



Ruthanne Fuller
Mayor

City of Newton, Massachusetts
Department of Planning and Development
1000 Commonwealth Avenue Newton, Massachusetts 02459

Telephone
(617) 796-1120
Telefax
(617) 796-1142
TDD/TTY
(617) 796-1089
www.newtonma.gov

Barney S. Heath
Director

MEMORANDUM

DATE: July 22, 2021

TO: Councilor Crossley, Chair, Zoning and Planning
Members of the Zoning and Planning Committee

FROM: Barney S. Heath, Director of Planning and Development
Amanda Berman, Director of Housing & Community Development
Eamon Bencivengo, Housing Development Planner

RE: **Docket Item #528-20: Requesting review and possible amendment to Local Preference in Chapter 30**
COUNCILORS ALBRIGHT, NORTON, CROSSLEY, BOWMAN, NOEL, HUMPHREY, WRIGHT, LAREDO, KALIS, RYAN, LIPOF AND DANBERG requesting a review and possible amendment to the Local Preference Ordinance in Chapter 30 sections 5.11.8. This section requires an Affirmative Fair Housing Marketing and Resident Selection Plan (AFHMP) for all Inclusionary Units which provides for a local preference for up to 70% of the Inclusionary Units. Various groups including The Fair Housing Committee and the Newton Housing Partnership have questioned whether the percent of local preference to current Newton residents should be lowered with the goal of increasing racial diversity in Newton.

CC: Jonathan Yeo, Chief Operating Officer

This memo provides a brief summary of the assessment of Newton's Local Preference Policy over the past year. This assessment was spurred in part by the Newton Housing Partnership's vote to recommend that the existing Local Preference policy be changed from 70% to zero, followed by a City Council Docket Item related to the matter in late 2020, as referenced above. In addition, this document highlights some key findings and data points identified in the Barrett Planning Group's local preference analysis report submitted to the City in June of 2021.

Newton's Local Preference Policy can be found in Section 5.11.8.C. of Newton's Inclusionary Zoning ordinance. The Local Preference (LP) section outlines Newton's policy with respect to establishing a

resident selection plan for “affordable” housing units which would be made available as part of the affordable housing lottery held prior to tenant lease-up. Newton’s current policy, which has been in effect since at least 2014, sets-aside 70% of the available affordable units to be filled by income eligible local preference households. The current 70% percentage is the maximum set-aside permitted by the Massachusetts Department of Housing and Community Development.

Local Preference is a concept that is defined within Massachusetts’ state statute Chapter 40B. Per the Massachusetts Department of Housing and Community Development’s [Chapter 40B Guidelines](#), the Local Preference “allowable categories” include:

- 1.) Current residents: A household in which one or more members is living in the city or town at the time of application. Documentation of residency should be provided, such as rent receipts, utility bills, street listing or voter registration listing.
- 2.) Municipal Employees: Employees of the municipality, such as teachers, janitors, firefighters, police officers, librarians, or town hall employees.
- 3.) Employees of Local Businesses: Employees of businesses located in the municipality.
- 4.) Households with children attending the locality’s schools, such as METCO students.

In Newton, like many other Massachusetts communities, Local Preference policy has been an attractive and effective mechanism over the years for ensuring that income eligible “Newton” households (see above) are afforded a greater opportunity to stay or locate in the community in which they live or happen to work. Both existing affordable housing wait lists and local preference lottery pools continue to show a strong desire to secure affordable units within the City.

Assessment of Newton’s Affordable Housing Local Preference Policy

The murder in May 2020 of George Floyd, a young black man, and the subsequent racial reckoning, led the Newton Housing Partnership to think deeply about its role in taking affirmative action to ensure that people of color have greater access to housing in Newton. The Partnership identified the City’s 70% Local Preference policy as a barrier to equal housing access in Newton, as the intent of the provision is that local residents benefit from City-sponsored affordable housing opportunities. With a local population that is approximately 80% white, the Partnership stated that “imposing a high local preference perpetuates a racist housing system that gives significant preferential access to white households, while drastically limiting opportunities for people of color to move to Newton.”¹ To that end, the Partnership voted at its July 2020 meeting to recommend that the City adopt a zero Local Preference policy for the Riverside development to “send a strong message that Newton will not perpetuate policies that keep non-white people out of our City.”²

At that same meeting, the Partnership and the Planning Department decided to look more closely at the data from recent affordable housing lotteries in Newton to assess the extent of the unintended consequences that the City’s Local Preference policy is having on minority populations and to assess if the 70% policy should be reduced or eliminated altogether. Concurrently, the Fair Housing

¹ Newton Housing Partnership letter to Mayor Fuller, July 26, 2020

² Ibid.

Committee was having similar conversations, reaching out to local lottery agents to analyze the results of the lotteries, and the ultimate demographics of those that leased the affordable units. Local preference was also reviewed last year as part of the WestMetro HOME Consortium's update to its Analysis of Impediments to Fair Housing Choice (AI) report. In fact, the Town of Brookline, a member of the WestMetro HOME Consortium, reduced its local preference requirement from 70% to 25% in July 2020 and the possibility of further reductions and outright elimination of local preference still remains on the table in Brookline.

After an initial review of the available lottery / lease-up data from the newly leased TRIO development, 28 Austin Street, and Hancock Estates, the Planning Department and Partnership recognized that a consultant's analysis and perspective would be helpful in determining the potential need for a change in the City's Local Preference Policy. A third-party report could help identify the benefits and/or negative implications of the policy, particularly as it relates to the City's obligation to affirmatively further equal housing opportunity for all.

In January 2021, the Planning Department contracted with Judi Barrett of Barrett Consultant Group to perform the following scope of work:

- Evaluate the effectiveness of and need for the City's existing "local preference" policy, i.e., the policy that gives priority to Newton residents, employees and public school households for access to affordable housing units
- Assess the potential barriers created by the policy
- Review available Affirmative Fair Housing Marketing and Resident Selection Plans (AFHMP), where available
- Review lottery data for selected developments, for size and the makeup of local preference and general pools
- Review lease-up data for the same developments and compare with lottery results
- Consult with developers and lottery agents to understand differences (if any) in the makeup of lottery v. lease-up groups
- Consider available data in light of City's established local preference policy
- Deliver a technical memorandum outlining project approach, methodology, findings, and recommendations

From January through April of 2021, the consultant team met with the Newton Housing Partnership, the Fair Housing Committee, and the Zoning & Planning Committee (ZAP) to share their initial findings and takeaways and to solicit feedback from these advisory and legislative committees. From there, Ms. Barrett and her team finalized their report for submission to the Planning Department in June of 2021.

Barrett Planning Group's Local Preference Report

Attached is the final report commissioned by the Planning Department to help assess the effects of exercising Newton's current local preference policy in three recent affordable rental housing development lotteries: TRIO, 28 Austin Street, and Hancock Estates.

As outlined in the Barrett report, the ability for local Massachusetts communities to choose to enact and exercise a “local preference” policy has been authorized by the State of Massachusetts for decades. Newton has from its inception employed the Massachusetts Department of Housing and Community Development (DHCD) maximum allowable 70% local preference set-aside and it is currently regulated as part of any development subject to the City’s Inclusionary Zoning Ordinance. Under the City’s IZ ordinance, 70% of the affordable units in IZ-covered projects must be offered preferentially to applicants with existing residential, employment, or school-system connections to Newton. These income-eligible applicants are defined as the Local Preference Pool, and those units set aside for the Local Preference applicants are defined as the Local Preference Units.

Understanding how lotteries work to establish the initial groups of **potentially** eligible households for available affordable units is fundamental. There are two pools of applicants from which income-eligible households are selected: the Local Preference Pool, as described above, and the General Pool. The General Pool includes all applicants that do not qualify as “local preference”, as well as all local preference applicants. As described above, 70% of a project’s affordable units are set aside as Local Preference Units, offered first to the local preference pool applicants, and the remaining 30% of affordable units are the General Pool Units, offered to the entire general pool of applicants. Applicants that qualify for a local preference category are essentially given two bites at the apple to be selected for an affordable unit through the lottery process – first through the smaller local preference pool, and then again through the general pool.

The Barrett report provides historical and present racial demographics of the city, as well as the racial breakdown of the lottery results for each of the three developments analyzed. As detailed in the report:

- Per the United States Census’ 2019 American Community Survey data, approximately 83% of Newton’s households are White; 2.4% are Black or African American; 12.4% are Asian; 1.3% identify as Other; and 1% identify as Two or More Races
- The three developments analyzed in the Barrett report received a total of 1,157 applications for 71 affordable units: 27% were local preference applicants and 73% were non-local preference applicants.³
- Local preference applicants represented 72% of the initial lease-ups, while non-local preference applicants represented 28% of the initial lease-ups
- The local preference pool of qualified applicants tends to be less racially diverse (51% White, 49% Minority) than the non-local preference pool (30% White, 70% Minority). However, as noted above, the local preference pool is significantly more diverse than Newton’s population as a whole.

