

City of Somerville 2021 Housing Needs Assessment

Main Findings & Recommendations



Community Circle
Planning, Programming & Public Participation



Background

The Somerville Zoning Ordinance (SZO) requires that a Needs Assessment and Financial Feasibility Analysis be done to determine the suitability and performance of the provisions of Article 12 for potential revision and improvement.

The Housing Needs Assessment Report “...focuses on housing affordability and the degree to which housing costs exceed what people in Somerville and the Boston Metro Area can pay.”



Project Team

Consultants

- Barrett Planning Group LLC
- Community Circle

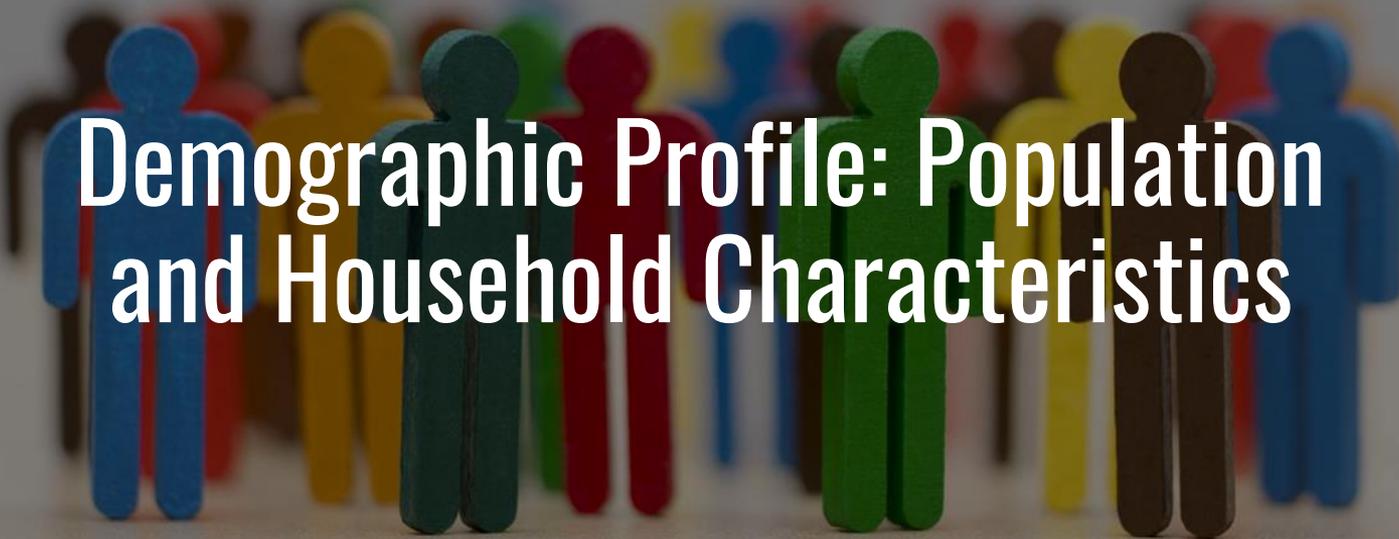
City Housing Division Staff

- Michael Feloney, OSPCD Housing Division Director
- Bryant Gaspard, Program Specialist-Fair Housing, Inclusionary Housing, Operations Support (former)
- Morena Zelaya, Housing Policy Coordinator

Methodology

- The Housing Needs Assessment (HNA) draws on data from public and private sources and interviews with many individuals and organizations familiar with the City.
- Barrett Planning Group reviewed rental listings for units in Somerville’s predominant form of housing – two-family to small multifamily buildings – as well as listings for larger projects- both modest, older properties and new, “luxury” product that has recently been added to Somerville’s housing inventory.





