

COMPLETED FOR  
THE MASSACHUSETTS SMART GROWTH ALLIANCE AND  
THE WINCHESTER PLANNING DEPARTMENT & BOARD

# Winchester Town Center Housing Study

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## Acknowledgements

We would like to thank the Town Planner, Betsy Ware who provided information and guidance for this Study. We would also like to thank the real estate professionals, Housing Authority staff and other individuals that were interviewed during the course of this research effort and graciously shared their insights.

## Executive Summary

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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 \$153,000<sup>1</sup>. This is 26% higher than the estimated median household income in Winchester (\$121,572<sup>2</sup>). 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 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.

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<sup>1</sup> 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

<sup>2</sup> American Community Survey (2006 - 2010)

### 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.

# Project Overview

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## Background

Winchester Town Center is a charming village which residents value for its collection of local businesses and aesthetic appeal. The Town's planning efforts are aimed at preserving and improving the Town Center while ensuring that it meets resident needs. In 2009, FinePoint Associates worked with the Planning Board and Town Planner to complete the "Downtown Winchester Market and Opportunity Study" which analyzed the existing business mix, evaluated market opportunities and suggested some strategies to improve the district. The Town followed up this Study with a number of "community conversations" and additional work by the Planning Board and staff that examined issues such as parking, zoning and others.

The previous planning efforts suggested that increasing the amount of residential units in the Town Center could be a way to increase foot traffic for Town Center businesses while meeting a potential housing need for the community. Although Winchester Town Center is largely built out, there are a few potential redevelopment sites (some owned by the Town) that might be considered for new residential and/or mixed-use development.

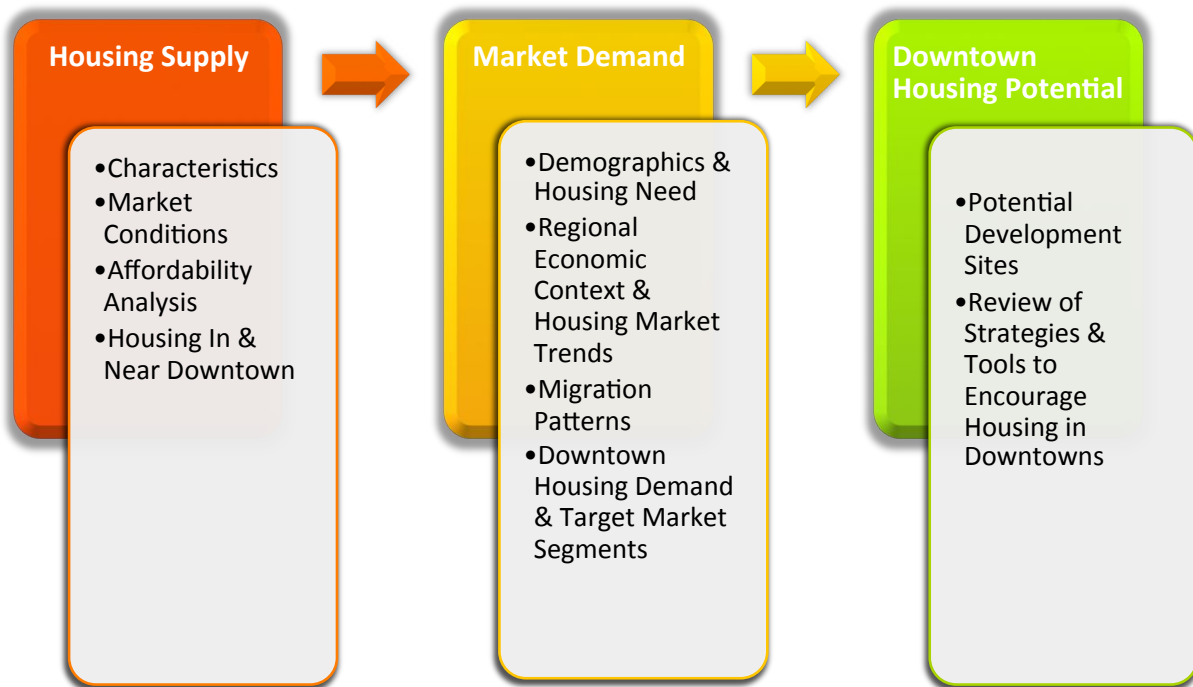
However, there are several factors inhibiting development in The Town Center. For one thing, there appears to be many issues with the current zoning. The zoning does not allow mixed-use development without a commitment to go thru a very lengthy zoning review and approval process. Further, the height restriction does not promote compact smart growth. Flood zone and water management issues also pose significant challenges. FEMA recently revised the flood plain maps, which indeed, placed many Town Center sites within the flood zone. The Town is continuing to explore opportunities to address these issues. Two study teams of consultants, Town Staff and dedicated volunteers have been tasked with working on zoning revisions and the flood plain/water management issues. That work has been occurring in a parallel time frame with the completion of this Housing Study.

## Purpose of the Study

The primary purpose of this study is to explore the feasibility of developing housing in Winchester Town Center, particularly from a **market analysis** standpoint, in order to help inform Town planning and policy decisions. Other studies are currently underway or have been recently completed that analyze the physical and regulatory challenges associated with housing development in the Town Center, Including: Town Center Parking Study (completed 2010)  
Town Center Zoning Study (underway), Town Center Water Management Study (underway).

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. The following diagram illustrates the major components of the research process.



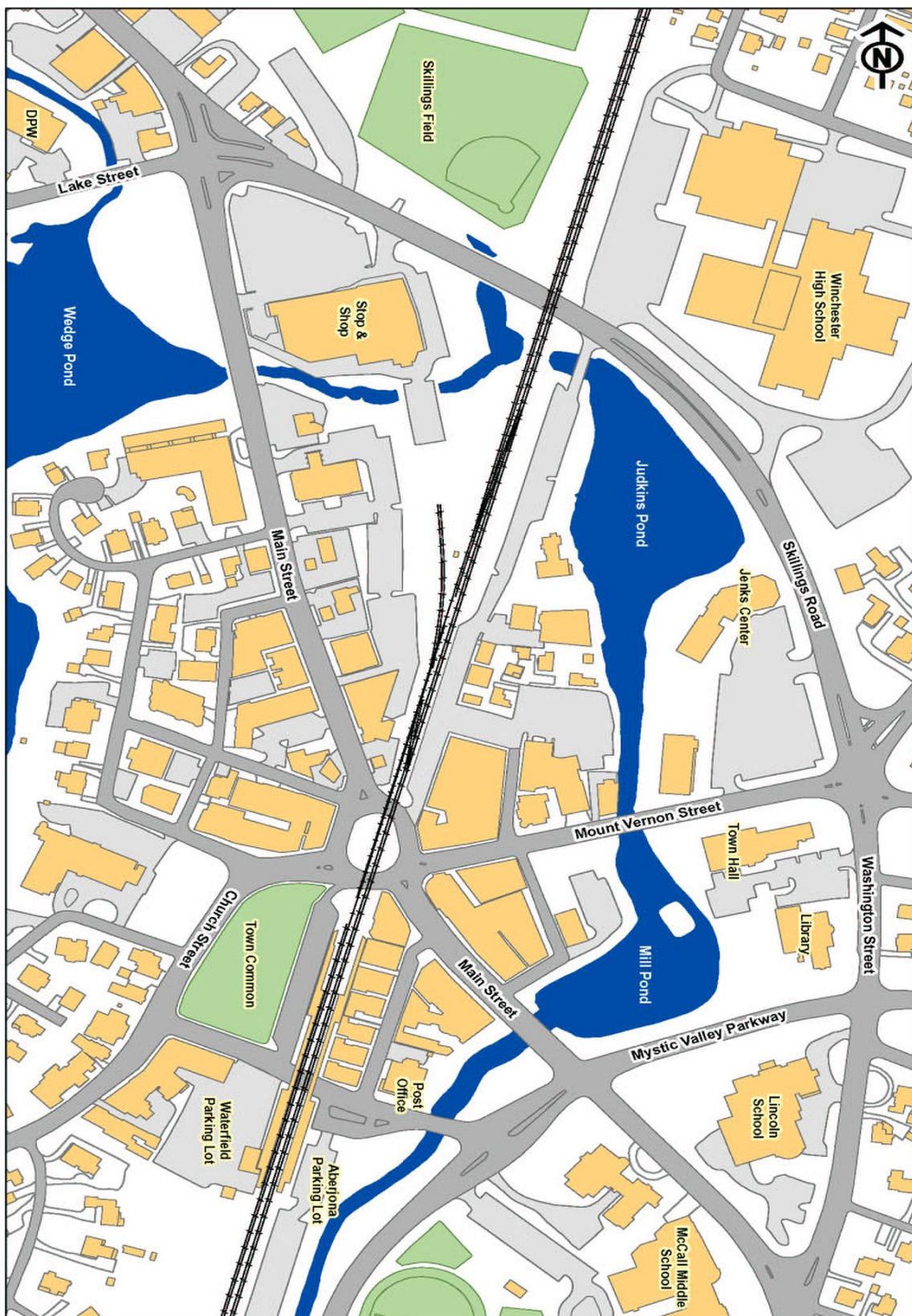


## Description of the Town Center Study Area

Winchester Center is a picturesque Village that is compact and walkable with interesting architecture and distinct historic character. The scenery sets Winchester apart from other Town Centers with several ponds, attractive water views and green space. The Town Center houses approximately 224 commercial and institutional establishments occupying close to 640,000 square feet. The Town Center contains a lively mix of retail and service establishments including more than a dozen restaurants varying from sit-down (full service) restaurants to Starbucks. Shopping options include several clothing and accessory shops, a unique bookstore, bakeries, yogurt shop, drugstore, toy store, gift shops, hardware store, and a major supermarket, among others. In addition to retail, there are many banks and financial service companies, a large cluster of health care offices and many community uses such as government and churches. Currently, there are about 200 housing units in the Town Center including condos and apartments along with a small number of single-family homes.

The following map illustrates the boundaries of the Town Center Study Area.

# Winchester Downtown Study Area



June 25, 2009  
Map created by the Winchester Dept. of Engineering & Planning

## Transportation, Access and Parking

Winchester Town Center is located 8 miles north of Boston and is easily accessible via major highway Rte. 93. There is an MBTA commuter train station in the center of The Town Center with frequent service into Boston (e.g., 8 trains between 6 AM and 9 AM). This is a major asset for the community and makes The Town Center a convenient place to live for residents that work in Cambridge and Boston. It is 20-minute train ride from Winchester Center to Boston's North Station.

There are bus lines going through Winchester to nearby communities such as Medford, Arlington, and Cambridge. Bus route #134 runs between North Woburn and Wellington Station on the MBTA's Orange Line in Medford. Bus route #350 runs from the Burlington Mall to Alewife station in Cambridge on the MBTA's Red Line. A commuter express bus runs from Cummings Park in Woburn to Boston during rush hours.

The Town Center contains several Town-owned parking lots as well as on-street parking.

## Part 1

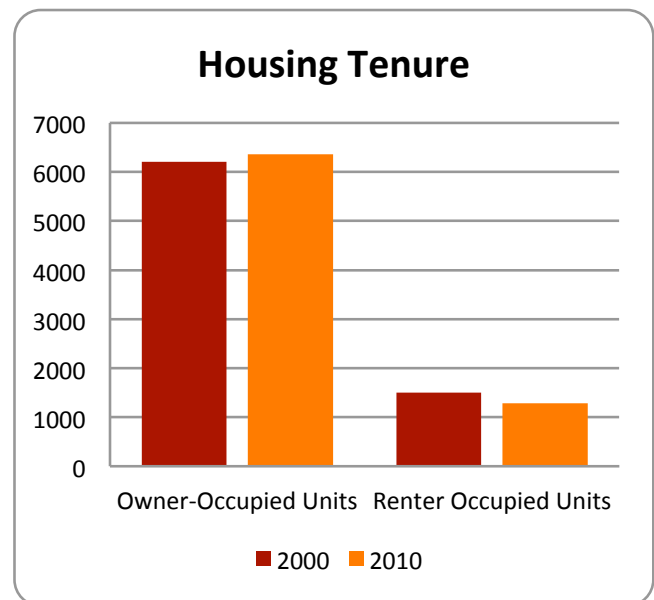
# Housing Supply Analysis

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## Winchester Housing Characteristics

### Housing Count and Tenure

The 2010 Census counted 7,986 housing units in the Town of Winchester, which represents an increase of about 1% (78 units) over the 7,908 units counted in 2000. 341 units, approximately 4%, were reported as vacant, up from 193 vacant units in 2000. Of the occupied units, the vast majority (83%) are owner-occupied while 17% are occupied by renters. The homeownership rate in Winchester is significantly higher than the rate in Middlesex County or the State overall (both approximately 64%). Since 2000, the amount of owner-occupied units has increased by 2% while the number of renter-occupied units has decreased by 14%.



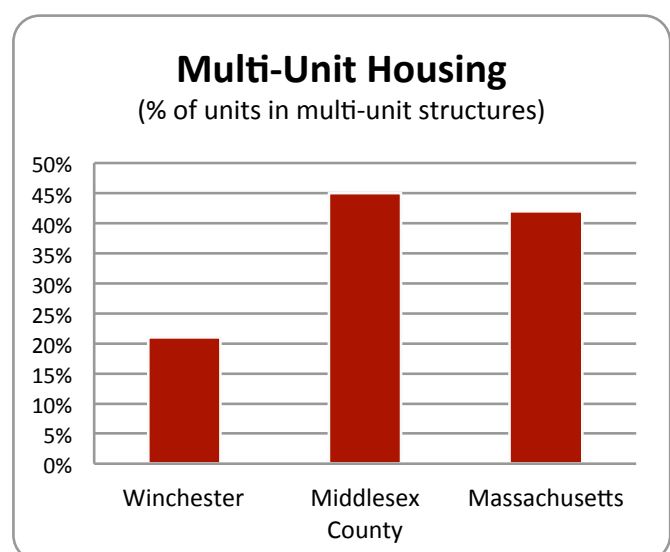
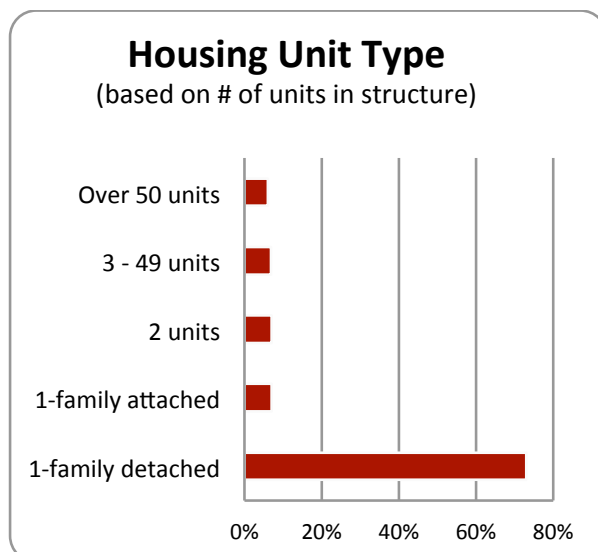
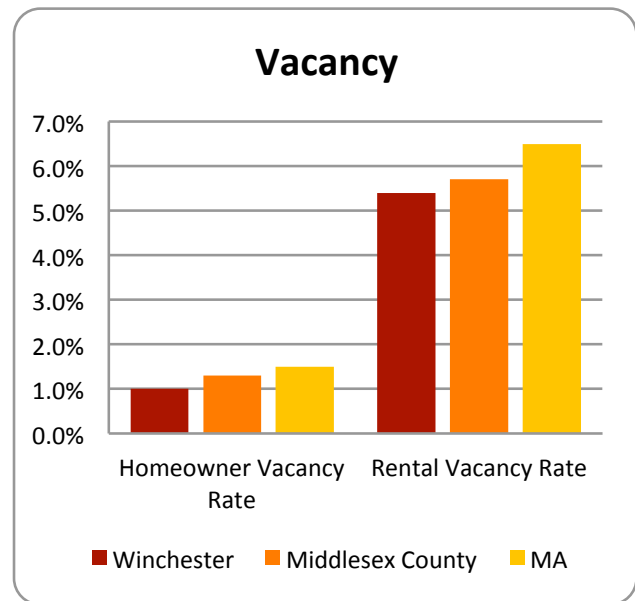
Housing Occupancy	2000 Census	2010 Census	% Change
Total Housing Units	7,908	7,986	1%
Occupied Units	7,715	7,645	(1%)
Owner-Occupied	6,212	6,357	2%
Renter-Occupied	1,503	1,288	(14%)
Vacant Units	193	341	77%
For Rent	38	74	95%
Rented, Not Occupied	24	8	(66%)
For Sale Only	37	65	76%
Sold, Not Occupied	34	36	6%
Seasonal/Recreation/Occasional Use	48	66	38%
Other Vacant	46	92	100%

Although, the number of vacant housing units has increased, the vacancy rate in Winchester remains relatively low. The homeownership vacancy rate reported in the 2010 Census is 1% and the rental vacancy rate is 5.4%. These rates are lower than in Middlesex County or Massachusetts. It should also be noted that the tally of vacant units in Winchester in 2010 contains an increased number of “season/occasional use” units as well as “other vacants”.