While the determining factor for initial lease-up statistics for the affordable units in each development examined are even more multi-layered and difficult to quantify (i.e. credit analysis), certain conclusions may also be drawn:

³ The report provides initial lease-up data for 61 of the 71 affordable units (as 10 of the units at TRIO had not been leased at the time of the study)

- 44 of the 61 units leased at the time of the study went to local preference applicants, of which 61% were White households; 16% Hispanic/Latinx households; 14% Black households; 7% Asian households; and 2% households indicating a race of “other”
- The local preference pool overall had a greater diversity outcome than the makeup of the units leased by local preference applicants (Local Preference Pool: 51% White, 49% Minority vs. Local Preference Lessees: 61% White, 39% Minority)
- The diversity profile of the units leased by non-local preference applicants (17 of 61) was greater than the non-local preference pool overall (Non-Local Preference Pool: 70% Minority, 30% White vs. Non-Local Preference Lessees: 88% Minority, 12% White)
- The following table summarizes this data, broken out by Local Preference, Non-Local Preference, and General Pool Applicants & Tenants. General Pool includes both local preference and non-local preference applicants and tenants:

Local Preference Applicant Pool	LP Tenants (44/61)	Non-local Preference Applicant Pool	Non-LP Tenants (17/61)	General Applicant Pool	General Pool Tenants
51% White	61% White	30% White	12% White	35% White	47.5% White
49% Minority	39% Minority	70% Minority	88% Minority	65% Minority	52.5% Minority

As part of their study, the consultant team did attempt to analyze available data related to the accessible affordable units in these three developments. While collectively nine accessible affordable units were included in these projects, only four of those units were initially leased to tenants with disabilities. The Barrett report concludes that outside factors beyond local preference affect the leasing outcomes of these units, including that the pricing of these affordable units may be too high for people with disabilities. Further study on this matter is recommended.

Overall, the report identifies a handful of key takeaways that should be considered alongside the city’s efforts and obligations to affirmatively further fair and equal housing opportunity for all and to reduce potential discriminatory impacts on all protected classes:

- The community that benefits the most from Newton's local preference policy is White, non-Hispanic local households
- Selection rates were higher for White applicants in each of the researched developments than for minority applicants overall
- When split into local preference and non-local preference households, selection rates among local preference households were higher for White applicants than minority applicants; and among non-local preference households, selection rates were higher for minority applicants (specifically highest for Asian households in each case)

- The effect of local preference on households requiring accessibility features in their units is unclear and requires further study

Page 22 of the Barrett report outlines several potential policy alternatives for the City to consider including:

- Retaining the current policy of 70%
- Reducing the local preference set-aside to some percentage less than 70%
- Investigating the plausibility of limiting the local preference pool to only the households from outside of Newton who work in Newton or have children in Newton public schools
- Expanding local preference to include a wider geographic pool including nearby MetroWest communities.
- Eliminating local preference altogether

Recommendations for Reducing Newton’s Local Preference Requirement

The impetus behind the past year of analysis around local preference was the question of whether a 70% local preference policy in a majority White community like Newton created a disparate impact on people of color. While the study commissioned to assess this question was limited in scope, it did highlight that White, non-Hispanic “local preference” applicants were selected at higher rates than minority groups overall. Additionally, it showed that the non-local preference pools were overwhelmingly made up of minorities, which helped to offset the high selection rates of the local-preference White applicant group. Thus, one conclusion that might be assumed is that a reduction in the set-aside for local preference units would result in a higher number of units being afforded to persons of color.

A reduction in the local preference percentage will likely result in greater opportunity for the large non-local minority applicant pool to secure affordable units in Newton through lottery processes. Continued analysis and tracking of the lotteries are necessary to better understand other factors that determine who is ultimately offered a lease. The need for further study into the effects of local preference and the lottery system altogether on people with disabilities is also a critical next step. The identified correlation between Newton’s 70% local preference policy and the percentage of minorities, particularly Black and African American applicants, that sign leases for these affordable units, as compared to their White, local-preference counterparts, sheds light on the need to enact a change to the long-standing requirement.

On July 20, 2021, Planning staff discussed its recommendation to reduce the city’s local preference percentage to 50% or 35% with the Newton Housing Partnership. In general, the Partnership members were in agreement that a change in the local preference percentage was necessary to reduce the discrepancy in outcomes related to the affordable housing lottery processes in Newton. However, the Partnership also expressed a strong desire to explore the other barriers that may be factoring into minority applicants’ chances of leasing these affordable units, as well the reasons behind the mismatch in the accessible affordable units offered through the lotteries. The Partnership

acknowledged that while reducing the local preference percentage was not the sole solution to this issue, it was an important first step.

A motion was made to recommend lowering the percentage to 35%; however, the motion did not pass, as some members wanted more time to hold this important discussion and others expressed an interest in recommending an even lower percentage. The Partnership did commit to continuing this critical conversation in August to be able to identify and recommend a lower percentage that would garner consensus among the group. They also committed to furthering the analysis of other impediments that affect greater diversity outcomes across Newton’s housing landscape. We hope that this memo and the attached report provide useful information for this important discussion to be held with the Zoning & Planning Committee at its meeting on Monday evening.

ATTACHMENTS:

- “Local Preference in Affordable Housing: Analysis of Data from Recent Rental Developments, June 2021” – Barrett Planning Group report to the City of Newton Department of Planning & Development

Report to the City of Newton Department of Planning and Development

**Local Preference in Affordable Housing:
Analysis of Data from Recent Rental Developments
June 2021**



Submitted by:
Barrett Planning Group LLC
Judi Barrett
Catherine Dennison
Alexis Lanzillotta



Introduction

In 2020, Mayor Ruthanne Fuller acknowledged that Newton is not immune to systemic racism when she addressed residents in a weekly report on June 4, 2020, and in a subsequent mayoral address on June 15, 2020. Thereafter, the Newton Housing Partnership joined Mayor Fuller in reaffirming the City’s commitment to inclusion and recommended a specific anti-racist action: to suspend Newton’s “local preference” policy for affordable housing units in the new mixed-use Riverside development. Under the City’s Inclusionary Zoning (IZ) ordinance, 70 percent of the affordable units in IZ-covered projects must be offered preferentially to applicants with existing residential, employment, or school-system connections to Newton. Exempting a large housing development from the City’s long-standing local preference policy offered the possibility of opening Newton to more non-resident applicants and potentially, a more diverse pool of applicants.

Local preference was also reviewed last year as part of the WestMetro HOME Consortium's update to its Analysis of Impediments to Fair Housing Choice (AI), a plan requirement that federal grant recipients must meet under their funding agreements with the U.S. Department of Housing and Urban Development (HUD). The thirteen-member Consortium, led by the City of Newton, must take meaningful and measurable actions to break down barriers to fair housing choice and affirmatively further fair housing for all protected classes. Among the potential impediments reviewed during that process was the practice of requiring local preferences not only in Newton, but most of the other cities and towns in the Consortium.

The local preference conversation has continued in Newton. In January 2021, the Newton Planning and Development Department asked Barrett Planning Group LLC to evaluate the effectiveness of and need for the City’s local preference policy and to assess the potential discriminatory impact of the policy. Before engaging in a detailed review of available data, lottery procedures, and outcomes, the following policy questions were presented as the basis for the study:

- What does Newton want the local preference policy to accomplish?
- Do you think that overall, the policy meets the City's expectations?
- What advantages do you see in keeping the policy substantially as-is?
- What are the down-sides? Unintended consequences?
- Like any public policy, local preference involves costs and benefit. What are the costs? The benefits? Do the benefits outweigh the costs?

Guided by these questions, Barrett Planning Group conducted the following tasks:

- Review of available Affirmative Fair Housing Marketing and Resident Selection Plans (AFHMP) for recent multifamily developments in Newton;

- Review of lottery data for selected developments, for size and makeup of local preference and general pools;
- Review of lease-up data for the same developments and comparison with lottery results;
- Consultation with developers and lottery agents to understand differences (if any) in makeup of lottery and lease-up groups; and
- Consideration of available data to understand the outcomes of implementing the City's local preference policy.

This report summarizes Barrett Planning Group's work and findings over the past five months, including a brief background on the concept of local preference, a highlight of Newton's demographics, and recent lottery and tenant selection results. While further assessment of tenant selection processes for affordable units in Newton may shed light on additional barriers to fair and equitable housing, the following key findings were identified through this research project:

- The population that benefits the most from Newton's local preference policy is White, non-Hispanic local households;
- Selection rates were higher for White applicants in each of the researched developments than for minority applicants overall; and
- When divided into local preference and non-local preference households, selection rates among local preference households favored White applicants over minority applicants; and among non-local preference households, selection rates were higher for minority applicants (specifically highest for Asian households in each case).

The effect of local preference on households requiring accessibility features in their units is unclear.

Local Preference Background

In Massachusetts, local preference in homebuyer and tenant selection through affordable housing lotteries began years ago as an approved mechanism under Chapter 40B for giving a community's residents priority access to new affordable units. Since there is usually more demand for affordable housing than the number of affordable units available in a given development, local preference offers cities and towns a way to offer their own income-qualified residents and others defined as "local" the chance to stay in the community by giving them a priority preference as applicants for affordable housing lotteries.¹ Many communities consider this an important public benefit that may help to build support for affordable housing development.

