The Research Bureau

RAISING HOUSING

Understanding the Affordable Housing Crisis in Worcester

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EXECUTIVE SUMMARY

Building on the Worcester Regional Research Bureau's prior brief, *Housing Production Plan Explainer*, which provided an overview of the City's diagnosis of Worcester's key housing challenges, its stated goals, and the specific strategies proposed to address them, this report moves beyond description to deeper analysis. While the earlier brief was designed to support public understanding of the *Housing Production Plan (HPP)*, this report examines the plan within a broader analytical framework, highlighting its most consequential findings and assessing their implications.

Specifically, this report situates Worcester's housing challenges and production targets within the national and statewide context of a growing housing affordability crisis. Drawing on a wide range of research—including national affordability gap analysis, statewide housing plans, and independent analyses of Gateway Cities—it considers how Worcester's needs fit within a broader context of long-term underproduction, rising costs, and demographic shifts.

WHY HOUSING IS UNAFFORDABLE: THE STATE OF THE CRISIS

The report begins by establishing the severity of the housing affordability crisis facing both Massachusetts and Worcester, where rising housing costs have increasingly outpaced wages, placing sustained pressure on renters and homeowners alike.

- **Forty percent of all Worcester households and half of renter households are cost-burdened,** spending more than 30 percent of their income on housing; one in four residents is extremely cost-burdened, spending more than half of their income on housing.
- **Massachusetts has the second-highest housing wage in the nation;** a full-time worker must earn $44.84 per hour to afford a typical two-bedroom apartment while keeping housing costs at or below 30 percent of income.
- Even in Worcester's most "affordable" housing ZIP codes, **renters must earn well above the $15 per hour minimum wage—sometimes nearly double—to afford market rents**.
- Affording the median two-bedroom apartment in Worcester requires an annual household income of roughly **$60,000-$70,000,** while the median renter earns only **$40,000-$45,000.**
- Worcester faces a deficit of more than **8,500 rental units** affordable to households earning **below 30 percent of Area Median Income,** while shortages of higher-income housing push wealthier households into older, middle-priced units, driving up prices across the market.
- As reported by MassINC's Gateway Cities Housing Monitor, in 2025 **Worcester had an estimated $241,000 financial gap in the construction of rental units at median rents**.

AN AGING POPULATION AND A CHANGING HOUSEHOLD LANDSCAPE

The report next examines how demographic change is reshaping housing demand in Worcester and intensifying existing affordability pressures.

- Worcester's population is growing and aging simultaneously, with the population age **65 and older projected to increase by 39 percent by 2050,** shifting demand toward smaller, more accessible housing.
- Household sizes are shrinking, particularly among homeowners, while the housing stock remains dominated by large, family-sized homes, creating widespread mismatch.
- Many seniors and empty nesters are over-housed, living alone or with one other person in three-bedroom-plus homes, while younger households face limited options for smaller ownership housing.
- Larger renter households struggle to find appropriately sized apartments, as most rental units consist of one to three bedrooms, intensifying competition and overcrowding.
- Housing production has not kept pace with population growth, requiring Worcester to more than **double its recent annual construction rate** to meet the Housing Production Plan's target of **12,300 units by 2033**.

THE HOUSING MISMATCH BETWEEN SUPPLY AND NEED

Building on this demographic context, the report analyzes the structural mismatch between Worcester's housing supply and current household needs.

- **Nearly 60 percent of Worcester's housing units were built before 1960,** largely for larger families, while only **7–8 percent have been built since 2000,** limiting the supply of smaller, right-sized homes.

- There is an oversupply of two- and three-bedroom owner-occupied homes and shortages of one-, two-, and five-plus-bedroom rental units.
- Worcester lacks housing affordable to extremely low-income households and also lacks sufficient housing for higher-income households, intensifying competition for middle-priced units.
- Apparent surpluses of housing affordable to households earning **50–80 percent of AMI** are offset by shortages at the top and bottom of the market, driving filtering up and **squeezing middle-income households**.

HOW MUCH HOUSING DOES WORCESTER NEED? LOCAL, REGIONAL, AND STATEWIDE PROJECTIONS

The report then situates Worcester's Housing Production Plan targets within broader estimates of housing need at the local, regional, and statewide levels.

- Worcester is projected to need approximately 12,300 new housing units by 2033 to accommodate population growth and address existing shortages.
- MassINC's 2024 and 2025 Gateway Cities Housing Monitor estimates that Worcester needs **8,599 new housing units by 2032** to address existing deficits, modest household growth, and the loss of aging units.
- Worcester has the highest concentration of homeownership deserts among Gateway Cities, defined as census tracts where **fewer than 20 percent** of housing units are owner-occupied. Eliminating these deserts would require **2,427 additional for-sale units,** the largest absolute need among Gateway Cities.

The Massachusetts Executive Office of Housing and Livable Communities, *A Home for Everyone* estimates that the state must produce or preserve at least 222,000 homes between 2025 and 2035 to reduce long-term affordability pressures.

- From 2013 to 2023, 62 percent of new housing units were built in Metro Boston, compared with **just 6 percent in Central Massachusetts**
- Central Massachusetts is projected to require a **7.5–10 percent increase** in housing supply above 2020 levels by 2035.

Although Worcester's HPP target extends only two years beyond MassINC's projection window, it anticipates a need for **43 percent more housing units;** if achieved, this would account for roughly half of Central Massachusetts' projected housing growth despite Worcester representing only about one-quarter of the region's population.

CONCLUSION AND QUESTIONS TO CONSIDER

The report concludes by assessing Worcester's capacity to implement the Housing Production Plan amid fiscal, political, and institutional constraints.

In addition to zoning and regulatory reforms, Worcester is using local tools such as its **Affordable Housing Trust Fund, Community Preservation Act funding, by-right accessory dwelling units, and office-to-residential conversions** to expand housing supply despite limited municipal capacity.

Meanwhile, recent federal budget proposals and administrative actions suggest a more constrained federal role in housing, increasing reliance on state and local governments despite limited municipal fiscal capacity.

- Proposed changes have included potential elimination of the **Community Development Block Grant** and **HOME Investment Partnerships Program**.
- Federal proposals have sought to restructure rental assistance into capped state block grants.
- Administrative changes to **HUD programs** have highlighted the vulnerability of homelessness prevention and permanent supportive housing.

In this environment, Worcester's ability to fully implement its Housing Production Plan will depend on sustained state engagement and coordinated regional action. Several unresolved questions will shape how the Plan performs in practice:

1. Can Worcester fund deeply affordable housing?
2. Are current displacement protections sufficient?
3. Are the production targets feasible?
4. How should trade-offs among competing goals be managed?
5. Is there sufficient political will and community support for zoning and regulatory reform?

The Plan ultimately underscores the need for shared responsibility across local, state, and regional partners to translate housing goals into meaningful gains in affordability, accessibility, and housing stability for Worcester residents.

INTRODUCTION

Across the United States, housing affordability has become a defining policy issue. National research shows that the country is facing its most severe affordability pressures in decades. According to Harvard's Joint Center for Housing Studies, home prices are **60 percent higher than in 2019**, with the median existing single-family home reaching **$412,500 in 2024**—roughly **five times median household income,** far above the traditional affordability benchmark of three times income. The national price-to-income ratio has climbed to **5.0,** matching record highs last seen during the pandemic-era housing boom.

These affordability pressures are not confined to a small number of high-cost markets. Between 2019 and 2023, renter cost burdens increased in 43 of 50 states and in 89 of the 100 largest metropolitan areas, underscoring the national and geographically widespread nature of the housing affordability crisis.

Massachusetts has elevated housing affordability as a central policy priority. In 2023, the Commonwealth established the Executive Office of Housing and Livable Communities (EOHLC), making housing a cabinet-level priority for the first time. This past summer, EOHLC released *A Home for Everyone*, a comprehensive statewide housing plan outlining strategies to expand supply, preserve affordability, and meet regional needs.

Alongside these policy developments, research organizations in Massachusetts have increasingly focused on diagnosing the scale of the housing crisis and identifying pathways forward. MassINC's second *Gateway Cities Housing Monitor* and studies from organizations such as the UMass Donahue Institute, the Metropolitan Area Planning Council (MAPC), and the Boston Foundation have likewise documented rising cost burdens, limited production, and widening regional disparities—just to name a few.

For its part, the Worcester Regional Research Bureau has examined housing affordability from multiple perspectives over the past several years. *Achieving the American Dream (2021)* focused on homeownership disparities in Worcester and Central Massachusetts, finding that rising prices, income constraints, and unequal access to mortgage credit have placed homeownership increasingly out of reach for many residents—particularly households of color. *Static Income, Rising Costs (2022)* analyzed the growing mismatch between household incomes and housing costs, linking contemporary affordability pressures to historical patterns of redlining and neighborhood disinvestment that continue to shape who bears the greatest housing cost burdens today. That same year, *Inclusionary Zoning (2022)* evaluated local zoning reform as a tool to expand affordable housing supply, concluding that while inclusionary zoning can produce some affordable units, it is not a standalone solution and must be paired with broader strategies to meaningfully address housing need. In 2023, the Bureau released a brief explaining *Worcester Now | Next*, the City's comprehensive long-range planning initiative guiding land use, housing, zoning, and infrastructure decisions.

Recently the Worcester Regional Research Bureau released *The Worcester Housing Production Plan Explainer*, which summarizes the City of Worcester's Housing Production Plan (HPP), highlights its core goals, and outlines the major constraints and challenges shaping the city's housing landscape. The HPP is intended to guide housing policy from FY2026–2030 and identifies a substantial gap between current housing supply and projected demand. According to the plan, Worcester will need **12,300 additional housing units by 2033** to accommodate population growth and address existing shortages—requiring a significant increase in the city's recent pace of housing production to help stabilize housing costs.

