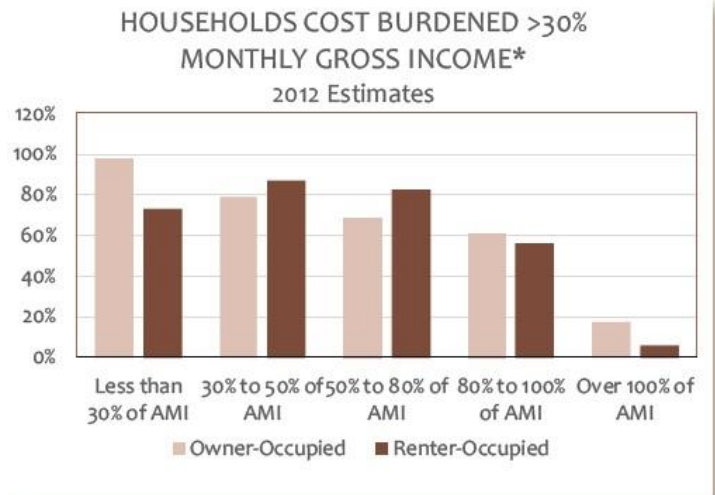


## Unaffordable Environment for Newton's Current Population

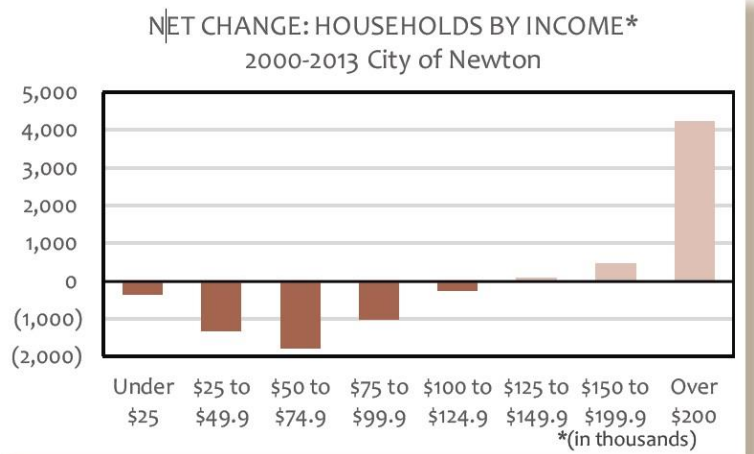
➤ The City's concentration of high-value housing has created an extremely unaffordable environment for Newton's current population.

- Between 4,713 and 5,092 lower-income households in Newton cannot afford the home they live in, and are considered housing cost burdened.
- This condition occurs when a household pays more than 30% of its monthly income on housing costs – placing greater stress on a household's ability to pay for other critical needs, such as food, healthcare, and clothing.
- As the graph below demonstrates, households with annual incomes less than 100% of the area median income experience the greatest prevalence of housing cost burden in Newton.
- *Source: Newton Housing Strategy, June 2016*



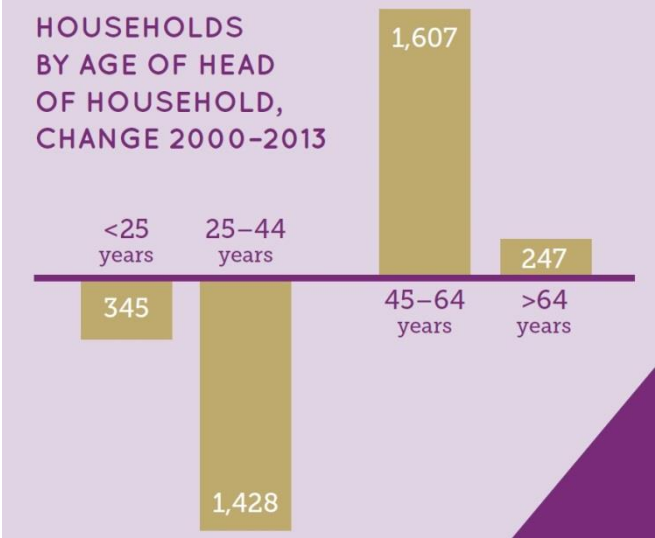
➤ Newton's middle-class is shrinking, and so is its workforce.

- Middle-Class is broadly defined by households with incomes between \$80,000 and \$120,000 (~80% AMI – 120% AMI).
- In Newton, between 2003 and 2013, there was a net decline in households earning less than \$125,000 per year.
- *Source: Newton Housing Strategy, June 2016; David A. Smith, RECAP Real Estate Advisors, April 2015*



➤ While we are seeing a decline in our workforce-age population and young adults, Newton’s senior population is increasing. Additionally, our household size is declining (2.77 in 1980 – 2.5 in 2010).

- Being that the City’s housing stock is over 55% single-family homes, few affordable housing options exist for seniors looking to remain in Newton as they downsize, or for smaller households in general. The City’s existing housing stock doesn’t match the current need.
- *Source: Newton Housing Strategy, June 2016*



➤ 70% of Newton households cannot afford a median-priced single-family home in Newton.

- In 2016, the median sale price for a single-family home in Newton was \$1.1 million.
- To afford this, a household would have to earn approximately \$200,000 per year, and provide a down payment of approximately \$220,000.
- When you look at the income distribution of households in Newton, you find that **70%** of all households in Newton earn less than \$200,000 per year, and would not be able to afford a median-priced single-family home in the City.

➤ Between June and September, 2017, there were zero for-sale units in Newton affordable to households with incomes less than or equal to 120% AMI.\*

- Over 51% of all households in Newton earn less than 120% of the area median income.
- As shown in the table below, there is a vast difference in price between the average sale price of the homes that were assessed and the maximum sales price affordable to households at 120% AMI.
- \*Planning staff surveyed approximately 60 for-sale units during this time – approximately 20 units per bedroom type.

<b>Recent Home Sales In Newton, Sept. 2017</b>			
<b>Number of Bedrooms</b>	<b>HH Size</b>	<b>Avg. Sale Price*</b>	<b>Maximum Sales Price (120% AMI)</b>
<b>2 Bedrooms</b>	3	\$693,275	\$348,250
<b>3 Bedrooms</b>	4	\$915,737	\$387,250
<b>4 Bedrooms</b>	5	\$1,187,548	\$424,750

➤ Over a 4-day period in September 2017, only 2 out of approximately 40 units listed for rent in Newton were affordable to households with annual incomes less than or equal to 80% AMI.

- Approximately one-third of all households in Newton earn less than or equal to 80% AMI, and are known as low- to moderate-income households.
- As detailed in the table below, there is a clear discrepancy between what is affordable to these households, and what is on the market for rent in Newton.

<b>Market Rents In Newton, Sept. 2017</b>			
<b>Number of Bedrooms</b>	<b>HH Size</b>	<b>Avg. Rent (Listing Price)</b>	<b>Maximum Affordable Rent (80% AMI)</b>
<b>2 Bedrooms</b>	3	\$3,486	\$1,759
<b>3 Bedrooms</b>	4	\$4,012	\$1,954