

Zoning and Planning Committee

May 13, 2019

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SECTION 5.11

INCLUSIONARY ZONING ORDINANCE

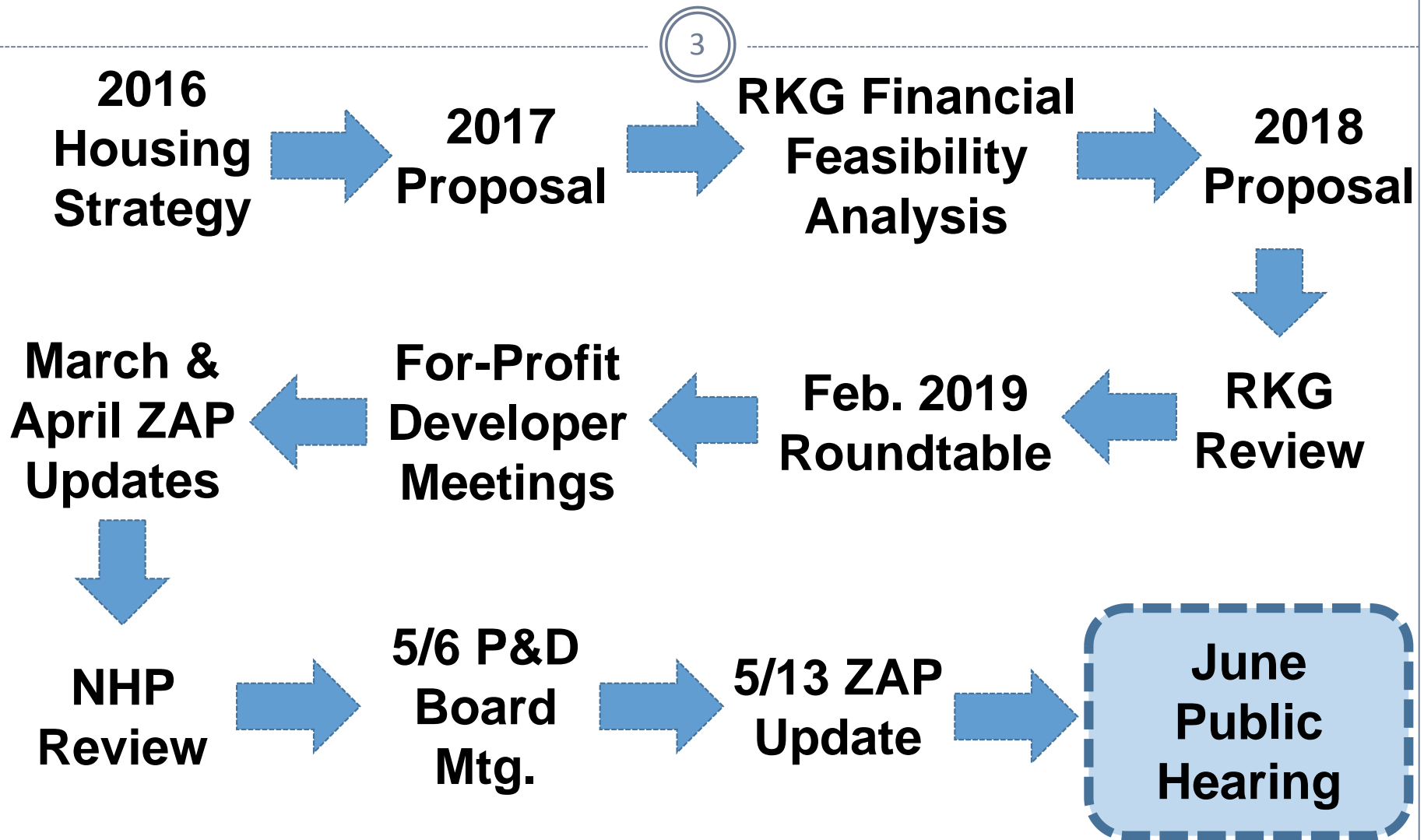
***MAKING IT WORK FOR
TODAY'S NEWTON***

Tonight

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- 1. Required Units Table (existing vs. proposed)**
- 2. Calculation for payments-in-lieu and fractional cash payments**
- 3. Use and approval of IZ funds**
- 4. Elder Housing with Services section**
- 5. Incentive for family-sized units**

The Inclusionary Zoning Update Process



2019 HUD Income Limits for Newton

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FY 2019 Income Limits Summary - Newton, MA