¹ Under current state policy, "local" includes non-resident households working in the community or having children in the community's public schools. The state policy has changed over time, e.g., by requiring local residents to be eligible for local preference regardless of how long they have lived in the community, or prohibiting communities from extending "local" to

Recently, however, some communities have begun to reexamine their local preference policies to reduce the potential for discrimination, however unintended, on groups protected by the Federal Fair Housing Act (FFHA) and Massachusetts anti-discrimination laws. For example, the Town of Brookline, a member of the WestMetro HOME Consortium, reduced its local preference requirement from 70 percent to 25 percent in July 2020. (The possibility of further reductions and outright elimination of local preference remains on the table in Brookline.) Neither the existence of local preference policies nor recent calls to reconsider them are unique to Massachusetts. Compared to other states, however, the Massachusetts “allowance” for local preference of up to 70 percent is among the most generous in terms of a set-aside.

As one of the many policies that determine an affordable unit’s eligibility for the Chapter 40B Subsidized Housing Inventory (SHI), the Massachusetts Department of Housing and Community Development (DHCD) allows communities to designate up to 70 percent of new affordable units to be offered first to local applicants, provided the community demonstrates local need. DHCD’s policy is a “safe harbor” approach, i.e., cities and towns can reasonably assume that if they follow it, they will have taken adequate steps to affirmatively further fair housing in accord with the Federal Fair Housing Act (FFHA). Nevertheless, it is a state *policy* adopted for purposes of ensuring that the administration of Chapter 40B complies with the FFHA, not a state law per se.² The 70 percent maximum has existed in one form or another for a long time. Although once accepted as a “given” in any development with SHI-Eligible units, DHCD gradually tightened access to the local preference option by requiring communities to document a need for it. One metric by which need may be assessed is the presence of a waiting list for affordable housing, and Newton satisfies this condition.

The process for announcing the availability of affordable units, conducting outreach, setting application requirements, and ultimately selecting people from the pool of applicants for affordable housing is documented in an Affirmative Fair Housing Marketing Plan (AFHMP). Once the application period ends, selecting potential candidates takes the form of a lottery, administered by a DHCD-certified lottery agent, pursuant to the terms of the AFHMP. Affordable housing lotteries are organized into tiers of applicants. DHCD guidelines specify that local households are determined according to allowable local preference categories, including:

- Current residents,
- Municipal employees or employees of local businesses, and
- Households with children in the municipality’s school system.

some former residents on a selective basis, such as adults who grew up in the community but lived elsewhere at the time of the lottery.

² G.L. c. 40B, § 20, defines “low or moderate income housing” as follows: any housing subsidized by the federal or state government under any program to assist the construction of low or moderate income housing as defined in the applicable federal or state statute, whether built or operated by any public agency or any nonprofit or limited dividend organization. As DHCD is the administering agency for Chapter 40B, it has authority to set policies that interpret and apply the Chapter 40B statute to eligible low- and moderate-income housing developments. The Affirmative Fair Housing Marketing Plan (AFHMP) requirement, and the 70 percent local preference maximum, are among the agency’s Chapter 40B policies.

Along with placing local applicants in a local preference pool and all applicants in a general pool (which includes the local applicants), factors such as household size and disability status have to be accounted for, too. This step helps to ensure that larger households receive higher priority than smaller households for units with two or more bedrooms, or that applicants requiring disability-accessible units have priority for units that can accommodate their needs. Applicants that qualify for a local preference category are essentially given two bites at the apple to be selected for an affordable unit through the lottery process - first through the smaller local preference pool, and then again through the general pool.

The demographic composition of the local lottery pool plays a role as well. State policy requires that if the proportion of racial/ethnic minority applicants in the local pool does not meet or exceed the proportion of racial/ethnic minority residents in the Metropolitan Statistical Area (MSA), a preliminary lottery must be conducted among non-local minority applicants. Applicants selected from the preliminary lottery are added to the local pool until the demographic composition of the local pool is balanced with that of the MSA, which is currently 27 percent in the Greater Boston area. This balancing step is intended to prevent racial discrimination and reduce the potential for local preference to impose a disparate impact on people of color.

Proponents of affordable housing say it is an investment in sustainability by fostering growth, economic diversity, and social equity. Concerns about design, density, infrastructure capacity, and traffic weigh against potential benefits, with new residents becoming the community's consumers, taxpayers, and future investors. DHCD's local preference allowance can make affordable housing attractive to current residents because people they know may benefit personally. It makes friends and neighbors feel good to see members of their community securely housed, even when market-rate housing may be financially out of reach. When hometown kids launch their careers and move out of their parents' homes, when single-parent families don't have to leave their children's school district, and when seniors are able to downsize without losing their network of support services, affordable housing is a community asset that reinforces the idea of community itself. Since the supply of these housing resources is limited, however, not every applicant eligible for an affordable unit is able to secure one. This is why lotteries exist: to equalize access to affordable housing when the number of eligible applicants exceeds the number of units available.

Community Demographics

In the decades since DHCD authorized set-aside units for local applicants, Newton has adopted language requiring local preference units in its Inclusionary Zoning (IZ) ordinance.³ Newton's waitlist for affordable housing satisfies a DHCD criterion for demonstrating local need, but the policy is being reviewed as a potential source of fair housing barriers which may in turn have an impact on the City's racial and ethnic makeup. Between 1970 and 2019, although there has been a small decrease in the City's population, the number of households has grown by about 14 percent,

³ The City of Newton adopted its first form of inclusionary zoning ordinance, the "10% Ordinance" in 1977. Since 1977, more than 300 affordable units have been created under the auspices of the ordinance.

from 26,884 to 30,657. The construction and conversion of new housing in Newton has permitted more households to live in Newton, while the average household size has dropped (from more than 3.3 to less than 2.9), consistent with nationwide trends of diminishing household sizes.⁴

Even with the arrival and establishment of more households in Newton, the growth of Newton’s Black population has been small. In 1970, the U. S. Census indicated that 1.2 percent of Newton’s total population was Black, and this population represented only 0.6 percent of households. In 2019, the U. S. Census Bureau’s American Community Survey (ACS) estimated that 3.0 percent of Newton’s total population was Black (2.4 percent of households), with an additional 0.8 percent of individuals of two or more races including Black in their self-identification.⁵

Racial Demographics ⁶	1970 Census		1990 Census		2010 Census		2019 ACS	
	Population	%	Population	%	Population	%	Population	%
White	87,051	98.10%	76,439	92.80%	70,074	82.30%	67,908	76.70%
Black or African American	1,042	1.20%	1,715	2.10%	2,160	2.50%	2,623	3.00%
American Indian and Alaska Native			95	0.10%	91	0.10%	107	0.10%
Asian			3,749	4.60%	9,790	11.50%	13,151	14.80%
Native Hawaiian and Other Pacific Islander					19	0.00%	8	0.00%
Other	637	0.70%	391	0.50%	1,004	1.20%	1,673	1.90%
Two or More Races					2,008	2.40%	3,123	3.50%
Total Population	88,730		82,389		85,146		88,593	

U.S. Census Bureau, Decennial Census 1970-2010, and 2015-2019 American Community Survey (ACS).

In 49 years, 3,773 more households have made homes in Newton, but there are only 581 more Black households, which represents 15 percent of household growth. Comparatively, Newton's Asian population, which represented an uncounted minority in 1970, makes up 12.4 percent of Newton's total households, according to 2019 ACS data. Newton, however, remains mostly White. More than 80 percent of its households are White, which is more than the proportion of White households across the Greater Boston area (77 percent).⁷ With a strong White majority for the entire life of the City’s local preference policy, members of the Newton Housing Partnership have asked whether an adjustment to the City's current 70 percent local preference set-aside is needed

⁴ U.S. Census Bureau, 2015-2019 American Community Survey (ACS)

⁵ 2015-2019 ACS 5-Year estimates indicate that of 3,123 Newton residents of two or more races, 743 were White and Black or African American and 16 were Black or African American and American Indian/Alaska Native, for a combined proportion of the population of 0.8 percent.

⁶ Darker-gray shaded area indicates data was not collected

⁷ DHCD, “Percent Racial/Ethnic Minority by MSA,” <https://www.mass.gov/service-details/dhcd-fair-housing-and-civil-rights-information>.

to increase the probability of more diversity through the lottery process and to better align with Newton's values as an inclusive and welcoming city.⁸

Household Demographics	1970 Census		1990 Census		2010 Census		2019 ACS	
	Households	%	Households	%	Households	%	Households	%
White	26,615	99.00%	27,880	94.90%	26,979	86.60%	25,379	82.80%
Black or African American	148	0.55%	482	1.60%	652	2.10%	729	2.40%
American Indian and Alaska Native			16	0.10%	29	0.10%	9	0.00%
Asian			938	3.20%	2,949	9.50%	3,803	12.40%
Native Hawaiian and Other Pacific Islander					3	0.00%	8	0.00%
Other	121	0.45%	65	0.20%	245	0.80%	406	1.30%
Two or More Races					311	1.00%	323	1.10%
Total Households	26,884		29,382		31,168		30,657	

Source: U.S. Census Bureau.

