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## Newton's Inclusionary Zoning Ordinance:

### Current vs. Proposed Comparison Table (as of 11.9.18)

Provision	Current	Proposed	Rationale for Proposed Change
<p><b>#1:</b> Application of IZ Requirements  (see Required Inclusionary Units table below)</p>	<ul style="list-style-type: none"> <li>Net increase of 2 or more new dwelling units, less the number of units allowed by-right</li> <li>Due to current interpretation of ordinance, IZ requirement usually kicks in when there is a net increase of 6 new dwelling units. Example: 6 new units minus 2 units allowed by-right = 4 units subject to IZ requirement; <math>4 \times 15\% = 0.6</math> (therefore, round up to get 1 required IZ unit)</li> <li>Projects have also been offered a reduction in their requirement based on the number of dwelling units that currently exist on a site, even if those are proposed to be demolished. Example: 20 new units minus 4 existing units to be demolished = 16 units subject to IZ requirement; <math>16 \times 15\% = 2.4</math> (round down to get 2 required IZ units)</li> </ul>	<ul style="list-style-type: none"> <li>Construction of 7 or more dwelling units, with no reductions provided for the number of residential units that could be built on a parcel by-right or for the residential units proposed to be demolished</li> <li>The IZ requirement is purely based on the number of units proposed to be constructed</li> </ul>	<ul style="list-style-type: none"> <li>To clarify confusion and multiple interpretations around current ordinance language</li> <li>To better balance the financial feasibility of a project with the desired public benefit</li> <li>The addition of an affordable unit to a small-scale project can quickly render a project financially infeasible</li> <li>15% of 7 dwelling units would result in 1.05 IZ units</li> </ul>

<p><b>#2:</b> Inclusionary Unit Tiers</p>	<ul style="list-style-type: none"> <li>• ½ of the households at 50% AMI</li> <li>• ½ of the households at 80% AMI</li> <li>• Average 65% AMI, regardless of project size</li> </ul> <p>No IZ units provided for households above 80% AMI</p>	<p>Three Tiers of Eligible Households:</p> <ul style="list-style-type: none"> <li>• Tier 1: Up to 50% AMI</li> <li>• Tier 2: Up to 80% AMI</li> <li>• Tier 3 (Middle-Income): Up to 110% AMI</li> </ul> <p>Tiered structure linking affordability to project size and project type (rental or ownership)</p>	<ul style="list-style-type: none"> <li>• To more specifically apply IZ requirements across the spectrum of housing need in Newton: from low- to moderate- to middle-income households</li> <li>• To apply IZ targets according to project size and type to account for the differing costs and financials associated with these projects</li> </ul>
<p><b>#3:</b> Employ Rising IZ percentage requirement to project size</p>	<ul style="list-style-type: none"> <li>• 15% for all Inclusionary Housing Projects, regardless of project size or type</li> </ul>	<p>6 Tiers of Project Size:</p> <ul style="list-style-type: none"> <li>• 7-9 units</li> <li>• 10-20 units</li> <li>• 21-34 units</li> <li>• 35-64 units</li> <li>• 65-100 units</li> <li>• 101+ units</li> </ul> <p>Increasing IZ percentage requirement as project size increases</p>	<ul style="list-style-type: none"> <li>• To balance the need for greater affordability with project financial feasibility</li> <li>• Larger projects can absorb higher percentage requirements due to their ability to spread the cost of affordable units across several market-rate units</li> </ul>
<p><b>#4:</b> Round Up and Build and Fractional Cash Payments</p>	<ul style="list-style-type: none"> <li>• Where IZ requirement results in a fraction of a unit greater than or equal to 0.5, one IZ unit must be provided</li> <li>• Where IZ requirement results in a fraction of a unit less than 0.5, no IZ unit required to capture that fraction</li> </ul>	<ul style="list-style-type: none"> <li>• Where IZ requirement results in a fraction of a unit greater than or equal to 0.5, one IZ unit must be provided</li> <li>• Where IZ requirement results in a fraction of a unit less than 0.5, projects may choose to provide one IZ unit to cover that fraction OR contribute a fractional cash payment to the City</li> </ul>	<ul style="list-style-type: none"> <li>• To favor the building of Inclusionary Units</li> <li>• To capture some value from all fractional amounts less than 0.5 to support future affordable housing development through the City’s Inclusionary Zoning Fund</li> </ul>

