

### **Population and Policies Contributing to the High Cost of Living in Boston**

Though Boston is among the most admirable and scenic states in the US, people still worry about the city's high cost of living. Residents here must earn about \$31,500 annually to afford the city's life; also, the city's product price and health care are higher compared to other US cities (Slade, 2016). The high cost of housing and demand over supply utilities and rentals characterize the city. Although the city has excellent and world-class facilities, they are expensive for most Americans compared to the rest of the American cities. Also, electricity and foods are relatively costly in Boston than the rest of the US. The city's cost of housing is about 39.7%, which is above the average cost of living in the US. Most importantly, the main reason why I want to focus on this topic is that the inflation rate is increased so much during recent that influence some resentments living standard. The paper will discuss the main reasons for the high cost of living in Boston. In particular, the paper will focus on the city's high population and policy issues such as high taxes and unreasonable construction plan.

One of the reasons why the living cost in Boston is so high may result from the city's growing population. The city thrives due to the numerous corporations which attract a significant number of workers from other cities and the rest of the world. The town offers high-paying job opportunities; thus, the expanding population. As a result, high population growth has led to higher costs of living due to the high demand for housing and other necessities (Acitelli 2019). Compared to Boston, other metros in the US have sluggish growth and fewer job opportunities causing most Americans to relocate and reside in Boston in search of job opportunities (Acitelli 2019).

A growing economy attracts new investors and businesses. Boston's economic growth has led to increased costs in the city. The city is considered one of the best-educated city in America, with most people preferring to access the city's world-class education. Slade (2016) states that Boston's employment rate has increased considerably, with an average percentage of 10% compared to other cities since the Great Recession. Though the city's incomes have been on the rise for all the working classes, the increase does not match the rising costs of living. Boston's precious opportunities affect a majority of middle-class households and low-income earners. The increasing prices have left many struggling to make ends meet for their families.

With the precious opportunities in Boston, the population exceeds the construction rate, which increases the demand for housing. Historically, Boston is known to have remarkably little housing since the 1950s (Slade 2016). Though it is the oldest US city, the city has had housing shortages since its foundation in 1630. Despite Boston's little housing capacity, it serves as a capital city of Massachusetts. The city is the largest in New England and 23<sup>rd</sup> in size in the US. According to statistics, Boston has a population of 8.1 million, which 13,841 individuals per square mile (Acitelli 2019). The Boston Redevelopment Authority (BRA), regulates what is built and where. BRA has discouraged developers from building due to their zoning and building heights regulations. Also, the city has inadequate space to allow construction for more residential houses making life expensive for Bostonians.

Limited supply makes prices go up when the demand is high. Continuous population growth in the city leads to increased housing demand. While Boston's housing developers have put significant effort to bridge the housing gap, most of the residential units are small for the city's two major growth groups. According to the Daily Free Press, a majority of the city

occupants are families and millennials who struggle to pay for the costly utilities and housing. The listing of obtainable houses has failed to keep up with this high demand. The housing shortage in Boston explains its unbelievable housing prices, which have caused the city's high costs of living. For example, Dorchester's costs have doubled while Southie and Condo's value have increased by 54% and 43%, respectively (Daily Free Press 2020).

The city is a pool of the world's best universities, industries, and hospitals. The city has numerous amenities accessible but with no ability to increase them due to the high density. According to the Business Insider report by Boston's University economics professor Kevin Lang, Boston's living costs is on the increase because of its high-income population and advanced technology (Schmidt 2019). Boston continuously experiences immigrations as more people come to the city in search of better services and life. Boston's limited supply drives the prices of most commodities high, making the people experience price inflation. High rates result from the city being an active region causing people to move from the suburbs and live there.

The great love for urban living by most Americans has led them to choose Boston as their residential area. Their love for good restaurants, cultural centers, and shops bring them here. Tourists and suburb residents flock in the city when there are special events such as games. Josephson (2019) points out that capitalists who target the workforce drawn to city living occupy businesses and investments in the city. Statistics indicate that Boston has been experiencing an appreciation of about 130% in home prices between 2000 and 2018 (Josephson 2019). According to the National Association Realtors' report, the city has the highest home prices for the median single-families in the East Coast. Similarly, the city's rent is relatively pricey compared to the rest of the US cities. For instance, I have to pay \$2500 each month for a studio, which is about

10 minutes' drive to Northeastern University. In contrast, one of my friends, who is living in New Jersey, only has to pay around \$1500 for his studio each month.

Food production and population do not increase in the same rate. When population growth exceeds technological growth, instances of low supply of necessities like food, electricity, housing and fuel are likely to be experienced. From the law of demand and supply, prices go up when the supply cannot meet the demand as it causes pressure on resources. Brighton, Allston, the Fenway and the city areas have the highest density population with students and youngsters from the colleges and universities. The population of Boston city varies between day, night and during events. During the working hours, it is approximated that the city holds 1.2 million people and 2 million residents when a remarkable event is happening in the city (Yuri, 2015). On the other hand, thousands of dwellers from the suburbs travel to the city for health care, jobs and education while immigrants settle in Boston for education and jobs. This makes Boston's economy to grow at a very fast rate to accommodate the population changes and developments. Major organizations are enticed by the skilled workers that are readily available in Boston. The economic growth leads to inflation of the cost of living as there are minimal resources.

