

Demographics and Housing

The demographic and housing needs of Watertown's population are closely linked. Like other suburban communities in Connecticut, Watertown's population has grown at a modest rate over the last several decades. Population growth has historically been one of the primary factors driving new home construction. However, there have also been substantial changes in the composition of Watertown's population over the last decade; the median age, household size, and the types of families that live in Watertown have all changed, leading to incremental shifts in housing supply and demand. This chapter will review a range of data from the U.S. Census Bureau, Connecticut state agencies (such as Department of Economic and Community Development [DECD] and Department of Public Health [DPH]), and local real estate websites. These datasets provide insights into recent population and housing trends in Watertown and guidance as to what changes should be expected and planned for over the next 10 years. This chapter will also compare Watertown to surrounding communities in the Naugatuck Valley region. The Naugatuck Valley region is comprised of the 19 municipalities that make up the Naugatuck Valley Council of Governments (NVCOG).

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Population

Historically, Watertown has undergone two periods of rapid population growth. The first period of population growth occurred in the first three decades of the 20th century. Between 1900 and 1930, Watertown's population grew from 3,100 residents to 8,192 residents. During this time period, growth was concentrated in the village centers, notably Watertown center and Oakville, which were home to large factories. These areas remain Watertown's most densely populated neighborhoods today as shown on Map 1-1. The northern and western parts of town remained largely rural in character. The second period of growth occurred in the decades immediately following World War II. Watertown's population grew from 10,699 residents in 1950 to 18,610 residents 1970. Like many suburban communities, population and housing growth in this period was fueled by the "baby boom." Most of this development occurred in the agricultural or forested areas surrounding the village centers, and at this time, the two villages coalesced into a single, larger village area. Since 1970, population growth has continued although at a much slower rate than in the past.

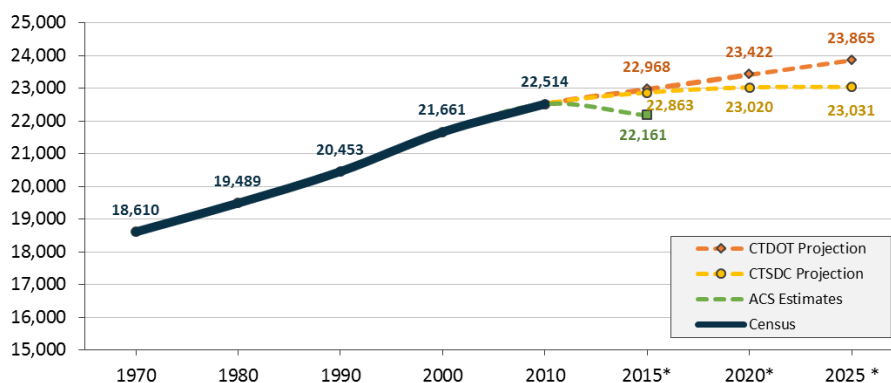
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According to the 2010 Census, 22,514 people resided in Watertown. Between 2000 and 2010, the population increased by 853 people or 3.9%. The growth rate between 2000 and 2010 is the slowest population growth rate that Watertown has ever experienced. During that same time period, the Naugatuck Valley region grew by 4.6%, with the fastest growth occurring in more rural communities such as Oxford, Middlebury, and Beacon Falls. Population change is influenced by two factors – natural change and migration. Natural change calculates population change by subtracting resident deaths from resident births. Between 2001 and 2010, Watertown saw 2,004 resident births and 1,939 resident deaths, resulting in a small natural increase of 65 persons. The second factor influencing population change is net migration. Net migration is calculated by subtracting natural change from total population change. Between 2000 and 2010, Watertown experienced a net in-migration of 788 persons. In-migration occurs from housing sales as well as new home construction. Most of the population growth that occurred in Watertown between 2000 and 2010 can be attributed to in-migration.

There is a range of data sources that can provide insights into population trends in Watertown since the 2010 Census. According to 2015 5-year estimates from the American Community Survey (ACS), Watertown's population has decreased to 22,161 persons, a loss of 353 persons or 1.6%. It should be noted that ACS estimates are based on a small sample of the total population every year and that the data is not directly comparable to decennial Census data. Nonetheless, the ACS can help show general trends. The decline in population since 2010 is supported by birth and death data from Connecticut DPH. From 2011 to 2014, the town experienced a natural decrease of 145 residents, with resident deaths outpacing resident births. Migration is difficult to calculate in nondecennial Census years; however, as the home sales and new residential construction continue to rebound from the late 2000s recession, the likelihood for net in-migration increases.

