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

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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.

A QUALIFIED WORKFORCE WITHIN WORCESTER IS NECESSARY FOR SUSTAINED ECONOMIC GROWTH AND THIS CAN ONLY BE ACHIEVED BY ENSURING HOUSING AT AN ATTAINABLE PRICE

A WORCESTER FOR EVERYONE MEANS HOUSING FOR EVERYONE

GENERAL PROFILE OF SURVEY RESPONDENTS

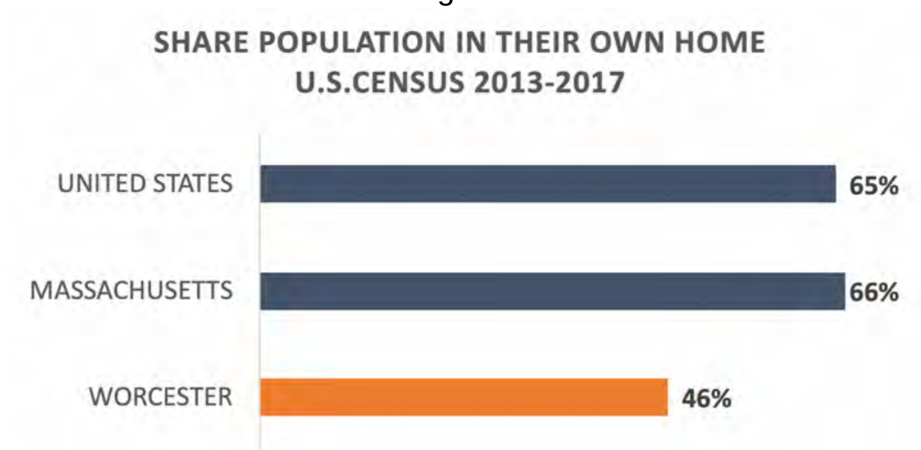
The housing and community preference survey was released to businesses, non-profits, local colleges, and other stakeholders during Summer 2019. The survey was disseminated in four languages (English, Spanish, Albanian, and Vietnamese) to capture the opinions and thoughts of Worcester's diverse residents and workforce. There were 372 survey responses. Nearly all responses were for the English version of the survey, with only two responses to non-English versions, both in Spanish. Responses were reasonably reflective of Worcester' actual ethnic diversity: about 79 percent of the survey respondents identified themselves as White; 5 percent as Black/African American; 6 percent Hispanic/Latino; 2 percent East Asian, South Asian, or Pacific Islander; 1 percent American Indian or Alaskan native; 2 percent multiple ethnicity; and 7 percent did not wish to say. According to the U.S. Census, as of 2017, Worcester's racial distribution is 69 percent White, 13 percent Black/African American, and 7 percent Asian, with the remaining belong to other races or two or more races. According to the U.S. Census, as of 2017, 21 percent of Worcester's population identify as Hispanic or Latino. Within this group, the racial composition varies, with 59 percent identifying as White, 7 percent Black, and 23 percent as some other race alone. Both Phase I and Phase II included stakeholder meetings with representatives from the City government, local businesses including construction and real estate businesses and various non-profits.

Because the survey was released by employers to their employees, respondents represented both Worcester residents (60 percent), and employees who commute in from surrounding towns (40 percent). Though only represented by 40 percent of responses, nearly 70 percent of Worcester's workforce lives outside the city. The five towns with the greatest number of Worcester employees are Shrewsbury, Holden, Auburn, Leicester, and Oxford. Nearly 10,000 employees commute from the above five towns into Worcester, making the responses from this group critical to the continued growth of the city and the greater Worcester region. The largest number of commuter responses came from employees residing in Holden, Shrewsbury, Charlton, Webster, Oxford, Leicester, and Auburn. Commuter responses from these towns are presented separately from those of employees residing in Worcester or other towns.

Issues and preferences of home owners differed from those of renters. According to the U.S. Census, as of 2017, only 46 percent of Worcester residents lived in their own home, compared to the Massachusetts average of 66 percent, and a national average of 65 percent. This represents a community with a significant potential to increase homeownership.

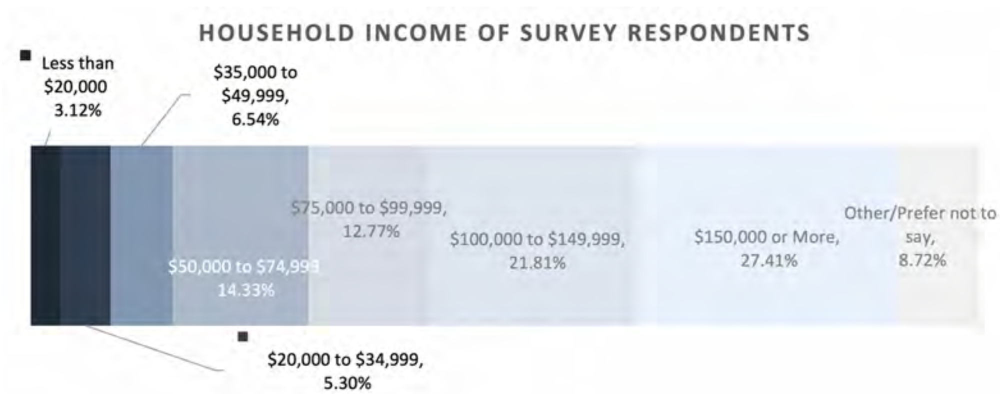
To understand their distinct concerns and preferences towards housing, the survey questions were tailored to owners and renters. Among respondents, 60 percent of Worcester residents are home owners, and the remaining 40 percent renters. Where necessary, findings for Worcester owners are discussed separately from those of Worcester renters.

Figure 1



Source: 2017 ACS U.S.CENSUS

Figure 2

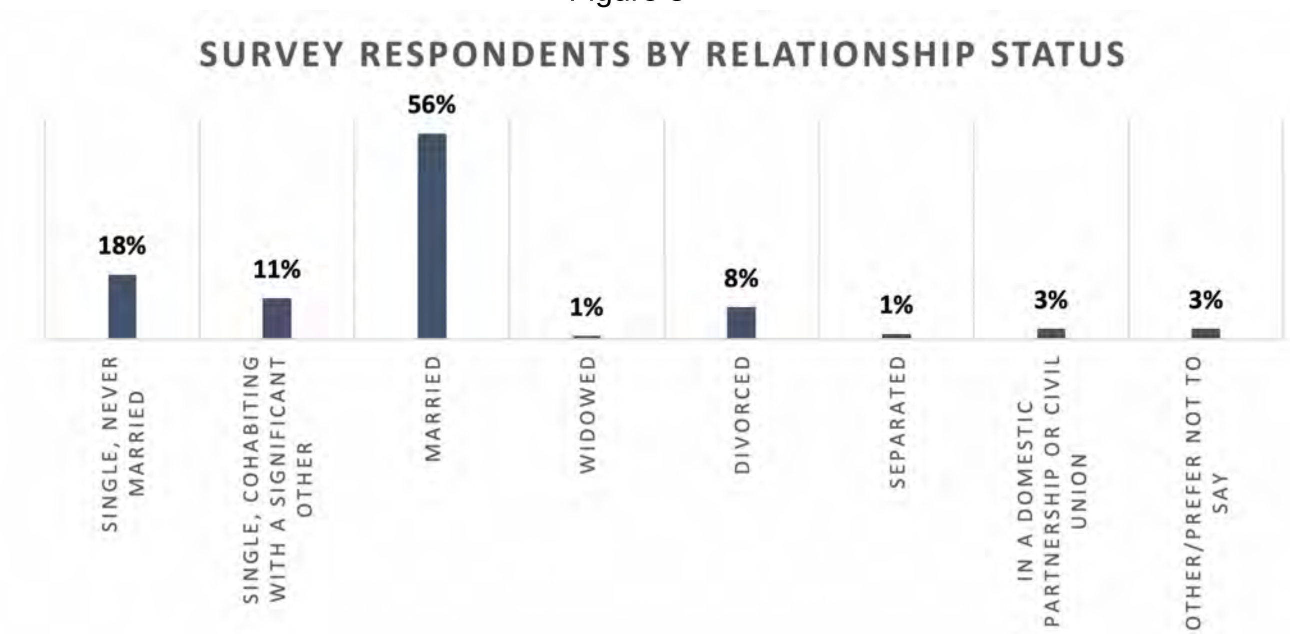


Source: 2019 Worcester Housing and Community Preference Survey

Survey respondents represented a wide range of income groups, displayed in the chart below. Preferences for housing and affordability were tied to life-stage, a combination of household income, age, relationship status, and lifestyle, which will be discussed this report.

