



## **Zoning & Planning Committee Report**

### **City of Newton** **In City Council**

**Thursday October 10, 2024**

Present: Councilors Oliver (Vice Chair), Baker, Albright, Wright, Getz, Danberg, and Kalis

Absent: Councilor Krantzman

Also Present: Councilors Lipof, Farrell, and Greenberg

City Staff: Andrew Lee, Senior Assistant City Solicitor; Jennifer Caira, Deputy Director of Planning; Nora Masler, Planning Associate; and Jaclyn Norton, Committee Clerk

All agendas and reports, both past and present can be found at the following link: [Zoning & Planning Committee | City of Newton, MA \(newtonma.gov\)](https://www.newtonma.gov/zoning-planning)

For more information regarding this meeting, a video recording can be found at the following link: [Zoning and Planning Committee - October 10, 2024 \(youtube.com\)](https://www.youtube.com/watch?v=...)

**#311-24      Requesting discussion and possible amendments to dormer regulations in Chapter 30 Zoning**

HER HONOR THE MAYOR requesting a discussion and possible amendments to dormer regulations for Residential Buildings in Chapter 30 Zoning Section 1.5.4.G to clarify language regarding overall dormer length calculations.

**Action:**      **Zoning & Planning Held 6-0 (Councilor Danberg Not Voting); Public Hearing Set for 11/14/24**

**Note:**      Jennifer Caira, Deputy Director of Planning, described that in Newton a dormer may be no wider than 50 percent of the length of the exterior wall of the story below. The proposed amendment is to clarify the current interpretation. Currently, the Inspectional Services Department interprets the length of an exterior wall to be broken by jogs or changes in the wall plane such as bays. The attached presentation shows a case where the dormer would not be permitted under the current zoning. Moving this amendment to a public hearing would have the measurement for the 50 percent taken from the uninterrupted roof plane rather than the length of the exterior wall.

Councilors asked if the proposed change would lead to significantly larger dormers. Ms. Caira stated that dormers are also limited by Section 1.5.4.C which limits the size of a half story and if a dormer is too large it could trigger that area being counted as a full story.

Councilors voted 6-0 (Councilor Danberg Not Voting) on a motion to hold the item and set a public hearing for 11/14/24 from Councilor Albright.

**#317-24      Requesting discussion and possible amendments to Section 5.4.2**  
HER HONOR THE MAYOR requesting a discussion and possible amendments to retaining wall regulations for Multi-Family/Commercial/Industrial/Civic Buildings in Section 5.4.2 of Chapter 30 Zoning.  
**Zoning & Planning Held 8-0 on 09/23/24**  
**Action:      Zoning & Planning Held 6-0 (Councilor Danberg Not Voting); Public Hearing Set for 11/14/24**

**Note:**      Earlier this year the City Council passed an amendment to the retaining wall regulations that required a special permit for all retaining walls over 4 ft no matter their location on the site. This was flagged by the State during the review for MBTA Communities Act compliance as a barrier to building by-right multi-family housing. The attached presentation provides examples of sites where a retaining wall over four feet was beneficial to enable underground parking. The proposed amendment would keep the current requirement for all single-family, detached; two-family, detached; and single-family, attached building types. For all other building types, it would revert to the previous regulations.

Councilors asked if the proposed amendment could be revised to have this exception only for underground parking and require it to be a minimum distance off of the lot line. Andrew Lee, Senior Assistant City Solicitor, stated that the legal notice would be broad enough for the amendment to be modified in this way. Councilors noted support for moving this to a public hearing.

Councilors voted 6-0 (Councilor Danberg Not Voting) on a motion to hold the item and set a public hearing for 11/14/24 from Councilor Albright.

**#85-24      Request for discussion and possible amendments to enhance the preservation of existing homes.**  
COUNCILORS BAKER, OLIVER, MALAKIE, KALIS, GETZ, LUCAS, LOBOVITS, AND WRIGHT requesting a discussion and possible amendments to Chapter 30 Zoning or other City Ordinances to enhance the preservation of existing homes over their replacement by larger and more expensive structures.  
**Zoning & Planning Held 7-0 on 02/15/24**  
**Zoning & Planning Held 6-0 (Councilor Albright Not Voting) on 03/11/24**  
**Zoning & Planning Held 8-0 on 04/08/24**  
**Zoning & Planning Held 7-0 on 07/22/24**  
**Zoning & Planning Held 7-0 on 09/09/24**  
**Zoning & Planning Held 8-0 on 09/23/24**  
**Action:      Zoning & Planning Held 7-0**

**Note:** Tonight's presentation will be a follow-up on the presentation at the September 9th meeting which went over a series of case studies conducted by Utile and the Planning Department on teardowns. The focus will be on the economic analysis of these case studies along with an analysis of the economic factors at play when deciding to develop a site in Newton. This was done in collaboration with Utile and Landwise. The Committee was joined by Tim Love, Principal, and Loren Rapport, Urban Designer, from Utile, and John Tremontozzi, Principal, and Amy Fater, Senior Planner, from Landwise.

### **City-wide Teardown Analysis**

This teardown analysis is comparing the characteristics of single and to-unit homes built before 1987 and sold between 2017 and 2022 to understand specific characteristics that make a demolition more likely. In looking at these sales it was found that 4,480 homes were sold there were maintained, and 440 homes were sold and demolished. The first factor that can make a demolition more likely is it being a smaller home on a larger lot. For measuring this the Marketable Finished FAR is being calculated. This is the marketable finished area (This includes living space, finished attic, finished basement, and attached garage.) divided by the lot size. It was found that homes demolished had a FAR on average of 0.10 less than those not demolished. The attached presentation provides a distribution chart for the marketable finished FAR of homes demolished and not demolished. In looking at this teardown data the characteristic also present was that demolished homes were more often built post-World War II. Ms. Rapport provided a recap of the case studies described at the previous meeting.

Councilors asked if staff could look at the percentage of teardowns to homes sold in other communities to see if it is comparable and expressed interest in exploring provisions surrounding FAR.

### **Residential Properties and City Finances**

Nora Masler, Planning Associate, described that currently, 83% of the City's FY25 projected revenue sources are from property taxes with 67.09% from single-family and 7.48% from two-family. This is greater than other communities due to less commercial base in Newton and the revenue generated from these property taxes is limited in how much it can increase by Proposition 2 1/2. This makes new growth essential to maintaining city services and the attached presentation states that 1.4% of the 30-year average annual increase is attributable to new growth and redevelopment. Newton is also not a high new growth community compared to other communities within the state. Revenue is also generated from building permit fees which single- and two-unit comprised 41% of this revenue in FY24 compared to 34% in FY23.

A Councilor noted the need to find a balance between preventing teardowns and causing a significant revenue decrease for the City. A Councilor also asked if the Planning Department could get data on how many of the single-unit building permits issued were for sites that previously contained a single-unit building.

**Case Studies**

Mr. Trementozi provided an overview of the national average newly built home size and how it compares to Newton's. The current national average is 2,411 sf which is a 13-year low, compared to Newton which is 4,100 sf. Recent trends have moved towards smaller homes due to homebuyer preferences and affordability except for move-up and luxury buyers in suburban locations. In looking at the local market, Mr. Trementozi described that the median sale price in August 2024 for Newton was \$1,550,000 which is a 54% percent increase in the last 5 years. When talking with developers they found that the median household income for these individuals is 42.1% above the State median and that these buyers are upsizing from Boston neighborhoods or relocating from international locations.

Landwise conducted interviews with the 4 highest volume builders in Newton to understand factors that they consider when deciding to develop in Newton. In making this decision there is a general equation of the sale price – total costs = builder profit. During these interviews, builders reported that the builder's profit would need to be about 8% of the total costs. The ideal teardowns are homes in disrepair, unlikely to be preferable preserved, on flat lots, and without trees. Homes in good condition that are listed for sale are more likely to be sold to end-users who will renovate the home. These builders also described the ways the complexity of the regulatory environment has increased including multiple ordinances being enacted since 2022 causing sites to be evaluated more selectively. Some builders are also beginning to look at doing more projects outside of Newton and some refinement might be needed to these ordinances as they are put to the test. The time required to get approvals also drives up the cost of housing and many are prepared to wait out any demolition delay. The design of new buildings is being driven by luxury buyers and the cost of complying with the regulatory process. The attached presentation provides a pro forma model for the case studies described by Ms. Rapport earlier in the meeting.

A Councilor stated that this increase in prices is not exclusive to teardowns. It was asked by a different Councilor if Planning staff could speak to areas where regulatory approval timelines could be streamlined. Ms. Caira stated that the concern is ISD having 30 days to issue a building permit and not wanting to interfere with that and will look into other areas where overlap could occur. A couple of Councilors expressed willingness to examine the demolition delay ordinance as it is not changing the outcome. Ms. Fatar stated that builders did express interest in discussing design at the beginning of the process.

Regarding the pro-forma model, a Councilor asked if the builder profit is calculated after everyone is paid. Mr. Trementozi stated that the only thing not paid before this is calculated is administrative fees for staff employed by the builder. It was also stated that these builders normally use the profit from one project to finance the next and rarely take out loans for the acquisition of the land. A Councilor who is a real estate appraiser noted that the percentage for profits is typically larger than 8%.



**Potentials for further study**

Mr. Trementozi outlined multiple issues that Councilors could target with this work in the attached presentation. Ms. Caira added that the Planning Department hopes to come back at the November 14th meeting to look at priorities and at the October 28th meeting to discuss the complexities of complying with the energy code.

Councilors noted the lack of naturally affordable housing in Newton and the need to focus on reducing the development that isn't helping Newton. A Councilor did express concern with significantly increasing the ability for multi-family conversion of single-family homes.

