



JANUARY 2024

# Housing for All:

Forward-Looking Strategies for a Growing New Bedford

**NBEDC**  
**THE REGENERATION PROJECT**

RESEARCH | ENGAGEMENT | POLICY

PRODUCED BY:



WITH SUPPORT FROM:



Dear Friends,

A stable housing market with options across price points is essential to a strong, sustainable, and equitable regional economy. The city's center and west end neighborhoods boast historic homes of nearly every architectural style. Along the Acushnet River there are loft apartments in hulking brick mills offering wonderful views. In the south end and north end, mid-century homes are complimented by new homes constructed in more suburban settings. This incredible diversity of choice for our citizens brings pride, vibrancy, and value that are strengths for us to harness.

Ups and downs in housing markets are a fact of life, however, what New Bedford is experiencing today is entirely different than in times past. Prices have risen sharply to levels that few can afford, and yet new construction has been anemic. These patterns present a real danger to long-term economic growth. While markets will adjust over time, whether the city and region will be better off when they do is an open-ended question. The answer largely hinges on our ability to convert this challenge into an opportunity, working as a region with a shared vision for equitable and sustainable economic growth.

Mayor Jon Mitchell formed the Regeneration Project in 2014 in this very spirit. We continue under the auspices of the New Bedford Economic Development Council (NBEDC) as a diverse group of private sector community leaders always asking—what will it take to advance the sustainable regeneration of New Bedford's economy for the benefit of all citizens?

Over the past decade, we have unpacked a range of economic, education, and workforce issues, helping leaders identify and coalesce around actionable strategies. While we concentrate on the long term, care and attention is given to near-term execution. Reports are just the beginning of our efforts. We coproduce them with partners like MassINC to put independent research and ideas into the public square for discussion and debate.

This report complements the great work initiated last spring by the Mitchell administration with the release of the *Building New Bedford* housing plan. Our analysis makes the data-driven case that the city and surrounding towns must produce 8,700 housing units of all types and at all income levels before the end of this decade to keep prices from rising further. This burst of housing production is critical to the competitiveness of industries that form our economic base. It is also vital to the productivity of our workforce, to the artists and cultural leaders who make our region vibrant, and to the general well-being of all citizens.

The in-depth analysis presented in this report was possible only with the financial support from Bristol County Savings Bank, BayCoast Bank, Bank Five, St. Anne's Credit Union, and the Realtor Association of Southeastern Massachusetts. Their philanthropic commitment is illustrative of the many ways that our community banks and private sector partners invest in the future of Greater New Bedford. We also wish to thank each of our committee members and NBEDC staff for their time and energy. Without a team effort, the publication of this report would not have been possible. Finally, we are grateful to leaders across New Bedford's municipal departments and agencies. In addition to responding quickly to numerous requests for data and fielding questions on city policies and practices, they graciously shared their knowledge and expertise with the researchers.

We encourage you to scrutinize this analysis with an open mind, then share your thoughts and ideas. With our combined knowledge and industry, New Bedford can and will build housing for all.

**Anthony Sapienza, Co-Chair**  
PRESIDENT  
NEW BEDFORD ECONOMIC DEVELOPMENT COUNCIL



**Maureen Sylvia Armstrong, Co-Chair**  
MANAGING PARTNER  
ALERA GROUP, INC.



## About MassINC

MassINC's mission is to make Massachusetts a place of civic vitality and inclusive economic opportunity by providing residents with the nonpartisan research, reporting, analysis, and civic engagement necessary to understand policy choices, inform decision-making, and hold the government accountable. In 2012, MassINC founded the Gateway Cities Innovation Institute. Leveraging MassINC's research, polling, and policy team, the Institute strengthens connections across communities and helps Gateway City leaders develop and advance a shared policy agenda.

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## About The Regeneration Project

The Regeneration Project is a collaborative platform that allows for a broad cross section of private sector community leaders to shape, advocate, and tangibly advance a strategy of sustainable and shared growth for New Bedford.

### Why We Do It

What began as a group coming together to respond to a short-term call to action by Mayor Mitchell in 2014 is now a place where some of our most complex city building challenges are brought to the table for thoughtful discussion, debate, and strong advocacy by a diverse group of private sector community leaders. All issues and matters discussed and put forward into the public square help in answering an overarching question: "What does it take to advance the sustainable regeneration of New Bedford's economy?"

### How It Works

The first strategy recommendation of the Regeneration Project's 2014 report is titled "Organizing for Success." Within this section is the recommended action of developing a cross-sector leadership group to focus on the development of long-term goals and policy by adding a new arm to an existing organization such as the NBEDC. In 2015, the NBEDC board agreed to take on this work in the form of a standing committee as allowed under the NBEDC bylaws. The Project is staffed by the NBEDC team for its day-to-day activities and utilizes the work of senior fellows and other partners for the development of white papers and comprehensive reports. The Project is not an extension of city government, but rather is a partner and resource to elected and appointed officials.

### Who Is at the Table

The membership of the committee is comprised of 41 community leaders who represent the private, nonprofit, and higher education sectors of the economy. The diverse membership includes top executives from regionally head quartered firms including CEOs of multinational corporations, leaders of educational institutions, owners of small- and medium-sized enterprises, and artists and entrepreneurs. Many of these organizations invest deeply in the community through charitable donations, grants and scholarships, and countless service projects. The combined impact of these industrial leaders exceeds \$1 billion in annual revenue and represents more than 15,000 jobs throughout Greater New Bedford. The full membership list is offered in Appendix E.

### Our Work

The foundation of the Project is relevant data gained from sound and balanced research. The committee with MassINC and other content experts to conduct topic research, bench-mark New Bedford with other similar communities, and craft policy based on the committee's work. The Project is housed and staffed for its day-to-day activities by the New Bedford Economic Development Council. The Project is not an extension of City government but is rather a partner and resource to elected and appointed officials.

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The NBEDC is a nonprofit organization comprised of over 400 successful leaders in business, education, and government led by a nine-member Board of Directors. In conjunction with the Mayor's Office, the Council sets the agenda for the city's key strategic economic development areas. The executive director of the NBEDC, with a talented and dedicated team of six professionals, is responsible for the coordination and implementation of the organization's programs and initiatives.

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# Executive Summary

Throughout Massachusetts and across the country, housing costs have become a formidable problem. This is true for New Bedford as well, but the city and its citizens are no strangers to meeting seemingly intractable challenges. Acting collaboratively and with steady determination, the city can and will find ways to not just meet its housing needs but to go beyond, with a response that leads to a stronger, more inclusive, and productive economy.

**HOUSING FOR ALL** is intended to help all stakeholders find the way. The full report breaks down the challenges and opportunities in painstaking detail. This chapter-by-chapter summary highlights the key issues, describes what's at stake, and puts forward immediate and near-term action items for consideration by the wider community, as we work together to find practical solutions to this generational challenge.

## Key Facts and Findings

1. Between 2010 and 2020, the number of households in New Bedford grew by 7.8 percent, but the city's housing stock increased by just 3.8 percent. This means 3,000 new households are vying for fewer than 1,600 new housing units.
2. Over the 19-month period between January 2022 and July 2023, rents in New Bedford rose 27 percent—the fastest pace among its Gateway Cities peers in Massachusetts. If forced to move, more than two-thirds of New Bedford renters would find the typical asking rent to be unaffordable.
3. Combining rising interest rates and recent home value appreciation, 86 percent of New Bedford households are unable to afford the mortgage for a typical home in the city.
4. To stabilize housing prices by increasing supply to meet demand, Greater New Bedford needs to build 8,700 housing units; roughly 5,500 of these new homes should be located in the city.
5. High construction costs have not been fully offset by rising housing prices, making these new homes difficult to finance. The gap between revenue and expenses for the typical multifamily development is roughly \$350,000 per unit.
6. Despite the financial challenges, New Bedford is pursuing an impressive multifamily project pipeline that includes 291 units recently completed or under construction and 252 units that have been permitted or formally proposed. Approximately 40 new single-family homes are also at various stages of permitting and construction in the city.

## About New Bedford

Situated squarely in the Providence-Warwick-New Bedford MSA of some 1.6 million people, New Bedford is the nation's number one fishing port with a vibrant and historic downtown and impressive infrastructure with additional capacity. We are leaders in building the American offshore wind industry and are fostering a culture of innovation and entrepreneurship at every level. New Bedford has great neighborhoods, parks, and dozens of festivals and community events. We are 56 miles to Boston, only 30 miles to Providence and a quick ferry ride to Martha's Vineyard, and Nantucket.



## CHAPTER 1: Housing and the Future of New Bedford's Economy

Unaffordable housing pushes growing businesses to expand in other locations and can make business recruitment efforts in growing industries more difficult. It also means entrepreneurial residents inevitably have less savings to bootstrap new companies. All of this leaves the region with fewer dynamic businesses introducing new products and services to keep pace with economic change. Residents also simply have less money for discretionary spending when housing costs consume an ever-larger share of their household budgets. This hurts mom-and-pop retail shops, restaurants, arts and entertainment venues, and personal services providers. And workers at all businesses are less productive when they worry endlessly about their ability to make rent or the mortgage payment.

## CHAPTER 2: Charting the Course

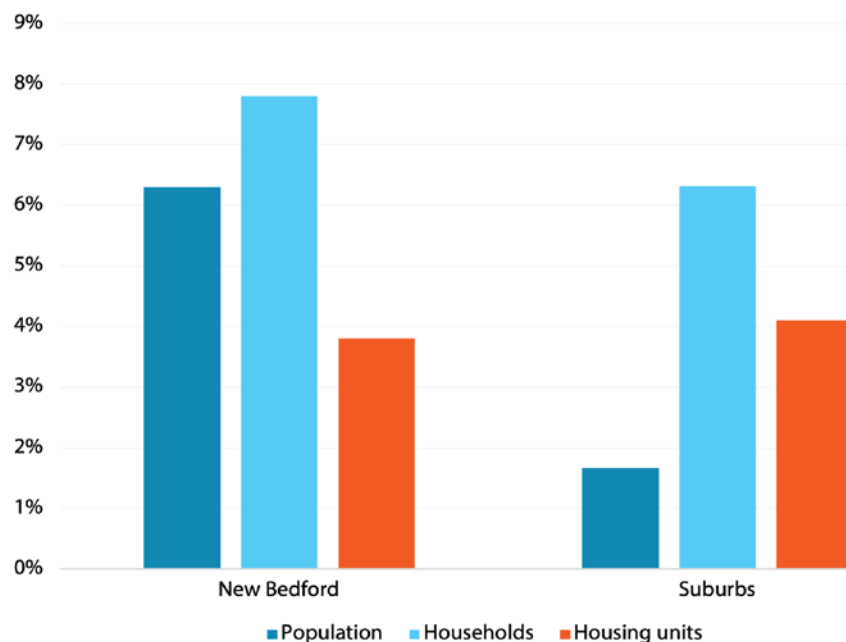
New Bedford is already well-positioned to tackle this challenge: the city has crafted a smart near-term housing strategy; zoning is relatively inclusionary and efforts are underway to make it even better; both city agencies and nonprofits are building capacity to take on complex real estate development efforts. Despite the financial challenges, New Bedford has assembled an impressive project pipeline that includes nearly 600 units at various stages of permitting and construction.

## CHAPTER 3: Housing Market Trends

Rising housing costs are hammering New Bedford's residents and inhibiting economic growth because supply has not increased in line with growing demand. Between 2010 and 2020, the city's population increased by more than 6 percent; the number of households expanded at an even faster pace, climbing nearly 8 percent. However, the city's housing stock grew by less than 4 percent (**Figure ES-1**). This means New Bedford had more than 3,000 new households vying for less than 1,600 new housing units. By 2022, the rental vacancy rate was just over 3 percent, about half of the level of vacancy required to keep rents from rising. While New Bedford has a comparatively large supply of income-restricted affordable housing units, these homes make up just 12 percent of the city's total housing stock; the vast majority of homes in New Bedford are subject to market forces.

**Figure ES-1: Percent change in population, households, and housing units, 2010–2020**

Source: US Census Bureau, Decennial Census



**CHAPTER 4:**  
**Bringing the Housing Market Back to Equilibrium**

To keep prices from escalating further, Greater New Bedford needs to build 8,700 housing units; roughly 5,500 of these new homes should be located in the city (Figure ES-2). Without concerted, cross-sector efforts to stimulate production, the private market will have incredible difficulty delivering these homes because costs far exceed the financial returns to developers at current rents and sales prices.

Throughout Massachusetts, people with limited income have an extremely difficult time finding housing. This is equally true in Greater New Bedford. There are almost 9,500 households in the region with earnings below 30 percent of area median income, but less than 6,500 units in Greater New Bedford renting at prices that are affordable for these residents. This leaves a supply gap of roughly 3,000 units. At the same time, there is unmet need for rental housing for those with more income; approximately 6,000 households in the region can afford to pay more than they are currently for rental units. Attractive new apartments that draw these relatively affluent households will free up older rental units in the region for those with more limited income. There is also considerable need for more affordable for-sale housing. Less than 40 percent of New Bedford residents own today compared to 60 percent in the 1970s.

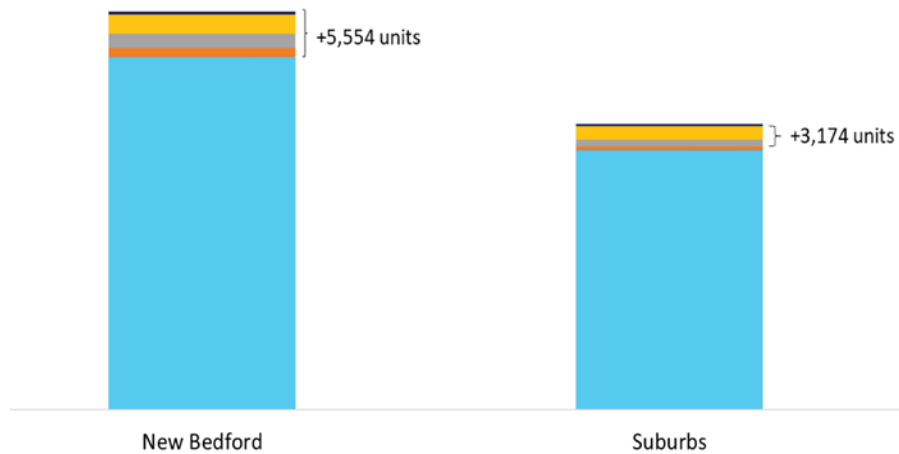
**CHAPTER 5:**  
**Practical Solutions to Build Housing for All**

New Bedford has a unique chance to build a more inclusive, resilient, and economically competitive city and region by tapping state and federal resources to construct housing for all. To fully realize this opportunity, civic leaders must help the city and its neighboring towns coalesce around a forward-looking vision for housing. In this spirit, the membership of the Regeneration Committee is dedicated to providing thought-leadership and working in common cause to advance the strategies that the community chooses to pursue. Drawing from our in-depth analysis of the regional housing market, we offer this constellation of immediate and near-term action items for consideration.

**Figure ES-2: Estimated additional housing units to meet Greater New Bedford’s needs in 2030**

Source: MassINC estimates

- Additional production to replace lost/obsolete units
- Additional units to keep up with population growth
- Additional units for un- and underserved households
- Additional units to reach natural vacancy rate
- Current housing stock



## Immediate Action Items

To realize the full potential of *Building New Bedford*, the Regeneration Committee elevates two ideas for immediate action:

1. **Develop a detailed implementation plan.**  
Simultaneously carrying out the varied tasks to address New Bedford's housing challenges requires an implementation plan with clear project milestones, resource commitments, and lead actors.
2. **Host a regional housing summit.**  
Convening communities to explore shared housing challenges, with an eye toward forming a standing regional task force, will position the city and region for long-term success.

## Near-Term Action Items

In concert with the *Building New Bedford* strategy, the committee sees potential to advance several near-term action items that will help the city respond with the force necessary to bring the housing market into balance. They fall into four core areas:

1. **Land assembly.**  
To carefully balance housing production with commercial and industrial growth:
  - Create an interagency working group to actively assemble land for residential development.
  - Establish a revolving strategic acquisition fund.
  - Improve public housing and add units to New Bedford Housing Authority (NBHA) properties utilizing state and federal programs that allow for the addition of mixed-income units.
  - Advocate for state policies that allow for more efficient land assembly.
2. **Homeownership.**  
To position more residents to purchase homes, and to increase the supply of homes for sale at a range of prices:
  - Build more townhomes and condominiums.
  - Use shared-equity models to preserve affordability.
  - Advocate for homeownership tools that work for Gateway Cities.
3. **Gap financing.**  
To stimulate private investment in new construction by helping to close the financial gap:
  - Relentlessly pursue every state and federal dollar possible.
  - Provide clear frameworks for local property tax abatement.
4. **Capacity building.**  
To ensure that the city has the skilled real estate and construction workers needed to produce housing at the levels necessary to balance supply and demand:
  - Train more workers for the building trades.
  - Support emerging developers.
  - Leverage the Community Investment Tax Credit to build CDC capacity to engage in real estate development.



## Introduction:

# Rising to the Challenge

The housing crisis rippling across the commonwealth poses major challenges for both residents and businesses of all kinds. Gov. Maura Healey has responded forcefully, creating a new cabinet position dedicated solely to oversee housing. She has also filed major legislation to stimulate new construction, including a \$4.1 billion bond authorization and 28 changes to state law. And she made housing production the foundation of the recently unveiled quadrennial state economic development plan. The governor's leadership is vital, but we cannot demure to the highest office to address this mounting problem.

At the end of the day, communities hold much of the power to shape housing development in the commonwealth. New Bedford's business and civic leaders must work proactively and with shared vision to support efforts to create more housing of all types, and to do so in a manner that converts this challenge into an opportunity, making both the city and neighboring towns more equitable and sustainable.

Private sector leadership is vital because the invisible hand of the market is no longer balancing supply and demand in an efficient manner. Exclusionary zoning and permitting practices inhibit inclusive and sustainable growth in suburban communities, compounding the legacy of redlining and discriminatory lending practices that kept many city residents from building wealth and attaining the American dream. Meanwhile, the cost to produce housing in Massachusetts makes it extremely difficult to finance the construction of new homes at prices that city residents can afford. This means New Bedford's inventory is not keeping pace with population growth, driving housing costs higher. The labor, supply chain, and financial disruptions imposed by the COVID-19 pandemic exacerbate the problem.

In March, Mayor Mitchell released *Building New Bedford*, a housing plan to confront these challenges. His comprehensive strategy enumerates actions the city will take and investments that it will make, drawing on its own limited resources. The Regeneration Committee fully supports this plan and applauds the mayor's leadership.

This city document was a critical first step, but we recognize that municipal government cannot tackle these problems on its own. Expanding housing production at the levels now required—and in a manner that leads to more vibrant, productive, and sustainable neighborhoods through the city and region—will undoubtedly require unprecedented cross-sector collaboration and regional cooperation. Recognizing that housing is essential to economic growth, the Regeneration Committee has long supported efforts to build more housing. Through these efforts, members have gained a fuller appreciation of the range of issues and the need for deeper analysis to better understand the changing dynamics and forces at play.

This study aims to provide information that positions us to rise to this challenge. We present our analysis in five parts: Chapters 1 and 2 offer a high-level look at why housing is so fundamental to the regional economy, and the key context that we must all consider as we build for the future. In Chapter 3, we detail the various forces pulling the region's housing market out of balance. Chapter 4 estimates the housing production required to bring the market back to equilibrium. The concluding chapter lays out forward-looking strategies for the city and region to pursue, both in the near-term and over a longer time.