Demographic Profile: Population and Household Characteristics

Population Demographics

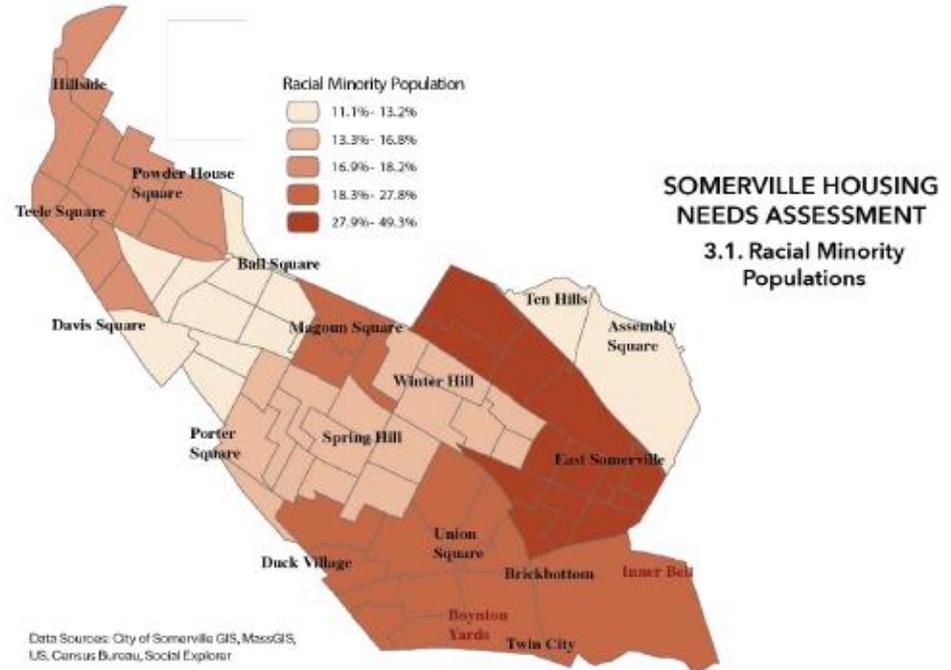
- The American Community Survey (ACS) estimates 80,906 residents making up 32,802 households.
- Percentage of people 18 to 34 years is nearly twice that of the state-wide percentage.
- Under-18 population is relatively small.
- The Metropolitan Area Planning Council (MAPC) estimates gain of 12,000 people by 2030.
 - Highest growth among 25–34-year-olds

TABLE 3.1. POPULATION TRENDS AND PROJECTIONS					
Component	Actual 2000	Actual 2010	% Change 00-10	ACS 2019 (Estimate)	Projected 2024
Total Population	77,478	75,754	-2.2%	80,906	83,805
Total Households	31,555	32,105	1.7%	32,802	35,324
Avg. Household Size	2.38	2.29	-3.8%	2.37	2.31
Sources: Decennial Census 2000, 2010, and 2018 American Community Survey (ACS) Five-Year Estimates, ESRI Business Analyst, and Barrett Planning Group.					



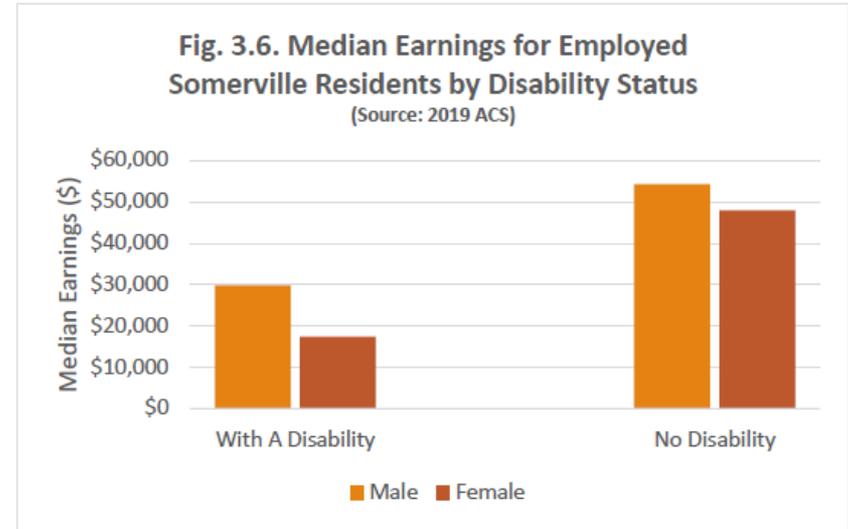
Population Characteristics: Race, Ethnicity, and Immigration