Building on that brief, which is primarily descriptive and intended to support public understanding, this report provides a deeper analysis of Worcester's Housing Production Plan and the broader context in which it will be implemented. This report has two aims. First, it situates the HPP within statewide housing goals and projections, helping residents and policymakers understand how Worcester's targets compare with broader trends and expectations across Massachusetts. Second, it identifies key challenges Worcester must consider as it moves toward implementation, highlighting major policy trade-offs, areas requiring further analysis, and questions city leaders will need to address as the plan is carried out.

The report is organized into four major sections:

- **Why Housing Is Unaffordable:** This section outlines the scope of Worcester's affordability crisis and situates it within broader structural forces—wage stagnation, rising housing costs, and national policy choices that have tied household security to asset appreciation.
- **An Aging Population and a Changing Household Landscape:** Here, demographic shifts reshaping housing demand are analyzed, including growth in older adult households, shrinking family sizes, and changing patterns of homeownership and rental need.
- **The Housing Mismatch of Supply and Need:** This section details the disconnect between Worcester's existing housing stock and the kinds of units residents

need—by size, type, and affordability level—and explores how these mismatches drive both scarcity and cost pressures.

- **How Much Housing Does Worcester Need? Local, Regional, and State Projections:** This sections synthesizes the city's HPP's demand estimates with regional and statewide analyses to place Worcester's production goals in a broader context and assess the scale of response required.
- **Conclusion and Questions to Consider:** The final section evaluates Worcester's capacity to implement the HPP, identifies policy gaps and trade-offs, and raises key strategic questions that will shape whether the Plan can achieve lasting outcomes.

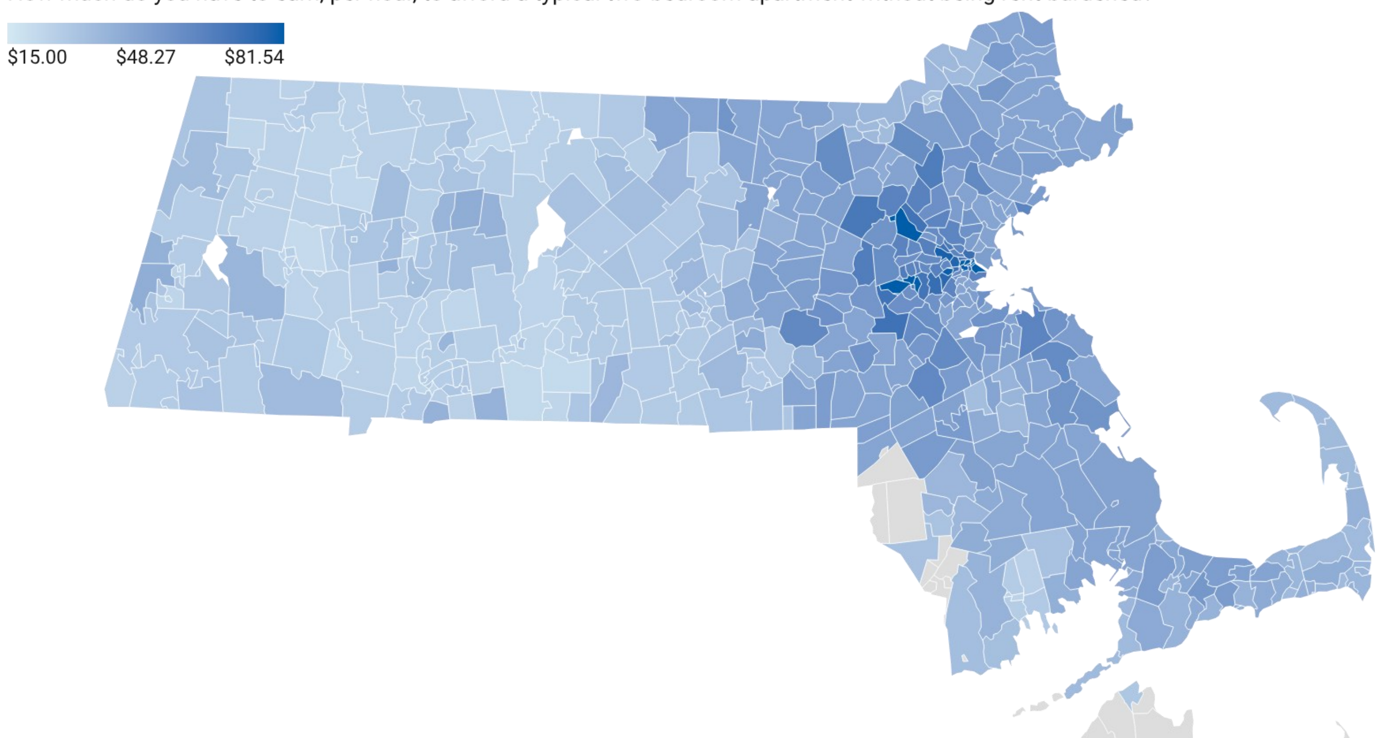
WHY IS HOUSING UNAFFORDABLE? THE STATE OF THE CRISIS

The most acute symptom of Worcester's housing challenges is its affordability crisis. Simply put, many Worcester residents cannot find housing at prices they can afford, given local incomes. The evidence of the crisis is abundantly clear. According to the U.S. Census Bureau, **40% of all households in Worcester (and 50% of renters) are cost-burdened** by housing costs. This means thousands of families are paying more than the federal government's recommended 30% of their income on rent or mortgage, taxes, and utilities. About **one-quarter of Worcester renters spend over half their income on housing**, a level of financial strain that often forces painful trade-offs on other necessities. Such households are one unexpected expense or rent hike away from potential housing instability. Worcester's cost-burden rates mirror the statewide trend; Massachusetts has seen pervasive growth in cost burdens over the past decade, even in traditionally affordable cities. A MassINC analysis found that across Gateway Cities, half of renter households are now cost-burdened, with **median incomes far below what is needed** to afford prevailing rents.

Obviously, these outcomes are due to the widening gap between what housing costs and what people earn. In Worcester, affording the median two-bedroom rental requires an annual income of **$60,000 to $70,000**—yet the median renter household earns only **$40,000 to $45,000.** Nation wide, Massachusetts has the second-highest "housing wage" in the nation, according to the National Low Income Housing Coalition's *Out of Reach* report: a full-time worker must earn $44.84 per hour to

Massachusetts 2-Bedroom Housing Wage by ZIP Code Tabulation Area

How much do you have to earn, per hour, to afford a typical two-bedroom apartment without being rent-burdened?

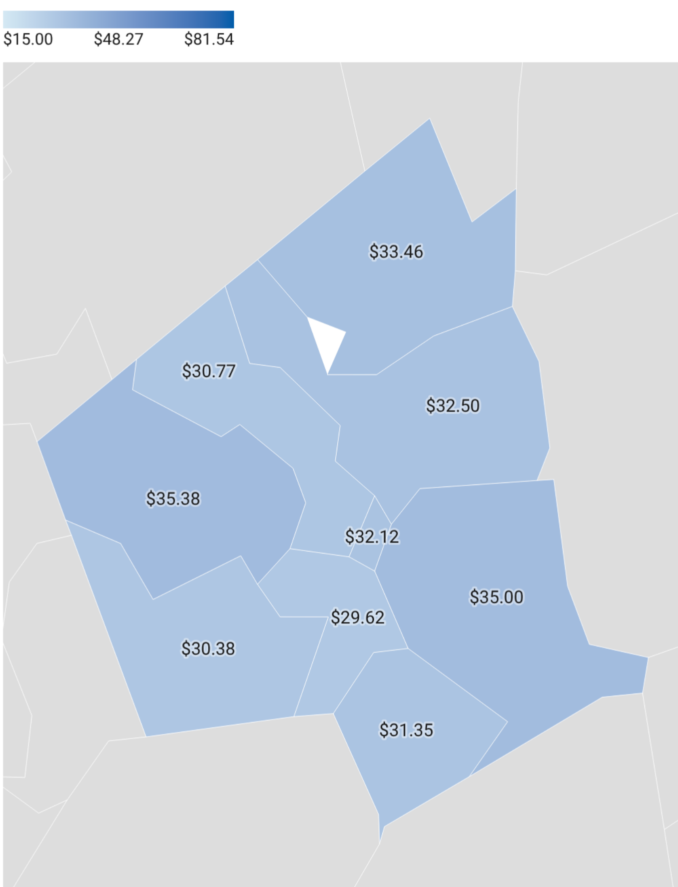


Source: National Low-Income Housing Coalition's 2024 Out of Reach Report • Created with Datawrapper avoid being cost-burdened by the average two-bedroom rental. Even in Worcester's *more* affordable ZIP Code Tabulation Areas (ZCTAs), renters would still need wages significantly above the state minimum wage to afford market rents. In practical terms, rents are increasingly out of reach for low- and moderate-income workers, even when working full-time.

Worcester's ZCTAs rank between the 22nd and 36th percentiles for 2-bedroom housing wage among the 750 with available data in Massachusetts, indicating that Worcester's housing costs are *less out of reach* than most areas of the Commonwealth. Put differently, the typical Worcester ZCTA requires workers to make roughly three-quarters of the hourly wage needed statewide to afford a two-bedroom apartment. **This means that workers in Worcester would need to earn at least $7.60 more than the state's $15/hour minimum wage, and in some cases, as much as $21.40 more, (double the minimum wage).**

City of Worcester 2-Bedroom Housing Wage by ZIP Code Tabulation Area

How much do you have to earn, per hour, to afford a typical two-bedroom apartment without being rent-burdened?



