cost lunches. Schools with the highest concentrations of poor students were found in Boston (72 percent of students eligible for subsidized lunches) and Lawrence (71 percent).
Map 3 BOSTON REGION:
Percentage of Elementary Students Eligible for Free Lunch by School, 1997

Legend
Regional Average: 24.7%
- 0.0 to 2.9% (114)
- 3.0 to 5.4% (124)
- 5.6 to 10.4% (133)
- 10.6 to 24.5% (153)
- 24.7 to 52.2% (120)
- 54.0 to 90.9% (136)
- No data (72)

Data Source: Massachusetts Department of Education.
Map 4 Caption: Change in Percentage Points of Students Eligible for Free Lunch, 1992-1997

Between 1992 and 1997, the percentage of students eligible for free or reduced cost meals in the Boston region fell by nearly 2 percent, from 27 percent to 25 percent. However, the data shows deepening poverty in many of the poorer districts in the core of the region, including Boston, Lynn and Malden, as well as in other suburbs that began the period with relatively low poverty, such as Randolph, Woburn and Watertown. The first sign of increasing instability often appears in local elementary schools, where the demographics of enrolled students are strongly linked to the confidence that families with children have in the community.
Map 4 BOSTON REGION:
Change in Percentage Points of Students Eligible for Free Lunch by School District, 1992-1997

Legend
Regional Average: -1.7
-26.3 to -4.6 (11)
-4.1 to -1.8 (26)
-1.7 to -0.9 (27)
-0.7 to -0.1 (26)
0.0 to 1.0 (27)
1.3 to 10.9 (17)
No data (16)

Data Source: Massachusetts Department of Education.
Map 5 Caption: Percentage of Non-Asian Minority Elementary Students, 1997

In 1997, 20 percent of all elementary school students in the greater Boston region were of non-Asian minority descent. Schools with the highest percentage of non-Asian minority students were concentrated in Boston (77 percent) and Lawrence (81 percent). Other communities with above average non-Asian minority enrollment include Chelsea (75 percent), Brockton (50 percent), Lynn (42 percent), Somerville (33 percent), Waltham (29 percent), Lowell (25 percent), and Framingham (24 percent).
Map 5 BOSTON REGION:
Percentage of Non-Asian Minority Elementary Students by School, 1997

Legend
Regional Average: 20.1%
- 0.0 to 1.5% (137)
- 1.6 to 3.3% (166)
- 3.4 to 7.2% (155)
- 7.4 to 19.8% (142)
- 20.1 to 50.0% (121)
- 50.9 to 98.6% (123)
- No data (8)

Note: Asian students are not included in this analysis because they tend to experience less educational and housing segregation than do Hispanic, Black, and Native American students.

Data Source: National Center for Education Statistics.
Map 6 Caption: Jobs per 100 Persons, 1998

Greater Boston’s major employment centers are within Boston (100 jobs per 100 persons) and Cambridge (121 jobs), and along Route 128 and I-495. High job concentrations also follow spoke roads such as I-93 and Routes 2 and 3.
Map 6 BOSTON REGION:
Jobs per 100 Persons by Municipality, 1998

Legend
Regional Average: 48.8

- Red: 2.7 to 12.5 (76)
- Orange: 12.7 to 22.4 (91)
- Light Orange: 23.0 to 31.1 (74)
- Light Yellow: 31.6 to 48.5 (97)
- Blue: 48.8 to 67.0 (59)
- Dark Blue: 68.2 to 598.1 (37)
- Gray: No data (8)

Data Sources: Maine Department of Labor; Rhode Island Department of Labor and Training; Massachusetts Department of Employment Training; New Hampshire Employment Security.
Map 7 Caption: Percentage Change in Jobs per 100 Persons, 1993-1998

The region’s core gained jobs between 1993 and 1998, but at rates below the regional average. The highest rates of growth occurred at the fringe of the region along I-495, following a trend toward job decentralization common across U.S. metropolitan areas.
Map 7 BOSTON REGION:
Percentage Change in Jobs per 100 Persons
by Municipality, 1993-1998

Legend
Regional Average: 8.0
-58.0 to -8.1% (59)
-7.2 to 2.2% (73)
2.9 to 7.9% (54)
8.0 to 15.1% (101)
15.3 to 30.1% (90)
30.9 to 126.3% (55)
No data (11)

Data Sources: Maine Department of Labor; Rhode Island Department of Labor and Training; Massachusetts Department of Employment Training; New Hampshire Employment Security.
Map 8 Caption: Change in Urbanized Area, 1970-1990

Much of greater Boston’s growth has occurred between Route 128 and I-495 and in southeastern Massachusetts. In southeastern Massachusetts, the amount of developed land currently is increasing at a rate of 4.1 percent per year, while population is growing at only 1.6 percent. Declining population densities throughout the region indicate that new development is by-passing already existing infrastructure and creating the need for new housing, businesses, roads, sewers, schools, and other public infrastructure on previously undeveloped land. These development trends also point toward longer commutes and greater pressure on open space.
Map 8 BOSTON REGION: Change in Urbanized Area, 1970-1990