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**“Expanding housing production at the levels now required—and in a manner that leads to more vibrant, productive, and sustainable neighborhoods through the city and region—will undoubtedly require unprecedented cross-sector collaboration and regional cooperation.”**

## New Bedford's Housing Stock At-A-Glance

From high Greek Revival mansions to the common man's triple-decker, New Bedford boasts an architecturally rich housing stock that reflects the city's long and varied economic history. The whaling, textile, and fishing industries produced both mansions and tenements. Many of the latter were lost during the urban renewal era of the 1950s and 1960s, replaced with both public housing and lower density single-family homes of nearly every architectural style. More recently, historic red-brick mills throughout the city have been converted to apartments.

Despite this evolution, few Massachusetts cities retain more historic housing than New Bedford. More than half (52 percent) of the homes in the city were built before 1940, compared to just 32 percent statewide and 39 percent for the average Gateway City peer.

New Bedford is also notable for the dominance of the ever-versatile triple-decker. With apartments stacked like decks on a ship, the various configurations from two to nine units account for more than half (57 percent) of all housing in New Bedford. Except for Fall River, this is the most among the Gateway City peers. The city derives its residential density from these buildings. New Bedford notably has fewer structures with 10 or more units (11 percent) than the statewide average (16 percent) and the Gateway City peers (15 percent).

The dominance of the triple-decker form also heavily influences unit sizes. Three-bedroom homes account for 41 percent of New Bedford's stock, the highest among Gateway City peers. While this leaves the city with a plentiful supply of family housing, there are relatively few one-bedrooms and extremely few studios. In Boston and other higher-rent cities, the studio apartment has come to provide an affordable option for many small households living off just one salary.

	New Bedford	Peer City Average	Mass. Average
<b>Year structure built</b>			
1939 or earlier	52%	39%	32%
1940 to 1959	17%	15%	17%
1960 to 1979	16%	19%	21%
1980 to 1999	10%	20%	19%
Since 2000	5%	8%	12%
<b>Housing units in structure</b>			
Single-family	33%	47%	58%
2 to 9 units	57%	39%	26%
10 or more units	11%	15%	16%
<b>Bedrooms in housing units</b>			
Studio	2%	3%	3%
1 bedroom	14%	14%	13%
2 bedrooms	30%	32%	28%
3 bedrooms	41%	37%	35%
4 or more bedrooms	13%	14%	21%

Source: 2021 American Community Survey five-year estimates



## Chapter 1:

# Housing and the Future of New Bedford's Economy

Housing policy often engenders great debate and difficult conversations. This is entirely reasonable. Housing matters are deeply personal. For many, the primary residence represents the vast majority of their wealth. Those who do not own their homes are entirely at the whim of the housing market to keep a roof over their heads. People who are invested in their neighborhoods are right to guard against change that has the potential to negatively impact quality of life. And communities that have been harmed by housing policy in the past are particularly wise to be skeptical of those pushing for change. These sensitivities make it imperative to establish a common fact base from the outset. In service to this cause, this chapter looks at what we know with some degree of certainty about housing from an economic standpoint.

### **Unaffordable Housing is Extremely Damaging to the Economy**

Many see high housing costs as the unavoidable byproduct of a successful economy. To be sure, rising prices in New Bedford reflect positive tailwinds, including renewed interest in urban living and a notable upward trajectory of New Bedford's economy (owning in no small part to an impressive run of strong and steady leadership in city government and other key strategic partners). But escalating housing costs threaten to undermine the region's hard-won economic success in the long term; the Regeneration Committee members are already feeling these impacts in their varied workplaces.

Data from metro areas across the country demonstrates that a shortage of reasonably priced housing is strongly associated with declines in per capita GDP growth, a key measure of economic performance.<sup>1</sup> There are several explanations for this phenomenon:

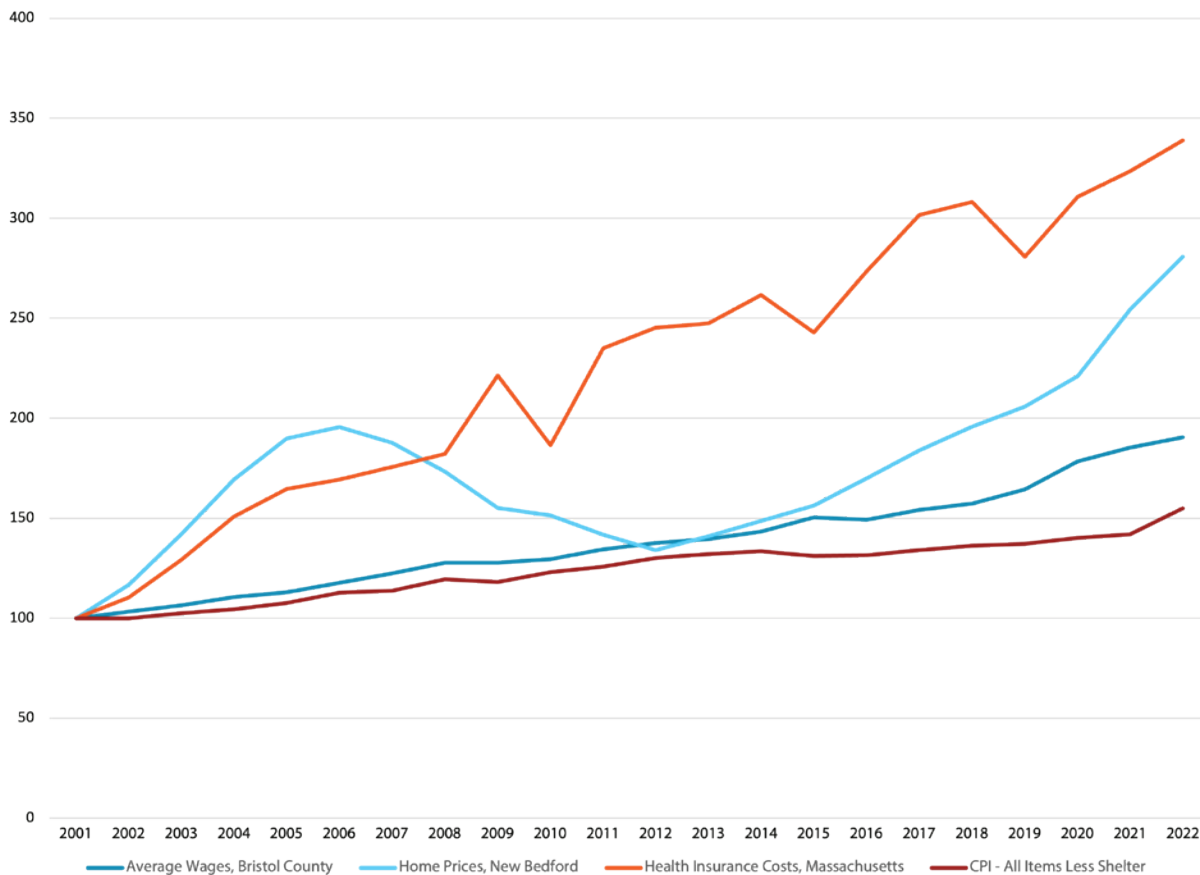
Housing costs impact where people and businesses decide to locate. If housing costs are high relative to wages, over time people will migrate out to more affordable locations. And businesses will have great difficulty attracting workers with specialized skills from lower-cost regions.<sup>2</sup> Companies looking for places to expand also factor in housing costs when making location decisions.<sup>3</sup> This means regions with expensive housing are less likely to draw growing firms that could bring new skills and strengths to a regional economy.

Housing costs impact new business formation and success rates. When housing expenses are difficult to shoulder, households have more trouble saving to bootstrap startups. This is damaging because new businesses play an outsized role in a regional economic dynamism, creating jobs and bolstering the productivity of other firms by offering new products and services.<sup>4</sup>

**Rising housing costs displace discretionary spending, negatively impacting small businesses.** When housing costs increase faster than wages, people have less money available for discretionary spending. For this reason, increases in housing costs are generally followed by a reduction in the number of active business establishments in a region.<sup>5</sup> Retail shops, restaurants, art and entertainment venues, and personal services—business that are generally locally-owned—bear the brunt of this lost discretionary spending. As depicted in Figure 1, housing costs in New Bedford have risen much more sharply than wages and inflation (excluding housing) over the past two decades. The housing squeeze is especially difficult to absorb because health care costs, another big-ticket item in household budgets, have also skyrocketed upward in Massachusetts.

**The stress associated with high housing costs makes workers less productive.** We must not discount how much of the causal connection between unaffordable housing and declining economic performance exists at the individual level. New research reveals a direct association between unaffordable housing and worker productivity. Employees with financial stress miss work, make more mistakes on the job, are less innovative, and have lower output. Financial stress is also seriously detrimental to learning, reducing educational attainment and the skills of future workers. Worrying about housing costs appears to be a particularly serious form of financial stress, with more pronounced effects for mental health and well-being than other sources of financial anxiety. This should come as no surprise; along with food and clothing, shelter is a basic human need.<sup>6</sup>

**Figure 1: Household costs indexed to 2001**



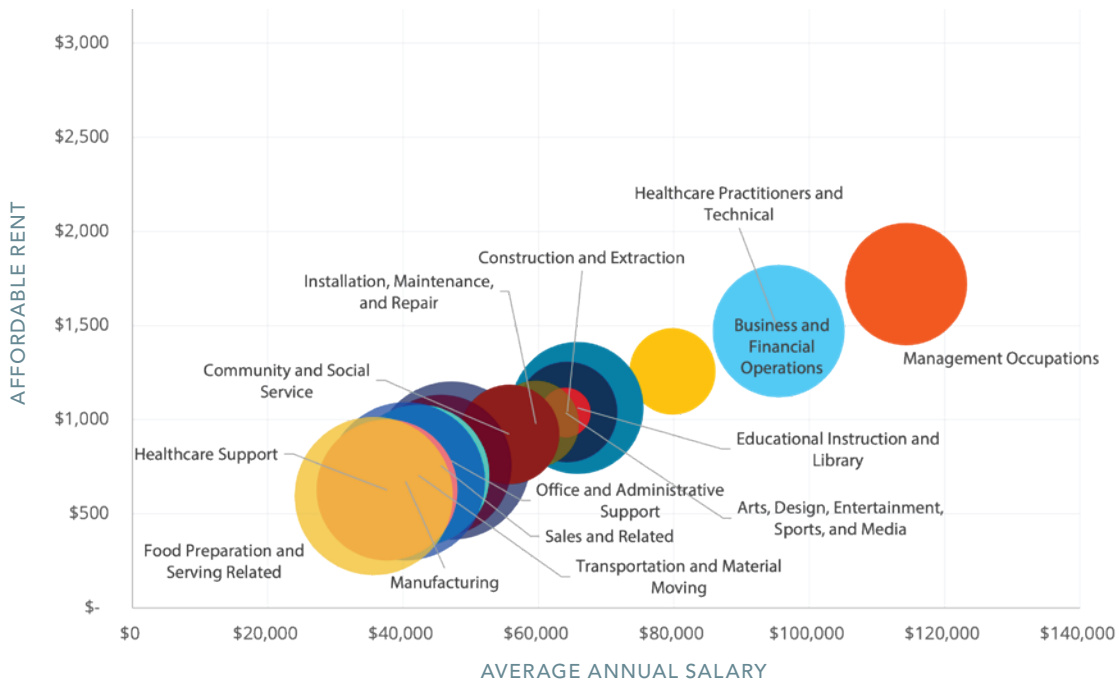
Note: 2022 health insurance estimated based on linear projection  
 Source: Bureau of Labor Statistics, Zillow Research, Agency for Healthcare Research and Quality



While every region in Massachusetts must appreciate the long-term strain of unaffordable housing, New Bedford should be particularly wary because its most important industries cannot at present provide salaries commensurate with these rising costs and remain competitive. Key occupations in the New Bedford metropolitan area are displayed in Figure 2.

Together, these positions comprise nearly 90 percent of the region’s jobs. Most people in these occupations would struggle to afford rents for newly listed apartments (\$1,562 per month) and few could afford rent at levels necessary to incentivize the private sector to produce new housing without public subsidy (over \$4,000 per month).<sup>7</sup>

**Figure 2: Average annual salary and affordable rent by major occupation, New Bedford Metropolitan Region, May 2022**



Sources: Bureau of Labor Statistics, Agency for Healthcare Research and Quality, and Forbes Advisor Massachusetts Paycheck Calculator

### Increased Population Density in the Core of the Region Enhances Economic Vibrancy

While New Bedford’s suburbs certainly need to build more housing to help meet regional needs, the city can and should do a heavy share of the lifting when it comes to new construction. Concentrating growth in New Bedford—the core of the metropolitan area—will make the region more economically productive. Businesses gain efficiencies and are more innovative when they locate in dense urban centers. In the manufacturing past, this was largely about the efficiency gains from transportation costs and being able to get parts and supplies into your factory quickly. Today, the benefits from agglomeration are largely human. Firms benefit from having access to workers with varied skills in an innovation economy where product cycles are short and job churn is high. This makes residential density vital. Workers living in regions with dense urban cores earn more income as a result of the productivity benefits that they offer employers by living in close proximity.<sup>8</sup>

### Urban Infill is Far More Likely to Reduce Displacement Pressures Than Contribute to Them

Residents of urban neighborhoods that have not seen development in decades are often fearful that new investment will spur gentrification. This is a major concern that should not be taken lightly. Fortunately, evidence shows that new housing construction generally makes housing less expensive through supply effects—the downward price pressure of having fewer residents seeking out each unit of housing. Even high-end housing production can help relieve upward pressure on prices in a regional housing market because this additional supply triggers a chain of moves, in which households entering new higher-cost units free up lower cost units for others.<sup>9</sup> And as they age, some of these units will inevitably contribute to growth of a region’s more modestly priced housing stock.



This does not mean there is no reason to be concerned in the short run. Attractive housing development can cause prices in the immediate vicinity of the project to rise through amenity effects—the upward price pressure of making a neighborhood more desirable. While overall new units are likely to limit price increases for residents in the city and region, those living within a few blocks could see rents and valuations increase.<sup>10</sup>

**Residential Production can Boost Municipal Finances and the City’s Business Climate**

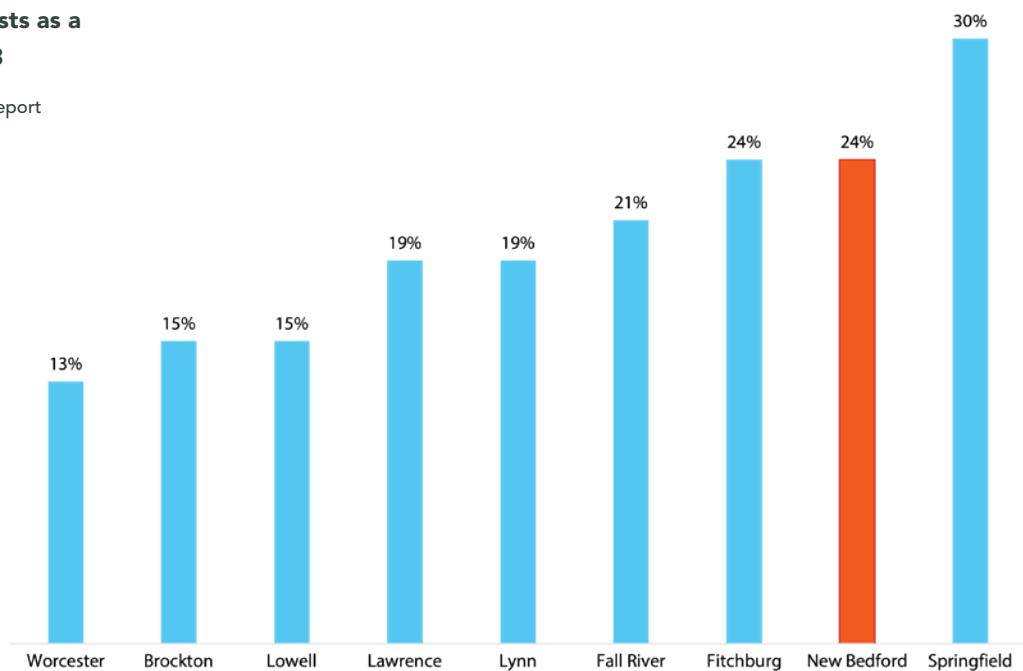
Many communities shun housing production under the guise that it is costly for taxpayers. For New Bedford, this is clearly not the case. New housing will generate additional revenue from residential property taxes, as well as through motor vehicle excise taxes, meals taxes, and through the induced economic activity from having more residents and foot traffic in the city. Additional revenue should outweigh additional expenditures because the city’s existing infrastructure has considerable excess capacity, and 85 percent of education expenditures are paid for by the state.

From an economic competitiveness standpoint, it is important to understand the fiscal realities of additional housing production. City services—including public safety, infrastructure, and schools—contribute directly to the business climate and regional economic competitiveness. Like many Gateway Cities, New Bedford faces serious long-term fiscal challenges, even with all the city has done to proactively address these issues. Unfunded pension obligations consume one-quarter of the total tax levy, and this does not include the rising expense of providing retirees with health care (Figure 3).

These extremely burdensome legacy costs are not primarily a function of the city’s fiscal management, but rather state laws that actively prevented local governments from prudently managing their pensions obligations for decades. Housing production could help the city emerge faster from its difficult fiscal position to the benefit of both residents and the region’s business community.

**Figure 3: Unfunded pension costs as a share of total tax levy, FY 2023**

Source: Forthcoming MassINC research report



## Emulating The Minneapolis Model

Minneapolis provides a valuable case study of a region that sees maintaining a reasonable cost of living as fundamental to its economic competitiveness. With this mindset, it has adopted aggressive housing production measures. In 2018, the city eliminated single-family zoning entirely, a move that impacted 70 percent of its landmass. It also invested \$320 million to support the production of both rental and for-sale housing.

These efforts received strong backing from the Itasca Project, an alliance of business, philanthropic, and public sector leaders much like the NBEDC's Regeneration Project Committee. The group has published several reports documenting how its members support housing production and monitor follow-through.

This collaborative cross-sector approach has been so effective that Bloomberg News recently proclaimed Minneapolis "the first American city to tame inflation," attributing this success to its ability to prevent housing prices from spiraling out of control during the pandemic.<sup>11</sup>

## How We Measure Housing Affordability

The current rule of thumb is that housing is affordable if it costs no more than 30 percent of income. This originated with the depression era precept "a week's wages for a month's rent." At the time, this saying was used to set a 25 percent housing cost to income ratio (HCIR) for underwriting by the Federal Housing Administration. In the 1980s, the HCIR was adjusted upward from 25 percent to 30 percent of income. This has been the norm for defining housing affordability ever since.

The 30 percent rule is a useful economic indicator for housing affordability in an income-diverse region, but it underestimates housing affordability challenges in low-income markets and overestimates them in high-income markets. This is because after paying for other necessities, lower income households may have less than 30 percent of their income left over for housing and some higher income households may have much more. Throughout this report we adhere to the 30 percent threshold, while acknowledging that New Bedford households spending less than 30 percent of their income on housing may still face significant financial stress.<sup>12</sup>



## Chapter 2: Charting The Course

A common understanding of the problem will help a community set the proper course to overcome it. In this chapter, we size up the housing market challenge, strengths that New Bedford can draw on as it works to respond within a regional context, and several openings to convert this challenge into an opportunity.