Source: National Low-Income Housing Coalition's 2024 Out of Reach Report • Created with Datawrapper

A central challenge in understanding Worcester's housing crisis is the disconnect between how "affordability" is defined in policy and how residents experience the housing market. Much of this stems from the way **Area Median Income (AMI)** is calculated: AMI reflects the median income of a broad HUD-defined region that includes many higher-income suburban communities, **not Worcester alone.** As a result, the official AMI for Worcester—**$117,300 for a family of four in 2024**—is significantly higher than what many Worcester households actually earn. According to the Census Bureau's 2024 estimate, the median household income for a family of four in the city was $96,366. This represents a gap of **$20,934,** meaning the typical Worcester family earns **nearly 18 percent less than the income level that underpins the region's definition of "affordable" housing.**

This inflated regional benchmark creates two problems. First, housing labeled as "affordable" for households at 80% or even 60% of AMI is often **not affordable to low-income Worcester residents,** whose incomes fall well below those regional averages. Second, subsidized units targeted at AMI income bands may be occupied by households who qualify on paper but are not among the city's lowest-income earners, effectively crowding out those with the greatest need. This imperfect definition of affordability compounds Worcester's severe shortage of deeply affordable housing: the HPP identifies a **deficit of more than 8,500 units for households earning below 30% of AMI, leaving thousands of families paying far more than they can afford, doubling up, or facing displacement.** At the same time, Worcester lacks enough moderate- and higher-income units, meaning middle- and upper-income households compete for older "middle" housing stock that would otherwise be attainable for working families. This **"filtering up" dynamic—shortages at both the bottom and the top of the market**—helps explain why affordability pressures now touch nearly every income group, and why even AMI-based programs often fall short for the residents who need help most.

Another major issue is how people think of affordability in colloquial terms and what it means when policymakers say it. The HPP cites that Worcester's 2024 area median family income (AMI) is $117,300 (for a family of four). Yet a family earning even 100% of AMI would struggle to purchase the median home without stretching beyond the 30%-of-income affordability rule, unless they have substantial savings for a down payment. Homeownership is even farther out of reach for moderate-income renters looking to buy, given the current price levels.

A critical component of Worcester's affordability crisis is the **shortage of housing available to low-income residents.** According to the HPP, households earning **below 30% of AMI (approximately $30–$40k/year for a family) face an acute shortage of affordable units** in Worcester – a deficit of over **8,500 units** for renters in this income bracket. In other words, thousands of the city's lowest-income families cannot find apartments at rents they can afford, and many likely end up spending far more than they should, doubling up in overcrowded situations, or in worst cases, facing homelessness or being forced out of the city. The lack of deeply affordable housing is a statewide problem, and Worcester's HPP emphasizes creating more housing that is **"deeply affordable"** (targeted to ELI and very low-income groups) as a top priority.

At the same time, the **market also is not producing enough moderate- and higher-income housing** to meet demand, which has indirect effects on affordability. Worcester's housing market has historically been more affordable than Greater Boston, attracting middle-income families. But as those families arrive, **new construction of market-rate housing has not kept pace**, leading them to compete for the existing stock of moderate-cost homes and apartments. The HPP notes an analysis that Worcester *lacks sufficient new housing for higher-income households as well*. In a tight market, higher-income buyers and renters end up bidding up the prices of older "middle" homes that would otherwise be affordable to middle-class or moderate-income residents. This **"filtering up"** effect is a crucial dynamic: because there are not enough new upscale units being added, those with more purchasing power are occupying units that would typically be affordable to others, thereby **driving up prices across the board**. In short, *shortages at both ends of the income spectrum* – low-income and high-income – squeeze the middle.

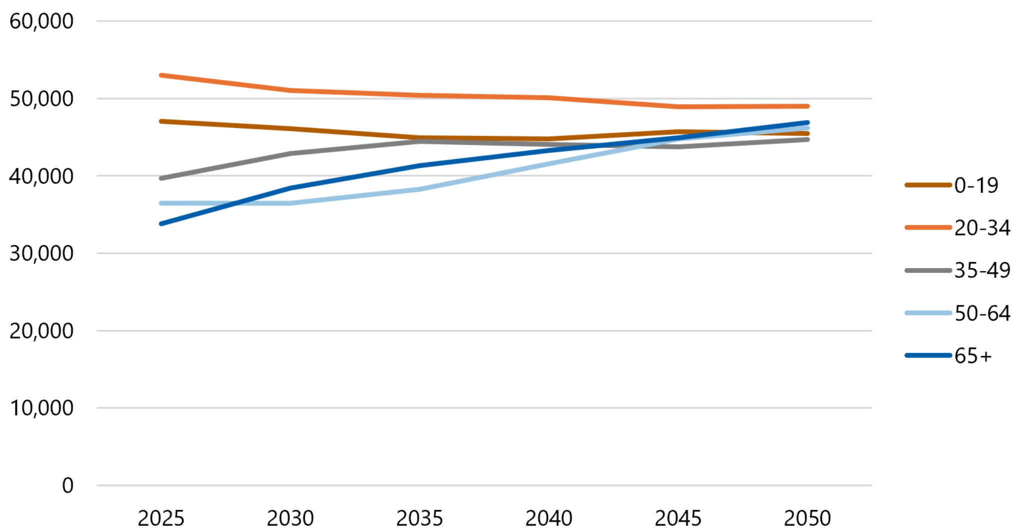
What does "Area Median Income" (AMI) mean?

AMI is the median (middle) household income for a metropolitan area, as determined by the U.S. Department of Housing and Urban Development. Worcester falls in the Worcester County Metro areas, where the FY2024 AMI for a family of four is $117,300. Income categories are defined as percentages of AMI. For example, "Extremely Low Income" (ELI) typically means earning ≤30% of AMI, and "Low-Income" often means ≤80% of AMI. Many affordable housing programs target households below these thresholds. In Worcester's case, 30% of AMI equates to about $35,000 for a family of four in 2024. Rents or home prices that are affordable at 30% AMI would be very low – accessible to those earning under $35,000 per year – and such options are extremely scarce in the current market.

AN AGING POPULATION AND A CHANGING HOUSING LANDSCAPE

Worcester's population has been growing and changing in ways that directly impact housing demand. Between 2013 and 2022, the city's population increased by about **10.5%**, reaching 206,000 residents. Worcester is poised for a significant demographic shift toward an **older population**. State projections by the UMass Donahue Institute show that by 2050, the number of **senior citizens (age 65+) in Worcester will rise by around 39%,** while the **age 50–64 cohort will grow by about 26%.** At the same time, the population of younger adults in their 20s and early 30s is expected to **decline by 8%.** These trends imply that over the coming decades, a larger share of Worcester's residents will be older adults – many of whom may eventually look to downsize from single-family homes into smaller, more accessible housing. The modest projected growth in middle-aged adults (ages 35–49, forecasted to increase ~12%) could sustain demand for **family-sized homes,** but overall household sizes are trending smaller.

Population Projections for the City of Worcester by Age Group through 2050

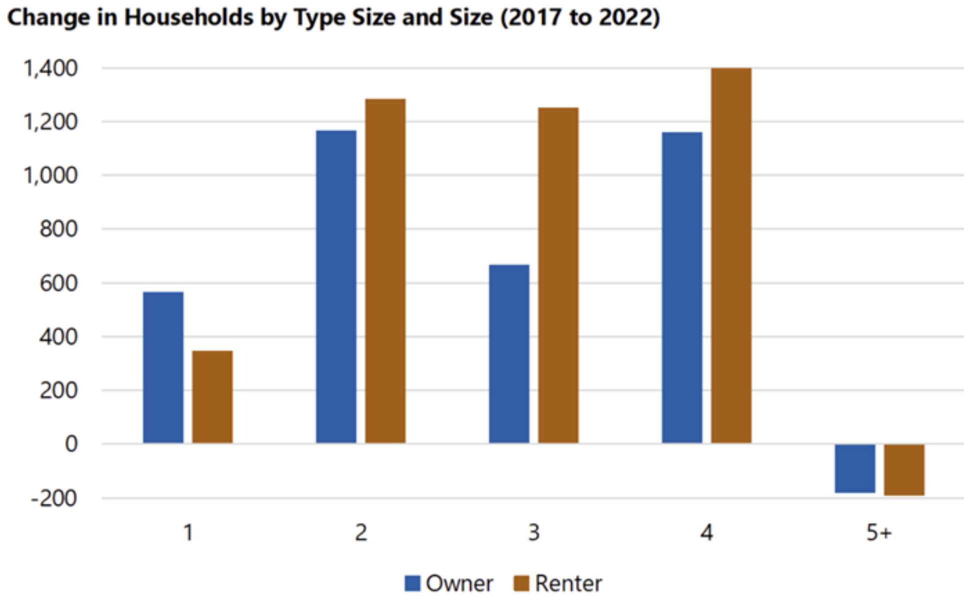


Source: University of Massachusetts Donahue Institute

Household composition in Worcester is also evolving. The city is seeing more single-person and two-person households – especially among homeowners – and fewer large families than in past decades. **From 2017 to 2022, the number of one-person owner households grew 60% faster than one-person renter households, indicating many older homeowners living alone in family-sized houses.** Meanwhile, households with five or more members declined, underscoring a shift toward smaller family sizes. This is shown at the top of page 9.

At the same time, Worcester faces the opposite problem in its rental market: a shortage of larger apartments for families. Most rental units in the city are one to three bedrooms, yet there are many renter households with four or more members. These larger families must compete for a very limited number of suitably sized rentals. The Plan suggests that adding more small rental units for seniors (for instance, in new accessible apartment buildings or ADUs) could indirectly help address the family-sized rental shortage: as older renters or homeowners downsize into new smaller units, their former larger homes become available to young families. In both the ownership and rental sectors, **Worcester's housing stock no longer aligns with the needs of its residents. Addressing this mismatch – by diversifying housing types and sizes** – will be critical to making the best use of existing homes and ensuring residents can find housing appropriate to their life stage.

Recent changes in state law further strengthen the relevance of accessory dwelling units (ADUs) as a tool for addressing this mismatch. In 2024, Massachusetts enacted the Affordable Homes Act (Chapter 150 of the Acts of 2024), which amended the state Zoning Act to require municipalities to allow one ADU by right on lots with single-family homes. These provisions took effect on February 2, 2025, and prohibit local regulations that require owner occupancy or restrict ADU residents to family members. As a result, ADUs may now function as independent housing options for seniors, caregivers, young adults, or other renters, rather than being limited to informal family use.