Income Level	Household Size					
	1	2	3	4	5	6
30% AMI	\$24,900	\$28,450	\$32,000	\$35,550	\$38,400	\$41,250
50% AMI	\$41,500	\$47,400	\$53,350	\$59,250	\$64,000	\$68,750
65% AMI	\$53,950	\$61,620	\$69,355	\$77,025	\$83,200	\$89,375
70% AMI	\$58,100	\$66,360	\$74,690	\$82,950	\$89,600	\$96,250
80% AMI	\$62,450	\$71,400	\$80,300	\$89,200	\$96,350	\$103,500
99% AMI	\$82,170	\$93,852	\$105,633	\$112,167	\$126,720	\$136,125
100% AMI	\$83,000	\$94,800	\$106,700	\$113,300	\$128,000	\$137,500
110% AMI	\$91,300	\$104,280	\$117,370	\$124,630	\$140,800	\$151,250
120% AMI	\$99,600	\$113,760	\$128,040	\$135,960	\$153,600	\$165,000

Required Units Table: Existing Ordinance

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Existing Ordinance: Rental Requirement

Number of Inclusionary Units Required: Rental (Existing Ordinance)		
Tier Level	6-9 units	10+ units*
	Rental	Rental
Tier 1, 50% AMI	0.0%	7.5%
Tier 2, 80% AMI	15.0%	7.5%
Tier 3, 110% AMI	0.0%	0.0%
Total	15.0%	15.0%
* 2+ IZ rental units: AMI must average out at 65% AMI (1/2 of IZ units at 50% AMI and 1/2 at 80% AMI)		

- 1 IZ rental unit (6-9 total units):
 - set at 80% AMI
- 2 or more IZ rental units (10+ total units):
 - units must average out at 65% AMI
 - ½ at 50% AMI, and ½ at 80% AMI, or
 - some or all at 65% AMI

Required Units Table: Existing Ordinance

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Rental Example:

6-unit project:

- 6 new units proposed minus 2 units allowed by-right = 4 units subject to IZ requirement
- $4 \times 15\% = 0.6$
- Round up to get 1 required IZ unit at 80% AMI

Number of Inclusionary Units Required: Rental (Existing Ordinance)

Tier Level	6-9 units	10+ units*
	Rental	Rental
Tier 1, 50% AMI	0.0%	7.5%
Tier 2, 80% AMI	15.0%	7.5%
Tier 3, 110% AMI	0.0%	0.0%
Total	15.0%	15.0%

* 2+ IZ rental units: AMI must average out at 65% AMI (1/2 of IZ units at 50% AMI and 1/2 at 80% AMI)

Required Units Table: Existing Ordinance

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Existing Ordinance: Ownership Requirement

Number of Inclusionary Units Required: Ownership (Existing Ordinance)		
Tier Level	6-16 units	17+ units*
	Owner	Owner
Tier 1, 50% AMI	0.0%	0.0%
Tier 2, 80% AMI	15.0%	10.0%
Tier 3, 110% AMI	0.0%	5.0%
Total	15.0%	15.0%
* 3+ IZ ownership units: 2/3 of IZ units must not exceed 80% AMI (priced at 70% AMI), remaining 1/3 may be set up to 120% AMI		

- 1 - 2 IZ ownership units (6-16 total units):
 - set at 80% AMI
- 3 or more IZ ownership units (17+ total units):
 - 2/3 of the IZ units must not exceed 80% AMI (priced at 70% AMI)
 - 1/3 may be set up to 120% AMI (priced at 110% AMI)

Required Units Table: Existing Ordinance

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Ownership Example:

30-unit project:

- 30 new units minus 4 existing units to be demolished = 26 units subject to IZ requirement
- $26 \times 15\% = 3.9$
- Round up to get 4 required IZ units
 - 3 units set at 80% AMI
 - 1 unit set at 120% AMI

Number of Inclusionary Units Required: Ownership (Existing Ordinance)		
Tier Level	6-16 units	17+ units*
	Owner	Owner
Tier 1, 50% AMI	0.0%	0.0%
Tier 2, 80% AMI	15.0%	10.0%
Tier 3, 110% AMI	0.0%	5.0%
Total	15.0%	15.0%
* 3+ IZ ownership units: 2/3 of IZ units must not exceed 80% AMI (priced at 70% AMI), remaining 1/3 may be set up to 120% AMI		