Lottery and Tenant Selection Results

Analysis of the lottery and initial lease-up data from Newton's recent inclusionary housing developments does indicate the possibility of adverse impacts of the local preference policy. However, following lottery selection, a household must complete the rest of its application for a unit, and there are many factors that could inhibit lottery-selected households from moving into a unit, including finding or needing housing elsewhere, being disqualified later in the screening process by a credit or background check, or not meeting program eligibility for income-related or other reasons. Although these many possibilities muddle implications of causality from local preference, analysis of the lottery and lease-up information from some of Newton's recent larger housing developments created under the IZ ordinance can offer some insights and trends.

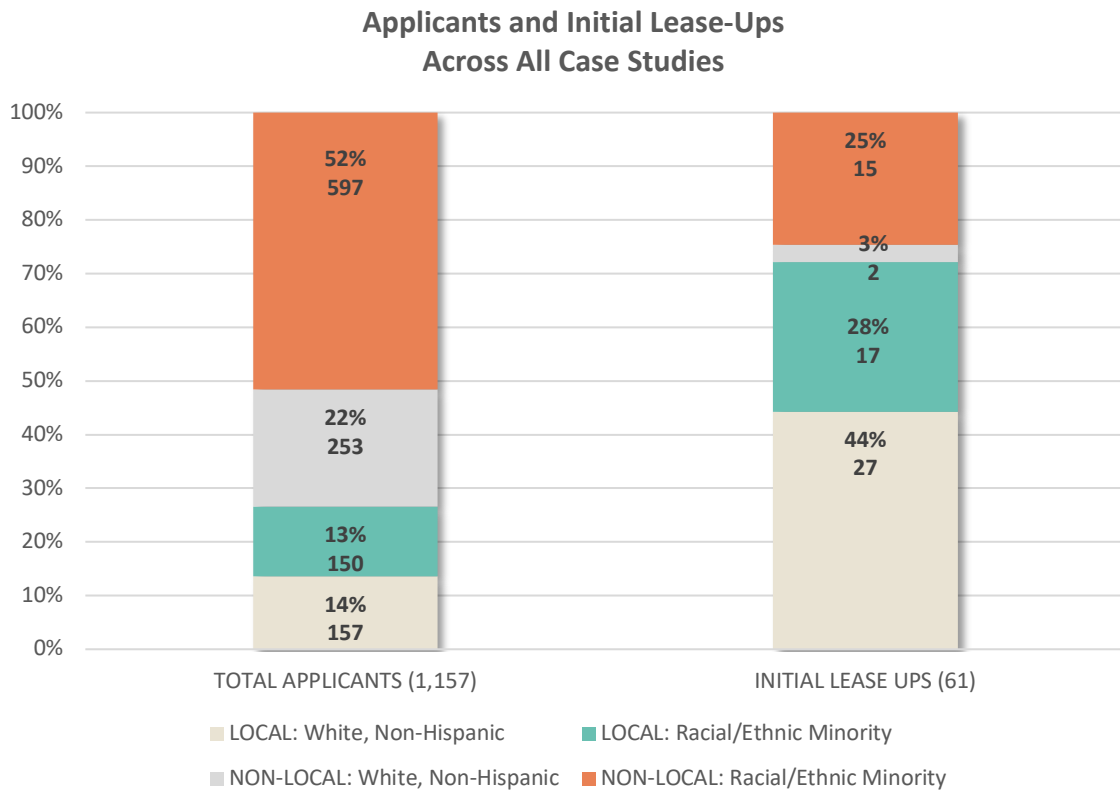
At the City's request, Barrett Planning Group focused its study primarily on the affordable units in three developments: Trio/Washington Place, Austin Street, and Hancock Estates. Each of these projects included more than ten affordable units and had demographic data available for both lottery and lease-up. The data raise questions that may inform future research, but some notable takeaways and trends offer insight into the demand for affordable housing in Newton and the demographics of those who end up leasing the units.⁹ Detailed race and ethnicity tables for each development can be found in the Appendix to this report.

⁸ Newton Housing Partnership to Mayor Fuller, July 26, 2020.

⁹ SEB Housing LLC served as the lottery agent in each of these developments. Data from other developments and other lottery agents was analyzed, but these projects included smaller numbers of affordable units and therefore exhibited fewer trends.

Minority Access to Affordable Units in Newton

The developments at Trio/Washington Place (which includes twenty-one affordable units at and below 80 percent AMI), Austin Street (twenty-three affordable units at 80 percent AMI), and Hancock Estates (thirteen affordable units at and below 80 percent AMI) added a combined total of fifty-seven new affordable units at and below 80 percent AMI to Newton’s affordable housing inventory, as well as fourteen “workforce housing” units for moderate-income households (seven units at 100 percent AMI and seven units at 120 percent AMI).¹⁰ Collectively, these developments received 1,157 applications from 307 local preference households (26.5 percent of applicants) and 850 non-local preference households (73.5 percent of applicants).



Without adjusting for household size, income level, and disability status, it is impossible to say what each household’s chance of lottery selection was (because, as outlined above, all of these factors are considered while lotteries are conducted), **but these figures do illustrate the overwhelming demand for sixty-one units: they could house fewer than 5.3 percent of the prospective lessees who applied for them.** Setting aside 70 percent of the units for local preference, about 14 percent of local applicants and 2 percent of non-local applicants got units.

¹⁰ At the time this report was written, twenty-five of Trio’s thirty-five deed-restricted units had been leased by lottery applicants. Ten workforce units were unleased according to initial reports. Because of the high demand for affordable units, it is reasonable to extrapolate that the fourteen moderate-income units received fewer qualified applicants than low-income units did.

Newton’s households are 82.8 percent White, but minority applicants made up between 40 and 62 percent of the local applicant pools in the lotteries for Trio/Washington Place, Austin Street, and Hancock Estates. As a result, corrective “balancing” action to supplement each lottery’s local pools was not required. This disparity underscores the socioeconomic divide between racial/ethnic groups in Newton, and further reinforces the probability of external impacts on tenant selection. According to the ACS, the *median* household income of Black households or Asian households in Newton exceeds that of White households, which indicates an above-average number of high-earners in those groups. However, the *average* household incomes and per capita incomes of Newton’s minority residents are substantially lower, which suggests that most minority high-earners and lower-earners alike probably have incomes lower than those of their White counterparts, as well as a wider and more dispersed income variation.

Income by Race	Median Household Income	Average Household Income	Per Capita Income¹¹
White	\$150,971	\$212,816	\$80,655
Black or African American	\$152,446	\$161,032	\$47,223
American Indian and Alaska Native			\$9,351
Asian	\$160,179	\$195,895	\$59,043
Native Hawaiian and Other Pacific Islander			
Other	\$64,000	\$110,085	\$24,850
Two or More Races	\$131,544	\$147,297	\$15,856
Hispanic or Latino	\$115,972	\$142,201	\$39,054
Total Overall	\$151,068	\$207,563	\$73,101

(Source: 2015-2019 ACS 5-Year Estimates)

While the income statistics and lottery composition data indicate racial/ethnic inequalities in Newton, this phenomenon is not limited to Newton. Newton’s non-local applicant pools included a proportion of racial/ethnic minority applicants about 20 percent greater than that of the local pool, so racial/ethnic minority applicants represented most non-local applicants. Due to the 70-percent set-aside for local preference units, however, most selected applicants were from less diverse pools.

- Selection rates (the number of housing units that went to a group divided by that group’s proportion of a lottery pool) within the non-local pools were highest for racial/ethnic minority applicants in each development’s lottery.
- Within the local pools, the selection rates were highest for White applicants.
- Resulting, at least in part, from the 70-percent local preference designation, the selection rates within the general pool (local and non-local preference applicants together) favored White applicants over minority applicants in every case.

¹¹ “Per capita income is the mean income computed for every man, woman, and child in a particular group including those living in group quarters. It is derived by dividing the aggregate income of a particular group by the total population in that group. This measure is rounded to the nearest whole dollar.” Source: U.S. Census Bureau.

- White applicants received a plurality, If not the majority, of units (over any other individual race category) in each of these three developments.

Selection rates are often used for further analysis: disparate or adverse impact calculations often compare the selection rates of individual groups versus the most favored group (the “most favored” group refers to the group with highest selection rate, not necessarily a consistent category or demographic).

Accessible Units and Disability Households

As part of our research for this project, Barrett Planning Group consulted with fair housing advocates and inquired about local preference as it relates to applicants with disabilities. When applicants for affordable housing require units with disability accommodations, whether those accommodations are related to mobility limitations or other disabilities, the lottery for those units is separate from other units in order to ensure that units with specialized features go to tenants who need them. Even with this additional step, not every accessible unit goes to a tenant with a disability.

