



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.