Required Units Table: Proposed Ordinance

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Proposed Ordinance: Rental Requirement

Number of Inclusionary Units Required: Rental (April 2019 Staff Proposal)				
Tier Level	7-9 units*	10-20 units**	21+ units**	
	Rental	Rental	Rental	
Tier 1, 50% - 80% AMI	15.0%	15.0%	15.0%	
Tier 2, 110% AMI	0.0%	0.0%	2.5%	
Total	15.0%	15.0%	17.5%	
* 1 IZ Rental Unit: at or below 80% AMI				
** 2+ IZ Rental Units: AMI of Tier 1 IZ units must average out at 65% AMI (1/2 of IZ units at 50% AMI and 1/2 at 80% AMI; or some IZ units at 65% AMI)				

- 1 IZ rental unit (7-9 total units):
 - Tier 1 unit set at 80% AMI
- 2 – 3 IZ rental units (10-20 total units):
 - Tier 1 units must average out at 65% AMI (½ at 50% AMI, and ½ at 80% AMI, or some or all at 65% AMI)
- 4+ IZ rental units (21+ total units):
 - Tier 1 units must average out at 65% AMI...
 - Tier 2 (Middle-Income) units set at 110% AMI

Required Units Table: Proposed Ordinance

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Rental Example:

24-unit project:

- Tier 1: $24 \times 15\% = 3.6$
- Tier 2: $24 \times 2.5\% = 0.6$
- Tier 1: 4 IZ units (avg. 65% AMI)
- Tier 2: 1 IZ unit at 110% AMI
- 5 total IZ rental units

Number of Inclusionary Units Required: Rental (April 2019 Staff Proposal)			
Tier Level	7-9 units*	10-20 units**	21+ units**
	Rental	Rental	Rental
Tier 1, 50% - 80% AMI	15.0%	15.0%	15.0%
Tier 2, 110% AMI	0.0%	0.0%	2.5%
Total	15.0%	15.0%	17.5%
* 1 IZ Rental Unit: at or below 80% AMI			
** 2+ IZ Rental Units: AMI of Tier 1 IZ units must average out at 65% AMI (1/2 of IZ units at 50% AMI and 1/2 at 80% AMI; or some IZ units at 65% AMI)			

Required Units Table: Proposed Ordinance

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Proposed Ordinance: Ownership Requirement

Number of Inclusionary Units Required: Ownership (April 2019 Staff Proposal)			
Tier Level	7-16 units*	17-20 units**	21+ units**
	Owner	Owner	Owner
Tier 1, 50% - 80% AMI	15.0%	10.0%	10.0%
Tier 2, 110% AMI	0.0%	5.0%	7.5%
Total	15.0%	15.0%	17.5%
* 1 or 2 IZ Ownership Units: at or below 80% AMI, priced at 70% AMI			
** 3+ IZ Ownership Units: Tier 1 units must not exceed 80% AMI (priced at 70% AMI), Tier 2 units may be set up to 110% AMI (priced at 100% AMI)			

- 7-16 total units (1 - 2 IZ owner units)
 - Tier 1 units set at 80% AMI (priced at 70% AMI)
- 17+ total units (3+ IZ owner units):
 - Tier 1 units set at 80% AMI (priced at 70% AMI)
 - Tier 2 units set at 110% AMI (priced at 100% AMI)

Required Units Table: Proposed Ordinance

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Ownership Example:

18-unit project:

- Tier 1: $18 \times 10\% = 1.8$
- Tier 2: $18 \times 5\% = 0.9$
- Tier 1: 2 IZ units set at 80% AMI
- Tier 2: 1 IZ unit sett at 110% AMI
- 3 total IZ owner units

Number of Inclusionary Units Required: Ownership (April 2019 Staff Proposal)			
Tier Level	7-16 units*	17-20 units**	21+ units**
	Owner	Owner	Owner
Tier 1, 50% - 80% AMI	15.0%	10.0%	10.0%
Tier 2, 110% AMI	0.0%	5.0%	7.5%
Total	15.0%	15.0%	17.5%
* 1 or 2 IZ Ownership Units: at or below 80% AMI, priced at 70% AMI			
** 3+ IZ Ownership Units: Tier 1 units must not exceed 80% AMI (priced at 70% AMI), Tier 2 units may be set up to 110% AMI (priced at 100% AMI)			

Payments-In-Lieu & Fractional Cash Payments

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A new calculation for payments-in-lieu

- Consensus that the QAP (\$389,000) should not be the basis for this calculation