Trio/Washington Place, Austin Street, and Hancock Estates collectively included nine accessible affordable units, and by the end of the lotteries and initial lease-up, only four of those nine units housed tenants with disabilities. While increased opportunity for selection for local applicants is a valuable resource, particularly to households whose well-being may depend on access to local services more than the average household, outside factors beyond local preference cloud the effects that local preference may (or may not) have on leasing outcomes. The pricing of affordable units in Newton may be a significant barrier for people with disabilities, whether local or non-local, and perhaps this is a question the City should explore in the future.

Disability-Accessible Units

	Units	Lottery Applicants Requiring Disability Accommodations			Tenants				
		General Pool	Local	Non-Local	Local with disability	Non-Local with disability	Local without disability	Non-Local without disability	Non-lottery lease
Trio	5	25	16	9	2		2		1
Austin Street	2	9	4	5		2			
Hancock Estates	2	13	3	10			2		

Note: the consulting team did not receive enough data to determine whether the two accessible units at Hancock Estates went to local or non-local applicants.

Reporting

Throughout this study, Barrett Planning Group reported its findings to a number of City boards and commissions whose purview includes housing and land use policies. Requests from these decision-makers for additional data and information illustrate Newton's commitment to making data-informed and data-driven policy decisions, and Newton's early action in requesting housing market discrimination audits (2005 and again in 2018) demonstrates the longevity of this policymaking strategy. The City strives to support its governance decisions with evidence, and while this goal is pragmatic from a resident's standpoint, its success requires input from outside entities for policymakers.

In the case of Newton's local preference policy, this input takes the form of reporting from lottery agents or property managers. In interviews conducted as part of this study, lottery agents who serve Newton or its neighboring communities reported that much of the information Newton officials sought for this study was not always available: data may not be collected, stored, compiled, or reported back to municipalities. Some information, such as the specific factors that prevented a lottery-selected household from moving into its unit, may be privacy-protected. Other information, such as demographic data or category of applicants' local preference eligibility (residence, employment, or school enrollment), can be disclosed upon request if the agent is made aware of the City's interest (in advance). Newton has the opportunity to set terms with its contracted lottery agents that require reporting for City purposes. While additional services rendered to the City would incur additional costs, the availability of information to housing advocates and policymakers could save time and effort in policy review and updates.

Findings and Next Steps

As mentioned above, a number of key findings were identified throughout our research and analysis of Newton's 70 percent local preference policy:

- The community that benefits the most from Newton's local preference policy is White, non-Hispanic local households.
- Selection rates were higher for White applicants in each of the researched developments than for minority applicants overall.
- When split into local preference and non-local preference households, selection rates among local preference households favored White applicants over minority applicants; and among non-local preference households, selection rates were higher for minority applicants (specifically highest for Asian households in each case).

The effect of local preference on households requiring accessibility features in their units is unclear.

Additionally, the following are key takeaways related to the Lottery and Application Process and Lease-Up for the three developments analyzed over the past few months.

Lottery and Application Process

- Newton affordable housing lotteries received considerably more applications than the number of available units. In the three case studies, the City received 1,157 applications for only 71 units:
 - 307 local preference applicants (27 percent of total applicant pool)
 - 850 non-local preference applicants (73 percent of total applicant pool)
- Because the local preference pools included a proportion of racial / ethnic minority applicants that matched or exceeded that of the MSA, preliminary balancing was not necessary. In the case studies examined, about 49 percent of local applicants were from racial / ethnic minority applicants, and rebalancing would be necessary at 27 percent or less.
- The non-local preference pools included a proportion of racial / ethnic minority applicants more than 20 percent greater than that of the local preference pools.

Lease-Up

- The factors that contribute to the gap in lottery-selected applicants successfully moving into a unit (or not) are varied and difficult to quantify
 - In these three case study developments, 14 percent of local applicants and 2 percent of non-local applicants moved into a unit
 - The proportion of local White, non-Hispanic lessees in each of these developments is considerably greater (by a factor of between 2 and more than 5) than this population's share of the applicant pools
- Of 61 units leased at the time of this study, 48 percent went to White households, while White households were 38 percent of applicants. Asian and non-local Hispanic households also saw selection rates that exceeded their applications rates:
 - 29 units went to White households, of whom 27 were local preference applicants (93 percent)
 - 11 went to Hispanic / Latinx households, of whom 7 were local preference (63 percent)
 - 11 went to Black households, of whom 6 were local preference (55 percent)
 - 8 went to Asian households, of whom 3 were local preference (38 percent)
 - 2 went to households indicating a race of "other", of whom 1 was local (50 percent)

While this study was limited in scope, the data and findings of this report indicate that Newton's local preference policy is benefitting one racial/ethnic group over others (White, local preference applicants), creating a disparate impact on other groups, particularly Black/African Americans. When viewed through the lens of inclusion and the City's obligation to affirmatively further fair housing for all protected classes, the policy does not appear to support those values. As noted above, however, continued assessment of the procedures for tenant selection for affordable housing units across the City may shed light on additional barriers to fair housing and equity.

Moving forward, there are several potential actions that Newton may choose to pursue related to its local preference policy.

1. **Retain the Existing Local Preference Policy.** The City could choose to keep the local set-aside as its present level. The local preference policy would continue to allot the majority of units created under the City's IZ ordinance to Newton residents, employees, and others with local preference status. This decision would give primary to the interests of existing Newton residents, including those vulnerable to adverse impacts from displacement, such as residents with disabilities. Results also indicate that there is some success in assisting local preference-eligible minority households in securing tenancy in an affordable housing unit.
2. **Reduce the Local Preference Percentage of Affordable Units.** The City may decide, as Brookline did, to designate fewer units for local preference applicants. In response to racial equality concerns, the Town of Brookline has amended its local preference policy and now allocates 25 percent of affordable units for local preference. (The possibility of further reductions and outright elimination of local preference in Brookline remains on the table for future review.) This decision would represent an effort to maintain the community benefit of local preference while opening more units to people outside of Newton, and in turn, a more diverse applicant pool.
3. **Evaluate the Local Preference Categories to Reduce Disparate Impact.** The City could explore the benefits, drawbacks, and legality of retaining local preference for subsets of the local preference pool, e.g., only those households who work in Newton or have children attending Newton public schools or households that qualify as elderly or disabled. This may help to increase opportunities for applicants from outside the City, thereby encourage a more diverse pool of beneficiaries from the policy.
4. **Evaluate the Geography of "Local."** The City could explore the benefits, drawbacks, and legality expanding the geography of the area defined as "local." For example, should "local" include residents and employees of the other communities in the WestMetro HOME Consortium,¹² the pool of applicants receiving the benefit of additional opportunity for lottery-selection could be more inclusive. Tenants who had resided in another (nearby) community at the time of their application may be able to retain their existing networks of support and services. This approach would increase access to Newton's affordable housing in communities with many more minority households than the number residing in Newton today.

A very similar strategy for promoting inclusion and affirmatively furthering fair housing was used in the allocation of affordable housing in the Devens Enterprise Zone, where all of the units fell geographically within the Town of Harvard but the Devens Enterprise Commission (DEC) opened "local preference" to any resident of the Devens Impact Area, a large geography extending along Route 2 and most of Worcester County. For the affordable units deemed eligible for the SHI, DHCD accepted the Commission's policy.

¹² The WestMetro HOME Consortium includes twelve other cities and towns in the area: the cities of Waltham and Framingham and the towns of Bedford, Belmont, Brookline, Concord, Lexington, Natick, Needham, Sudbury, Watertown, and Wayland.

If SHI eligibility is very important to City officials, Newton may want to consult with DHCD about changes such as those described under 3 and 4 above and verify that the affordable units would still “count” for purposes of Chapter 40B. Consulting with the City Solicitor may also be in order. We need to underscore that while DHCD’s current Local Preference Policy is a “safe harbor” for communities to follow, the policy has changed over time, and it is a *policy*, not a statute. The Commonwealth has periodically reviewed and modified its fair housing policies because DHCD has monitored the results and evaluated the advantages, limitations, and unintended consequences of various iterations of “local preference.” The question Newton needs to consider is this:

What is the valid government interest served in making affordable units more available to people who live in or have direct ties to Newton than people who cannot live in Newton unless they have access to safe, decent, affordable housing?

5. **Eliminate local preference altogether.** This action would honor the anti-racist intention behind the Newton Housing Partnership’s recommendation in the case of the Riverside Development Project and acknowledge that the community that benefits the most from Newton’s local preference policy is White, non-Hispanic local preference households. Housing advocates should not expect Newton’s relative racial homogeneity to immediately resolve: the factors that cloud the effects of local preference, such as background- and credit-checks, will continue to pose challenges for local and non-local applicants alike, and the number of units created each year under the IZ ordinance does not represent a large share of Newton’s housing stock. Local applicants will most likely continue to be most motivated to move past the application process and move into Newton homes because they are connected to the community.