## Housing Type

According to the American Community Survey, approximately three-quarters of the homes in Winchester are single-family detached homes. The remainder of the units are fairly evenly split among 4 categories of structures including: single-family attached, 2 unit structures, 3-49 unit structures and structures with 50 units or more (with about 6-7% of the units falling into each category).

In Winchester, the percentage of housing units in multi-unit structures has declined since 2000 while the percentage of single-family detached units has increased. The 2010 Census counted only 1,597 housing units in multi-unit structures, representing 20% of total units compared to 23% in 2000. The percentage of units in multi-unit structures is significantly smaller than Middlesex County or the State.

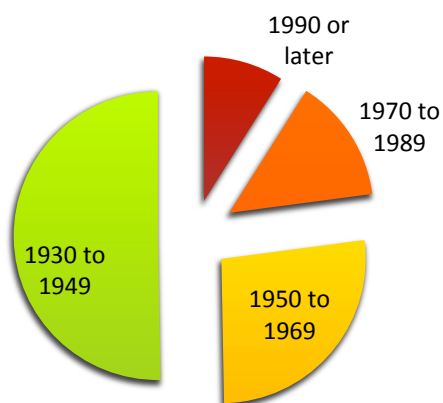




## Age of Housing Stock and Rate of Development

The vast majority of Winchester's housing stock is over 40 years old. More than three-quarters (77%) of the housing stock was built before 1970. Another 14% was built between 1970 and 1989, and 9% was built during or after 1990. This rate of development appears to be similar to the immediately surrounding communities (located within a 5-mile radius). However, compared to Middlesex County and Massachusetts, housing development over the last few decades has occurred at a slower pace in Winchester. While 14-15% of housing in the County and State was built since 1990, only 9% of Winchester's housing was built since 1990.

**Age of Housing Stock**

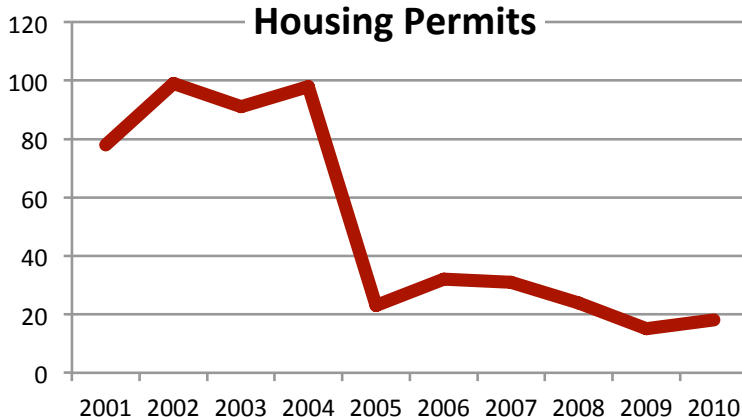


Age of Housing Units	Winchester	5-Mile Radius	Middlesex County	MA
Built 1990 or later	9%	8%	14%	15%
Built 1970 - 1989	14%	15%	20%	22%
Built before 1970	77%	78%	66%	63%

According to information reported in the U.S. Building Permit Survey, housing permits issued annually in the Town of Winchester ranged from a high of 99 in 2002 to a low of 15 in 2009 (over the 10-year period from 2001 to 2010).

Since 2009, the number of permits has begun to increase<sup>3</sup>. This data represents the number of new privately owned residential units.

**Housing Permits**



<sup>3</sup> Greater Boston Housing Report Card, Dukakis Center for Urban and Regional Policy, Northeastern University, U.S. Census Building Permit Survey

## Household Size

Winchester households contain an average of 2.75 persons. This represents close to a 4% increase since 2000. Average household size in Winchester is approximately 10% larger than the County or State.

Winchester Household Size 2010	Avg. Persons
All Units	2.75
Owner-Occupied Units	2.89
Renter-Occupied units	2.08

## Housing Market Conditions

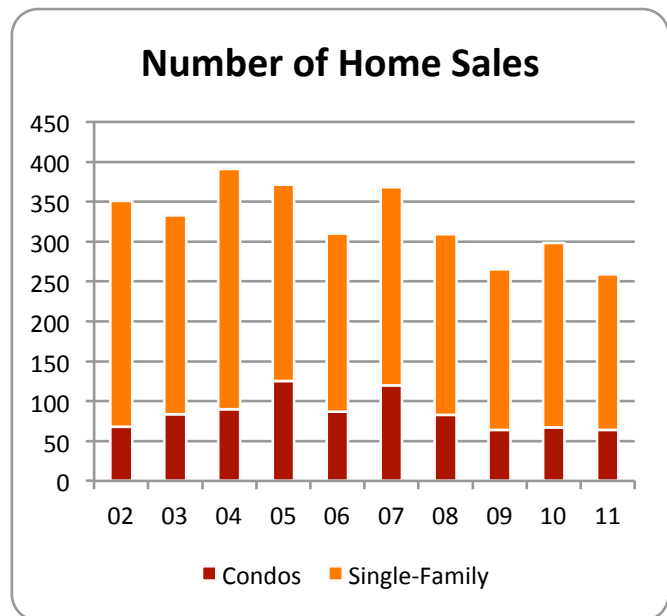
### Home Value

The median home value in Winchester is estimated at \$684,500, up 68% from \$407,545 in 2000<sup>4</sup>. This is almost double the statewide median home value of \$352,300 and 63% higher than Middlesex County (\$420,800). Even though home values in Winchester made a big jump since the year 2000; the rate of increase in the Town was outpaced by the rate of change statewide, where the median home value has increased by close to 93% over the same period.

### Home Sales

Over the last decade, the number of annual home sales in Winchester ranged from a high of 443 in 2004 to a low of 281 in 2009 (coinciding with the overall economic downturn)<sup>5</sup>. Sales appeared to be on the rise, climbing to 328 in 2010, but then receded back to 291 in 2011.

Condo sales have stayed at a consistent level for the last three years (64-67 sales per year). Single-family sales have ranged from 195 to 231 sales per year.



### Home Selling Price

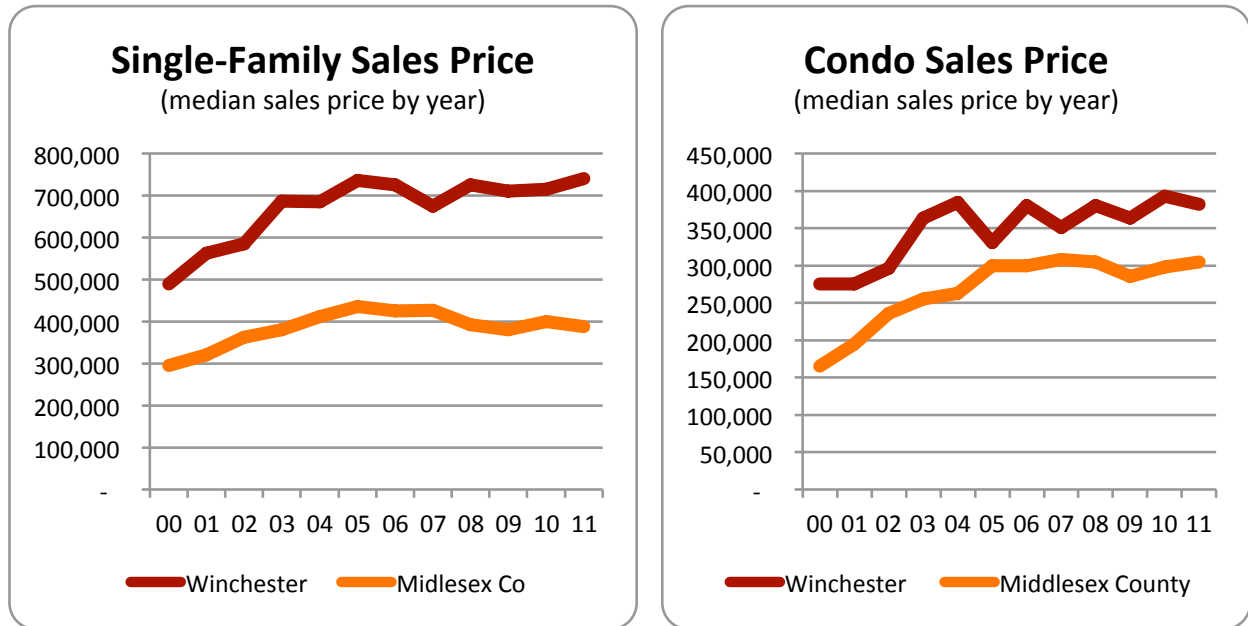
In 2011, the median sales price for all housing units in Winchester was \$680,000. This is almost 90% higher than the median sales price in Middlesex County.<sup>3</sup>

It is useful to look at the single-family housing market separately from the condominium market, as the price range is substantially different. The median sales price for a single-family home in Winchester in 2011 was \$739,900. This represents a 50% increase since 2000. In Middlesex County, the median sales price for a single-family home in 2011 was \$387,577, up 30% from the year 2000.

<sup>4</sup> 2000 Census, American Community Survey (2006-2010)

<sup>5</sup> Sales Data compiled by The Warren Group

The median sales price for a condominium home in Winchester in 2011 was \$381,750. Prices for condos have not risen quite as much as single-family homes; this represents an increase of close to 40% since 2000. In Middlesex County, the median sales price for a condo in 2011 was \$305,000, almost twice the median sales price in the year 2000 (\$165,000).

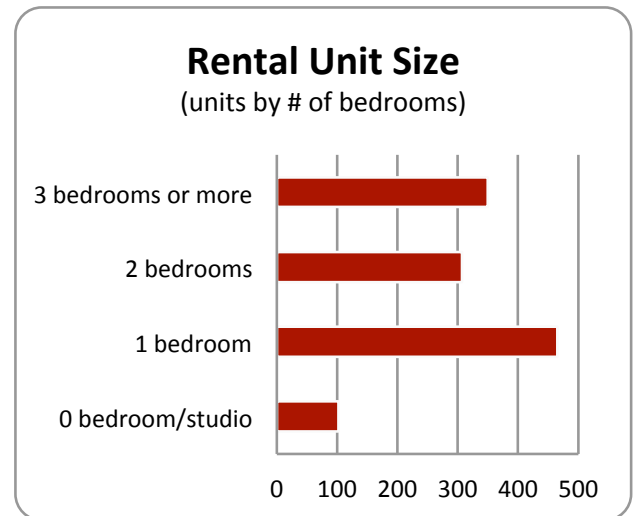


Year	Condo Median Sales Price	Condo # of Sales	Single-Family Median Sales Price	Single-Family # of Sales
2011	\$381,750	64	\$739,900	195
2010	\$393,250	67	\$715,000	231
2009	\$363,700	64	\$710,000	201
2008	\$380,000	83	\$725,688	226
2007	\$351,250	120	\$675,250	248
2006	\$380,000	87	\$724,900	223
2005	\$330,900	125	\$735,500	246
2004	\$384,085	90	\$685,000	301
2003	\$363,250	84	\$687,000	249
2002	\$296,000	68	\$ 585,000	283
2001	\$275,000	64	\$562,250	195
2000	\$275,000	67	\$489,450	231

## Rental Housing

According to the Census' American Community Survey (2006 – 2010), there are approximately 1,224 rental units in Winchester. Approximately 567 are studios/1 bedroom units, 307 are 2-bedroom units and 350 have 3 bedrooms or more.

The median gross rent reported by the American Community Survey is \$1,235 per month<sup>6</sup>. A breakdown of the number of units by rent and number of bedrooms is provided below.



	0 or 1 Bedroom		2 Bedrooms		≥3 Bedrooms		Total	
<\$500	181	32%	0	0%	0	0%	181	15%
\$500 -749	24	4%	15	5%	13	4%	52	4%
\$750 - \$999	160	28%	12	4%	35	10%	207	17%
\$1,000 +	202	36%	274	89%	249	71%	725	59%
No Cash Rent	0	0%	6	2%	53	15%	59	5%
Total Units	567	100%	307	100%	350	100%	1,224	100%

Our review of the market rents from the multiple listing services showed the following average rents for units in Winchester:

1 bedroom: \$1,023

2 bedrooms: \$1,980

3 bedrooms: \$2,336

The Section 8 “Fair Market Rents<sup>7</sup>” for the Boston-Cambridge-Quincy Area, which include utilities, is as follows:

1 bedroom: \$1,166

2 bedrooms: \$1,369

3 bedrooms: \$1,637

<sup>6</sup> American Community Survey (2008-2010)

<sup>7</sup> Annually, HUD determines “fair market rents” which become effective October 1st each year and are used to determine rent amounts under the Housing Choice Voucher program as well as other Section 8 programs.

## Affordability Analysis

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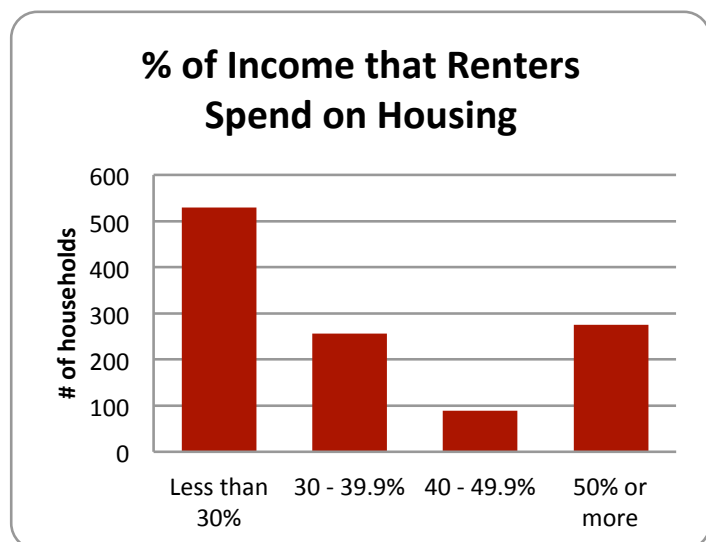
### Housing Affordability – Home Ownership

The typical standard for housing affordability is 30% of income. In other words, it is considered reasonable and “affordable” to pay housing costs equal to around 30% of a family’s income. For rental units, housing cost means rent and utilities. For homeownership units, housing cost includes: mortgage payment (principal & interest), real estate taxes and insurance (sometimes referred to as PITI).

The 2011 median sales price for a home in Winchester was \$680,000. To afford a home at this price, a household would need annual income of approximately \$153,000<sup>8</sup>. This is 26% higher than the estimated median household income in Winchester (\$121,572<sup>9</sup>). This means that the median income family in Winchester could not afford the median priced home. Further the Area Median Income (AMI) for the Boston-Cambridge-Quincy MSA is only \$91,600, 40% lower than would be required to afford the median priced home in Winchester. Many of the employees that work for the Town of Winchester do not have incomes sufficient to afford homes in the community.

### Housing Affordability – Rental<sup>10</sup>

More than half of the households that rent apartments in Winchester are paying more than 30% of their income for housing costs (approximately 620 households). 275 households are paying more than 50% of their income to cover their housing costs. About one-third of the cost-burdened households are elderly residents over 65 years of age.



<sup>8</sup> 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.

<sup>9</sup> American Community Survey (2006 - 2010)

<sup>10</sup> American Community Survey (2005 - 2009)



## Subsidized Housing Inventory

The Subsidized Housing Inventory is used to measure a community's stock of low and moderate income (LMI) housing for the purposes of M.G.L. Chapter 40B, the Comprehensive Permit Law.

The units that get counted as part of this “subsidized inventory” are typically one of four types:

- 1) Rental units that are funded with an on-going subsidy program which keeps the rent levels affordable to LMI individuals,
- 2) Rental units that were developed with tax credit financing and rents must be kept low for an extended affordability period in exchange for investors receiving Low Income Housing Tax Credits,
- 3) Homeownership units that were developed by a non profit housing developer using government grants, housing trust fund dollars, and/or charitable contributions, and offered at an affordable sales price to LMI buyers, (with resale restrictions), or
- 4) Homeownership units that were developed by private developers and offered for a reduced sales price to LMI buyers in exchange for being able to develop at a higher density than zoning would otherwise allow (with resale restrictions).