Alternative #1:

- Average TDC in Newton
= ~\$500,000

Alternative #2:

- Value Gap Approach
- **\$441,491** (from previous example)
- “Cost” to the developer in terms of lost revenue

Use and Approval of IZ Funds

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- Distributed equally between the Newton Housing Authority (NHA) and the City of Newton.
- Targeted for the restoration, creation, preservation, and associated supportive services, of deed-restricted units affordable to households with annual gross incomes at or below 80% AMI, as well as costs incurred by the City that are related to the monitoring of these units.
- Appropriation of the funds for use by the City or the Newton Housing Authority must first be approved by the Planning & Development Board, and then the Mayor.

Elder Housing with Services Section

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Elder Economic Security Standard Index™ (Elder Index)

Massachusetts, Middlesex County						
Expenses/Monthly and Yearly Totals	Single Elder			Elder Couple		
	Owner w/o Mortgage	Renter, one bedroom	Owner w/ Mortgage	Owner w/o Mortgage	Renter, one bedroom	Owner w/ Mortgage
Housing (inc. utilities, taxes & insurance)	\$832	\$1,166	\$2,002	\$832	\$1,166	\$2,002
Food	\$256	\$256	\$256	\$470	\$470	\$470
Transportation	\$225	\$225	\$225	\$348	\$348	\$348
Health Care (Good)	\$390	\$390	\$390	\$780	\$780	\$780
Miscellaneous	\$341	\$341	\$341	\$486	\$486	\$486
Index Per Month	\$2,044	\$2,378	\$3,214	\$2,916	\$3,250	\$4,086
Index Per Year	\$24,528	\$28,536	\$38,568	\$34,992	\$39,000	\$49,032

Elder Housing with Services

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➤ Independent Living

- Not regulated by state statute.
- Focus is on serving the social needs of senior residents, with central communal areas, recreational programming and adjunct support services to address minor needs.
- Many communities feature amenities like wellness centers, tennis courts, pools, and plenty of social activities to keep you engaged and enjoying life.
- It's common for full kitchen areas and easily accessible closets and rooms.
- 24-hour staff trained to provide supervision and security

IZ Requirement:

Monthly housing and service costs must not exceed 15% of the applicable household income limit for that inclusionary bed (which is 80% AMI).

Elder Housing with Services

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➤ **Assisted Living**

- Regulated by Massachusetts state law.
- Purpose of providing room, board, personal care services, and assistance with daily living activities (ADLs) via a contractual agreement
- One to two hours of daily personal care often is included in the monthly rent (and if it is not, it is available for an additional fee).
- Care needs are reflected in the resident's service plan, which is reviewed with the resident on a regular basis.
- Food and transportation, and other amenities often included.

IZ Requirement:

Monthly housing and service costs must not exceed 30% of the applicable household income limit for that inclusionary bed (which is 80% AMI).

Elder Housing with Services

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➤ **Continuing Care Retirement Communities (CCRC's):**

- Not regulated by state statute.
- Often a combination of IL & AL, memory care, etc.
- Hefty entrance fee (~\$250,000)

IZ Requirement:

The on-site requirement for Elder Housing facilities of this type shall be negotiated with the City Council on a case-by-case basis.

The City may consult with an expert consultant to determine an appropriate and fair requirement based on the specifics of the proposed project.

Incentive for Family-Sized Units

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- A bonus of additional market-rate units will be offered to the project at a ratio of 2 to 1: for every additional inclusionary unit proposed, the project will be allowed to include 2 additional market-rate units.
 - Set at no more than 80% AMI (Tier 1 units)
 - Shall not exceed 25% of the number of units otherwise allowed on the lot under lot area per dwelling unit requirements
- If additional affordable is a family-sized unit (a 3-bedroom of greater than 1,100 square feet of size), the ratio shall be 3 to 1: for every additional 3-bedroom IZ unit proposed, the project will be allowed to include 3 additional market-rate units.

Next Steps

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April:

- Update to ZAP, 4/8
- Newton Housing Partnership, 4/16 Mtg.
- Further research / consideration of stakeholder ideas and questions
- Elder Housing with Services section
- Alternative Compliance Option

May:

- 5/13: ZAP Update / Assign public hearing
- Newton Housing Partnership, 5/14 Mtg.; written recommendation to ZAP

**June 2019:
Public Hearing**



Zoning and Planning Committee

May 13, 2019

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DISCUSSION