

# Zoning and Planning Committee

## July 16, 2018

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### **SECTION 5.11**

### **INCLUSIONARY ZONING ORDINANCE**

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

# Why Are We Here Tonight?

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One of the priority actions to come out of the  
**“Newton Leads 2040 Housing Strategy”**  
was an amendment to the  
City’s Inclusionary Zoning Ordinance

**Seven Major Proposed Changes from Staff’s 2017 Proposal**

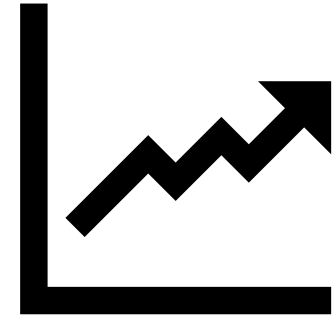
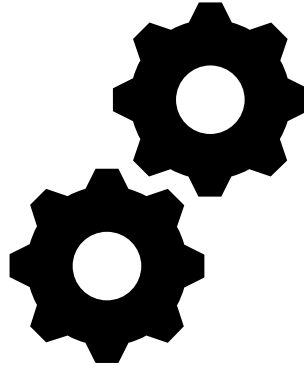
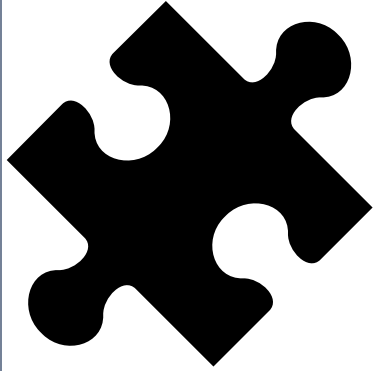
2017



2018

# RKG's Financial Feasibility Analysis

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## Data Collection

- Review Existing and Proposed Ordinance
- Research Market Data
- Interview Real Estate Professionals

## Model Building

- Construct Pro Forma Model
- Enter Raw Data
- Calibrate

## Analysis

- Scenario Runs
- Interpretation of Findings
- Recommendations



# Strengthening the Ordinance for Today's Newton

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## Change #2: Institute the “Round Up and Build Units” methodology rather than the “Fractional Payments” proposal

- Example: 24-unit rental project
  - 5% at Tier 1 = 1.2; so 1 unit at Tier 1
  - 7.5% at Tier 2 = 1.8; so 2 units at Tier 2
  - 5% at Tier 3 = 1.2; so 1 unit at Tier 3
  - Total of 4 affordable units out of 24 total units

# Strengthening the Ordinance for Today's Newton

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## **Change #3: Allow for cash payments in lieu of providing inclusionary units on site for projects with 7-9 new units**

- Utilize DHCD's QAP Index as basis for payment-in-lieu: \$389,000
  - 7-unit project: 70% of \$389,000 = \$272,300
  - 8-unit project: 80% of \$389,000 = \$311,200
  - 9-unit project: 90% of \$389,000 = \$350,100

# Strengthening the Ordinance for Today's Newton

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## Change #4:

**Other than projects with 7-9 new units,  
only allow for payments-in-lieu through  
the Special Permit Process**

- Utilize DHCD's QAP Index as basis for payment-in-lieu: \$389,000
  - Example: 18-unit rental project
    - 17.5% IZ requirement X 18 units = 3.15
    - 3.15 X \$389,000 = **\$1,225,350 total payment-in-lieu**

# Strengthening the Ordinance for Today's Newton

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## Change #5:

**Do not require 100% deed-restricted, affordable projects to comply with the “Number of Inclusionary Units Required” section of the ordinance**

- Example: 25-unit rental project at 100% Tier 3
  - No units required at Tier 1 (normally 5%) or Tier 2 (normally 7.5% requirement)
- Example: 75-unit rental project at 85% Tier 3 and 15% Tier 2
  - No units required at Tier 1 (normally 2.5% requirement)



# Strengthening the Ordinance for Today's Newton

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## Change #6:

**Require that “Elder Housing with Services” projects pay into the Inclusionary Zoning Fund rather than provide beds on site**

- Basis for determining payment-in-lieu:
  - 5% of total beds provided in project
  - DHCD's QAP Index for Assisted Living units: \$259,000
- Example: 115-bed assisted living project
  - $0.05 \times 115 = 5.75$ ;  $5.75 \times \$259,000 =$  **\$1,489,250 total payment**

# Strengthening the Ordinance for Today's Newton

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**Change #7:**  
**Remove the Density Bonus provision from the  
Inclusionary Zoning ordinance altogether**

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**QUESTIONS?**