In Massachusetts, approximately 9% of the housing units statewide are subsidized – the State's goal for subsidized affordable housing units is 10%. Winchester ranks in the bottom 20% of Towns in Massachusetts with regard to affordable housing. In Winchester, only 1.9% of the housing units (147 units) are affordable subsidized units. The inventory of Winchester's affordable housing is presented in the following chart.

# of Units	Location	Tenure	Subsidy Type
2	Harvard Street	Ownership	Town sold by lottery
1	Washington Street	Ownership	Town sold by lottery
1	The Willows	Ownership	Town sold by lottery
62	John Doherty Apartments	Rental	State, elderly and disabled
50	Mary Murphy Apartments	Rental	Sates, elderly and disabled
3	Palmer Street	Rental	Sate, family
2	Cross Street	Rental	Sate, family
1	Cambridge Street	Rental	Sate, family
1	Lockeland Road	Rental	Sate, family
1	Alben Street	Rental	WHA owned
2	Main Street	Rental	WHA owned
12	Noonan & Glen	Rental	Section 8
9	Other	NA	NA

The subsidized housing is intended to be affordable to low-income households. HUD defines specific income guidelines for each MSA to establish eligibility for affordable housing. Households earning less than 80% of the Area Median Income (AMI) adjusted for household size are considered Low Income. The following chart shows the 2012 Income Limits based on the number of person per household.

2012 Low Limits								
	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	6 PERSON
Boston-Cambridge-Quincy MSA	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800

In Winchester, an estimated 1,419 households are low income. It is estimated that 62% of these low-income households are paying more than 30% of their income to cover housing costs. More information about the demand for affordable housing in Winchester can be found in the “Town Center Housing Demand” section of Part 2.

In addition to current Winchester residents, many employees that work in retail and restaurants in the Town Center fall below these income levels as well as some of the employees that work for the Town.

## Winchester Housing Authority

We spoke with Joe Lally, Executive Director of the Winchester Housing Authority (WHA). He indicated that the demand for affordable housing is high and remains constant. The wait for an elderly subsidized apartment is approximately 2 -3 years. WHA has approximately 120 units and the turnover rate is about 10% per year. The wait list time for family units is even greater, closer to 10 years. WHA controls only a small number of units and there has been no vacancy for 3 years. The Housing Voucher Program turns over at a rate of about 2 vouchers per year.

Mr. Lally believes that one of the most underserved needs in Winchester is for 2-bedroom affordable apartments. WHA has only a couple units of this type. When asked about the availability of market rate units for lower income residents, Lally said that there might be a few units in Town that would be within the reach of a moderate-income family but absolutely no units that would be accessible by someone dependent on social security. (SSI payments are typically \$800 per month. SS Disability payments could be higher, perhaps up to \$2,000 per month, depending on the number of employment years.

Mr. Lally believes that providing additional affordable housing units in the Town Center would be a good idea. He indicated the proximity to public transportation and location near services would be a real plus for elderly residents and/or individuals that might not be able to afford private vehicles.

## Housing in and Near the Town Center

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### Housing Characteristics in Town Center

There are approximately 207 units of housing located in the Town Center Study Area. Most of the units are configured in multi-unit structures; however, there are also 13 single-family homes in the area (mostly on Vine Street and Wedge Pond Road). There are 74 condominiums, 99 apartments, and 21 units in two or three family structures.

The median assessed value for a condominium in the Town Center is \$400,000.

Map Sub Area <sup>11</sup>	Street	Apartments	Condos	Single-Family	2 & 3 Family Units	Total
1	Church Street	24	1			25
2	Dix Street			3		3
3	Elmwood Avenue	27			6	33
4	Main Street	9	48			57
5	Thompson Street	4				4
6	Vine Street	23	10	5	7	45
7	Wedge Pond Road	2	2	4	6	14
8	Winchester Place	5	13	1	2	21
9	10 - 16 Mt. Vernon Street	5				5
	Total	99	74	13	21	207
		48%	36%	6%	10%	100%

### Town Center Homeownership Market

Our review of the market did not show any residential properties currently for sale within the Town Center study area.

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 complex on Vine Street. The median per square foot price was \$274.

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<sup>11</sup> See Downtown Housing Sub Area map for location

Recent Condo Sales	Bdrms	Baths	S.F.	Yr. Built	Price	Price/S.F.
26 Vine Street	4	1.5	2,332	1885	\$650,000	\$278
29 Vine Street #2	2	1	1,022	1980	\$276,000	\$270
29 Vine Street #5	2	1.5	1,338	1980	\$301,000	\$224
29 Vine Street #7	2	2	1,300	1980	\$264,000	\$203
10 Winchester Place #103	2	2	2,450	2002	\$680,000	\$278
666 Main Street #312	2	2	1,240	1982	\$440,000	\$355

The median price per square foot for the two multi-family properties that have recently sold was \$210.

Recent 2-Family Sales	Bdrms	Baths	S.F.	Yr. Built	Price	Price/S.F.
17-19 Winchester Place	6	2	2,100	1860	\$417,600	\$199
46 Dix Terrace	6	2	2,494	1900	\$550,000	\$221

## Town Center Rental Market

Our review of apartment listing services showed only four vacant apartments currently available for rent in the Town Center.

Apartment Listing	Bedrooms	Baths	Rent
2 Winchester Place	1	1	\$1,100
666 Main Street	2	2	\$1,800
Church Street	1	1	\$1,095
Main Street	2	1.5	\$1,650

The average rents for apartments currently available in Town Center are:

1 bedroom: \$1,100

2 bedrooms: \$1,725

## Housing Character in Town Center Sub Areas

The map below identifies the location of sub areas with the Town Center. The following photographs illustrate the character of the housing found in each of the sub areas. The photos are intended to be illustrative, not represent a comprehensive inventory

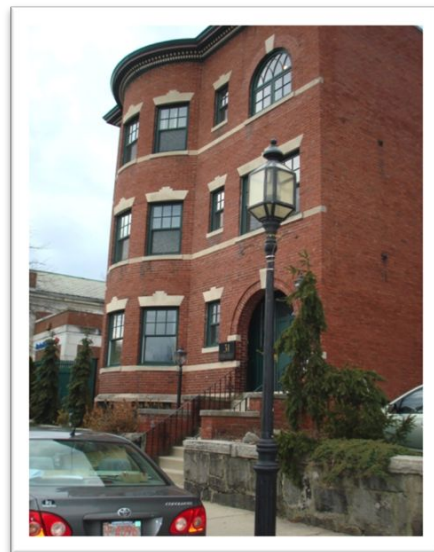
### WINCHESTER TOWN CENTER HOUSING SUB AREAS





**Photos Illustrative of Sub Areas (not intended as comprehensive inventory)**

**Map Area 1: Church Street**

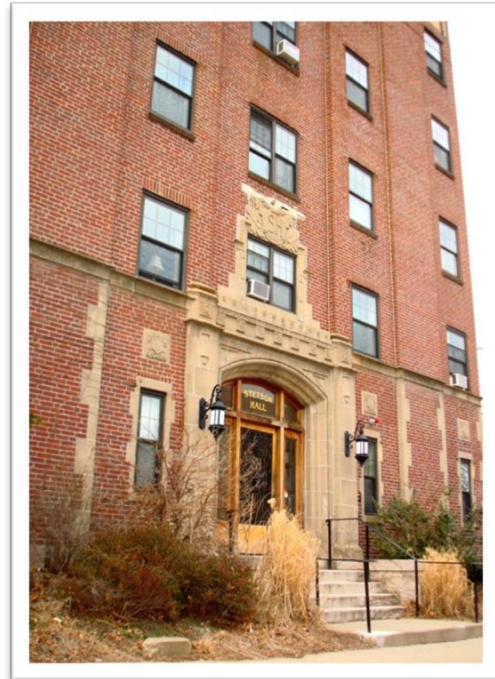


**Map Area 2: Dix Street**





Map Area 3: Elmwood Avenue



Map Area 4: Main Street



Map Area 5: Thompson Street



Map Area 6: Vine Street





Map Area 7: Wedge Pond Road



Map Area 8: Winchester Place



## Housing Near The Town Center

The Town Center area is surrounded by predominantly residential neighborhoods. The map on the following page illustrates the location of the areas described below.

**North and Northeast of Town Center** -- The areas to the North and Northeast of The Town Center are “buy-in” areas where homes are accessible at lower cost compared to other parts of Winchester. These areas have a high percentage of condos/town homes, along with multifamily structures and single-family dwellings. There are a couple of large condo/town home developments on Swanton Street including a large town home community (the Village), and a large multistory condo complex (Parkview). These areas also contain some apartments. The North Area appears to have the highest percentage of condos and the units tend to be a bit smaller and more moderately priced.

**Southeast and West/Southwest** -- The areas to the Southeast and West/Southwest of the Town Center contain mostly single-family homes along with some condominium units. There are many historic homes in these areas and the homes are typically larger. The median price per square is about 25% higher in these areas compared to the areas to the North and Northeast of the Town Center.

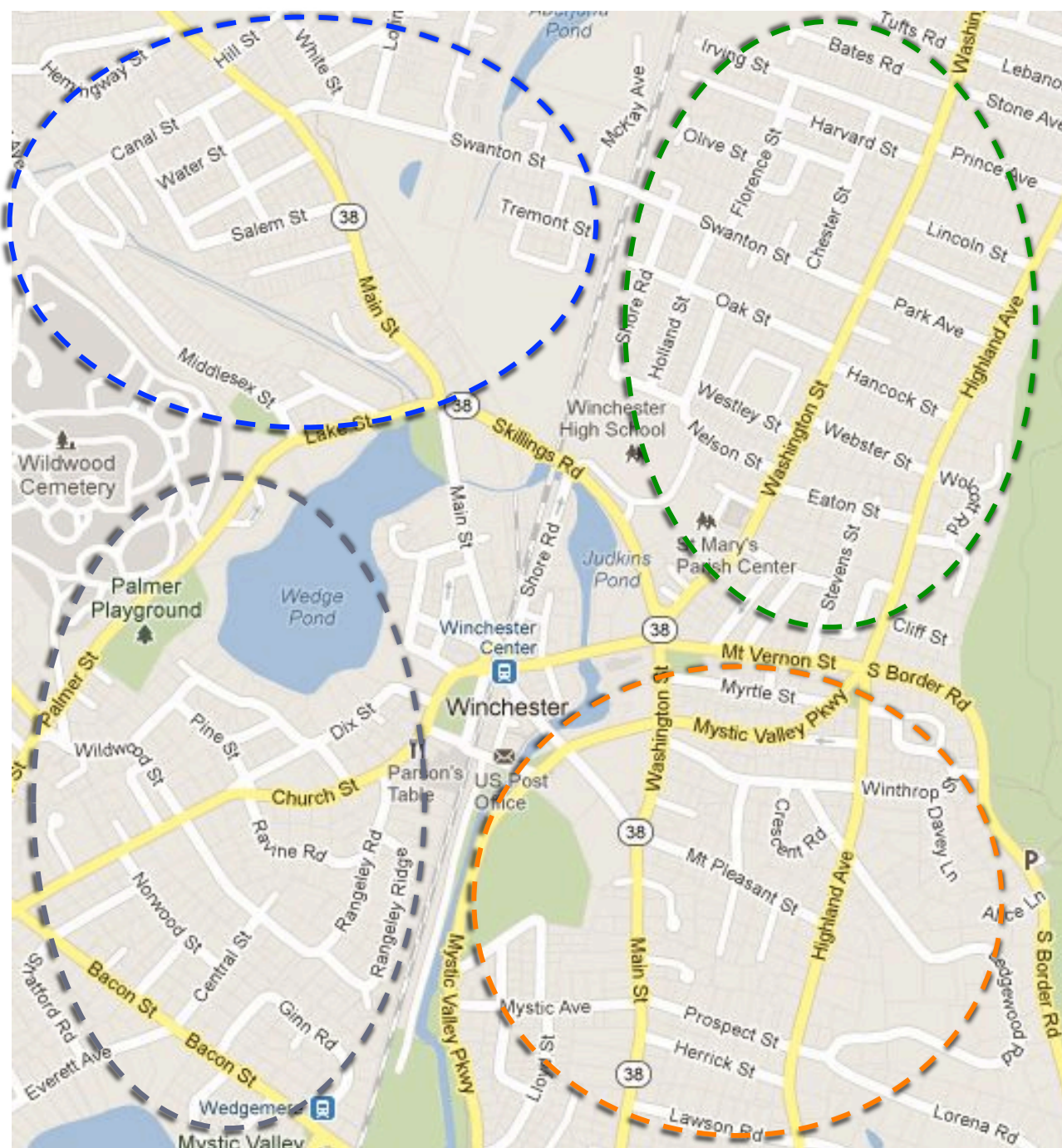
### Condos- For Sale/Recent Sales<sup>12</sup>

	Median Price/sf	Median Size
North	\$290	982
Northeast	\$252	1,236
Southeast	NA	NA
West/Southwest	\$341	1,702

### Single-Family - For Sale/Recent Sales

	Median Price/sf	Median Size
North	\$268	1,846
Northeast	\$263	1,895
Southeast	\$322	2,352
West/Southwest	\$338	3,117

<sup>12</sup> Based on review of recently sold units and units for sale Feb. 2011



#### HOUSING AREAS NEAR TOWN CENTER

- North
- Northeast
- Southeast
- West/Southwest

## Part 2

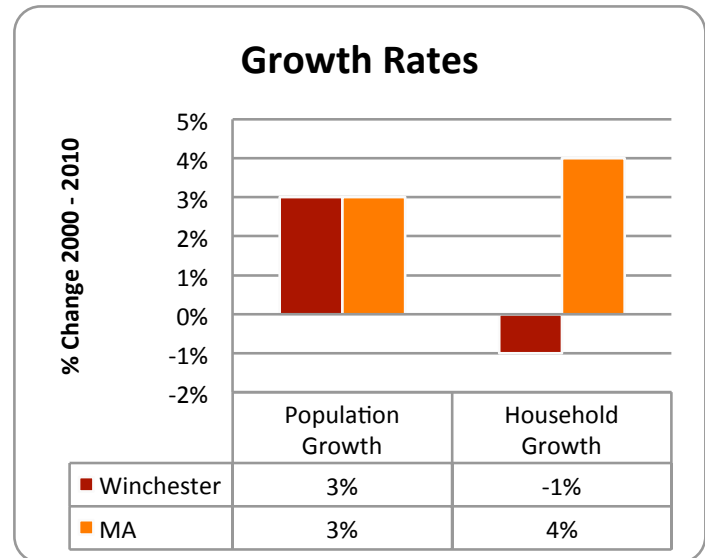
# Market Demand --- Analysis



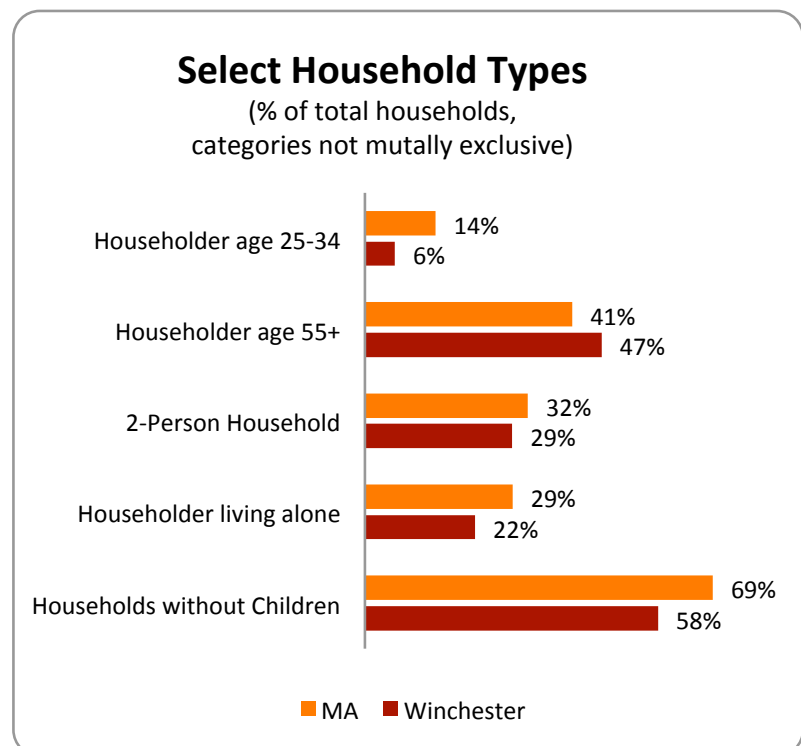
## Winchester Demographic Analysis

### Population and Household Trends

The 2010 Census showed that Winchester had a total of 21,375 residents, an increase of 3% over the 2000 population of 20,810. This represents the same growth rate as experienced in Massachusetts overall. However, the pattern of growth is quite different. In the State, the number of households grew by 4%, while in Winchester, the number of households actually decreased by 1%. In Massachusetts, as in most areas, average household size has decreased, however, in Winchester household size has increased.

