

Winchester Town Center Housing Study

Executive Summary

The purpose of this study is to explore the feasibility of developing additional housing in Winchester Town Center, particularly from a market analysis standpoint, in order to help inform planning and policy and decisions. Other studies are currently underway or have been recently completed that analyze the physical and regulatory challenges associated with housing development and will also help to inform policy decisions. In this study, we evaluated the existing housing supply, including an assessment of affordability, explored the demand for new housing in Winchester, focusing particularly on The Town Center, and reviewed strategies to guide and encourage the development of new residential units.

Housing Supply Highlights

- Housing alternatives in Winchester are getting less diverse; the number of apartments and condos make up only 20% of the total housing units and has declined in the last decade. The number of rental units has declined 12%.
- The median sales price for a single-family home in Winchester in 2011 was \$739,900. The median sales price for a condominium home in Winchester in 2011 was \$381,750.
- Housing affordability is clearly an issue. In 2011, the median sales price for all housing units in Winchester was \$680,000. To afford a home at this price, a household would need annual income of approximately \$153,000¹. This is 26% higher than the estimated median household income in Winchester (\$121,572²). This means that the median income family in Winchester could not afford the median priced home. More than half of the households that rent apartments in Winchester are paying more than 30% of their income for housing costs. Approximately 1,419 households in Winchester are low income and would qualify for housing assistance (based on HUD guidelines) while there are approximately 147 subsidized units in the Town.
- There are approximately 207 units of housing located in the Town Center Study Area. There are 13 single-family homes, 74 condominiums, 99 apartments, and 21 units in two or three family structures. Sale prices for recently sold condos have ranged from \$680,000 for a large condo at Winchester Place, a newer multi-unit building very close to the train station, to \$264,000 for a condo about half the size in a small

¹ Housing cost is based on the following assumptions: 95% financing at 4% over 30 years, tax rate of \$10.62 per \$1,000 in value and annual insurance of \$1,500.

² American Community Survey (2006 - 2010)

complex on Vine Street. The median per square foot price was \$281. The review of available apartments in the Town Center as of March, 2012, showed average rent of \$1,100 for a 1-bedroom and \$1,725 for a 2-bedroom.

Housing Demand Highlights

- Winchester is, by and large, a very affluent community. The 2010 median household income in Winchester is estimated at \$122,223, close to double the median household income statewide (\$64,072).
- Winchester's population grew by about 3% between 2000 and 2010; the number of households actually decreased by 1%.
- The most significant population trends in Winchester are the growth of senior households and the decline of very young households. Almost one –half of all households in Winchester are headed by individuals that are age 55 or above. Householders age 55+ grew by 8% between 2000 and 2010 while householders age 25-34 decreased by 40% during the same period. Escalating purchase prices and rents, along with a lack of housing alternatives could be inhibiting young people that grew up in the Town from staying in the community. However, another reason could be that young people are looking for a different type of living environment that is more urban in nature during this life stage.
- Assuming current growth rate remains consistent, approximately 180 – 200 units of new housing will be needed in Winchester between 2010 and 2020; with somewhere close to an 80%/20% split between homeowner units and rentals.
- There is a mix of ages and household types currently living in the Town Center. Almost half of the households in the Town Center contain single adults. Approximately 36% contain couples, 13% contain one or two parents with one or more adult children, and about 4% contain unrelated adult roommates. Residents are spread among several age groups perhaps indicating that residents of all ages enjoy living in the Town Center. Two groups show a particular preference for Town Center - the 65 and above age group and the 24 - 34 year old age group.

Conclusions about Town Center Housing

We believe there is demand for additional market rate condominiums and apartments in Winchester Town Center. We estimate that there could be market support for 50 – 70 new units of housing in Town Center over the next 8-10 years. Median sales price for recent condo sales in the areas in and around the Town Center have ranged \$250 - \$340 per square foot.

The largest and fastest growing market segment for Town Center housing is “Empty Nesters and Retirees age 55+”. This includes households with older working adults, currently married or single, without children or whose grown children have left the family home, and retirees with incomes from pensions, savings and investments. Householders age 55 and above comprise almost one-half of Winchester’s total households. Some features that are important to the empty nester segment include: living space all on one level, covered parking, new construction and outdoors space (patio/balcony), as well as proximity to the commercial center.

There also may be moderate market support from other market segments such as young singles and couples without children (age 24-35), live/work units for self-employed or remote/home-office employees, and single middle age adults, if appropriate and affordable housing alternatives were available.

The Town Center offers numerous amenities that would attract residents including proximity to shopping and dining options, a very attractive physical setting, ability to enjoy riverfront open space, and social gathering places where residents can interact with other people and engage in civic activities.

The Town Center offers great access to public transit, making it a very desirable location for residents that work in Boston and Cambridge as well as all car-free or car-light households. The commuter train provides 20-minutes access into Boston in 20 minutes.

The Town Center could offer an “urban village” style of living that is not prevalent in Winchester today. Housing development in the Town Center could offer the opportunity to diversify the available housing alternatives beyond single-family detached homes. Only 20% of Winchester’s current housing is in multi-unit structures (i.e., condos and apartments). This percentage has decreased over the last decade and is smaller than the county or state overall.

We believe that there is a need for affordable housing in Winchester and a Town Center location would be desirable to this segment. Approximately 18% of households in Winchester are low income. An estimated 62% of these low-income households are “cost-burdened”, meaning that they are paying more than 30% of their income on housing.

Low and moderate-income renters and homebuyers would find Town Center housing desirable if a product could be offered within their economic reach. The Town Center location offers particular advantages to low and moderate-income households including close proximity to a supermarket and other necessities, as well as the commuter train, allowing households to manage without a private vehicle or at least with less vehicles per family.

Additional residential development will have positive impacts for the businesses in the Town Center. Residents that live in close proximity are likely to patronize Town Center businesses and will have a direct effect on sales. More residents could also have an indirect effect on sales by bringing a 24-hour presence that could make the Town Center appear more lively and attractive to customers from beyond the immediate area.

There are several potential development sites for new housing in the Town Center; however, there are a number of challenges that need to be overcome.

The current parking requirement of 1.5 parking spaces per unit may be difficult to accommodate on some sites. Some sites are located within the 100-year flood plain and would require creative building design. Cost of development under current density/height restrictions may limit financial feasibility on some sites. Small parcels lack efficiency and may pose financial challenges because high fixed costs have to be spread over a small number of units.

This report is intended to provide baseline information on housing market conditions and opportunities. **These findings, along with the findings of the other studies currently being completed on regulatory issues (zoning) and water management will help inform stakeholders and Town leaders as they move forward with housing decisions.**

Next steps will include stakeholders and town leaders deliberating on policy decisions regarding the types of housing they want to see developed in the Town Center and the necessary housing related tradeoffs that may be required in terms of allowable density, building height, parking requirements, and provision of financial incentives and subsidies.