**Presentation from Councilors Oliver and Wright**

The attached presentation covers four proposed concepts that could help achieve the objectives of this work on teardowns. The first of these is aligning the zoning of a parcel with the intended use. This would help address the issue of 100% residential buildings utilizing business-zoned lot standards if the lot is zoned for business. Options for how to tackle this are outlined in the attached presentation. The second concept is addressing the loss of modest-sized homes to large single-family homes. This can be tackled through multiple options including utilizing new lot standards for full demolition, sliding scale adjustment to FAR, and implementing large house review. Third is incentivizing additional units through permitting up to 1,200 sf ADUs under certain conditions. Fourth is creating a by-right path for the adaptive reuse of large homes as is allowed in the MRT district in the VCOD.

Councilors noted appreciation for this presentation and asked if Planning staff could respond to the ideas presented at a future meeting. Regarding aligning zoning to intended use, a Councilor stated that this could be part of a larger conversation about business zoning within Newton. Multiple Councilors expressed support for the adaptive reuse of large homes and asked Planning staff to look into the success of large house review in other communities.

Committee members voted 7-0 on a motion to hold items #85-24, #41-24, and 302-24 from Councilor Albright.

**#41-24      Amend the setbacks in the MR zones to encourage preservation of existing buildings**

COUNCILORS ALBRIGHT, DANBERG, KRINTZMAN, AND LEARY seeking a discussion with the Planning Department to consider ordinance amendments that would revise the metrics in the multi-residence (MR1, MR2 and MR3) zones, to regulate the size of new buildings better, enable a wider range of housing options close to public transit, and better incentivize preservation and renovation of existing housing stock.

**Zoning & Planning Held 7-0 on 02/15/24**

**Zoning & Planning Held 6-0 (Councilor Albright Not Voting) on 03/11/24**

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**Zoning & Planning Held 7-0 on 07/22/24**

**Zoning & Planning Held 7-0 on 09/09/24**

**Zoning & Planning Held 8-0 on 09/23/24**

**Action:** **Zoning & Planning Held 7-0**

**Note:** This item was discussed concurrently with items #85-24 and #302-24. A written report can be found with item #85-24.

**#302-24      Aligning zoning to proposed use in new development**

COUNCILORS OLIVER, WRIGHT, LUCAS, MALAKIE, KALIS, FARRELL, GREENBERG, GETZ, AND LOBOVITS requesting discussion and possible zoning ordinance changes to align zoning to the proposed use for by right or special permit projects for new build or major renovations. The goal would be to further improve consistency in lot utilization (eg., setbacks, open space) and structure (eg., massing, height, FAR) within a neighborhood.

**Action:** **Zoning & Planning Held 7-0**

**Note:** This item was discussed concurrently with items #85-24 and #41-24. A written report can be found with item #85-24.

**#369-24      Requesting discussion and amendments to Accessory Dwelling Unit (ADU) Ordinance**

HER HONOR THE MAYOR requesting discussion and amendments to Newton's Accessory Dwelling Unit (ADU) Ordinance, so it complies with the State's Zoning Act (Ch. 40A).

**Action:** **Zoning & Planning Held 7-0**

**Note:** Ms. Caira stated that a memo was provided in the Friday Packet preceding this meeting. The Planning Department is currently working with the Law Department on amendments to the ADU ordinance to comply with the recent passage of the Affordable Homes Act by the State. A couple of Councilors stated amendments they would like to see including; preserving the owner occupancy requirement outside of a half mile near public transit and not allowing an ADU within the setbacks. Committee members voted 7-0 on a motion to hold from Councilor Baker.

The meeting adjourned at 10:13 pm.

**Respectfully Submitted,**

**John Oliver, Vice Chair**

# #311-24 Amendments to dormer regulations

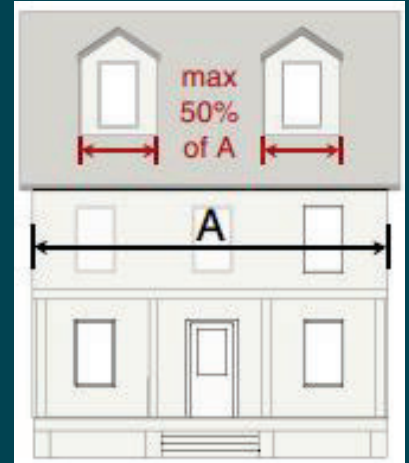
Chapter 30 Zoning

## What is a Dormer?



# How are domers regulated in Newton?

A dormer may be no wider than 50 percent of the length of the exterior wall of the story next below. Where more than one dormer is located on the same side of the roof, the width of all dormers combined may not exceed 50 percent of the length of the exterior wall next below.



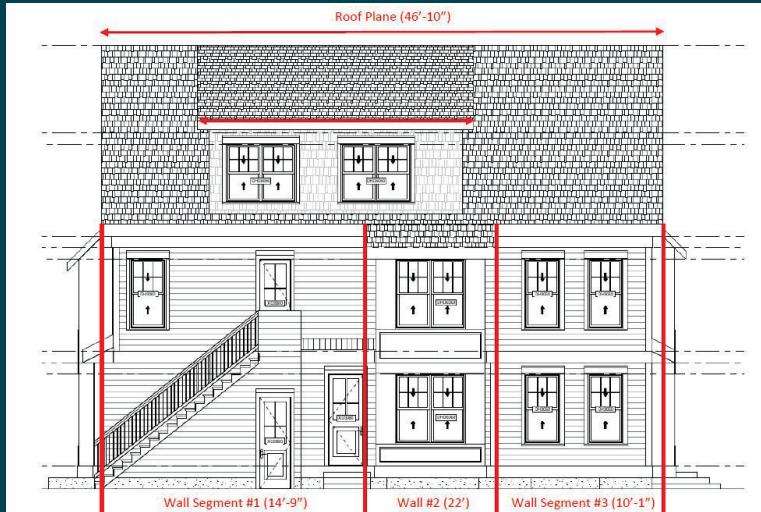
## Interpretation

A dormer may be no wider than 50 percent of the length of the exterior wall of the story next below. Where more than one dormer is located on the same side of the roof, the width of all dormers combined may not exceed 50 percent of the length of the exterior wall next below.

**Interpretation** = Length of exterior walls can be broken by jogs or changes in the wall plane such bays. Each wall plane is considered a separate wall and a dormer cannot be more than 50 percent of that plane.

# Interpretation

The Dormer below is not permitted under current zoning language



## Additional Limitation to Dormers

Dormers are also limited by Section 1.5.4.C, which defines a half story as “a story directly under a sloping roof where the area with a ceiling height of 7 feet or greater is less than  $\frac{2}{3}$  of the area of the next story below.”

# Proposed Change

A dormer may be no wider than 50 percent of the uninterrupted roof plane. Where more than one dormer is located on the same side of the roof, the width of all dormers combined may not exceed 50 percent of the length of the uninterrupted roof plan.

# Next Steps

- Set a public hearing

# #317-24 Amendments Retaining Wall Reg.

For Multi-Family, Commercial, Industrial and Civic Buildings

## Previous Retaining Wall Amendment

**Sec. 5.4.2.** - To address grade and wall issues with a particular focus on single- and two-family development a special permit requirement was put in place in April 2024 for any retaining wall over four feet in height in all zoning districts and for all building types.

Previously, only retaining walls over four feet within the setback required a special permit while retaining walls outside of the setback areas had not required a special permit.

# Need for change - Multi-Family, Commercial, Industrial and Civic

This change was counterproductive in multi-family, commercial, and industrial development because retaining walls in projects of these scales are typically beneficial, and unobtrusive, retaining walls often necessary to access an underground garage.

This issue was also flagged by the state in their review of the VCOD zoning for MBTA Communities compliance as potentially preventing by-right multi-family development.

## Examples - *Below Grade to Parking*

935 Washington Street (corner of Washington and Lowell) – 18 units





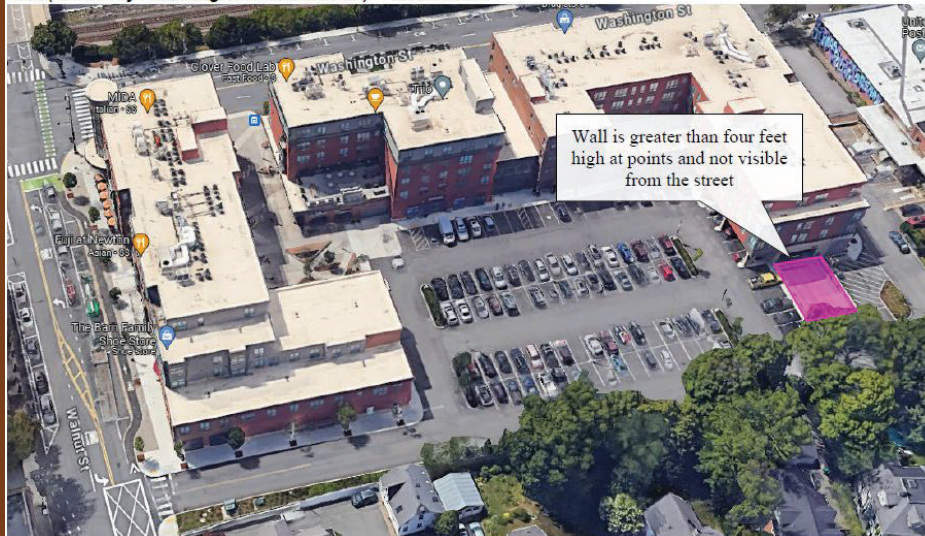
## Examples - *Below Grade to Parking*

429 Cherry Street (West Newton) – 19 units



## Examples - *Below Grade to Parking*

Trio (corner of Washington and Walnut) – Mixed-Use



# Proposed Change

1. Maintain current special permit requirement for all Single-Family, Detached; Two-Family, Detached; and Single-Family, Attached building types.
2. For all other building types, return regulations to previous requirements. That is, all retaining walls over four feet in height within the setbacks require a special permit while retaining walls outside of the setback areas are by-right.