Source: City of Worcester Housing Production Plan, American Community Survey

Consistent with these changes, the City of Worcester **formally adopted sweeping provisions promoting ADUs in its Zoning Ordinance in 2024,** as described in the Housing Production Plan. The Plan characterizes the City's current work as an implementation and refinement phase, noting that Worcester is actively adjusting certain dimensional standards—such as height limits for detached ADUs—that have created unanticipated permitting challenges, and reconciling local ordinance language with recent state law changes.

> **An Accessory Dwelling Unit (ADU)** is a small secondary housing unit on the same lot as a primary home, sometimes called an "in-law apartment" or "granny flat".

A **May 2025 presentation** reflects this ongoing alignment process, indicating that ADUs are being treated as by-right units, without special permit review, and may be rented on the open market. Reporting from the **2025 Worcester Landlord Summit** shows this streamlining of review and expanded eligibility was intended to operationalize ADUs as a flexible tool to incrementally expand housing options to match evolving household sizes and needs. At the 2026 Worcester Landlord Summit, it was reported that 13 ADUs are complete, 43 had permits issued, and 3 more were granted special permits.

Overall housing supply also remains a concern. Worcester's growth in population and households has outpaced the growth in housing units in recent years, driving vacancy rates down and competition up. Even as more people moved to or from households in Worcester, the construction of new housing lagged. Worcester added roughly 7,300 housing units from 2010 to 2023 (a significant increase, and the most of any Gateway City in that period), yet this has not been enough to keep up with demand. The City's estimate of **12,300 new units needed by 2033** accounts not only for expected population growth but also the need to replace many aging, deteriorating units and to alleviate current overcrowding and cost pressures. Achieving this level of production – 1,200+ units per year – would mark a dramatic uptick in building activity over the status quo. For perspective, in the five years from 2016–2020, Worcester permitted an average of around 430 new housing units per year. Meeting the HPP target would likely require doubling or tripling that annual pace. This is why strategies to unlock new development capacity (through zoning reform, streamlined permitting, and partnerships) are so prominent in the Plan.

THE HOUSING MISMATCH OF SUPPLY VS. NEED

One clear mismatch is between the types of housing available and the types of households living in Worcester. As described earlier, many of Worcester's homes were built for larger families in the mid-20th century, whereas today many households are smaller or older. The HPP quantifies this mismatch: **59% of Worcester's housing**

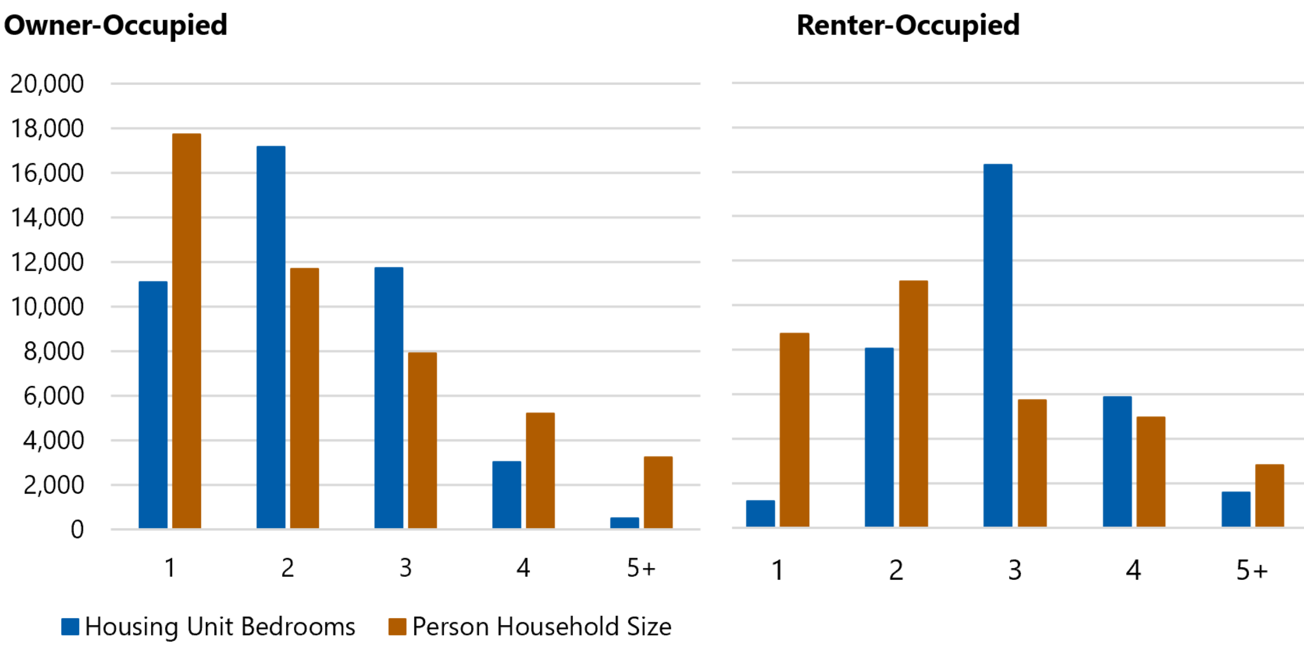
units were built before 1960 – meaning the majority are now over 60 years old, often larger single-family or triple-decker homes from an era of bigger households. Meanwhile, only about 7–8% of the city's housing stock has been built since 2000, so there has been little new construction of the "right-sized" units that modern households might prefer. The result is as discussed earlier: empty nesters or senior residents often remain in older three-bedroom homes (because few smaller alternatives exist), and young couples or singles find scarce starter homes or small rentals (because much of the stock is occupied or too large/expensive).

The HPP highlights a mismatch between the size of available housing units and the composition of Worcester's households. Among owner-occupied homes, there is an oversupply of two- and three-bedroom units relative to the number of household owners that would typically require them. In the rental market, the imbalance is even more pronounced: there are shortages of one-, two-, and five-plus-bedroom units compared to the needs of renter households, alongside a significant oversupply of three-bedroom units. This mismatch is illustrated at the bottom of this page.

To address this physical mismatch, the Plan suggests **diversifying housing types**. This includes promoting development of **"Missing Middle" housing – duplexes, triplexes, townhomes, accessory units, and other multi-unit housing that is compatible in scale with single-family neighborhoods**. Worcester's traditional housing mix contains many such types (the classic triple-decker is essentially a triplex that fits into residential blocks). But zoning and market trends in recent decades produced mostly either single-family homes or large apartment complexes, with little in between. Encouraging more Missing Middle construction (e.g., allowing duplexes or small multifamily by-right in more areas) could create housing that suits both smaller households and moderate budgets. It could, for instance, enable a single older homeowner to move into a new accessory apartment or condo in their neighborhood, while a family moves into the freed-up three-bedroom house. It's a win–win for aligning supply with needs. This report examines later how zoning changes can facilitate this. Worcester's plan also calls for exploring an **Affordable Housing Overlay** – a special zoning tool that would allow higher-density or more flexible development *if* a project includes 100% affordable units. Such an overlay could be another way to promote a variety of housing types (like cottage cluster homes, small apartment buildings) targeted at affordable housing, integrated within existing neighborhoods.

Another critical mismatch lies in the **affordability level of housing versus the income distribution of Worcester residents.** Worcester, like many cities, has a wide range of incomes among its population – from very low-income households to affluent households. Ideally, a healthy

Units by Number of Bedrooms vs. Household Size in the City of Worcester (2022)



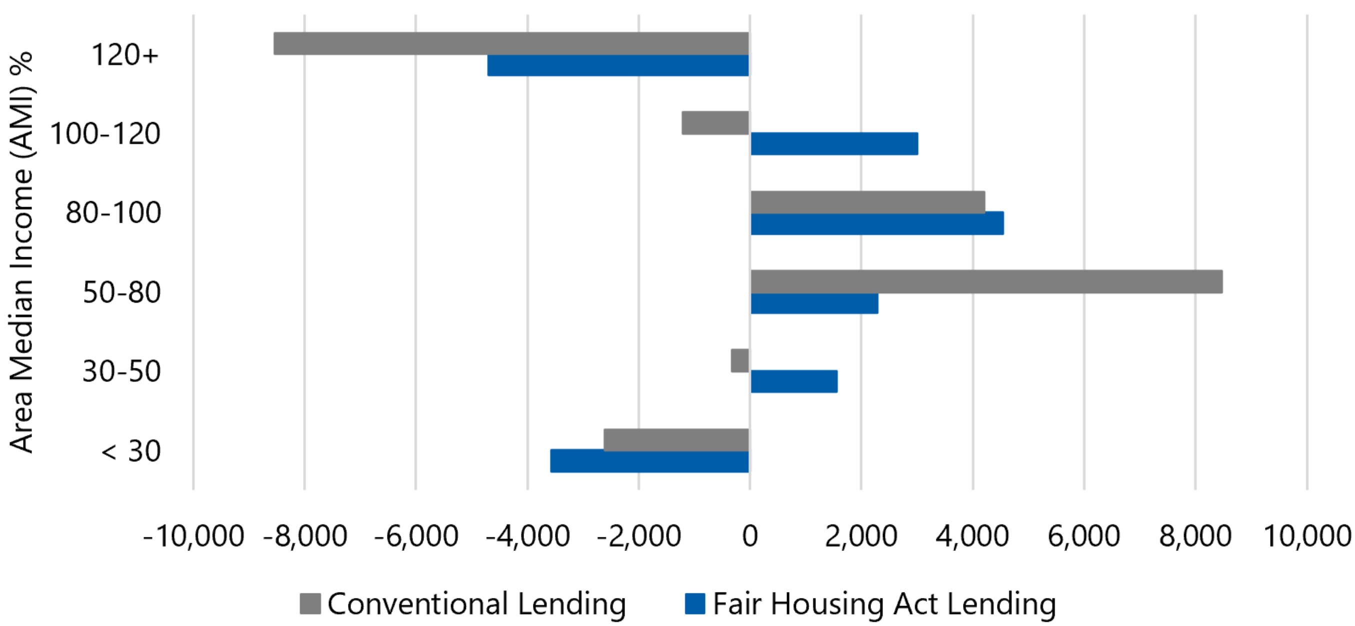
Source: City of Worcester Housing Production Plan, American Community Survey 2018-2022 5-Year Estimates

Note: The city has many large homes (3+ bedrooms) occupied by 1-2 person households, while larger households (4+ people) struggle to find adequately sized rentals. Aligning unit sizes with household needs is a focus of the HPP housing market offers options at all price points to accommodate this range. However, Worcester's current housing inventory does not align with the need at the low end and high end of the income scale. The Plan's market analysis (conducted by RKG Associates) found **"shortages at both ends of the income spectrum"**: a severe lack of housing that is affordable to extremely low-income households, and at the same time not enough higher-end housing for those who could afford it.