An important factor in determining housing needs was a respondent's relationship status. For example, families tended to prefer single-family homes with yards, while a single person generally prefers a different type of housing and neighborhood. The chart below shows the share of respondents by relationship status. Where pertinent, the report provides analysis that shows respondents' relationship status.

Figure 3



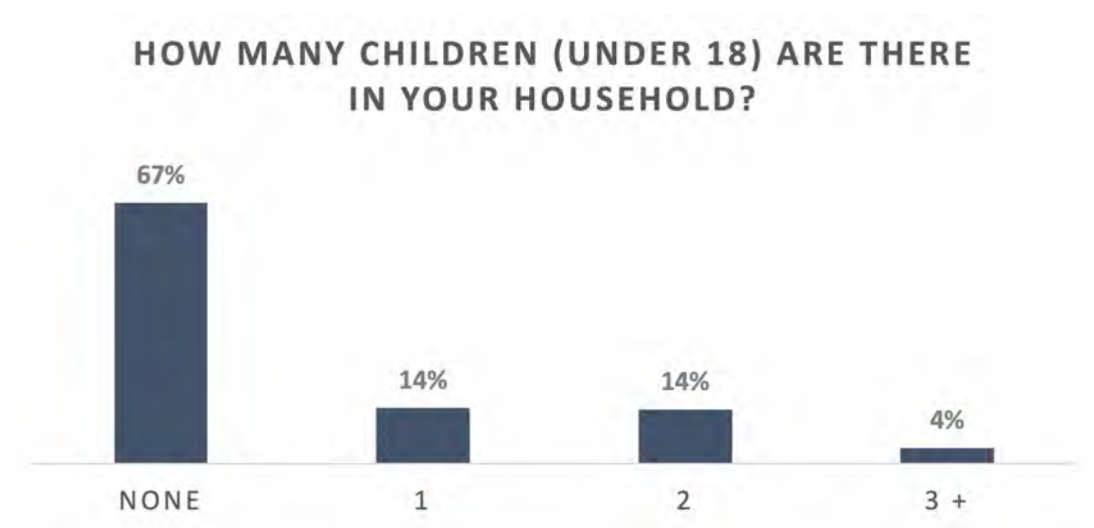
Source: 2019 Worcester Housing and Community Preference Survey

Housing and neighborhood preferences are also driven by the presence of children in a respondent's family. While only 33 percent of respondents have children, a large share of respondents without children indicated a preference for good schools, suggesting a desire to start a family.

An important part of assessing housing needs through life-stages is the age of the survey respondents. A wide range of age groups were represented in the survey. Findings indicate age plays an important part in housing and community preference, and age-based analysis is presented.

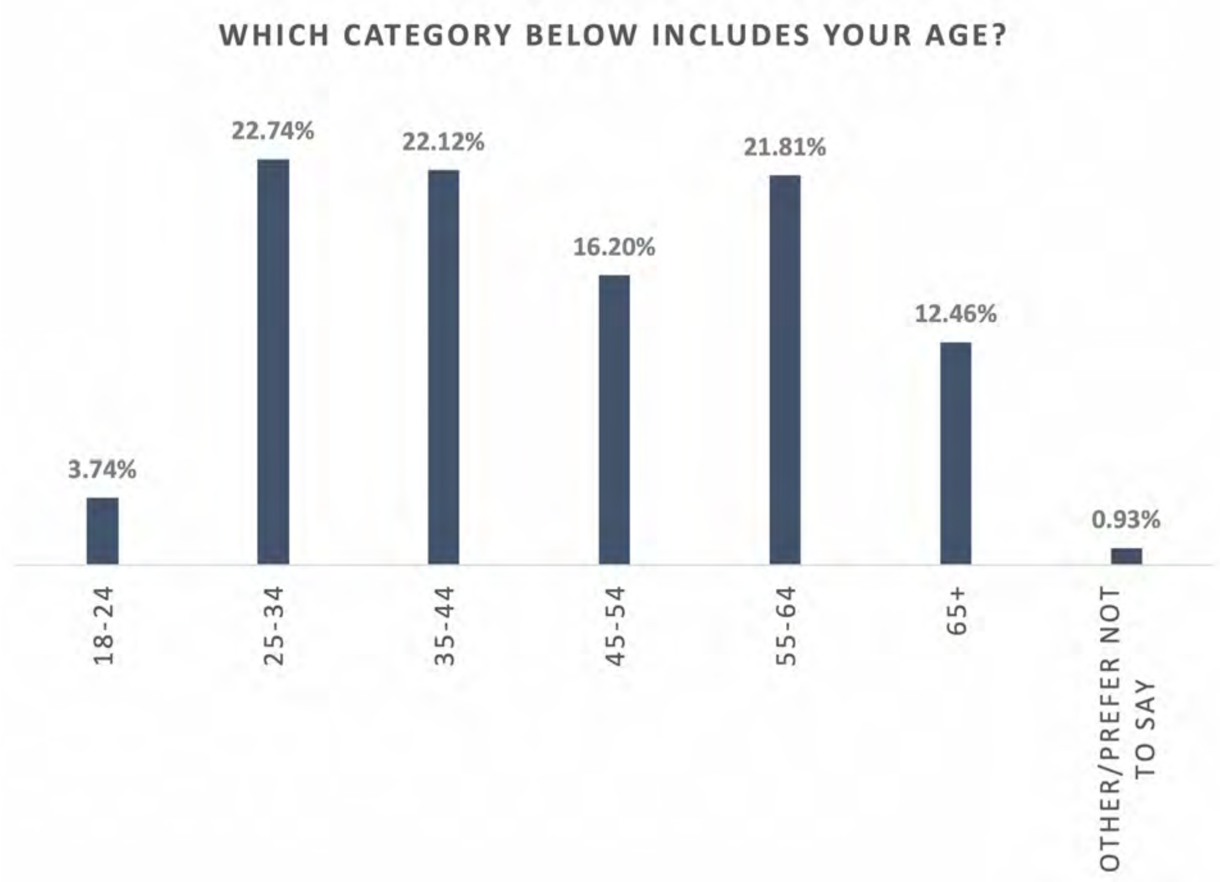
Given that the survey's goal is to understand Worcester's workforce housing needs across diverse organizations, respondents were asked about the size of their organization and the industry of their employer. The charts below show responses were from a wide range of organizations in both size and industry type. Forty three percent of survey respondents were from small business, employing less than 50 people. Eighteen percent were from very small organizations, employing less than 10 people. Only 4 percent of responses were from very large organizations, with over 10,000 employees. And 4 percent of the respondents were unemployed. Most respondents were from the non-profit sector, followed by education and government.