# Discussion

City of Newton  
Zoning & Planning Committee

# Residential District Zoning Review: Economic Analysis

October 10, 2024

## Content

- 1. Introduction**
- 2. City-wide Teardown Analysis**
  2. Overview
  3. Findings
- 3. Residential Properties and City Finances**
  3. Property Taxes
  4. New Growth
- 4. Case Studies**
  4. Builder/Developer Research
  5. Project pro formas
- 5. Next Steps**



Introduction

# Why We're Here

To review new development, and identify trends, within Newton's residential neighborhoods.

We are here to analyze the factors that contribute to property teardowns, including issues related to zoning and non-zoning regulations, as well as the market-related pressures that impact development decisions.

Today, we'll review additional data analysis of home sales, the role of residential properties in city finances, and an economic analysis of our case studies.

Before

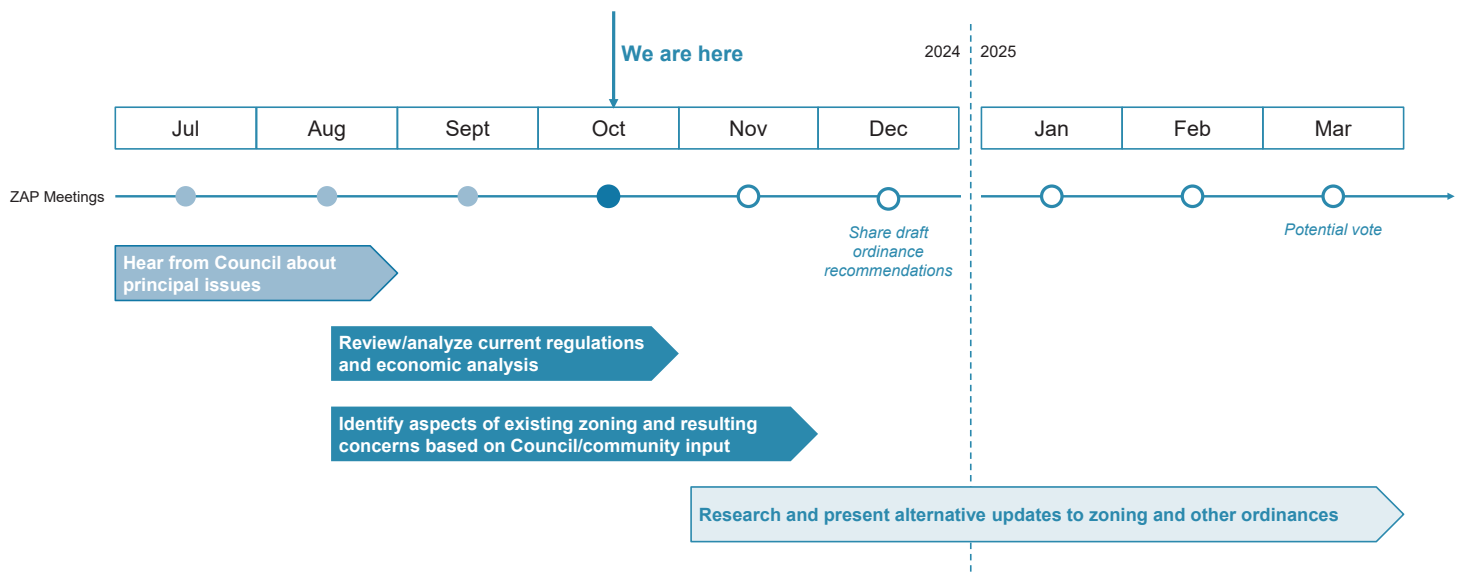


After



Introduction

# Timeline



# City-wide Teardown Analysis

1. Introduction
2. City-wide Teardown Analysis
  1. Overview
  2. Findings
3. Residential Properties and City Finances
  1. Property Taxes
  2. New Growth
4. Case Studies
  1. Builder/Developer Research
  2. Project pro formas
5. Next Steps

As a built-out city, new development in Newton typically involves the demolition of an existing building. The following analysis looks at property sales, those resulting in a demolition vs. maintained, to identify patterns within each of these categories.

\* See Newton Tax Classification Booklet FY2024 - <https://www.newtonma.gov/home/showpublisheddocument/114342/638360778890500000>

City-wide Teardown Analysis

## Overview of Home\* Sales Maintained Vs. Demolished

### What were we comparing?

- Characteristics of single and two-unit homes built before \*1987 and sold in a 5 year period (2017 to 2022)
  - Sales of homes that were maintained (4,480)
  - Sales of homes that were permitted for demolition (440)

### What do we hope to understand?

- Specific characteristics that make a a demolition more likely after a sale.

\* For this analysis, home is defined as a single- or two-unit property

\*Only homes built before 1987 were analyzed because no home sold and permitted for demolition between 2017 and 2022 were built after 1986.

## Demoed Homes: Smaller Homes on Larger Lots

### Smaller Marketable Finished Area

On Average ~**520 sq. ft. less** marketable finished space than homes sold and not demolished

### Larger Lot size

On Average ~**1,770 sq. ft. larger** than homes sold and not demolished

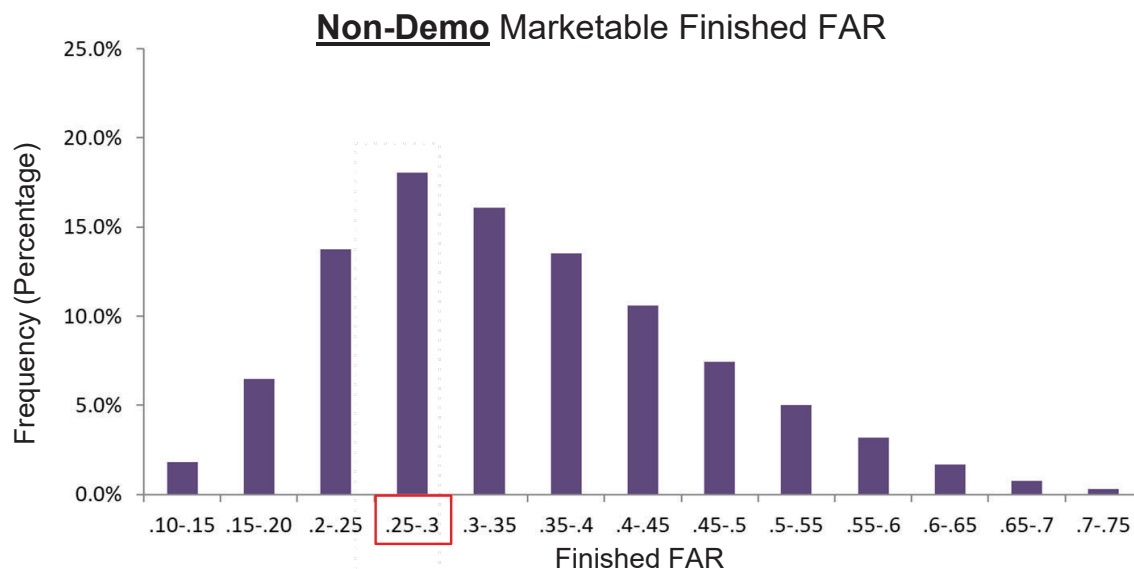
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### Smaller Marketable Finished FAR

On Average **.10 less** than homes sold and not demolished

Marketable Finished Area Includes: Living Space Finished attic, Finished basement and Attached garage.  
Source: City of Newton Assessors Database

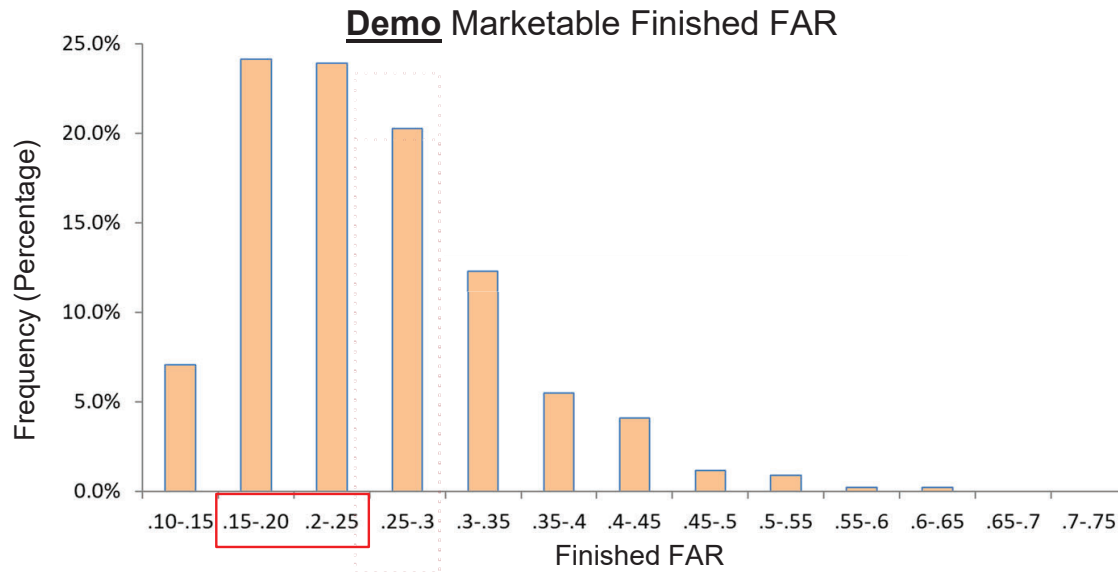
## Non Demo homes are larger and on smaller Lots