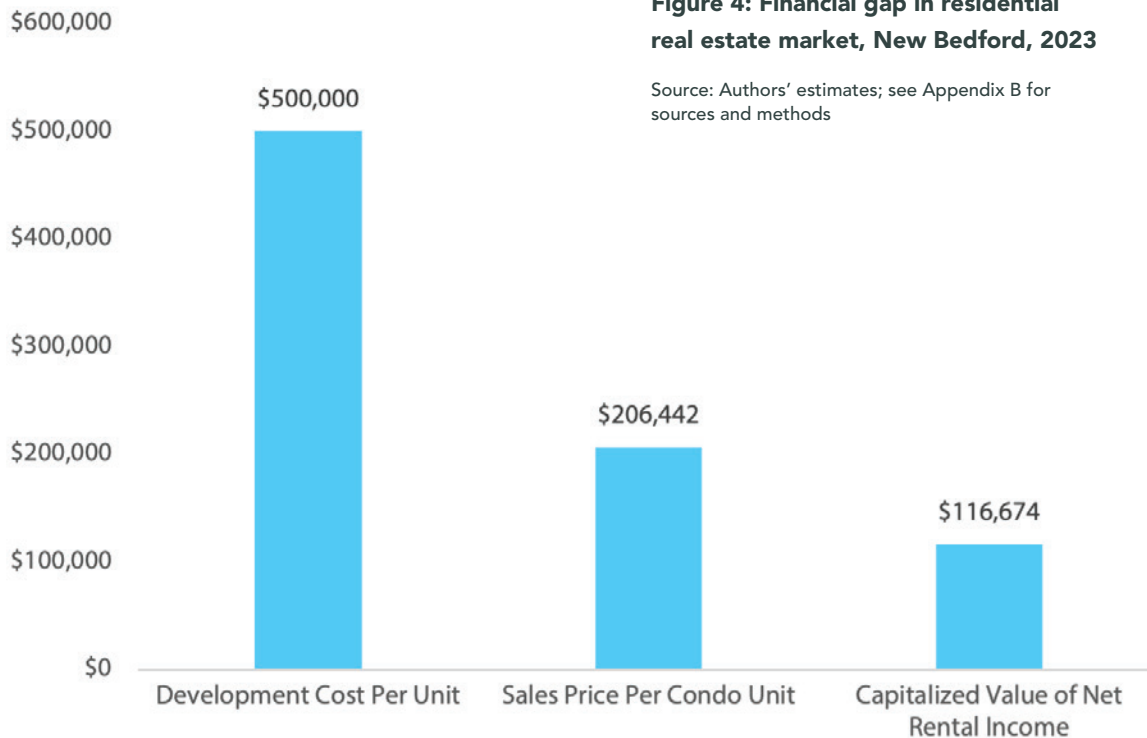
### **The Unrelenting Financial Gap**

As noted in the introduction, the financial gap is the primary problem for New Bedford when it comes to keeping up with local demand for housing. New homes are simply too expensive to build. While the city has been experiencing a tightening housing market for the past decade, construction costs have also increased considerably. It still costs far more to build housing than current rents and sales prices can support.

Based on a review of recent transactions, constructing new multifamily housing in New Bedford costs approximately \$350,000 per unit. And this does not include many of the other expenses that go into building new homes, such as legal and architectural services, land acquisition, and developer and financing fees. Including these items, the total development costs are much higher—upwards of \$500,000 per unit (Figure 4).<sup>13</sup> For the average

condominium, the sales price is sufficient to recoup 45 percent of development costs, which leaves a 55 percent gap. When financing apartment buildings, we must factor in the cost of vacancies and other ongoing operating costs. For the typical apartment, the capitalized value of net operating income (NOI) will only cover 23 percent of the total cost of development. This leaves 77 percent of project expenses unfunded. Rising rents means the gap for rental units is slightly smaller than a decade ago, when there was an 83 percent difference between the capitalized value of NOI, and constructions materials, labor, and borrowing costs all rose sharply.<sup>14</sup>

Developers today must find ways to close a gap that averages roughly \$350,000 per unit to move forward with housing projects. For affordable housing units with restricted lower rents and often higher operating costs, the gap is considerably larger.



**Figure 4: Financial gap in residential real estate market, New Bedford, 2023**

Source: Authors' estimates; see Appendix B for sources and methods

**Closing this large gap for both market-rate and income-restricted housing projects is challenging.**

The city and its partners must work creatively to compete for the various forms of state and federal subsidy. They will also need to work aggressively to lower costs by providing land for residential development and/or reducing predevelopment costs with expedited permitting. Fortunately, New Bedford is already well-positioned to carry out this difficult work.

**Zoning is already relatively inclusionary, and the city is working to get even better.** Restrictive zoning such as minimum lot sizes, maximum heights, and annual caps on permits are clearly not the main cause of supply challenges in the city of New Bedford, whereas in the suburbs, these practices are a major inhibitor to building the housing that the region needs to keep pace with growth. New Bedford proper scores a -0.79 on the Zoning Restrictiveness Index, which puts it in the least restrictive category on this national measure. In comparison, the Providence–New Bedford–Fall River Metropolitan Statistical Area (MSA) is the third most restrictive region studied in the US, with a score of 1.81.<sup>15</sup>

While New Bedford's regulatory environment is good, market conditions demand that it be great, and the city is actively working to improve. The comprehensive planning process currently underway is examining zoning, parking minimums, lot sizes, and other potential changes to make permitting new housing more predictable, more permissive, faster, and less expensive. Once finalized, the recommendations that emerge from the final comprehensive plan should be enacted with urgency to give New Bedford the greatest possible competitive advantage when seeking new housing development.

**New Bedford is building local development capacity and pursuing an impressive pipeline of projects in this challenging market.** The city has a dynamic new director of housing and community development. The New Bedford Housing Authority has created a nonprofit development subsidiary to produce new affordable housing. NBEDC, as the city's lead economic development agency, has continuously channeled new investment into key development districts, utilizing new housing development as an anchor. And the nonprofit organization Waterfront Area Historic League (WHALE) is drawing on its more than 50 years of real estate experience with historic preservation to help produce more housing for the

city. With financing from city-managed American Rescue Plan Act (ARPA) funds, HOME Investment Partnership Program funds, and Community Preservation Act revenue, as well as various state-managed programs, these organizations have been able to create a meaningful pipeline of new development.

There are 10 multifamily housing developments that have been recently completed or are under construction, with nearly 300 housing units between them. There are 11 additional housing developments (including multifamily and single-family attached style homes) that have been permitted or formally proposed with 252 units, and approximately 40 single family homes are also at various stages of permitting and construction in the city (Table 1). While this pipeline represents a minor contribution relative to the scale of the challenge, the experience that the city and its partners have gained structuring these projects will be invaluable as they work together to spur additional production at greater scale.

**The city is building systems to identify vacant properties and bring them back into the housing market before they are lost.** Maintaining an older and primarily wooden housing stock is a major challenge for cities like New Bedford. Properties that get caught in foreclosure or probate after the death of an owner often suffer from neglect, deteriorating to the point where they are no longer habitable. Rehabilitating these units costs far more than the market can support, setting the city back as it works to keep up with growing demand.

New Bedford is working to get ahead of this pernicious cycle. The Neighborhood Task Force has identified 400 vacant at-risk units.<sup>16</sup> With assistance from MassHousing's Neighborhood Hub program, the Office of Housing and Community Development is pursuing a variety of strategies to reclaim and rehab these abandoned homes before it is too late.

**The city has a near-term housing strategy.** The Neighborhood Task Force and the comprehensive plan described above are just two among many activities that the city is leading to combat its housing challenges. As noted in the intro, Mayor Mitchell devised a detailed strategy to coordinate action to stimulate new housing development and address growing affordability concerns. From regulatory changes and disposition of city-owned land to directing additional local funds to housing, the plan outlines concrete steps that the Mitchell administration will take to stimulate residential development in the coming years.<sup>17</sup> While Gateway Cities throughout the state face similar housing challenges, New Bedford is one of the few with an active housing strategy.

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**While New Bedford's regulatory environment is good, market conditions demand that it be great, and the city is actively working to improve. The comprehensive planning process currently underway is examining zoning, parking minimums, lot sizes, and other potential changes to make permitting new housing more predictable, more permissive, faster, and less expensive.**



**Table 1: New Bedford’s multifamily housing development pipeline**

Address	Low Income	Moderate Income	Market Rate	Total Units
<b>Recently completed/under construction</b>				
105 William St.	0	0	21	21
170 Riverside Ave. (Cliftex II)	56	15	0	71
24 Union St. (18th & Union)	5	0	23	28
117 Union St.	32	13	0	45
121 North St. (Holy Family)	5	0	10	15
WS Brock Ave.	0	0	10	10
1502-1508 Purchase St.	0	0	10	10
278 Union St. (10 @ 8th)	44	0	8	52
1418-1440 Acushnet Ave. (Capitol Theater)	3	3	0	6
55 Wamsutta St.	0	0	33	33
<b>Subtotal</b>	<b>145</b>	<b>31</b>	<b>115</b>	<b>291</b>
<b>Permitted</b>				
35 Kearsarge St. (St. Josephs)	34	0	0	34
285 Ash St. (Temple Landing II)	27	0	0	27
593 Kempton St. (St Mary's Home)	12	11	5	28
109 Hillman St.	5	3	0	8
338 Dartmouth St. (Dunbar)	4	5	5	14
WS Jenney St.	4	4	0	8
89 N Water St.	0	0	18	18
ES Braley Road	0	0	6	6
<b>Subtotal</b>	<b>86</b>	<b>23</b>	<b>34</b>	<b>143</b>
<b>Formally Proposed</b>				
193-197 Union (Keystone)				45
1061 Pleasant St.				35
1049 Pleasant St.	<b>Income mix to be determined</b>			12
105 Ashley Blvd.				9
WS Acushnet				8
<b>Subtotal</b>				<b>109</b>
<b>TOTAL</b>	<b>231</b>	<b>54</b>	<b>149</b>	<b>543</b>

Source: City of New Bedford Office of Housing and Community Development

## Seizing the Opportunity

In every difficulty, there are opportunities. This is especially the case with this housing crisis. Leaders at all levels of government and across sectors are eager to support efforts to spur housing production. This presents an opportunity to dream bigger and produce housing in a manner that makes the community stronger beyond simply having more supply and affordability. We see three transformative opportunities that New Bedford can seize.

**Walkable neighborhoods are central to the appeal of urban living.** While New Bedford's downtown has begun to thrive, surrounding neighborhoods continue to suffer from competition with big box suburban stores and online retailers. As noted in Chapter 1, the declining share of the household budget available for discretionary spending compounds this problem. In neighborhood commercial districts throughout the city, commercial space has been lost to storefront churches and other uses. The remaining space available has vacancy rates that range from 10 to 20 percent.

Residential development will bring new purchasing power into the city's neighborhoods, creating a stronger market for convenience stores, restaurants, beauty shops, entertainment venues, and other amenities that increase quality of life for residents. The number of new housing units that we estimate will be necessary to bring supply and demand into balance in New Bedford should create enough additional purchasing power to enable full occupancy of existing commercial space, while also allowing for the creation of a limited amount of new, modern ground-floor retail space without oversaturating the market (see Appendix D for detailed estimates).

**New Bedford's climate action plan aims to have the city on a path to eliminate Greenhouse Gas (GHG) emissions by 2050.**<sup>18</sup> Meeting this goal will mean transitioning the vast majority of buildings to electric heating.<sup>19</sup> Electrifying older homes will require deep energy retrofits so that electric heat pumps can operate without overwhelming the grid.

Deep energy retrofits generally require gut renovation. This presents an opportunity to reconfigure floor plans in older housing units and realign spaces to meet modern uses. More efficient space allocations could allow the city to add units to some existing buildings. Modernizing floor plans could also make New Bedford more attractive to higher-income households. At the same time, these upgrades will lead to considerable reductions in the strain that utility costs impose on the city's lower-income residents. They should also produce considerable health benefits by improving indoor air quality and eliminating lead and other contaminants.

**Education leaders increasingly see stronger connections to housing developers and providers as key to increasing school performance.** Students learn better when they have stable housing. Housing instability creates significant churn, with students coming and going throughout the school year. This slows the pace of instruction and makes it difficult for even stable students to progress. In addition to ensuring that more families with school-age children have safe and affordable housing, the push to produce significantly more housing at all income levels opens up opportunities to ensure that the city is working to build mixed-income neighborhoods and economically integrated public schools. The growing income segregation in Massachusetts public schools is extremely concerning for the social and economic fabric of the commonwealth. These patterns do not reflect public preferences, but rather decades of ill-informed policy choices that pull us apart.<sup>20</sup>

## Building New Bedford's Future-Deckers

For more than a century, the triple-decker has been an invaluable form of naturally occurring affordable housing throughout New England. The Lincoln Institute's Anthony Flint recently provided a lengthy review of the sturdy and practical role that these buildings have played for the region's economy over the decades.<sup>21</sup>

Elaborating on the arguments of architects and urban planners who have been calling for a return to this building form for years, Flint details how these utilitarian structures make efficient use of land while still providing access to the outdoors, fresh air, and natural light by offering occupants balconies, porches, and small backyards. Stacking one unit above another lowers construction costs by smartly layering kitchens and bathrooms vertically and placing three homes under one roof. While the basic form is practical, throughout New Bedford's neighborhoods there are abundant examples of how it can be upgraded and modified to meet current needs.

These homes sprouted up across the region in response to a housing crisis more than a century ago, when waves of immigrants arrived to work in mills. Many newcomers purchased these homes and filled them with extended family, building intergenerational wealth. While the form had a major influence on the region's economy by both housing workers and providing this pathway to middle-class economic security, it suffered from anti-immigrant sentiment. In the 1920s, both cities and suburbs hampered their construction with restrictive zoning and building codes.

As cities lost population to suburbanization and deindustrialization after World War II, the triple-decker stock began to decline. Many were lost to fire and blight, but they have proven to be extremely resilient and adaptable. Boston and surrounding cities have seen especially strong reinvestment in these structures. With gut rehabs, their floor plans are changing to provide open-concept kitchens and living rooms, and the addition of modern lighting and amenities is making them even more inviting. Efforts are also underway to develop techniques and technologies to retrofit these homes for the future. Notable examples include the Clean Energy Center's Triple-Decker Energy Challenge and Co-Creating Boston's Future-Decker.

## Anything is Possible: Fitchburg's Moran Square Apartments

The Moran Square apartment project in Fitchburg demonstrates that it is possible to close the financial gap, while still building cutting-edge, energy-efficient housing on a complex site. The \$24 million project will transform a former downtown fire station and the adjacent Harper Building, both dating to the late 19th century, into 16 apartments. These structures will be knitted together with a new five-story building on an adjacent parcel. The combined project will offer 44 new units of mixed-income housing.

While meeting historic preservation standards, the project will reach passive house energy efficiency levels, reducing energy consumption for heating by 50 percent compared to the base building code. With the exception of hot water, all systems will be electric, and solar panels will get the building to net-zero emissions.



## Chapter 3: Housing Market Trends

All agree that housing costs are escalating rapidly in New Bedford. What is less understood is why. Without an explanation, it will be difficult for community members to identify and coalesce around effective solutions. Triangulating data from a variety of sources, this chapter distills the latest trends and seeks to put them into proper context.

### **The City and Region Have Grown, but the Housing Stock Hasn't Kept Up**

The most basic explanation for rising housing costs is simply that supply has not increased in line with growing demand (Figure 5). After contracting for many decades, New Bedford's population started to rebound at the turn of the millennium. Between 2010 and 2020, the population grew by a healthy 6.3 percent.

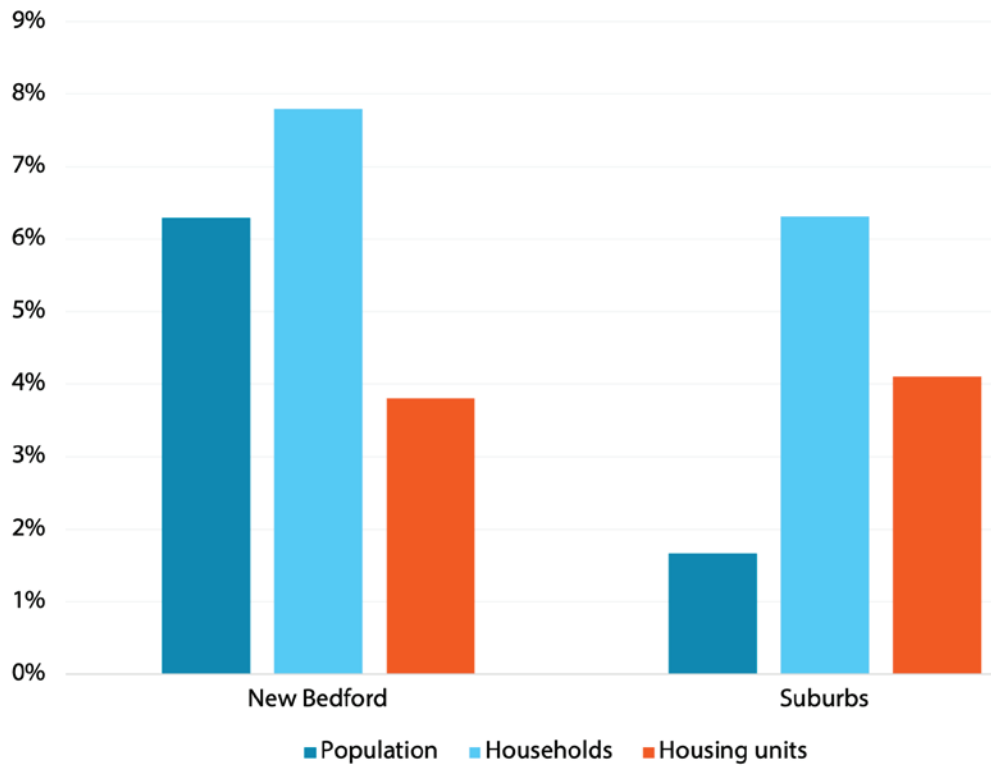
The number of households expanded at an even faster pace during the last decade, climbing 7.8 percent. This was more than double the growth rate for the city's housing stock (3.8 percent). These disparate rates meant New Bedford had more than 3,000 new households vying for less than 1,600 new housing units.<sup>23</sup>

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**Between 2010 and 2020, there was a 9 percent population increase in the 25 to 44 age cohort in New Bedford, a group that drives household formation and demand for new housing. In contrast, the suburbs lost residents in this demographic. This implies that a larger number of residents coming of age in Greater New Bedford are getting their start in the city.**

**Figure 5: Percent change in population, households, and housing units, 2010–2020**

Source: US Census Bureau – Decennial Census



While population growth in the suburbs was softer in the 2010s (1.7 percent), household formation was still relatively strong (6.3 percent) and slightly faster than housing unit growth (4.1 percent). So across the city and its suburbs, the region now has roughly 5,000 new households trying to fit into just 2,800 new housing units.

Three features of the city's growth in the 2010's are particularly notable from a demand perspective.

**Growth in household income was driven by a steep climb out of the Great Recession.** More money to spend is fuel on the fire when there is a shortage of housing in a regional economy. As New Bedford's population has increased in recent years, so too has the income of city residents. Between 2010 and 2022, median household income jumped 19 percent, adjusted for inflation (Figure 6). Income growth for the city's households outpaced gains statewide (7 percent) by a large margin. This was not due to industrial change. Real weekly wages paid by employers in New Bedford increased by 8 percent between 2010 and 2022, roughly the same pace as income gains statewide.<sup>24</sup>

Some might suggest that gentrification could be causing faster household income growth than the Massachusetts average. However, this does not seem like a major driver when analyzing migration data, which we will explore shortly. Instead, the sizeable increase in median household income appears to be largely attributable to the city's steep climb out of the Great Recession. New Bedford's unemployment rate has fallen from nearly 13 percent in 2010 to around 4 percent today.