Figure 4



Source: 2019 Worcester Housing and Community Preference Survey

Figure 5

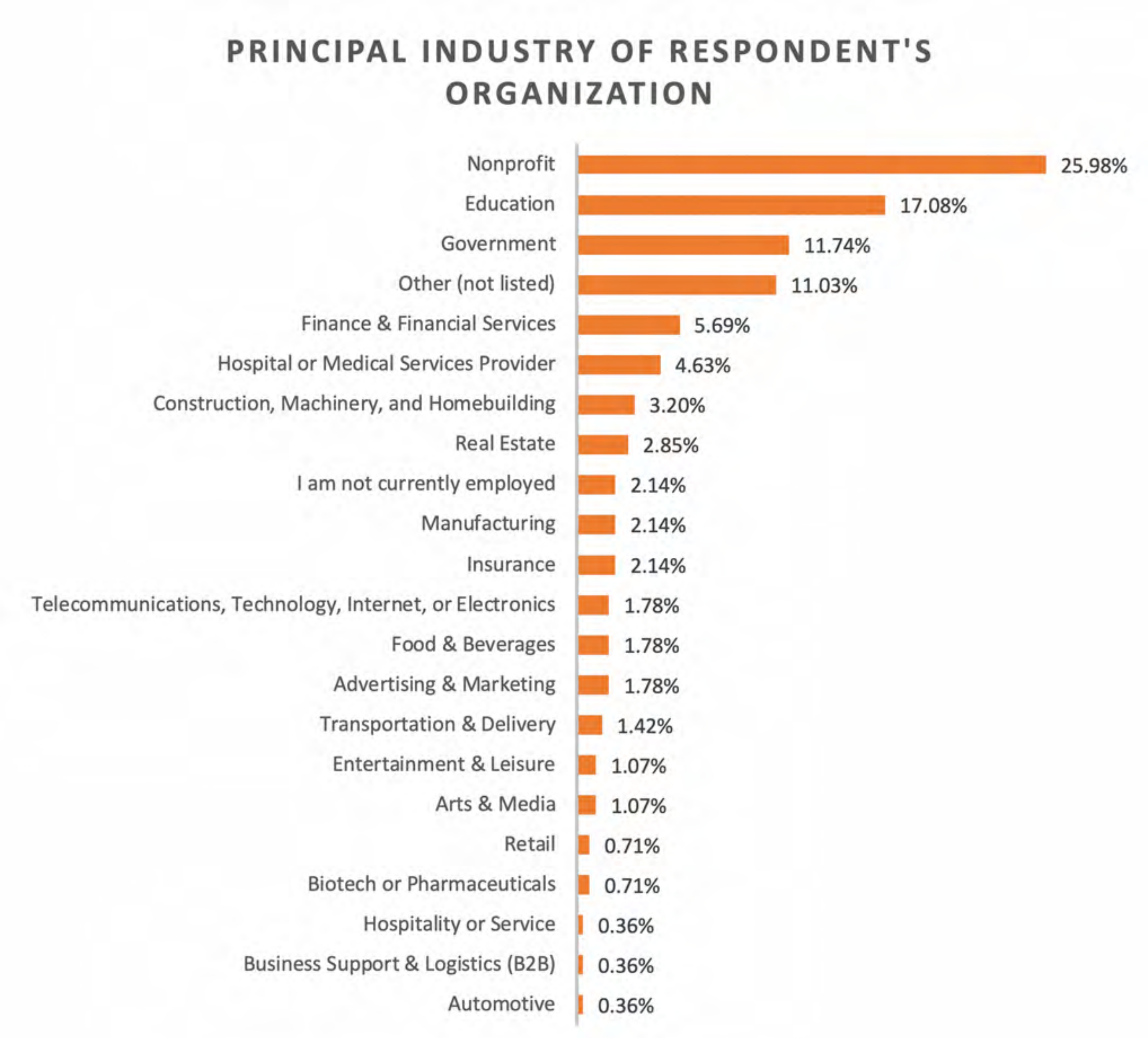


Source: 2019 Worcester Housing and Community Preference Survey

Figure 6

Source: 2019 Worcester Housing and Community Preference Survey

Figure 7



Source: 2019 Worcester Housing and Community Preference Survey

FINDINGS

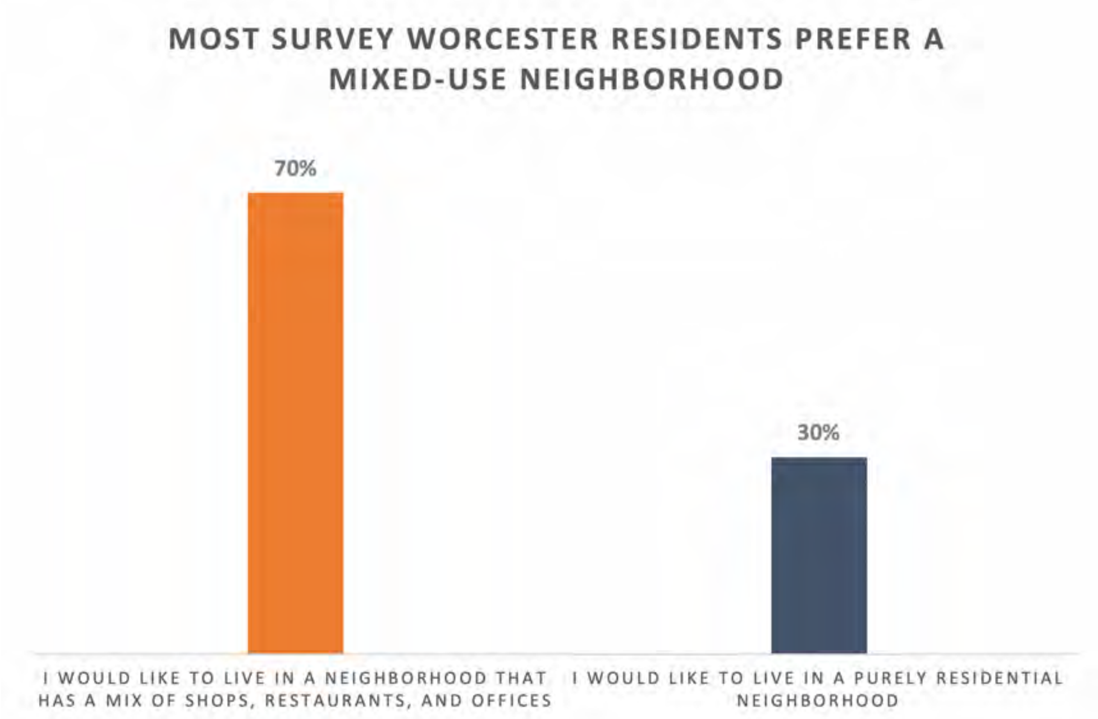
FINDING 1: WORCESTER WANTS WALKABLE, MIXED-USE NEIGHBORHOODS

There is strong demand for smart growth in Worcester. Both renters and owners desire walkable neighborhoods with dense mixed-use development, attainable market-rate housing, good public transportation, and quality public schools. The majority of all Worcester residents (70 percent) want to live in mixed-use, walkable neighborhoods that have an array of shops, restaurants, and businesses. This number increases to 82 percent among current renters within Worcester, who make up over half the city's total population (54 percent). Sixty-eight percent of Worcester residents prefer to live in an urban environment, either a city or a small town. Two-thirds of all respondents, representing commuters, residents, homeowners, and renters, want walkable neighborhoods.

Safety was the most important characteristic for Worcester residents, with 96 percent saying it was important or very important to them when choosing a neighborhood. After that came walkability (92 percent), and good public schools (75 percent). The majority of Worcester residents find the following neighborhood smart-growth features either important or extremely important: ability to walk or bike to visit friends or family (63 percent), access to public transportation (62 percent), and being able to walk or bike to work (59 percent).

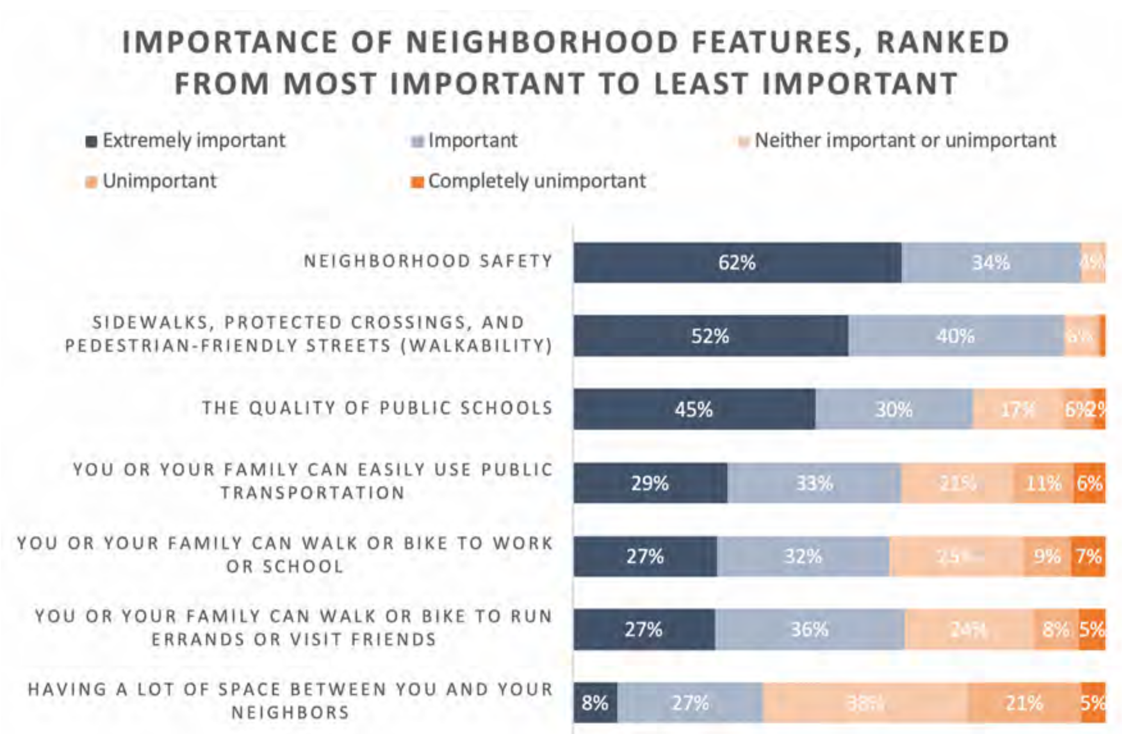
Overall, 18 percent of all respondents were dissatisfied with their current housing situation. Living in a non-walkable neighborhood was their greatest source of dissatisfaction. The levels of satisfaction differ when separated by owners and renters, or residents and commuters. Worcester residents are overall less satisfied: only 47 percent of homeowners and a paltry 17 percent of renters are happy with their living situation. Commuters are far more satisfied: 60 percent of homeowners and 33 percent of renters are happy with where they live. All dissatisfied Worcester residents feel housing is too expensive (33 percent), their neighborhood is not walkable or is too car dependent (28 percent), and they cannot afford to buy a home (26 percent). Among Worcester renters, the three major reasons for dissatisfaction were that they do not own their homes (42 percent), renting is expensive (40 percent), and that they have to live with roommates to afford housing (36 percent).