Source: City of Newton Assessors Database

City-wide Teardown Analysis

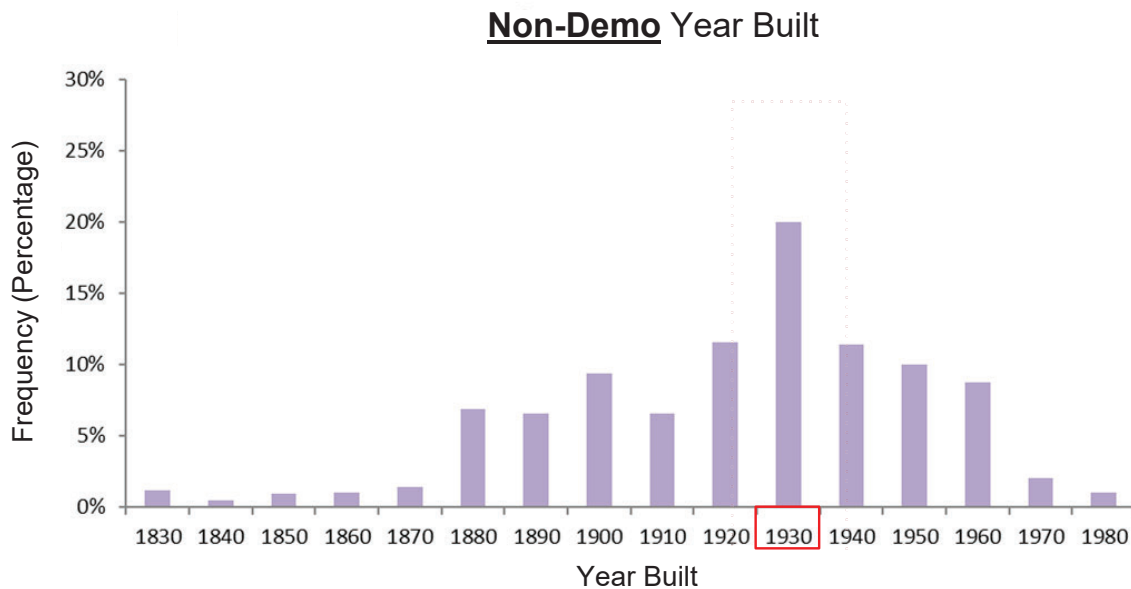
## Demo homes are smaller on larger lots



Source: City of Newton Assessors Database

City-wide Teardown Analysis

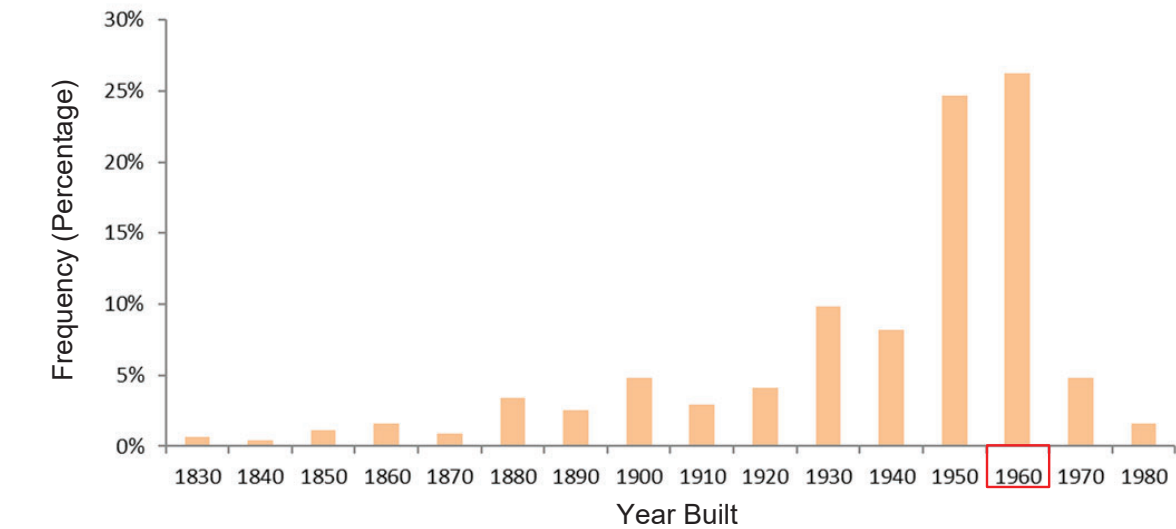
## Non-demo homes are more often built pre-WWII



Source: City of Newton Assessors Database

Demo homes are more often built post WWII

Demoed Year Built



Source: City of Newton Assessors Database

Case Studies

Citywide Teardown Analysis

1. 9-11 Oak Ave

2. 49 Fairway Dr

3. 35 Dalby St

4. 117-119 Norwood Ave

5. Doris Circle

6. 728 Walnut St

7. 180 Allen Ave

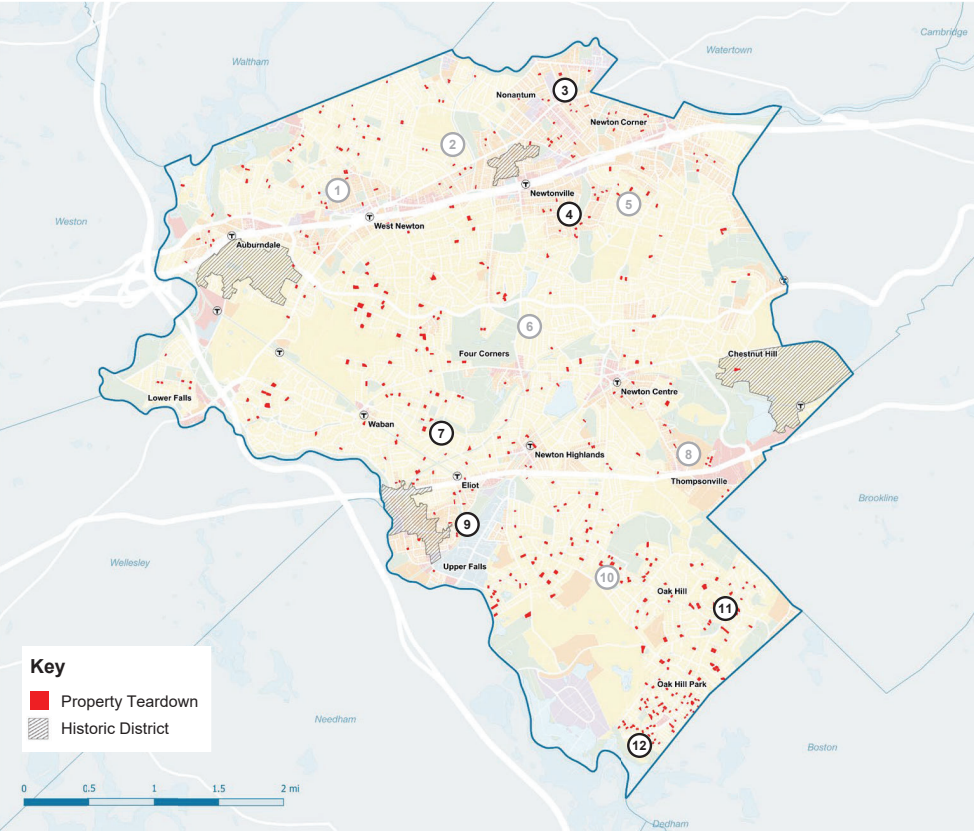
8. 33-35 John St

9. 58 Cottage St

10. 263 Arnold Rd

11. 197 Baldpate Hill

12. 10 Spiers Rd





Case Studies

197 Baldpate Hill Road  
Oak Hill

Zone: SR1  
Lot Size: 25,269 SF  
Frontage: 120'



Before: One-Unit Home, built 1960



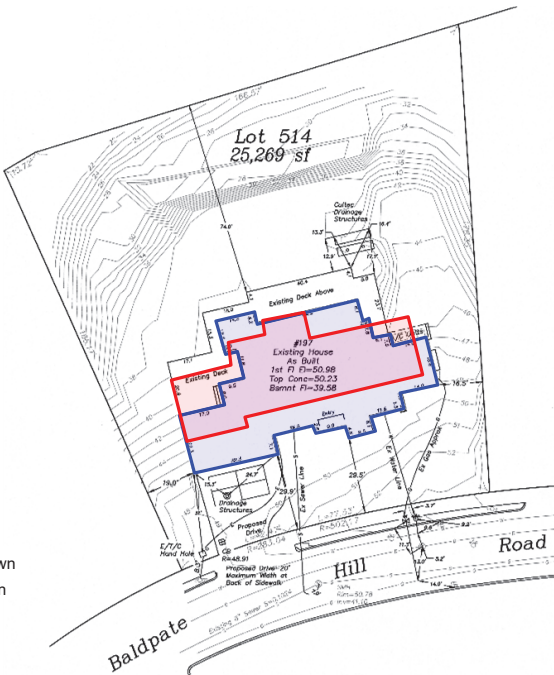
After: One-Unit Home, built 2019

Case Studies

197 Baldpate Hill Rd: Summary

Zone: SR1  
Lot Size: 25,269 SF  
Frontage: 120'