The Housing Production Plan identifies critical mismatches between household income levels and the availability of appropriately priced housing in both the ownership and rental markets.

For homeownership, Worcester's market exhibits a pronounced shortage of homes affordable to the lowest-income households. For example, **households earning below 30% of Area Median Income (AMI) face a shortfall of over 3,500 affordable units under FHA lending standards, and more than 2,600 under conventional lending**. These households are shut out of the homeownership market. Conversely, there is a substantial surplus of homes for moderate-income buyers, particularly those earning 50–100% of AMI. The surplus is most pronounced for households in the 50–80% AMI bracket under conventional lending, which shows over 8,400 units available. However, this surplus flips again at the upper end: households earning above 120% of AMI also face a significant deficit of affordable ownership options, suggesting that even higher-income buyers are experiencing constraints due to limited supply at their price points. This is shown below.

City of Worcester Ownership Supply and Demand Gap

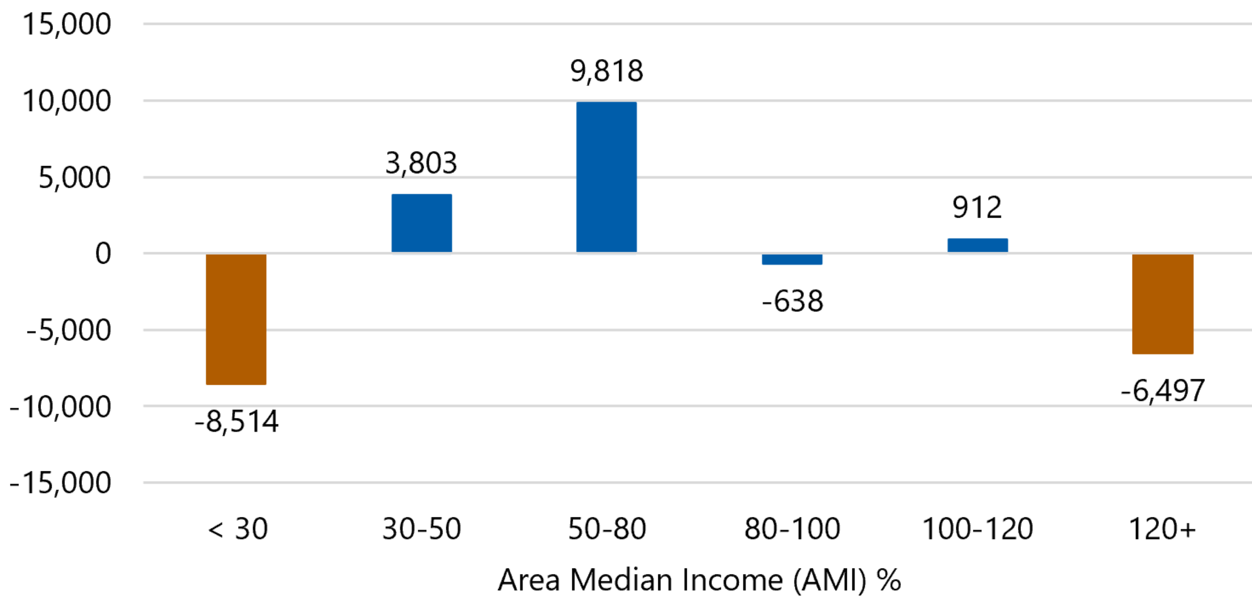


Source: HUD Income Limits, American Community Survey 2018-2022 5-Year Estimates, RKG Calculation City of Worcester's Housing Production Plan

In the rental market, the gap is even starker. **The city faces a deficit of more than 8,500 rental units affordable to households earning less than 30% of AMI—those with the greatest housing need.** At the same time, there is a notable surplus of units for households earning 50–80% of AMI (approximately 9,800 units), while the supply again drops off at the highest income tiers. **Renters in the 120%+ AMI bracket face a deficit of 6,500 units, indicating a constrained market at the top as well.** This is shown at the top of page 12.

Addressing the mismatch in affordability levels requires a two-fold strategy: expand the supply of housing at all price points (so that higher-income households have new places to go, rather than bidding up older stock) and preserve or create housing specifically for low-income households (since the market alone won't supply enough of it). The Worcester HPP embraces this with goals that emphasize both production (Goal 1: *"Enhance affordable housing production and deepen affordability"*) and stability (Goal 3: *"Reduce regulatory barriers to increase housing supply"*, as well as goals for equity and preventing displacement which the report will cover later). The plan proposes to produce a mix of unit types: from subsidized

City of Worcester Rental Supply and Demand Gap



Source: HUD Income Limits, American Community Survey 2018-2022 5-Year Estimates, RKG Calculation City of Worcester's Housing Production Plan

units for extremely low-income families to so-called "workforce" housing for middle-income households, and even encouraging some high-end development (e.g., upscale apartments or condos) to ensure that higher earners have options and thereby take pressure off the middle of the market. Worcester is aiming for a housing ecosystem where market-rate development, affordable housing programs, and preservation efforts all work in concert. This is consistent with housing economists' view that lasting affordability requires multiple approaches: Supply, Subsidy, and Stability. We've touched on supply and subsidy; stability (preventing displacement) is another important piece addressed in the Plan.

HOW MUCH HOUSING DOES WORCESTER NEED? LOCAL, REGIONAL, AND STATE PROJECTIONS

Understanding Worcester's future housing needs requires examining not only the estimates included in the Housing Production Plan (HPP) but also independent analyses conducted at regional and statewide levels. Taken together, these projections reveal that Worcester's housing challenges cannot be addressed in isolation: the city is part of a larger housing market shaped by demographic trends, regional labor dynamics, and statewide shortages. This section synthesizes three major sources of housing demand analysis—the HPP's consultant projections developed by RKG Associates, MassINC's Gateway Cities Housing Monitor, and the Commonwealth's 2025–2029 Statewide Housing Plan—to contextualize Worcester's needs and evaluate the scale of the response required.

THE HPP'S PROJECTIONS FOR THE CITY OF WORCESTER

The Worcester Housing Production Plan's primary forecast comes from RKG Associates, which employed a demographic and economic demand model to estimate local housing needs through 2033. Drawing on population projections from the UMass Donahue Institute, employment projections from Lightcast, and data from the American Community Survey, RKG identified an expected need for **12,304 additional homes** by 2033. Of these projected units, **11,617 are expected to be rental units** and only **854 owner-occupied units,** underscoring the shift toward smaller households and the growing prominence of renter households.

The model highlights a housing market increasingly driven by one- and two-person households. Among renters, 39% of demand comes from single-person households and 26% from two-person households. On the ownership side, demand is more balanced but still dominated by smaller households: 33% two-person, 26% one-person, and a declining share of larger family households. These projections signal a clear need for Worcester to rebalance its housing stock toward smaller-scale, moderate-cost rental units and diversified ownership options such as condominiums, townhouses, and accessory dwelling units. The HPP's production target is therefore not simply a matter of quantity, but of producing the *right* housing types aligned with emerging demographic realities.