Figure 8



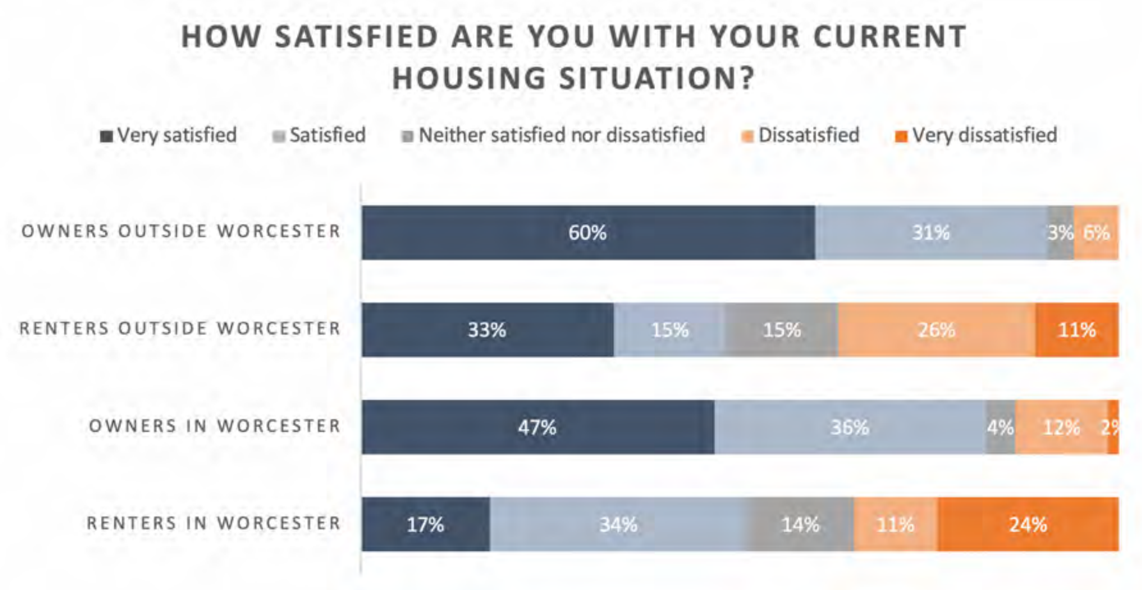
Source: 2019 Worcester Housing and Community Preference Survey

Figure 9



Source: 2019 Worcester Housing and Community Preference Survey

Figure 10

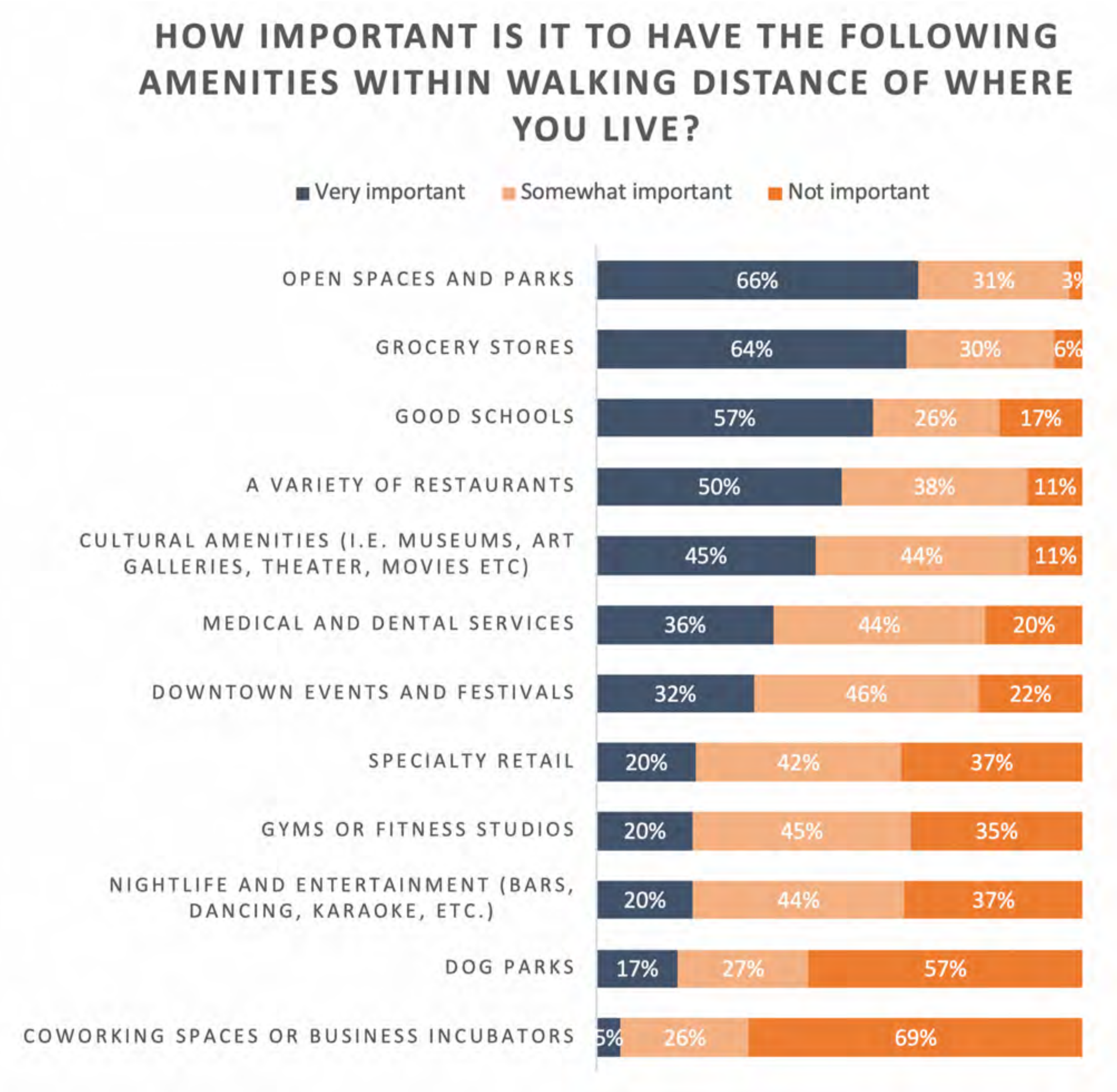


Source: 2019 Worcester Housing and Community Preference Survey

The most desired neighborhood features are open spaces and parks (97 percent), grocery stores (94 percent), and good public schools (83 percent), all within walking distance of their homes. The City of Worcester should remember the importance of these neighborhood features for current and potential residents when planning neighborhood investments and business development efforts.

70 OF ALL WORCESTER RESIDENTS WANT TO LIVE IN MIXED-USE, WALKABLE NEIGHBORHOODS THAT HAVE AN ARRAY OF SHOPS, RESTAURANTS, AND BUSINESSES

Figure 11



Source: 2019 Worcester Housing and Community Preference Survey

FINDING 2: WORCESTER WANTS NO-FRILLS HOUSING

To understand how current renters and potential homebuyers weigh trade-offs between a home's amenities and its price, the survey asked respondents to choose between two types of homes: a simpler unit with basic features (Type A) and another with higher-end amenities (Type B). In addition, Type A units do not include building amenities like a fitness center or a dog washroom. In the scenario, the two types of homes are in the same neighborhood, are identical in size including the number of bedrooms and bathrooms. Both homes were available as an apartment, condo, or a duplex, to rent or to buy.