**Millennials came to New Bedford to form new households.** Between 2010 and 2020, there was a 9 percent population increase in the 25 to 44 age cohort in New Bedford, a group that drives household formation and demand for new housing. In contrast, the suburbs lost residents in this demographic. This implies that a larger number of residents coming of age in Greater New Bedford are getting their start in the city (Figure 7). The exchange is difficult to quantify precisely, but the suburbs lost about 1,000 residents in this cohort and the city gained approximately 2,500.



Even as the city’s population of child-bearing age grew during the past decade, it lost roughly 1,300 households with children. This mirrors a national trend of young adults having fewer children. While the decision to forgo or delay childbirth is at least partially driven by cost concerns at the household level, the irony is that in a market with limited housing, these younger, childless households now have additional money to drive up prices further.

**Growth in immigrant-led households.** The city experienced strong growth in its foreign-born population, which rose from about 15,000 residents in 2010 to 22,500 in 2022. This nearly 50 percent increase was almost twice the statewide growth rate for the foreign-born population over this period.

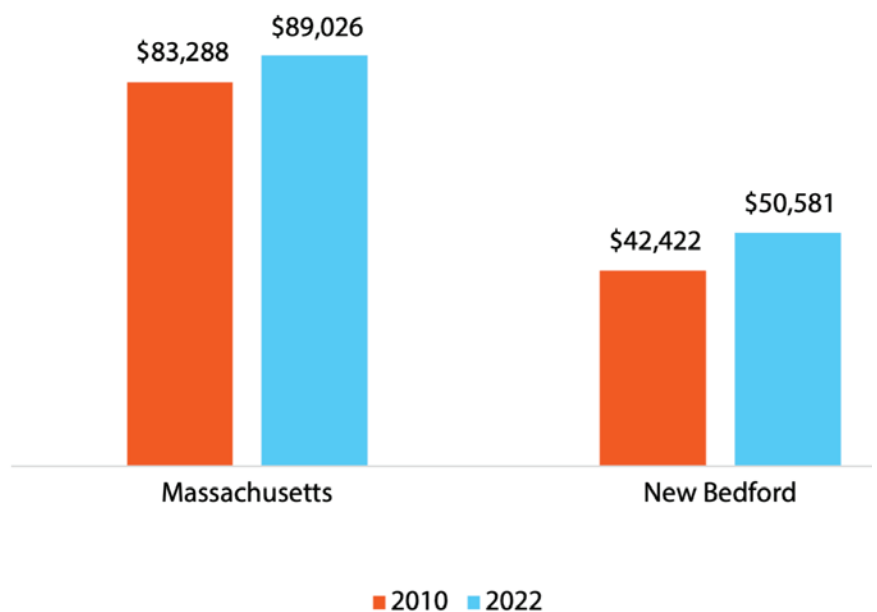
While migration data at the city level is limited, net international migration has been the most significant population driver for the city. We can see this in components of population change estimates that the Census Bureau publishes for counties. Bristol County saw slight gains from domestic migration and births exceeding deaths, but net international migration contributed about 2.5 times more residents than these first two sources combined between 2010 and 2020 (Figure 8).

The American Community Survey (ACS) provides another indication of how migration has impacted the city’s housing market in recent years. ACS data shows that the majority of residents (60 percent) who are new to their homes in New Bedford have come from either another location in the city or from elsewhere in Bristol County (Figure 9). About 25 percent of New Bedford’s recent movers entered from another Massachusetts county. It appears that these households are split evenly between migrants from the Brockton area, Cape Cod, and Boston.<sup>25</sup>

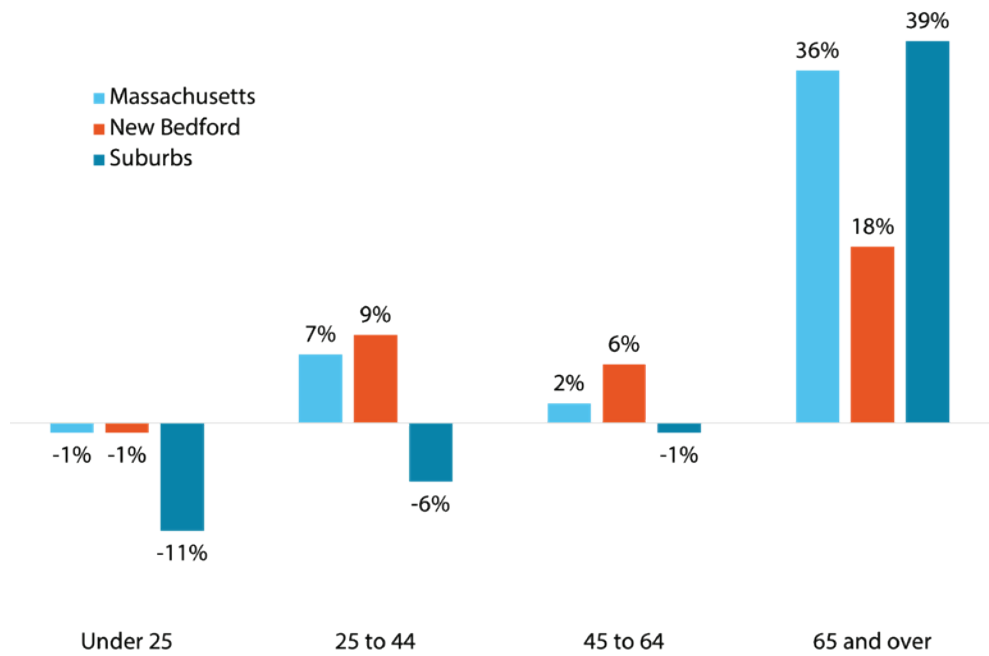
However, it is unlikely that these domestic migrants contributed significantly to the housing market crunch in New Bedford for several reasons. First, newcomers to New Bedford have significantly lower income than longer-term residents, on average.<sup>26</sup> Second, the inflow appears to be relatively stable throughout the 2010s at around 1,800 residents per year, and thus does not correlate with the recent price spikes. While it could be that entrants stayed constant and outmigration trailed off during the pandemic years, US Postal Service change of address records, the best data source available to capture both inflow and outflow, shows negative net migration over the past five years from New Bedford zip codes.

**Figure 6: Median household income, 2022 inflation-adjusted dollars, 2010 and 2022**

Source: US Census Bureau and American Community Survey, one-year estimates

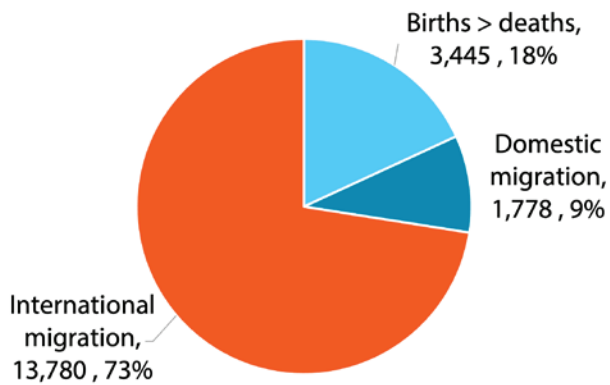


**Figure 7: Percent change in population by age cohort, 2010-2020**



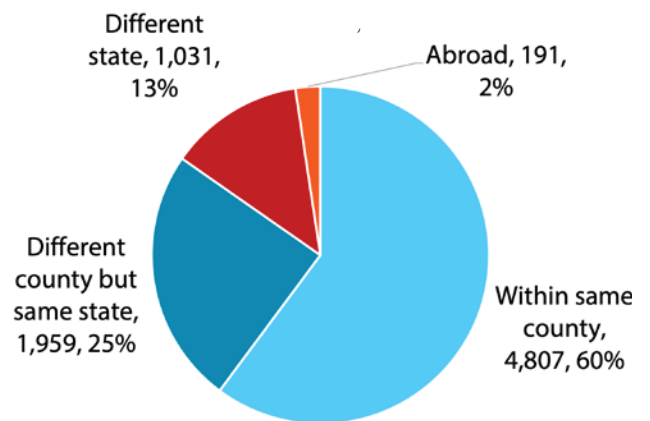
Source: US Census Bureau, Decennial Census

**Figure 8: Components of population change, Bristol County, 2010–2020**



Source: US Census Bureau

**Figure 9: Recent movers in New Bedford by origin, 2021**



Source: US Census Bureau and American Community Survey five-year estimates

### Housing Production Stalled in Both the City and the Suburbs

During the 2010s, New Bedford built very few homes (**Figure 10**). Between 2010 and 2019, the city permitted only 12 multi-family residential projects total. In comparison, there were 41 during the 2000s and 52 in the 1990s. The fall off in single-family production was even more pronounced, hitting a three-decade low of just 7 new homes in 2013. Throughout the 2010s, the city issued 204 single-family permits compared to 749 in the 2000s.

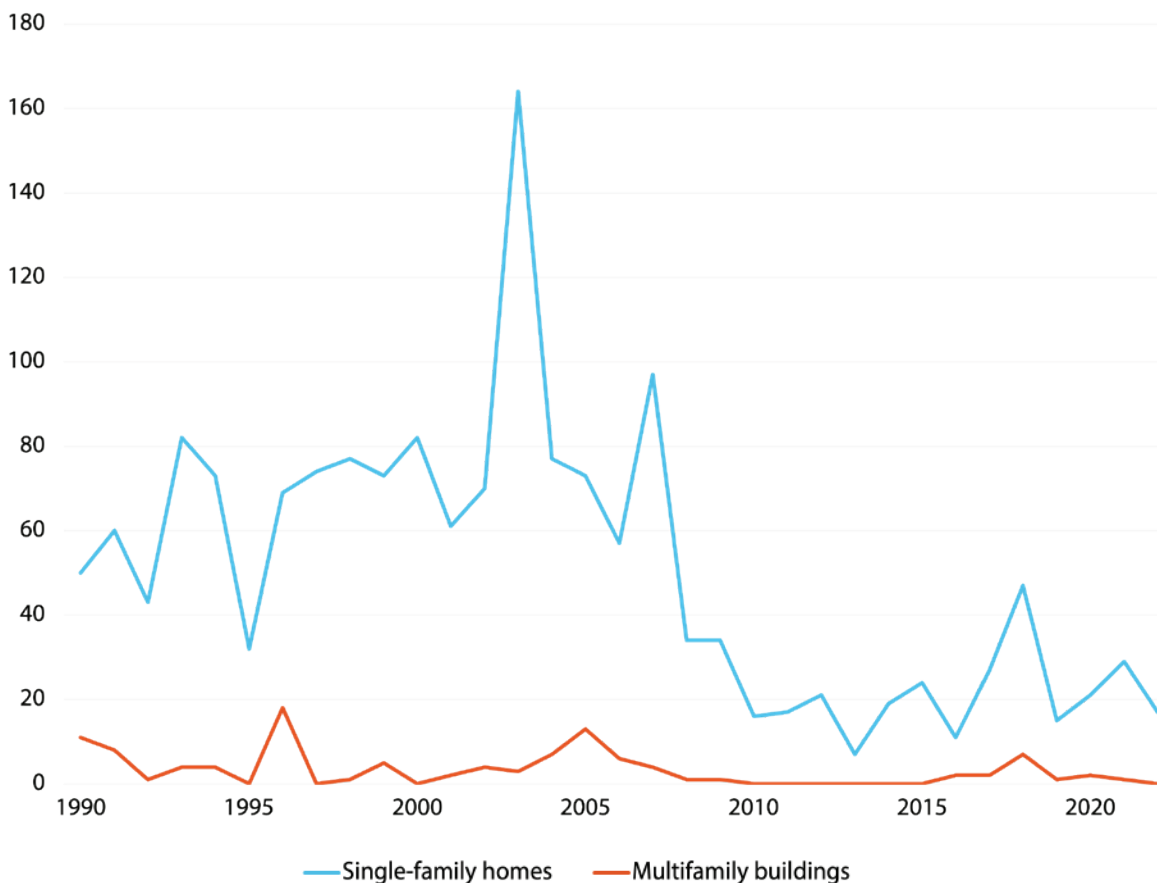
Suburban multi-family production fell to just 19 percent of 2000 levels with only four projects permitted in the 2010s. However, the biggest impact for the regional housing market was the decline in suburban single-family production. In the 1990s and 2000s, the suburbs built around 275 homes per year. This fell to just 130 homes per year in the 2010s. If the suburbs had continued to build single-family homes at previous levels, the region would have nearly 1,200 additional housing units today (**Figure 11**).

The sharp decline in housing production in Greater New Bedford was at least partially attributable to the long shadow of the Great Recession. However, it is also likely a factor of housing getting more difficult to produce. Suburbs have fewer large parcels left for subdivision. As New Bedford exhausts its supply of mills and other prime opportunities for adaptive reuse, finding high-opportunity sites where the pernicious market gap can be filled becomes increasingly difficult.

### Vacancy Rates in Greater New Bedford are Extremely Low

With demand for housing in New Bedford and the surrounding communities exceeding supply, housing vacancy rates are lower than what is needed to keep prices stable. This means many households are competing for each available unit, giving property owners leverage to charge higher prices.

**Figure 10: Number of building permits issued for privately owned residential construction, New Bedford, 1990-2021**



Source: US Census Bureau, Building Permits Survey

**Figure 11: Number of building permits issued for privately-owned residential construction, New Bedford suburbs, 1990-2021**



Source: US Census Bureau, Building Permits Survey

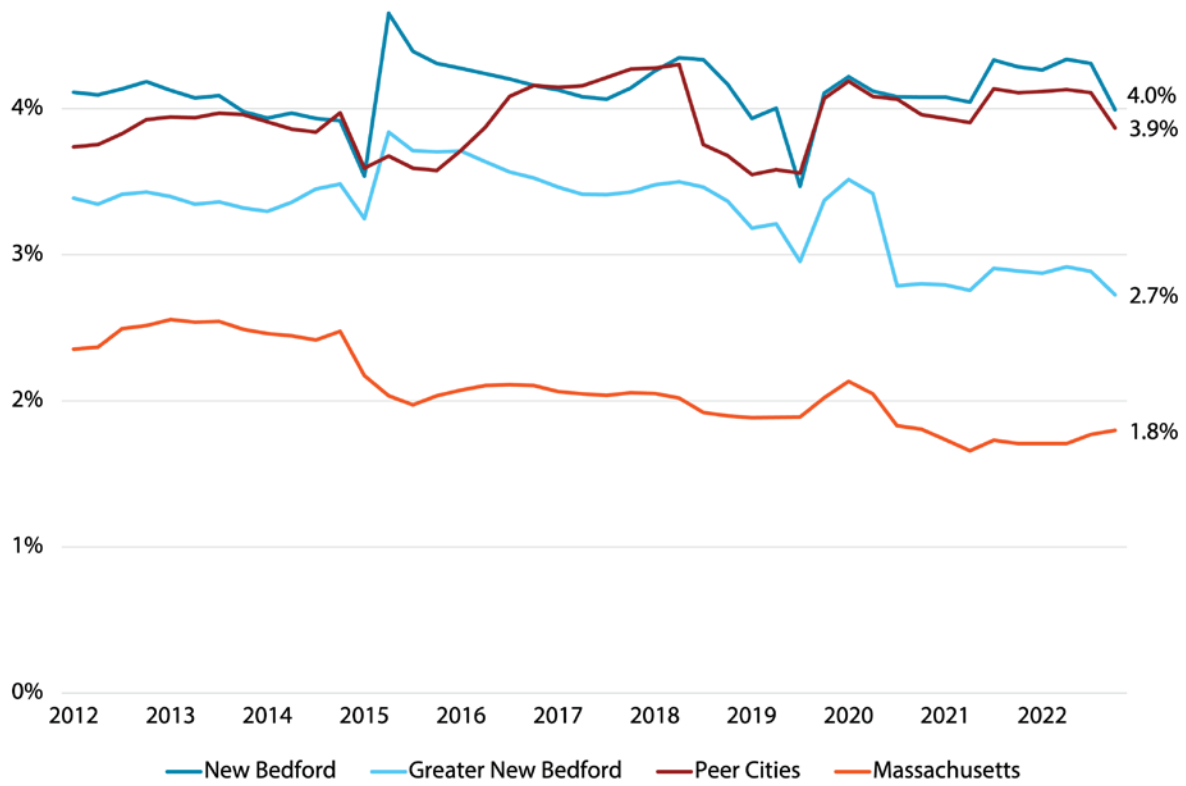
Throughout the 2010s, vacancy rates in New Bedford remained at a relatively low 4 percent, despite the heavy impact of the Great Recession on the market. While suburban and statewide vacancy rates were even lower still, this is largely a compositional effect, as markets with more homeownership will by definition have less churn and lower vacancy (Figure 12).