The city of Boston is a great tourist attraction site. Over the years, the history of Boston has been shaped and defined by the Boston residents. It has also some nationally significant historical sites that attract tourists from all over the United States. For example, the spectacles that celebrate the critical role that the Sons of Liberty took part in the Revolutionary War attracts thousands of tourists globally. Sites like the JFK and Gibson house museum, Beacon Hill, or watching a hockey game in the TD Garden, offer attractive and enjoyable travel destinations. The

more tourists in a city, the higher the cost of living as tourism drives up prices and taxation. Restaurants, accommodation facilities, goods and services prices are overpriced due to the many foreigners around. The more the tourists who visit Boston, the higher the chances for them settling here and thus raising the housing demand. To attract more tourists, a city invests in beautifying their attraction sites. The society thus has to provide more funds potentially through higher taxes (Kreag, 2006). This tax will also be used to maintain the frequently used roads and other means of transport. In case of any additional infrastructural works such as sewer and fuel, the extra taxes will be necessary to cater for the deficit. Therefore, Boston being a tourism-based economy, residents bear the cost to sustain it with the high living expenses. Therefore, the local government tax more to maintain the city and thus increasing the cost of living.

With an increase in the population density in Boston city, demand for more public provisions also rises. This will translate to more taxes by the government to cater for the costly allocation of public amenities like roads. Massachusetts is among the US high-tax states. Schmidt (2019) notes that the city's property tax is high for property owners. The unfavorable tax policies directed towards developers have a significant effect on consumers, which makes their life expensive. As a result, they find it expensive to expand their properties, creating a housing shortage. Consequently, property owners charge more rent to the landlords to facilitate tax payments. Though Boston's income taxes have a flat rate charge, the city applies a sales tax for all items. The high tax rates spent on essential commodities make life expensive for the Bostonians but mainly affecting the city's low-class and middle-class personnel.

Last but not least, after analyzing several factors that increased the living cost in Boston, how to solve them becomes an inevitable question. First, commercial companies can change

their location into the suburban area to lower not only the company cost but also the high population in the urban area. For expensive housing factors, Schmidt (2019) points out that a better construction plan on Boston's real estate could erase developers' and consumers' burden, which means lowering their cost of living. Second, the city's governing is a pivotal contributor to the expensive life experienced by residents. The city faces poor construction planning, which affects the low-wage groups who can hardly afford the pricey food, utilities, and housing.

World Population Review (2020) proposes that the city's capitalism results in the exponential growth of its stock prices, which enriching investors at the expense of consumers. Capitalists dominate the Boston area and inflate the prices of essential commodities for profit. Lack of socialism in the city disconnected the social consciousness among investors and consumers. To eliminate the inflation and the market failure to continue happening, the government should set a price ceiling of the annual inflation rate of the housing market and pay more attention to the residential living quality.

Boston's high cost of living is an integration of several factors, which include the city's growing population, policy issues, and the inflation rate. World-class institutions, including industries and universities, have made people relocate and make the city their residential area. However, the low supply in housing and other amenities has failed to match the increasing demands for most of the commodities leading to increased prices. Despite the high cost of housing in Boston, the majority affords it, which then causes the continued increases in prices. By providing some plausible solutions to the existing problems, the governor and housing company should revise their policies to offer better residents living quality. The attitude of the community's towards tourism should be evaluated constantly to determine the impact it has on

their day to life. The government needs to consider building public facilities like hospitals and colleges in the suburbs to avoid congestion in the city. This will lead to a decrease in the high cost of living in the city of Boston. With progressive radical measures and population control, life in Boston can be affordable again even to the low income people who are struggling in a flourishing developed city.

## References

- Acitelli, T. (2019). Why Boston Housing Prices are so High. Retrieved from: [https://  
boston.curbed.com/2018/5/30/17404868/boston-housing-why-high](https://boston.curbed.com/2018/5/30/17404868/boston-housing-why-high)
- Daily Free Press (2020). Boston 2nd-Most Expensive City in the United States. Retrieved from: [https://dailyfreepress.com/2014/03/23/boston-second-most-expensive-city-in-united-  
states/](https://dailyfreepress.com/2014/03/23/boston-second-most-expensive-city-in-united-states/)
- Glenn, Kreag. "The impacts of Tourism." *Minnesota Sea Grant, USA*. Available online: [http://  
www.seagrants.unn.edu/tourism/pdfs/ImpactsTourism.pdf](http://www.seagrants.unn.edu/tourism/pdfs/ImpactsTourism.pdf) (accessed on 19 June  
2019) (2001).
- Josephson, A. (2019). The Cost of Living in Boston. Retrieved from: [https://smartasset.com/  
mortgage/the-cost-of-living-in-boston](https://smartasset.com/mortgage/the-cost-of-living-in-boston)
- Schmidt, E. (2019). Viewpoint: Capitalism is Being Redefined by Progressive Investors, Consumers, and that's a Good Thing. Retrieved from: [https://www.bizjournals.com/  
boston/news/2019/07/25/viewpoint-capitalism-is-being-redefined-by.html](https://www.bizjournals.com/boston/news/2019/07/25/viewpoint-capitalism-is-being-redefined-by.html)
- Slade, R. (2016). Boston is Getting Really Expensive. Retrieved from: [https://  
www.bostonmagazine.com/property/2016/02/21/boston-expensive/](https://www.bostonmagazine.com/property/2016/02/21/boston-expensive/)
- World Population Review (2020). Boston, Massachusetts Population 2020. Retrieved from: <http://worldpopulationreview.com/us-cities/boston-population/>
- Yegorov, Yuri. "Economic Role of Population Density." (2015). [http://hdl.handle.net/  
10419/124607](http://hdl.handle.net/10419/124607)