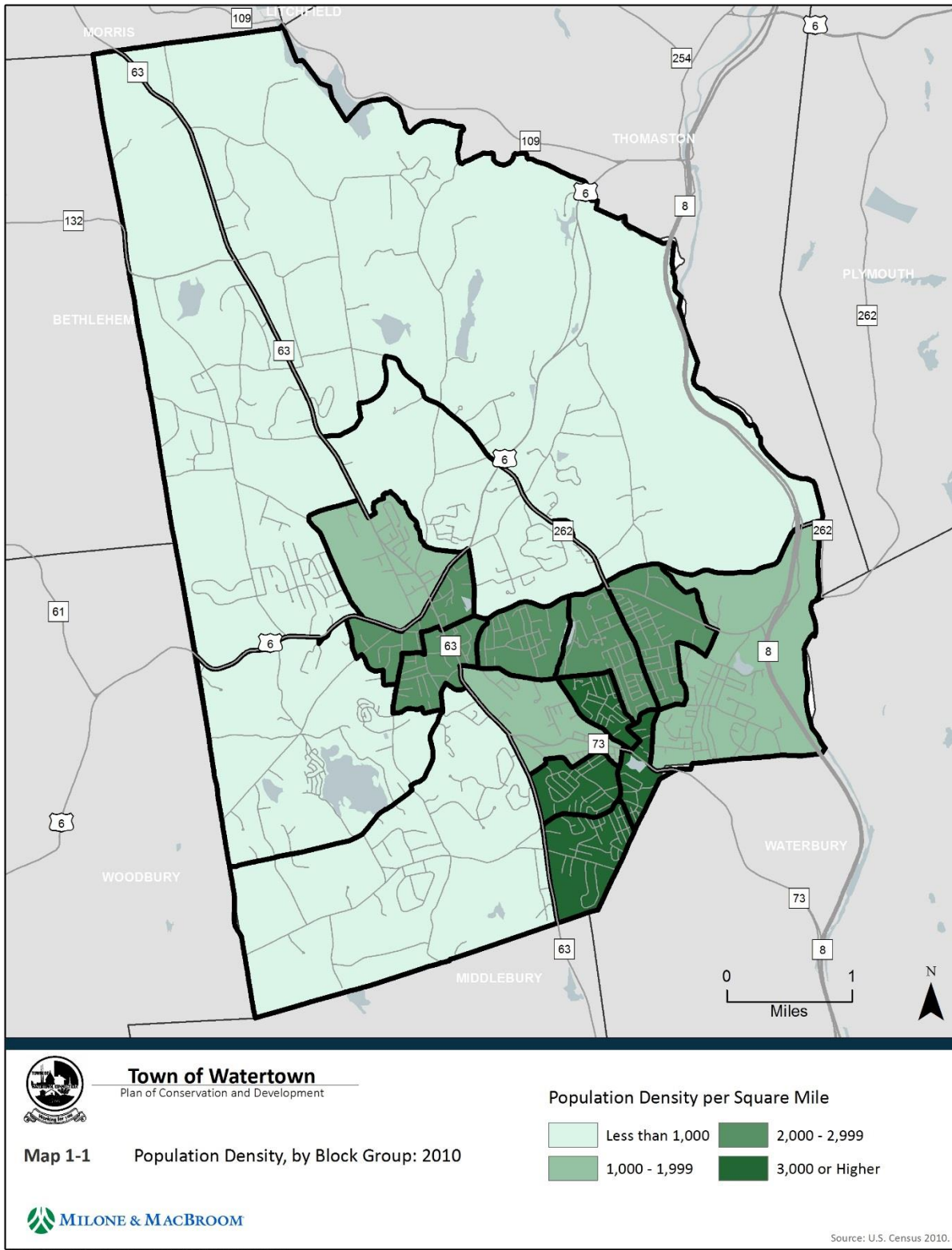
Population projections from the Connecticut Department of Transportation (CTDOT) and the Connecticut State Data Center (CTSDC) show differing rates of population growth in the near future. CTDOT projects that Watertown's population will grow to 23,865 people by 2025 while CTSDC projects that Watertown's population will increase at a much slower rate to 23,031 by 2025. In reality, Watertown's future population trends are likely to be linked to housing market conditions. If housing market conditions continue to improve and housing permit activity returns to early 2000s levels, Watertown is likely to see modest population growth as projected by CTDOT. However, if housing market conditions remain at current levels, Watertown is likely to follow the lower CTSDC trend.

Figure 1-1. Historical and Projected Population in Watertown: 1970 to 2025



Sources: U.S. Census Bureau Decennial Census, 1970-2010. 2015 ACS 5-Year Estimates.
Projected population by CTDOT and CTSDC.

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Households

While Watertown's overall population has grown slowly, household composition has changed significantly. Between 2000 and 2010, the number of households in Watertown increased from 8,046 to 8,672. This constitutes a growth rate of 626 households or 7.8%. The number of households grew at double the rate of the overall population as a whole. This indicates that households are getting smaller. Shrinking household size is not a new trend in Watertown. The average household size has shrunk from 3.0 persons in 1980 to just 2.57 persons in 2010. However, the average household size in Watertown is still higher than the Naugatuck Valley as a whole.

The Census Bureau classifies households as either "family" or "non-family." Family households are comprised of two or more people living together who are related by birth, marriage, or adoption. Non-family households include persons living alone or two or more unrelated persons living together. Between 2000 and 2010, family households grew by 3.8%. As of 2010, family households make up 71.7% of all households. The fastest growing type of family households are "other family" households, which includes single-parent households, which grew by nearly 20%. One notable trend is the shrinking number of households with children under 18 years old, which declined by 9.3% between 2000 and 2010. The declining number of households with children has contributed to shrinking household size. However, during this time period, the number of "other family" households with children (single-parent families) increased.

Non-family households grew by 19.4% between 2000 and 2010, a much faster growth rate than family households. A majority of non-family households are made up of persons living alone. Non-family households headed by persons 65 years old and over grew by 22.5% between 2000 and 2010, making them the fastest growing household type. The growing number of persons living alone and elderly householders suggests that Watertown will see an increase in demand for senior housing and smaller multifamily housing units over the next 10-year period.

Table 1-1. Household Composition in Watertown: 2000 to 2010

Households by Type	Year		Change 2000 to 2010	
	2000	2010	Number	Percent
Family Households	5,996	6,224	228	3.8%
With Own Children Under 18	2,790	2,530	-260	-9.3%
Married-Couple Family	4,964	4,987	23	0.5%
With Own Children Under 18	2,295	1,974	-321	-14.0%
Other Family Households	1,032	1,237	205	19.9%
With Own Children Under 18	495	556	61	12.3%
Nonfamily Households	2,050	2,448	398	19.4%
Householder Living Alone	1,746	2,087	341	19.5%
Householder 65 Years And Over	759	930	171	22.5%
Total Households	8,046	8,672	626	7.8%

Source: U.S. Census 2000-2010

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Age

Watertown's age composition has also changed dramatically in recent years. Two of the major trends that will shape Watertown's population and housing market over the next decade are the increasing number of residents over age 65 and a declining number of children under age 18.

Watertown's population is aging. In 1990, the median age in Watertown was 35.6 years old. Since then, the median age increased to 39.0 in 2000 and 44.0 in 2010. According to 2015 ACS 5-year estimates, the median age has stabilized at 43.7 years old. The median age in Watertown is about 4 years older than the Naugatuck Valley region as a whole.