Economic research shows the “natural vacancy rate”—the point at which supply and demand for housing are in balance and prices remain level—varies considerably for rental and for-sale housing. For the rental market, where there is much more churn, the natural vacancy rate is approximately 7.4 percent. In the for-sale market, the natural rate is just 1.5 percent.<sup>27</sup> In 2022, the for-sale vacancy rate in New Bedford was 1.0 percent and the rental vacancy rate was 3.2 percent.<sup>28</sup>

**With Growing Demand and Low Vacancy, Housing Costs are Rising Rapidly**

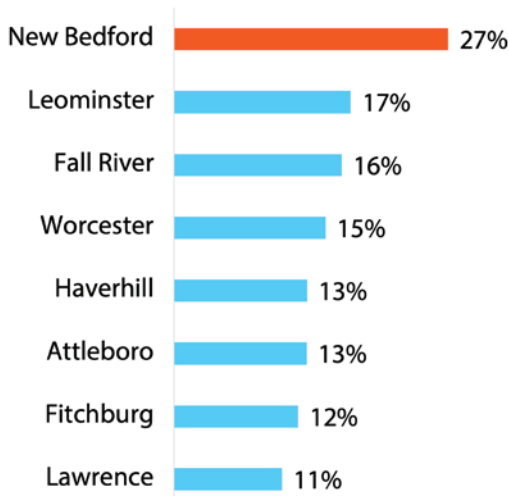
Over the 18-month period between January 2022 and July 2023, rents in New Bedford rose 27 percent (Figure 13). This pace was significantly faster than other Gateway City peers (urban communities located at a similar distance from Boston). With the typical asking price for newly listed apartments around \$1,500, New Bedford is still among the most affordable cities to rent in Massachusetts (Figure 14).<sup>29</sup> However, if forced to move, 68 percent of New Bedford renters would find the typical asking rent to be unaffordable, in that it exceeds 30 percent of their gross income (Figure 15).<sup>30</sup>

**Figure 12: Housing vacancy rate; New Bedford, Greater New Bedford, peer cities, and Massachusetts; 2012–2022**



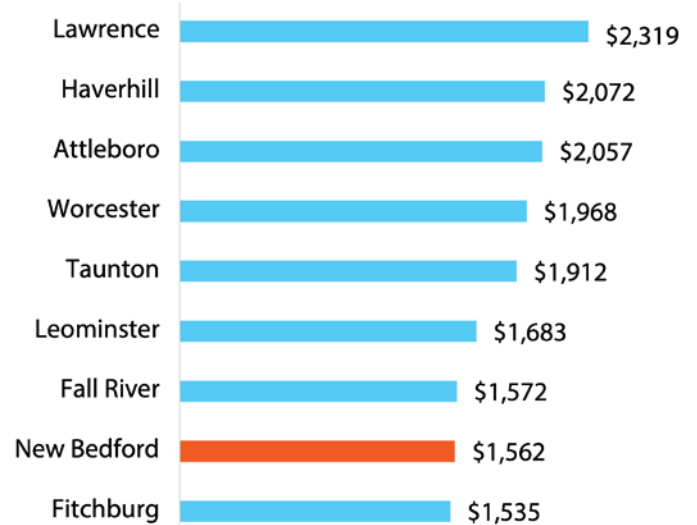
Source: HUD Aggregated USPS Administrative Data on Address Vacancies

**Figure 13: Percent change in typical asking rent, peer cities, January 2022 to July 2023**



Source: Zillow Research

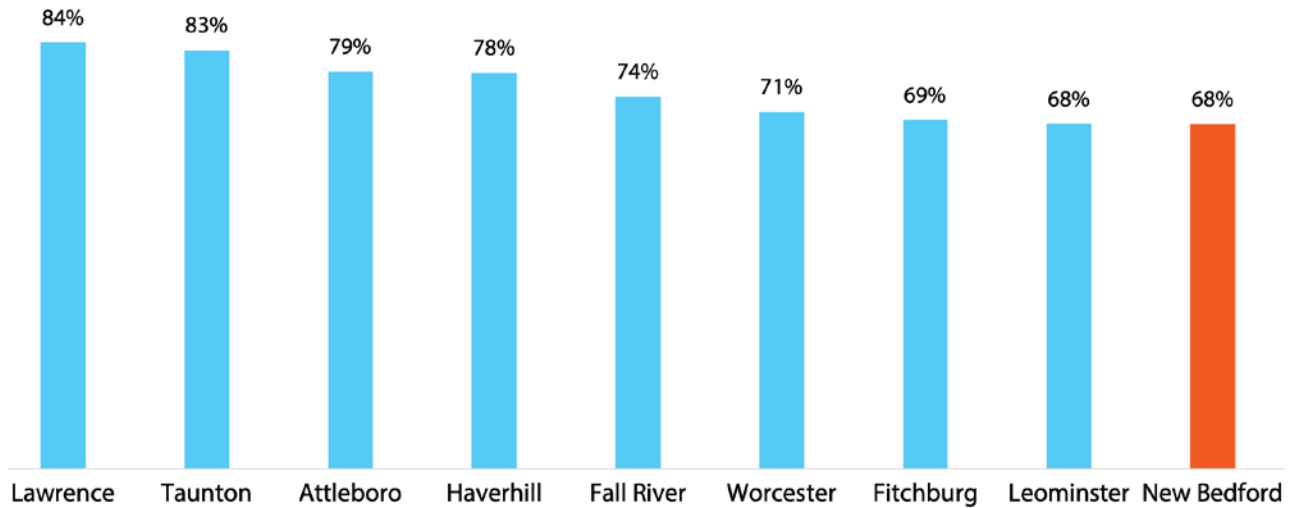
**Figure 14: Typical asking rent, peer cities, July 2023**



Source: Zillow Research



**Figure 15: Percent of renter households for which the typical asking rent exceeds one-third of income, peer cities, July 2023**



Source: Zillow Research and 2021 American Community Survey five year income estimates inflated to 2023 dollars

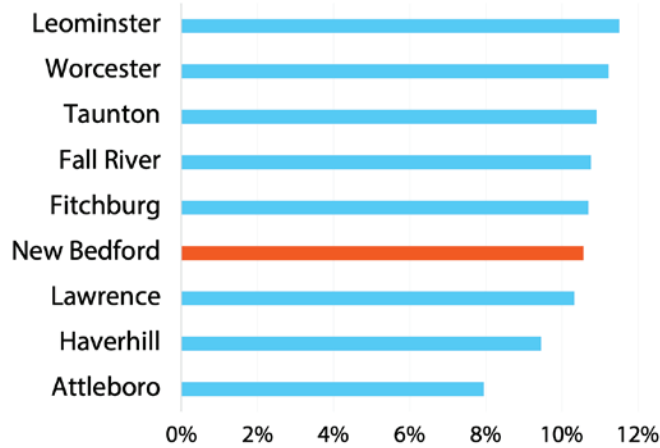
Homes values also increased considerably between January 2022 and July 2023, although at a slower pace than rents and more in line with other Gateway City markets (**Figure 16**). This is because rising purchase prices will tend to push people out of homeownership, putting greater pressure on the rental market. While New Bedford remains more affordable than other peer cities, with the typical home selling for around \$380,000, rising interest rates have had an enormous impact on affordability over a very short time span (**Figure 17**).

The average interest rate for a 30-year fixed-rate mortgage climbed from 3.6 percent in January of 2022 to 6.7 percent in July of 2023. Combining the cost of the additional interest payments and the cost associated with recent home value appreciation, the estimated mortgage payment for the typically priced single-family home increased by 41 percent in New Bedford between January 2022 and July 2023. At this level, 86 percent of New Bedford households are unable to afford the mortgage payment for a typical home in New Bedford (**Figure 18**).

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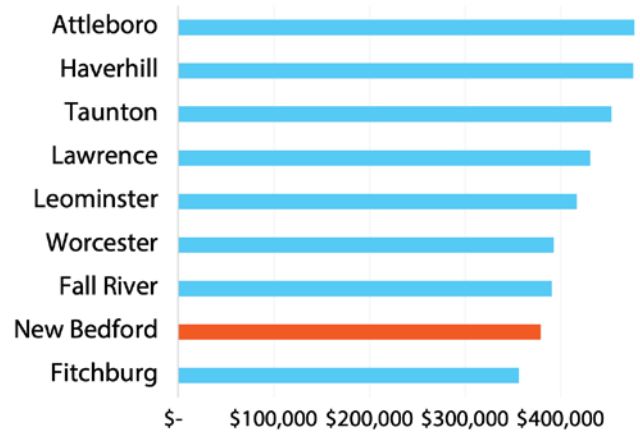
**With the typical asking price for newly listed apartments around \$1,500, New Bedford is still among the most affordable cities to rent in Massachusetts. However, if forced to move, 68 percent of New Bedford renters would find the typical asking rent to be unaffordable, in that it exceeds 30 percent of their gross income.**

**Figure 16: Percent change in typical home values, peer cities, January 2022 to July 2023**



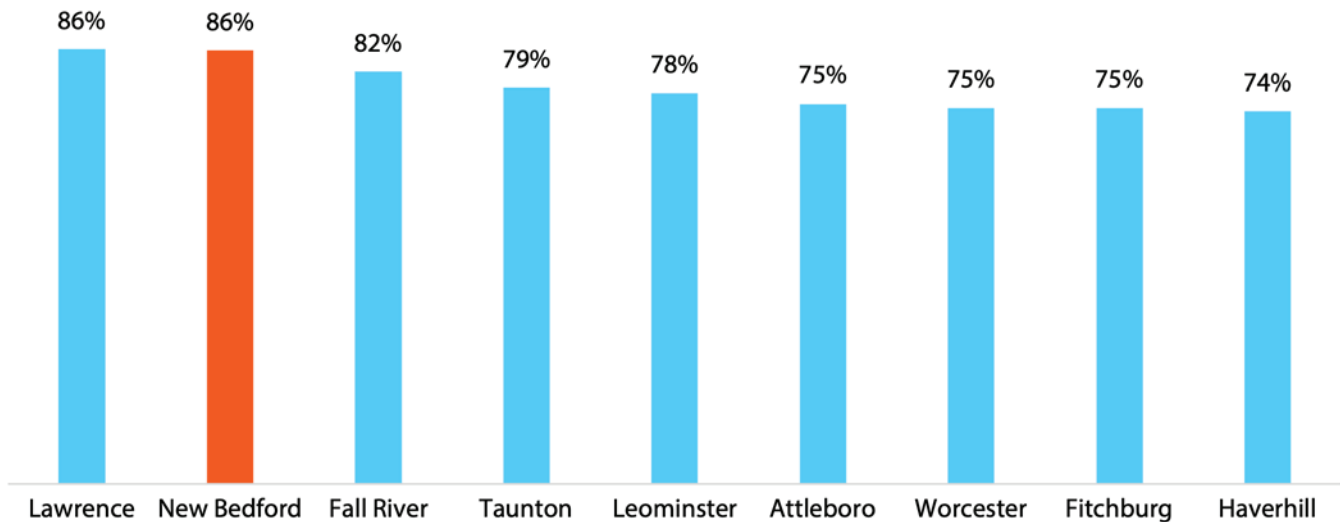
Source: Zillow Research

**Figure 17: Typical home value, peer cities, July 2023**



Source: Zillow Research

**Figure 18: Percent of households for which the estimated average mortgage payment exceeds a third of income, July 2023**



Source: Zillow Research, Massachusetts Municipal Data Bank, Freddie Mac, and 2021 American Community Survey five-year income estimates inflated to 2023 dollars

### Outside Investors Do Not Appear to Be A Major Factor, but More Scrutiny is Warranted

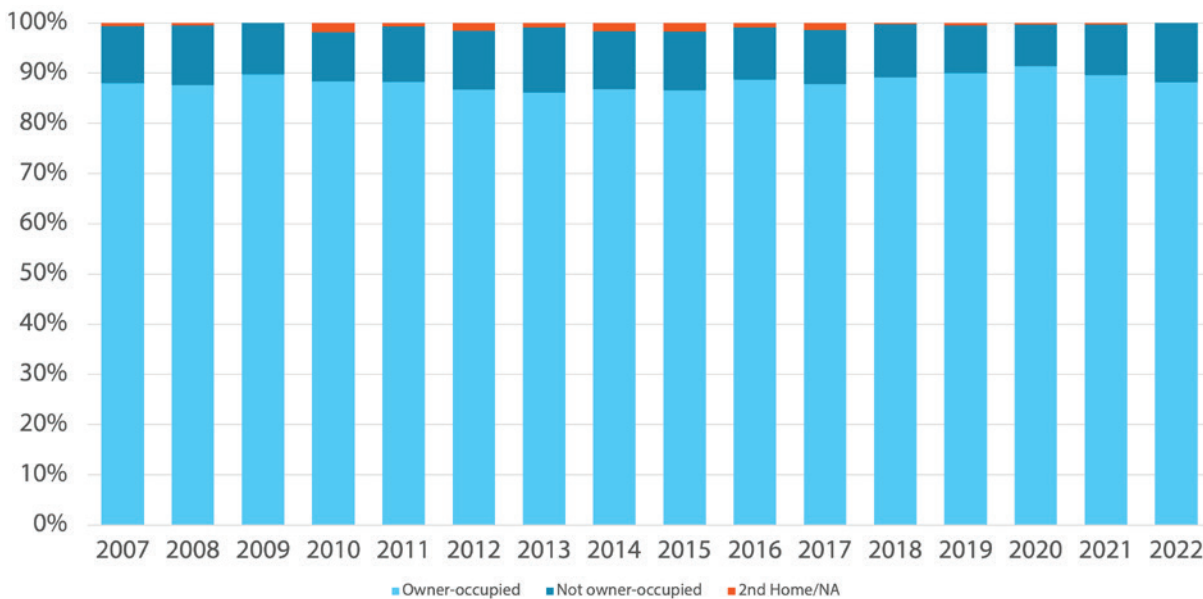
With prices spiking suddenly, many have reason to be fearful and to even suspect that nefarious powers are at work. Some have blamed hedge funds and investors from other communities. These outside actors do not appear to be the driving force, but we cannot dismiss this concern entirely.

The share of mortgages originated for investment properties in New Bedford has remained surprisingly constant for the past 15 years at around 10 percent (**Figure 19**). However, many investors purchase property with private capital rather than traditional bank loans. New data from the Metropolitan Area Planning Council (MAPC) for the Greater Boston region shows that cash sales increased from below 15 percent of all real estate transactions in 2000 to above 20 percent of all in 2022, but this increased occurred prior to 2012.

There are some signs in data from the City Assessor's files that investors have not played as large a role driving up real estate prices in New Bedford as in Boston's stronger markets. The share of properties with out-of-state or out-of-town ownership has fallen slightly in New Bedford, down from 16 percent in FY 2013 to 14 percent in FY 2023. Furthermore, the share of addresses with an owner-occupant actually increased, from 74 percent in FY 2013 to 76 percent in FY 2023 (**Figure 20**). Owner-occupancy has even grown slightly for multi-family properties over the past 10 years, rising from 56 percent to 59 percent.

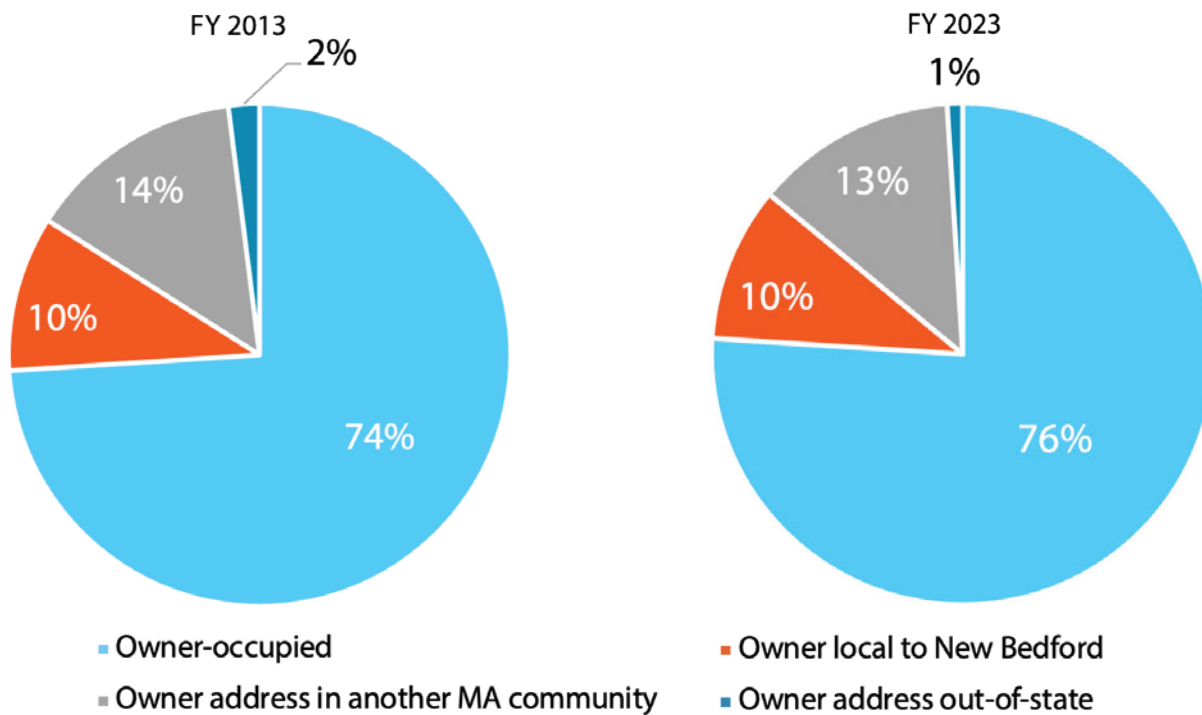
The New Bedford City Assessor's files do contain one concerning pattern: the share of non-owner-occupied properties held by corporate entities jumped sharply from 23 percent in FY 2013 to 36 percent in FY 2023. Simultaneously, the share of non-owner-occupied properties in the hands of individual investors fell from 53 percent to 43 percent. This shift toward corporate ownership impacted roughly 2,000 properties. While this could simply be individuals making greater uses of LLCs for tax or liability reasons, the pattern merits greater scrutiny, especially as recent research by MAPC finds various forms of investor activity increased substantially in Greater Boston between 2004 and 2018.

**Figure 19: Mortgage origination by ownership type, New Bedford, 2007-2022**



Source: US Consumer Financial Protection Bureau

**Figure 20: Owners of residential property by address, New Bedford, FY 2013 and FY 2023**



Source: City of New Bedford Assessor's Office and MassINC calculations

**The Costs to Operate Rental Properties Have Spiraled**

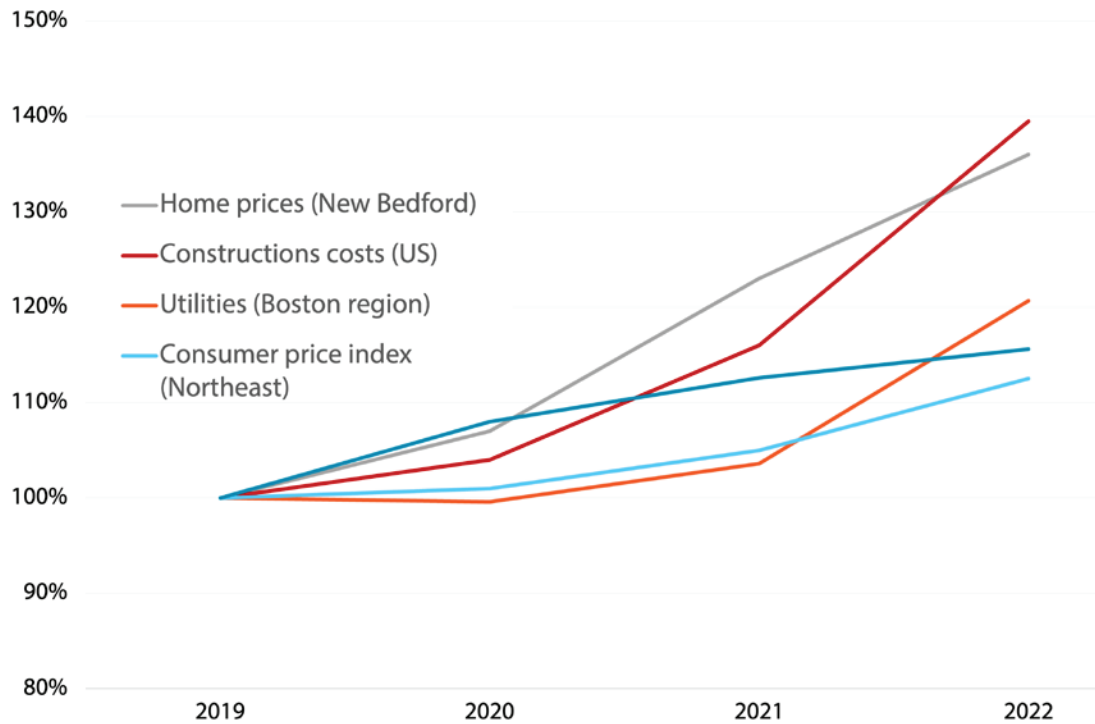
Managers of rental properties incur significant operating expenses for labor, utilities, and construction required for basic maintenance. When housing markets are tight, they will look to pass cost increases on to renters. As shown in **Figure 21**, construction costs grew by almost 40 percent and utility costs rose by more than 20 percent between 2019 and 2022; wages increased by roughly 17 percent over this period.

Owners of market-rate rental properties will also look to increase rents when they acquire a property at a higher-cost than the previous owner. While this is likely occurring, we have not seen a high volume of these transactions such that they are leading to significantly higher rents in the New Bedford market overall during this relatively short time span.