Worcester wants no-frills housing. Seventy-four percent of Worcester renters chose the Type A workforce home over the more expensive Type B with in-unit, high-end finishes and building amenities. Home prices and rental costs are the greatest source of dissatisfaction among Worcester's renters and potential homeowners when it comes to their current housing situation. One element in making housing more attainable is reducing construction costs. By foregoing higher-end finishes, Type A units can save roughly $25,000 in construction costs per apartment. These savings do not include additional reductions from leaving out building amenities like a fitness center or a dog washroom. In developing and rehabilitating properties, these findings can help developers tailor their construction to the level of amenities desired in Worcester. For all levels of income, the most important no-frills housing amenity is an attainable market price. The survey found the desire for workforce housing is not restricted to lower-income residents, but that people from all life stages, and a range of incomes, want a cost-efficient home.

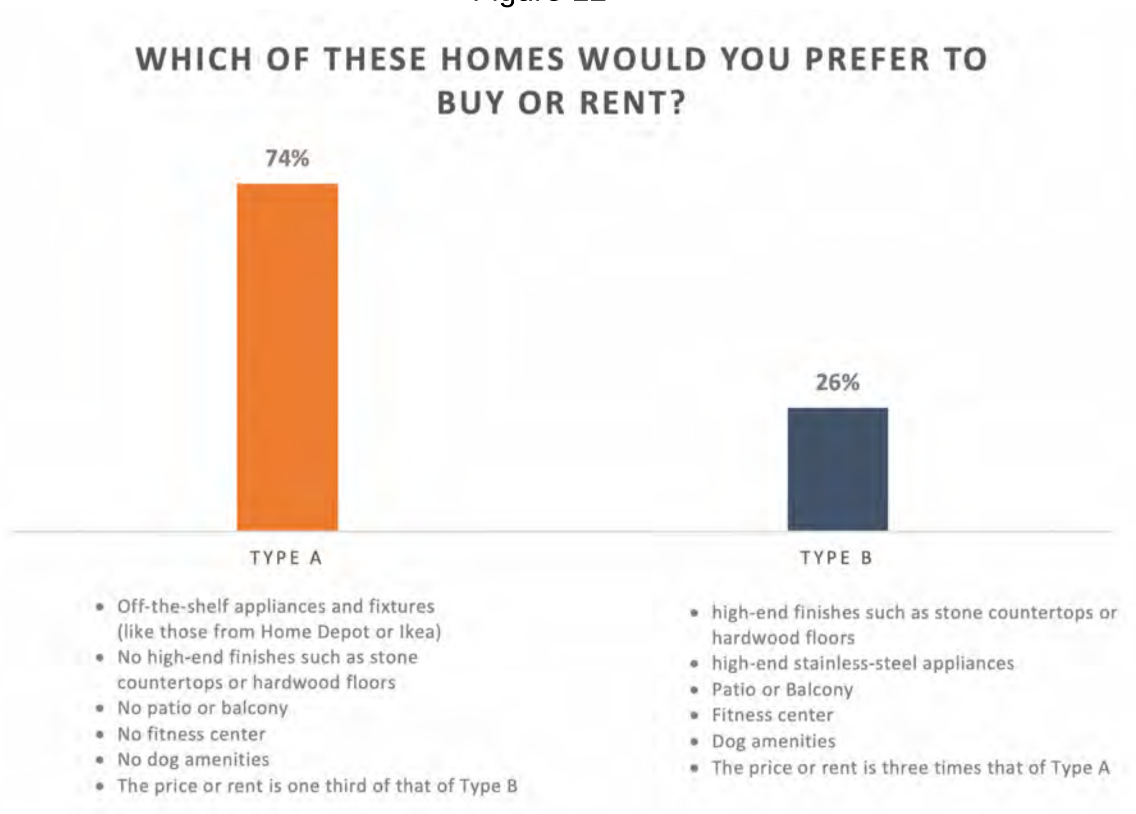
In selecting an apartment or condo, buyers and renters most want an in-unit washer and dryer (97 percent), secured access to the lobby (70 percent), and in-unit storage (81 percent). Building amenities such as a community room or fitness center were not as important to the survey respondents.

74 PERCENT OF WORCESTER'S RENTERS CHOSE NO-FRILLS HOUSING TO EITHER RENT OR BUY

Among potential condo buyers, those currently renting in Worcester are younger, representing a median age of 29 and median annual household income of $42,500. Half are married or cohabiting with a significant other, the remaining are single. Thirty percent have one or two children, while the rest do not yet have children in their household. Potential condo buyers are willing to pay a median price of $187,000 for their unit. The most desired configuration is a two-bedroom, one-bathroom condo with a parking space and are willing to pay $1,100 per month.

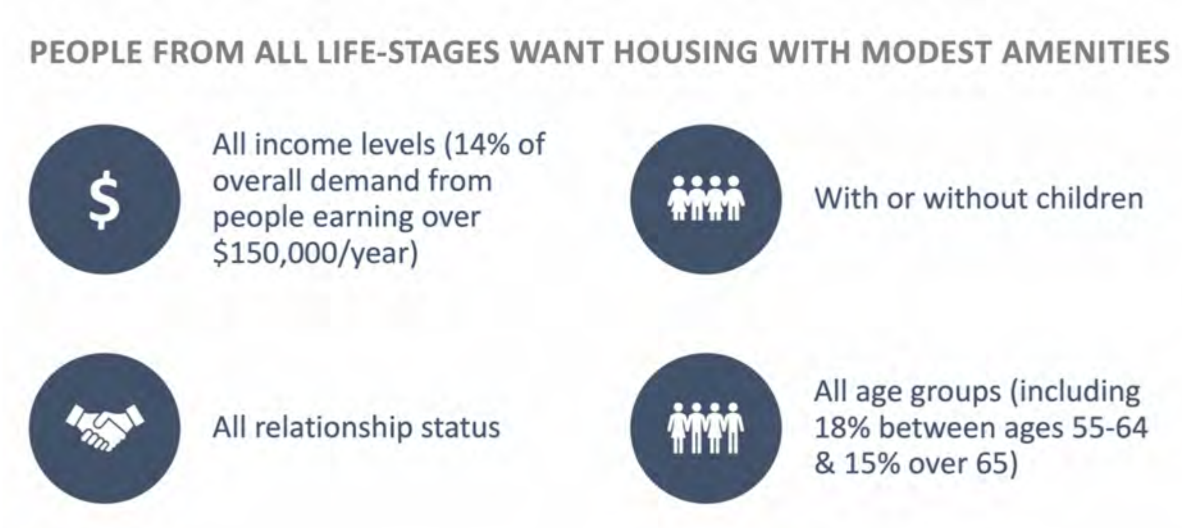
Currently, renters are paying a median rent of $1,200, $100 more that they'd prefer, but live in low-quality apartments and are dissatisfied with their neighborhoods. According to 2017 U.S. Census Bureau data, more than half of renters in Worcester are living in housing with one or more serious deficiencies such as a lack of proper plumbing, kitchen facilities, or overcrowding.

Figure 12



Source: 2019 Worcester Housing and Community Preference Survey

Figure 13



Source: 2019 Worcester Housing and Community Preference Survey

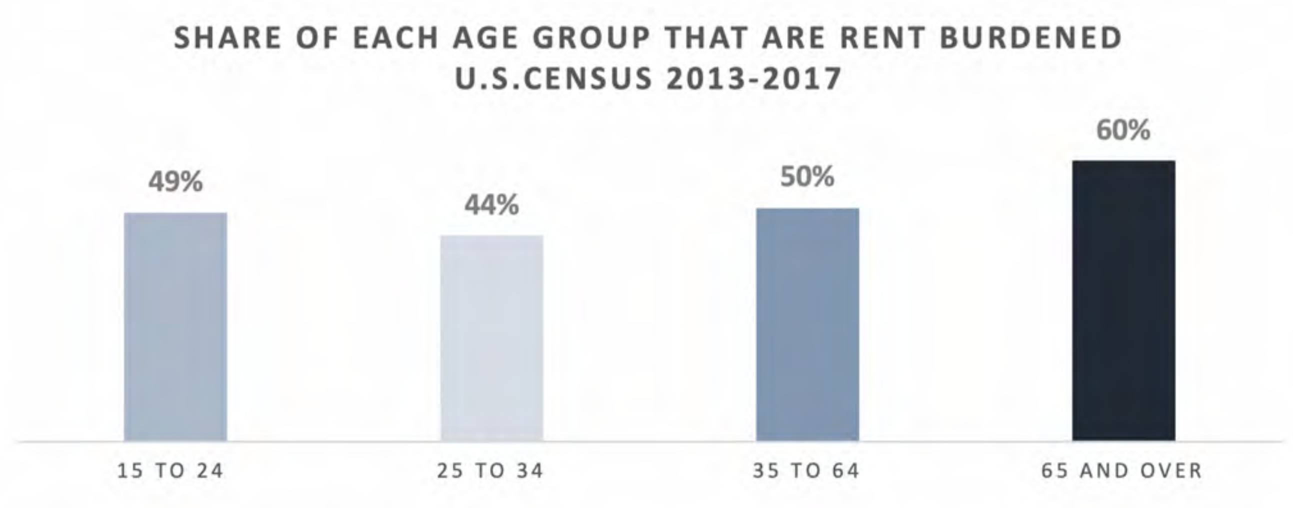
Cost-efficient new construction or rehabilitation is critical for Worcester as every age group is cost-burdened. Senior citizens suffer the most: 60 percent pay more than one-third of their income to housing. As discussed in Phase I, Worcester needs to produce more homes tailored to the price and life-stage needs of seniors, who currently comprise 13 percent of the total population, and 27 percent of home owners. Senior-specific needs include improving in-unit accessibility with options for assisted care and Alzheimer's special care units. By 2030, an additional 4,400 people in Worcester will reach the age of 65 further exacerbating the current situation. To help mitigate the cost burden on seniors, the Commonwealth of Massachusetts could encourage towns to build more lower-income, senior-directed housing by altering the way it counts market-rate units against affordable housing units.