Population Density in Urbanized Area (per square mile)

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>1990</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston, MA</td>
<td>3,992</td>
<td>3,114</td>
<td>-22.0%</td>
</tr>
<tr>
<td>Brockton, MA</td>
<td>2,835</td>
<td>2,282</td>
<td>-19.5%</td>
</tr>
<tr>
<td>Lawrence-Haverhill, MA-NH</td>
<td>2,373</td>
<td>2,150</td>
<td>-9.4%</td>
</tr>
<tr>
<td>Lowell, MA-NH</td>
<td>2,943</td>
<td>2,707</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Taunton, MA</td>
<td>--</td>
<td>990</td>
<td>--</td>
</tr>
</tbody>
</table>

Note: The Taunton Urbanized Area did not exist in 1970.

Legend
- Urbanized area in both 1970 and 1990
- Growth: Change from non-urbanized area in 1970 to urbanized area in 1990
- Reduction: Change from urbanized area in 1970 to non-urbanized area in 1990

Data Source: U.S. Census Bureau.
FISCAL CAPACITY

A local government’s fiscal capacity is an effective gauge of its social and economic health relative to the rest of the region. Fiscal capacity measures the potential of a municipality to raise revenues and provide public services, based on local property tax base and the amount of aid received from the state. Thus, fiscal capacity points to whether a community is able to offer its taxpayers the public services they desire at a reasonable tax rate. When large disparities exist in the ability of localities to generate revenue, regional economic development patterns tend to heighten these disparities over time – bringing greater resources to communities with high tax capacities and draining resources from communities with lower capacities.

Residential property tax base per household varies a great deal across the region from about $34,000 per household to nearly $550,000, a ratio of more than 16. Adding non-residential tax base and state aid to the mix (Map 10) narrows the range significantly but the highest capacity place still exceeds the lowest by more than 5 to 1.

These sorts of disparities are not unusual. Using a common measure of inequality that focuses on the middle of a population distribution (the Gini coefficient), greater Boston displays a degree of inequality in fiscal capacities slightly worse than the average for the nation’s 25 largest regions. However, the region shows considerably less revenue capacity inequality between its richest and poorest communities. The ratio of the tax capacity in the 95th percentile locality (the place with tax capacity per household greater than 95 percent of the jurisdictions in the region) to that in the 5th percentile place was just 3.2 in the Boston region in 1998, compared to an average ratio in the 25 largest areas of 6.9.

The amount of money that school districts spend per student is another important indicator of financial resources available to a community. School districts with low spending may struggle to keep class sizes small, pay competitive teacher salaries, fund academic and athletic programs, provide after-school care, or purchase adequate supplies and textbooks.

Massachusetts’ finance equity system under the 1993 Education Reform Act has gone a long way toward compensating smaller tax bases in older urban areas and increasing overall education spending. The state’s share of school budgets has grown from 30 percent to 42 percent, with state aid expanding from $1.3 billion to $3 billion per year. However, Massachusetts still lags behind most other states in the portion of school spending that is supported by state funds.

Core urban districts have higher than average spending per student due in large part to federal and state funding available for lower-income students. Despite this financial support, Boston ($8,118 per student) and Cambridge ($10,814) do not report as high MCAS scores as wealthy suburban districts that spend comparable amounts due to the strong impacts of poverty on education outcomes. (Boston’s spending per pupil exceeds the regional average by 27 percent but the percentage of students eligible for free lunch in Boston exceeds the regional average by 191 percent.) By contrast, districts with fewer low-income students and high fiscal capacity, such as Lincoln ($9,045 per student), Weston ($8,965), and Wellesley ($7,627) have high spending per student and among the highest MCAS scores in the region.
Residential tax base demonstrates how much a community can rely on its housing to fund adequate services. Using this measure of fiscal health, Boston and its inner-ring neighbors are well below the regional average of $135,736 per household. Low residential tax bases are clustered in the near north and to the southeast in communities such as Chelsea ($50,957 per household), Everett ($68,425), Brockton ($58,340), and Carver ($94,034). These places are under greater than average pressure to compete for commercial and industrial tax base to finance public services. Comparing residential tax base patterns with job growth trends (Map 11), it is clear that many of these places, especially Boston and the near-north suburbs, are not winning that competition. This puts added pressure on the state aid system to equalize resources.
Map 10 Caption: Fiscal Capacity per Household, 1998