APPENDIX

- Detailed Tables: Trio/Washington Place, Austin Street, and Hancock Estates
- Newton Housing Partnership Letter re: Riverside Local Preference
- Barrett Planning Group, 4/12/21 Status Report & Discussion, Presentation to ZAP

APPENDIX A

TRIO/WASHINGTON PLACE: LOTTERY COMPOSITION

Race / Ethnicity	Local Preference Applicants			Non-Local Preference Applicants			% LP Less % Non-LP Applicants	All Applicants	
	Number	Percent	Percent of General Pool	Number	Percent	Percent of General Pool		Number	Percent
White	100	53.8%	16.4%	129	30.4%	21.1%	23.3%	229	60.1%
Racial/ethnic minority	86	46.2%	14.1%	295	69.6%	48.4%	-23.3%	381	62.5%
Total applicants	186		30.5%	424		69.5%		610	
White, Not Hispanic	100	53.8%	16.4%	129	30.4%	21.1%	23.3%	229	37.5%
Asian	19	10.2%	3.1%	35	8.3%	5.7%	2.0%	54	8.9%
Black	31	16.7%	5.1%	174	41.0%	28.5%	-24.4%	205	33.6%
Hispanic	30	16.1%	4.9%	75	17.7%	12.3%	-1.6%	105	17.2%
Unreported / Other*	6	3.2%	1.0%	11	2.6%	1.8%	0.6%	17	2.8%
Total	186		30.5%	424		69.5%		610	100.0%

*Includes Middle Eastern / Hawaiian / Trin / Haitian / Brazilian / Multiracial / Cape Verdean / Moroccan / Hazara / North African / Arabic

TRIO/WASHINGTON PLACE: LEASE-UP RESULTS

Race / Ethnicity	Local Preference Units Leased			Non-Local Pool Units Leased			% LP Less %Non-LP Tenants	All Units Leased		% LP Less % All Tenants	Selection Rates		
	Number	Percent	Percent of All Tenants	Number	Percent	Percent of All Tenants		Number	Percent		Local	Non-Local	General
White	11	57.9%	44.0%	1	16.7%	4.0%	41.2%	12	48.0%	9.9%	0.110	0.008	0.052
Racial/ethnic minority	8	42.1%	32.0%	5	83.3%	20.0%	-41.2%	13	52.0%	-9.9%	0.093	0.017	0.034
Total applicants	19		76.0%	6		24.0%		25			0.102	0.014	0.041
White, Not Hispanic	11	57.9%	44.0%	1	16.7%	4.0%	41.2%	12	48.0%	9.9%	0.110	0.008	0.052
Asian	1	5.3%	4.0%	1	16.7%	4.0%	-11.4%	2	8.0%	-2.7%	0.053	0.029	0.037
Black	3	15.8%	12.0%	4	66.7%	16.0%	-50.9%	7	28.0%	-12.2%	0.097	0.023	0.034
Hispanic	4	21.1%	16.0%		0.0%	0.0%	21.1%	4	16.0%	5.1%	0.133	0.000	0.038
Unreported / Other*	0	0.0%	0.0%		0.0%	0.0%	0.0%	0	0.0%	0.0%	0.000	0.000	0.000
Total	19		76.0%	6		24.0%		25					

*Includes Middle Eastern / Hawaiian / Trin / Haitian / Brazilian / Multiracial / Cape Verdean / Moroccan / Hazara / North African / Arabic

Interpreting selection rate: the selection rate is calculated by dividing the number of **tenants** of a particular racial/ethnic group from their respective applicant pools by the number of **applicants** in that racial/ethnic group in the applicant pool. For example, of 100 white local Trio applicants, 11 received units. 11/100 yields a selection rate of 0.110. Comparing selection rates can provide insight into the proportion of applicants who got units relative to other groups within the applicant pool or between applicant pools. Local Hispanic Trio applicants were selected at a rate of 0.133, or 4/30, but of 75 non-local Hispanic applicants, none received units (0.000 selection rate).

APPENDIX A
AUSTIN STREET: LOTTERY COMPOSITION

Race / Ethnicity	Local Preference Applicants			Non-Local Preference Applicants			% LP Less	All Applicants	
	Number	Percent	Percent of General Pool	Number	Percent	Percent of General Pool	% Non-LP Applicants	Number	Percent
White	29	60.4%	22.0%	34	40.5%	25.8%	19.9%	63	47.7%
Racial/ethnic minority	19	39.6%	14.4%	50	59.5%	37.9%	-19.9%	69	52.3%
Total applicants	48		36.4%	84		63.6%		132	
White, Not Hispanic	29	60.4%	22.0%	34	40.5%	25.8%	19.9%	63	47.7%
Asian	6	12.5%	4.5%	9	10.7%	6.8%	1.8%	15	11.4%
Black	5	10.4%	3.8%	24	28.6%	18.2%	-18.2%	29	22.0%
Hispanic	8	16.7%	6.1%	11	13.1%	8.3%	3.6%	19	14.4%
American Indian		0.0%	0.0%	1	1.2%	0.8%	-1.2%	1	0.8%
Other		0.0%	0.0%	5	6.0%	3.8%	-6.0%	5	3.8%
Total	48		36.4%	84		63.6%		132	100.0%

AUSTIN STREET: LOTTERY COMPOSITION

Race / Ethnicity	Local Preference Units Leased			Non-Local Pool Units Leased			% LP Less	All Units Leased		% LP Less	Selection Rate		
	Number	Percent	Percent of All Tenants	Number	Percent	Percent of All Tenants	%Non-LP Tenants	Number	Percent	% All Tenants	Local	Non-Local	General
White	11	78.6%	47.8%	1	11.1%	4.3%	67.5%	12	52.2%	26.4%	0.379	0.029	0.190
Racial/ethnic minority	3	21.4%	13.0%	8	88.9%	34.8%	-67.5%	11	47.8%	-26.4%	0.158	0.160	0.159
Total applicants	14		60.9%	9		39.1%		23			0.292	0.107	0.174
White, Not Hispanic	11	78.6%	47.8%	1	11.1%	4.3%	67.5%	12	52.2%	26.4%	0.379	0.029	0.190
Asian	1	7.1%	4.3%	3	33.3%	13.0%	-26.2%	4	17.4%	-10.2%	0.167	0.333	0.267
Black	1	7.1%	4.3%	1	11.1%	4.3%	-4.0%	2	8.7%	-1.6%	0.200	0.042	0.069
Hispanic	1	7.1%	4.3%	3	33.3%	13.0%	-26.2%	4	17.4%	-10.2%	0.125	0.273	0.211
American Indian		0.0%	0.0%		0.0%	0.0%	0.0%	0	0.0%	0.0%	0.000	0.000	0.000
Other		0.0%	0.0%	1	11.1%	4.3%	-11.1%	1	4.3%	-4.3%	0.000	0.200	0.200
Total	14		60.9%	9		39.1%	0.0%	23					

APPENDIX A

HANCOCK ESTATES: LOTTERY COMPOSITION

Race / Ethnicity	Local Preference Applicants			Non-Local Preference Applicants			% LP Less % Non-LP Applicants	All Applicants	
	Number	Percent	Percent of General Pool	Number	Percent	Percent of General Pool		Number	Percent
White	28	38.4%	6.7%	90	26.3%	21.7%	12.0%	118	28.4%
Racial/ethnic minority	45	61.6%	10.8%	252	73.7%	60.7%	-12.0%	297	71.6%
Total applicants	73		17.6%	342		82.4%		415	
White, Not Hispanic	28	38.4%	6.7%	90	26.3%	21.7%	12.0%	118	28.4%
Asian	7	9.6%	1.7%	13	3.8%	3.1%	5.8%	20	4.8%
Black	15	20.5%	3.6%	136	39.8%	32.8%	-19.2%	151	36.4%
Hispanic	19	26.0%	4.6%	82	24.0%	19.8%	2.1%	101	24.3%
American Indian		0.0%	0.0%	1	0.3%	0.2%	-0.3%	1	0.2%
Other	4	5.5%	1.0%	20	5.8%	4.8%	-0.4%	24	5.8%
Total	73		17.6%	342		82.4%	0.0%	415	100.0%

HANCOCK ESTATES: LEASE-UP RESULTS

Race / Ethnicity	Local Preference Units Leased			Non-Local Pool Units Leased			% LP Less % Non-LP Tenants	All Units Leased		% LP Less % All Tenants	Selection Rate		
	Number	Percent	Percent of All Tenants	Number	Percent	Percent of All Tenants		Number	Percent		Local	Non-Local	General
White	5	45.5%	38.5%	0	0	0	45.5%	5	38.5%	7.0%	0.179	0.000	0.042
Racial/ethnic minority	6	54.5%	46.2%	2	100.0%	15.4%	-45.5%	8	61.5%	-7.0%	0.133	0.008	0.027
Total applicants	11		84.6%	2		15.4%		13			0.151	0.006	0.031
White, Not Hispanic	5	45.5%	38.5%		0.0%	0.0%	45.5%	5	38.5%	7.0%	0.179	0.000	0.042
Asian	1	9.1%	7.7%	1	50.0%	7.7%	-40.9%	2	15.4%	-6.3%	0.143	0.077	0.100
Black	2	18.2%	15.4%		0.0%	0.0%	18.2%	2	15.4%	2.8%	0.133	0.000	0.013
Hispanic	2	18.2%	15.4%	1	50.0%	7.7%	-31.8%	3	23.1%	-4.9%	0.105	0.012	0.030
American Indian		0.0%	0.0%		0.0%	0.0%	0.0%	0	0.0%	0.0%	0.000	0.000	0.000
Other	1	9.1%	7.7%		0.0%	0.0%	9.1%	1	7.7%	1.4%	0.250	0.000	0.042
Total	11		84.6%	2		15.4%		13	100.0%				