- As percentage of total population:
 - Non-Latino Whites- 68.2%
 - Hispanic/Latino- 12.4%
 - Asian- 10.2%
 - Black- 5.6%
 - Two or More/Other- 3.8%
- 1/4th of total population is foreign-born.
- 30% of residents do not speak English at home.



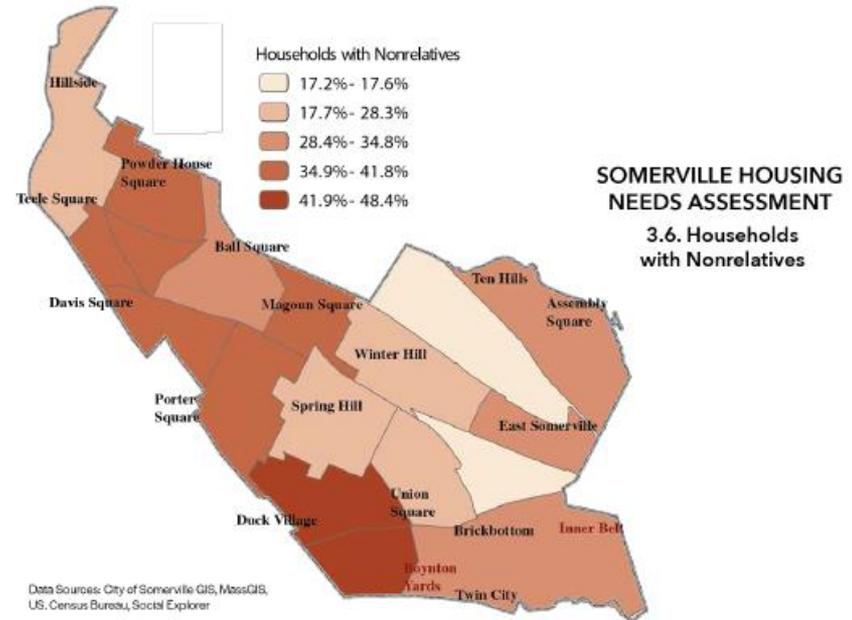
Population Characteristics: Disability

- Approximately 6,400 residents have disability
 - Defined as a physical or mental impairment that substantially limits at least one major life activity.
- 23% poverty rate
 - 11.5% for the rest of the population
- Median earnings only 46% of median earnings for population without disability.



Household Characteristics: Household Types, Tenure, Age, Size

- Renters make up 66% of the 32,802 households.
- 34% of all households and 43.5% of all renters are between 24-34 years old.
- Average of 2.37 people per household.
 - 31% of households made up of non-relatives.
 - Neighborhood tracts with highest rates also have higher rates of overcrowding.
- % of one-person households in rental housing about the same as % among city-wide households.
 - Different than state/metro, one-person households mostly in rental units.