The fiscal capacity map adds state aid and non-residential property tax base to the analysis. In 1998, the average fiscal capacity in the greater Boston region was $2,026 per household. Overall, low capacity places tend to be clustered in the outermost parts of the region and in the inner suburbs to the north and southeast of Boston. Several core cities such as Boston ($2,478 per household) and Cambridge ($2,544) command above-average fiscal capacities due to a strong commercial and industrial base and significant state aid. Municipalities with below-average fiscal capacity are concentrated to the near north in places such as Malden ($1,395) and Lynn ($1,365), in older mill communities such as Lawrence ($971) and Lowell ($1,225), and in fast-growth communities to the south such as Taunton ($1,354) and Middleborough ($1,497). A distinct band of middle-ring suburbs between Route 128 and I-495 shows significantly greater than average capacities, with the highest values clustered west of Boston in towns such as Wellesley ($4,160), Dover ($4,480), and Weston ($5,153).
Map 10 BOSTON REGION: Fiscal Capacity per Household by Municipality, 1998

Legend
Regional Average: $2,026
- $971 to $1,455 (24)
- $1,496 to $1,735 (24)
- $1,782 to $2,009 (37)
- $2,026 to $2,298 (37)
- $2,344 to $3,084 (37)
- $3,282 to $5,153 (10)

Data Sources: Massachusetts Department of Revenue (property & lga data); MARC (household estimates).
Between 1993 and 1998, the average fiscal capacity per household in the Boston region decreased by 4 percent, after adjusting for inflation. In contrast to many other metropolitan areas, much of greater Boston’s core outperformed the rest of the region during this period. However, inner-ring communities such as Revere (-17 percent), Randolph (-12 percent), Woburn (-15 percent), and Milton (-8 percent) still lost ground. Cities that saw the greatest percentage drop in their fiscal capacity tended to be of two types: 1) older communities with relatively high student poverty, such as Lawrence (-14 percent), Lynn (-15 percent), Methuen (-17 percent), and Gloucester (-17 percent); and 2) fast-growing communities in the southeast and along I-495, including Plainville (-18 percent), Plymouth (-13 percent), and Westborough (-8 percent).
Map 12 Caption: Total Expenditures per Student, 1997

Only a handful of urban communities with greater social needs spent below the regional average of $6,370 per student in 1997, including Everett ($5,054), Salem ($5,834), Lynn ($6,088), and Lawrence ($6,235). Even with school finance equalization, these older communities have too small a local tax base for strong school spending. Other districts spending below the regional average can be found in rapidly growing suburban bedroom communities with large numbers of children per household. These districts with swelling enrollments and low spending can be found along I-495 and in the southeast in communities such as Boxborough ($4,222), Northborough ($5,002), and Franklin ($5,082).
HOUSING

Greater Boston’s housing affordability crisis is a predictable outcome of the patterns of social separation, sprawl, and fiscal inequities described in the previous sections of this report. With a highly fragmented system of local governance and strong incentives for fiscal issues to dominate land use planning, it is not surprising that the needs of residents for affordably-priced housing and the needs of local governments for increased property tax revenues come into direct conflict.

Greater Boston faces two acute regional housing challenges—one of affordability and another of distribution and opportunity. The affordability crunch has drawn the most attention, affecting households throughout the region and spawning ongoing media coverage and studies. A 1998 report by the Massachusetts Institute for a New Commonwealth sounded an early warning, cautioning that high housing costs threatened the state’s economic health by driving away workers. The report estimated that the Commonwealth had lost approximately 220,000 residents since 1990 due to high cost of living. Those who have remained in greater Boston have faced growing housing burdens. According to the 1998 American Housing Survey, 48 percent of renter households in the state spent more than 30 percent of their income on housing, while 23 percent spent more than half. The problem impacts middle-class homeowners as well—one-quarter of homeowners throughout the state spend more than 30 percent of their income on housing.

The current housing affordability crunch is the downside of a decade of robust regional economic growth. Incomes have grown with the economy, but they have not kept up with skyrocketing housing prices. Between 1995 and 1999, the median price for a home in greater Boston rose 35 percent in nominal terms, while incomes rose by only 25 percent. Experts agree on the need to address the region’s affordability problems through increased housing supply, especially in suburbs where there is still room for growth. A report by Northeastern University’s Center for Urban and Regional Policy estimates that more than 15,000 units need to be built in the region annually in order to get housing costs under control. At current rates of production, this would mean an additional 7,200 units per year, or 36,000 over the next five years.

Many barriers to construction explain the region’s low production rates, including: high costs of development associated with land, labor and financing; local zoning and regulatory barriers; concerns about related school and infrastructure costs; and fears about impact on community character. The new housing that does get built tends to be single-family homes at the higher end of the market, while the number of multi-family developments is actually declining. Since renters typically have lower incomes than owners, these trends exacerbate the region’s affordability problems.

While housing affordability and supply have drawn the spotlight, the distribution of units throughout greater Boston is also a major concern. Subsidized affordable units remain concentrated in a handful of older cities and at-risk suburbs, clustering the region’s poor away from educational and employment opportunities while exacerbating problems associated with concentrated poverty and sprawling development patterns. This uneven distribution of affordable units also contributes to a spatial mismatch between housing and jobs, leading to longer commute times as well as concerns among employers seeking qualified workers who live within a reasonable distance.