	Before	After
Year Built	1960	2019
Front Setback	46.5'	29.5'
Side Setback	24.5'; 23.5'	19'; 16.5'
Building Height	1 story	2 stories
Building Footprint	2,390 SF	3,360 SF
Marketable Finished Area	3,746 SF	7,896 SF
Marketable Finished FAR	0.15	0.31
Zoning FAR allowed, max.	-	0.26 / 6,570 SF
Zoning FAR built	-	0.26 / 6,494 SF
Facade Build Out	78%	81%
Number of Units	1	1
Sale Date / Price	2019 / \$1,500,000	2020 / \$4,515,000



180 Allen Ave  
Waban

Zone: SR2  
Lot Size: 15,000 SF  
Frontage: 100'



Before: One-Unit Home, built 1960

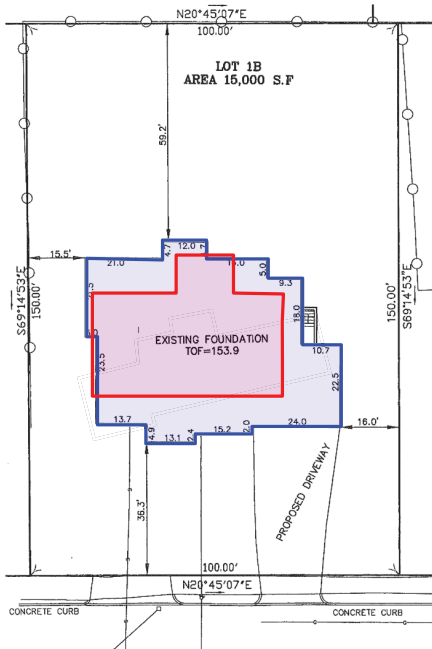


After: One-Unit Home, built 2021

180 Allen Ave: Summary

Zone: SR2  
Lot Size: 15,000 SF  
Frontage: 100'

	Before	After
Year Built	1960	2021
Front Setback	44'	36'
Side Setback	16'; 21'	15.5'; 16'
Building Height	1 story	2 stories
Building Footprint	1,780 SF	2,851 SF
Marketable Finished Area	1,712 SF	7,097 SF
Marketable Finished FAR	0.11	0.47
Zoning FAR allowed, max.	-	0.33 / 4,950 SF
Zoning FAR built	-	0.33 / 4,930 SF
Facade Build Out	61%	69%
Number of Units	1	1
Sale Date / Price	2020 / \$1,450,000	2022 / \$4,250,000





Case Studies

10 Spiers Rd  
Oak Hill Park

Zone: SR3  
Lot Size: 8,100 SF  
Frontage: 130'



Before: One-Unit Home, built 1950



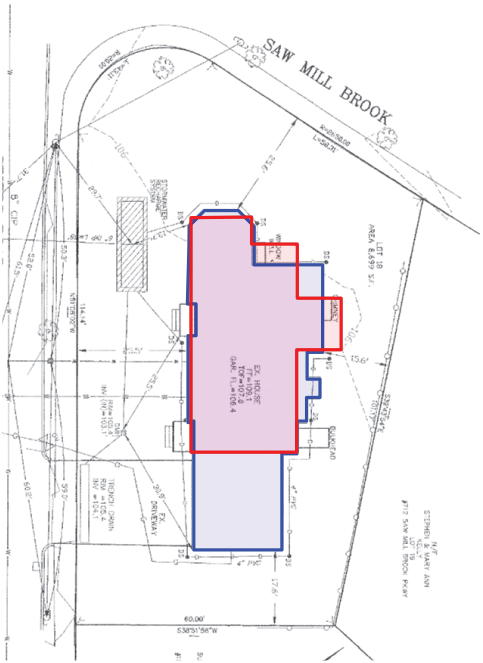
After: One-Unit Home, built 2018

Case Studies

10 Spiers Rd: Summary

Zone: SR3  
Lot Size: 8,100 SF  
Frontage: 130'

	Before	After
Year Built	1950	2018
Front Setback	26'; 25'	25.5'; 25.6'
Side Setback	35'; 12'	15.65'; 17.6'
Building Height	1 story	2 stories
Building Footprint	1,440 SF	1,905 SF
Marketable Finished Area	1,236 SF	4,980 SF
Marketable Finished FAR	0.15	0.61
Zoning FAR allowed, max.	-	0.44 / 3,827.5 SF
Zoning FAR built	-	0.44 / 3,826 SF
Facade Build Out	42%	61%
Number of Units	1	1
Sale Date / Price	2017 / \$700,000	2019 / \$2,015,419



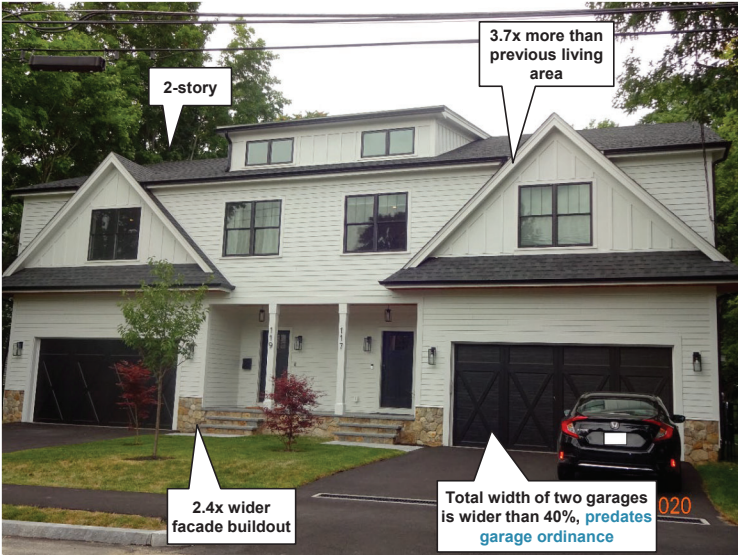
Case Studies

117-119 Norwood Ave  
Newtonville

Zone: MR1  
Lot Size: 14,343 SF  
Frontage: 80'



Before: Two-Unit Home, built 1900



After: Two-Unit Home, built 2019

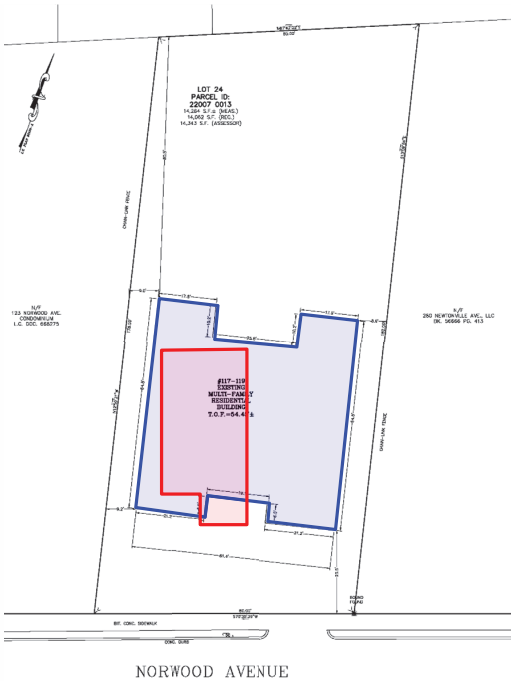
Case Studies

117-119 Norwood Ave: Summary

Zone: MR1  
Lot Size: 14,343 SF  
Frontage: 80'

	Before	After
Year Built	1900	2019
Front Setback	26.5'	25.5'
Side Setback	12'; 36'	9'; 9'
Building Height	2 stories	2 stories
Building Footprint	1,235 SF	3,726 SF
Marketable Finished Area	2,452 SF	9,115 SF
Marketable Finished FAR	0.17	0.64
Zoning FAR allowed, max.	-	0.48 / 6,885 SF
Zoning FAR built	-	0.46 / 6,546 SF
Facade Build Out	32%	77%
Number of Units	2	2
Sale Date / Price	2019 / \$1,260,000	2020 / \$3,650,000*

Note:  
• The sale price reflects the summary of both unit sales



Key  
[Red Outline] Property Teardown  
[Blue Outline] New Construction



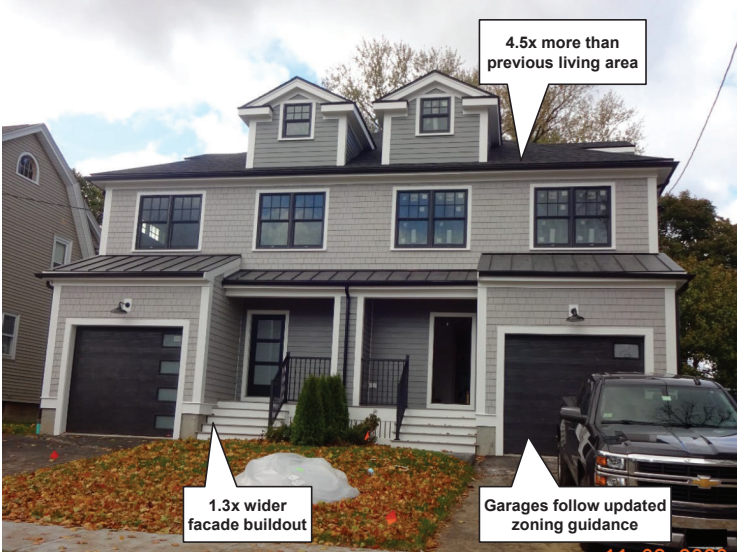
Case Studies

35 Dalby St  
Nonantum

Zone: MR2  
Lot Size: 8,364 SF  
Frontage: 60'