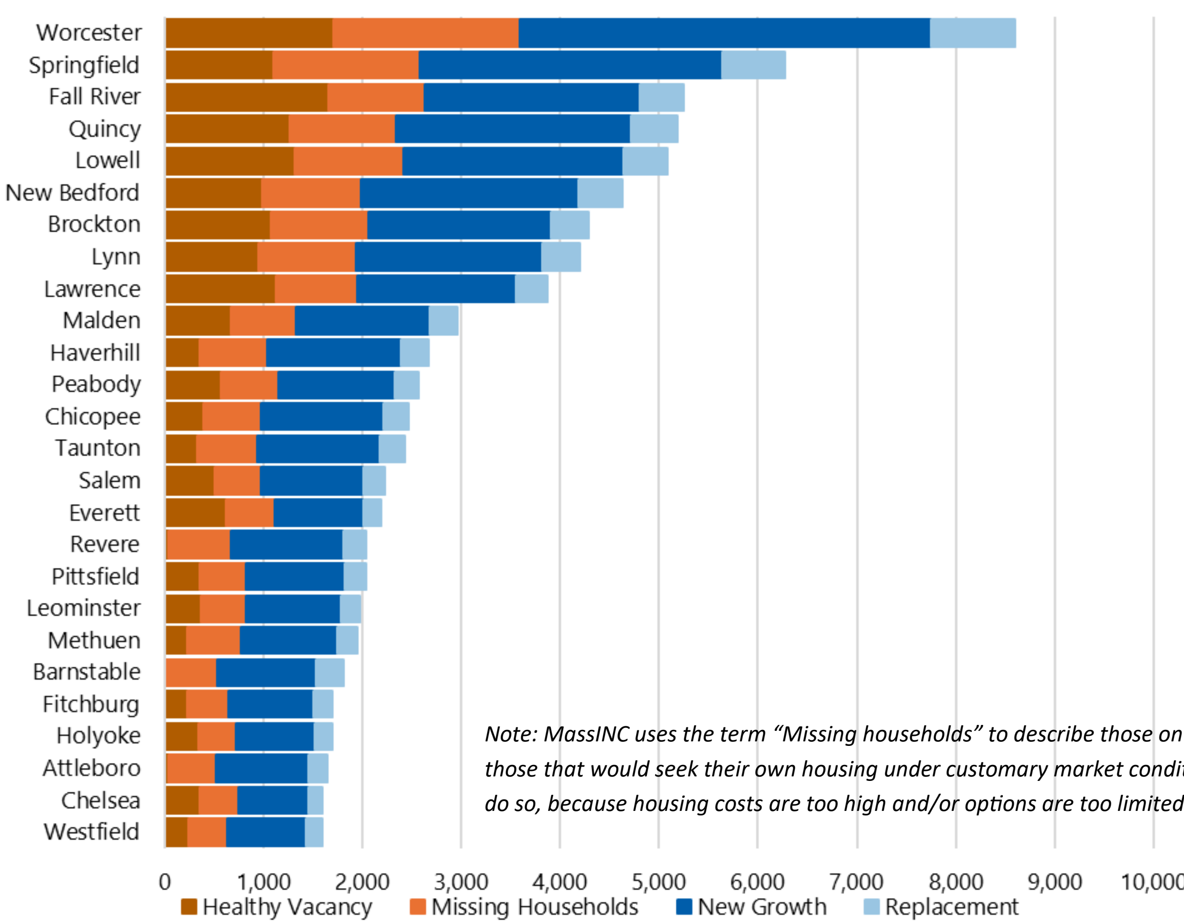
GATEWAY CITY CONTEXT: MASSINC'S HOUSING MONITOR

Complementing the HPP's projections, MassINC's Gateway Cities Housing Monitor examines broader supply and affordability issues across Massachusetts' 26 Gateway Cities, including Worcester and its suburbs. The analysis finds that Gateway Cities must **double their pace of housing production** over the next decade to moderate price pressures and prevent worsening displacement and cost-burdening. MassINC estimates that **Worcester needs 8,599 new homes by 2032** to catch up with existing shortages, meet modest household growth, and replace aging units likely to fall out of the usable housing stock.

MassINC also evaluated the policy environment that shapes local development capacity. Worcester currently implements **12 of 17 pro-housing policies** tracked in the Housing Monitor, such as having an inclusionary zoning requirement and leveraging municipally owned land for housing (see page 14) . However, Worcester lacks several tools that other Gateway Cities have begun to adopt, including a 40R smart growth district, expedited permitting for multifamily development, and more permissive zoning allowing duplexes or triple-deckers by-right across most residential areas. These regulatory gaps matter: without a stronger enabling environment, Worcester's ability to meet its projected demand will remain constrained. In this way, MassINC's analysis reinforces the HPP's core premise that development barriers—not simply market forces—continue to limit new housing production.

Beyond regulatory issues, the Monitor also illuminates financial gaps of establishing both new rental and condominium units at median costs, comparing against

Estimated Housing Production Needed from 2022 to 2032



Note: MassINC uses the term "Missing households" to describe those on the sidelines, or those that would seek their own housing under customary market conditions but do not do so, because housing costs are too high and/or options are too limited.

Source: MassINC's 2024 Gateway City Housing Monitor development costs such as land acquisition and construction. Statewide, Gateway Cities had an average financial gap of $212,000 for each apartment unit. **For such rental units, Worcester had a gap of $241,000 in 2025**, a decrease from 2024's gap of $270,000, and for **condominiums, the city had a gap of $112,638,** an increase from the prior year when it was $108,733.

In 2025, MassINC's Gateway Cities Housing Monitor focused specifically on homeownership and the geography of opportunity for first-time buyers. A central concept in this year's analysis is the homeownership desert—a census tract where fewer than twenty percent of housing units are owner-occupied or listed for sale, even after accounting for the Census Bureau's margin of error. These are neighborhoods so dominated by rental housing that even the upper bound of statistical uncertainty still leaves ownership opportunities below one in five homes.

According to MassINC's analysis, **Worcester stands out statewide for having the highest concentration of homeownership deserts among Gateway Cities.** These neighborhoods—defined as areas where fewer than 20 percent of occupied housing units are owner-occupied—are overwhelmingly located in communities with high rates of poverty, underscoring the close relationship between tenure, income, and access to wealth-building opportunities. MassINC further finds that **nearly half of Massachusetts' homeownership deserts are located in Gateway Cities,** with an additional 47 percent

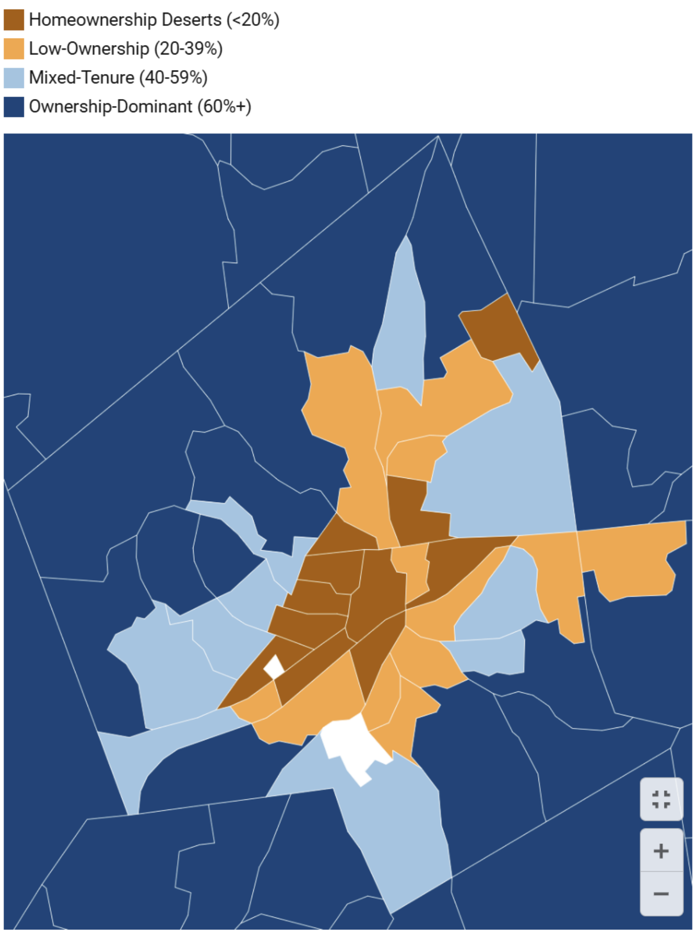
Local Pro-Housing Policies in Worcester compared to other Gateway Cities

Policy Category	Policy	Worcester Policy Status	Gateway Cities Adopting	Gateway Cities Adopting Policy (%)
Pro-housing Zoning and Permitting Policies	Has at least one zoning district that allows for multifamily properties with more than 10 units of housing by-right	Yes	22	85%
	Has at least one zoning district with a parking requirement at or below 1 space per housing unit	Yes	15	58%
	Has a 40R Smart Growth District	No	13	50%
	Density bonuses or other forms of regulatory relief for affordable housing development	Yes	13	50%
	Has master-planned and/or pre-permitted areas for multifamily housing development	Yes	8	31%
	Have expedited permitting process for multifamily housing development	No	7	27%
	Duplexes are allowed on at least half of residential parcels	No	7	27%
	Three-family buildings are allowed by-right on at least half of residential parcels	No	4	15%
Use of Municipally-Owned Land for Housing Development	Has made city-owned land available for housing development	Yes	22	85%
	If yes, awarded additional points for diverse development teams during the RFP process	Yes	8	31%
	Have set goals for local or minority participation in construction	Yes	14	54%
	Have programs or personnel dedicated to assisting emerging housing developers	No	13	50%
Provision of Local Resources to Support Housing Development	Have a Housing Development Incentive Program (HDIP) district qualifying housing development for state tax credits and a local-option real estate tax exemption	Yes	19	73%
	Has adopted the Community Preservation Act	Yes	14	54%
	Has established a Municipal Affordable Housing Trust Fund	Yes	14	54%
	Has awarded Community Development Block Grant (CDBG) for housing projects	Yes	14	54%
	Has provided tax abatement through the UCH-TIF program	Yes	10	38%

Source: MassINC's 2024 Gateway City Housing Monitor concentrated in Boston and Cambridge, while just 7 percent are found in other communities across the Commonwealth.

Building on this framework, the Worcester Regional Research Bureau examined census-tract-level tenure data to assess how these patterns manifest locally. Applying the same 20 percent threshold, the Bureau identified ten Worcester neighborhoods that function as homeownership deserts, many of which are concentrated in the downtown area and Great Brook Valley. The Bureau also applied graduated ownership thresholds to map varying degrees of homeownership across the city, revealing substantially stronger ownership rates on the West Side and other residential neighborhoods farther from the urban core.

Homeownership Disparities by Neighborhoods



Some census tracts are excluded from this classification due to insufficient or suppressed ACS data, most often because estimates do not meet Census reliability thresholds.

Source: American Community Survey 5-Year Estimates (2023) Households by Tenure • Created with Datawrapper

MassINC also found that **Worcester is one of thirteen Gateway Cities that both contain homeownership deserts and have adopted a formal plan to increase homeownership.** To eliminate these deserts, **Worcester would need an additional 2,427 for-sale units, the highest requirement in the state's Gateway City cohort.** After adjusting for the size of Worcester's housing stock, the city ranks eighth out of the fifteen communities with the greatest proportional need, requiring **155 additional for-sale units per 1,000 existing homes** to bring every tract above the desert threshold.