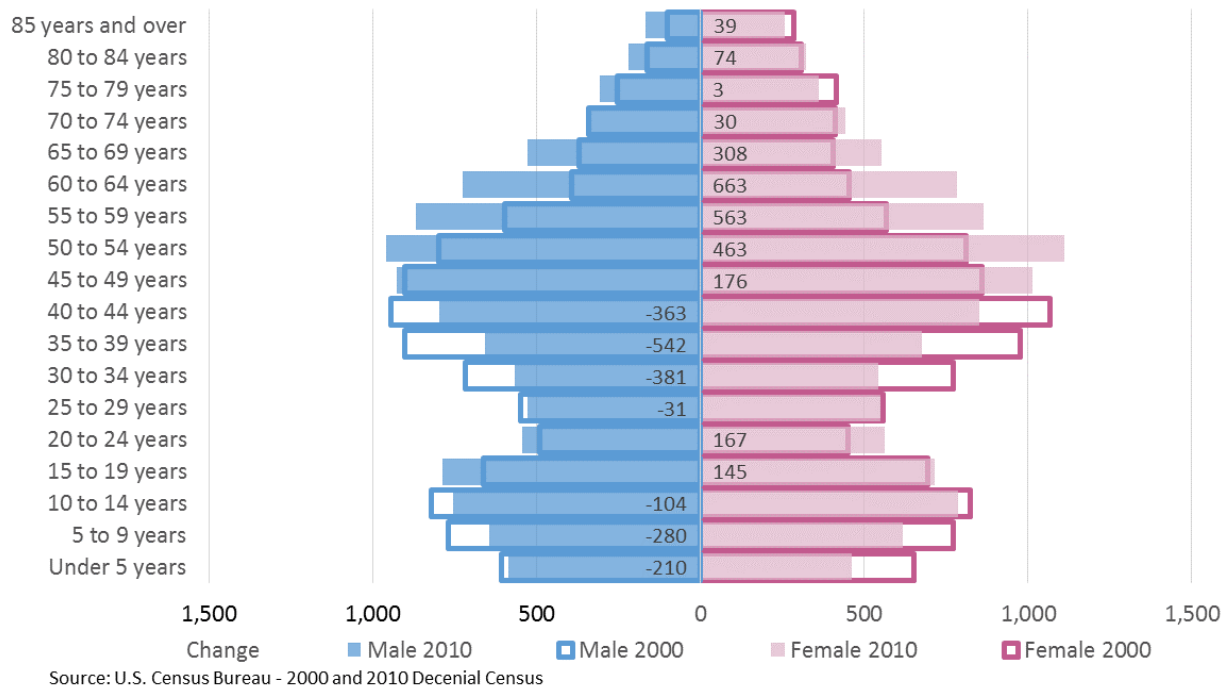
Between 2000 and 2010, the number of elderly residents (age 65 years old and over) grew by 19.2%. As of 2010, elderly residents made up an estimated 16.2% of the population. The aging trend is expected to accelerate over the next 10 years as a growing number of baby boomers reach retirement age. Baby boomers refers to persons born between 1946 and 1964 – this group is Watertown's largest population cohort. According to population projections from the CTSDC, Watertown's elderly population is projected to grow to over 6,200 persons by 2025, making up over 27% of the town's total population.

Coinciding with the growth in elderly persons is a decline in persons under the age of 18. From 2000 to 2010, the population under age 18 dropped from 5,369 to 4,859 residents, a decline of 9.5%. Two factors can help explain the decline in children under 18: declining birth rates and the declining number of women of child-bearing age. Birth rates have declined nationally as families have fewer children than in the past. Families are also having children later in life. As of 2013, Watertown residents between the ages of 30 and 34 had the highest birth rate. Similarly, Watertown's population of females of child-bearing age (females age 15 to 44) has declined in recent years, dropping from 4,517 persons in 2000 to 3,898 persons in 2010.

It is important to remember that population trends are cyclical and that the decline in the number of children will not continue forever. Over the next 10 years, the large "millennial" generation (those born between 1980 and 2000) will age into their 20s and 30s. As this age cohort begins having children, births may begin to rebound. The aging of Watertown's population will have major implications on housing demand and municipal services. Demand may shift away from schools and youth services toward elderly services such as transportation and recreation.

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Figure 1-2. Age Composition in Watertown: 2000 to 2010



Race and Ethnicity

The Census Bureau distinguishes between race and ethnicity and allows individuals to identify with both a racial and ethnic group. The Census considers Hispanic or Latino identity to be an ethnicity but not a separate race, recognizing that many people who are Hispanic or Latino also identify with one or more of the established racial categories. In order to present numbers that do not overlap, mutually exclusive racial and ethnic groups were used. Therefore, persons who identified with a racial group were classified as either "Hispanic or Latino" or "Not Hispanic or Latino."

Watertown's population is less diverse than the region and state as a whole. As of 2010, 92.0% of Watertown's population identify as non-Hispanic White. For comparison, 76.1% of the Naugatuck Valley region's population identifies as non-Hispanic White. The next largest racial and ethnic group is persons who identify as Hispanic or Latino (of any race). This group comprised 3.7% of the town's population in 2010 and was the fastest-growing racial or ethnic group between 2000 and 2010, growing by over 100%. Watertown also has small but growing Asian (1.7%) and Black or African American (1.3%) populations.

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Table 1-2. Mutually Exclusive Race and Ethnicity in Watertown: 2000 and 2010

Mutually Exclusive Racial or Ethnic Group	2000		2010		Change 2000 to 2010	
	Count	% of Total	Count	% of Total	Net	Percent
Not Hispanic or Latino	21,255	98.1%	21,676	96.3%	421	2.0%
American Indian	25	0.1%	51	0.2%	26	104.0%
Asian	273	1.3%	376	1.7%	103	37.7%
Black or African American	149	0.7%	292	1.3%	143	96.0%
Hawaiian or Pacific Islander	6	0.0%	1	0.0%	-5	-83.3%
Some Other Race	12	0.1%	18	0.1%	6	50.0%
Two or More Races	162	0.7%	231	1.0%	69	42.6%
White	20,628	95.2%	20,707	92.0%	79	0.4%
Hispanic or Latino (of all races)	406	1.9%	838	3.7%	432	106.4%
Total Population	21,661	100.0%	22,514	100.0%	853	3.9%

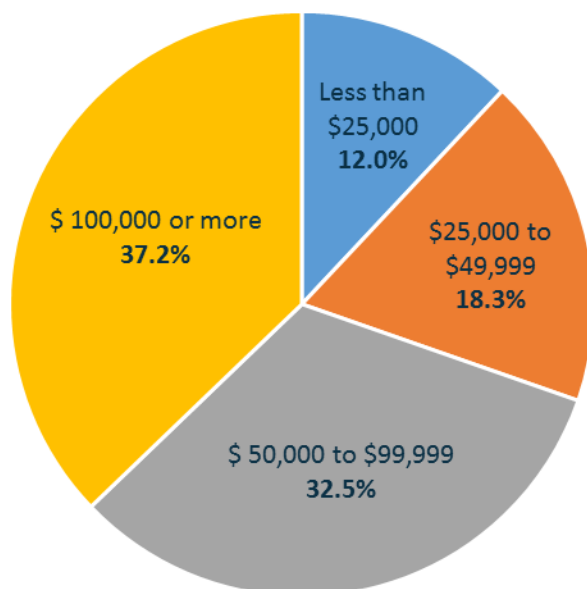
Source: U.S. Census Bureau - 2000 and 2010 Decennial Census

Income

According to the 2015 ACS 5-year estimates, Watertown's median household income is \$78,722. This is higher than the national (\$53,889), state (\$70,331), and county (\$72,061). However, the median household varies geographically within town. Map 1-2 shows median household income by census block group. In general, median household income is lower in the village areas and higher in the more rural

parts of town. Three census block groups in Oakville have median household incomes of less than \$50,000. On the opposite end of the spectrum, four census block groups in northern and western Watertown have median household incomes in excess of \$100,000 per year.