Before: Two-Unit Home, built 1927



After: Two-Unit Home, built 2020

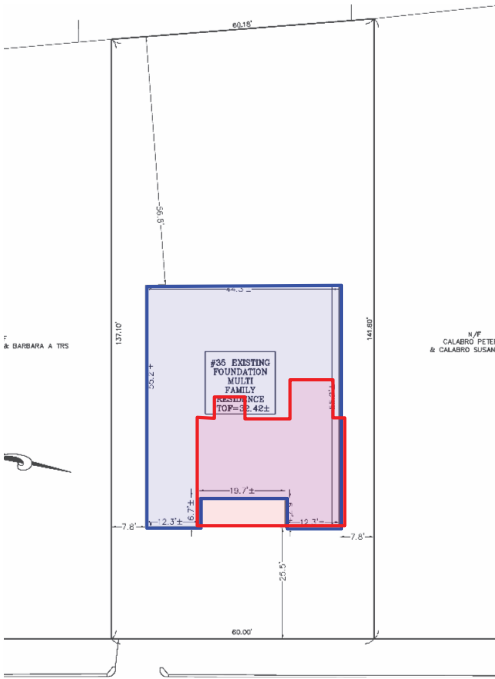
Case Studies

35 Dalby St: Summary

Zone: MR2  
Lot Size: 8,364 SF  
Frontage: 60'

	Before	After
Year Built	1927	2020
Front Setback	26.5'	25.5'
Side Setback	19.5'; 7.4'	7.8'; 7.8'
Building Height	2 stories	2 stories
Building Footprint	930 SF	2,384 SF
Marketable Finished Area	1,699 SF	7,737 SF
Marketable Finished FAR	0.20	0.93
Zoning FAR allowed, max.	-	0.53 / 4,433 SF
Zoning FAR built	-	0.53 / 4,420 SF
Facade Build Out	56%	74%
Number of Units	2	2
Sale Date / Price	2019 / \$835,000	2021 / \$2,700,000*

Note:  
• The sale price reflects the summary of both unit sales



Case Studies

58 Cottage St

Upper Falls

Zone: MR1  
Lot Size: 9,800 SF  
Frontage: 68'



Before: One-Unit Home, built 1860



After: Two-Unit Home, built 2020

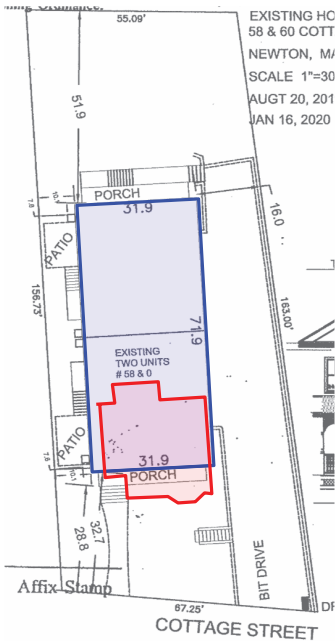
Case Studies

58 Cottage St: Summary

Zone: MR1  
Lot Size: 9,800 SF  
Frontage: 68'

	Before	After
Year Built	1860	2019
Front Setback	27'	32.7'
Side Setback	12'; 23'	10'; 16'
Building Height	2 stories	2.5 stories
Building Footprint	790 SF	2,304 SF
Marketable Finished Area	1,520 SF	8,758 SF
Marketable Finished FAR	0.16	0.89
Zoning FAR allowed, max.		0.5 / 4,900 SF
Zoning FAR built		0.47 / 4,608 SF
Facade Build Out	42%	47%
Number of Units	1	2
Sale Date / Price	2017 / \$850,000	2020 / \$2,895,000*

Note:  
• The sale price reflects the summary of both unit sales



# Analysis of Homes Sales Maintained Vs. Demolished

## Key Findings - Approximately 10% of home sales result in demolition

Demolished homes were more often:

- Smaller
- Built post WWII
- On larger lots



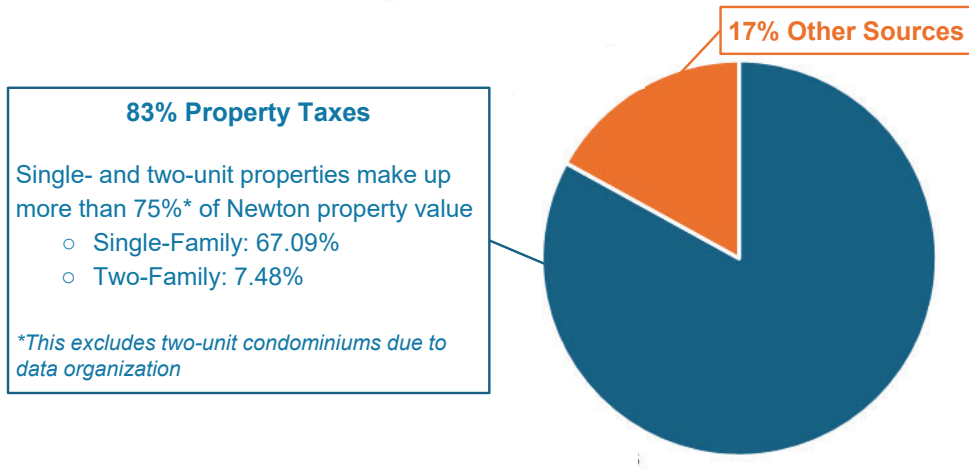
## Residential Properties and City Finances

1. Introduction
2. City-wide Teardown Analysis
  1. Overview
  2. Findings
3. Residential Properties and City Finances
  1. Property Taxes
  2. New Growth
4. Case Studies
  1. Builder/Developer Research
  2. Project pro formas
5. Next Steps

Property taxes make up the majority of Newton's funding sources for the annual budget. Because of this, as well as legal limits on taxing, new residential growth is a significant portion of the annual revenue increases need to maintain city services.

# Residential Property Tax, Predominant City Funding Source

Projected FY2025 Revenue Sources = \$524.4M

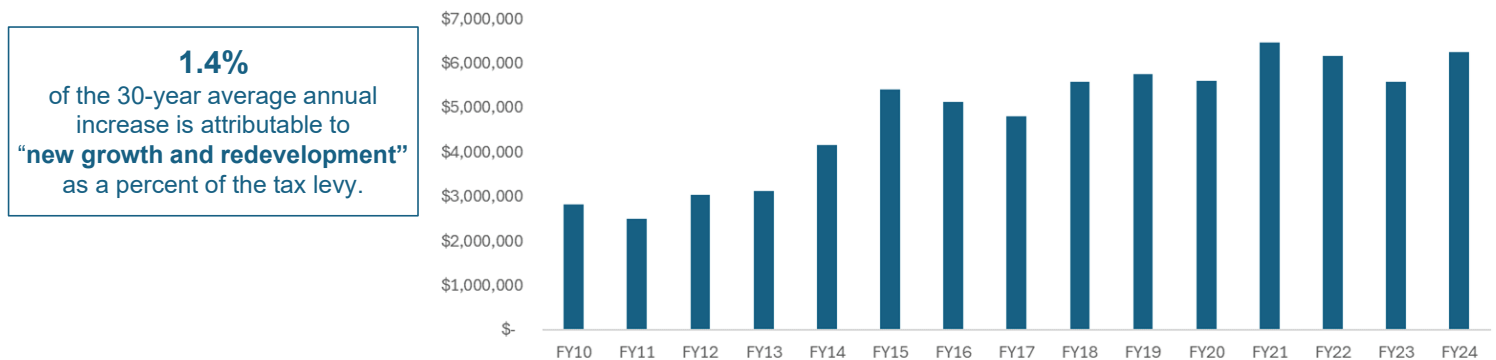


Source: Newton FY2025 Budget - <https://www.newtonma.gov/government/comptroller/budget/-folder-3857>

\* See Newton Tax Classification Booklet FY2024 - <https://www.newtonma.gov/home/showpublisheddocument/114342/638360778890500000>.

# New Growth, Essential to Maintain Level of City Services Each Year

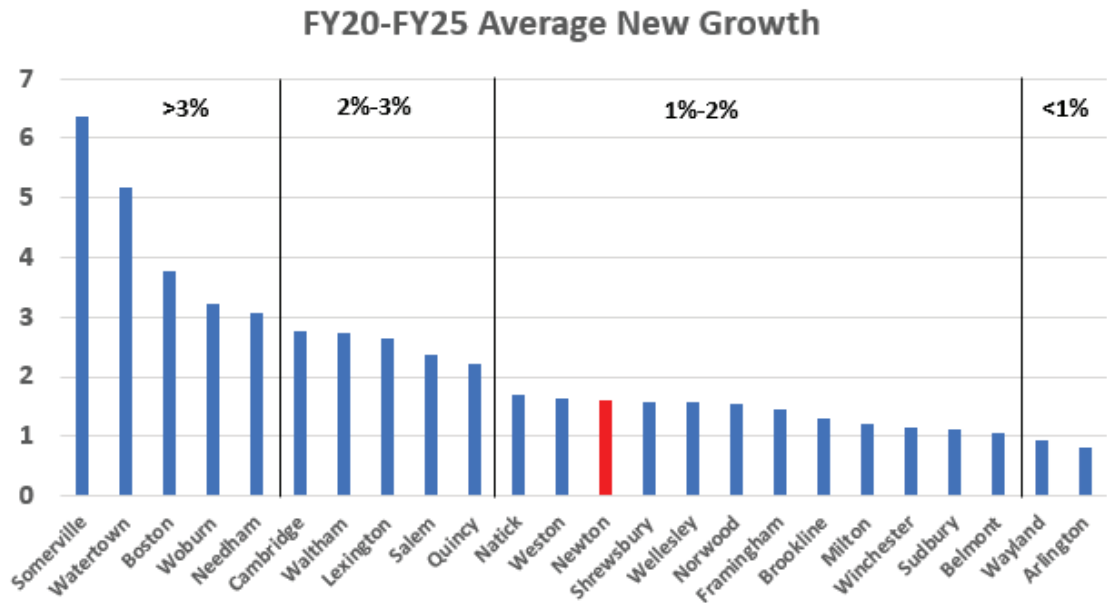
New Growth Revenue (New Construction and Redevelopment)



Source: Newton Tax Classification Booklet FY2024 - <https://www.newtonma.gov/home/showpublisheddocument/114342/638360778890500000>.