Ruthanne Fuller,
Mayor

Barney Heath,
Director
Planning & Development

Members:

Mark Caggiano
Eliza Datta
Chuck Eisenberg
John Hennessey
Lizbeth Heyer, Chair
Kathy Marchi
Josephine McNeil
Marva Serotkin
Stephen Tise

1000 Commonwealth Ave.
Newton, MA 02459
T 617/796-1120
F 617/796-1142

www.newtonma.gov

CITY OF NEWTON, MASSACHUSETTS

Newton Housing Partnership

July 26, 2020

Honorable Mayor Ruthanne Fuller
Newton City Hall
1000 Commonwealth Ave
Newton, MA 02459

Dear Honorable Mayor Fuller,

On behalf of the Newton Housing Partnership, I thank you for your leadership in calling for an end to racism in Newton and challenging each of us to take anti-racist action to eliminate barriers that prevent Newton from being a city that is welcoming and accessible to all. You said so eloquently that “the killing of George Floyd, and now Rayshard Brooks, has brought to the surface the pain of generations of people of color suffering racism and bias, and unequal access to housing, jobs, education and, healthcare opportunities.”

The Newton Housing Partnership agrees wholeheartedly with your sentiment that we must take action to ensure that “Newton is truly an inclusive, welcoming community where people of all racial, ethnic and cultural backgrounds can live and thrive, be safe and secure, feel welcome and be supported”. At our last two meetings, the Partnership discussed specific racist barriers to housing access and affordability in Newton and identified the “up to” 70% local preference in our Inclusionary Zoning Law as a significant racist barrier that must be changed. The intent of this provision is that local residents benefit from City-sponsored affordable housing opportunities; on the surface a compelling policy. However because of Newton’s predominantly white population (approx. 80%), imposing a high local preference perpetuates a racist housing system that gives significant preferential access to white households, while drastically limiting opportunities for people of color to move to Newton.

One specific anti-racist action within our immediate reach is to forgo adopting a local preference for the affordable units at the Riverside project. Because the Inclusionary Zoning Law says an “up to” 70% local preference is allowed, the Partnership voted unanimously at our July meeting that the City can and should adopt a zero local preference for Riverside. This bold action would ensure that people of color have greater access to housing in Newton by opening Riverside’s doors more broadly, and send a strong message that Newton will not perpetuate policies that keep non-white people out of our City.

Thank you for considering our recommendation and for inspiring each of us to take anti-racist action to make Newton truly accessible and welcoming to all.

Sincerely,

Lizbeth Heyer
Chair, Newton Housing Partnership



Ruthanne Fuller,
Mayor

Barney Heath,
Director
Planning & Development

Members:

Mark Caggiano
Eliza Datta
Chuck Eisenberg
John Hennessey
Lizbeth Heyer, Acting Chair
Kathy Marchi
Josephine McNeil
Marva Serotkin
Stephen Tise

CITY OF NEWTON, MASSACHUSETTS

Newton Housing Partnership

CC:

Council President Susan Albright
Councilor Jacob D. Auchincloss
Councilor Lisle Baker
Councilor Alicia Bowman
Councilor Allan Ciccone, Jr.
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Councilor Victoria L. Danberg
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Councilor Julia Malakie
Councilor Christopher J. Markiewicz
Councilor Brenda Noel
Councilor Emily Norton
Councilor Holly Ryan
Councilor Pamela Wright
Barney Heath, Director of Planning and Development
Amanda Berman, Director of Housing and Community Development

1000 Commonwealth Ave.
Newton, MA 02459
T 617/796-1120
F 617/796-1142

www.newtonma.gov

CITY OF NEWTON ASSESSMENT OF AFFORDABLE HOUSING LOCAL PREFERENCE POLICY



STATUS REPORT & DISCUSSION
NEWTON ZONING & PLANNING COMMITTEE
APRIL 12, 2021

OVERVIEW



Our scope



Data analysis



Discussion of
policy rationale



Next steps



PROJECT PURPOSE & SCOPE

The purpose of this project is to evaluate the effectiveness of and need for the City's existing "local preference" policy, i.e., the policy that gives priority to Newton residents for access to affordable housing units; and to assess the potential barriers created by the policy.

Tasks summary:

- Review AFHMP, if available
- Review lottery data for selected developments, for size and makeup of local preference and general pools
- Review lease-up data for the same developments and compare with lottery results
- Consult with developers, lottery agents to understand differences (if any) in makeup of lottery v. lease-up groups
- Consider available data in light of City's established local preference policy



DATA SELECTION

- Data collection and reporting from lottery to lease-up is inconsistent over time, between lottery agents, and in developments with different numbers of available affordable units
- The case studies include TRIO/Washington Place, Austin Street, and Hancock Estates.
- Each of these developments had more than 10 affordable units, as well as demographic data for both lottery and lease-up



FINDINGS

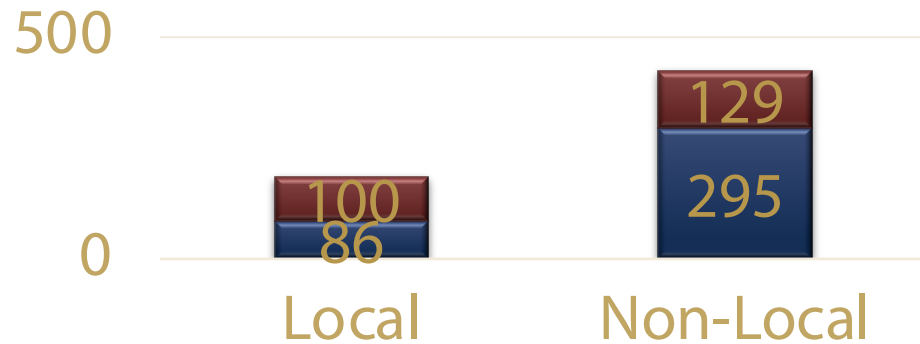
- The community that benefits the most from Newton's local preference policy is White, non-Hispanic local households.
- Selection rates were higher for White applicants in each development than for minority applicants overall
 - When split into local and non-local households, selection rates among local households favored White applicants over minority applicants, and among non-local households, selection rates were higher for minority applicants (specifically highest for Asian households in each case)
- The effect of local preference on households requiring accessibility features in their units is unclear.



CASE STUDIES OF NEWTON'S LOCAL PREFERENCE POLICY: TRIO/WASHINGTON PLACE

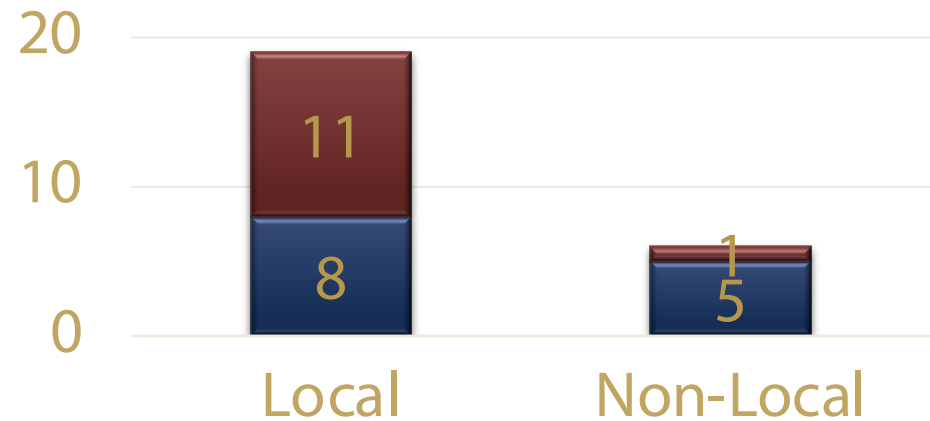
Total applicants: 610 | Total units: 25 leased through lottery