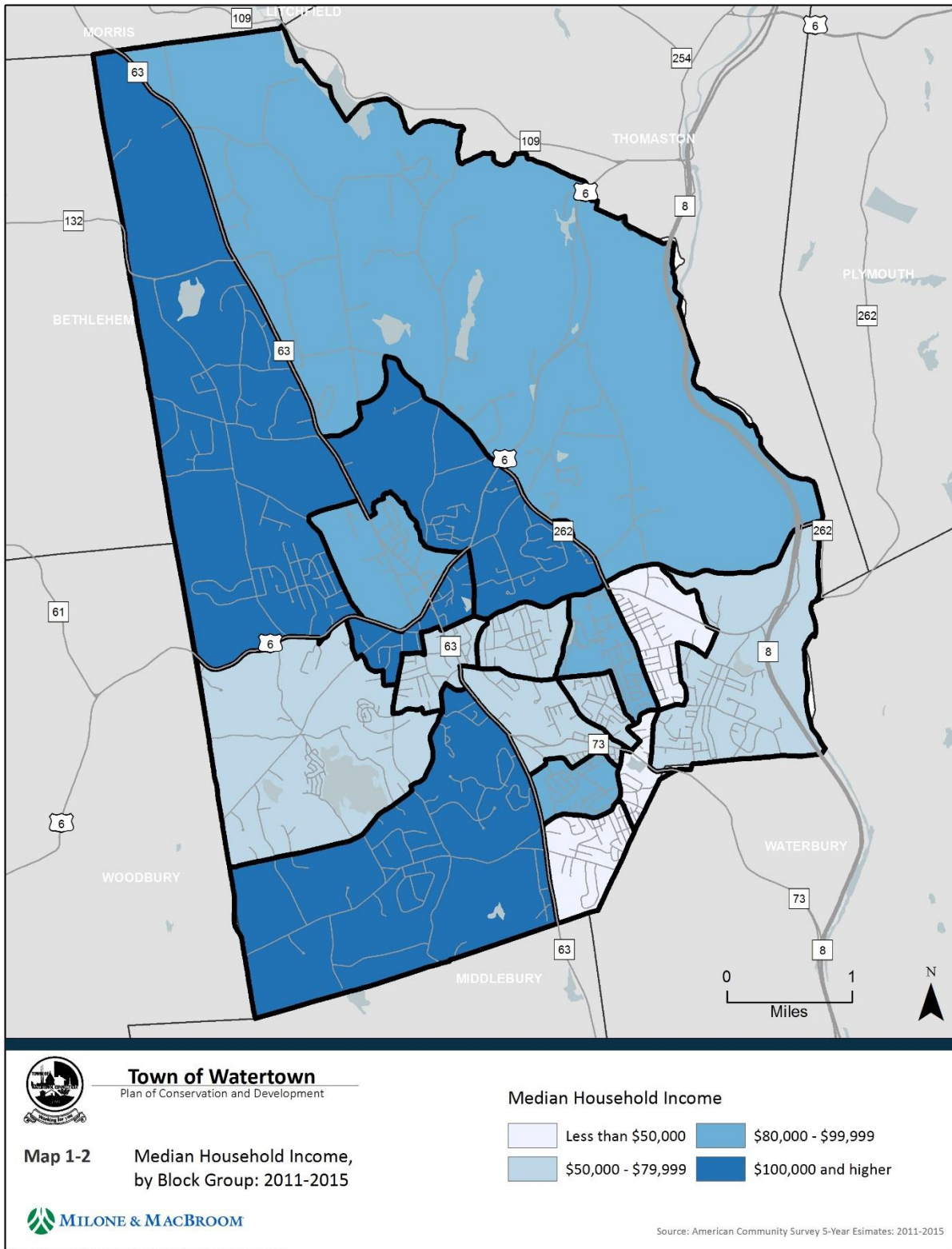
Figure 1-3. Household Income Distribution in Watertown: 2011-2015



Source: American Community Survey, 5-Year Estimates: 2011-2015.

Household income varies by the age of householder. The median income for householders between the ages of 25 and 44 years old is \$91,488. Householders between the ages of 45 and 64 (often peak earning years) have the highest median incomes at \$98,971. Finally, householders age 65 years old and over have a median household income of just \$38,469 per year. However, this group may also have sizable nonincome assets including savings, investments, and home equity.

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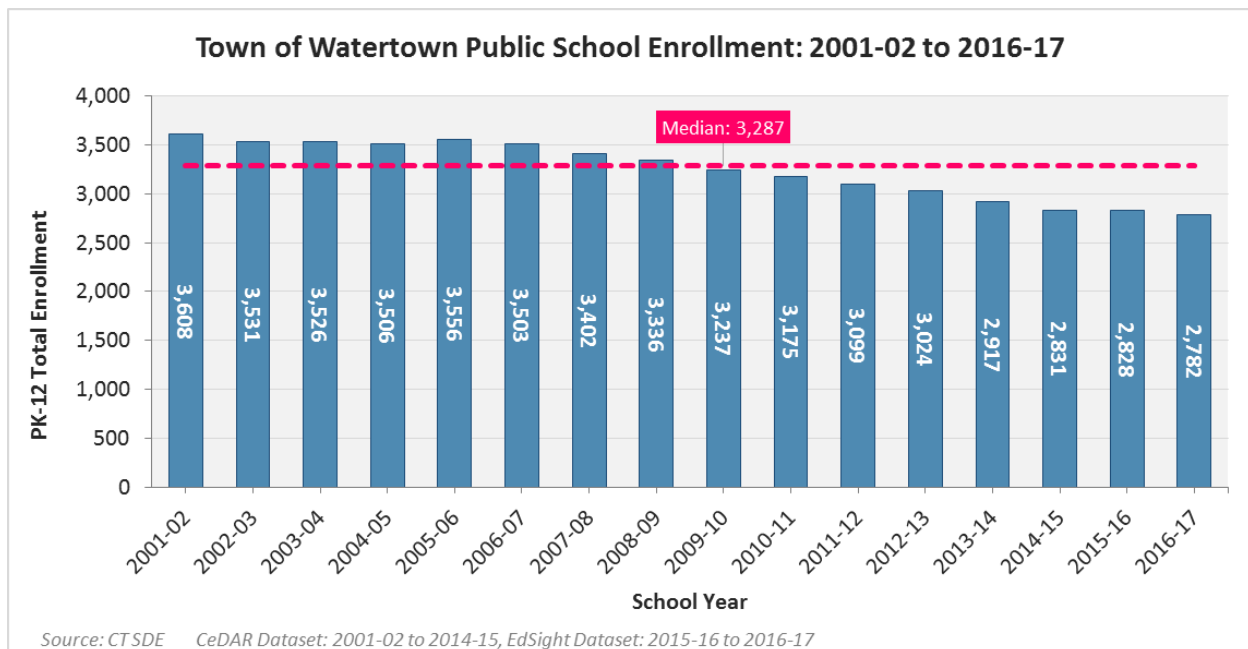