<p><b>#5:</b> Cash Payment Option in lieu of providing Inclusionary Units</p>	<ul style="list-style-type: none"> <li>• Through Special Permit application, projects containing 6 dwelling units or less</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Through a Special Permit where City Council makes specific findings to unusual net benefit to allowing a fee rather than Inclusionary Units</li> </ul>	<ul style="list-style-type: none"> <li>• Projects containing 7-9 dwelling units</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Through Special Permit where City Council makes specific findings to unusual net benefit to allowing a fee rather than Inclusionary Units</li> </ul>	<ul style="list-style-type: none"> <li>• To account for the fact that smaller-scale projects are more sensitive to the inclusion of affordable units, and therefore, may benefit from the ability to pay a fee-in-lieu, rather than build the affordable units on site</li> <li>• To capture some value from all fractional amounts less than 0.5 to support future affordable housing development through the City’s Inclusionary Zoning Fund</li> </ul>
<p><b>#6:</b> Cash Payment and Fractional Cash Payment Amount and Calculations</p>	<ul style="list-style-type: none"> <li>• First two units in a development are exempt from fee-in-lieu</li> <li>• For remaining units, fee equals 12% of sales price at closing of each unit or 12% of assessed value of each unit for rental projects</li> </ul>	<ul style="list-style-type: none"> <li>• Based on a formula that utilizes the average of the Massachusetts DHCD Qualified Action Plan “Total Residential Development Cost Limits” Index for Production Projects within Metro Boston for large and small unit projects at the time of first application to the City (currently = \$389,000)</li> <li>• For projects with 7-9 units, payment is adjusted at a decreasing percentage</li> </ul>	<ul style="list-style-type: none"> <li>• To simplify and clarify calculation</li> <li>• To tie cash payments to the DHCD’s annually published maximum subsidy amount per unit for affordable housing projects seeking Federal Low-Income Housing Tax Credits (LIHTC) – a defensible number that is grounded in industry-wide research by a respected third party, the Massachusetts Housing Partnership (MHP)</li> </ul>
<p><b>#7:</b> 100% Deed-Restricted Affordable Developments</p>	<ul style="list-style-type: none"> <li>• Provision not included in current ordinance</li> </ul>	<ul style="list-style-type: none"> <li>• Projects that consist of 100% deed-restricted affordable units up to 110% AMI are not required to</li> </ul>	<ul style="list-style-type: none"> <li>• To encourage projects that serve Newton’s shrinking middle-income population, helping to diversify the array of</li> </ul>