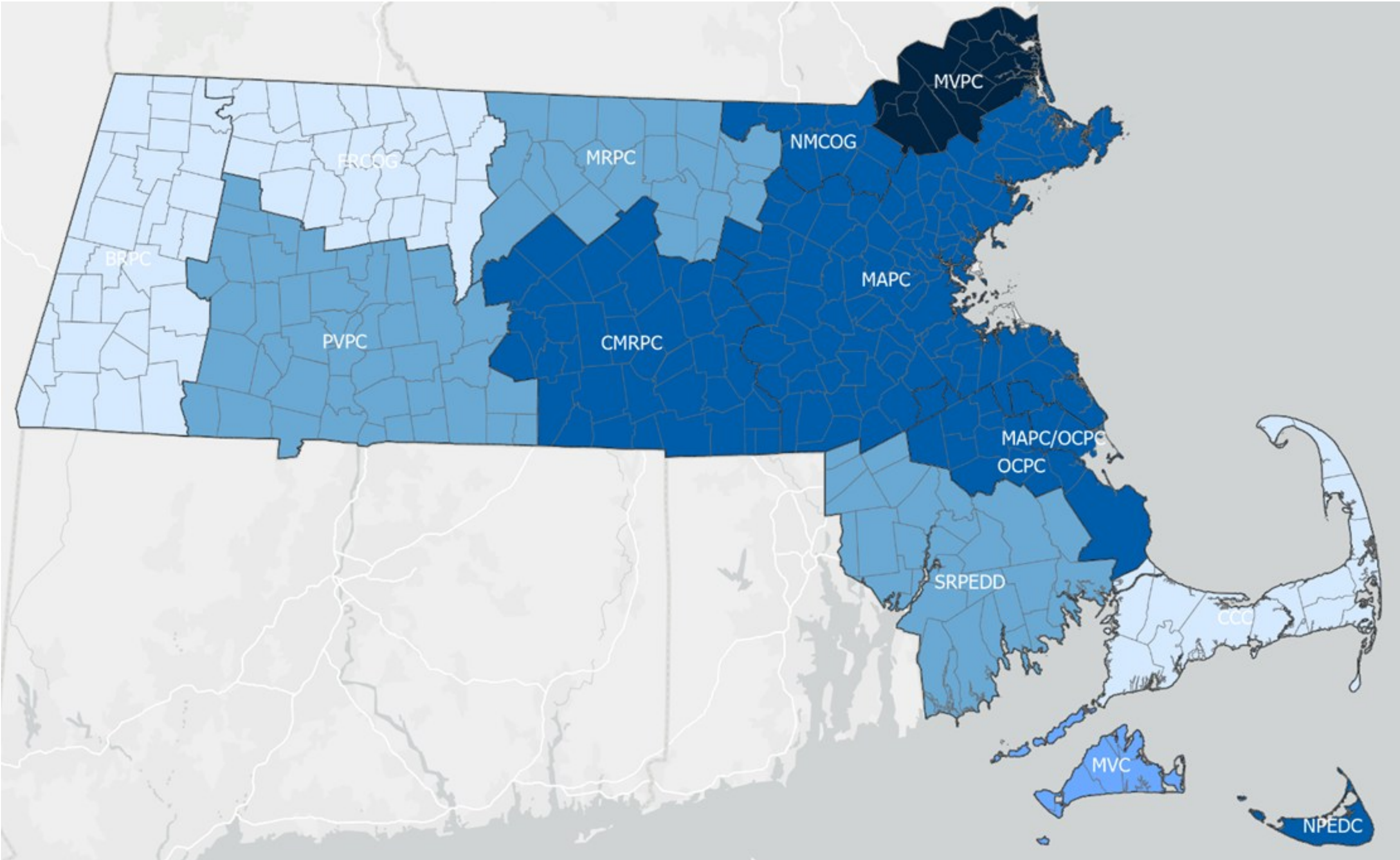
Worcester has substantial "latent demand," compared to other Gateway Cities, however. This means there are many existing renters who aspire to buy homes, but cannot because options are not available. Worcester has 1,766 renter households (ranking fifth) who earn enough to purchase a home—either at 80–100 percent of AMI or above 100 percent of AMI—if suitable for-sale units existed.

STATEWIDE PERSPECTIVE: MASSACHUSETTS' 2025-2029 HOUSING PLAN

The third layer of analysis comes from the Commonwealth's statewide housing plan, *A Home for Everyone*, developed by the Housing Advisory Council chaired by the Lieutenant Governor and the Housing and Livable Communities Secretary, released in February 2025. This plan concludes that Massachusetts **must produce or preserve at least 222,000 homes between 2025 and 2035** to remain economically competitive, reduce overcrowding, and relieve long-term affordability pressures. The statewide assessment underscores that more than half of new household growth will come from **single-person households**, particularly low-income seniors—precisely the population group most underserved by the existing housing stock.

In the months following the initial report, EOHLC released regional production goals. Central Massachusetts region—Worcester's regional planning area—is projected to require a **7.5%–10% increase in housing supply above 2020 levels** by 2035. This is shown on the next page. Yet the region has lagged Eastern Massachusetts in new development: from 2013 to 2023, only **6% of new housing units statewide** were built in Central Massachusetts, compared to 62% in Metro Boston. This imbalance places additional pressure on Worcester, the region's primary urban center, to absorb a disproportionate share of future housing demand. It also reflects the necessity of coordinated regional strategies; without broader regional production, Worcester may struggle to meet its own goals as demand spills into the city from surrounding communities with even slower rates of new construction.

Projected Regional Need for Year-Round Housing Units (2025 – 2035)



Source: Massachusetts' [A Home for Everyone](#) Needs Assessment

Regional Planning Authority	As Percent of 2020 Housing Units
Berkshire Regional Planning Commission	<2.5%
Cape Cod Commission	<2.5%
Central Massachusetts Regional Planning Commission	7.5%-10.0%
Franklin Regional Council of Governmnets	<2.5%
MAPC and OPC	7.5%-10.0%
Martha's Vineyard Commission	2.5%-5.0%
Merrimack Valley Planning Commission	>10.0%
Metropolitan Area Planning Commission	7.5%-10.0%
Montachusett Regional Planning Commission	5.0%-7.5%
Nantucket Planning and Economic Development Commission	7.5%-10.0%
Northern Middlesex Council of Governments	7.5%-10.0%
Old Colony Planning Council	7.5%-10.0%
Pioneer Valley Planning Commission	5.0%-7.5%
Southeastern Region Planning and Economic Development District	5.0%-7.5%

THE CONVERGING MESSAGE ACROSS ALL LEVELS OF ANALYSIS

Although the methodologies and timelines differ, the three major demand assessments—the HPP's model, MassINC's Gateway Cities Housing Monitor, and the Commonwealth's statewide housing plan—all converge on one core message: **Worcester must build far more housing than it has in recent decades if it hopes to remain affordable, competitive, and prosperous.** But when viewed together, these projections also reveal several important insights into Worcester's role in the region, the level of need estimated in the City's plan, and the scale of coordination required to meet these needs.

First, Worcester's HPP sets a larger target than MassINC's estimate. MassINC finds that Worcester needs 8,599 units over ten years—already a substantial increase over past production. **But the HPP sets a target of 12,300 units by 2033, which exceeds the MassINC estimate by 43%.** This is a meaningful difference. It suggests Worcester is accounting not only for household growth and current shortages, but also for replacement of ageing or obsolete units that will fall out of the available stock in the coming decade. In other words, Worcester's HPP is planning for a housing system that must both grow and renew itself, rather than simply add enough units to keep pace with population growth. This reflects the city's old housing stock and the scale of deferred maintenance across triple-deckers and mid-century housing.

Second, Worcester represents a significant share of the region's required housing production. If Worcester pursues its 12,300-unit goal, **the city alone will account for about one-half of the region's entire production despite representing only about one-quarter of the region's population.** This illustrates the city's outsized role in absorbing regional demand and its unique position as the metro area's housing, economic, and cultural anchor.

CONCLUSION AND QUESTIONS TO CONSIDER

A central challenge raised by the Housing Production Plan is not simply what Worcester needs to build, preserve, and reform, but whether any city can fully realize its housing goals within a broader environment with increasing home prices and valuations while public capacity is constrained to invest at scale. Local capacity, institutional readiness, and well-designed programs all matter—but they operate within a broader framework in which housing markets are shaped by national monetary policy, federal tax structures, and decades of underinvestment in deeply affordable homes. As Worcester moves from planning to implementation, understanding these structural limits is as important as evaluating zoning reforms or permitting processes. This section synthesizes the Plan's discussion of implementation challenges, assesses the systems that must support new initiatives, and highlights the critical issues policymakers, residents, and stakeholders should monitor going forward. It underscores the distinction between a strong planning document and the realities of execution—and clarifies where additional resources, cross-sector coordination, or shifts in higher-level policy may be required for the HPP's vision to produce lasting, equitable change.

LOCAL CAPACITY AND ADMINISTRATIVE DEMANDS

Monitoring and oversight will be a major test of Worcester's ability to execute the Housing Production Plan. As new programs roll out—such as an expanded homeownership assistance initiative or landlord incentives to rent to voucher holders—someone must administer these programs, track compliance, and support participants. The HPP calls for new educational resources for landlords and tenants (Strategy 16), expanded mediation programs (Strategy 35), and stronger monitoring of affordable housing agreements. These are labor-intensive responsibilities. The City may need to increase staff capacity or contract with nonprofit partners to ensure these strategies can function at scale.

Despite these challenges, Worcester's recent record shows the city can mobilize effectively under strong leadership. Major projects—such as CitySquare's redevelopment or Main South revitalization with Clark University and local CDCs—demonstrate that the city can coordinate across sectors, assemble funding, and deliver complex, multi-year initiatives. The HPP envisions applying this same "all hands" approach to housing: deploying zoning reform, leveraging city-owned land, tapping state and federal funds, empowering nonprofits and private developers, and maintaining accountability through continuous updates.