Newton is not a high new growth community



Single- and Two-Unit Development is Large % of Permit Revenue

Building Permit Revenue (FY23 and FY24)			
	Total Revenue	Single- and Two-Unit Revenue (\$)	Single- and Two-Unit Revenue (%)
FY23	\$9.98 million	\$3.39 million	34%
FY24	\$10.3 million	\$4.22 million	41%

# Residential Properties and City Finances

## 1. Introduction

## 2. City-wide Teardown Analysis

1. Overview
2. Findings

## 3. Residential Properties and City Finances

1. Property Taxes
2. New Growth

## 4. Case Studies

1. Context
2. Builder/Developer Interviews
3. Pro Forma Analysis

## 5. Next Steps

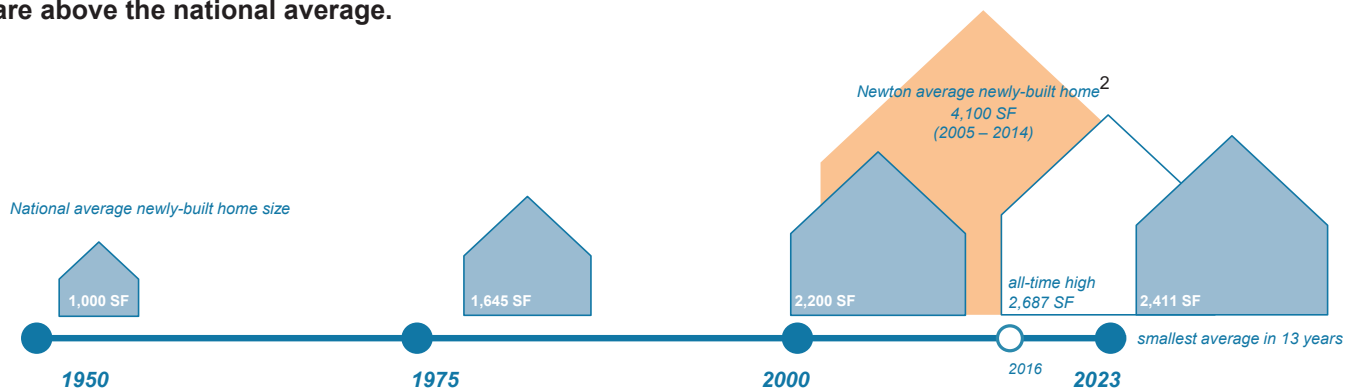
Understanding the importance of residential growth for the City's fiscal health, the next phase of analysis explores the financial factors that shape the scale and type of redevelopment occurring in Newton.

### Context

## American Home Sizes

- **Average American house size has increased** by ~140% between the 1950s and today<sup>1</sup>. This is in contrast with shrinking household size.
- **Average living area of units constructed in Newton are above the national average.**

- **Better, not bigger, is among top design trends for 2024** due to homebuyer preferences and affordability<sup>3</sup>. However, **this is less true for move-up and luxury buyers, in desirable suburban locations.**

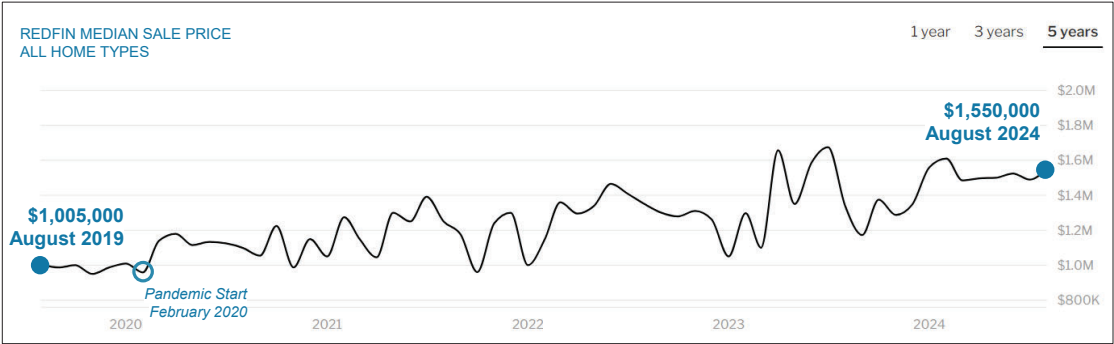


#### Notes:

1. Managing Teardowns - National Trust for Historic Preservation, 2008. Updates and timeline by Landwise.
2. Newton Leads 2040 Housing Strategy – RKG Associates, 2015.
3. National Association of Homebuilders

Context

# Local Market



In August, **median sale price of all home types was \$1.6M, a 54% increase in the past 5 years**. Median sale price per SF was \$571. Homes receive 3 offers on average and sell in around 25 days<sup>1</sup>.

**Median household incomes (\$163,074)** are 42.1% above the State median (\$94,488)<sup>2</sup>.

**Appealing suburban location and top-rated schools** attracting families.

**Buyers are upsizing** from Boston neighborhoods or relocating from **international locations**. They are often dual-income professionals working in hybrid formats wanting **dedicated office space**.

**Notes:**  
1 Redfin, City of Newton, August 2024. Median sales price of single-family homes for the same period was \$1.8 - this figure has exceeded \$2M twice over the past two years.  
2 ACS 2022;

Builder Interviews

# Overview

There are at least 10 active home builders in Newton, most are luxury. Interviews were done with the 4 highest volume builders.

COMPANY	DEMO PERMITS (2017-2023)	BUILD SINGLE	BUILD TWO
1 Westview Partners	25	21	4
2 SAGA	26	21	4
3 Trio Development	23	20	2
4 Pine Cone Construction	19	18	1
5 Kane Built Inc	16	13	3
6 Paine Construction	9	4	5
7 Newton Village Development	7		7
8 Beantown Development	6		6
9 M.I.R. Realty	3		
10 Edge Builders			

### Interview Questions

The purpose of the exercise is to interview builders who have recently completed teardown/build new projects in Newton to understand their thought process approach to the projects. We want to try to understand the metrics/thresholds that are driving their decision making. Questions for conversation:

- PROJECTS.** Which teardown/rebuild projects have you completed since 2019? If too many to name can just pick a few. Are your projects typically spec builds or do you do a have a buyer in advance? What prices points are you typically building new homes in?
- LAND ACQUISITION.** What do you look for in a site? Is it a certain price, size, regularity of dimension? How about the existing home, is it of a certain vintage, scale (FAR or 1-story), condition? Are you willing to pay above market to acquire a good site?
- FEASIBILITY/RETURN.** How do you think about feasibility/return. Do you run a basic project model that backs into what you can afford to pay for the land (i.e. a land residual model). Or do you assume a project will be feasible if you can produce a house of a certain size?
- CONSTRUCTION COSTS.** Can you share some of your constructions cost data with us? How do you generally think about per sf construction costs (total cost excluding land) when you budget a project? Is there a range that makes sense for Newton (i.e. \$300-\$400 per square foot)? What is the typical tear-down cost to remove the existing house?
- REGULATORY.** Is there anything that the City is doing that is making it easier or more difficult to build there (tree ordinance, garage ordinance, height/retaining wall ordinance)? What should they be doing?
- DESIGN.** Do consistently work with the same local architect? Or do you have a pool of architects that you work with? Is your design fully customized or do you start with stock plans? Are you seeing trends toward quality over quantity of space?

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## Builder Interview Themes

# Each project and property is unique but there is a general equation

## General Builder Math:

**SALES PRICE** (~\$625 per SF) - **TOTAL COSTS** = **BUILDER PROFIT (8% of total)**

Land Cost (\$82 per land square foot)  
 Construction Cost (\$275-\$350 per sf)  
 Carry Cost (9% loan + taxes, 2 years)  
 Sales Commission (5% of total)

- **Ideal tear-downs are in disrepair, unlikely to be preferably preserved, on flat lots, and without trees.**
- **Homes listed for sale in good condition often go to end-users who will renovate, as they are willing to pay more.**  
For homes in poor condition, sellers often connect with builders to sell off-market.
- **Projects are a combination of spec houses, custom homes or semi-custom homes, designed by on-staff architects or a select few architects the builder regularly works with.**

## Builder Interview Themes

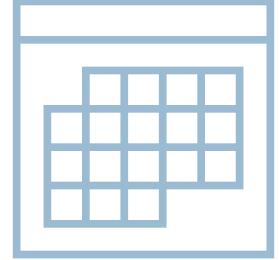
# The complexity of the regulatory environment has increased.

- **Multiple ordinances enacted since 2022**  
(Stormwater, Tree, Retaining Wall, Height, and Electrification)  
are adding complexities and costs to projects.
- **Builders are evaluating sites more selectively**  
with these ordinances in mind.
- **Some are finding it easier to work in adjacent communities**, and plan to continue to do more projects outside of Newton in the future.
- **Builders indicate that refinement of new ordinances might be necessary** as they are put to the test.



## Time required to acquire approvals drives up the cost of housing.

- **Builders indicate that building new homes takes longer than it should.** It is essentially 1 year to approve and 1 year to build.
- **Many are prepared to wait out demolition delay and carry costs,** builders observe that the policy is not changing the outcome.
- **Approvals could be more streamlined and overlapping.**
- One of **largest expenses is the carry cost on a construction loan** which is usually somewhere in the 8-12% on the construction cost. Reducing approval times directly reduces the cost.