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School Enrollments

Like other suburban communities in Connecticut, Watertown has experienced a decline in public school enrollments over the last decade. Since the 2001-02 school year, the median public school enrollment in Watertown has been 3,287 students. Enrollments peaked in the 2001-02 to 2005-06 time period where enrollments ranged from 3,500 to 3,600 students per year. However, enrollments have declined each year since 2005-06. As of the 2016-17 school year, Watertown Public Schools declined to a total enrollment of 2,782 students. This constitutes a drop of 21.7% since 2005-06. The decline in public school enrollments is tied to the town's other population and housing trends. The decrease in births over the last 10 years has translated into smaller incoming kindergarten classes. Similarly, the decline in new home construction has resulted in less in-migration of new students than in the early 2000s.

Figure 1-4. Town of Watertown Public School Enrollments: 2001-02 to 2016-17



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Housing

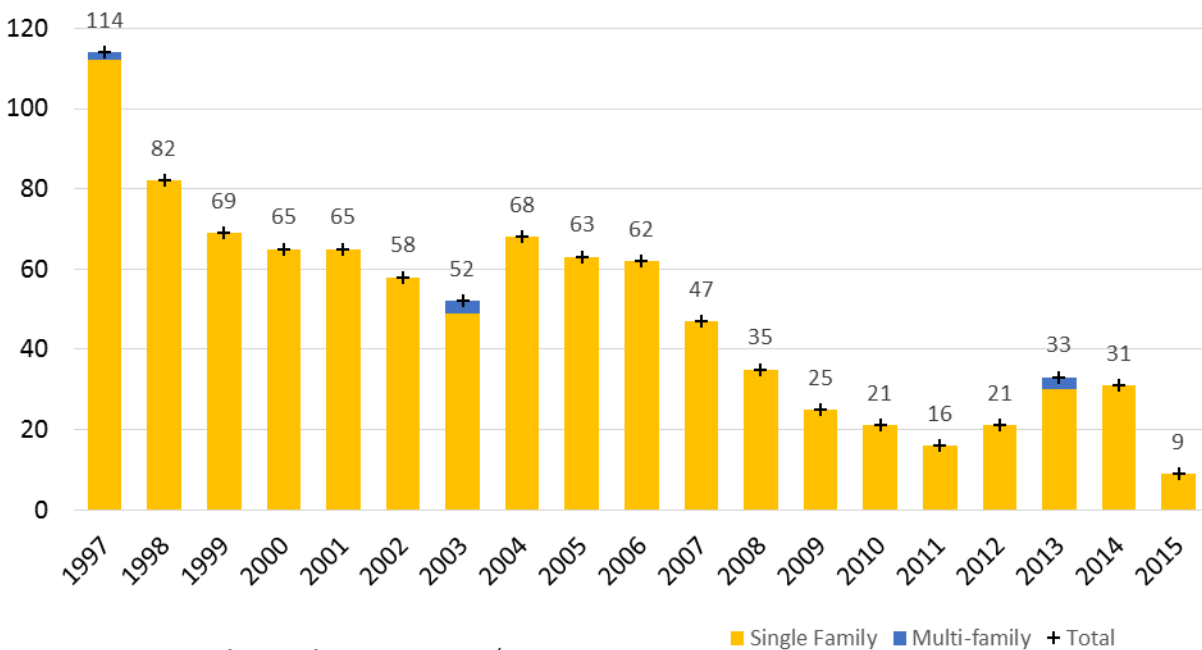
A majority of land in Watertown is devoted to residential uses. Housing and housing-related issues affect all residents. The form, layout, condition, location, and cost of available housing are crucial to the quality of life of residents within that community or neighborhood. Similarly, demographic trends discussed previously all influence demand for certain types of housing.

Total Housing Units

As of the 2010 Census, Watertown had 9,096 total housing units. The number of housing units grew by 798 units, or 9.6%, between 2000 and 2010. The rate of housing unit growth outpaced overall population growth (3.9%) and household growth (7.8%) during the same period. According to data from the Connecticut DECD, Watertown has seen a net gain of 93 housing units since 2010, reaching a total of 9,189 total housing units as of 2015. The rate of housing growth in Watertown was faster than the neighboring municipalities of Thomaston and Waterbury but slower than neighboring rural communities such as Bethlehem, Morris, Middlebury, and Woodbury.

Similar to state and national trends, housing permit activity in Watertown was impacted by the downturn in the housing market that began in 2006. From 2000 to 2006, Watertown averaged between 50 and 70 housing permits per year. Housing permit activity declined between 2006 and 2011, reaching a low of 16 permits in 2011. However, over the last few years, housing permit activity has begun to rebound. In both 2013 and 2014, Watertown issued over 30 housing permits. However, permits dipped to just 9 in 2015, their lowest level over the last 20 years. With the exception of three small multifamily developments, all housing permits issued in Watertown over the last 20 years have been for single-family homes.

Figure 1-5. Housing Permit Activity in Watertown, by Number of Units: 1997 to 2015