With almost 20 percent of its housing stock in the form of subsidized affordable units, Boston provides 41 percent of the subsidized housing in the metropolitan area. Some suburbs have made efforts to allow affordable housing, but 41 communities are still under the 3 percent mark. In particular, low percentages can be found in the high tax capacity, low-need areas between Route 128 and I-495, and in the southeast where rapidly growing cities with modest fiscal resources must deal with the need to make new development “pay its way.”
Only 11 jurisdictions within the Boston region and 23 of the state’s 351 municipalities have met the 10 percent threshold for subsidized affordable units set by the 1969 legislation meant to address the shortage of affordable housing statewide. Several core urban communities — Boston (19 percent), Chelsea (17 percent), Cambridge (15 percent), Lynn (12 percent), Salem (12 percent), and Malden (10 percent) — and older mill towns on the fringe of the region — Lawrence (14 percent), Lowell (13 percent), and Brockton (12 percent) — have met the standard, along with the suburban communities of Beverly (10 percent) and Lincoln (10 percent). Jurisdictions that have achieved the 10 percent target correspond very closely with areas of concentrated poverty (see Maps 1 and 4), high crime (Map 2), and low job growth (Map 7).
Map 13 BOSTON REGION: Percentage Subsidized Housing Units by Municipality, 1997

Note: State or federally subsidized housing inventory is defined under Massachusetts’ Chapter 40B. Maps illustrate 40B units as a percentage of a community’s total housing stock.

Legend
Regional Average: 8.9%

- Red: 0.0 to 2.9% (41)
- Orange: 3.1 to 4.3% (34)
- Yellow: 4.4 to 5.5% (27)
- Light Orange: 5.8 to 8.7% (41)
- Light Blue: 8.9 to 9.7% (8)
- Blue: 10.0 to 19.4% (11)

Data Source: Massachusetts Department of Housing and Community Development.
Map 14 Caption: Percentage of Renters Unable to Afford Fair Market Rent, 2000

The regional housing market is hottest in Boston, with the median rent for a two-bedroom apartment at $1500 and house prices up 23 percent in the past year alone. But a map of housing affordability data compiled by the National Low Income Housing Coalition indicates that affordability problems stretch far outside Boston into the suburbs. According to this analysis, more than one-quarter of the renters in each community in the region are unable to afford fair market rent for a local two-bedroom apartment.
Map 15 Caption: Single Family Permits Issued, 1989-2000

With a major housing construction challenge before the region, these maps indicate where building already is occurring. Between 1989 and 2000, there has been a substantially greater amount of single-family than multi-family activity. An analysis by the Metropolitan Area Planning Council found that 56 out of 101 towns in the Boston region had 95 percent of their permits issued for single-family development, while another had more than 75 percent single-family.\textsuperscript{[23]}

Legend

1 Dot = 10 single family permits issued

Note: Dot placement does not represent building locations.

Data Source: U.S. Census Bureau.
Multi-family construction, which often yields rental units for low- and moderate-income populations, is largely within Route 128 in the inner core of the region. Additional multi-family activity can be seen in older mill towns to the north and in MetroWest near the intersections of I-90 and I-495.
Note: Dot placement does not represent building locations.

Legend

1 Dot = five units permitted in 5+ unit multi family buildings
THE DIVERSITY OF COMMUNITIES IN THE GREATER BOSTON REGION

Prior sections have documented the distribution of social stress (poverty and crime), economic activity (jobs), and fiscal capacity throughout greater Boston. How these characteristics are combined determine the extent to which individual communities are able to finance needed public services at reasonable tax rates. Research and policy debates in the United States regarding these issues have traditionally focused on very simple central city-suburb distinctions. When suburban heterogeneity has been recognized as an important feature of the metropolitan landscape, suburbs have typically been classified by geography alone — as inner-, middle- and outer-ring suburbs, for instance.

In its analysis of the U.S.’s 25 largest metropolitan areas, MARC developed a typology of communities that combines fiscal capacity data with local characteristics likely to be associated with public service needs and costs. The analysis revealed four general types of places — high-poverty urban areas, at-risk suburbs with relatively high social needs but low tax capacity, fast-growth suburbs with high population growth rates and moderate tax capacity, and communities with strong fiscal capacity and few social costs. In the 25 metropolitan areas as a whole, 28 percent of regional populations lived in high-poverty central cities, 40 percent lived in at-risk suburbs, 26 percent lived in high growth suburbs, and just 7 percent lived in high capacity, low need/cost suburbs.

Recognizing the diversity of “suburban” experiences in the greater Boston region provides a starting point for finding new ways to address the common challenges facing local governments, businesses, and citizens across the region. The mix of community types in the Boston region parallels that found in MARC’s sample of 25 metropolitan areas. Fourteen percent of greater Boston’s population lives in the central city, 44 percent live in 45 at-risk communities, 26 percent live in 70 high-growth suburbs, and 16 percent is in 46 high-capacity, low need/cost suburbs.