COST-EFFICIENT NEW CONSTRUCTION OR REHABILITATION IS CRITICAL FOR WORCESTER AS EVERY AGE GROUP IS COST-BURDENED

Figure 14
Examples of cost-efficient no-frills homes and contextually designed homes

Source: ISA Architects, projects shown here are $100k homes, Renewbold, Powerhouse. The top three photos are from the "100k home" project, an example of a no-frills home design.

Figure 15



Source: U.S.Census Bureau

The responses from Worcester's renters and potential home buyers become clearer in the context of current housing market conditions. The overall cost of building, construction, and renovation continues to rise. Massachusetts' zoning restrictions add to that expense making homeownership out of reach for many modest-income Worcester residents working full-time. According to the 2017 Census data, only 46 percent of Worcester residents live in their own home compared to the Massachusetts average of 66 percent. Forty percent of residents earning between $35,000 and $75,000 each year are cost-burdened; this rises to 80 percent among those earning less than $35,000 annually. As discussed in Phase I, in a similar former industrial city like Philadelphia, 31 percent of households earning less than $35,000 each year are homeowners, compared to only 19 percent in the city of Worcester for the same income group.

When asked if they wanted to purchase a home, 8 percent of all renters in the survey expressed interest. According to the 2013-2017 U.S. Census Bureau's American Community Survey's estimate there are roughly 93,000 renters in Worcester which creates a potential demand for roughly 3,000 homes – given an occupancy rate of 2.5 people per unit. Given that 74 percent of Worcester residents desire a simpler home at an attainable price, the rough estimate of the current demand for no-frills housing units is 2,200.

FINDING 3: COMMUTERS' PREFERENCES INDICATE THE NEED FOR DIVERSE HOUSING OPTIONS AND AN OPPORTUNITY TO REDUCE CONGESTION

There is an opportunity to reduce congestion and retain talent if more commuters decide to move to Worcester. Understanding commuters' neighborhood and housing preferences, and what is stopping them from moving to Worcester, will help develop a thoughtful and inclusive strategy.

Given the economic, physical, environmental and psychological costs of commuting, and the corresponding economic costs to employers, it is in the interest of Worcester's business community to offer employees the option of living near their job. As discussed earlier, 40 percent of survey responses came from people who work in Worcester, but live in other towns. This section presents commuters' housing and neighborhood preferences.

Nearly 70 percent of employees who work in Worcester live outside the city and commute in daily. The five towns with the largest number of commuters are Auburn, Holden, Leicester, Milbury, and Shrewsbury. More Shrewsbury residents work in Worcester than anywhere else, including Shrewsbury itself. Daily, 3,700 Shrewsbury residents commute into the city. According to the 2019 Congestion in the Commonwealth report, the section of Massachusetts Rt. 9 that runs through Worcester and Shrewsbury is one of the most consistently congested corridors in the state, doubling drive time during peak hours. On I-290's westbound route through downtown Worcester, peak afternoon travel times grew by nearly 60 percent between 2013 and 2018. The median commute time of Worcester's non-resident workforce is 25 minutes each way. More than one-third of all commuters travel more than 30 minutes in each direction, including the 21 percent who commute longer than 40 minutes each way. One study found that even a 23-minute daily commute is equivalent to a 19 percent pay cut. These long commutes impact quality of life while, for companies, long commutes affect productivity and long-term commitment to an employer.

SECTION OF MASSACHUSETTS RT. 9 THAT RUNS THROUGH WORCESTER AND SHREWSBURY IS ONE OF THE MOST CONSISTENTLY CONGESTED CORRIDORS IN THE STATE

Why does such a large number of Worcester's workforce live outside the city? The survey found most of Worcester's non-resident workforce wants a suburban lifestyle (74 percent), while most residents in Worcester prefer a city life (60 percent). Half of commuters preferred either a suburban (37 percent) or rural (13 percent) lifestyle. And only 51 percent of commuters want a mixed-use neighborhood that has shops, restaurants, and offices.

The majority of all commuters (88 percent) are satisfied with their current housing situation while the remaining 12 percent are dissatisfied or very dissatisfied. The most frequent cause of their dissatisfaction being their current neighborhood is not walkable and too car-dependent.

The second reason given is a long commute. Among commuters who rent, the primary source of dissatisfaction with their current housing situation is that they do not own their homes.

THE MEDIAN COMMUTE TIME OF WORCESTER'S NON-RESIDENT WORKFORCE IS 25 MINUTES EACH WAY

LONG COMMUTES IMPACT QUALITY OF LIFE WHILE, FOR COMPANIES, LONG COMMUTES AFFECT PRODUCTIVITY AND LONG-TERM COMMITMENT TO AN EMPLOYER

Figure 16

Source: 2019 Worcester Housing and Community Preference Survey

The annual emissions from Worcester's workforce commuting into and out of the city is equivalent to about 300,000 round-trip flights across the country. There are over 118,000 people driving to work into and out of Worcester each day. A daily 25-minute each-way commute over a year is as environmentally damaging as flying across the country three times in a commercial airplane. Bringing employees closer to their work while creating accessible options for public transit, walking, or biking could help reduce the city's carbon footprint and traffic congestion.

When asked if they would consider moving to Worcester, 29 percent of non-residents said yes, 31 percent said maybe, and the remaining preferred to remain where they were. Even if only a fraction of the commuting workforce moved, the proximity to their jobs would create both personal and community-wide benefits. A shorter commute would improve their standard of living and benefit their employers, while an increased local tax base would increase investments in local schools and the community. When done correctly, as discussed in conjunction with the best practices from Phase I, Worcester can grow without displacing people from their community.

There is an overlap among current residents and commuting workers in what types of amenities they want in their neighborhood. When considering moving to Worcester, commuters said it was “very important” certain neighborhood amenities were within walking distance of their homes: open spaces and parks (65 percent), grocery stores (55 percent), and a variety of restaurants (54 percent). Current Worcester residents expressed similar preferences, responding that the most desired neighborhood features were open spaces and parks (97 percent), grocery stores (94 percent) and good public schools (83 percent) all within walking distance of their homes. Safety is the most important concern for the non-resident workforce when deciding not to move to Worcester. Forty-five percent of commuting respondents who do not want to move to the city were concerned about safety in Worcester. The majority of both commuters and current Worcester residents said safety was the most important feature in choosing a neighborhood, with a greater share of the non-resident workforce (84 percent) citing it as extremely important than current Worcester residents (62 percent).

A DAILY 25-MINUTE EACH-WAY COMMUTE OVER A YEAR IS AS ENVIRONMENTALLY DAMAGING AS FLYING ACROSS THE COUNTRY THREE TIMES IN A COMMERCIAL AIRPLANE

TO IMPROVE THE PERCEPTION OF SAFETY IN WORCESTER, THE CITY MIGHT CONSIDER A PUBLIC INFORMATION CAMPAIGN

As discussed in Phase I, Worcester is not without crime. However, it is safer now than any time in the past 30 years. To improve the perception of safety in Worcester, the city might consider a public information campaign about improving conditions, launching a program to bring awareness to residential property code enforcement, continuing investments in street maintenance, and promoting the type of placemaking efforts discussed later in this report.