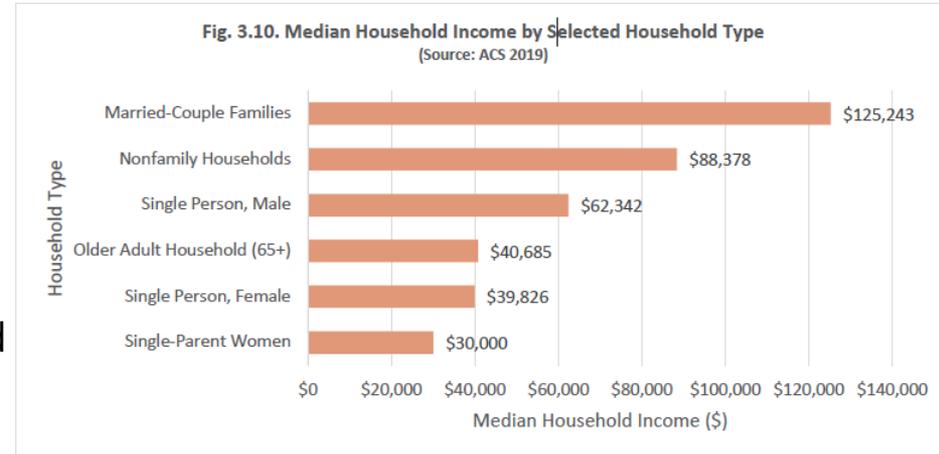
Household Characteristics: College & Graduate Students

- Number of students living in Somerville has grown steadily over last 50 years.
- Tufts University is largest, and only, school that owns property in the city.
- University Accountability ordinance requires universities that own or lease property in Somerville to maintain directory of students and information on number of off campus students.
- Per 2020 Tufts Accountability Report
 - 1,339 students lived in Somerville
- Per Harvard 2000 Accountability Report
 - 1,392 students lived off-campus in Somerville.
- Stakeholders indicate student population has declined significantly during Covid-19 pandemic.



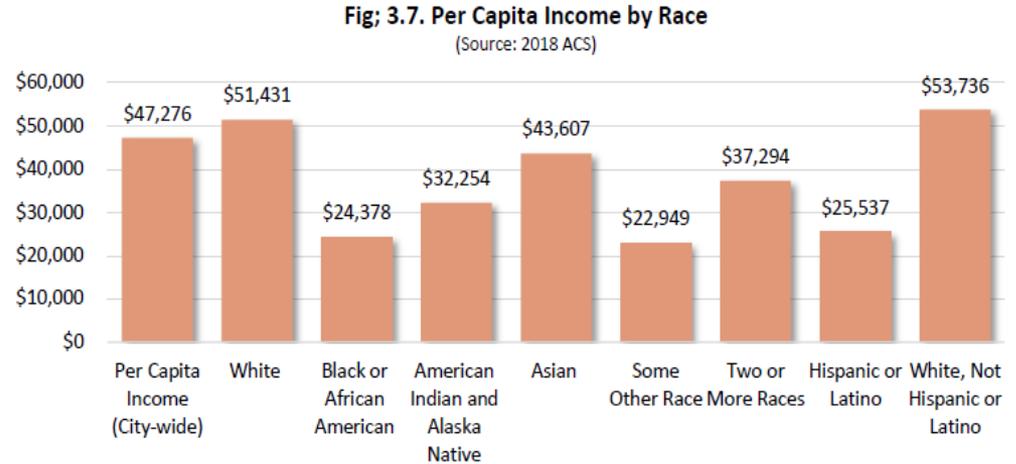
Household Characteristics: Household Income

- Over 40% of City's households with incomes over \$125,000/year.
 - 30 years ago it was only 15%.
- 16.8% of households with incomes below \$30,000/year.
 - 30 years ago it was 22%.
- Census Bureau estimates 1,139 families, 8.2%, live below federal poverty threshold
- Highest-income households are young families living around Porter and Davis Squares.
- Lowest-income households are women \geq 65 who live alone.



Population Characteristics: Per Capita Income

- Significant differences between per capita income between White, non-Latino residents and minority residents.



Household Characteristics: Low-Income Households

- Per the 2013-2017 HUD Comprehensive Housing Affordability Strategy (CHAS) data, 37% of Somerville households have incomes below 80% of AMI
 - Majority of low-income households, 73%, are renters.
- CHAS data suggests lowest-income cohort shrinking.
 - Most growth in >100% AMI group.
- Increasingly difficult for low- and moderate-income renters to find affordable housing.