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**Combining the cost of the additional interest payments and the cost associated with recent home value appreciation, the estimated mortgage payment for the typically priced single-family home increased by 41 percent in New Bedford between January 2022 and July 2023. At this level, 86 percent of New Bedford households are unable to afford the mortgage payment for a typical home.**

**Figure 21: Residential property costs, indexed to 2019, available geographies, 2019-2022**



Source: US Census Bureau, Bureau of Labor Statistics, and Zillow Research

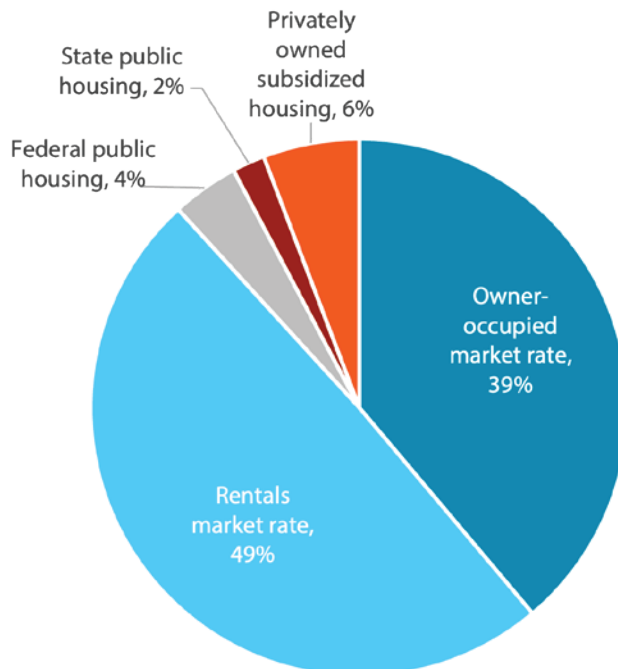
### Just 12 Percent of the City’s Housing Stock is Protected From Market Forces

While New Bedford has a comparatively large supply of income-restricted affordable housing units, these homes make up just 12 percent of the city’s total housing stock (**Figure 22**). The vast majority of homes in New Bedford are what housing leaders term naturally occurring affordable housing—homes with modest rents or sales prices. However, this is still market-rate housing subject to market forces; it is residents of these units who are feeling the steep rent increases. As long as demand continues to outstrip supply, prices will continue to rise and New Bedford’s housing costs will impose an increasing financial burden on the city’s low- and moderate-income residents.

To be sure, an economic downturn or outmigration to lower-cost states could reduce regional housing demand. But there are many scenarios that would lead to even greater pressure on this naturally-occurring affordable housing stock (e.g., climate migration, the introduction of commuter rail service, strong regional economic development, or a combination of these forces). To preserve this valuable economic asset, New Bedford must find the point of equilibrium and bring its housing market back into balance.



**Figure 22: Housing units by ownership and subsidy type, New Bedford, 2022**



Source: City of New Bedford Office of Housing and Community Development

### Burlington Community Land Trust: Affordable Homeownership in Perpetuity

Burlington, Vermont is home to the largest community land trust in the US. It was created in the city's Old North End neighborhood, a dense and tight-knit immigrant community that endured decades of industrial change and suburbanization just like many Massachusetts Gateway Cities. In the 1980s, investors started buying up properties with the hopes of tearing down the homes and making way for larger redevelopment projects. This pushed rents up and created fear among residents.

The city responded by directing \$200,000 in surplus funds to the newly formed nonprofit Burlington Community Land Trust (BCLT). To get going, the trust also received a \$2 million loan from the city's employee retirement fund and a loan from a local bank. The city steadily added additional funding through federal programs, such as the Community Development Block Grant and HOME. In 1989, Burlington voters approved a one penny increase to the tax rate to create a housing trust fund, which provided additional resources.

Over the years, the BCLT acquired and built homes and put them into the trust. The homes were sold to low- and moderate-income residents with a cap on the resale price that maintains affordability. Today, BCLT holds title to the land underneath 370 homes and condominiums.

One of the major benefits is these homes will remain affordable in perpetuity. This contrasts with many state and federal affordable rental housing programs, where income restrictions expire after 20 or 30 years. When these affordability restrictions run out, taxpayers must offer more subsidy to the same property or rents will rise and low-income tenants will face eviction.<sup>31</sup>



## Chapter 4:

# Bringing the Housing Market Back to Equilibrium

New Bedford needs more housing to bring supply and demand into balance. This will keep prices from escalating and causing further harm to both residents and the regional economy. In this chapter, we look at exactly how much housing is needed and in what forms.

### **Greater New Bedford has an Immediate Need for Over 4,100 Additional Housing Units**

In a stable housing market, supply and demand are in balance. We know supply is sufficient to serve demand when vacancy rates reach their “natural levels.” The natural rate is significantly higher for rental housing compared to for-sale housing because renters tend to move more frequently. Using prevailing economic estimates, we assume the natural rate for Greater New Bedford is 7.4 percent for the rental market and 1.5 percent for the for-sale market.

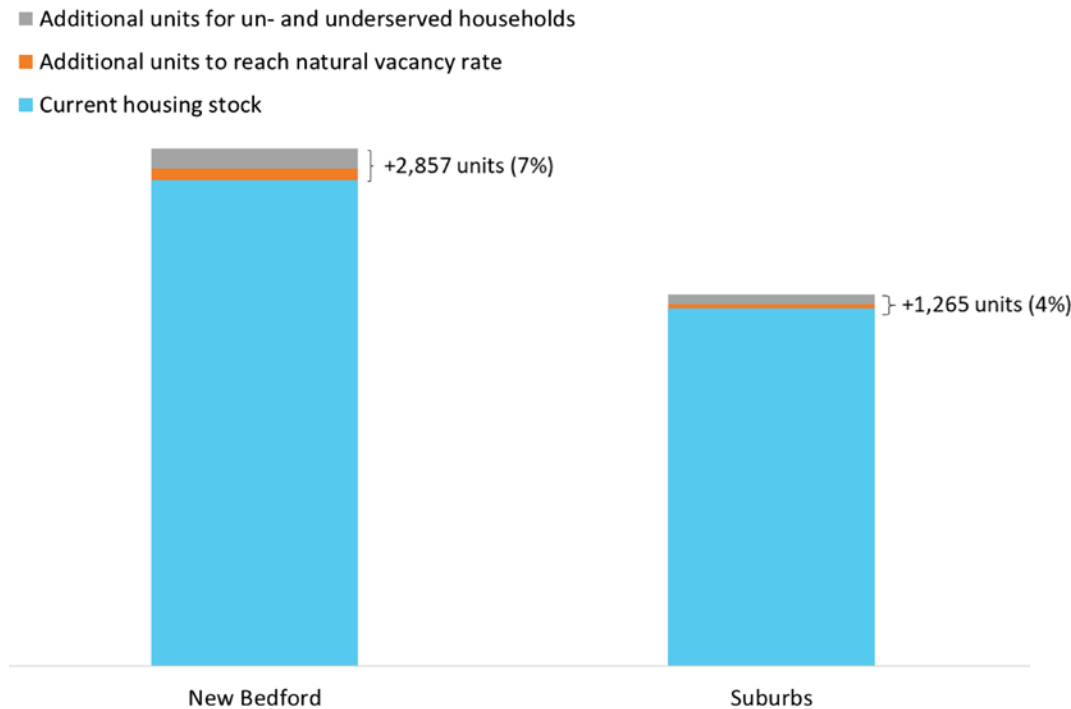
To reach these vacancy rates, Greater New Bedford’s housing market needs an additional 1,400 units—roughly 1,000 in the city and 400 in the suburbs. However, this geographic estimate is not exact. The city shoulders a larger share because of the concentration of rental housing in the city. With high homes values pushing more households into the rental market, the rental vacancy rate is especially low relative to the natural rate.

When estimating the need for additional production, it is also important to consider “latent demand,” namely residents who are un- or underhoused in the region’s tight market. This includes the homeless population and the people in cramped housing who are unable to afford their own place. Providing enough housing to meet the needs of this population would require an additional 2,700 units in Greater New Bedford. This breaks out into approximately 1,800 for the city and 900 in the suburbs based on the data and current counts.

However, we should interpret this geographic breakdown with great caution. It may be more appropriate to think of this simply as a regional need that must be met given that the city already serves a disproportionately large share of those with housing barriers.

Combining both the additional units for un-housed and underserved households and the additional units to reach natural vacancy rates, we estimate that Greater New Bedford needs an additional 4,100 housing units. The current housing stock must grow by 6 percent to meet these needs. With the geographic disclaimers noted above, the city requires over 2,800 units, a 7 percent increase, and the suburbs more than 1,200 units, a 4 percent increase (Figure 23).

**Figure 23: Estimated additional housing units to meet Greater New Bedford’s current needs**



Source: MassINC estimates

**The Region Must Build 8,700 Units by 2030 to Keep the Market in Equilibrium**

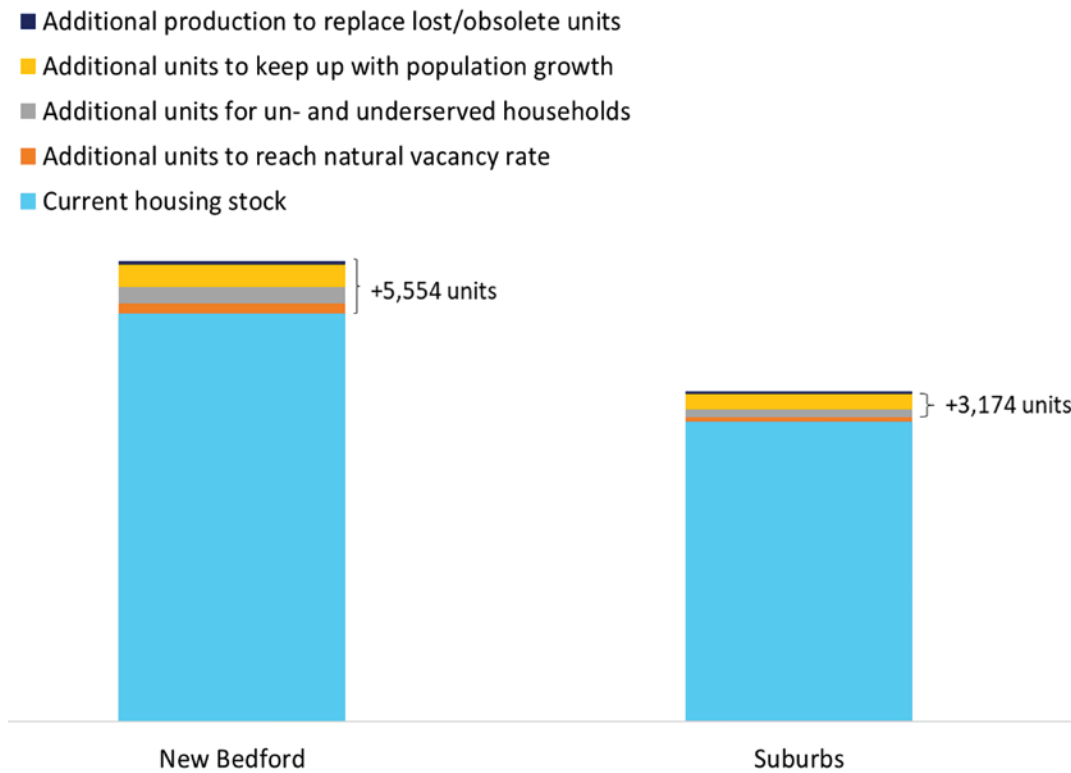
Given the time lag to produce new housing, it is best to anticipate what the region will need and work toward that target, rather than aiming for a figure that will inevitably be dated by the time it is reached. To restore equilibrium to the market by 2030, we estimate the production goal would need to more than double from 4,100 units to 8,700.

This estimate assumes that the number of households will grow by 5 percent this decade, requiring another 3,900 units. While this is a slightly higher growth rate than current projections for the region indicate, New Bedford has already grown significantly since the 2020 Census, and projections tend to systematically under forecast growth in communities that receive significant international migration.<sup>32</sup> Accordingly, it is prudent to assume that the current pace of growth will continue when establishing housing production targets for the region.

The region must also build new housing just to sustain the housing stock at current levels. We assume approximately 700 replacement units will be required to replenish those lost to fire, deterioration, or teardowns between now and 2030. While enabling the production of these units is less of a concern from a gap financing perspective, producing them does require construction workers and substantial permitting activity for municipal governments.<sup>33</sup>

Taking all of this into account, a complete production goal for 2030 would look like **Figure 24**. New Bedford would need to build over 5,500 units and the suburbs almost 3,200, a total of 8,700 units across the region.

**Figure 24: Estimated additional housing units to meet Greater New Bedford’s needs in 2030**



Source: MassINC estimates

### Greater New Bedford Needs Rental Housing of All Types

Census data shows housing supply gaps are most intense at the lower and upper ends of the income distribution in Greater New Bedford.

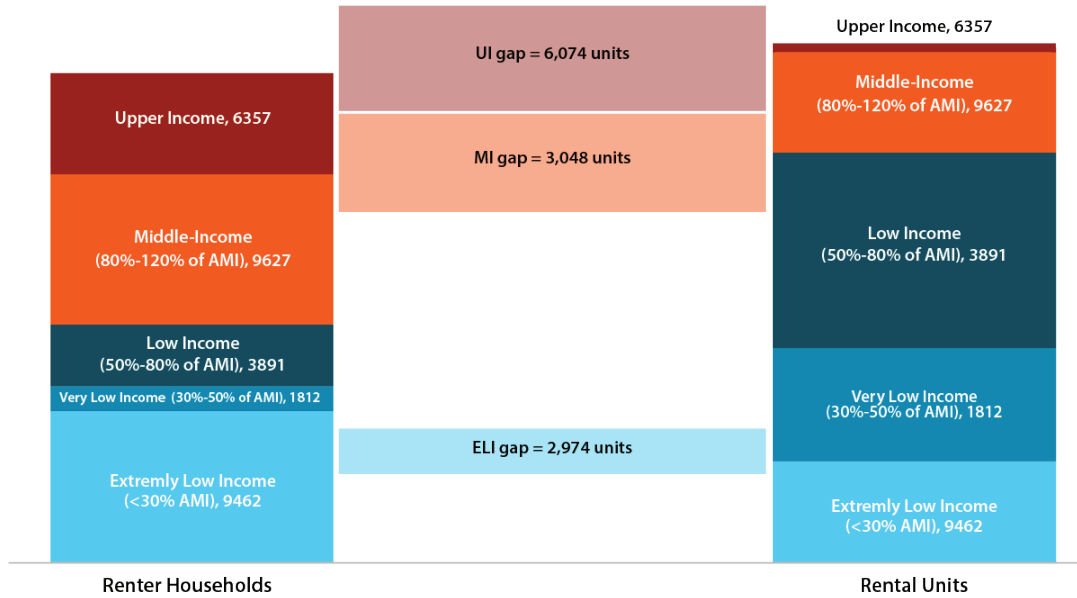
As illustrated in **Figure 25**, there are almost 9,500 households in the region with earnings below 30 percent of area median income (AMI), but fewer than 6,500 units in Greater New Bedford renting at prices that are affordable for these residents. This leaves a supply gap of roughly 3,000 units. This is not just a Greater New Bedford issue; throughout the state, this problem is endemic. Those with very limited income rely heavily on access to affordable housing or vouchers, and we have far fewer of these supports than required.

At higher income levels, Greater New Bedford is in a somewhat unique position. Approximately 6,000 upper-income households pay significantly less rent than they can afford. This is likely a selling point for the region; a great number of these households would

probably prefer to keep their housing costs in check, and New Bedford’s historic homes offer a great value when compared to similar housing in the surrounding towns. However, Greater New Bedford has fewer than 300 units that rent for more than \$2,500 per month. Building attractive new apartments that draw these relatively affluent households will free up older rental units in the region for those with more limited income.

Another notable pattern is the large number of units renting at levels that are affordable to households with income between 50 and 80 percent of AMI. This reflects the city’s large inventory of naturally occurring affordable housing, and therefore this population is especially at risk from rising rents. Indeed, gaps are likely emerging that are not reflected in these figures. To produce estimates with this level of granularity, we relied on the five-year American Community Survey. Respondents reported income and rent payments between 2017 and 2021.

**Figure 25: Number of renter households vs. number of units affordable to them, Greater New Bedford, 2021**



Source: MassINC estimates using 2021 American Community Survey, five-year estimates

While the estimates in **Figure 25** are already dated, a clear takeaway from this analytical exercise is that the region will benefit from housing production at all income levels, from the very low to the very high.

Efforts to close the gap at the lower level will likely require supportive housing models. This presents an opportunity to modernize social and health services delivery by treating housing and public health as intertwined issues, particularly for the chronically homeless population, who are very likely to have co-occurring physical, mental, and substance use disorders.<sup>34</sup>

New Bedford has been able to provide supportive housing that offers wrap around services, including behavioral and general health care, advising on personal finances and how to maintain access to public benefits, and assistance with daily tasks. This approach has virtually eliminated homelessness among veterans, but limited access to stable housing and this suite of services leaves many others with serious health conditions sleeping on the streets. During the 2023 Point in Time Count, New Bedford found 216 single adults without accommodations, more than half of whom were chronically homeless.

The need for supportive housing is not limited to just the unhoused population. Older adults, people temporarily unable to care for themselves, and those returning from incarceration often require housing coupled with services. Given the region’s aging population, leaders must tailor future housing production to better serve these residents.

### **New Bedford Needs More For-Sale Housing**

It is difficult to model precisely how many for-sale homes are required from vacancy rates alone because some share of renters will shift to homeownership as supply increases and prices moderate. But historical figures and racial and ethnic disparities suggest New Bedford can and should work to boost homeownership significantly from current levels.

Decades of research shows that homeownership has powerful benefits for communities and families. Higher homeownership rates in a neighborhood are associated with stronger property values, greater stability, more civic engagement, and improved health and well-being and educational attainment.<sup>36</sup> While the assessor’s data reported in Chapter 3 shows ownership rose slightly in recent years, as the recovery from the Great Recession took hold, the longer-term trend is a rather steep decline.



## Supportive Housing Combats Homelessness While Lowering Medical Costs

A decade ago San Francisco provided a national model for supportive housing by transforming a historic YMCA into a mixed-use, supportive housing facility called the Kelly Cullen Community. The building has 174 studio units, community space, and a 12,000-square-foot health clinic. The renovation also preserved and restored the structure's most architecturally significant features, including a gym, auditorium, and grand staircase.

The units serve formerly unhoused people with high-cost health care needs, while the auditorium, gym, and multipurpose room are all available for use by the wider community. The on-site health center provides medical, psychological, and social services for Kelly Cullen tenants and about 25,000 patients per year from the wider community. Residents also receive help from an on-site multiagency team of social workers, nurses, and case managers, who coordinate tenants' rental payments. This integration of services addresses their needs holistically. A randomized control trial conducted by researchers at New York University found that this supportive housing model reduced utilization of shelters and high-cost health care, substantially offsetting program costs.<sup>35</sup>

In 1970, nearly 60 percent of households were owned in New Bedford. In 2020, less than 40 percent of households in the city were homeowners (Figure 26). This means the majority of residents are not benefiting from appreciation in the market, and they lack protection from displacement if prices continue to escalate.

Without efforts to increase homeownership, further appreciation will also lead to wider racial wealth disparities. White households are almost twice as likely than non-white households to own in New Bedford. This disparity is similar to other Gateway Cities (Figure 27). In the 2010s, the gap in New Bedford narrowed from 26 to 23 percentage points, about average progress for the Gateway City peer group (Figure 28).

