WORCESTER FOR EVERYONE

A REGIONAL HOUSING AND ECONOMIC STUDY OUTLINING LOCAL OPPORTUNITY

PHASE 2 : HOUSING AND COMMUNITY PREFERENCE SURVEY

SEPTEMBER 2019

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Strategic Information to Drive Policy Change

EXECUTIVE SUMMARY

Worcester must build more housing at diverse and attainable price points to maintain its current economic momentum. To support innovative developers and policymakers and find effective housing solutions, this Phase II report presents the concerns and preferences of Worcester's commuting employees and residents regarding housing, neighborhoods, and community. The 2019 Worcester-wide survey, commissioned by the Worcester Regional Chamber of Commerce, asked questions about the types of homes renters and owners seek, what features are most important in a neighborhood, if employees are interested in employer-based housing incentives, and what those groups would like to see in downtown Worcester.

According to the survey, Worcester residents want to live in safe and walkable neighborhoods with a mix of businesses, restaurants, offices, and grocery stores. Open spaces and public parks were also highly desired, as were quality public schools. There is demand for an 18-hour downtown that is well-maintained and vibrant, with cultural festivals and family events.

More than half of Worcester's population are renters. When compared to the city's homeowners and commuting employees, renters are the most dissatisfied with their current housing situation. Their greatest source of dissatisfaction is that they cannot afford to buy a home and that the shortage of rental housing is leading to higher rents. More than half of occupied rental units are structurally deficient or overcrowded – yet most renters have no other option. As of 2017, there are at least 650 fewer rental units available than the number demanded and the problem has only increased since then.

Whether they want to buy a home or continue to rent, three-quarters of surveyed renters want no-frills housing. The most popular "amenity" chosen from a list of options was an attainable price, although renters and potential home buyers also chose in-unit washer and dryers, off-street parking, and a secured lobby among their top desires. There was relatively little interest among renters and potential home buyers for units with high-end finishes such as balconies, stone countertops, designer fixtures, or in-building amenities like fitness centers or dog washing rooms.

A combination of policies and market forces are necessary to create housing at an attainable market rate. While subsidies may be necessary for extremely low-income households, they represent only one tool to address Massachusetts' complex housing crisis. With limited taxpayer-funded resources available, market-based solutions are vital to create scalable solutions.

Phase I of this study presented best practices in home design to lower construction costs and make market-rate homes attainable – including innovative construction methods, eschewing elaborate or expensive flourishes, and offering only the amenities desired by Worcester's workforce. With off-site production methods, either individual components or modules, are built remotely in a factory then transported to the desired location and assembled on-site. The reduction in build time, economies of scale, and less required labor can result in significant savings. Reports from University of California, Berkeley, and McKinsey & Company estimate up to 20 percent savings in construction costs from off-site housing production.

Building simpler no-frills homes reflects local market demand and based on conversations with local developers this approach can lower building costs by roughly $25,000. As discussed in the Phase I report, communities such as Philadelphia have successfully reduced construction costs for simple starter homes through no-frills customer centric industrial design of homes. The median home value in Worcester is roughly $250,000 which means building to local tastes can save as much as 10 percent on home construction costs.

Reducing minimum parking standards also helps lower the cost of construction. According to a 2019 report by the Harvard Joint Center for Housing Studies, zoning and regulatory reforms by local governments can reduce the construction cost of housing. The development of housing in urban cores can be stifled by imposing suburban-level parking requirements onto denser, less car-dependent areas. A 2010 UC Berkeley study found modern residential parking requirements hindered redevelopment of buildings constructed before the rise of ubiquitous car ownership. Because these buildings cannot easily be retrofitted to accommodate modern parking standards, they often remain vacant.

As a post-industrial city, Worcester has a significant number of such older properties that could be rehabilitated into housing. The City of Worcester's - Commercial Corridors Overlay District ordinance with its 2014 update adds flexibility to parking requirements fostering reuse and redevelopment of existing buildings and encouraging compact, pedestrian-friendly development.

Finally, simplifying and streamlining the zoning and permitting processes can create additional saving, and lower a home's final sale price. By supporting zoning reform, Gov. Charlie Baker's proposed housing bill (H.4075)   is a good first step in allowing the construction of attainable housing and smart growth. Worcester, and the surrounding towns can collaborate to create an economically strong region. Given the expressed desire for attainable market-rate no-frills homes, innovative real estate developers have a profitable business opportunity in Worcester.

Employer-assisted housing programs financially help employees buy homes close to their place of work. This improves employee retention and helps workers become homeowners. In the survey, both Worcester renters and commuters expressed a strong interest in such programs. Half of current renters said it would encourage them to stay with their employer. While most commuters were happy with their current housing situation, employer-based home ownership programs were still popular among 42 percent of commuters.

The survey shows that there is demand for housing at diverse price points for every life stage. While most renters preferred no-frills housing at an attainable market rate, commuters generally preferred higher-end units and were willing to pay more. Commuters tend to be older, married, and at a different life stages than Worcester's younger and mostly single renters.

In the last 30 years, Worcester's downtown population has seen a resurgence, but the area has yet to regain its vibrancy. To understand what people wanted from their downtown, respondents were asked to choose events and experiences they found most appealing if held in the downtown.

GIVEN THE EXPRESSED DESIRE FOR ATTAINABLE MARKET-RATE NO-FRILLS HOMES, INNOVATIVE REAL ESTATE DEVELOPERS HAVE A PROFITABLE BUSINESS OPPORTUNITY IN WORCESTER

Music and cultural festivals were the most popular, followed by public concerts, and indoor public markets. It is important to note that all or several of these activities could be implemented with a public-private partnership. What respondents liked least about the downtown were panhandling, unattractive and dirty storefronts, litter, and not feeling safe after dark.

The survey shows clear support for smart growth in the form of mixed-use, mixed income, and walkable neighborhoods. A qualified workforce within Worcester is necessary for sustained economic growth and this can only be achieved by ensuring housing at an attainable price.

Combined, phases I and II of this study reveal preferences and concerns among Worcester residents and employees about housing availability and best practices from around the country to adapt for inclusionary growth in Worcester. A thoughtful housing policy that helps people find homes across all life stages is critical for a vibrant and inclusive community. A Worcester for everyone means housing for everyone.

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