

Key Findings from the 2018 Newburyport Housing Production Plan

The mission of the Newburyport Affordable Housing Trust (the 'Trust') is to support, preserve, and create housing that is affordable to low- and moderate-income households in the City of Newburyport. The Trust defines "affordable" as housing which costs of no more than 30% of the gross income for a household that earns 80% of the Area Medium Income, as determined by HUD.

The City is interested in increasing affordable housing opportunities for those who would like to live in Newburyport. The Trust works with developers to increase and preserve the City's supply of units that are reserved for people who are of low to median income, and who might not otherwise be able to afford housing in Newburyport.

The Newburyport Affordable Housing Trust has worked with the Merrimack Valley Planning Commission to update its Housing Production Plan (HPP). The HPP examines city demographics, median income, home prices both for sale and rent, and identifies both urgent and long-term housing needs. The data is not only useful to City staff and elected officials, but also to stakeholders involved in the production, preservation, planning, and zoning aspects of housing development in Newburyport as it presents the specific needs of this community based on several key findings.

- **Newburyport is growing at a slower rate than neighboring communities and its population is aging.**

Newburyport is home to 17,798 people comprising 7,555 households (July 2017). While this represents an increase of 3.3% since 2010, Newburyport population growth is slowing compared to other cities and towns in the region. There is a greater percentage of senior householders age 65-75 years in Newburyport than in the region, county, and state; 20% of the Newburyport population falls into this category while regionally it is 14% and countywide and statewide it is 16%¹.

In addition to the aging population, the population of school-age children is projected to decline by 25% over the next 10 to 15² years.

- **While household wealth has increased for many, poverty remains a significant issue; finding affordable housing options for seniors is difficult.**

The median family income³ of \$103,400⁴ has increased by 47% since 2000. Senior householders (age 65 years and over) have less than half the median income of younger cohorts with an estimated median income of \$46,076⁵. The number of households living below Federal poverty thresholds in the City has increased from 5.2% to 7%. Of that 7% total for the City (1,292 households), 27% (349) are households with children under the ages of 18, and 12% (155) consists of households with individuals aged 65 and older⁶.

¹ American Community Survey (ACS) 2011-2015, Table B25007.

² UMass Donahue Institute, *Long-term Population Projections for Massachusetts Regions and Municipalities*, March 2015.

http://pep.donahueinstitute.org/downloads/2015/new/UMDI_LongTermPopulationProjectionsReport_2015%2004%20_29.pdf, accessed 8/4/17

³ Defined by the U.S. Department of Housing and Urban Development as one householder plus at least one other

related individual

⁴ U.S. Department of Housing and Urban Development, *Income Limits*, 2017

⁵ ACS 2011-2015, Table B19049.

⁶ ACS 2011-2015, Table B17001

- **The income of homeowners has increased and is more than twice that of renter households.**
The median income of a home owner grew to \$115,392 in 2015, while the median income of a renter was only \$43,864 for the same time period⁷.
- **Newburyport continues to lose rental units at a dramatic rate.**
There has been a significant loss of rental units in Newburyport, decreasing by 501 units (20%) from 2000 to 2016⁸. Additionally, in 2017 there was a rental vacancy rate of 0% indicating a lack of year-round rental units available.
- **Housing sale prices have increased significantly and are out of reach even for median-income households.**
Newburyport home sales have increased 11% over the past decade. The median sales price in Newburyport is \$521,000⁹. Newburyport households making the median household income of \$103,400 could afford to purchase a home up to \$415,000. However, the median sales price of \$521,000 requires an annual income of \$133,000 with a 20% down payment of \$104,200¹⁰.

Homebuyer Affordability Gap – This is the difference between the median sales price for Newburyport (\$521,000) and the ‘Affordable Price’ (household paying no more than 30% of annual income on housing).

Income	Median Sales Price	Affordable Price	Gap
80% of Median = \$82,720	\$521,000	\$267,200	\$253,800
100% of Median = \$103,400	\$521,000	\$415,000	\$106,000

- **Rents have also increased significantly and are unaffordable for many households.**
The number of rental units available at lower rates has decreased while those offered at higher rates are increasing. Between 2010 and 2015, the number of rental units available for less than \$1,500 per month declined by 13% while those offered for more than \$1,500 per month increased by 70% for the same time period¹¹.

As stated above, the median income of a renter in Newburyport is \$43,864, which means that an affordable rent, including utilities is approximately \$1,100 per month. No units were listed for rent in searches conducted in July and August 2017 that were affordable to a household with the median renter income in Newburyport.

Households making the median renter income in Newburyport cannot afford the Fair Market Rent (as determined by the Department of Housing and Urban Development) of \$1,372 for a one-bedroom apartment. To afford the Fair Market Rent monthly rent, a household must earn \$54,880 annually.

⁷ ACS 2011-2015, Table B25119

⁸ U.S. Census Bureau, Census 2000 and 2010 Summary File 1

⁹ The Warren Group Town Stats, 2017

¹⁰ DHCD Sales Price Calculator, Author calculations using FY2017 tax rate, and assuming 30-year fixed mortgage, 20% down payment, 4.20% interest rate

¹¹ 2006-2010 and 2011-2015 ACS, Table B25063

In Massachusetts, a minimum wage worker earns an hourly wage of \$11.00. To afford a fair market rental rate for a one-bedroom apartment, a minimum wage earner must work 80 hours per week¹².

- **Approximately 37% of renter households in Newburyport pay more than 30% of their gross income towards housing.**¹³

About 53% of low income renter households in Newburyport are spending too much for housing. An estimated 570 extremely low income renter households are spending more than half of their gross income on housing costs. This population can be extremely vulnerable to housing instability and possible homelessness.

Households spending more than 30% of their gross income on housing are considered 'housing cost burdened'. These cost burdened households are most likely composed of small families and elderly households.

Based on these key findings, the Newburyport Affordable Housing Trust has prioritized the following housing needs:

- Affordable rental housing for individuals, particularly for seniors
- Affordable rental housing for families
- Affordable homeownership for low-and middle-income individuals and families

¹² National Low Income Housing Coalition, "Out of Reach 2017: Massachusetts." Accessed August 2017.

¹³ Newburyport Household Income: Owners and Renters, HUD, Comprehensive Housing Affordability Strategy (CHAS), based on ACS 2010-2014.