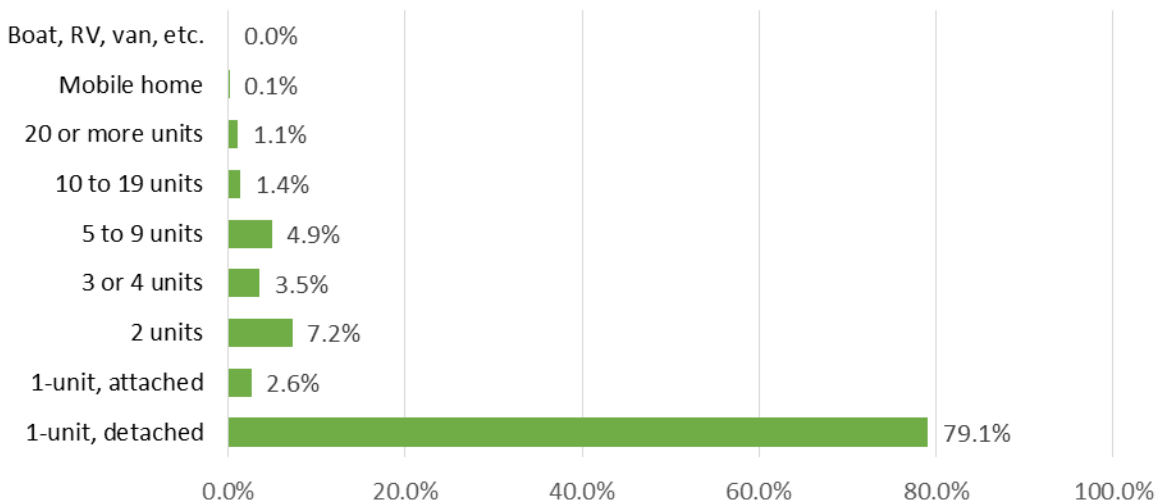
Source: CT DECD Housing Permits, 1997-2015, 04/2017.

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Housing Stock Characteristics

The density and diversity of Watertown's housing stock vary greatly by neighborhood. As of 2015, 79.1% of Watertown's housing units were single-family detached units. Multifamily housing made up 18.1% of Watertown's housing stock. A majority of the multifamily housing stock was two-, three-, and four-family structures. Generally, multifamily housing is found in the village centers of Watertown and Oakville. These areas have the necessary water and sewer infrastructure that is needed to support this higher-density development. The northern and western neighborhoods in Watertown – areas without water and sewer infrastructure – contain almost exclusively single-family housing. The town also has a small number of single-family attached units (2.6%) and mobile homes (0.1%).

Figure 1-6. Watertown Housing Units, by Number of Units in Structure: 2011-2015



Source: American Community Survey, 5-Year Estimates 2011-2015

Watertown contains a diverse age of housing stock, and the age of housing generally corresponds with the periods of population growth in the town. The median housing unit in Watertown was built in 1965. Nearly half of all housing units were built in the 1950s through 1970s corresponding with the most rapid period of population growth in the town's history. Just under 30% of housing units were built since 1980. There is also a substantial percentage of housing units built before 1939 (17.9%). Pre-1940s homes are concentrated in the villages of Watertown and Oakville.

Occupancy and Vacancy

As of the 2010 Census, Watertown contained 8,672 occupied housing units. As discussed previously, the number of total housing units grew at a faster rate than households and the total population. As a result, the number of vacant housing units grew from 252 in 2000 to 424 in 2010, a 68.3% growth rate. As of 2010, 4.7% of Watertown's total housing units were vacant.

The U.S. Census Bureau further breaks down vacant housing units into different classifications. Out of 424 vacant housing units in Watertown, 108 units are for rent, resulting in a rental vacancy rate of 5.8%. An additional 68 vacant units are for sale, resulting in a homeowner vacancy rate of just 1.0%. Both the

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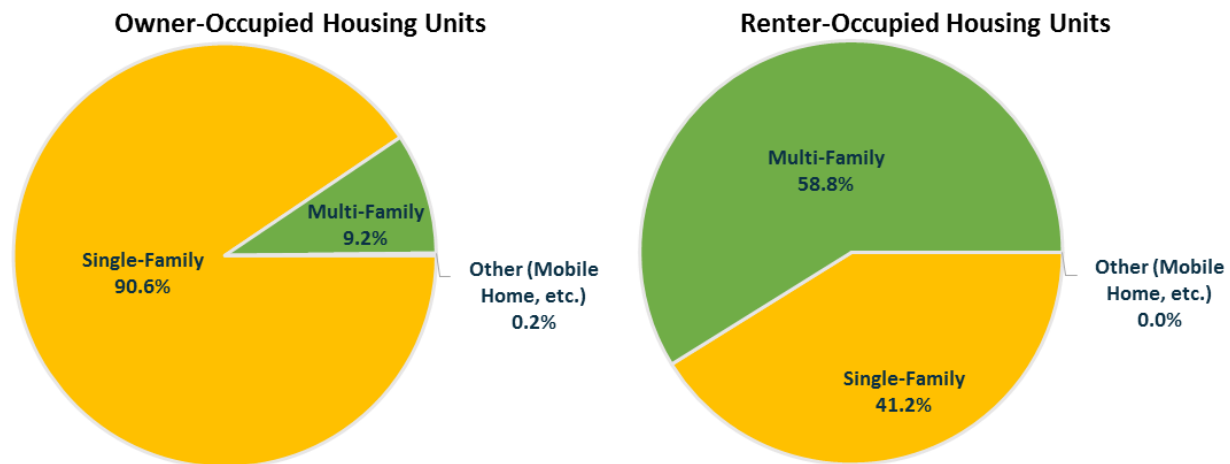
rental and homeowner vacancy rates in Watertown are much lower than in Connecticut as a whole, which has vacancy rates of 8.2% and 1.6%, respectively.

Tenure

Housing tenure refers to the financial arrangement under which a household lives in their housing unit – notably whether they own their home or whether they rent. As of the 2010 Census, 76.1% of occupied housing units were owner occupied. The number of owner-occupied units increased by 535 units, or 8.4% between 2000 and 2010. The remaining 19.3% of occupied housing units are renter occupied. Renter-occupied housing grew by 91 units, or 5.5% from 2000 to 2010.