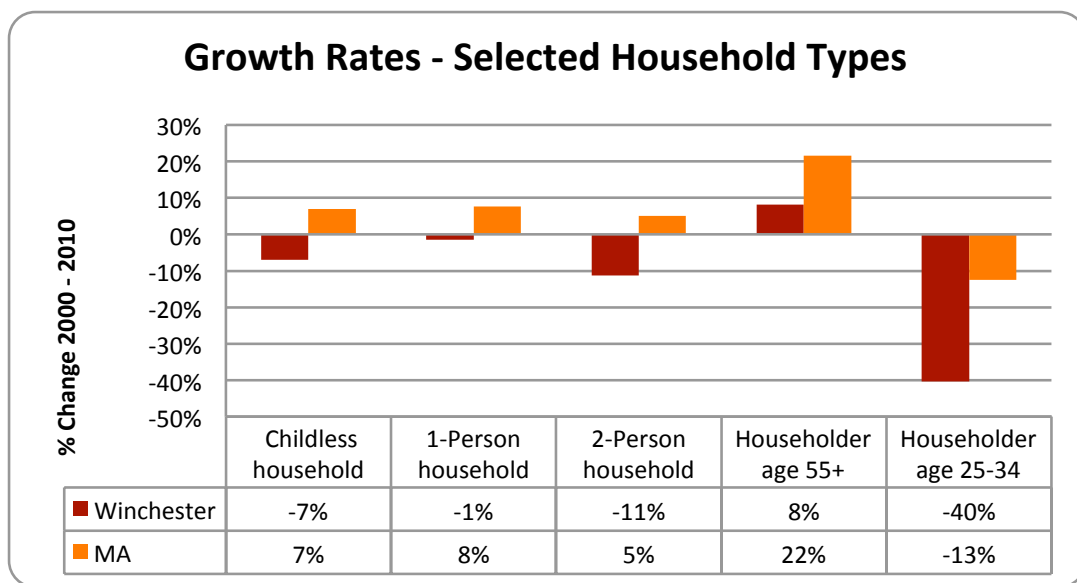


Typically, the types of households that are seen as natural target segments for Town Center housing include: childless households, 1 and 2 person households, seniors, and young professionals. Senior householders (age 55+) comprise almost one-half of Winchester's total households (47% compared to 41% statewide). The other typical Town Center household types are under-represented in Winchester compared to Massachusetts overall. This does not necessarily indicate there is no demand for this type of housing. Indeed, these types of households might be less present in Winchester due to a lack of suitable housing product being offered (e.g., housing units that younger residents and single residents can afford to buy or rent). Escalating purchase prices and rents, along with a lack of housing



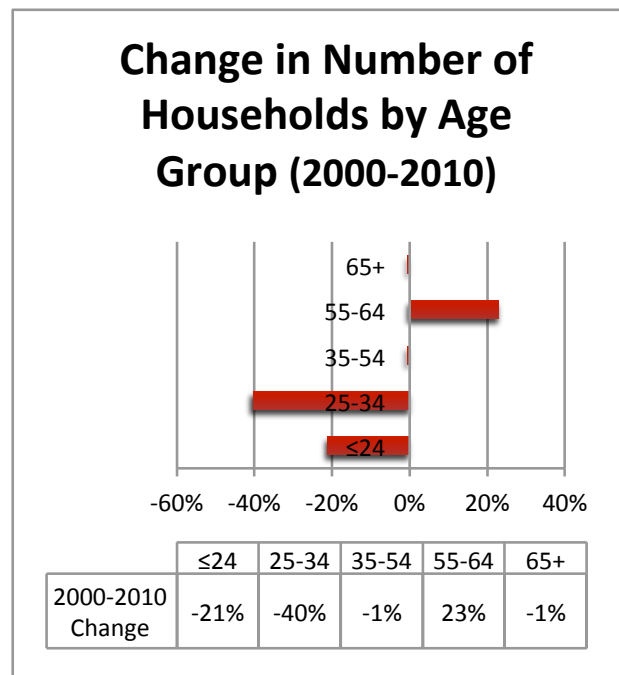
alternatives could be inhibiting young people that grew up in the Town from staying in the community. However, another reason could be that young people are looking for a different type of living environment that is more urban in nature during this life stage.

The following chart illustrates growth trends among the selected household types. The households headed by residents age 55 and up increased by 8% between 2000 and 2010. This was the only market segment typically targeted by Town Center housing that increased. The number of childless households and 1 and 2 person households in Winchester declined between 2000 and 2010, while the State experienced an increase over the same time period. The number of younger householders, age 24-35, declined in both Winchester and Massachusetts, however, the Town saw a much more dramatic decrease.



Winchester Trends	2000	2010	% Change
Population	20,810	21,375	3%
Total households	7,715	7,645	-1%
Average household size	2.65	2.75	4%
Selected household types			
Households without Children	4,884	4,550	-7%
Householder living alone	1,690	1,665	-1%
2-Person Household	2,515	2,231	-11%
Householder age 55+	3,311	3,583	8%
Householder age 25-34	761	454	-40%

The previous chart showed growth in the number of householders age 55 and above. Specifically, the growth has taken place in the age group 55 to 64. The number of householders in age group 65 and above has remained fairly constant. In 2000, there were 1,230 householders age 55 to 64; the number rose to 1,513 by 2010. This represents a 23% increase. The number of householders in all other age groups declined during the period from 2000 to 2010.



Winchester Householder Age Distribution: Homeowners				
Age group	2000		2010	
	#	% of total	#	% of total
≤24	3	0%	11	0%
25-34	408	7%	245	4%
35-54	2,981	48%	3,017	47%
55-64	1,110	18%	1,352	21%
65+	1,710	28%	1,732	27%
	6,212		6,357	

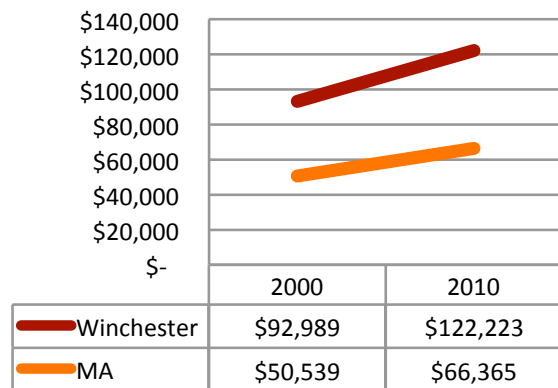
Winchester Householder Age Distribution: Renters				
Age group	2000		2010	
	#	% of total	#	% of total
≤24	49	3%	30	2%
25-34	353	23%	209	16%
35-54	610	41%	550	43%
55-64	120	8%	161	13%
65+	371	25%	338	26%
	1,503		1,288	

The population of Winchester has remained predominantly White (87%), however, the non-White population has increased over the last decade. The most significant change occurred among the Asian segment. The percentage of Asian residents in Winchester doubled between 2000 and 2010. There are close to 2,000 Asian residents living in Winchester comprising a little over 9% of the total population. This exceeds the percentage of Asian residents in Massachusetts (5%). 14% of Winchester residents are foreign-born, similar to the statewide statistic.

## Income

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). 42% of the households earn over \$150,000 per year, however, 16% of households earn less than \$35,000. 3% of the population has an income below the poverty level, compared to 11% in Massachusetts. In Winchester, the median household income increased by 31% between 2000 and 2010, compared to a 27% increase in Massachusetts.

## Median Household Income



Income and Benefits (2010 Inflation-Adjusted\$)	Winchester #	Winchester %	MA	Middlesex County
Under \$15,000	532	7%	13%	9%
\$15,000-24,999	355	5%	9%	7%
\$25,000-34,999	317	4%	8%	6%
\$35,000-49,999	432	6%	11%	10%
\$50,000-74,999	774	10%	17%	16%
\$75,000-99,999	759	10%	13%	14%
\$100,000-149,999	1,228	16%	16%	19%
\$150,000-199,000	1,181	15%	7%	9%
\$200,000 or More	2,081	27%	7%	10%
Median Household Income		\$122,238	\$64,072	\$77,322
Average Household Income		\$173,185	\$84,005	\$102,456
Per Capita Income		\$61,941	\$32,337	\$32,454

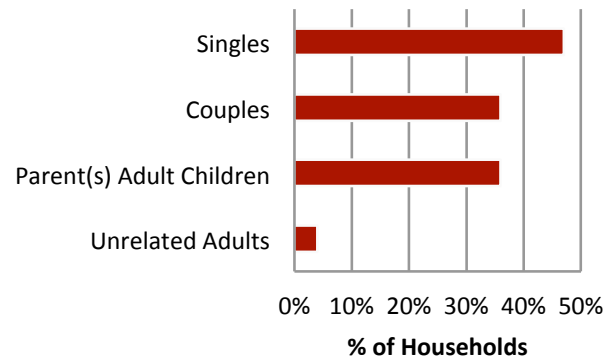
## Who Lives in the Town Center?<sup>13</sup>

We reviewed the Town Street Index Report provided by the Winchester Planning Department to get a sense for the residential composition of the Town Center. It should be noted that this data has limitations including the following: 1) it is based on a survey that all residents do not answer, 2) the report only contains information about individuals above the age of 20, and 3) there is no information about marital status so we had to make some assumptions based on ages, gender and names regarding couples versus singles.

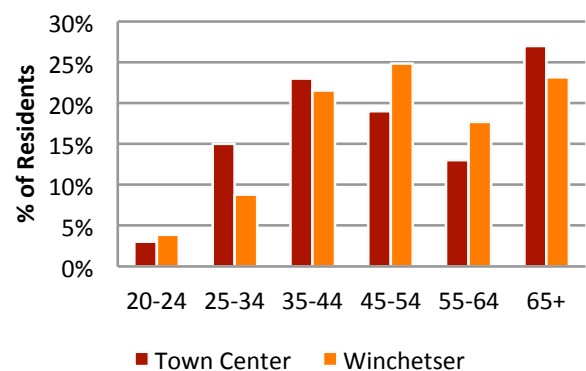
We could not determine how many children live in the Town Center, however, the Town Planner indicated that she thought there were very few. As for the adult population, we found that there is a mix of ages and household types living in the Town Center. Almost half of the households in the Town Center contain single adults and approximately 36% contain couples. We also found that about 13% of the households contain one or two parents and one or more adult children. In some cases, we saw a middle age parent (s) with young adult children and in other cases, we found a middle aged child and an elderly parent. About 4% of the households contained unrelated adult roommates.

Town Center residents are spread among several age groups perhaps indicating that residents of all ages enjoy living in the Town Center. When compared to Winchester population overall, it appears that two groups show a particular preference for Town Center -- the 65 and above age group and the 24 - 34 year old age group.

### Town Center Residents: Household Type



### Town Center Residents: Age



<sup>13</sup> Town of Winchester Street Index Report 2009

# Regional Economic Context, Housing Market & Migration

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## Regional Economic Context and Trends

Winchester is located about 8 miles north of Boston within Middlesex County. The towns of Lexington, Woburn, Stoneham, Medford, and Arlington border it. Winchester is part of the Boston metropolitan area that consists of over 100 cities and towns within a radius of approximately 30 miles around Boston. The housing market in Winchester is impacted by the economic conditions in the region, most specifically the Boston Metropolitan area, but also by the Massachusetts and New England economy as well.

### National Overview

The national economy saw slow and steady growth throughout 2011 as employers continued to add jobs consistently through the year. By January of 2012 unemployment rate had dropped to 8.3% nationally, the lowest rate of the last 34 months. However, despite the positive indicators, there is concern nationally and in New England, as uncertainty lingers in the global and national economy. According to the 2012 CBRE/Market Outlook, these insecurities are driven by the European debt crisis, a sluggish housing market recovery, fiscal and political stress on all levels of government and mixed reports on consumer confidence<sup>14</sup>.

### Massachusetts and New England

The Massachusetts recession was shorter and milder than the U.S recession due to an industrial mix more reliant on technology and business spending and less on housing and consumer spending. In January 2012 the State's unemployment rate dropped to 6.8% well below the national average and the lowest monthly rate since December of 2008.<sup>15</sup>

The New England Economic Partnership (NEEP)<sup>16</sup> forecasts that Massachusetts will continue to slowly add jobs through 2012 and gain momentum in 2013. Some experts predict that New England will reach the pre-recession employment levels in early 2015.

"It's not a bright outlook, but the economy is improving," said, the Northeastern University professor who prepares the NEEP forecasts. "This is an economy that, like the nation's, is still recovering and will be for a couple years."<sup>17</sup>

According to a May 2011 NEEP report, the economy still has significant weaknesses. Massachusetts lost nearly 143,000 jobs in the recession, which ended in 2009, and has recovered only one-third since then. The

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<sup>14</sup> 2012 Market Outlook New England, CBRE, Suzanne Duca

<sup>15</sup> Massachusetts Executive Office of Labor and Workforce Development

<sup>16</sup> New England Economic Partnership, [www.neepecon.org](http://www.neepecon.org)

<sup>17</sup> Boston Globe, Megan Woolhouse, May 19, 2011



state's residential housing market remains depressed with stagnant prices. Between the third quarter of 2005 and the first quarter of 2009, prices fell 25 percent, and since then have gained back only one-third of their value. On the bright side, personal incomes are expected to improve 6.0 percent in 2012, reflecting improving conditions in the labor market and increased employment.

In the next few years, jobs in construction, transportation, financial activities, and manufacturing are expected to decline. On the other hand, job growth is predicted for the education and health services sectors, which continued to add jobs throughout the recession. Leisure and hospitality, government, and professional jobs, will constitute a greater share of the state's jobs.

In their 2012 Market Outlook, CBRE points out that the region's long term economic picture will be impacted by the aging population and resulting impact on the workforce. Growth in New England is significantly slower than the rest of the US; population in New England increased by only 3.8% from 2000 to 2010 while the U.S. population grew 9.7%. The change in the core worker age population is especially concerning; the number of people ages 25 to 44 declined 13% in the region compared to 3% nationally. The region ranks among the highest in the country for percentage of adults with college degrees contributing to its high economic growth and productivity, however, if the core worker age population continues to decline, this could significantly hinder the development of the region's economy.

### **Boston Metro Area**

The Boston-Cambridge-Quincy metropolitan area is recovering with job growth above the national average and outpacing other metropolitan areas like San Francisco, which has similar demographics<sup>18</sup>. Boston benefits from a concentration of high-skill, well paying jobs in the finance and technology sectors with industries like biotechnology and an enduring foundation of medical and educational institutions. However, growth may be tempered by factors such as high business and living costs along with weak demographics as discussed in the previous section pertaining to New England overall.

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<sup>18</sup> New York Times, Feb. 22, 2011, Susan Diesenhouse, "As Boston's Economy Grows, Demand for Rental Units outpace Condo Market"  
[www.FinePointAssociates.com](http://www.FinePointAssociates.com)

## Boston Metro Area Housing Market

The following highlights are from the U.S. Housing Market Conditions Report for 3<sup>rd</sup> Qtr. 2011, published by the Department of Housing and Urban Development.

### Single Family Homes

Despite continued falling interest rates and a moderately strengthening economy, the number of home sales in the metropolitan area has decreased compared with sales in 2010, resulting in a soft market.

According to the Massachusetts Association of REALTORS<sup>®</sup> (MAR), for the year-to-date period ending August 2011, the number of existing single-family home sales was down 6 percent to 14,530 homes compared with the number sold during the 8 months ending August 2010 for the metropolitan area. The median home sales price was \$360,100, down 1 percent from the \$364,000 median price during the 8-month period a year earlier. The number of days on the market increased by 15 percent, from 89 days to 102 days, and the home sales price, as a percentage of the listing price, declined from 94 to 92 percent. The median sales price for Middlesex County was \$405,000.