Closing racial and ethnic disparities in homeownership was especially difficult in the 2010s because there was a major retreat from efforts to increase homeownership for low- and moderate-income households after the Great Recession. For New Bedford, and the US as a whole, homeownership will continue to trend downward as the population becomes more diverse without more robust state and federal programs to help those with limited wealth purchase homes.

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**At higher income levels, Greater New Bedford is in a somewhat unique position. Approximately 6,000 upper-income households pay significantly less rent than they can afford. This is likely a selling point for the region; a great number of these households would probably prefer to keep their housing costs in check, and New Bedford's historic homes offer a great value. Building attractive new apartments that draw these relatively affluent households will free up older rental units in the region for those with more limited income.**

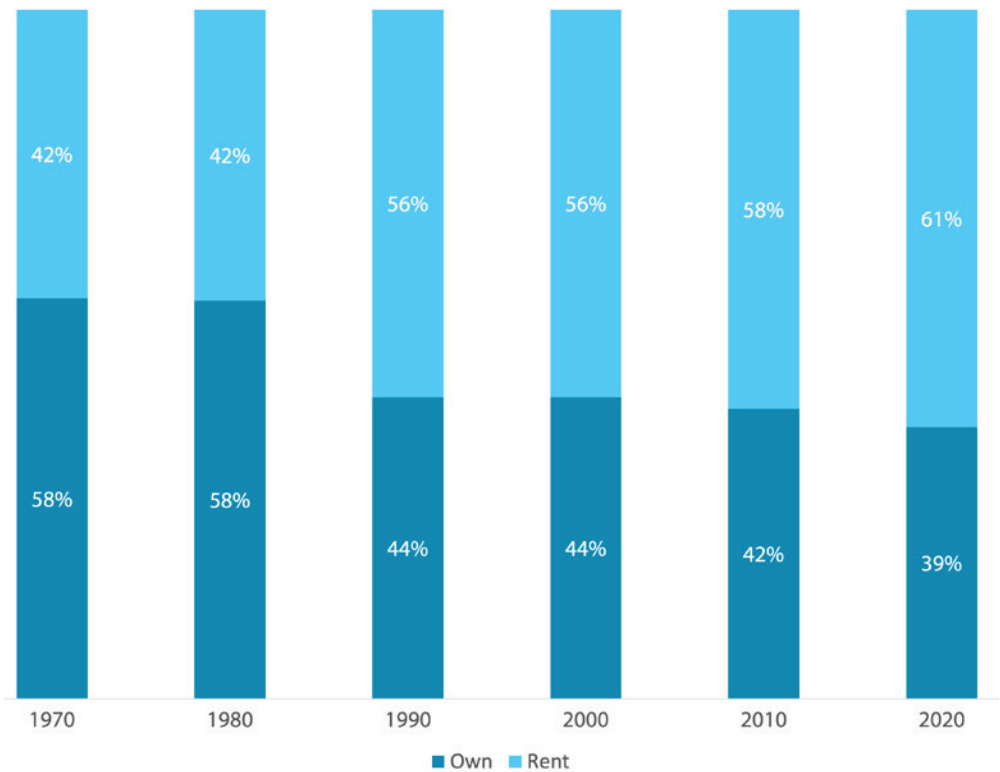


Still, the city can have important influence, especially in terms of how it shapes new development. At the local level, building types dictate how many homeownership opportunities are present in a neighborhood. New Bedford ranks last among peer cities for the share of single-family homes built in the attached style (i.e., town or row houses), with just 1.5 percent of the single-family stock. New Bedford also has far fewer condominium buildings with five or more units compared to other Gateway Cities (**Table 2**).

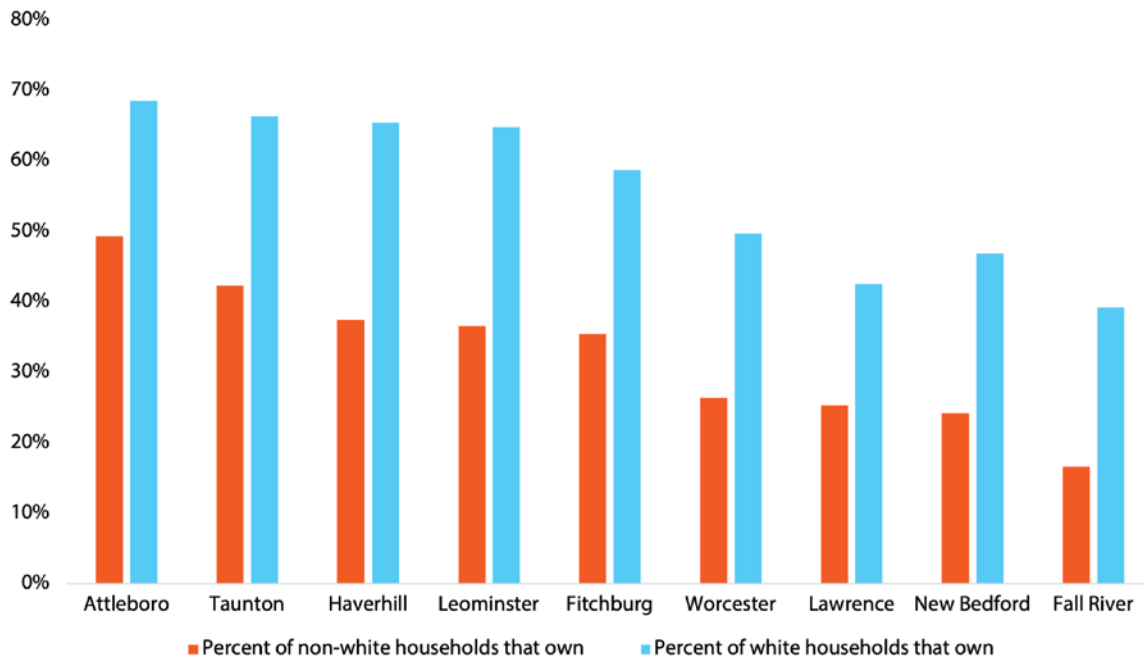
The comprehensive plan will help position New Bedford to act strategically on opportunities throughout its neighborhoods to produce this attractive form of housing, providing the city with a competitive edge as it seeks to better serve the needs of today’s households.

**Figure 26: Percent of households that rent or own, New Bedford, 1970–2020**

Source: US Census Bureau, NHGIS, Hollander, 2023

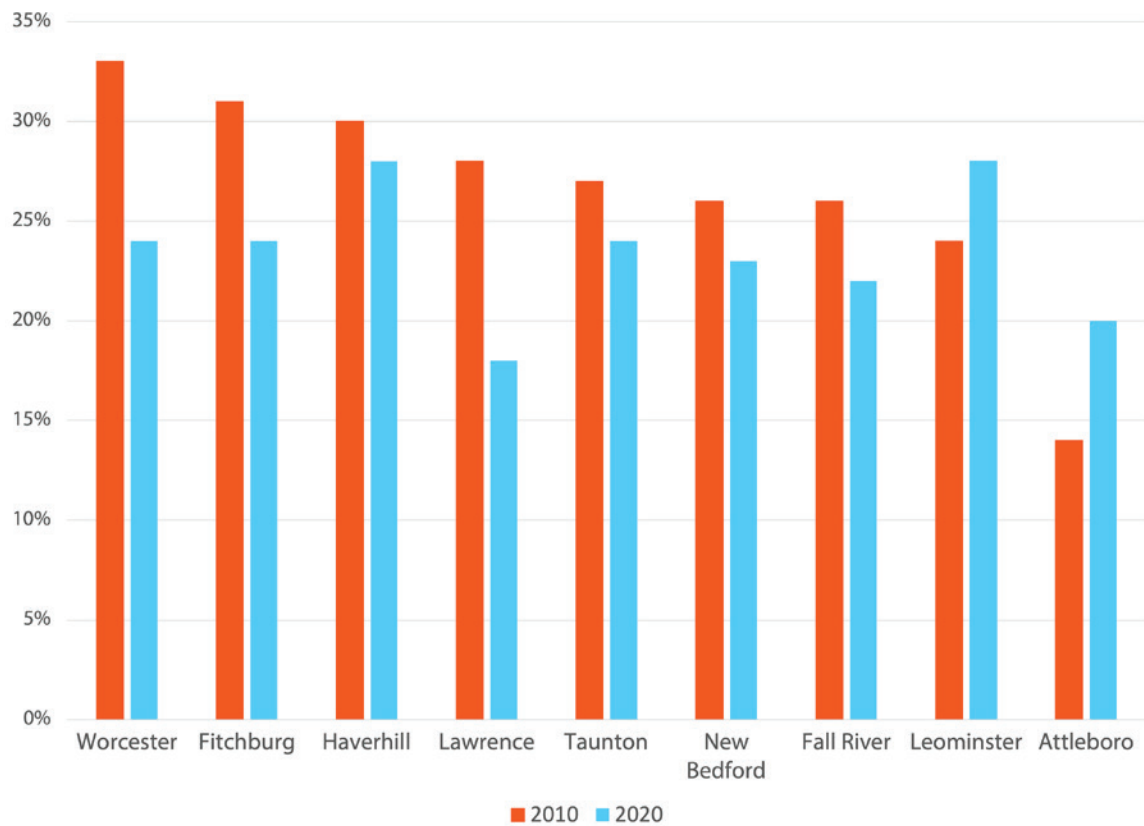


**Figure 27: Homeownership rates among white and non-white households, peer cities, 2020**



Source: US Census Bureau, Decennial Census

**Figure 28: Percentage point difference in homeownership rates between white and non-white households, 2010 and 2020**



Source: US Census Bureau, Decennial Census

**Table 2: Distribution of owner-occupied housing units by building type, 2021**

	New Bedford	Massachusetts	Peer Cities
Single-family, detached	70.5%	76.9%	69%
Single-family, attached	1.5%	6.1%	7.6%
2- to 4-family building	25.3%	10.0%	17.1%
Buildings with 5 or more units	2.6%	6.0%	4.4%

Source: US Census Bureau – 2021 American Community Survey, five-year estimates

### The Chelsea Housing Authority Demonstrates Potential for Mixed-Income Infill

The Chelsea Housing Authority is partnering with Joseph J. Corcoran Co. on a demonstration project that will show the potential for mixed-income development on public housing properties. Redevelopment will modernize and replace the existing 96 public housing units at Innes Apartments one for one while adding 40 new middle-income units and 194 new market-rate units to the property, tripling the number of housing units on the same footprint.<sup>37</sup>

Funding for the project came from the traditional bank financing, private equity, grants from the Executive Office of Housing and Livable Communities, MassWorks, a tax abatement agreement with the city of Chelsea, and interim housing vouchers to support the temporary relocation of 96 households during redevelopment.

## HDIP Increases Homeownership in Salem

In 2015, the Salem Redevelopment Authority issued a request for proposals for redevelopment of the vacant Salem District Courthouse. They offered the building at a very low cost. This, combined with a \$2 million Housing Development Incentive Program (HDIP) tax credit made financing possible for the \$35 million redevelopment. Urban Space built 61 condominiums and 3,000 square feet of ground-floor retail. The building offers a number of amenities, including a roof terrace, club room, pet spa, and fitness studio. Concealed within in the structure is a two-level parking garage that accommodates 88 vehicles. The HDIP agreement with the state stipulated that development must sell 80 percent of the units before the credits would be awarded. All but two of the 61 units were under agreement before the building's ribbon cutting.<sup>38</sup>

## Building Affordable Housing for Artists

Income-restricted housing reserved for artists is an increasingly common form of affordable housing in major arts communities throughout the country, including Atlanta, Chicago, Denver, Nashville, and New York. Artspace, a prominent nonprofit developer that has been building affordable artist housing since the 1980s, operates 51 artist housing developments across the country with another dozen under construction. One of the earliest and most famous examples of artist housing is Westbeth, a former industrial complex in Manhattan that was converted into 383 live-work units for artists of various disciplines in the late 1960s. It became a landmark of the New York City cultural scene, attracting artists such as Diane Arbus, Merce Cunningham, and Tom Waits.

While utilizing low-income housing subsidies for buildings reserved exclusively for artists has been controversial, Congress specified in the 2008 Housing and Economic Recovery Act that a property receiving the federal Low-Income Housing Tax Credits (LIHTC) can provide occupancy restrictions or preferences to tenants involved in artistic or literary activities.

Despite this clarification, Massachusetts has been slow to build affordable artist housing. One of the few examples is Appleton Mills in Lowell, which was restored and converted to artist housing in 2011. After more than a decade of planning and advocacy, a second notable project is just getting under construction in Fitchburg. The local CDC, NewVue Communities, is repurposing three vacant buildings across from the Fitchburg Art Museum—two former schools and a historic city stable—to create Fitchburg Arts Community.



## Chapter 5: Practical Solutions to Build Housing for All

In meeting any challenge, opportunities lie in wait for the entrepreneur to seize. This is especially true in the context of housing. New Bedford has a unique chance to build a more inclusive, resilient, and economically competitive city and region by tapping new state and federal resources to construct housing for all. To fully realize this opportunity, civic leaders must help the city and its neighbors coalesce around a forward-looking vision for housing.

In this spirit, the membership of the Regeneration Committee is dedicated to providing thought-leadership and working in common cause to advance the strategies that the community chooses to pursue. Drawing from our in-depth analysis of the regional housing market, we offer several immediate and near-term action items for consideration.

### Immediate Action Items

*Building New Bedford*—the housing strategy presented by Mayor Mitchell last March—champions a housing-for-all approach and outlines a set of comprehensive and actionable policies. The Regeneration Committee wholeheartedly embraces this plan, including its clarion call for New Bedford to provide regional leadership on housing development. To realize the full potential of the mayor’s strategy, we elevate two ideas for immediate action:

#### **Develop a Detailed Implementation Plan**

Carrying out *Building New Bedford*’s many and varied tasks will require an implementation plan with clear project milestones, resource requirements, and lead actors. Lowell, Salem, and Worcester have recently utilized state grants to produce detailed housing production plans. Following this template, New Bedford could seek assistance from state partners to bring in additional capacity and technical expertise to help fashion and quarterback a strong implementation plan.

#### **Host a Regional Housing Summit**

New Bedford can further Mayor Mitchell’s call for the city to provide leadership on housing by organizing and hosting a regional summit. Thoughtfully convening communities to explore shared housing challenges and identify opportunities to address them through regional collaboration could serve as a watershed event.

Securing commitments from neighboring communities to participate in a regional task force to organize ongoing efforts to develop new housing of all types would be a key outcome to strive to achieve at this first summit.

One charge for this task force could be to build consensus around production goals and subgoals for the region, evaluating progress toward meeting them, and adjusting goals as market conditions evolve every two to three years. A second charge could be committing to collaborative work on a strategy to integrate the continuum of care system for supportive housing across the larger South Coast region, as described in the mayor's housing plan.

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## Near-Term Action Items

The community can double down on Mayor Mitchell's call to produce more housing for all by supporting several near-term action items that align with the strategies outlined in *Building New Bedford*. These complementary concepts will help ensure that the city responds with the force necessary to bring the market into balance. We divide our ideas into four core areas: land assembly, homeownership, gap financing, and capacity building.

### 1. LAND ASSEMBLY

Finding land to house a growing population in an older city with relatively few parcels available for development will always be difficult. The city must carefully balance housing production with commercial and industrial growth (as well as the need to increase resiliency, with the emerging threat posed by sea level rise and more frequent and intense storms). All of this points to adopting robust approaches to ensure that land throughout the city and region is configured optimally for residential development.

Here are four concrete ways that the city can approach this complex task:

**A. Create an interagency working group to actively assemble land for residential development.** The mayor's plan calls for issuing a permitting guide, streamlining regulatory processes with the goal of fully permitting major housing projects within 90 days, and charging the Office of Housing and Community Development with shepherding project reviews across city agencies. The plan also seeks to facilitate the sale of underutilized city-owned parcels for residential development.

Building on all of these well-conceived strategies, the city can form an interagency working group to assemble land into larger sites for residential development. This is perhaps the most powerful tool at the city's disposal to lower development costs and reduce the market gap. A multiagency team with staff from inspectional services, planning, housing and community development, the solicitor's office, the housing authority, the redevelopment authority, and the NBEDC could help ensure that city officials are working in tandem on the disposition of city-owned land for residential development, as well as strategically engaging owners of high-potential properties to help them overcome title issues and other legal barriers that can make it difficult to sell.

As the new comprehensive plan indicates, assembling land to enable larger projects will position the city to support residential redevelopment in a manner that enables electric grid and other infrastructure improvements necessary for the transition to clean energy technologies, as well as managing parking more efficiently with sites for electric vehicle charging stations. Equally important, assembling land for larger residential projects will allow the city to tap into state and federal funding sources for mixed-income buildings that only work for projects with significant scale.

**B. Improve public housing and add units on NBHA properties utilizing state and federal programs that allow for the addition of mixed-income units.** Housing authorities are increasingly turning to mixed-income models that draw private investment to their developments. This approach both raises capital for much-needed renovations to older buildings and brings resources to add units on public housing sites with room to accommodate higher density.



For properties in the federal portfolio, local housing authorities undertake this work with HUD's Rental Assistance Demonstration (RAD) program. Since it was launched a decade ago, a handful of Gateway City housing authorities have made use of this program, including Holyoke, Quincy, Revere, and Worcester. Massachusetts also has funded the Mixed-Income Community Demonstration Program to enable a similar approach for state public housing developments operated by local housing authorities. Chelsea, Salem, and Worcester are leveraging this resource (see box, p. 41).

These programs provide large amounts of capital, which makes the process competitive. While smaller housing authorities are often deterred by the complexity of these projects, the New Bedford Housing Authority has large holdings and increasing sophistication acting as a developer. With broad-based community support and cross-sector collaboration, NBHA can develop ambitious concepts for infill development on its sites and compete toe-to-toe with housing authorities throughout the country for these funds.

- C. Advocate for policies that allow for more efficient land assembly.** The mayor's plan smartly calls for more robust effort to rehabilitate vacant properties. More often than not, these abandoned properties are entangled in legal proceedings, which makes it extremely expensive and time consuming to repair them and return them to the market. Many states have sought to address this issue by delineating legal procedures for so-called problem properties that fully respect and protect the rights of individuals.

Governor Healey's housing bill includes important language clarifying the state's receivership statute, which cities can use to acquire and rehab properties that have deteriorated to the point where they present a threat to health and safety. State Rep. Antonio F. D. Cabral has introduced legislation (H. 227) that will similarly help cities acquire blighted properties located in neighborhoods suffering from disinvestment. Enacting these two policy changes will help fuel New Bedford's conscientious efforts to repurpose vacant property for residential development.

- D. Establish a revolving strategic acquisition fund.** To acquire privately held land, the city will need resources that it can draw on quickly when properties become available. These funds are particularly valuable to protect from displacement residents who are currently living in naturally occurring affordable housing. For the limited instances where it is appropriate, acquisition funds will also position the redevelopment authority to acquire parcels for residential development through eminent domain. The fund could also help for-profit and nonprofit developers acquire properties.

The mayor's plan calls upon the Community Preservation Committee to spend a minimum of 20 percent of the city's annual Community Preservation Act (CPA) funding for housing. Other Massachusetts communities have bonded against their CPA revenue to generate resources for land acquisition. By seeding growth that will generate additional revenue for the city over time, this approach would help meet acute housing needs while also improving New Bedford's long-term fiscal position.

Ideally, the city would partner with an experienced community development financial institution (CDFI) to administer this fund and leverage private and federal dollars to expand its impact.