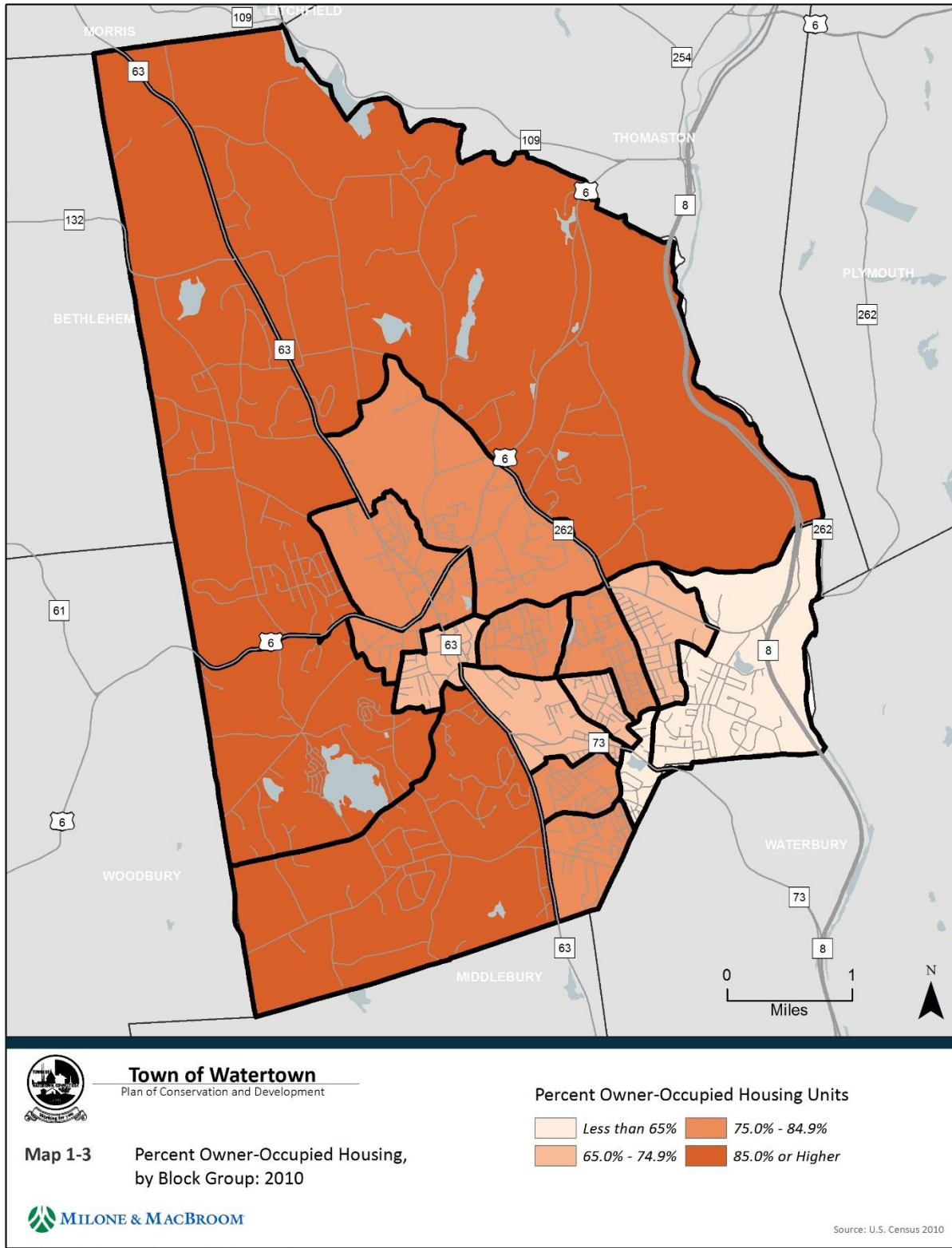
Housing tenure varies geographically within town as shown in Map 1-3. Neighborhoods in the southeastern section of Watertown that border the city of Waterbury have the highest concentration of rental housing. The remaining block groups in the villages of Oakville and Watertown have between 65% and 85% of housing units comprised of owner-occupied housing. Outside of the villages, more than 90% of housing units are owner occupied. The concentration of rental housing in the village areas is also tied to the distribution of multifamily housing. According to the 2011-2015 ACS, over 90% of owner-occupied housing units are single family while nearly 60% of renter-occupied units are multifamily.

Figure 1-7. Housing Tenure in Watertown, by Unit Type: 2011-2015



Source: American Community Survey, 5-Year Estimates: 2011-2015

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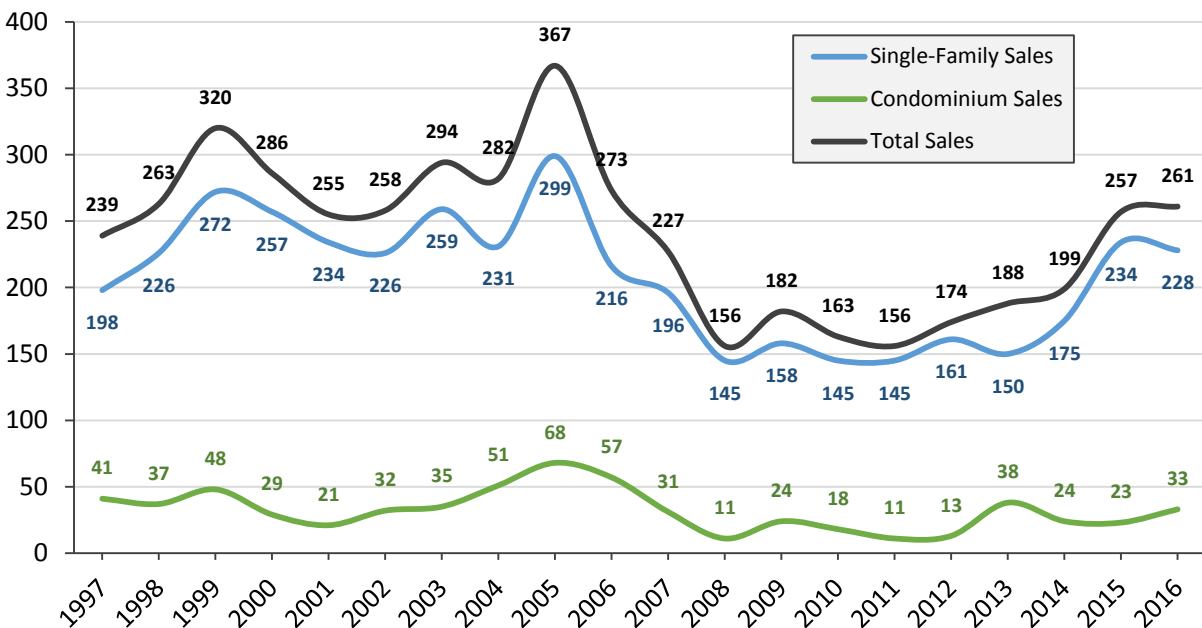
Real Estate Market Trends

Similar to national trends, Watertown's real estate market was greatly affected by the downturn in the housing market that began in 2006. Between 2007 and 2012, the median sales prices for single-family homes dropped from \$264,125 to \$178,000, a drop of 32.6%. Since 2012, median sales prices have rebounded and have averaged about \$196,000 over the last 4 years. Overall, the median price for a single-family home in Watertown is more affordable than surrounding suburban communities.

The median sales price for condominiums peaked in 2006 at \$275,000, which was higher than the median sales price for single-family homes that year. This period coincides with the construction of new high-end condominium developments such as Watertown Crossing. The median price for condominium sales reached their lowest level in 2015 at \$145,000, a decline of 47.3% from 2006. The median sales price for condominiums has fluctuated wildly over the last 10 years. This is caused by the small number of condominiums sold each year, meaning that the quality of the inventory in any given year influences median sales prices. In years where mostly newer units sell, prices are likely to increase while median sales prices decrease in years where mostly older units sell.