Worcester's local housing tools include a mix of regulatory mechanisms and locally controlled funding sources that address housing conditions and affordability at the municipal level. The City operates a **rental registry** to track rental units, property ownership, and housing conditions, supporting code enforcement and health and safety compliance. Worcester also uses **Community Preservation Act (CPA) funds,** generated through a local surcharge and state match, to support affordable housing creation and preservation, particularly through rehabilitation, smaller-scale projects, and gap financing. In addition, the City has established an **Affordable Housing Trust Fund (AHTF)**, which allows housing-related revenues and appropriations to be dedicated to long-term affordability objectives and paired with other funding sources. Worcester's **inclusionary zoning (IZ)** policy requires or incentivizes the inclusion of income-restricted units in certain new residential developments, contributing to affordable housing production within market-rate projects. While these tools shape local housing outcomes and support incremental progress, their scale and revenue capacity are limited, and they are insufficient on their own to reverse the affordability crisis without sustained state and federal investment.

One emerging strategy for expanding housing supply in Worcester, particularly in a built-out downtown with limited vacant land, is the **conversion of underused commercial buildings to residential use**. Several major projects illustrate both the potential and constraints of this approach. Synergy Investments is converting the former Fallon Health headquarters at One Chestnut Place into **198 market-rate apartments** (a roughly $73 million project supported by HDIP tax credits and a long-term tax increment exemption), while an adjacent building at Two Chestnut Place is being transferred to the Planning Office for Urban Affairs for conversion into **22 affordable, for-sale condominiums** targeted to households earning up to 80% of area median income. State officials have highlighted the Chestnut Place project as a model under a new Massachusetts office-to-housing conversion initiative, which provides planning assistance and technical support to help municipalities identify viable conversion opportunities. Additional projects are also underway or under review, including feasibility work on converting the historic Slater Building on Main Street and the redevelopment of the former Worcester Boys Club at Lincoln Square by WinnDevelopment into **80 age-restricted affordable homes,** combining adaptive reuse with new construction. While these projects demonstrate how commercial conversions can contribute meaningfully to housing production—particularly in walkable downtown areas—they are technically complex, capital-intensive, and dependent on layered state, local, and federal subsidies, underscoring that conversions are a **complementary tool rather than a standalone solution** to Worcester's housing shortage.

The Plan also emphasizes the importance of regional collaboration. Worcester sits at the center of a metropolitan housing market, and families move fluidly between the city and surrounding towns. Building more housing in Worcester can help relieve pressure region-wide, while partnerships with neighboring municipalities, regional planning agencies, and large employers (through efforts like employer-assisted housing) can strengthen local implementation capacity.

POLICY GAPS AND STRATEGIC QUESTIONS

While comprehensive, the HPP leaves open several critical questions that will shape its effectiveness. Highlighting these gaps helps policymakers anticipate challenges and refine the plan over time.

Question 1: Deep affordability: can Worcester fund It? The Plan prioritizes deeply affordable housing (<30% AMI), but creating these units requires extremely high subsidy levels, as noted by the Monitor. Worcester needs thousands of such units, yet local funding sources—AHTF, CPA, and IZ contributions—are small relative to the need. Without significantly more state or federal investment, or creative alternatives (e.g., social housing, bond financing, institutional partnerships), this goal may prove aspirational rather than achievable.

Question 2: Preventing displacement: are current measures strong enough? The HPP acknowledges displacement risk but offers mostly "soft" strategies such as referrals to legal aid or land acquisition for affordable housing. Stronger tenant protections—such as rent stabilization or just-cause eviction—are beyond the City's legal authority, while there are ongoing discussions within and beyond Worcester on other measures (see below).

WHAT THE PROPOSED 2026 RENT CONTROL BALLOT QUESTION IS AND WHAT IT WOULD DO:

The proposed 2026 Massachusetts rent control ballot question would reintroduce statewide rent stabilization, reversing the decades-old ban on rent control. If approved, it would limit how much landlords can raise rents each year in every city and town across the Commonwealth.

Under the proposal, annual rent increases would be capped at **the rate of inflation (CPI), up to a maximum of 5 percent,** whichever is lower. Importantly, this cap would apply both to existing tenants and when units turn over, preventing large rent spikes between leases. The policy includes several exemptions: **newly constructed housing would be exempt for its first 10 years, small owner-occupied buildings with four units or fewer would be excluded, and public housing, nonprofit housing, and short-term rentals would not be covered.** While the law would apply statewide, its design is intended to primarily affect larger and corporate landlords, rather than small-scale owner-occupants.

Rent control is currently banned statewide in Massachusetts, after **voters repealed local rent control laws in 1994** via a ballot initiative. At that time, rent control applied to three communities—Boston with 85,000 units, Cambridge with 16,100, and Brookline with 4,100. Since then, cities and towns have not been allowed to regulate rents unless the Legislature gives them explicit permission—which it has repeatedly declined to do.

The rent control initiative cleared its first required hurdle by submitting at least 74,574 valid signatures, the statutory threshold equal to 3 percent of the vote cast for governor.

With that requirement met, the Secretary of the Commonwealth transmitted the petition as a bill in this legislative session, formally placing it before the Massachusetts Legislature. Once filed, lawmakers had until May 5 to enact the proposal as written or in a modified form, reject it, or take no action. That day the Legislature's Special Committee on Initiative Petitions recommended taking no action on this proposed petition as well as the other 10 such proposed ballot questions.

Since the Legislature did not act, in order to appear on the November 3, 2026 statewide ballot for a public vote, proponents must collect **12,429 additional valid signatures by July 1, 2026**. Alternatively, while that effort is underway, it is possible for proponents and the Legislature to discuss alternative approaches. This was most notably utilized in the 'Grand Bargain' of 2018, when legislation passed addressing ballot questions' aims, thereby enacting more detailed statutes than proposed while negating the need for statewide voting.

Question 3: Production targets: Are they feasible? Meeting the goal of 12,300 new units by 2033 would require Worcester to build far more than its historic annual output. Given multi-year zoning reform timelines, construction labor shortages, high costs, and a limited development pipeline, the target is aspirational. The city may need interim benchmarks, contingency planning, and support for modular construction or external developers to stay on track.

Question 4: How will the City Manage Trade-Offs Among Competing Goals? The HPP's goals include expanding supply, deepening affordability, preserving older housing, promoting homeownership, and protecting tenants. Limited funding and staff capacity mean the City must confront several policy questions. Will prioritizing assistance for many moderate-income households compromise the ability to serve fewer extremely low-income households with the greatest need? Will focusing on preserving naturally occurring affordable housing reduce the resources required to redevelop these properties at higher density to increase long term supply. Will an emphasis on maximizing the number of new units ultimately limit how affordable those units can be? Will efforts to promote affordable homeownership reduce the City's ability to produce rental housing for very low-income residents? The Plan does not fully resolve these tensions, but they will shape implementation decisions and require careful prioritization as Worcester moves from planning to action.

Question 5: How will the City build awareness and community support around the plan's strategies? Zoning reform and new housing development often face neighborhood resistance. Eliminating parking minimums, allowing multifamily housing in more districts, or permitting denser infill will require strong government leadership, public engagement, and clear communication about the benefits of increased housing supply. Without sustained governmental commitment, implementation could stall despite strong planning.

NAVIGATING FEDERAL UNCERTAINTY

While Massachusetts has increased its attention to housing production and affordability, the federal government's approach to expansive housing opportunity has grown increasingly restrictive. Recent federal actions and proposals have introduced uncertainty across several of the core programs that cities like Worcester rely on.

Most notably, the administration's FY2026 budget proposal called for **historic reductions** to the U.S. Department of Housing and Urban Development (HUD), including the proposed elimination of the **Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program**—two of the most flexible and widely used federal tools for neighborhood investment and affordable housing development. The same proposal sought to restructure federal rental assistance into capped state block grants, fundamentally altering long-standing programs that support housing stability for low-income renters. While these proposals have not been enacted, they signal an ongoing effort to scale back the federal role in housing affordability.

The federal government has pursued policy changes that negatively impact existing housing placements, particularly for people experiencing homelessness. In late 2025, HUD issued a revised **Continuum of Care (CoC) Notice of Funding Opportunity** that would have sharply reduced the share of funding available for permanent supportive housing—an evidence-based model that has been central to reducing chronic homelessness for decades. In Massachusetts alone, these changes placed more than **3,800 individuals and families with disabilities at risk of losing their housing.** Although HUD ultimately rescinded the revised NOFO following legal challenges, the episode underscores the fragility of federal housing supports that cities often assume to be stable.

Congressional action in the fall of 2025 temporarily prevented immediate funding disruptions through the passage of a continuing resolution that extended most federal housing and community development programs at prior-year levels. However, continuing resolutions do not resolve the underlying policy and funding conflicts. They neither reverse proposed program eliminations nor prevent future restructuring or cuts once full-year appropriations are negotiated.

SHARED RESPONSIBILITY FOR ADVANCING HOUSING SOLUTIONS

Worcester's housing challenges are not unique. Housing affordability pressures have intensified nationally and across Massachusetts, driven by long-term underproduction, rising construction costs, uneven wage growth, and reduced federal investment in affordable housing and homelessness prevention. Cities like Worcester are experiencing the local consequences of structural forces that extend well beyond municipal control.

For Worcester, this means that housing planning and implementation are unfolding in an environment where local capacity is constrained, state engagement is essential but insufficient on its own, and federal support—historically a critical pillar of housing affordability—remains uncertain. The City's Housing Production Plan therefore reflects not only the scale of Worcester's housing challenges, but also the reality of navigating a fragmented and increasingly unstable intergovernmental funding landscape. Absent a more durable and expansive federal commitment to housing affordability and homelessness prevention, the burden of addressing the crisis will continue to fall disproportionately on municipalities least equipped to carry it alone.

Moving forward, addressing Worcester's housing crisis will require continued coordination among local and state elected officials, municipal staff, housing and planning agencies, nonprofit and community development organizations, private developers, financial institutions, major employers, and resident advocates. No single actor can resolve the scale or complexity of the challenge alone. Progress will depend on aligning regulatory reform, public investment, program administration, and community engagement around shared priorities, while remaining responsive to changing economic conditions and funding constraints. Sustained collaboration across these stakeholders will be essential to translating the Housing Production Plan from a statement of goals into measurable improvements in housing availability,

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