## 2. HOMEOWNERSHIP

The mayor's housing plan directs ARPA funding to the city's long-standing First-Time Homebuyer Program. In addition to providing downpayment assistance to put homeownership within reach, the program offers critical services, such as referrals to trustworthy lenders that provide reduced-rate mortgages and assistance with credit building and credit repair to help residents qualify for these loan products. The mayor's plan also calls on the city to open up new land for single-family development. This package of both demand-side and supply-side interventions is the right formula.

We offer four near-term action items to expand on the approach:

**A. Use shared-equity models to preserve affordability.** There are numerous ways to provide homeownership opportunities that build wealth while preserving a property's affordability for the long term. The most common involves selling homes to low- and moderate-income buyers at below-market prices with deed restrictions that limit how much financial gain the owner can take when the home is resold, in order to preserve affordability. Studies show that residents who have the opportunity to buy these affordable homes build more wealth than those who continue to rent.<sup>39</sup> Unfortunately, this home-by-home approach is very difficult to scale.

By assembling parcels for larger affordable homeownership projects, New Bedford can adopt approaches designed to operate at a more impactful scale, such as community land trusts and limited-equity co-ops. New Bedford has had little need to utilize these powerful models in the past because homes in the city have been relatively affordable. When this is the case, few residents want to take advantage of an affordable program that limits the equity that they can build. But fewer and fewer residents can afford market-rate properties. With prices steadily rising, the sooner New Bedford moves to deploy these models the better. Cities like Boston demonstrate how difficult it can be to find strategies to create a meaningful number of affordable homeownership opportunities for residents when real estate becomes prohibitively expensive.

**B. Leverage homeownership for school-centered neighborhood development.** The city can have maximal impact with limited resources for affordable homeownership by prioritizing homes for families with children in the New Bedford public schools. Homeownership will stabilize both families and neighborhoods. It can also provide a workforce strategy for schools seeking to hire teachers and increase attachment to the community.

**C. Advocate for homeownership tools that work for Gateway Cities.** Resources to promote homeownership have long been underfunded in Massachusetts relative to affordable rental housing. This is largely a function of Boston's dominance over affordable housing policy and how difficult it is to make affordable homeownership programs work in high-cost markets. To make matters worse, when the state has provided homeownership funds, they have often been structured in a manner that is harder to employ in Gateway City markets. By the time agencies correct course, Boston-area projects have consumed much of the available funding. While this pattern is changing, Gateway City leaders must be especially vigilant as more resources become available for homeownership programs.

The governor's housing bill includes additional funding for Commonwealth Builder and a new Homeowner Production Tax Credit. New Bedford's advocacy for these important items should be preconditioned on securing a commitment from the administration to work with Gateway City housing leaders to ensure that these programs meet their needs from day one.

**D. Build more townhomes and condominiums.** Creating more homeownership opportunities by increasing supply is one of the surest ways to address New Bedford's affordability challenges. The lack of townhomes and condominiums in New Bedford is particularly notable, as these building types often provide a more affordable option than detached single-family homes, and the triple-decker can serve as model of scale and design. With shared walls and less land per dwelling, there are construction cost efficiencies. There are also lower operating costs.

Through land assembly, the city can create more fill-in townhomes and condominiums at a greater scale and lower cost. Equally important, greater scale allows for professional management so that low- and moderate-income residents do not shoulder the risks that result from volunteer-led condominium associations.

If the city acquires land and develops plans for large-scale homeownership projects on these sites, the state has tools to close financing gaps, the most notable being the Commonwealth Builder program led by MassHousing. Springfield recently used these funds to construct townhouse style condominiums. While the Housing Development Incentive Program (HDIP) is generally thought of as a resource for rental housing, Salem has successfully utilized the tool to produce condominiums (see box, p. 42).

### 3. GAP FINANCING

With an average gap of \$200,000 per unit, constructing the 4,100 units that New Bedford needs to bring supply in line with demand will require roughly \$800 million for gap financing. The city might be able to close as much as one-third of this gap with faster and more predictable permitting and providing preassembled land to projects at zero cost, but this will still leave over \$500 million in unmet need. To draw private investment to the market, New Bedford must be clear and unequivocal about how it will generate these funds.

We offer three suggestions:

**A. Relentlessly pursue every state and federal dollar possible.** Given the economics of housing production in New Bedford, the city must take advantage of all available market-rate, affordable, green, and supportive housing resources that state and federal agencies make available. While there are numerous funding sources, competition for these resources is fierce. Boston is loaded with high-capacity organizations seeking them out, and Gateway Cities are increasingly eager for their fair share.

Seeking these funds is challenging for cities with limited capacity and numerous urgent issues competing for attention. Because funding programs are typically designed to support a specific niche, communities often overlook opportunities. New Bedford must push the envelope, advancing innovative projects and challenging agencies to provide flexibility where necessary to achieve shared goals, such as meeting the city's unique need for affordable artist housing (see box p. 42).

While New Bedford should aim to create mixed-income neighborhoods, it must pay particular attention to meeting the housing needs of residents with very low income. Bringing supply and demand into alignment will take years. This means rents are likely to continue to rise for some time, and the city will lose more of its naturally occurring affordable housing. Replacing these units with new affordable housing will require much larger per unit subsidies than average because rental income is significantly reduced. State and federal funding to fill these large gaps is scarce. The number of new units produced through these programs annually will be relatively small, but this stock will grow over time if New Bedford works diligently to ensure that the city receives its fair share of affordable housing funds each year.

**B. Provide clear frameworks for local property tax abatement.** Forgoing residential property taxes for a period of time can help projects pencil out. Yet many cities are reluctant to subsidize development in this manner. Negotiating with developers and getting buy-in from the city council can be difficult and introduce considerable uncertainty. New Bedford can solve for this problem by working with the council to develop clear frameworks for when and by how much the city will offer property tax abatement to enable residential development.

The community should be especially clear about property tax abatement for market-rate development. Many cities limit the use of tax abatement to affordable housing, which blunts the impact of the policy. Market-rate units pay considerably higher taxes, so tax abatement can have a far more meaningful impact on the gap, and the city is much more likely to recoup its investment in these properties over the long term when the owners eventually contribute to the tax rolls at full market value.

## 4. CAPACITY BUILDING

Capacity building is arguably the most important action that New Bedford can take to spur housing development. To produce housing at the levels necessary to balance supply and demand, the city will need more workers to construct projects and more development firms to carry them out. In the near term, the community must come together to accomplish the following:

**A. Train workers for the building trades.** It is no coincidence that Massachusetts has some of the highest construction costs, some of the highest construction wages, and one the largest construction worker shortages in the nation.<sup>40</sup> The statewide push to accelerate housing production will exacerbate this problem.

To build the housing Greater New Bedford needs while keeping costs under control, education, housing, and workforce development leaders must work together to craft a clear strategy with measurable goals to train more residents to serve in the skilled building trades.

The number of immigrants moving to New Bedford is an advantage in this regard. These workers are particularly responsive to increases in demand for construction labor, but they are more likely to work in lower-skilled and lower-paid positions.<sup>41</sup> New Bedford needs clear pathways to help these workers move up the career ladder and become licensed carpenters, electricians, and plumbers. Offering bilingual instruction at the after-dark vocational program at Greater New Bedford Regional Vocational Technical High School is one way to build this skilled workforce.

The Massachusetts Clean Energy Center (CEC) estimates an additional 32,000 construction workers will be needed for the state to meet its goals around clean energy development and building decarbonization. The CEC will be making considerable investment to tap into this workforce. New Bedford must be prepared to aggressively pursue these funds.

In terms of policy advocacy, aligning licensing requirements with neighboring states such as Rhode Island is another potential path the region can pursue to grow the labor pool. Currently, New Hampshire electrical licenses are the only out-of-state building trade certification recognized in Massachusetts.

**B. Support emerging developers.** Bringing new developers into the fold will be vital to producing more housing in the future. The next generation of developers is going to be more diverse. This presents obstacles given wealth imbalances and the relational nature of raising capital and garnering support and approvals for projects. Communities in Massachusetts have been working hard to address these barriers with support from the state.

Over the past year, Cambridge, Lynn, Salem, and Somerville have joined Boston in awarding additional points to diverse development teams when disposing of city-owned property. This encourages established developers to enter into joint ventures to provide the next generation with the track record they will need to finance their own deals.

Preparing emerging developers for the massive infusion of federal funding for clean energy technologies is another strategy that New Bedford should seek out with entrepreneurial zeal. The Western Massachusetts E-Contractor Academy's is one promising model to consider (see box on next page).

Leverage the Community Investment Tax Credit (CITC) to build CDC capacity to engage in real estate development. The mayor's plan commits to investing in CDCs so they can spearhead efforts to build more affordable housing and expand access to homeownership. CDCs have an important role to play working with communities to generate development proposals and drawing public and private capital to build them. However, it is increasingly difficult for these nonprofits to hire the skilled real estate professionals that they need to lead this important work. The state's Community Investment Tax Credit can help by providing general operating support.

Each CDC is eligible to receive up to \$300,000 in tax credits annually, which in turn leverages \$600,000 in private investment. To realize the full benefit, they must find donors to match the state's tax credit dollar for dollar. New Bedford's leaders can bring \$1.8 million per year to CEDC, NeighborWorks, and WHALE through the CITC. Even more money will be available if the credit increases, as the governor has proposed in her housing bill.

### Western Massachusetts Launches an E-Contractor Academy

Working in partnership with the Pioneer Valley Planning Commission and the Western Mass Economic Development Council, the Emerald Cities Collaborative recently launched the Western Massachusetts E-Contractor Academy. The effort will provide minority- and women-owned business enterprises (MWBES) with training and networking opportunities to increase their participation in decarbonization projects. The partners will also offer technical assistance to help firms access funding opportunities. They will also make connections to firms that can provide quality professional services and back-office support.

### Lynn and Salem Test Drive the MassPort Model

In May, the Gateway Cities of Lynn and Salem joined with Cambridge and Somerville in a pledge to weigh the diversity for 25 percent of the scoring when divesting city-owned land for redevelopment during a one-year pilot. This is the so-called MassPort model. Many feared the approach would deter developers interest and it would only really be viable in highly sought after locations such as the land in Boston's seaport held by MassPort. While Lynn and Salem are relatively strong Gateway City markets, this experiment will provide valuable lessons for New Bedford.<sup>42</sup>

# Appendices

## Appendix A: Geographic Definitions

**Greater New Bedford:** Acushnet, Dartmouth, Fairhaven, Freetown, Gosnold, Mattapoisett, New Bedford, Rochester.

The definition of Greater New Bedford is based on the 2010 NECTA definition. NECTAs are core-based statistical areas comprised of a city and surrounding communities that are aggregated based on commuting ties.

The NECTA delineation has since dropped Rochester (which went to the Taunton NECTA), Gosnold (no longer included in a NECTA), and Freetown (which also went to the Taunton NECTA).

**Peer Cities:** Attleboro, Fall River, Fitchburg, Haverhill, Lawrence, Leominster, New Bedford, Taunton, Worcester. Chosen for being about the same distance from Greater Boston, where the majority of jobs are currently located. New Bedford, Fall River, and Taunton are the only peer cities without commuter rail stations.

**Gateway Cities:** Attleboro, Barnstable, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Peabody, Pittsfield, Quincy, Revere, Salem, Springfield, Taunton, Westfield, Worcester.

## Appendix B: Financial Gap Methodology

The net operating income (NOI) for rental units was calculated as the yearly rent payments, minus a vacancy allowance (assuming units are vacant an average of 18 days per year), and minus annual average operating expenditures. The capitalized value of NOI was calculated by dividing the NOI by the capitalization rate. The following estimates were used:

- Per-unit total development cost = \$500,000 (MassINC calculations based on recent real estate transactions)
- Per-unit sales price, condo development = \$206,442 (Zillow Research)
- Rent, two-bedroom units = \$1,463 (HUD 2024 two-bedroom FRM, New Bedford, MA HUD Metro FMR Area)
- Annual average operating expenses = \$7,356.26 (National Apartment Association 2019 Survey of Operating Income and Expenses in Rental Apartment Communities, adjusted to 2023 dollars)
- Capitalization rate = 8 percent

## Appendix C: Supply Gap Methodology

The starting point for the supply gap calculations is the number of households and occupiable housing units by tenure (renter versus owner) in New Bedford and the suburbs, as counted during the 2020 Decennial Census. Occupiable housing units are defined as the sum of occupied units and on-the-market vacant units, which excludes seasonally vacant units and blighted units that have been vacant for an extended period.

Generally speaking, the number of housing units that are needed is equal to a vacancy adjustment factor times the number of households being built for. The existing number of units is subtracted from this amount to arrive at the number of additional units that are needed. Using prevailing economic estimates, we assume the natural housing vacancy rate is 7.4 percent for the rental market and 1.5 percent for the for-sale market.<sup>43</sup> The vacancy adjustment factors (1.0799 and 1.0152 respectfully) are slightly different than the target vacancy rates for algebraic reasons.



To account for households missing from the housing market, we added the number of homeless people and doubled-up households (single adults and families). Homelessness counts were obtained from the 2023 Point in Time count. Doubled-up households were calculated using the methodology developed by Molly Richard et. al. to measure doubled up households, however, their methodology was modified to allow incomes up to twice the federal poverty level (FPL) instead of 125 percent of the FPL.<sup>44</sup>

Given that the number of households grew by 7.8 percent in New Bedford and 6.3 percent in the suburbs from 2010 to 2020, we conservatively assume that the number of households will grow by 5 percent from 2020 to 2030. (See Chapter 4 and the Endnotes for a more detailed explanation of the population growth assumptions.)

## Summary of Results

	New Bedford	Suburbs	Total
Existing units	43,083	31,724	57,065
Predicted loss	400	260	660
Balance 2020 demand	1,045	381	1,426
Missing households	1,812	884	2,696
New growth	2,297	1,649	3,946
Total new without replacement	5,154	2,914	8,068
Total new with replacement	5,554	3,174	8,728

## Appendix D: Household Income Needed to Support First-Floor Retail Space

Neighborhood	Gross sq. ft. of first-floor retail	Aggregate income	Income per household	Commercial household vacancy rate	Income per occupied sq. ft. of first-floor retail	Additional income needed to support unoccupied retail space	Additional households at regional median household income	Additional households at current income level
Far North	302,651	\$269,636,000	\$64,661	19%	\$1,105	\$64,772,894	661	1,002
Near North/Hicks	709,361	\$364,591,800	\$87,811	13%	\$588	\$52,318,106	534	596
Logan	1,486,469	\$296,020,100	\$49,026	13%	\$288	42,288,586	432	863
North End	1,762,782	\$518,453,600	\$76,899	8%	\$321	\$46,663,393	476	606
Old Bedford Village	238,738	\$206,233,300	\$46,112	20%	\$495	\$23,371,135	239	507
Peninsula	123,198	\$49,858,600	\$66,249	19%	\$2,079	\$49,858,600	509	753
Rockdale North	506,410	\$246,805,200	\$89,976	9%	\$533	\$23,283,509	238	259
South End	949,085	\$241,949,600	\$52,712	11%	\$287	\$30,793,585	314	584
West End	437,206	\$463,855,800	\$71,472	18%	\$1,287	\$98,648,066	1,007	1,380
<b>Average/Total</b>	<b>7,202,101</b>	<b>\$2,744,068,200</b>	<b>\$637,006</b>	<b>15%</b>	<b>\$700</b>	<b>\$442,727,731</b>	<b>4,519</b>	<b>6,884</b>

Source: MassINC estimates using MAPC parcel data

## Appendix E: Members of the Regeneration Committee

**Anthony Sapienza, Co-Chair**

President  
New Bedford Economic Development Council

**Sarah Athanas**

Co-Founder & Chief Community Builder  
Groundwork

**Cheryl Bartlett**

RN & CEO  
Greater New Bedford Community Health Center

**Eric Britto**

Founder, CeMat Contracting  
Chair, TrueBounce Inc.

**Richard Canastra**

Owner  
Whaling City Seafood Display Auction

**Nicholas Christ**

President & CEO  
BayCoast Bank

**Dr. Laura Douglas**

President  
Bristol Community College

**Dr. Melanie Edwards-Tavares**

President & CEO  
SouthCoast Community Foundation

**Dr. Mark Fuller**

Chancellor  
UMass Dartmouth

**Roland Giroux**

Executive Vice President & Chief Legal Officer  
Acushnet Co.

**Doug Glassman**

Owner  
SERVPRO of Dartmouth/New Bedford

**Rontell Grant**

Owner & CEO, Lite Weights Fitness  
Agent & Manager, Kerry Horan Real Estate

**Maureen Sylvia Armstrong, Co-Chair**

Managing Partner  
Alera Group Inc.

**Joe Bahena**

Senior Vice President  
Joseph Abboud Mfg.

**Ivan Brito**

Owner  
Xpress Laundry

**Anne Broholm**

CEO  
AHEAD LLC

**Paul Chasse**

CEO  
Realtor Association of Southeastern Massachusetts

**Helena DaSilva Hughes**

President & CEO  
Immigrants' Assistance Center

**Jennifer Downing**

Executive Director  
New Bedford Ocean Cluster

**Gail Fortes**

Executive Director  
YWCA Southeastern Massachusetts

**Rosemary Gill**

Executive Director  
Zeiterion Performing Arts Center

**Jeff Glassman**

President  
Darn it! Inc.

**Margarita Graham**

President & CEO, Reliable Bus Lines, Inc.  
President & CEO, J & J Driving School & Logistics, Inc.

**Michelle Neves Hantman**

President & CEO  
United Way of Greater New Bedford

**Elizabeth Isherwood**

Chairman, Greater New Bedford Industrial Foundation  
President, Moore & Isherwood Communications, Inc.

**Jim McKeag**

TDI Fellow Fall River & South Cluster Lead  
MassDevelopment

**Patrick Murray**

President & CEO  
Bristol County Savings Bank

**Mike O'Sullivan**

CEO  
SouthCoast Chamber of Commerce

**Denise Porché**  
Executive Director  
Island Foundation

**Quentin Ricciardi**  
CEO  
Acorn Management

**Bruce Rose**  
President  
NAACP New Bedford

**David Slutz**  
Managing Director, Potentia Manufacturing Group  
President, Moby Dick Brewing Co.  
President, Airport Grille

**Bob Unger**  
Co-Owner, Moby Dick Brewig Co.  
Principal, Unger LeBlanc Strategic Communications

**Elizabeth Wiley**  
Executive Director  
Marion Institute

**David McCready**  
President & CEO  
Southcoast Health

**Amanda McMullen**  
President & CEO  
New Bedford Whaling Museum

**Joseph Nauman**  
Retired, Executive Vice President, Corporate and Legal  
Acushnet Co.

**Jeff Pontiff**  
Owner  
E J Pontiff Real Estate

**Christopher Rezendes**  
Founder & President  
INEX Advisors

**Maria Rosario**  
Executive Director  
NorthStar Learning Centers

**Stephen Silverstein**  
Founder & CEO  
Servedwell Hospitality

**Anne P. Tangen**  
President & CEO  
BankFive

**David Wechsler**  
President & CEO  
Maritime International

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“Sometimes we beat ourselves up too much or are too willing to accept the knee-jerk judgment of others. But make no mistake, New Bedford is a special place in America. It is worthy of our full devotion. And when you love where you live, you’ll commit acts of love on its behalf, and make it an even better place, and maybe through that effort, improve yourself in some small way.”

**MAYOR JON MITCHELL, STATE OF THE CITY ADDRESS, MAY 3, 2023**



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