### Condos

During the 8 months ending August 2011, condominium sales represented about 36 percent of the total number of existing home sales in the metropolitan area. Condominium sales declined 1 percent to 8,030 units; however, the median sales price increased by 3 percent to \$308,400 compared with the same 8 months in 2010. In Middlesex County, the number of condominium sales was down 10 percent while the median price was up 4% to \$315,000.

### Development of New Units

**Single family** -- The decreased number of home sales has recently impacted the level of single-family building activity in the Boston- Cambridge-Quincy metropolitan area. Based on preliminary data, during the 12 months ending August 2011, the construction of single-family homes, as measured by the number of building permits issued, decreased by 10 percent, to 3,360 homes, relative to the number of homes permitted during the previous 12 months, but building activity was up 19 percent from the 2,820 homes permitted during the 12 months ending August 2009.

**Multi-family** --Based on preliminary data, during the 12 months ending August 2011, multifamily building activity, as measured by the number of units permitted, decreased by 11 percent, to 2,225 units, from the 2,475 units permitted in the previous 12-month period. During the peak years of construction (2004 through 2006), the number of permits for single-family homes averaged 7,550 and for multifamily units averaged 8,025.

**Apartments** -- After several years of limited new additions to the rental housing market, increasing rates of occupancy, and upward pressure on rents, the construction of several new rental projects is under way in the Boston-Cambridge- Quincy metropolitan area. In general, rental market conditions are tight; according to MPF Research, for the third quarter of 2011, the apartment vacancy rate was 3.1 percent (the lowest level of vacancy since the mid-2000s), down from 3.5 percent a year earlier. During the third quarter of 2011, the

average effective rent was \$1,606, up more than 3 percent from the previous quarter and up nearly 6 percent from the previous year

Recently, Boston has experienced an uptick in the development of multifamily rental units. In 2011, several large projects originally slated for condos were re-planned as apartments; the Boston Redevelopment Authority (BRA) estimates that the development of 21 buildings with a total of 1,855 apartments commenced in 2011. According to a New York Times Article<sup>19</sup>, “a combination of economics and demographics is behind the surge in rentals”. The article states that the pool of probable renters is being fed by people whose houses were foreclosed, have lost a job or taken a new one at a lower salary, or fear residential values will remain flat or fall. Aging baby boomers, fed up with shoveling snow and other maintenance, are prime targets for rentals. Boston also has a pool of 94,000 graduate students who rent. And apparently, the renter market is not only comprised of those that can’t afford to buy. William McLaughlin, an executive vice president with Avalon Bay said, “Across our portfolio most new residents could afford a mortgage but at this time have decided to rent.”

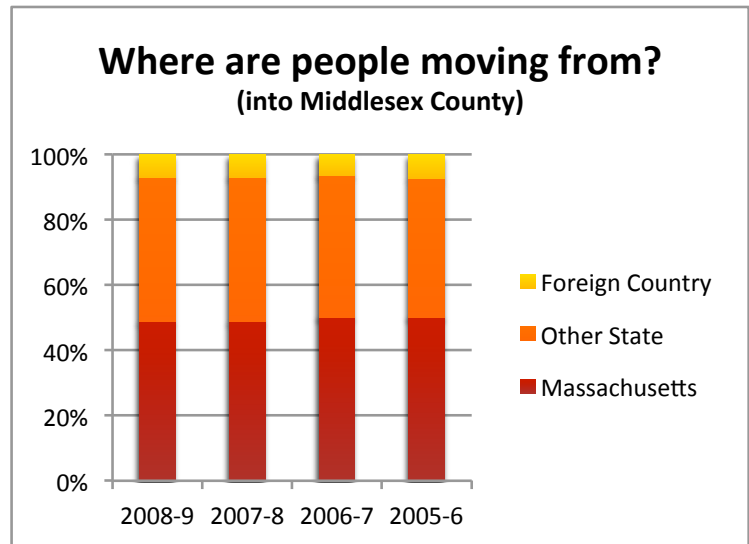
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<sup>19</sup> New York Times, Feb. 22, 2011, Susan Diesenhouse, “As Boston’s Economy Grows, Demand for Rental Units outpace Condo Market”

## Migration Patterns

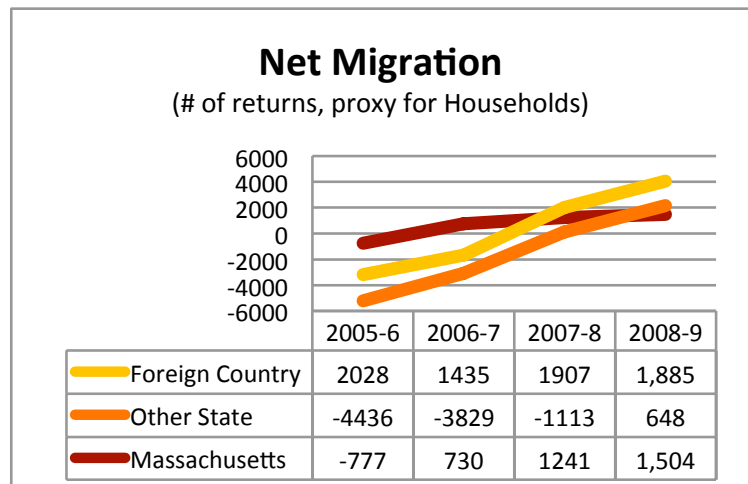
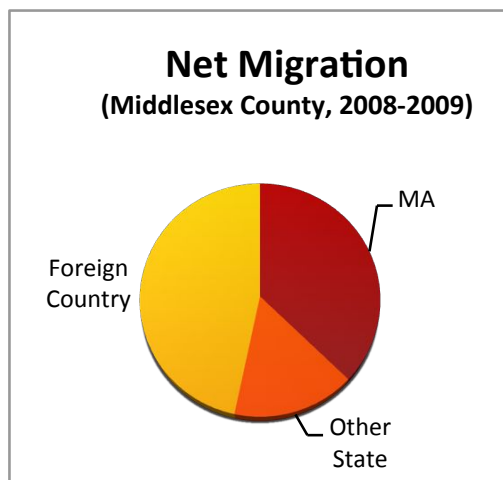
According to IRS tax return data, an average of around 61,000 people (42,000 households) moved into Middlesex County each year between 2005 and 2009.

During this period, approximately one-half of the residents that moved into the County came from other counties in Massachusetts; 43% came from other states and about 7% came from a foreign country. The migrants moving into the County appear to have smaller household sizes than existing residents.



Of those migrating in from other Massachusetts counties, the largest portion came from Suffolk County. During 2008–2009, 44% of the migrants came from Suffolk County, about 14-18% came from each of three other counties including: Norfolk, Essex and Worcester. The remaining 11% came from a mix of counties.

Net migration, the balance of inflow residents minus outflow residents (people that move out of the County) was negative during 2005-2006 and 2006-2007 and then positive during 2007-2008 and 2008-2009. In 2008–2009, net migration totaled approximately 4,000 households; almost one-half of the householders were foreign born, 37% were from Massachusetts and the rest from out of State.



# Housing Needs Analysis for Winchester

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## Estimation of Housing Need

We can approximate the number of additional housing units that will be needed in an area, assuming the current growth rate, by using a simple model as illustrated in the following table. If we assume that the population in Winchester will increase by the same rate it increased between 2000 and 2010, then we can assume the population will grow to about 21,995 by 2020. After subtracting the population living within group quarters, we are left with a household population of 21,624. We can divide the projected household population by the current average household size of 2.75 to get a total projection of 7,863 households in 2020. (See note at the end of this section regarding household size.)

If we account for a vacancy rate of 4%, that means we need 8,178 units to accommodate the projected population growth. 4% seems to be a reasonable rate to use for three reasons. First, 3% is considered the minimum needed for a healthy market that supports choice. Second, 158 of the housing units in Winchester are not really available; they are categorized as seasonal/occasional use/ units and “other vacant”. And third, the current vacancy rate is about 4%.

We are assuming that there will not be any units beyond repair by 2020 so we have not reduced the number of available units. Therefore, we subtract the number of available units from the number of units needed and we get the projected number of additional housing units needed – 192 units. This is the number of new units that would be needed to accommodate 10 years of growth at the current growth rate.

*Note: In this projection, we are using the household size reported in the 2010 Census; this makes for a conservative estimate for the number of households. The average household size may start to decline in Winchester, given the aging demographics and the declining trend in the County and the State. If household size starts to come down, the same population growth rate would result in additional households and the need for additional housing units would increase accordingly. For example, in the model, if we reduce household size just slightly from 2.75 to 2.74, this would result in the need for 221 additional housing units as opposed to 192 units.*

We have completed the same process for a 5-Mile Radius around Winchester Town Center. An additional 3,337 units would be needed over the 10-year period from 2010 to 2020 to accommodate growth at the current rate.

Projected Housing Unit Need (based on Projected Growth)	2010 - 2015		2010 - 2020	
	Winchester	5-Mile Ring	Winchester	5-Mile Ring
Projected Population	21,665	413,004	21,955	418,304
(-) # Persons in Group Qtrs.	327	8,830	332	8,944
(=) Household Population	21,338	404,174	21,624	409,361
(÷) Average Household Size	2.75	2.40	2.75	2.40
(=) Projected Households	7,759	168,406	7,863	170,567
(×) 1 + Vacancy Rate	1.04	1.04	1.04	1.04
(=) Proj. # Housing Units Needed	8,070	175,142	8,178	177,390
Projected Community Housing Available (Supply)				
Existing Housing Units (2010)	7,986	174,053	7,986	174,053
(-) Proj. # Units Beyond Repair	-	-	-	-
(=) Proj. # Housing Units Available	7,986	174,053	7,986	174,053
Demand for Additional Community Housing Units				
Proj. # Housing Units Needed	8,070	175,142	8,178	177,390
(-) Proj. # Housing Units Available	7,986	174,053	7,986	174,053
(=) Proj. # Additional Units Needed	84	1,089	192	3,337



## Town Center Housing Demand and Market Segments

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### Perspectives on Demand and Town Center Housing

As of February 20, 2012 there were 24 condos in Winchester on the market and 49 single-family homes. Local Realtors were interviewed to get their perspectives on the housing market and the potential for additional housing development in the Town Center. The consensus among the Realtors seemed to be that there is some amount of pent-up demand. The availability of low mortgage rates (3.25%, 15 year fixed) has encouraged many buyers into the market. The Realtors indicated that there were lots of potential buyers but a fairly low inventory. They went on further to say that the product that buyers were looking for is often not always available in Winchester. Two Realtors made a specific point to tell us the majority of the buyers they see these days want homes in excellent condition – “they are not looking to do any renovation or repair”.

According to the real estate professionals we interviewed, about 50% of the potential homebuyers seeking homes in the Town come from within Winchester. Another 30 -35% come from Boston (especially the neighborhoods of Charlestown, Back Bay and Beacon Hill), Cambridge and Somerville. And about 10-15% come from out of state. In general people moving into Winchester have a good income and are looking for a nice community with an excellent school system. A typical homebuyer would be a couple living in Charlestown with a child about to reach school age.

The Realtors reacted positively to the idea of additional housing units in the Town Center and thought that there would be adequate demand. One Realtor said that almost all of the potential housing customers she talks to expresses an interest in being close to the town center and puts an especially high value on being able to walk to the Town Center. She joked that “whether they actually do ever walk to the Stop & Shop or other town center stores and restaurants seems to be another matter” but nevertheless the homebuyers appear to value the concept of being within walkable distance, even if they do not take advantage of it. The Realtors also indicated that access to the train station would be a big attraction to potential buyers.

The Realtors we interviewed believed that 1-3 bedroom condos would be marketable in the Town Center if they were well priced in the \$450,000 to \$650,000 range. One Realtor said that the condos at 666 Main Street are very popular and the larger and more upscale luxury units at Winchester Place have also done well. One Realtor mentioned that there is a luxury condo development located near the Woburn line, “The Ledges”, with pricing of \$700,000 to over \$1 million but she said that there she has found a lot of resistance in the marketplace for condos around the \$700,000 level and above.

## Evaluation of Target Market Segments for Town Center Housing

Given the potential sites and development pattern in Winchester Town Center, the type of housing that would be most suitable would likely take the form of condominiums or apartments in multi-unit buildings. If the right site were available, perhaps townhomes could also be considered in some areas outside of the commercial core. Generally singles, young childless couples and older empty nesters looking for low maintenance housing alternatives will create most of the Town Center residential demand. Typically this type of housing situation in a downtown/village center is less appealing to families with children due to smaller unit sizes, lack of outdoor play area and higher vehicle congestion. That being said, if units were accessible in price, some families would trade off unit size and lack of a yard in order to be able to afford housing in a Town with an excellent school system.

The following provides an evaluation of the potential market segments for new multi-unit housing in Winchester Town Center.

***Empty Nesters and Retirees*** (age 55 and older) -- Recent trends indicate that baby boomers are trading in their four bedroom homes in search of smaller more maintenance-free living units. In many instances, they are moving to one of two locations – a resort community or a small vibrant downtown. And, households that have significant resources may be looking for a home in both of these locales. These households often desire to walk to commercial and civic activities and are more willing to eliminate one of their cars.

*Empty nesters and retirees comprise the largest, fastest growing, market segment with the most potential for housing in Winchester Town Center. This includes households with working adults whose grown children have left the family home and retirees with incomes from pensions, savings and investments. For this group, a primary factor in considering a new home is the perceived ease and convenience of apartment/condo living without the yard work and maintenance of a single family detached home.*

*Almost one-half (47%) of the householders in Winchester are age 55 and above. 20% of the householders are between the ages of age 55 and 64. Between 2000 and 2010, the number of householders in this age group (55 to 64) increased by 23% while the number of householders in all other categories declined or stayed the same.*

*This segment primarily includes existing Winchester residents that raised their children in the Town and now would like to downsize but remain in the community. This segment also may include former Winchester residents that moved to surrounding communities and would like to come back to Town for their empty nest years.*

*Some portion of this empty nester population may have 1 or more homes in other locations (such as Florida or Cape Cod), but may want to maintain a residence in Winchester.*

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**Younger Couples and Singles (age 25–34)** -- Another market segment that is often seen as a potential target for Town Center housing is young singles and couples, mostly in the “pre-nest stage of their life’.

*There may be some moderate demand from this segment. The higher representation of this age group in the Town Center compared to Winchester overall provides evidence that this segment has a preference for a Town Center location. In addition, the access to the train could be appealing to people that work in Boston or Cambridge and the Town Center have a nice ambience and offers many shops and restaurant options.*

*However, this segment is small, comprising only 6% of the households in Winchester and this segment has decreased significantly since 2000. (This segment comprises 14% of the households in Massachusetts.)”. There is some uncertainty regarding the demand. It could be possible that the lack of affordable suitable housing alternatives for this age group is why the market segment is so small.*

*The real estate professionals we spoke with indicated that they thought the demand from this segment for housing in the Town Center would be small, given the typical preferences of this segment and the other options in the marketplace. People that are young and childless are often looking for a different type of living environment. This segment likes to locate near “like” individuals so they may be more attracted to urban neighborhoods or developments with larger clusters of households in the same age group and life stage. And then, as they have children, they tend to move toward more suburban environments, but would likely be more interested in a “near-Town Center” neighborhood at that point rather than a location right in the Town Center.*

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**Live/Work Self-Employed, Entrepreneurs** -- Another type of housing that can be marketable in downtowns is live/work space. This type of housing and employment arrangement could be very appealing to certain kinds of self-employed professionals or individuals that are employed by a company but work from a home office (which is becoming more common).

