

# WORCESTER FOR EVERYONE

## A REGIONAL HOUSING AND ECONOMIC STUDY OUTLINING LOCAL OPPORTUNITY

### PHASE 1 : BEST PRACTICES

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Strategic Information to Drive Policy Change

## EXECUTIVE SUMMARY

Worcester's resurgence is dramatic; The metro region is the state's second-fastest growing economy, increasing by 9 percent between 2012 and 2017. The city's population has increased by 14 percent since 1980, far higher than similar cities in the Commonwealth and Worcester's affordable housing and business-friendly regulatory environment are key competitive advantages. These achievements are the result of a concerted effort and long-term cooperation between the city, the Worcester Regional Chamber of Commerce, Worcester Business Development Corporation, Massachusetts Biomedical Initiatives, healthcare institutions, private businesses, universities, and community-based organizations.

Population responds to policies. If Worcester's investments in its local economy and efforts to improve its residents' standard of living continue, the city could see an 8 percent growth in population (14,757 people) by 2030. The highest growth will be in the working-age population between 25 and 64.

Since 1990, most of the population growth in Worcester has been in its

urban core, where the median age is 30, the median income \$40,000, and, in some neighborhoods, 40 percent of the population lives below the poverty line. In addition, nearly 38,000 non-college students live below the federal poverty level. A balanced and inclusive economy can provide the growth to lift these people out of poverty.

If unaddressed, housing challenges such as undersupply and substandard units could stall Worcester's economic growth. The demand for rental units is outstripping its supply, placing upward pressure on rents. A thoughtful housing strategy is at the heart of Worcester's economic future.

A conservative estimate points to \$1 to \$1.5 billion untapped housing market in Worcester. Two types of housing customers are underserved in Worcester: commuters and lower-income households. Nearly 70 percent of employees who work in Worcester live outside the city and commute in every day. Only 1 percent of people who work downtown also live there. Forty percent of Worcester's full-time workers earn between \$25,000 and \$50,000 per year. But only one-third of

households in that income range are home owners. The proposed life-stage approach is a simple way of looking at housing needs. A range of opportunities exist, from rehabilitation to locally implementing breakthrough technologies in construction. Market-based solutions are required to produce enough affordable homes without relying on finite housing subsidies.

To capitalize on these opportunities, five challenges lie ahead: lowering construction costs, designing incentives for employees to live in Worcester, removing financing barriers for first-time, lower-income homebuyers, creating a conducive regulatory environment to implement breakthrough construction technologies, and investing in workforce housing construction. This report presents best practices examining how similar communities overcame these challenges.

The number of vacant and abandoned lots in the city has more than doubled since the 2008 recession. Data-driven processes to strategic rehabilitation and code enforcement of derelict properties and vacant lots have proven to be successful in several cities facing similar challenges. The communities showcased in these best practices succeeded in their efforts because they combined a data-driven process with thoughtful regulatory design and community collaboration.

Homeownership creates a vested interest in a community and, for most Americans, homeownership is the only path to asset building and a way out of persistent poverty. Financing a first-time home purchase is a barrier for many lower-income full-time workers. Once purchased, creating a “safety net” program to prevent foreclosure due to illness or job loss is key to increase and maintain home ownership among middle-and lower-income residents, a majority of the population in Worcester. Employers offering home buying assistance to their employees as part of an “enlightened self-interest” policy is another best-practice highlighted in this report.

In working toward a vision of a vibrant and walkable 18-hour downtown, it also important to rethink a downtown's function. In a post-Amazon world, downtown can be a place for experiences and interactions rather than a retail hub. This report presents practices that have proven successful in other cities' placemaking efforts to reinvent their downtown in the new economy.

The best practices presented in this report hope to inspire both government programs and business solutions in Worcester. The city's and the region's long-term success depends on a balanced and inclusive growth strategy.