The decline in home prices coincided with a decline in the number of residential sales in Watertown. The number of home sales peaked at 367 sales in 2005. Sales declined rapidly in the late 2000s, reaching a low of just 156 sales in 2008. However, sales have begun to rebound in recent years and have now returned to levels last seen in the early 2000s. In 2015 and 2016, there were over 250 residential sales in Watertown. Single-family sales have recovered at a faster rate than condominium sales.

Figure 1-8. Residential Sales Trends in Watertown: 1997 to 2016



Source: The Warren Group, Town Stats - Town of Watertown: 1997 to 2016

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Affordability of Housing

According to the 2011-2015 ACS, 30.3% of Watertown renters and 27.9% of Watertown homeowners pay more than 30% of their household income to cover housing costs (housing costs include mortgage or rent, utilities, taxes, and insurance). The government considers these households to be cost burdened. Housing affordability is a particular challenge for households making less than \$50,000 per year. Among these households, 64.7% of homeowners and 58.9% of renters pay more than 30% of their household income to cover housing costs. This suggests that Watertown lacks affordable housing options for its lower-income households and families.

As of 2015, the median household income in Watertown was \$78,722 while the median home value in Watertown was \$250,600. A household earning Watertown's median income could spend roughly \$1,970 per month on housing without exceeding 30% of its monthly household income. A rough calculation of a monthly payment for a house bought for \$250,000, with 10% down and assuming a 30-year fixed-rate loan at 5%, would be \$1,940 per month. Increasing the down payment to 20% would reduce that payment to about \$1,524 per month. These calculations include taxes (mill rate of 30.89) and a placeholder percentage of 1.5% for insurance and utilities.

Like most Connecticut communities, property taxes comprise a large percentage of monthly housing costs. Paying taxes on a \$250,000 home at the current mill rate (30.89 mills assessed at 70%) would cost about \$450 a month, or about one-quarter of total monthly housing costs. This could be a considerable cost to income-restricted households, especially seniors.

The U.S. Department of Housing and Urban Development (HUD) annually issues a schedule of fair market rents for counties and metropolitan areas across the United States. HUD's FY 2017 Final Fair Market Rents provide a better picture of actual rents in these areas at the present time. Fair market rents are based upon Census data that is supplemented with various rental housing survey tools. For 2017, the fair market rents for Litchfield County, Connecticut, were \$695 for a studio/efficiency apartment, \$868 for a one-bedroom apartment, \$1,095 for a two-bedroom apartment, \$1,400 for a three-bedroom apartment, and \$1,509 for a four-bedroom apartment.

These calculations suggest that under average market conditions a family making the median household income could afford a home in Watertown. However, households making under \$50,000 per year, particularly low-income families and elderly persons, may have difficulty finding affordable housing units. This issue has been acute in many communities across the United States as mortgages have become more difficult to obtain post-recession, and new rental housing units have not been constructed at a fast enough pace to absorb increases in rental demand, particularly for larger units.

The state legislature has established an Affordable Housing Appeals Procedure to provide assistance with development of affordable housing throughout the state. The procedure applies in communities where less than 10% of the dwelling units in the municipality are the following:

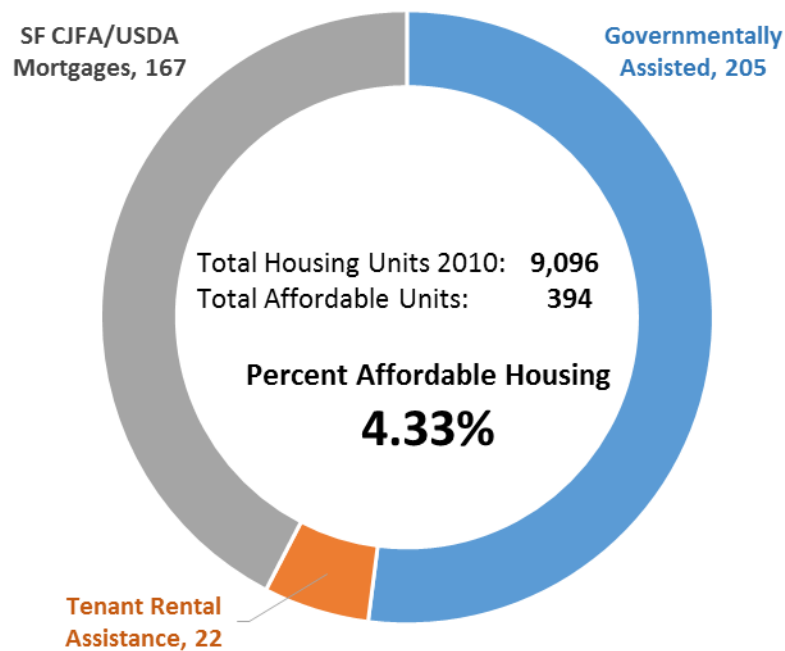
- Governmentally assisted housing;
- Units receiving either RAP or Section 8 rental assistance;
- Currently financed by Connecticut Housing Finance Authority or Farmer's Home Administration mortgages; or

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- Subject to deeds containing covenants or restrictions that require sale or rental at affordable levels.

Affordable levels are defined as housing for which persons and families pay 30% or less of income, where such income is less than or equal to 80% of the area median income. The most recent data from the Connecticut DECD Affordable Housing Appeals Program puts the number of affordable housing units in Watertown in 2015 at 394, or 4.3% of total housing units. This level means that the Affordable Housing Appeals Procedure as specified in Connecticut General Statutes Section 8-30g applies to Watertown. Within the Naugatuck Valley region, affordable housing is concentrated in the region's urban municipalities. Out of the 19 communities in the region, only Ansonia, Bristol, Derby, and Waterbury have greater than 10% affordable housing.

Figure 1-9. Affordable Housing Units in Watertown, by Type: 2015



Source: Connecticut Department of Housing - Affordable Housing Appeals List: 2015

The Watertown Housing Authority oversees the daily operations of managing 120 elderly and disabled housing units spread across three separate sites:

- Truman Terrace – 40 units of elderly and disabled housing built in 1975 and upgraded in 1987. Located at 100 Steele Brook Road.
- Buckingham Terrace – 40 units of elderly and disabled housing built in 1981 and upgraded in 1989. Located at 935 Buckingham Street
- Country Ridge – 40 units of elderly and disabled housing built in 1997 and upgraded in 2000. Located at 1091 Buckingham Street