TRIO/Washington Place Applicants



- White, Non-Hispanic
- racial/ethnic minority

TRIO Initial Lease-Up



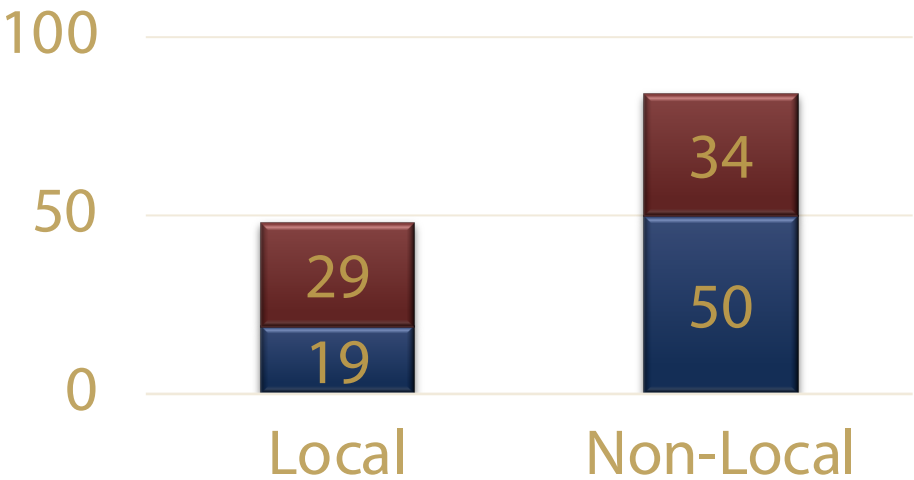
- White, Non-Hispanic
- racial/ethnic minority



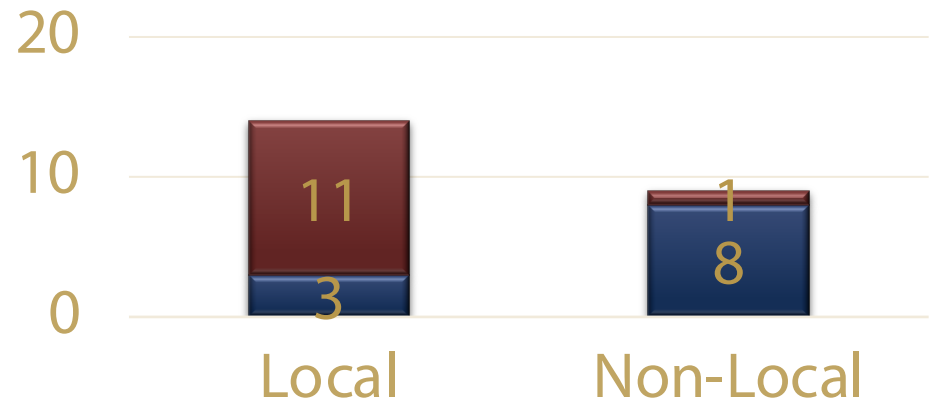
CASE STUDIES OF NEWTON'S LOCAL PREFERENCE POLICY: AUSTIN STREET

Total applicants: 132 | Total affordable units: 23

Austin Street Applicants



Austin Street Initial Lease-Up



■ White, Non-Hispanic
■ racial/ethnic minority

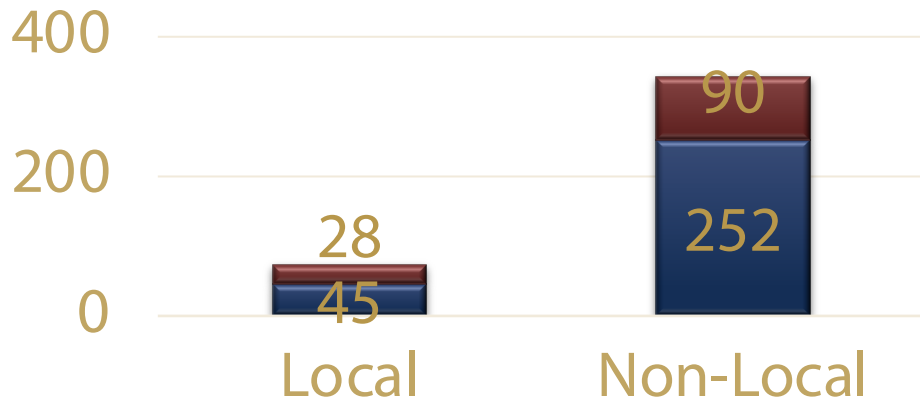
■ White, Non-Hispanic
■ racial/ethnic minority



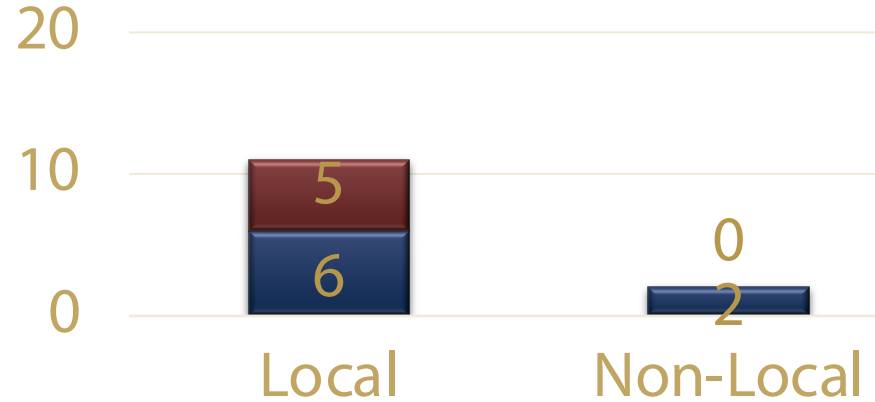
CASE STUDIES OF NEWTON'S LOCAL PREFERENCE: HANCOCK ESTATES

Total applicants: 415 | Total affordable units: 13

Hancock Estates Applicants



Hancock Estates Initial Lease-Up



■ White, Non-Hispanic
■ racial/ethnic minority

■ White, Non-Hispanic
■ racial/ethnic minority



LOTTERY	TRIO	AUSTIN	HANCOCK	TRIO	AUSTIN	HANCOCK
Local White	100	29	28	16.4%	22.0%	6.7%
Local Minority	<u>86</u>	<u>19</u>	<u>45</u>	14.1%	14.4%	10.8%
Subtotal	186	48	73	30.5%	36.4%	17.6%
Non-Local White	129	34	90	21.1%	25.8%	21.7%
Non-Local Minority	<u>295</u>	<u>50</u>	<u>252</u>	48.4%	37.9%	60.7%
Subtotal	424	84	342	69.5%	63.6%	82.4%
TOTAL	610	132	415	100.0%	100.0%	100.0%

LEASES	TRIO	AUSTIN	HANCOCK	TRIO	AUSTIN	HANCOCK
Local White	11	11	5	44.0%	47.8%	38.5%
Local Minority	<u>8</u>	<u>3</u>	<u>6</u>	32.0%	13.0%	46.2%
Subtotal	19	14	11	76.0%	60.9%	84.6%
Non-Local White	1	1	0	4.0%	4.3%	0.0%
Non-Local Minority	5	8	2	20.0%	34.8%	15.4%
Subtotal	6	9	2	24.0%	39.1%	15.4%
TOTAL	25	23	13	100.0%	100.0%	100.0%



TAKEAWAYS: APPLICATIONS

- Newton's affordable housing lotteries receive considerably more applications than the number of available units. In these three case studies, the City received 1,157 applicants for 61 units: 307 local applicants (27 percent) and 850 non-local applicants (73 percent)
- Because the local preference pools included a proportion of racial/ethnic minority applicants that matches or exceeds that of the MSA, preliminary balancing was not necessary. In the case studies we examined, about 49 percent of local applications were from racial/ethnic minority applicants, and rebalancing would be necessary at 27 percent or less
- The non-local pools included a proportion of racial/ethnic minority applicants more than 20 percent greater than that of the local pools



TAKEAWAYS: LEASE-UP

- The factors that contribute to the gap in lottery-selected applicants successfully moving into a unit (or not) are varied and difficult to quantify
 - In these three case-study developments, 14 percent of local applicants and 2 percent of non-local applicants moved into a unit
 - The proportion of local White, non-Hispanic lessees in each of these developments is considerably greater (by a factor of between 2 and more than 5) than this population's share of the applicant pools
- Of 61 units, 48 percent went to White households, while White households were 35 percent of applicants. Asian and non-local Hispanic households also saw selection rates that exceeded their application rates.
 - 29 went to White households, of whom 27 were local
 - 11 went to Hispanic/Latinx households, of whom 7 were local
 - 11 went to Black households, of whom 6 were local
 - 8 went to Asian households, of whom 3 were local
 - 2 went to households indicating a race of "other," of whom one was local



TAKEAWAYS: LEASE-UP

There is little data that demonstrate the effect of local preference on applicants requiring disability-accessible units. Of 9 accessible units, 4 went to applicants with disabilities (2 local, 2 non-local).

Accessible Units		Lottery Applicants Requiring Disability Accommodations			Tenants				
	Units	General Pool	Local	Non-Local	Local with disability	Non-Local with disability	Local without disability	Non-Local without disability	Non-lottery lease
TRIO	5	25	16	9	2		2		1
Austin Street	2	9	4	5		2			
Hancock Estates	2	13	3	10			2		



CITY POLICY QUESTIONS

- What does Newton want the local preference policy to accomplish?
- Do you think that overall, the policy meets the City's expectations?
- What advantages do you see in keeping the policy substantially as-is?
- What are the down sides? Unintended consequences?
- Like any public policy, local preference involves costs and benefits. What are the costs? The benefits? Do the benefits outweigh the costs?