While the social strains caused by disinvestment and poverty are felt most profoundly in older urban areas and at-risk suburbs, many fast-growing communities at the edge of the region are also experiencing fiscal strains. Fiscal pressure occurs as rapid population growth requires large public expenditures to provide needed roads, schools, sewers, parks, public safety, and other services and infrastructure.

Fiscal strains in high-growth, moderate tax capacity communities have a direct impact on the region’s current housing crisis. Many suburban communities have become resistant to new housing for fear that additional units will raise school and infrastructure costs or other service needs. At the same time, Massachusetts’ heavy reliance on property taxes to fund local services places a serious fiscal imperative before municipalities to favor commercial or industrial development over residential growth. When towns do build new housing, they often encourage low-density, large-lot homes rather than greater numbers of compact, affordable units in order to maximize tax returns.

The central city and high-poverty neighborhoods: Despite considerable reinvestment and growth over the past decade, concentrated poverty persists in pockets of greater Boston. These neighborhoods remain economically depressed and racially segregated, with low-performing schools, high social needs and inadequate fiscal resources.

The city of Boston commands greater than average resources to finance public services – its fiscal capacity exceeded the regional mean by 18 percent in 1998. But it also leads the region in indicators of public service needs and costs. It contains the region’s largest concentrations of poverty; its percentage of students eligible for free lunch is three times the regional average; and its crime rate is more than double the regional average. These factors indicate that, like most large cities in the United States, Boston faces serious fiscal challenges and that, despite its strong economy, it operates with very significant disadvantages relative to many of its suburbs in the competition for residents and jobs.
At-risk communities: Boston is not the only place in the region facing fiscal stress. There are also significant pockets of poverty in older mill towns like Lawrence and Brockton. These places face high social needs without many of the advantages found in large central cities – lacking Boston's central business district, arts, culture, amenities, or older neighborhoods with strong housing stocks capable of gentrification.

Many other older cities and suburbs are also beginning to experience significant social and fiscal stresses. While their problems are not as severe as in the region’s poorest neighborhoods, these communities show signs of instability that can lead to rapid decline. Increasing stresses in schools and neighborhoods, comparatively less valuable homes, the loss of local businesses and jobs, and the erosion or slower than average growth of the local tax base are symptoms of this decline. In all, 44 percent of greater Boston’s population lives in communities considered “at risk.”

Most of these at-risk communities are older, high-density municipalities such as Chelsea and Lowell, but some are lower-density areas coping with low tax capacity and/or rural poverty, such as Clinton, Framingham, and Taunton. Because of the relative strength of the housing market in the city of Boston, these communities are at great risk of negative transition because they are among the few places in the region where lower income households have access to the housing market.

Rapidly growing communities straining to pay for growth: At the metropolitan fringe and, to a lesser extent, in middle-ring suburbs without substantial commercial or industrial tax base, rapid population growth has left many communities struggling to provide adequate schools, roads, infrastructure, and other services. Towns in southeastern Massachusetts and along I-495 have boomed due to the promise of access to suburban jobs, higher-achieving schools, lower land costs, new homes, and lower taxes. However, the costs associated with new development in these communities often exceed tax revenues, placing local governments in a fiscal crunch as they cope with crowded schools, traffic congestion, and other impacts of sprawl. These communities are caught between rising service and infrastructure needs, the limits of Proposition 2 ½, and the need to keep taxes low in order to remain competitive for residents and businesses. Examples of high-growth, moderate tax capacity communities include a large number of communities around I-495 and south of Boston in Norfolk, Bristol and Plymouth counties. Approximately 26 percent of the region’s population lives in these fiscally strained communities.

In an effort to stabilize local budgets, many high-growth communities zone out the poor and affordable housing while pushing for upscale single-family homes and commercial development. These practices exacerbate the regional housing supply crisis, limiting housing opportunity for both the poor and middle class.

Communities with high resources and few social costs: Set apart from greater Boston’s socially and fiscally strained communities are a limited number of towns that enjoy high local resources and few of the region’s social costs. In these places, expensive homes and lucrative commercial and industrial development combine to provide a robust tax base, while the social strains associated with poverty are practically non-existent. Despite their strength, however, even these communities are negatively affected by current development patterns, as rapid growth leads to traffic congestion and loss of open space and other amenities that attracted residents in the first place. This group that accounts for only about 16 percent of the region’s population, includes a corridor of communities along Route 128 stretching from Wilmington in the north to Canton in the south.
MOVING FORWARD: STRATEGIES FOR REGIONAL REFORM

The information presented in this report illustrates the regional nature of the challenges facing greater Boston’s communities. It follows that reversing harmful patterns of social separation and sprawl will require strong, multifaceted metropolitan responses. MARC and CHAPA believe that the region’s leaders should pursue a two-prong approach to reform: 1) immediate responses to the housing crisis that build momentum for further regional reform, and 2) long-run strategies that increase fiscal equity, encourage a metropolitan approach to land use planning, and strengthen regional governance.