Among those who would consider moving to Worcester, 25 percent would like to rent and 75 percent would prefer to own their homes. Home type preference varies among would-be renters. Fifty-two percent prefer an apartment, 14percent a single-family home, and 10 percent a townhouse. The most desired rental configuration is a two-bedroom, two-bathroom home, with two parking spaces. The second most popular is a one-bedroom, one-bathroom with one parking space. Non-residents were willing to pay a median $1,500 for monthly rent, $400 more than the $1,100 of current renters. In moving to a mixed-income and inclusive Worcester, producing housing units and amenities at various price levels will be critical.

Among potential home buyers, 46 percent would like a single-family home, 28 percent a condo, 11 percent are unsure, and the remaining are interested in multi-family and townhouse units. Similar to renters, buyers want a two-bedroom, two-bathroom home with two parking spaces. The second-most preferred configuration is three bedrooms, two bathrooms, and two parking spaces. The median price that potential non-resident home buyers are willing to pay is $280,000. When presented with the trade-off between the price and amenities of housing unit types A and B, 67 percent of commuters preferred the higher-priced, higher-end Type B. This is in contrast to the preference of current Worcester residents, who wanted more basic Type A housing. The reasons are life stages among non-residents whose median household income in this survey was $104,000 compared to $86,500 for Worcester residents. The surveyed non-resident workforce is also older, with a median age of 48 years, compared to Worcester's 43 years. Most of the commuting workforce is married (91 percent), compared to residents (77 percent), which can affect both housing preferences and finances. While 37 percent of non-residents have children, only 29 percent of Worcester residents do.

These survey results highlight a demand for both kinds of housing in Worcester. To progress to a vision of an inclusive community, Worcester's housing policies must offer a diverse level of prices and amenities. A Worcester for everyone means housing for everyone.

COMPARED TO CURRENT WORCESTER RENTERS, COMMUTERS ARE AT A DIFFERENT LIFE-STAGE: MOSTLY MARRIED, WITH KIDS, EARNING MORE, AND WANTING HIGHER-END HOMES

TO PROGRESS TO A VISION OF AN INCLUSIVE COMMUNITY, WORCESTER'S HOUSING POLICIES MUST OFFER A DIVERSE LEVEL OF PRICES AND AMENITIES

FINDING 4: EMPLOYEES ARE INTERESTED IN EMPLOYER-ASSISTED HOUSING PROGRAMS

Everyone who works in Worcester should have the option to live there. Only 46 percent of the city's population owns their own home, compared to national average of 65 percent and 66 percent in Massachusetts. Phase I discussed both the importance of homeownership and best practices to increase it, especially among Worcester's low-income residents. Best practices include adopting new home design and construction technology, strategic rehabilitation of vacant or abandoned homes, innovative financing programs, improved code enforcement, preventing foreclosures, and employer-assisted housing programs.

The most stressful part of anyone's day is the commute. Seventy percent of employees in Worcester commute from outside the city. As Worcester's businesses grow, employees who live within the city add their earning into the local economy. This generates more local jobs, creating a virtuous economic cycle that benefits the entire community.

The Phase II survey asked Worcester employees about a potential employer-assisted housing program.

In an EAH, a company helps employees buy or rent homes within an area or neighborhood close to their place of work.

Assistance may include:

- Homeownership education
- Credit repair
- Home maintenance grants
- Financial counseling
- Forgivable loans for the down payment and closing costs
- Rental assistance to qualified employees

These programs allow employees to secure housing near their workplace while helping reduce employee turnover, reward long-term commitment, improve community relations, and revitalize neighborhoods. EAH best practices, including examples from Worcester, are discussed in Phase I.

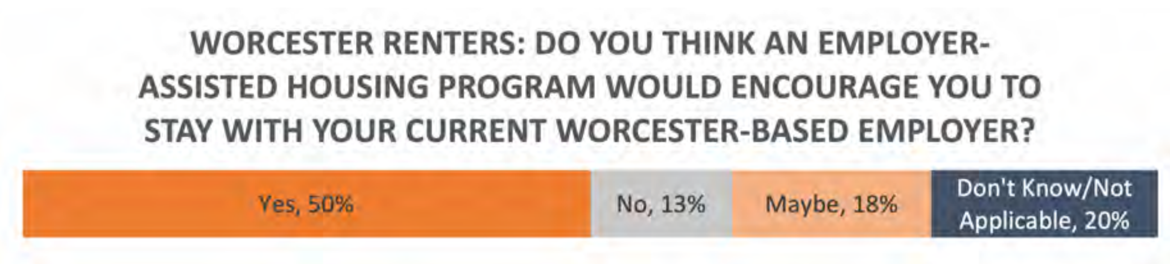
EVERYONE WHO WORKS IN WORCESTER SHOULD HAVE THE OPTION TO LIVE THERE

As of 2017, U.S. Census Bureau ACS data estimates there are more than 93,000 renters in the City of Worcester representing 54 percent of the population. Providing renters the option to purchase homes helps create inclusive growth. For the most Americans, homeownership is often the only path toward long-term wealth creation that benefits multiple generations. According to the survey, there is broad interest in an EAH: 50 percent of the surveyed renters said such a program would encourage them to stay with their current employer, another 18 percent were unsure, 20 percent didn't know or said the question was unapplicable and 13 percent said it would not.

Forty-two percent of the commuting workforce would consider moving to Worcester and staying with their employer if offered an EAH program, with another 36 percent unsure. Only 14 percent of the non-resident workforce said they would not consider moving to Worcester, even if such a program were offered.

Employees who were not interested said they were already happy in their current home and community (16 percent), unsure of future plans (11 percent), were concerned about safety in Worcester (11 percent), concerns about quality of schools in Worcester (9 percent) or that they did not have enough information(9 percent). This survey only offers a general description of EAH opportunities. Were an employer to implement an actual program, additional information might change some reluctant employees' minds.

Figure 17



Source: 2019 Worcester Housing and Community Preference Survey

Figure 18

Source: 2019 Worcester Housing and Community Preference Survey

Figure 19

Source: 2019 Worcester Housing and Community Preference Survey

In their enlightened self-interest, companies such as AFLAC, CVS, Facebook and Harley-Davidson and educational institutions such as University of Chicago and Clark University, Worcester are investing in employee homeownership. These incentive programs increase staff satisfaction, while employers benefit from improved workforce stability, employee loyalty, and revitalization of nearby neighborhoods. By living closer to their job, employees enjoy reduced commute times and increased morale.

Employer assistance to housing can come in many forms: homebuyer assistance, home maintenance grants, rental assistance, homeownership education and counseling, new construction in nearby neighborhoods, or the renovation of substandard homes adjacent to the employer's location. Massachusetts faces a severe housing shortage and spiraling home prices, and helping employees secure housing is a powerful tool for employers to attract and retain talent in a competitive labor market.

FINDING 5: WORCESTER WANTS A WELCOMING AND ATTRACTIVE DOWNTOWN WITH CULTURAL EVENTS AND EXPERIENCES

Although the population of Worcester's urban core has grown, the downtown has yet to regain its former vibrancy. With the ascent of suburban malls, and later, online shopping, people do not need to visit the downtown for their general retail needs. As they are no longer retail hubs, downtowns must become centers for the local experience economy. This means attracting people of all income groups and life stages to enjoy an 18-hour city by offering a mix of cultural activities, community events, unique retail, and interesting dining.

As part of a selection of best practices to revive Worcester's downtown, Phase I recommended placemaking ideas to make the area "everyone's neighborhood," regardless of where they work or live. To understand what regional residents want from their downtown experience, the Phase II survey asked respondents to choose what types of activities they would like to see. The data presented in this section will help the city, downtown Business Improvement District, local businesses, and cultural organizations to design and implement placemaking activities for a vibrant downtown.

The most popular downtown activity among all respondents was music and cultural festivals. Sixty-eight percent wanted festivals, followed by public concerts (59 percent), indoor public markets (50 percent), and food trucks in the town center (48 percent). Several of these activities could be implemented through a public-private partnership, where the city partners with local businesses or cultural organizations to stage an event.