## New build design and sizes driven by economics & luxury buyers.

- **Not incentivized to build smaller more affordable units** when the regulatory process is complex and the market will absorb large, luxury homes
- **Wouldn't build modern homes with modern amenities if they weren't selling.** Neighborhood character is often more diverse than people think when scrutinized.
- **Renovations don't always make sense.**
  - Curb appeal doesn't tell the story of the condition and what is needed to meet codes.
  - Motivations to renovate often involve historic character, need for cosmetic refreshes, or the ability to fix-up and phase renovation projects overtime.
  - 1970s homes (now older than 50 years old) are subject to demolition delay. Many have boxy construction and lack of craftsmanship.
- **There is willingness to talk about new design sooner in demolition delay process.**



Pro Forma Analysis

Sample project economics

Type	Single Family
Year Built	2024
Address	SAMPLE
Unit Size (sf)	7,000
Lot Size (sf)	15,000
Sold Price	\$4,500,000
Avg. \$/sf	\$643
<b>Estimated Costs</b>	
Construction per sq. ft.	\$310
Acquisition Price	\$1,450,000
Construction Cost	\$2,170,000
Sales Commission/Closing (5.5% of total price)	\$247,500
Construction Loan Carry (15 months, 8% )	\$217,000
Demolition	\$50,000
Taxes (1.5 - 3 years)	\$25,000
Permit/Impact Fees (2% )	\$16,540
Total	\$4,176,040
Builder Profit	\$323,960
	7.2%

Pro Forma Analysis

Case study estimated project economics

Type	Single Family	Single Family	Single Family	Duplex	Duplex	Duplex
Year Built	2020	2022	2019	2019	2021	2020
Address	197 Baldpate Hill	180 Allen Ave	10 Spiers Rd	117 Norwood Ave	35 Dalby St	58 Cottage St
Unit Size (sf)	6,494	7,097	4,980	9,115	7,737	8,758
Lot Size (sf)	25,200	15,000	8,710	14,400	8,400	9,860
Sold Price	\$4,515,000	\$4,250,000	\$2,015,419	\$3,650,000	\$2,700,000	\$2,895,000
Avg. \$/sf	\$695	\$599	\$405	\$400	\$349	\$331
<b>Estimated Costs</b>						
Construction per sq. ft.	\$325	\$275	\$180	\$180	\$170	\$165
Acquisition Price	\$1,500,000	\$1,450,000	\$700,000	\$1,260,000	\$835,000	\$850,000
Construction Cost	\$2,110,550	\$1,951,675	\$896,400	\$1,640,700	\$1,315,290	\$1,445,070
Sales Commission/Closing (5.5% of total price)	\$248,325	\$233,750	\$110,848	\$200,750	\$148,500	\$159,225
Construction Loan Carry (15 months, 8% )	\$211,055	\$195,168	\$89,640	\$164,070	\$131,529	\$144,507
Demolition	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Taxes (1.5 - 3 years)	\$25,841	\$21,050	\$7,100	\$12,921	\$10,525	\$23,673
Permit/Impact Fees (2% )	\$17,000	\$14,540	\$13,500	\$16,500	\$12,420	\$6,000
Total	\$4,162,771	\$3,916,183	\$1,867,489	\$3,344,941	\$2,503,264	\$2,678,475
Builder Profit	\$352,229	\$333,817	\$147,930	\$305,059	\$196,736	\$216,525
	7.8%	7.9%	7.3%	8.4%	7.3%	7.5%

Next Steps

## Potentials for further study.

### *Potential issues to target...*

1. Market conditions AND regulatory process making homes more expensive and unaffordable

1. Larger housing units for fewer people.

1. Changing character of neighborhoods.

### *Potential strategies...*

• Streamline permitting.

Reduce overall time required to permit home construction.

• Incentivize additional multi-unit rebuilds where appropriate.

• Modify dimensional requirements in zoning to break up or limit overall massing.

Notes:  
1 realestatetransferfee.org

## Next Steps

- Continue discussion at November 14 ZAP Meeting
- Focus on priorities
- Discuss the complexities of renovations and energy codes



# Teardowns and Re-Use



Promoting Outcomes that  
Newton Prefers



## Objectives



What we are trying to achieve:

- Increase the diversity of our housing stock (eg., "starter homes" or "attainable" housing)
- Increase production to better address Newton's housing needs
- Provide climate change resiliency by maintaining and increasing open space standards and existing tree canopy
- Lessen negative impact of new builds on abutters
- Shift incentives toward the development types that we DO want



# Concepts (Overview)

These are the concepts that we would like to discuss:

1. Align Zoning with Intended Use
2. The loss of modest sized homes to large single family homes
3. Incentivize additional units permitted by right on a lot
4. Adaptive re-use of large homes

## Align Zoning with Intended Use

When a lot zoned business (BU) is being converted to residential (only) use, consider that:

- Current zoning allows 100% residential build utilizing business-zoned lot standards
- There are NO lot coverage or open space requirements for BU lots
- FAR for BU lots START at 1.0 and increase to 2.0 (@ 3.5 story buildings)
- We have taken strides to maintain 'consistency' of scale in residential neighborhoods
- Many residential building components and standards are not applicable in BU (eg., dormer size restrictions)

# Align Zoning with Intended Use

There are several possible solutions to consider:

- Option 1. Require a zone change to residential zoning - equivalent to abutting properties designation and/or use
- Option 2. Maintain zoning designation, but require use of residential dimensional controls (when abutting a residential neighborhood)
- Option 3. No SP relief for first floor business
- Option 4. Modify the use table to allow residential ...'ONLY above business'

5

## Align Zoning with Intended Use (Example)

A SP was granted to demolish the existing home and build 4 large units. Because this lot is zoned BU2, there are significant incentives that are detrimental to abutters and the neighborhood.

How can we best balance this to incentivize what we want AND fit to the residential neighborhood (MR2)?



6

# Align Zoning with Intended Use (Example)

Extending the example from the previous slide, in which much of the neighborhood is residential, and zoned MR2, here is a quick comparison of BU2 and MR2 zones

	BU2	MR2*
FAR	1.0, 1.5 and 2.0 at 2,3,4 stories respectively	0.43 - 0.53 (max)
Open Space	No requirement	50% (min)
Lot Coverage	No requirement	25% (max)
Setbacks	Front: 10ft or average of side abutters if residential @2,3 stories, 10ft @4 stories Side: (Min) ½ building height or abutter setback. In residential 15' or ½ building height Rear: 0'; if abutting residential greater of ½ building height or 15'	Front: 25' (min) Side: 7.5' (min) Rear: 15' (min)
Parking	Based on business use and sqft.	2 / unit
Height (stories)	24' or 48' by SP (2-4)	36' (2.5) (max)

\*Showing 'Two-family attached' dimensions found in Ch.30, sec 3.2

7

# Losing modest sized homes to large single family homes

When a single family (SF) house is replaced with significantly larger SF house:

- Does not further Newton's goals for housing development or increases in density
- Can lead to reductions in [usable] open space
- Often creates homes that are out-of-scale with the neighborhoods
- Increases the purchase cost of a single family home in Newton

... without prohibiting reasonable teardowns

# Losing modest sized homes to large single family homes

There are several possible solutions to consider:

- Option 1. Use new lot standards for tear downs with full demolition of existing structure.
- Option 2. Sliding scale adjustment to FAR
- Option 3. Large House review

## Option 1. Use new lot standards

- Limit overall massing through introducing New Lot Standards when a SF home is being replaced with a new SF home that is 30+% larger than the original

## Option 2. Sliding scale adjustment to FAR

- Utilize a program ( this is in place in Lexington today) wherein the allowable FAR is reduced according to a scale based on lot size (percentages need to be discussed in detail)

FAR Reductions for Teardowns	
Lot Area (sqft.)	Decrease in FAR
0-5,000	5-10%
5,001-10,000	10-20%
10,001-15,000	20-30%
15,001-20,000	35-25%
20,001 +	35-45%

11

## Option 3. Large House Review

Issue: Large by-right construction and/or additions that have negative impacts on surrounding homes.

Purpose: To mitigate the impact of new builds and/or additions that supersede established spacial thresholds of a residential area.

Solution: Require a Large House Review for qualifying projects.

#338-14 ALD. HESS-MAHAN, KALIS, SANGIOLO AND DANBERG proposing a Large House Review ordinance requiring design review and approval of by-right single and multi-residence residential structures exceeding certain dimensional limits to be determined, to expire by December 31, 2015. [09/05/14 @ 9:39AM]

12

## Option 3. Large House Review

### Large House Review (defined)

Large House Review is an administrative and/or binding review process of a project that exceeds defined limits of the specific area of where the build is proposed. Criteria and standards (e.g. preservation of Landscape, scale of Buildings, lighting, open space, drainage, and circulation) are utilized to better define how the proposed project would affect its surroundings.

## Incentivize Additional Units

Today, our zoning effectively incentivizes large-scale SF homes, yet we actually want to create a more diverse set of housing options.

Consider permitting up to a 1,200sf, 1.5 story ADU by-right

- If the original home is less than x% of the FAR
- If at least y% of the original structure remains intact, including the front facade / streetscape
- And, the total of all resulting structures must utilize dimensional controls (eg., setbacks, FAR, open space)

# Adaptive Re-use of Large Homes

---

Newton residents can benefit from new opportunities to age in place, and to create multi-generational homes

Create a path for large homes to be converted to MF by-right

- Allow modest addition off back (or side?) of home (max. ~15%?) to accommodate additional egress, entryways, etc.
- Up to 4 units
- Consider MRT adaptive re-use parameters from Ch. 9 (VCOD)

## Appendix

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## BU2 / MR2 Example location