*Winchester does have an above-average percentage of self-employment. The 2008-2010 American Community Survey counted 755 self-employed individuals in the Town – comprising 8% of the workforce compared to the national average of 6%. However, this does not appear to be a growing segment. The amount of self-employed individuals has*

*decreased almost 24% since 2000 (The 2000 Census counted 990 self employed individuals, representing 9.7% of the labor force.)*

*Although this is not a large or growing market segment, it might be worth keeping in mind. Access to the town center and the train, along with the energy that comes from being around other businesses/entrepreneurs could be enticing to this market segment. It would not necessarily require a specialized housing design to attract this segment, as it is likely that entrepreneurs and home-based workers would only require an additional room to serve as an office. This could be a subset of the age 55 and above market segment as professionals move to a semi-retired type of life stage with income from a self-employment /consulting venture. As Winchester proceeds with refinement of zoning ordinances, the town may want to consider making this type of use allowable in The Town Center.*

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**Low and Moderate Income Households** – *Low income renters and homebuyers would find Town Center housing desirable if a product could be offered within their economic reach. If development subsidies, zoning incentives or other methods could be used to encourage the development of affordable housing, the Town Center location offers particular advantages to low and moderate-income households. A “walkable” neighborhood with public transit can significantly reduce transportation costs. Close proximity to the Stop & Shop supermarket and other necessities, as well as the train, could allow a household to manage without a private vehicle or at least with less vehicles per family. According to a recent study conducted by the Urban Land Institute<sup>20</sup>, the typical household in the Boston area spends \$12,000 per year on transportation. Reducing the cost of transportation can have a major impact on the family budget, and can even allow a family to pay a higher price for housing in an area with good public transit.*

*Approximately 18% of households in Winchester are low income, meaning that they earn less than 80% of the Area Median Income (AMI) and would qualify for subsidized housing. In addition to current Winchester residents, many people that work in Winchester but do not live there have income below 80% AMI. In addition, there is need for housing that is affordable to moderate income households earning between 80% and 120% of area median including many employees that work in the Town Center shops and restaurants as well as some of the employees that work for the Town.*

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**Special Needs Housing** – *Persons with physical and mental challenges often do not drive. Being able to walk to shopping and employment opportunities as well as access to public transit would make the Town Center a desirable housing location for individuals with special needs. Housing for persons of all*

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<sup>20</sup> “The Boston Regional Challenge: Examining the Costs and Impacts of Housing and Transportation” Urban Land Institute  
[www.FinePointAssociates.com](http://www.FinePointAssociates.com)

*ages with physical and mental disabilities is a focus of increasing attention in Winchester, according to John Suhrbier, Chairman of the Winchester Housing Partnership. As the Town moves forward with planning for the Town Center, provisions should be considered for how handicapped accessible housing can be accommodated.*

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## Housing Demand from Potential Town Center Market Segments

Based on the assessment presented in the previous section, we believe that the market segments that show the most potential for Town Center housing are:

1. Empty Nesters and retirees (age 55+)
2. Low and Moderate Income households

There also appears to be some potential for other segments (special needs housing, younger couples and singles and live-work units), however, the volume of demand is not as large.

**Demand for Owner Units and Apartments** -- In the following table, we have projected the need for additional homeowner and renter units based upon current rate of population growth. Assuming a consistent home ownership pattern, we have projected demand for 159 homeowner units and 33 apartments during the period from 2010 to 2020.

Much of the demand for new housing units in Winchester is expected to come from the market segment identified as the primary target for Town Center housing -- Empty Nester & Retiree Households. As previously noted, this is the only householder age group that showed growth in the last decade. The chart below provides a conservative estimate for the demand for new units for householders age 55+ based on current composition of householders by age in Winchester. In other words, if we assume that the percentage of householders age 55+ will stay constant, then we can anticipate that there would be demand for an additional 77 units of home ownership housing and 13 apartments created by households age 55 and above during 2010 to 2020.

The Town Center area appears well positioned to capture a significant portion of this demand if the appropriate housing product were available. If we assume that Town Center could capture 50% of this demand, we could expect the potential demand for 39 new homeownership units and 7 apartments generated by households age 55 and above (between 2010 and 2020).

Winchester Town Center may be able to capture a small portion of the demand for other units (besides householders age 55+). If we assume that The Town Center could capture 10% of the other owner units and 30% of the other rental units, we could estimate demand for an additional 8 homeownership units and 6 apartments.



Housing Demand in Potential Town Center Market Segments	2010 - 2015	2010 - 2020
<b>Demand for New Home Owner Units</b>		
Projected Number of Additional Units (based on HH growth)	84	192
(X) Percent of HHs that want to Own	0.83	0.83
(=) # Owner Households	69	159
<b>Target DT Housing Market Segment Owner Households</b>		
Empty Nester & Retiree Owner Households (age 55+)	34	77
% of Demand Capturable in Town Center (assumption)	50%	50%
Potential Demand for Town Center Units (age 55+)	17	39
<b>Other Owner Households</b>		
Other Owner Households	35	82
% of Demand Capturable in Town Center (assumption)	10%	10%
Potential Demand for Town Center Units (from other category)	4	8
<b>Demand for New Renter Units</b>		
Projected Number of Additional Units (based on HH growth)	84	192
(X) Percent of HHs that want to Rent	0.17	0.17
(=) # of Renter Units	14	33
<b>Target DT Housing Market Segment Renter Households</b>		
Empty Nester & Retiree Renter Households (age 55+)	6	13
% of Demand Capturable in Town Center (assumption)	50 - 75%	50 - 75%
Potential Demand for Town Center Units (age 55+)	3 - 5	7 - 10
<b>Other Renter Households</b>		
Other Renter Households	8	20
% of Demand Capturable in Town Center (assumption)	30%	30%
Potential Demand for Town Center Units (from other category)	2	6

**Demand for Affordable Housing** – There is plenty of need for affordable housing. The number of feasible units is not dependent on a demand for the units but instead on the ability to provide these units at a subsidized rate. There are several ways to encourage the development of affordable housing ranging from public financing and tax credits to reduce the cost of development to negotiating higher density developments that compensate developers for providing affordable units by maximizing their profit on the development. Part 3 of this report include some information on strategies and financing sources.

Approximately 1,419 households in Winchester are considered low income, based on HUD guidelines (80% of Area Median Income adjusted for family size). If the same percentage of the new household growth projected for 2010 to 2020 is low income, this will result in an additional 35 low-income households.

The low-income households constitute approximately 18% of all households in Winchester; however, the percentage of Winchester's housing stock that is economically affordable to low income residents is considerably lower. Affordability is typically measured by housing costs that are 30% or less of household income. An estimated 62% of low-income residents in Winchester are "cost-burdened", meaning that they are paying more than 30% of their income on housing. Approximately 38% are considered "severely cost-burdened" meaning that they are paying more than 50% of their income on housing. The rate of "cost-burdened" households is about 7% higher in Winchester than in Middlesex County.

Currently, Winchester has only 147 subsidized housing units, representing 1.9% of total housing units. An inventory of these units can be found in the "Affordability Analysis" section of Part 1 of this Report. Under Massachusetts General Law Chapter 40B, towns are encouraged to ensure that 10% of their housing units are affordable to households earning less than 80% of AMI. There is certainly unmet demand for affordable housing in Winchester that could be captured if additional subsidized units could be developed. As mentioned earlier, the Town Center location offers some particular advantages for low-income households and could be an appropriate location for additional affordable units.

John Suhrbier, Chairman of the Winchester Housing Partnership, indicated that there is also a need, and potential opportunity, in the Town Center, for what is often referred to as work force housing -- housing that is affordable to households earning between 80% and up to 100 to 120% of the area median income. Winchester's recent affordable housing initiatives have included focus on this segment. Winchester First Time Home Buyer (FTHB) examples are located on Cross, Harvard, and Washington Streets. The eight FTHB units developed by the non-profit Winchester Housing Corporation have an income limit equal to 100% of the area median, with two of these units located in close proximity to the Town Center. While not yet eligible to be included in a town's 40B housing inventory, these housing units nonetheless provide valuable expanded housing opportunities to a segment of the population that may not be otherwise served.

## Unit Pricing and Features

Winchester Town Center housing stock is fairly diverse in unit type compared to the rest of the Town of Winchester. We support the idea of providing a variety of types and price points to offer housing choices for residents.

The table below provides information about several condominium properties in Winchester that cater to the empty nester/retiree market segment. The first two properties are in the Town Center. 83 Church Street is very close to Town Center. Graystone Circle is a brand new development that appears to be selling well with the older empty nester segment. This information was gathered from what was available on multiple listing services.

	Type	Bdrms	Baths	Typical/ Median S.F.	Typical Price/S.F.	Price Range
666 Main Street Condos	Condo	2	2	1,170	\$298	\$300,000 – 450,000
10 Winchester Place	Luxury Condo	2	2	2,180	\$290	\$580,000 – 660,000
83 Church Street	Luxury Condo	2	2	1,500	\$350	\$350,000 – 650,000
Graystone Circle	Luxury Townhome	2	2+	2,555	\$350	\$500,000 – 900,000

The Realtors we interviewed said that the units at 666 Main Street sell very well. However, we were also told that households downsizing from their family home are typically looking for units that are larger. The units at 83 Church Street are a bit larger and probably more in line with what many customers are looking for. Many of the residents at 83 Church Street spend part of the year in other locations such as Florida or Cape Cod so the characteristics of these units appear to be satisfying that market segment. We were told that the Graystone units are selling well but these are quite a bit larger. Graystone is a town home development and it is more likely that condominiums would be developed in the Town Center, although townhomes would not be out of the question at the right location. The units at 10 Winchester Place are probably in between Graystone and 83 Church Street with regard to size.

Given what we heard from Realtors and saw on the market, the following appears to be a reasonable unit size and achievable price range estimate:

1 bedroom 750 – 1,000 s.f.

1 bedroom and den 1,000 – 1,400 s.f.

2 Bedroom 1,200 – 1,800 s.f.

Sales Price Range: \$270 – \$340 per sq. ft.

Realtors we interviewed said that the following features were particularly important to the target market segment:

1) new construction, 2) covered parking, 3) all unit on level (or at least first floor master bedroom), 4) walking distance to the Town Center and 5) outdoor space (patio, balcony).

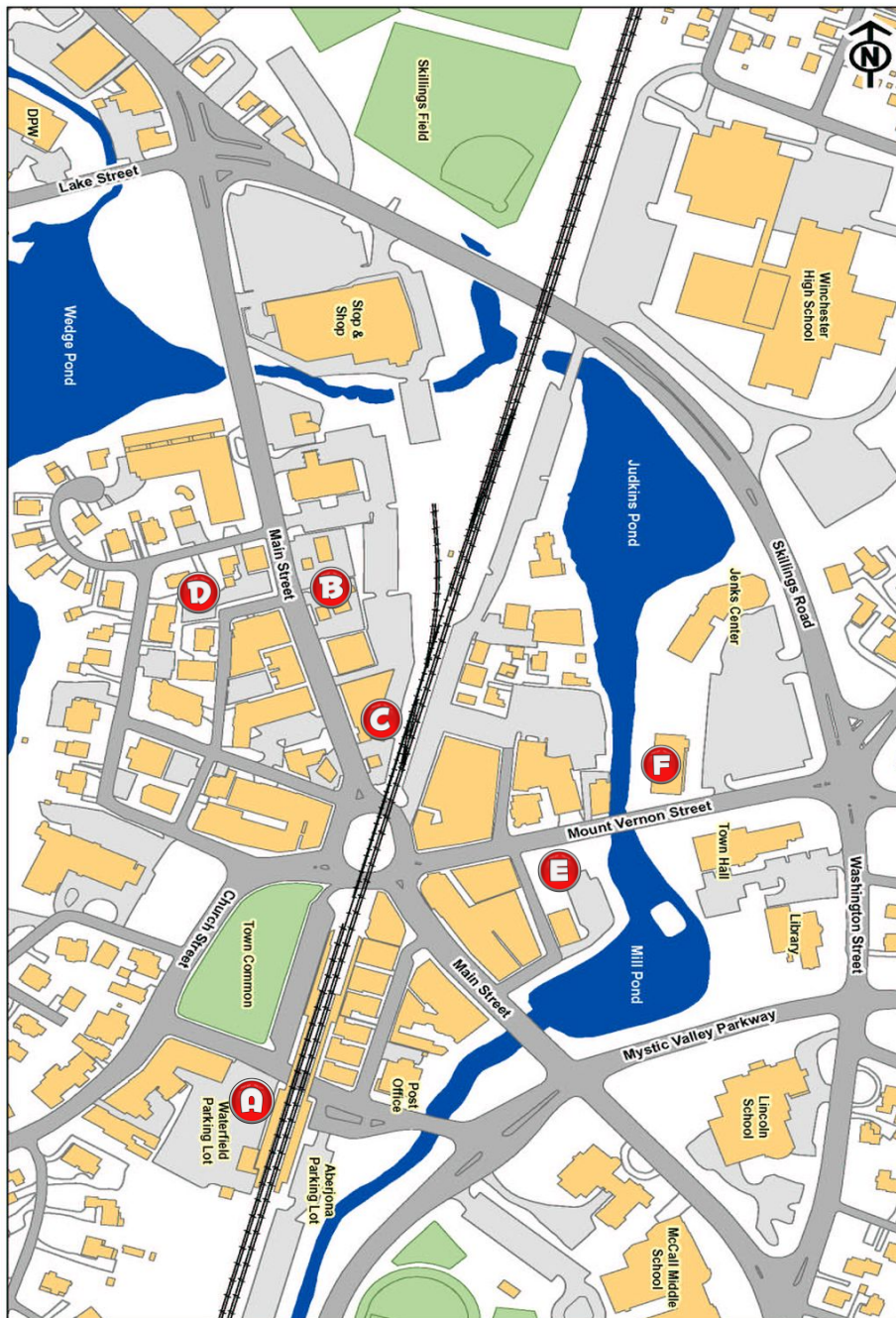
## Part 3

# Town Center Housing --- Potential

## Overview of Potential Development Sites

There are several potential sites in the Town Center where residential units could be developed. The owners of several of the properties listed below have expressed some interest in developing residential/mixed use units on the sites.

Winchester Downtown Study Area



Map created by the Winchester Dept. of Engineering & Planning  
June 25, 2009

### WINCHESTER TOWN CENTER POTENTIAL DEVELOPMENT SITES

- A. Waterfield Parking Lot
- B. Gas Station on Main Street
- C. Gas Station at Rotary
- D. 25 – 27 Elmwood Avenue
- E. Converse Street & Mt. Vernon Street
- F. Jenks Parking Lot

### Other Potential Opportunities (not on Map)

- Redeveloping single or 2-story buildings to include upper floors
- Conversion of upper floor office space



- A. Waterfield Parking Lot – 45, 200 s.f., Town-owned site, directly adjacent to the train station. The site is currently used for parking and the building is leased to the Chamber of Commerce.
- Potential Opportunity/Development Concept: The site is ideally situated for transit-oriented development concept, potentially including mixed-use housing, restaurant/retail and parking.
  - Challenges: The site has a sewer easement running through the property. Existing parking would have to be incorporated into development or replaced at other location.





- B. Gas Station on Main Street – Located near Stop & Shop. The site is currently used for car repair; they do not sell gas.
- Potential Opportunity/Development Concept: The owner has made inquiries to the Planning Department asking about what type of development could be done on the site. The site might be a good location for residential units. It is located across from Wedgewood Pond and Wedgewood Condominiums within a very short walking distance to supermarket.
  - Challenges: current parking requirement is 1.5 spaces per unit; property is entirely within 100-year flood plain.



C. Gas Station at Rotary – Vacant gas station right in the center of the Town Center.

- Potential Opportunity/Development Concept: The owner has expressed some interest in development with a preliminary concept of 8 condos and first floor retail.
- Challenges: The property is partially within 100-year flood plain and a relatively small parcel site. The current parking requirement is 1.5 spaces per unit;





D. 25-27 Elmwood Avenue – Two-family Victorian home with adjacent vacant lot.

- Potential Opportunity/Development Concept: The owner would like to move the house and construct up to eighteen units on the site.
- Challenges: This is a small site and the proposed plan is not allowed under current zoning (although, the owner might be able to proceed with development under Chapter 40B if the project includes affordable units). The property is within a National Register Historic District and is on the town's list of properties to preserve. Policy decisions are required to balance historic preservation with development of new, more densely developed sites.



E. Converse Street & Mt. Vernon Street – Vacant lot in front of the “Laundry Building”.

- Potential Opportunity/Development Concept: The developer has expressed interest in creating 18-22 condos (900 -1,700 s.f.) in a 4-story structure.
- Challenges: The developer believes that he has to provide 2 parking spaces per unit to be marketable. The Planning Board has expressed desire for mixed use on this site with retail on the first floor and no setback, consistent with development goals for the Town Center.





F. Jenks Parking Lot – 135 space municipal parking lot

- Potential Opportunity/Development Concept: A concept that was introduced in previous planning efforts included a public parking garage with housing or mixed use along Mt. Vernon to the mask garage.
- Challenges: maintain/increase existing number of public parking spaces



#### G. Other Potential Opportunities

- The idea of renovating/redeveloping 1 or 2-story buildings to include second, third or fourth floors has come up in discussion with some community representatives. There might be opportunity for this type of development. However, the cost of construction and, in particular, the need to provide elevators could prove financially challenging for small properties. In addition, current height restrictions would prove limiting.
- There might be opportunities for conversion of existing upper floor office space to housing if there is currently underutilized space. However, this type of development is often most marketable to younger households (18 – 34 year olds), a market segment that has been declining in Winchester.