TABLE 3.11. ESTIMATED NUMBER OF LOW- AND MODERATE-INCOME HOUSEHOLDS (2013, 2017)

Income Cohort*	2013 CHAS			2017 CHAS		
	Total	% Owners	% Renters	Total	% Owners	% Renters
Extremely Low Income	5,175	18.6%	81.4%	4,960	19.2%	80.8%
Very Low Income	3,600	29.7%	70.3%	2,965	32.4%	67.6%
Low Income	4,050	34.0%	66.0%	4,195	27.5%	72.5%
Moderate Income	3,090	25.9%	74.1%	2,995	32.4%	67.6%
Household Income >100% AMI	15,605	42.6%	57.4%	17,340	41.2%	58.8%
Total	31,525	34.5%	65.5%	32,455	34.4%	65.6%

Sources: HUD CHAS Data, 2013-2017, and Barrett Planning Group.
 **"Extremely Low Income" means households with incomes below 30 percent of Area Median Income (AMI); "Very Low Income" is 31-50 percent AMI; and "Low Income" is 51 to 80 percent AMI.



Household Characteristics: Low-Income Households Cont.

- Homeowner housing cost burden has decreased slightly.
- Increased among extremely low and very low-income renters.

TABLE 3.12. ESTIMATED NUMBER OF HOUSING COST BURDENED OWNERS AND RENTERS

Income Cohort*	2013 CHAS			2017 CHAS		
	Total Households	Cost Burdened % Owners	Cost Burdened % Renters	Total Households	Cost Burdened % Owners	Cost Burdened % Renters
Extremely Low Income	5,175	87.6%	67.9%	4,960	84.2%	72.6%
Very Low Income	3,600	83.2%	75.1%	2,965	65.1%	77.3%
Low Income	4,050	50.2%	63.9%	4,195	56.7%	51.6%
Moderate Income	3,090	56.9%	37.1%	2,995	35.6%	41.0%
Household Income >100% AMI	15,605	16.9%	4.2%	17,340	8.7%	4.8%
Total	31,525	36.9%	37.3%	32,455	27.2%	34.5%

Sources: HUD CHAS Data, 2013-2017, and Barrett Planning Group.

**Extremely Low Income* means households with incomes below 30 percent of Area Median Income (AMI); *Very Low Income* is 31-50 percent AMI; and *Low Income* is 51 to 80 percent AMI.

TABLE 3.13. ESTIMATED NUMBER OF SEVERELY HOUSING COST BURDENED OWNERS AND RENTERS

Income Cohort*	2013 CHAS			2017 CHAS		
	Total Households	Severely Cost Burdened % Owners	Severely Cost Burdened % Renters	Total Households	Severely Cost Burdened % Owners	Severely Cost Burdened % Renters
Extremely Low Income	5,175	77.2%	50.7%	4,960	62.6%	51.0%
Very Low Income	3,600	35.5%	34.8%	2,965	34.4%	46.4%
Low Income	4,050	30.5%	13.3%	4,195	28.6%	15.5%
Moderate Income	3,090	18.8%	3.5%	2,995	9.8%	1.0%
Household Income >100% AMI	15,605	2.3%	0.0%	17,340	0.7%	0.0%
Total	31,525	17.0%	16.7%	32,455	12.5%	16.3%

Sources: HUD CHAS Data, 2013-2017, and Barrett Planning Group.

**Extremely Low Income* means households with incomes below 30 percent of Area Median Income (AMI); *Very Low Income* is 31-50 percent AMI; and *Low Income* is 51 to 80 percent AMI.





Housing Supply & Demand Analysis



Analysis: Housing Supply & Age

- 34,633 housing units with 32,802 households.
- Over 50% are 2-4-unit multi-family buildings.
- 64% of all units built before 1940.
- 5% have been constructed since 2000.
 - Some of these new constructions resulted in tear downs of older units that were “naturally occurring” affordable units.
- Environics Analytics estimates Somerville will grow to as many as 36,956 units housing, 38,589 households in next several years.