Accomplishing any type of reform at the regional scale is difficult, and the existence of a crisis is often the key in moving beyond local boundaries to gain regional cooperation. That is why CHAPA has focused on housing as the most pressing issue currently facing greater Boston. The following housing reforms are immediately feasible, and can lay the groundwork for more comprehensive regional reform efforts:

IMMEDIATE RESPONSES TO THE HOUSING CRISIS

Include a housing focus in Community Preservation Act implementation.
The state legislature last year passed the Community Preservation Act, which allows municipalities to raise money for affordable housing, open space, and historic preservation through a surcharge on local real estate tax levies and state matching funds. This valuable new tool actually could end up exacerbating the region’s housing affordability and distribution problems depending upon how it is implemented locally. If suburbs fail to create substantive local housing plans and choose to devote minimal CPA funding to affordable housing, the CPA will prove no more than another local growth management tool encouraging sprawl and social separation. Localities should work to adopt the CPA and make housing an integral part of community preservation plans and funding and go beyond the minimum 10 percent required by statute.

Maintain and improve Chapter 40B.
Throughout its existence, 40B has provoked controversy in communities seeking to zone out affordable housing, and the state legislature is currently debating revisions to the statute. More than 30 reform bills have been introduced this year, with proposals ranging from mild adjustments to wholesale changes. While certain regulatory adjustments are necessary, 40B has been a crucial mechanism for enabling affordable housing development in Boston’s suburbs. It is one of the few substantive tools in the country that provides regional access to opportunity for low-income populations, as well as a means to achieve greater jobs/housing balance.

Create fiscal incentives for residential construction.
Chapter 40B provides an important tool to increase housing production, but suburbs need additional carrots to stimulate residential construction. Due to fiscal pressures, often the only type of residential development that pays for communities is high-end single-family homes. Recognizing that new housing brings new educational and infrastructure costs with it, the Cellucci/Swift administration has proposed a housing supply incentive program to compensate high-growth communities for new housing development. The current proposal would distribute $25 million in excess lottery funds to municipalities based on the amount of housing they create, local tax base, education costs, and school enrollment. While the source of funds is controversial, MARC and CHAPA support the concept of compensating communities for these costs. Such a policy would go beyond the affordable housing distribution concerns addressed by Chapter 40B to spur overall housing supply.

Preserve school finance equity
School aid formulas under the 1993 Education Reform Act are up for review this year. New formulas should compensate for the fiscal strains being experienced by fast-growing communities with moderate tax capacities and climbing student enrollments. At the same time, the state
needs to maintain its commitment to communities that are housing and educating the bulk of the region’s poor. Many opponents of substantial aid to urban communities compare spending levels with MCAS scores and question whether the state should maintain its strongly redistributive formula. However, poor districts face significant barriers to improved performance and substantial special needs. Districts that care for the region’s poor should not be punished relative to districts with low poverty rates and high fiscal capacity.

**Encourage employer-assisted housing**

With strong job growth along I-495 and Route 128, employer-assisted housing arrangements can both increase housing supply and reduce spatial mismatch for workers forced to commute long distances. Innovative participation from employers can stimulate regional economic development and leverage private dollars for new housing.

**Establish policies to spur compact development**

Leading smart growth states such as Maryland and New Jersey have steered state funds toward targeted growth areas in an effort to curb sprawl and spur reinvestment. Massachusetts should pursue a similar approach to encourage compact development, making residential projects more feasible for developers while saving tax dollars due to more efficient infrastructure spending.

**LONG-RUN STRATEGIES**

While the above strategies are ripe for action and build upon the current housing crisis, they alone will not reverse the trends documented in this report. To combat social separation and sprawl, greater Boston must reexamine its regional tax policy, land use, and governance systems. At least three worthwhile long-run strategies can be pursued: 1) ensure greater fiscal equity among local jurisdictions; 2) encourage a metropolitan approach to land use planning in the region; and 3) develop a stronger focus on governance from a regional perspective.

**Greater Fiscal Equity**

Disparities in the abilities of local governments to generate revenue are among the primary causes of social separation and sprawling development patterns in the Boston region. State policies that encourage municipalities to compete with each other for property tax base force cities and towns to focus on the ability of their land uses to generate revenue rather than their overall value to the community. Further, the places that are most in need of additional resources and stability because of high or increasing social stresses in local schools or a rapidly growing population are those that are losing the fiscal “game” being played out throughout the region.

In order to reduce these disparities and create a more level playing field, local governments in the Boston region will need to push for reforms that shift them away from dependence on local fiscal resources and land-use decisions and toward a more equitable distribution of the costs and benefits of regional growth. This shift not only helps to create equity, reduce wasteful competition, and foster cooperation, but it also makes regional land-use planning more possible and creates the potential for both improving services and lowering taxes for a majority of citizens in the region. In addition, greater equity diminishes fiscal zoning practices that limit affordable housing and overall residential construction.

Massachusetts already engages in a form of tax-base sharing through its school finance and local aid formulas. While these statewide redistributive tools do compensate communities struggling with disinvestment, they do not change the incentives that lead to wasteful economic development competition within a region.