## Strategies to Encourage Housing in Downtowns/Town Centers (market rate and affordable)

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Below is an overview of a host of strategies that can be implemented to encourage the development of housing in downtowns/town centers.

### 1. Place-making Strategies

- a. Encourage good urban design, well designed attractive development (design guidelines)
- b. Provide engaging public spaces (including sometimes negotiating with developer to include public space in design)
- c. Create good pedestrian connectivity with transit, shops, restaurants
- d. Safeguard historic character of community (a large portion of the Winchester Town Center is a National Register District)
- e. Provide opportunities for a range of price points to live downtown

### 2. Marketing Strategies

- a. Market downtown as great place to live (and work)
- b. Promote activities/special events in downtown (e.g., Farmer's market, arts fair, concerts)
- c. Advertise advantages – shops & restaurants, train station
- d. Public relations – Image

### 3. Acquisition Strategies

- a. Use existing Publicly-Owned Property to Leverage Development
  - i. Many communities have used publicly-owned property to kick start housing development in downtowns
  - ii. RFP process can be used to get type of residential development desired
  - iii. Winchester owns sites (e.g., Waterfield Lot, Jenks Parking Lot)
- b. Land bank and assemble properties that become available; use to Leverage Development

### 4. Regulatory Strategies

- a. Implement Zoning District that promotes the type of desired development that would allow mixed use, increased residential density and possibly increased building heights.
  - i. Mixed Use Overlay District (e.g., Stoughton, MA)
  - ii. Smart Growth (40R) Overlay Zoning District
    - 1. Promotes housing production and affordable housing
    - 2. If town adopts density of 20 units per acre –State will pay a one-time “zoning Incentive payment” of \$3,000 per unit for each unit built in the District over what could have been developed under existing zoning (dependent on annual state budget process)

(e.g., According to William Reyelt, Principal Planner at MA DHCD's Office of Sustainable Communities, Reading, MA is perhaps the best example of a district-scale 40R approach in the state. Oaktree Development is currently constructing the district's first project at 30 Haven Street .)

<http://www.30haven.com/>



- iii. Central Business District Zone
  - iv. Include work space as a permitted use in residential units
  - b. Consider using Form Based Zoning Code
    - i. Can be used with either overlay district or central business district
    - ii. Focuses on form and arrangement of buildings rather than use
    - iii. Effective tool for creating pedestrian-oriented, mixed use, village center environments
  - c. Create Reduced/Flexible Parking Requirements

See "Winchester Town Center Parking Study Report completed by Nelson/Nygaard. Among several other recommendations, this report advocates for: 1) removing parking minimums and implementing parking maximums, 2) allowing change of use exemptions from parking minimums as of right, and 3) making shared parking as of right in all districts with 1,000-foot walk radius.
5. **Financing Strategies/Incentives - to help address market rate housing development obstacles.** Small properties often lack efficiency; high fixed costs have to be spread over a small number of units sometimes make projects financially infeasible
- a. Consider Tax Abatements – some cities have used tax abatements to encourage development of housing in downtowns:
    - i. Atlanta – 10-year tax abatement on housing developed in the target area if at least 20% of the units are set aside for low-income occupants
    - ii. Baltimore offers 10-year tax abatement for developers that convert Class B office space to housing

- iii. Seattle gives tax abatements for new construction of multifamily projects
- iv. Columbus gives 15-year abatement for affordable housing
- v. Massachusetts Urban Center Housing Tax Increment Financing (UCH-TIF)

The Urban Center Housing Tax Increment Financing (UCH-TIF) Program is a statutory program authorizing cities and towns to promote housing and commercial development, including affordable housing, in commercial centers through tax increment financing. The UCH-TIF Program provides real estate exemptions on all or part of the increased value (the "Increment") of improved real estate. Such development must be primarily residential. Tax increment financing may be combined with grants and loans from local, state and federal development programs. Towns may also levy special assessments. The Department of Housing & Community Development's (DHCD) Division of Community Services is responsible for the operation and administration of the UCH-TIF Program, including review and approval of all UCH-TIF applications.

In order to participate in the program a city or town must adopt a detailed urban center housing tax increment financing plan ("UCH-TIF Plan") for a designated commercial area with high business or commercial use (the "UCH-TIF Zone"). The UCH-TIF Plan must include development plans for proposed public and private projects in the UCH-TIF Zone, including executed agreements with the property owners who will be undertaking new development and who will be receiving tax increment exemptions ("UCH-TIF Agreements"). An UCH-TIF Agreement provides an annual real estate tax exemption for up to 20 years for all or part of the real estate tax on the increment. The Agreement also specifies the affordable housing to be created and includes an affordable housing restriction which ensures that 25% of the housing assisted by the exemption will be affordable for 40 years or the useful life of the housing, whichever is longer. For more information, go to: <http://www.mass.gov/hed/community/planning/uch-tif.html>

(e.g., Lowell Tax Increment Financing (TIF) Program: The City of Lowell offers developers/owners who are making significant improvements to property a chance to negotiate a phased-in increase on the assessed value of the property. This can mean a significant savings in operating costs allowing the projected revenue to cover more debt service and improving the financial feasibility of the project.)



- b. Create Gap Financing Programs– Many communities provide gap financing
  - i. Typically low-interest debt in second or third position (e.g. Lowell, MA)
  - ii. Grants to subsidize development costs. (e.g., Beloit, WI provides grants for 30% of the cost, up to \$30,000 per unit, for development of upper floor housing; this program is part of the Downtown TIF District.)
- c. Design Assistance – Some communities provide consulting assistance from architects with experience in vertical environments and business districts -- not quite schematic design, but enough to take to a contractor or city planner for review. (e.g., Pittsburgh, PA combined a design assistance program and an Upstairs Loan Fund to encourage housing in upper floors.)

**6. Affordable Housing Financing and Development Strategies** -- to help bridge the gap between cost of development and what low income households can afford to pay in rent or purchase price.

- a. Require minimum percentage of affordable housing in new multi-family developments
  - i. Winchester currently requires new multi-unit developments to have 10% affordable units (with deed restriction on for-sale units)
- b. Activate Affordable Housing Trust Fund
  - i. Quasi-public agency that allows the town to act quickly to take advantage of opportunities to preserve or create affordable housing
  - ii. Housing Trust Funds are typically the recipient of Inclusionary Zoning Funds (paid to the Town in lieu of providing affordable units) and Community Preservation Act Funds earmarked to support development of affordable housing
  - iii. Winchester has an Affordable Housing Trust Fund, the Housing Partnership Fund, with approximately \$1.2 million. These funds could be used to help finance development costs of affordable units in downtown. The Housing Partnership bought a few units 5 or 6 years ago and flipped them to affordable deed–restricted homeowner units.
- c. Negotiate a friendly 40B project allowing a developer to maximize profit by increasing unit density in exchange for creating affordable housing units.
- d. Identify financing sources that could be available to developers of affordable housing
  - i. Potential financing sources for development of affordable units:
    - Massachusetts Department of Housing and Community Development (HOME Program, Housing Stabilization Fund, Housing Innovation Fund, MA Affordable Housing Trust Fund, etc.) [www.ma.gov/dhcd](http://www.ma.gov/dhcd)
    - Massachusetts Housing Partnership Fund, [www.mhpfund.com](http://www.mhpfund.com)
    - Massachusetts Housing Investment Corporation, [www.mhic.com](http://www.mhic.com)
    - Massachusetts Development Corporation, [www.massdevelopment.com](http://www.massdevelopment.com)
    - Massachusetts Housing Finance Agency, [www.masshousing.com](http://www.masshousing.com)

- Community Economic Development Assistance Corporation, [www.cedac.org](http://www.cedac.org)
- Low Income Housing Tax Credits for rental units
- ii. Commercial Area Transit Node Housing Program (CATNHP)
  1. DHCD program offers assistance to housing projects, of 24 units or less, in commercial areas within ¼ mile of public transit
  2. At least 51% of the units assisted must benefit persons earning ≤80% of the area median income.
  3. Funds requested may not exceed \$750,000 or \$50,000 per unit (usually in the form of a deferred payment loan).
  4. Launched as a demonstration program; availability funding is uncertain.
  5. <http://www.mass.gov/hed/housing/affordable-rent/commercial-area-transit-node-housing-program.html>
- e. Consider recruiting developers and architects that have produced attractive successful mixed income projects in other communities
  - i. Identify successful mixed income properties in other communities
  - ii. Identify projects that are of the scale and design character desired for downtown
- f. Consider partnering with a Non-profit Housing Developer/Community Development Corporation (CDC)
  - i. There are many nonprofit development corporations in the State that focus on the development of affordable rental and homeownership units. CDCs are mission-driven organizations and some of them focus on developing affordable housing. They typically work in service areas but sometimes will work out of their service area if there is no other CDC that covers the area. CDCs are non-profit 501(c)3 organizations that also sometimes have for-profit subsidiary development corporations. Some CDCs have developed expertise in obtaining and structuring financing from the complex array of state financing and federal sources to develop and manage affordable housing units.

(e.g., 10 and 12 Summer Street, Manchester-by-the-Sea, MA: This project demonstrates that the challenge of preserving affordable rental housing and producing new affordable homeownership in an affluent community can be met with a combination of a committed community-based housing organization, a sophisticated for-profit developer, local and state





bond financing, high quality site planning and building design, and the flexibility of the federal HOME program.

The Ten & Twelve Summer Street project preserved a source of affordable rental housing in the downtown area in Manchester-by-the-Sea. The town established a plan to rehabilitate existing units and construct for-sale condominiums. The development mixes incomes as well as residential and commercial property with access to public transportation. The mixture ensures that affordable units remained while maintaining the look and feel of the neighborhood. The project creatively mixed preservation and production on a limited site in a downtown area without creating sprawl or losing affordable rental units.

**Partners:**

- Manchester Housing Authority
- Affirmative Investments
- Mostue & Associates

**Funding Sources:**

• State HOME	\$930,343
• North Shore Consortium HOME	\$306,108
• Manchester by the Sea Township bonds	\$600,000
• State Housing Innovation Funds	\$500,000
• LIHTC	\$933,568
• Developer Fee Contributed	\$47,838
• Rental Revenues	\$174,872
• Private First Mortgage	\$1,750,000
• Condominium sales proceeds	\$6,395,776



Source: HOME Conference DoorKnocker Awards, Commonwealth of Massachusetts



## Conclusions

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**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.

# Appendix

# Summary of Findings

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# WINCHESTER'S HOUSING SUPPLY IS GROWING SLOWLY AND OVERALL IS BECOMING LESS DIVERSE IN TYPE AND PRICE POINT

TOWN CENTER HOUSING SHOWS SOME DIVERSITY IN UNIT TYPES AND PRICES

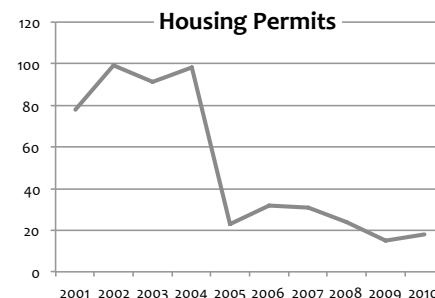
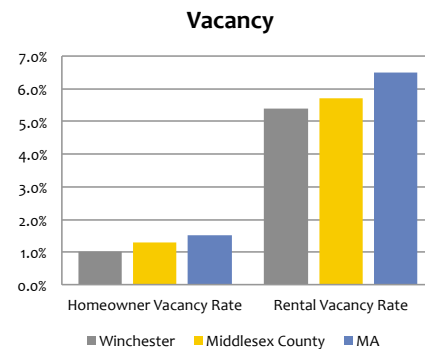
## WINCHESTER HOUSING SUPPLY

7,986 housing units in Winchester, increased by 1% over last 10 years

Building permits have ranged from high of 99 in 2002 to a low of 15 in 2009; and starting to increase

Vacancy rate is lower in Winchester than in the County or the State

(many of the vacant units in Winchester are listed as seasonal/occasional use homes)



\*New privately-owned residential units

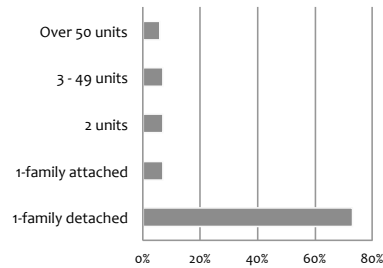
## HOUSING TYPE

80% of housing stock is single family detached homes

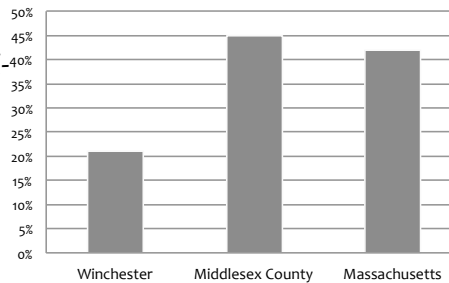
Only 20% of housing units in multifamily structures – the number has declined in last 10 years

Winchester has much lower % of multifamily housing than County or State

**Housing Unit Type**  
(based on # of units in structure)



**Multi-Unit Housing**  
(% of units in multi-unit structures)



## SALES PRICES & RENTS

Median sales price for a home in 2011 was \$680,000 (90% higher than Middlesex County)

Median single-family price: \$739,9000

Median condo price: \$387,577

Average rents in Winchester

1 bedroom: \$1,023

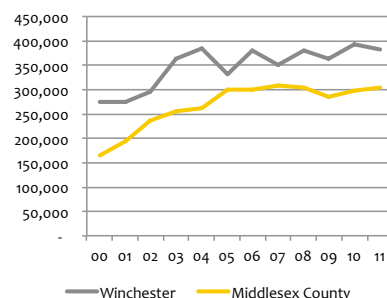
2 bedroom: \$1980

3 bedroom: \$2,336

**Single-Family Sales Price**  
(median sales price by year)



**Condo Sales Price**  
(median sales price by year)



## HOUSING AFFORDABILITY

To afford median home price in Winchester, household needs to earn \$153,000 per year – 26% higher than the median household income

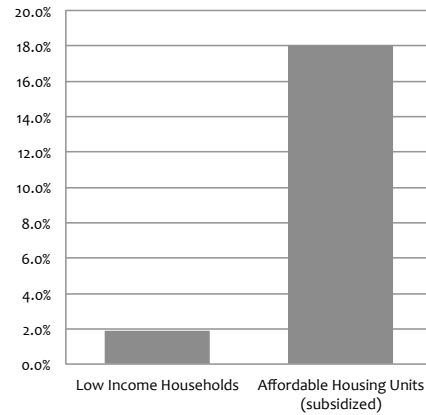
1,419 low income households in Winchester, earning less than 80% Area Median Income (AMI)

Also . . . many employees that work in shops & restaurants in the Town Center or work for Town but don't live there have incomes below 80%AMI

More than 60% of these households are “cost – burdened” – they are paying more than 30% of their income for housing

148 affordable units in Winchester – 2% of housing units

2-3 year waiting list for elderly subsidized apartments, family closer to 10 year wait



## TOWN CENTER HOUSING SUPPLY

### 207 housing units in Downtown

74 condominiums, 99 apartments, 21 units in two or three family structures and 13 single family homes

### Recent condo sales ranged for \$264,000 - \$680,000

Median sale price was \$281 per sq. ft.

