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Agenda

Intro
What is a submarket?
Data and methods
Submarkets
People, conditions, opportunities
Policy strategies
A different approach to housing policy
Different policies for different contexts

Most planning and policy development related to housing happens at the municipal or state level.

Planners commonly rely on municipal-level statistics or comparisons to contextualize housing conditions.

However, most municipalities are heterogeneous, and some neighborhoods are more like other places in the region than they are like nearby areas in the same city or town.

How do we account for neighborhood variability and similarities in order to craft targeted and effective housing policies?
What is a submarket?
Housing Submarket

A definition

A housing submarket is a collection of neighborhoods—some next to each other, some not—that share similarities in housing stock and housing market characteristics.

These characteristics determine who can find, afford, and remain in suitable housing in a given place.
Data and Methods
Guiding Example: Chicago Housing Submarket Analysis
Institute for Housing Studies at DePaul University + The Chicago Metropolitan Agency for Planning

Issues + strategies
Quantitative analysis and many interviews with housing experts from across the region helped identify issues facing the region’s housing markets, as well as potential solutions. Although many more housing and non-housing issues affect submarkets, the housing issues and strategies identified below represent the most significant challenges and most promising solutions in this submarket. The outlined strategies feature proven projects, programs, or other efforts undertaken in communities across the region to address similar challenges or capitalize on similar opportunities.

Submarkets with primary focus

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<thead>
<tr>
<th>Issue</th>
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www.regionalhousingsolutions.org/submarkets
## Data Inputs

<table>
<thead>
<tr>
<th>Housing Stock</th>
<th>Price</th>
<th>Market Forces</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Density (housing units per square mile)</td>
<td>Median home sale price ($)</td>
<td>Business buyers (%)</td>
<td>Change in median home sale price</td>
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<tr>
<td>Single-family, 2-4 units, 5 or more units (%)</td>
<td>Median contract rent ($)</td>
<td>Cash sales (%)</td>
<td>Change in median contract rent</td>
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<tr>
<td>Three or more bedrooms (%)</td>
<td>HUD subsidized units (%)</td>
<td>Foreclosures (%)</td>
<td>Change in percent renters</td>
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<td>Built in 1959 or earlier, 1960-1999, 2000 or later (%)</td>
<td>Household incomes ($)</td>
<td>Vacant units (%)</td>
<td>Change in population</td>
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<td>Renter units (%)</td>
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<td>Change in housing unit density</td>
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<td>Change in home sale volume pre- and post-2008</td>
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</table>
Data Sources and Methods

DATA SOURCES:

• American Community Survey (ACS) 5-year estimates from 2013-2017
• 2000 & 2010 Decennial Census
• Warren Group real estate transaction database (2000-2018)
• U.S. Department of Housing and Urban Development (HUD)

Latent Profile Analysis (LPA), a statistical classification technique, was used to cluster census tracts in 101 municipalities of MAPC region. Seven submarkets were identified.
Results
Metro Boston Housing Submarkets

Submarket 1:
High-density Urban, High Price

- Increasing home prices and rents
- Declining renters
Metro Boston Housing Submarkets

- Highest renter share
- High rates of foreclosure, cash sales, and business buyers
- Rapid sale price escalation

Submarket 2
High-density Urban, Lower Prices
Metro Boston Housing Submarkets

**Submarket 3**
Moderate-density Urban, Moderate Prices

- Oldest housing stock
- Mix of single-family and small multifamily
- Increasing home prices and rents
Submarket 4
Lower density Urban-Suburban Mix, Low Costs

- Older housing stock in suburbs and regional urban centers
- Low housing costs
- Minimal change
Metro Boston Housing Submarkets

Submarket 5
Low-density, Highest Prices

- Premium-priced low-density suburbs
- Large, older housing stock in very expensive single-family home neighborhoods
- Low and declining renter share
Metro Boston Housing Submarkets

Submarket 6
Low-density Suburban, Mixed Prices

- Suburban edges
- Newest housing stock
- Lowest home sale prices
- Rapid increases in density, rents, and renters
Metro Boston Housing Submarkets

Submarket 7
Lowest-Density Suburban, Moderate Prices

- Single-family suburbs
- Newer housing stock
- Few renters
People, Conditions, Challenges and Opportunities
Understanding conditions and opportunities

Data overlaid and summarized by submarket
- People by race, ethnicity, language, and age
- Public school performance and college attainment
- Access to jobs and unemployment
- Housing cost burden and home mortgage loans
- The legacy of Redlining
Racial Segregation

Percent of Population that is White

Data Source: American Community Survey, 2014-2018
Public School Performance

Median MCAS Math Test Scores

Data Source: Department of Elementary and Secondary Education, 2018-2019 school year
Severe Housing Cost Burden

Percent Severely Cost Burdened Households

Data Source: American Community Survey, 2014-2018
Home Mortgage Loan Denial Rates for High-Income* Applicants
2013 through 2017

*High-income applicants defined as those with a combined income of $125,000 or more
Data Source: Home Mortgage Disclosure Act Data, 2013 through 2017
Home Mortgage Loan Denial Rates for High-Income* Applicants
2013 through 2017

*High-income applicants defined as those with a combined income of $125,000 or more
Data Source: Home Mortgage Disclosure Act Data, 2013 through 2017
Redlining

Redlining HOLC Scores
Share of Land Area Assigned to Each Submarket

Targeted Housing Strategies
### Different Strategies for Different Contexts

<table>
<thead>
<tr>
<th>Housing strategy group</th>
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<td>Housing stability protections</td>
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<td>Community ownership of land</td>
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<td>Rental affordability strategies</td>
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<td>Owner affordability strategies</td>
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<td>Small landlord affordability incentives</td>
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<td>Affordable housing production strategies</td>
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<td>Revenue sources for affordable housing</td>
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<td>Multifamily production strategies</td>
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[Source: housing-submarkets.mapc.org](http://housing-submarkets.mapc.org)
# Municipal Examples

## Housing strategy group

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<th>Community Ownership of Land</th>
<th>Rental Affordability Strategies</th>
<th>Owner Affordability Strategies</th>
<th>Small Landlord Affordability Incentives</th>
<th>Affordable Housing Production Strategies</th>
<th>Revenue Sources for Affordable Housing</th>
<th>Multifamily Production Strategies</th>
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[link: housing-submarkets.mapc.org]
A Resource for Better Housing Policy
How might this research be useful?

- Provide a way for local stakeholders to understand housing market diversity within their municipality.
- Foster connections between similar places across the region.
- Facilitate the development and implementation of targeted policy responses and community development strategies.
- Enable research that is more relevant to a given submarket or set of submarkets, e.g. displacement analyses.
Thank you!

Jessie Partridge Guerrero
Research Manager

housing-submarkets.mapc.org