		<p>comply with the prescribed percentage requirements per income level, as detailed in the Number of Inclusionary Units Required section of the proposed ordinance</p>	<p>housing options present throughout the City</p> <ul style="list-style-type: none"> <li>• Could be particularly beneficial to Newton’s senior population, many of whom fall in this middle-income category</li> <li>• Housing options for this group are particularly constrained</li> </ul>
<p><b>#8:</b> Incentives for Additional IZ Units</p>	<ul style="list-style-type: none"> <li>• Density bonus equal to 1 market-rate unit for each additional IZ unit provided above the number originally required by the IZ provisions</li> <li>• Expedited application and review procedures given to projects where the percentage of IZ units to be provided exceeds 30% of the total units in the project</li> </ul>	<ul style="list-style-type: none"> <li>• Density bonus of 2:1</li> <li>• For every additional IZ unit provided above the original number of required IZ units, the project will be awarded 2 additional market-rate units</li> <li>• Additional IZ units to be affordable to households at or below 80% AMI</li> </ul>	<ul style="list-style-type: none"> <li>• To incentivize the building of additional IZ units</li> <li>• Current incentives provision is vastly underutilized</li> </ul>
<p><b>#9:</b> Off-Site Development in lieu of constructing required IZ units on-site</p>	<ul style="list-style-type: none"> <li>• Allowed through a Special Permit when applicant enters into development agreement with non-profit housing developer</li> <li>• Off-site units must be completed no later than the market-rate units</li> </ul>	<ul style="list-style-type: none"> <li>• Generally discouraged</li> <li>• But allowed through a Special Permit where City Council makes specific findings to unusual net benefit to allowing required IZ units to be built off-site</li> <li>• Applicant must enter into development agreement with non-profit housing developer</li> <li>• Off-site units must be completed and occupied no later than the market-rate units</li> <li>• Off-site units must provide an equivalent level of accessibility as</li> </ul>	<ul style="list-style-type: none"> <li>• To favor the building of Inclusionary Units on-site</li> <li>• To provide for equivalent accessibility</li> </ul>

		what would have been required if IZ units were to remain on-site	
<b>#10:</b> Elder Housing with Services	<ul style="list-style-type: none"> <li>• Contribution = 2.5% of annual gross revenue calculation to be contributed to City</li> <li>• The City Council determines whether the contribution shall be residential beds or units or a cash payment</li> </ul>	<ul style="list-style-type: none"> <li>• 5% of beds provided on-site must be designated affordable for elderly households at or below 80% AMI</li> <li>• Monthly housing plus base service costs not to exceed 80% of eligible household's annual gross income</li> <li>• Project may choose to make a cash payment to City in lieu of providing affordable beds on-site, without receiving a Special Permit from City Council to do so</li> <li>• Cash payment based on a formula that utilizes DHCD's current Qualified Action Plan Index for "Single Room Occupancy/Group Homes/Assisted Living/Small Unit Supportive Housing" within Metro Boston at the time of first application to the City (currently = \$259,000)</li> </ul>	<ul style="list-style-type: none"> <li>• To simplify and clarify ordinance language and reduce confusion around current requirements</li> <li>• To provide clear guidance for determining Elder Housing with Services Inclusionary benefits</li> <li>• To provide an additional compliance methodology for projects of this type</li> </ul>
<b>#11:</b> Effective Date	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• The effective date of the new IZ ordinance will be a specified date after the amended ordinance is adopted by the City Council and signed by</li> </ul>	<ul style="list-style-type: none"> <li>• To clarify which projects are subject to the requirements of the amended Inclusionary Zoning ordinance</li> </ul>

		<p>the Mayor</p> <ul style="list-style-type: none"> <li>The provisions of the amended ordinance will only apply to projects that receive a special permit (or a building permit in the case where a special permit is not required) after this effective date</li> </ul>	
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**Required Inclusionary Units Table (Sec. 5.11.4.B.)**

Tier Level	7-9 units		10-20 units		21-34 units		35-64 units		65-100 units		101+ units	
	Rental	Owner	Rental	Owner	Rental	Owner	Rental	Owner	Rental	Owner	Rental	Owner
<b>Tier 1, up to 50% AMI</b>	0.0%	0.0%	0.0%	0.0%	5.0%	0.0%	0.0%	0.0%	2.5%	0.0%	2.5%	0.0%
<b>Tier 2, 51%-80% AMI</b>	15.0%	15.0%	17.5%	5.0%	7.5%	10.0%	2.5%	7.5%	10.0%	10.0%	12.5%	12.5%
<b>Tier 3, 81%-110% AMI</b>	0.0%	0.0%	0.0%	10.0%	5.0%	7.5%	15.0%	10.0%	5.0%	7.5%	2.5%	5.0%