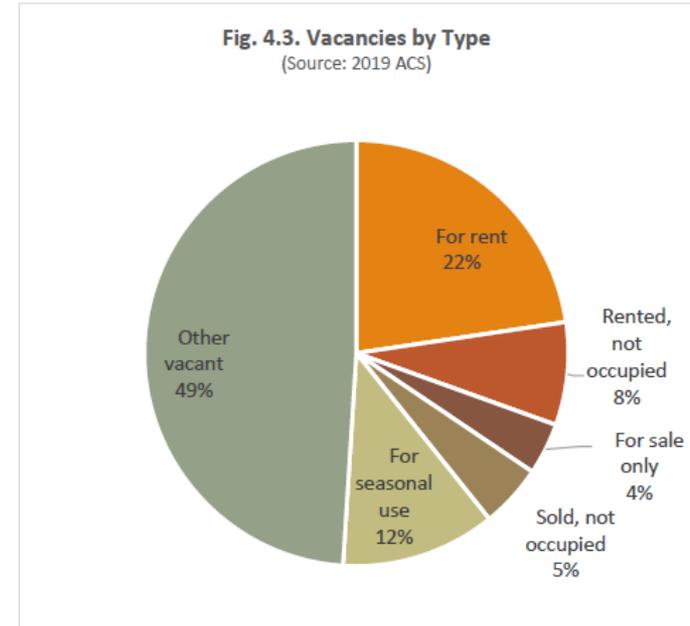
Analysis: Housing Size, Amenities, & Quality

- Housing units tend to be small.
- Over 64% of all units are between studios-two-bedroom units.
 - 72% of these units are renter-occupied.
- 52.4 percent have experienced at least one of four housing problems (versus 40.8 percent of families regionally):
 - Incomplete plumbing facilities and/or kitchen, more than one person per bedroom, or cost burden greater than 50 percent.
- Few units with 3+ bedrooms. Families with children crowd into 1-bedroom units.
 - Overcrowding has been estimated to be an issue in about 375 units, mainly rental units occupied by extremely low-income households.
- Larger units command higher rents.
- Condominiums generally larger, but space comes at a cost.
 - Average sale price is approximately \$650/sqft



Analysis: Vacancy Information

- 1.9% vacancy rate per 2019 ACS .
- 1% homeownership vacancy rate.
- Rental vacancy rates could reach nearly 20% due to Covid-19 but data is changing rapidly.
- Less than 2% vacancy rate in renovated small properties.
- Nearly 900 units vacant due to other reasons such as foreclosure, short-term rentals, student housing,
 - Represents 49% of vacancies



Analysis: Rental Affordability Gap

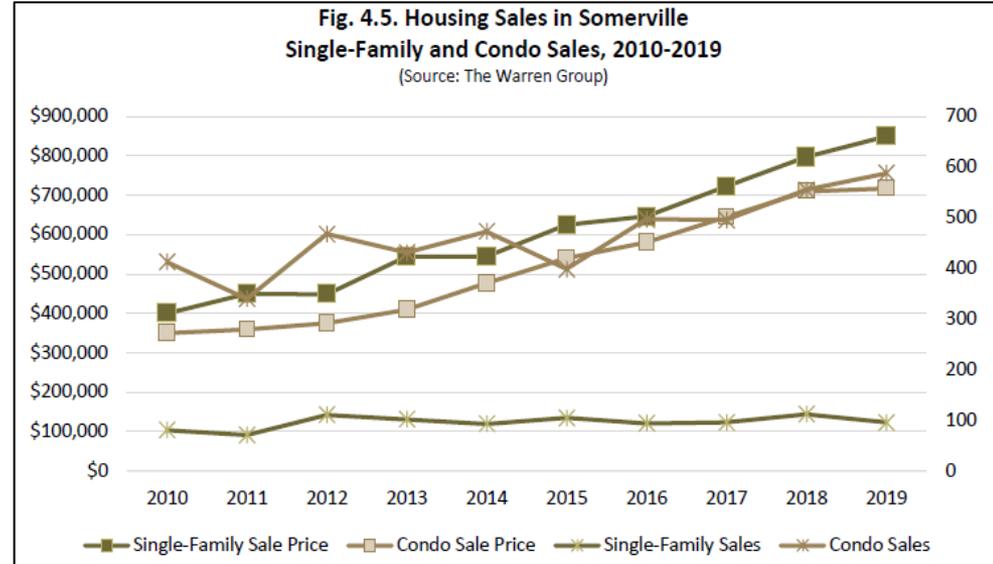
- Average rents among differing types of properties show market has high-barrier for entry.
- Even some households about 100% AMI may have difficulty.