A VIBRANT 18-HOUR DOWNTOWN MUST ATTRACT PEOPLE FROM ALL INCOME GROUPS AND LIFE-STAGES BY OFFERING A MIX OF CULTURAL ACTIVITIES, COMMUNITY EVENTS, UNIQUE RETAIL, AND INTERESTING DINING

Figure 20

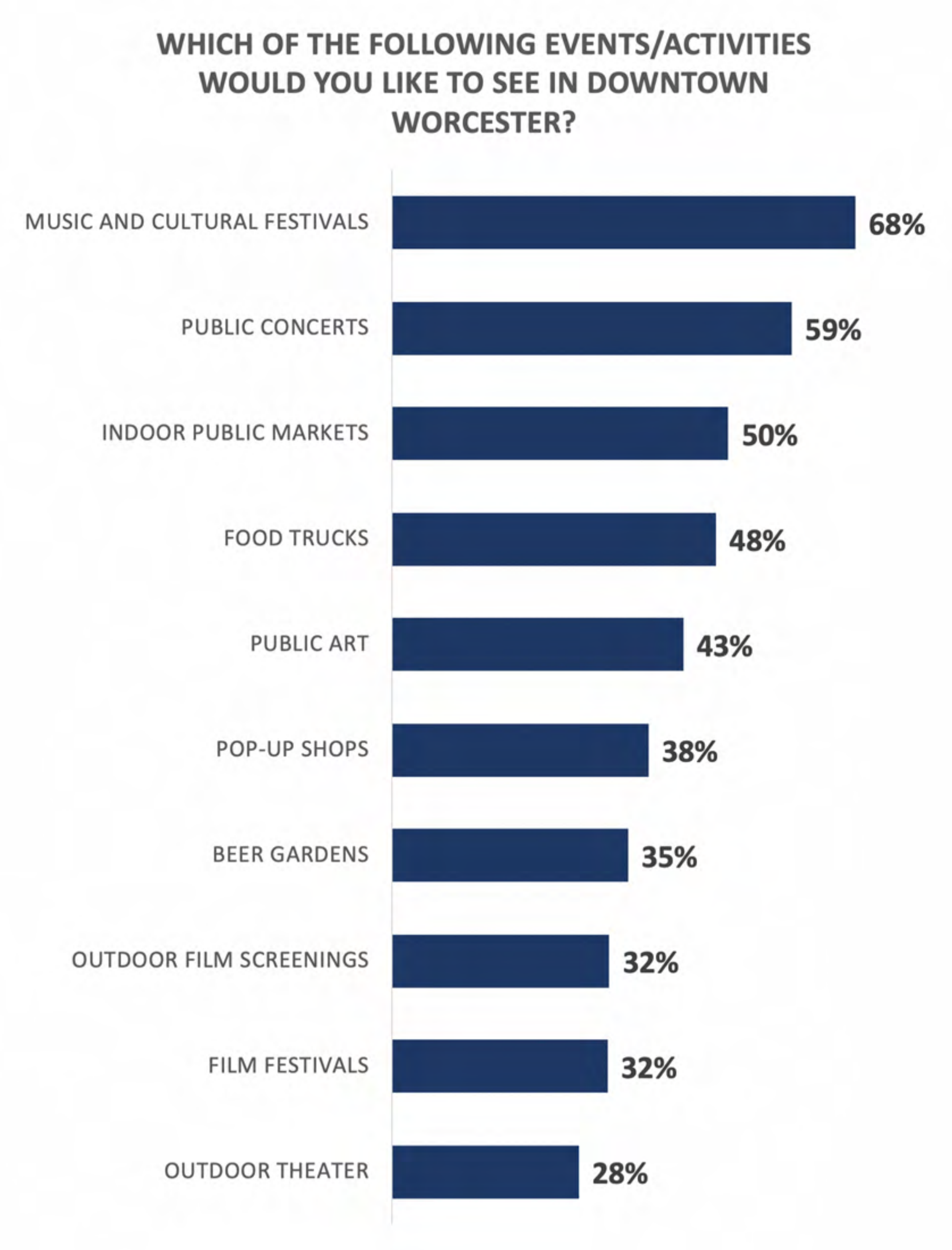
Source: 2019 Worcester Housing and Community Preference Survey

As part of reviving the downtown, it is important to address elements that visitors might find unwelcoming. The Phase II survey, which queried both Worcester residents and those who live outside the city, found primary concerns were panhandling (67 percent), unattractive and dirty storefronts (57 percent), and littered sidewalks (51 percent). Additionally, 48 percent of respondents did not feel safe in the area after dark. This last issue is an especially important problem, as safety concerns impede the development of cultural events and nightlife required for an 18-hour city.

Revitalizing Worcester's downtown means creating a welcoming space that is "everyone's neighborhood." Ongoing efforts in placemaking by the City of Worcester and local businesses, such as downtown public concerts and food truck events, is a step in the right direction. Survey findings recommend continuing these placemaking best practices to ensure visitors feel safe and welcome.

PANHANDLING, DIRTY STOREFRONTS, LITTERED SIDEWALKS, AND NIGHT-TIME SAFETY CONCERNS DETER DOWNTOWN VISITORS

Figure 21



Source: 2019 Worcester Housing and Community Preference Survey

CONCLUSION

A state-wide housing shortage is slowing Massachusetts' economy. Homeownership creates a personal stake in a community and for most Americans, is the only path to build assets and escape persistent poverty. Government housing subsidies are vital to provide very low-income households with adequate housing, however, finite subsidies do not represent a scalable, long-term solution.

Fortunately, there is room for local action. The Worcester region has three tools to produce more homes for lower- and middle-income households: using best practices to finance home purchases for low-income homebuyers, adopting new technology to lower the cost of construction, and zoning reforms.

Improving accessibility to home financing is crucial. Methods to expand home ownership among lower-income residents include lease-to-purchase models, where first-time buyers slowly build home equity. Establishing a state level foreclosure prevention program, similar to Pennsylvania, that protects Massachusetts' residents who are unable to make their mortgage payments and are in danger of losing their homes due to circumstances beyond their control, such as job loss, reductions in pay, or a serious medical condition. Another is Employer-Assisted Housing programs, where companies create employee loyalty and improve morale by helping employees purchase homes near their place of work.

Adopting modular building technology, where building components are produced remotely and assembled on-location, can decrease construction costs significantly: reports from University of California, Berkeley, KPMG, and McKinsey & Company estimate up to 20 percent savings in construction costs alone by using this method. In addition, the above approach also saves up to 50 percent in production time leading to savings in project financing costs.

Worcester's housing preferences are for attainable, no-frills homes. Using off-the-shelf fixtures, and forgoing high-end finishes, can lower building costs by as much as $25,000 per housing unit. As the median home value in Worcester is approximately $250,000, these measures could represent an additional 10% savings on a new home. Additional savings are to be had from reducing minimum parking standards for both new development and rehabilitation of historic properties downtown. Building to local tastes and using modern technology offers innovative real estate developers a profitable business opportunity to increase Worcester's housing supply.

Policy approaches to attainable homes include zoning reforms, targeted rehabilitation efforts, and providing city-owned land for construction of attainable housing. Modernizing and streamlining the zoning and permitting process saves money by reducing build time, further lower the final sale price of a home. Intelligently using property and parcel information maximizes the effect of redevelopment funds. Offering city-owned vacant and abandoned properties for development of attainable market-rate housing removes the taxpayer burden of maintaining empty lots, and increases surrounding property values.

The Phase II survey presents the concerns and preferences of Worcester employees and residents regarding housing and neighborhood amenities that innovative developers and policymakers can use to make wise decisions. Survey responses show clear support for smart growth in the form of mixed-use, mixed-income, and walkable neighborhoods.

The majority of Worcester residents prefer no-frills housing at an attainable market rate price to units with high-end amenities. Some commuters would consider moving to Worcester, but are hesitant due to concerns about neighborhood safety and availability of their preferred type of housing. Above all, a qualified workforce within Worcester is necessary for sustained economic growth. Increasing broad-based homeownership, improving walkability, and fostering a vibrant downtown benefits Worcester's residents, the city, and the private sector.

A multipronged approach is recommended to successfully address the housing challenge. It is necessary to expand beyond conventional practices to spark housing solutions that work for every life-stage. In applying the best practices highlighted in this study and by building to local tastes, Worcester can improve housing availability and security, especially for those currently priced out of homeownership. Policymakers can choose innovative methods to help residents of all income levels continue to call Worcester home.

A Worcester for everyone means housing for everyone

METHODOLOGY

Survey results are based on a custom and proprietary survey created by Smart Growth Economics, LLC. The survey was administered through the online platform SurveyMonkey.com with help from the Worcester Regional Chamber of Commerce. The breakdown of respondents is discussed at the beginning of this report. The results from this survey are presented in the context of publicly available U.S. Census Bureau data and Smart Growth Economics' meetings with Worcester-area stakeholder groups.

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