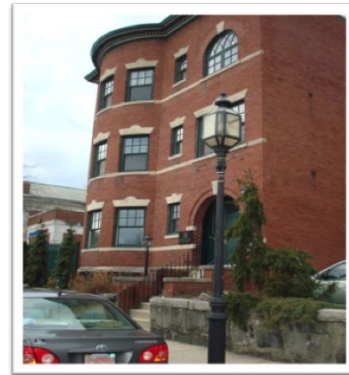
### Average Apartment Rents

1 bedroom: \$1,100

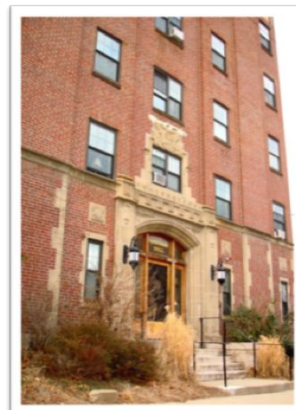
2 bedroom: \$1,725



### Condominiums in Downtown



### Apartments in Downtown



1,2 and 3 Family Homes in Downtown



# THERE IS DEMAND FOR ADDITIONAL HOUSING IN WINCHESTER

DEMAND FOR MARKET RATE UNITS AS WELL AS A  
NEED FOR AFFORDABLE HOUSING

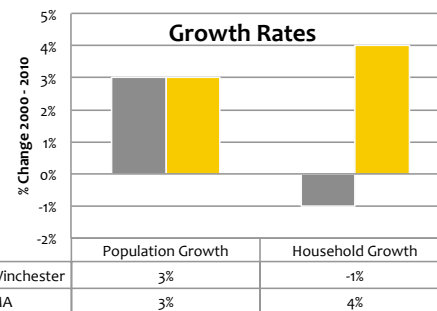
## POPULATION AND HOUSEHOLD TRENDS

21,375 residents, an increase of  
about 3% since 2000

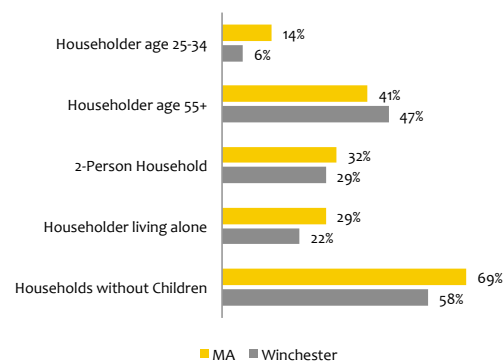
While population grew, the  
number of total households did  
not

Town center/downtown housing is  
typically aimed at a few selected  
market segments as shown on the  
chart at the bottom right.

Winchester has a high percentage  
of householders age 55+; all of the  
other target market segments are  
under-represented in Winchester

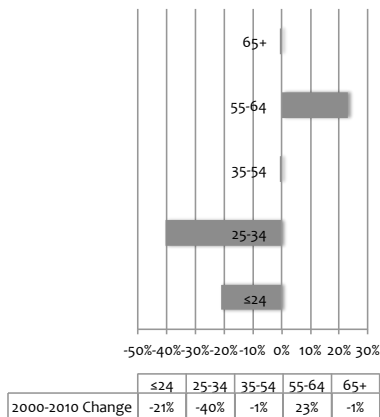


### Select Household Types (% of total households, categories not mutually exclusive)

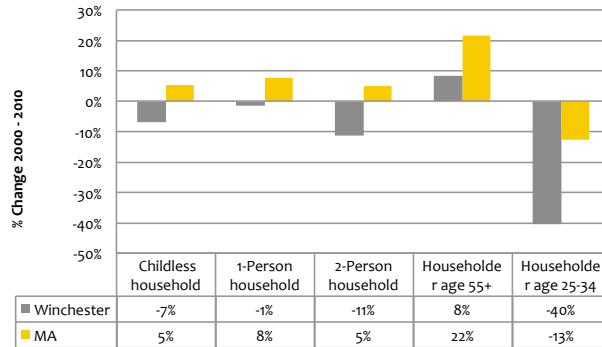


## ONLY AGE GROUP THAT IS GROWING IN # OF HOUSEHOLDS IS AGE 55+ (MORE SPECIFICALLY AGE 55 TO 64)

Change in Number of Households by Age Group (2000-2010)



Growth Rates - Selected Household Types

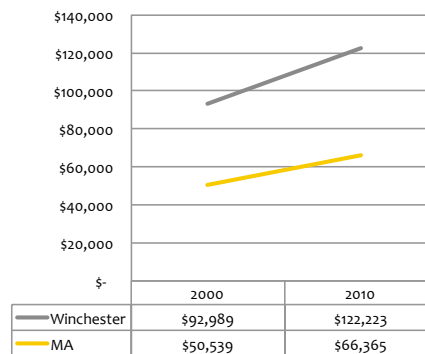


## INCOME

Winchester is by and large affluent. Median income is \$122,223

However, 16% of the households earn less than \$35,000 per year

Median Household Income



## RACE

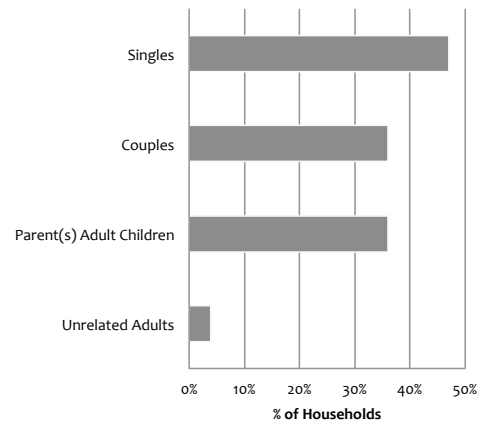
Winchester is predominantly White (87%).

Biggest change – Asian population doubled since 2000, now 9%

## WHO LIVES IN DOWNTOWN?

- Almost half of the households in the Town Center contain single adults and approximately 36% contain couples
- Residents of all ages live in the Town Center. Two groups show a particular preference for Town Center:
  - 65 and above age group
  - 24 - 34 year olds

**Town Center Residents:  
Household Type**



## REGIONAL HOUSING & ECONOMIC TRENDS

### **Housing Market in Winchester is impacted by trends in the region.**

- MA recession was shorter and milder than the rest of U.S
- MA is expected to continue to slowly add jobs -- "Not a bright outlook but improving"
- Long term economic concern -- aging population and decline in core worker age population (age 25 - 44), declined 13% in region, 3% nationally in last decade
- Boston metro area recovering job growth above the national average -- high paying jobs in finance, technology, biotechnology, medical and educational industries

### **Boston Metro Housing Market (August 2010 - August 2011)**

- Single family sales decreased 6%
- Condo sales decreased 1% but average price increased 3%
- Multifamily construction of units declined 11% but still more than 2009
- After several years of limited production, apartment construction increased -- several large projects are underway. In fact several planned condo projects were converted to apartment projects near end of 2011.

## ESTIMATION OF HOUSING NEED IN WINCHESTER (2010 - 2020)

If we assume the current growth rate will continue, we project the population will increase to 21,995 by the year 2020 and there will be a need for an additional:

192 housing units

Assuming a consistent homeownership pattern, we anticipate a need for:

159 homeownership units, and

33 apartments

## PERSPECTIVES ON TOWN CENTER HOUSING (INTERVIEWS WITH REAL ESTATE PROFESSIONALS)

### **Winchester Housing Market**

- Inventory is low; many buyers, but product they want is not always available
- Many current buyers favor new construction or perfect condition

### **Where potential homebuyers come from?**

- 50% from Winchester
- 30 -35% from Boston (Charlestown, Back Bay, Beacon Hill), Cambridge & Somerville
- 10-15% from out of state

### **Town Center Housing**

- Realtors thought there would be demand
- 1 – 3 bedroom condos would be marketable in the Town Center if well-priced in \$450,000 - \$650,000 range
- Walkable location to Town Center services is very valuable to homebuyer



## EVALUATION OF TARGET MARKET SEGMENTS

	Appropriate Target Segment for Town Center Housing	Market Potential For Winchester Town Center
Empty Nester and Retiree Households (age 55+)	YES	STRONG
Young Couples Singles (age 25 – 34)	YES	MODERATE
Entrepreneurs/Self-Employed (Live/Work units)	YES	MODERATE
Low Income Households (that qualify for subsidized housing)	YES	STRONG (if appropriate subsidies can be obtained)

## EMPTY NESTERS AND RETIREES (AGE 55+)

### Segment Description:

Empty nesters still working or retirees collecting pension/investment income

Aging baby boomers trading large homes for smaller more maintenance-free units

Sometimes moving to resort community or a small vibrant downtown -- Households with significant resources sometimes do both

Desire to be able to walk to commercial activity and civic engagement, may be willing to give up a car

### Winchester:

- Largest market & fastest growing segment for housing in Winchester Town Center
- Almost ½ of all householders are age 55+
- Householders age 55 to 64 grew by 23% since 2000; all other age groups declined
- Raised children in Winchester, want to stay in Town but downsize
- Left Winchester, want to come back for empty nest years
- Some may have second homes in Florida, Cape Cod – another reason may be looking for smaller unit

## YOUNG COUPLES AND SINGLES (AGE 25 - 34)

### Segment Description:

Young working professionals, mostly childless, “pre- nest”

May be interested in unique living spaces, upper floors, lofts

Often lower demand for amenities, more price sensitive

### Winchester:

- Only 6% of the market
- Declined 40% over last decade
- Higher representation in Town Center compared to Winchester overall shows preference for TC location
- Assess to train could be attractive to this segment
- Realtors thought demand might be small
- Segment might be more attracted to areas with larger clusters of people in same age group life stage

## ENTREPRENEURS - LIVE/WORK UNITS

### Segment Description:

Self employed, consultant, entrepreneur

Remote worker, home-based worker

### Winchester:

- 755 self employed people in Winchester
- Higher than national average but has declined in last 10 years
- Could be some interest but not large market
- Perhaps just keep in mind as revising zoning regulations – might want to consider making live-work allowable use

## LOW INCOME HOUSEHOLDS

### Segment Description:

Low income households (80% AMI)

Low income elderly households

Low income single parent family households

### Winchester:

- 1,419 households are low income
- 2-3 year waiting list for elderly subsidized apartment
- 10-yr waiting list for subsidized family apartment
- Location offers particular advantages for low income - “walkable” neighborhood with supermarket and public transit can significantly reduce transportation costs

## HOUSING DEMAND (2010 – 2020)

### Empty Nesters and retirees (age 55+)

Owner Households	77 units
% of Demand Capturable in Town Center (assumption)	50%
Potential Demand for Town Center Units (age 55+)	39 units
Renter Households	13 units
% of Demand Capturable in Town Center (assumption)	50 - 75%
Potential Demand for Town Center Units (age 55+)	7-10 units

### Other Households

Owner Households	82 units
% of Demand Capturable in Town Center (assumption)	10%
Potential Demand for Town Center Units (age 55+)	8 units
Renter Households	20 units
% of Demand Capturable in Town Center (assumption)	30%
Potential Demand for Town Center Units (age 55+)	6 units

### Low income households (earning less than 80% AMI)

- Plenty of need for affordable housing
- Number of feasible units is dependent on ability to provide these units at subsidized rate
- Strategies range from public financing to reduce the cost of development to negotiating higher density developments to compensate developers by allowing profit maximization

## UNIT SIZE AND FEATURES

### Reasonable Size Range

- 1 bedroom: 750 – 1,000
- 1 bedroom and den: 1,000 – 1,400
- 2 Bedroom: 1,200 – 1,800 s.f.

### Price Range

\$270 – 340 per sq. ft

### Features Important to Empty Nester Segment

1. new construction
2. covered parking
3. all unit on level (or at least first floor master bedroom)
4. walking distance to downtown
5. outdoor space (patio, balcony)

# WINCHESTER TOWN CENTER HAS WHAT IT TAKES TO ATTRACT THE MARKET

SHOPPING & DINING, WALKABLE, ATTRACTIVE SETTING,  
SOCIAL GATHERING, SAFE, ACCESS TO TRANSIT

## WHAT ARE POTENTIAL TOWN CENTER RESIDENTS LOOKING FOR IN A NEIGHBORHOOD?

1. Proximity to shopping and dining --- Grocery stores and restaurants are most important
2. Want to be able to walk to shops and civic engagement
3. Want an attractive physical setting and to be able to enjoy outside space
4. Want social foci, places to go to interact with people
5. Residents have a concern for safety, especially the older market segment
6. Convenient parking
7. Access to public transportation is a big plus



## SHOPPING, DINING, WALKING

- ☑ Winchester Town Center has a major supermarket and several eating places ranging from coffee shops and cafes to sit down restaurants
- ☑ Town Center is compact and walkable to shops and services – banks, post office, Town Hall

## TOWN CENTER HAS AN EXCELLENT WALK SCORE® (TOP 10% OF ALL NEIGHBORHOODS)

Walkable neighborhoods offer surprising benefits to the environment, our health, our finances, and our communities.

**Environment:** Your feet are zero-pollution transportation machines.

**Health:** The average resident of a walkable neighborhood weighs 7 pounds less than someone who lives in a sprawling neighborhood.

**Finances:** One point of Walk Score is worth up to \$3,000 of value for your property.

Walk Score measures how easy it is to live a car-lite lifestyle. The Walk Score algorithm awards points based on the distance to amenities.

Winchester Town Center has Walk Score® = 92 “Walker’s Paradise”

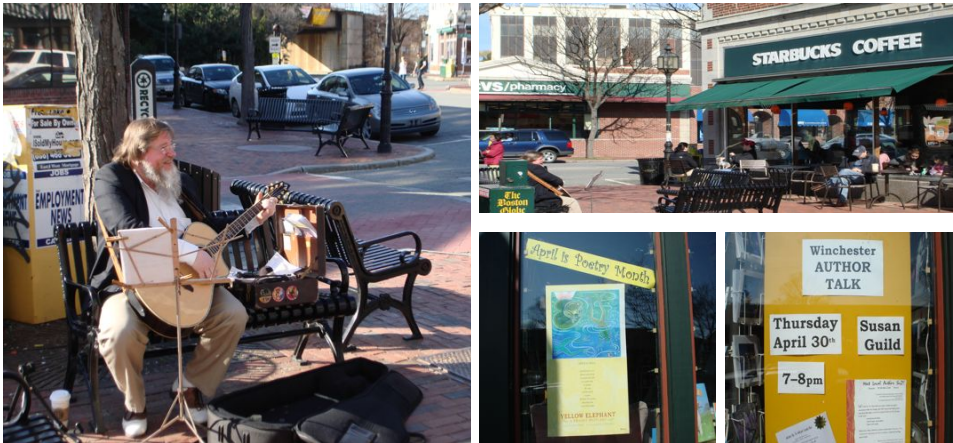
Walk Score	Description
90–100	Walker's Paradise — Daily errands do not require a car.
70–89	Very Walkable — Most errands can be accomplished on foot.
50–69	Somewhat Walkable — Some amenities within walking distance.
25–49	Car-Dependent — A few amenities within walking distance.
0–24	Car-Dependent — Almost all errands require a car.





## ATTRACTIVE PHYSICAL SETTING – SCENERY SETS WINCHESTER APART FROM OTHER DOWNTOWNS

- Picturesque vistas and inviting open spaces
- Splendid river views
- Interesting architecture, distinct historic character
- Residents might not have a private yard but they have outdoor spaces



## ACTIVITIES & SOCIAL GATHERING PLACES

- Social gathering spots & events create relationship between residents & downtown
- Author events at bookstore, live music at restaurants, street music
- Jenks Senior Center is Downtown
- More community events could be programmed for Downtown



## SAFETY, CONVENIENT ACCESS TO TRANSIT & PARKING

- Town Center offers very safe environment
- Commuter train station located in Downtown, 20 –minute ride to Boston
- There are public parking lots in downtown
- New housing developments would have to address parking needs
- Town Planning Dept. is looking at parking issues (See recently completed Town Center Parking Study)

# HOUSING WOULD BE GOOD FOR THE TOWN CENTER

AND EVERYONE IN THE TOWN

## RESIDENTIAL DEVELOPMENT COULD HAVE MANY BENEFITS

### Direct effect on sales

- Residents that live in close proximity more likely to patronize Town Center
- More residents can help attract more of the types of businesses that are desired in Town Center.

### Indirect effect on sales

- Residents bring vitality to the area -- 24-hour activity presence
- Encourages social gathering, can help to attract more customers
- More people on the street -- area is perceived as safer, livelier and more inviting.

**Consistent with “Smart Growth” planning principles – concentrating residents in areas where services already exist**

**Potential viable use for underutilized buildings and land**

## INCREASING HOUSING OPTIONS FOR RESIDENTS

Encouraging development of housing in the Town Center creates opportunity to:

- Diversify the housing options available in Winchester
- Serve growing market segment

## CONCLUSIONS ABOUT TOWN CENTER HOUSING

- There is demand for additional market rate condominiums and apartments in Winchester Town Center.
- *The largest and fastest growing market segment for Town Center housing is “Empty Nesters and Retirees age 55+”.*
- Also may be moderate market support from other market segments
- Town Center offers numerous amenities that would attract residents
- Town Center offers great access to public transit, making it a very desirable location
- Town Center could offer an “urban village” style of living
- There is a need for affordable housing in Winchester and a Town Center location would be desirable to this segment.

## CONCLUSIONS (CONT'D)

- Additional residential development will have positive impacts for the businesses in the Town Center.
- Several potential development sites for new housing in the Town Center; however, there are a number of challenges that need to be overcome
- Report is intended to provide baseline information on housing market conditions and opportunities to complement the findings of the other studies currently being completed on regulatory issues and water management
- 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