TABLE 4.8. RENTAL AFFORDABILITY GAP ANALYSIS				
Income Tier	50% AMI	80% AMI	100% AMI	110% AMI
3-Person Household Income Limit	\$60,400	\$90,950	\$106,700	\$117,370
3-Person Maximum Affordable Rent	\$1,330	\$2,010	\$2,670	\$2,930
Median Market Rate Rent, Rent Survey	\$2,400	\$2,400	\$2,400	\$2,400
Affordability Gap for Rent Survey Properties	(\$1,070)	(\$390)	\$270	\$530
Average Market Rent, Apartment Developments	\$3,059	\$3,059	\$3,059	\$3,059
Affordability Gap, New Apartment Developments	(\$1,729)	(\$1,049)	(\$389)	(\$129)
Source: HUD FY 2021 Income Limits				



Analysis: Homeownership

- Somerville mainly renter-occupied.
- Demand for homeownership options has been steadily increasing.
- 1,130 rental units converted to condo between 2010-2017
 - Total condo inventory increased by 787 units between 2015-2019 due to new construction & conversion.
 - 82% of all residential sales in 2017 were condos.
 - Median list price for condos in Feb 2020 was \$699,00.
 - Evidence of SFDs redeveloped into condos.



Analysis: Affordable Housing Demand

TABLE 4.12. RENTER HOUSEHOLDS BY INCOME LEVEL AND CENSUS TRACT					
Census Tract/Household Group	Neighborhood Name(s)	<30% AMI (Extremely low income)	30%-50% AMI (Very low income)	50%-80% AMI (Low income)	80%-100% AMI (Moderate income)
City-Wide Totals		4,010	2,005	3,040	2,025

TABLE 4.13. HOMEOWNER HOUSEHOLDS BY INCOME LEVEL AND CENSUS TRACT, 2019 ESTIMATES				
Census Tract/Household Group	Neighborhood Name(s)	30%-50% AMI (Very low income)	50%-80% AMI (Low income)	80%-100% AMI (Moderate income)
City-Wide Totals		960	1,155	970



Housing Policy



Inclusionary Zoning Ordinance

As of April 2021, Somerville's IZO had led to the creation of 310 affordable, occupied housing units



- Purpose of IZO:
 - To create a stock of affordable housing that is available to qualifying households over the long-term.
 - To stabilize the cost of housing, including utilities, parking, and on-site amenities for households that are unable to afford market-rate housing prices without becoming cost burdened.
 - Targets Very-Low to Moderate income renter households.
 - Targets Low-Middle income owner households.
- 2019 updates now require 20% inclusionary units for projects of 4 or more units.
- Significant demand for affordable units at 50% AMI or below.

Somerville Affordable Housing Trust Fund



- Can fund housing up to 110% AMI
- Because of Community Preservation Act (CPA) SAHTF has invested ~\$16M in housing assistance since 2015.
- Other sources of funding include linkage & fractional payments paid by developers.
 - Fractional payments are required when inclusionary calculations yield less than whole number of units.



Perspectives, Takeaways, & Key Findings

Stakeholder Perspectives & Takeaways

- Most pressing needs are additional units, larger units, and units affordable below 80% AMI, especially for families.
- More affordable, small units to cater to students and young professionals.
- Shortage of accessible housing for people with disabilities.
- Older adults have difficulty aging in place.





Questions?