Massachusetts also has a powerful tool against fiscal zoning with the Comprehensive Permit statute, or Chapter 40B. This law has served as a model for fair-share housing efforts across the country, resulting in approximately 25,000 units of housing built over the last three decades. However, the fact that only 23 communities statewide have reached 40B’s 10 percent subsidized units goal indicates that, even with
this check on exclusionary zoning, fiscal barriers
to residential construction must be further
reduced.36

Regional Land Use Planning
Developing a coordinated, regional approach to
how local governments use their land is a
strategy that is gaining increasing attention across
the country. This strategy is often referred to as
“smart growth.” At its core, smart growth means
planning with a regional perspective. It implies
that regions can make more efficient use of their
land through cooperation rather than competition.

Ensuring that all the communities in the region
strengthen their commitment to affordable
housing – particularly those with new jobs, good
schools, and public transportation – is an
essential component of smart growth planning
because it helps to reduce the stress of core
communities and the consequences of
concentrated poverty. It also allows people to
live closer to work and provides them with real
choices concerning where they want to live in the
region. Oregon, Minnesota, Washington,
Maryland, Florida, Georgia, Tennessee, and
many smaller regions have adopted smart growth
land-use plans using various strategies to better
manage growth. A number of state legislatures
across the country are beginning to discuss ways
in which they can better deal with growth and
development.

Massachusetts currently is not cited among smart
growth leaders across the nation, as it lacks a
statewide planning system or regional land use
planning bodies that wield authority. However,
the state has put in place a set of tools to
encourage grassroots, municipally driven smart
growth planning. Started under former Governor
Cellucci and continued under Acting Governor
Swift, the state calls its approach “community
preservation,” bringing together new initiatives to
facilitate local planning and increase funding for
community priorities through regional planning
agencies. A recent executive order grants up to
$30,000 per municipality to complete community
development plans addressing housing,
transportation, and open space.37 In addition, the
state’s Executive Office of Environmental
Affairs and regional planning agencies are
coordinating a series of build-out analyses of all
351 Massachusetts cities and towns to encourage
discussion and informed decision-making about
future growth.38 Most notably, the recently
passed Community Preservation Act generates
new funds for affordable housing, open space,
and historic preservation.

Community preservation’s bottom-up approach
to land use planning may deal with isolated local
concerns, but does not necessarily address inter-
jurisdictional problems such as growing traffic
congestion and social separation. However, it
does encourage comprehensive planning and, if
properly implemented, can be an important step
toward a regional growth strategy.

Metropolitan Governance
One of the primary themes of this study is that
social separation and sprawling development
patterns are having an impact not just in a few
cities, but throughout the region. As with most
metropolitan regions, however, the fragmented
nature of land-use planning and local governance
has meant that there are few if any coordinated
strategies for dealing with these problems on a
region-wide scale. Without a governance
structure that provides the power to shape
regional land use and public investment patterns,
the ability to effectively address regional
problems is greatly reduced.

Some analysts have asserted that effective, long-
term regional cooperation is impossible.
However, experience shows that multi-
jurisdictional governance has been occurring in
every metropolitan area of the country for more
than 30 years. Every metropolitan region with a
population of at least 50,000 people has in place
a Metropolitan Planning Organization (MPO)
that was created to allocate federal resources and
plan for the construction and maintenance of the
regional transportation system.

Despite its ability to approve billion-dollar
highway and transportation plans, the Boston
Metropolitan Planning Organization (MPO) does
not have the power to coordinate these
investments with land use and economic
development decisions made by the many local governments in the region. With the region’s tradition of home rule and weak county government, this is a key area for discussion if greater Boston is to effectively address regional issues more comprehensively.

Several inter-jurisdictional coalitions recently have emerged to address regional concerns. One example has been the I-495 Initiative, which brings together civic and business leaders in the fast-growing corridor to deal with sprawl and quality of life issues. Formed in 1997 as a joint project of the Metropolitan Area Planning Council and the Massachusetts Technology Collaborative, the I-495 Initiative has established a framework for voluntary cooperation to deal with growth concerns around transportation, water and sewer, and local permitting. A similar effort has emerged in southeastern Massachusetts, which has been gaining 10,000 new residents per year. Three regional planning agencies initiated a voluntary regional growth management process in Plymouth, Bristol and Norfolk counties dubbed Vision 2020 that led to the New Mayflower Compact, a framework for more sustainable growth that has been signed by 42 of the region’s 51 cities and towns since last October.

Although both of these efforts show promise, it will be very difficult to implement meaningful reforms without the existence of a body with the authority to make regional decisions. Greater Boston does not need a new layer of government, but can strengthen regional entities that already exist and support organizations working to build regional coalitions, such as MAPC and the Boston Society of Architects.
...those developed with state or federal subsidy and at least 25 percent of units reserved for households with incomes below 80 percent of the median income. 

The developer can appeal adverse ZBA decisions to the state's Housing Appeals Committee. The Commonwealth defines 40B units as affordable housing targeted to low-income residents. Where less than 10 percent of a community's housing stock is listed on the state's 40B subsidized housing inventory, a municipality is required to develop an affordable housing plan. Massachusetts has one of the most comprehensive affordable housing policies in the country, and the law enables a Zoning Board of Appeals (ZBA) to grant special exceptions for developers to build affordable housing. The law has been in effect since 1969, and approximately 80,000 affordable housing units have been created as a result. The law has been amended several times to increase the number of units that need to be set aside and to allow more flexibility in how the units are determined. In 1999, the Massachusetts legislature enacted Chapter 40B in 1969 to help address the shortage of affordable housing statewide, and it is a key component of the state's housing policy. The law includes provisions for the development of new affordable housing units and the preservation of existing units. It also includes requirements for the construction of affordable housing in all regions of the state, and it mandates that at least 10 percent of new housing developments must be affordable to low-income households. The state's housing agencies are responsible for monitoring the implementation of the law and ensuring that the housing needs of low-income residents are met.
incomes nationwide to estimate the percent of renters within a community that cannot afford fair market rent. See National Low Income Housing Coalition, *Out of Reach: The Growing Gap Between Housing Costs and Income of Poor People in the United States* (Washington D.C., September 2000).


24 Greater Boston’s historical development pattern is unique in that growth did not radiate exclusively from one central “hub.” Suburban growth continues to fill in the gaps between long-established manufacturing cities and mill towns such as Lowell, Lawrence, and Brockton, creating a web of urban villages across the region. See Barry Bluestone and Mary Huff Stevenson, *The Boston Renaissance: Race, Space, and Economic Change in an American Metropolis* (New York: Russell Sage Foundation, 2000), 75.

25 The factors used to classify municipalities were 1998 tax capacity per household, growth in capacity per household from 1993 to 1998, percentage of elementary students eligible for free or reduced cost lunch in 1997, population density in 1998, population growth from 1993 to 1998, age of housing stock in 1990, and percentage of non-Asian elementary school students in 1997.


27 According to an early Census 2000 analysis done by the Metropolitan Area Planning Council, the 43 communities surrounding the I-495 corridor grew by 13 percent since 1990 – more than double the state’s growth rate – while the 51 southeastern communities involved with the Vision 2020 plan grew by 7 percent. See www.mapc.org.

28 Passed by a statewide ballot referendum in 1980, Proposition 2½ placed an absolute limit on local property tax levies, as well as a cap on annual tax increases — both at 2.5 percent. This constraint on the ability of cities and towns to raise revenues locally has spurred steady increases in state aid to municipalities. Since new growth is not included in the annual levy increase limit, Proposition 2 ½ has tended to encourage new development as a means of meeting local fiscal needs.


30 See www.communitypreservation.org or www.state.ma.us/envir/communitypreservation.htm.

31 Municipalities that adopt the Community Preservation Act must devote at least 10 percent of funds raised locally and through state matches to each of the three community preservation areas – open space, historic preservation, and affordable housing.

32 The Big Dig is a prime example of smart growth investment policy, funneling public funds to development at the region’s core instead of subsidizing sprawl and road-building at the edge. In a similar spirit, transportation and government officials continue to work on the six-community Urban Ring project to bring a new circumferential transit line to inner-urban communities around Boston.

33 In 1971, the Minnesota legislature established a tax base sharing program for the Twin Cities region that requires each city and county in the metropolitan area to contribute 40 percent of the growth of its commercial and industrial property tax base to a regional pool. This tax base is then distributed back to each city and county based on their net commercial tax capacity, with low tax capacity communities receiving a higher percentage of the tax base. As a result of this program, fiscal disparities in the Twin Cities have been reduced for cities with a population of over 9,000 from 15:1 to less than 5:1.

34 The recent TelecomCity agreement between Medford, Malden, and Everett points to the promise of inter-local cooperation on development projects. In a unique pact, the three cities have agreed to divide revenues on a 200-acre telecommunications project along the Malden River according to the amount of land owned by each municipality. See www.telcomcity.com.

35 Citizens’ Housing and Planning Association, *Using Chapter 40B to Create Affordable Housing in Suburban and Rural Communities of Massachusetts: Lessons Learned and Recommendations for the Future* (Boston, 1999).

36 In addition to Chapter 40B, more than one-third of the state’s communities have some sort of inclusionary zoning provision to encourage affordable housing development. Since these rules tend to come in the form of incentives rather than mandates, the amount of housing created through inclusionary measures has been modest — approximately 200 units statewide per year. See Philip B. Herr and Associates, *Zoning for Housing Affordability* (Boston, Massachusetts Housing Partnership Fund, 1999).

Another example of inter-jurisdictional cooperation to spur affordable housing development has been the formation of consortia under the federal HOME program. Smaller towns and cities along the North Shore and northwest of Boston have teamed up to become more competitive for federal low-income housing funds.

37 See www.state.ma.us/dhcd/go418.

38 See www.state.ma.us/envir/buildout.html.