

MEMORANDUM RE: PROPOSED ZONING ORDINANCE

February 22, 2022

**To: Zoning & Planning Comm.
Newton City Council**

**From: Peter F. Harrington
Newtonville**

This Memorandum is intended to review some of the points I would like to present as background for your decisions on a new Village Center Zoning District ordinance.

I have been following the zoning process in Newton since 1970. The guiding principles, for most changes, were: i) to provide housing for people of limited income; seniors, single moms and working families; ii) to protect the residential character of our neighborhoods, iii) preserve our villages and local businesses.

In this new century, those principles seemed to have been set aside in favor of "urbanization" of Newton. Some say that buildings in our villages are old and need to be replaced and modernized.

The single largest investment that most people make, other than a pension plan, is the purchase of their home. A great deal of thought goes into it. For some, it is a first step to another home, for many it is a decision that lasts their lifetime. People consider the type of neighborhood, the school district, local traffic, public transportation, access to play areas, access to shopping and other important matters.

A new Village Center Zoning Ordinance will bring change to our neighborhoods. Many are concerned about its impact.

Need for Business Uses: It has been an accepted precept that cities and towns needed a strong commercial segment to maintain a stable revenue plan to provide a balanced plan for tax income and municipal spending. It was believed that you cannot run a city on taxes from the homeowners; a village or a town, perhaps, but not a city.

The Legislature changed the tax laws to allow cities and towns to tax business 190% of homeowners tax rate. For example, if your home was valued at \$750,000.00 and the tax rate is \$10.50 per \$1,000.00 of value, your tax would be \$7,875.00. A commercial property valued at \$750,000.00 would be taxed at the rate of \$19.95 per \$1,000.00 for \$14,962.50.

Businesses do not use schools (60% of our budget, or \$6.30 of a \$10.50 tax rate) and have a lower demand on other municipal services. Business contribution to our taxes is an enormous help. Those who complain about business taxes say that businesses pay about \$15.00 per thousand of real estate valuation for services they don't use.

Village Economics: Historically, the village business community provided goods and services to village residents. In recent years that model has changed with the introduction of regional and national sales outlets, internet sales and home delivery of goods. Most village business property owners rely heavily on personal service businesses for tenants. The increasing cost of rent eliminates undercapitalized enterprises from starting up and places a heavy burden on the locally owned "Mom & Pop" businesses.

While new tenants will help support a local business, they will not be a determining factor for success or failure. The vibrant village is more important to the apartment developer than the apartment building is to business.

Housing Crises: There are those who say there is a housing crisis and we need more housing.

As a result of the 2010 federal census Massachusetts lost one member of congress. Since then, the Massachusetts population has risen about 5%, mostly due to immigration from abroad. However, studies show that Massachusetts is among the top five states that people are leaving.

Boston wants to expand its commercial base. Boston wants suburban communities to build new residential units to house workers for the expanding commercial base. Newton has agreed to build 8,300 such units.

The real Newton housing crises is for moderate income families earning less than \$100,000.000. The housing we are building is not designed for families earning less than \$100,000.00.

Our present plan is to build a lot of one and two bedroom apartments. Some are for low and moderate income people/ families receiving a government subsidy. The rest are sold or rented at market rate.

The first floor of the apartment building is for commercial use. It seems a good plan for the developer. The question remains, "Is it a good plan for Newton?" There is no hard evidence that the new commercial taxes will offset the municipal cost of the new residents.

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Home costs: Depending on the builder, the average cost of construction is between \$275.00 and \$300.00 per square foot. Add the cost of the land, financing costs (7 to 10%), soft costs (architect, engineer, attorney, etc.), sale cost (stamp tax, attorney & broker (6%) and profit (30%) and you have a minimum sale price that is beyond the reach of most moderate income families. A 20% down payment (a conventional mortgage requirement) for a \$750,000.00 housing unit or home is \$150,000.00. Young families do not have that much savings.

Floor Area Ratio: The application of a FAR formula appears to be a more even-handed method of regulating residential family use of land and goes a long way toward the elimination of the accusation of discrimination. A general definition is that the FAR controls the size of the house based upon the size of the lot. Problems arise when the size of the lot is too small or the size of the house is too large.

Special Permits, Waivers and exceptions: The Newton Zoning Code is replete with exceptions. If the purpose of the new proposed code is to standardize the regulation of the uses of land, there should be less opportunity to vary the standards, rather than more. The State has set up two formulas for changing of zoning requirements within a zoning district; one is a variance and the other is to allow special permits. The variance system has strict rules that are used to guide the ZBA in its decision making process. The special permit process in the zoning ordinance allows a wide latitude in the decision making process. Also, many look upon the

Newton Special Permit options as a matter of right to allow developers to redefine neighborhoods.

The plan to control the size of homes in hopes of keeping the price down is not working. Developers do not build to help the public good, they build for profit.

The hope that building more units will saturate the market and the prices will go down, is not working.

The recently approved project on Highland Ave, with units said to be 2,300 square feet, are expected to sell for 1.2 million dollars. Again, out of range for families earning less than \$100,000.00 per year.

gentrification in this study, the neighborhoods must have experienced dramatic increases in median home values, household income and college educational attainment.

Boston Globe, July 2020

A new housing plan: We may well need a new housing plan. The question is why are we building and for whom? There does not seem to be any clear decision on who is going to benefit and is the cost worth the benefit?

Section 2A of the acts of 1975 [amendment to MGL 40A], confirms municipal authority "... to encourage housing for persons of all income levels; ...".

If we want to build low income and/or affordable housing for working families, we need a new plan that encourages non-profit builders to come forward.

1. A non-profit entity can build residential units as well as, or better than, a for profit entity;
2. A non-profit entity has greater flexibility to ensure that the units remain affordable (they do not see the project as a profit center for investors; they are familiar with affordability regulations, etc.).
3. A non-profit entity can rent or sell the end product for less than a for profit entity.

Boston is the third most "intensely gentrified" city in the United States, according to a new report, behind only San Francisco, which topped the study rankings, and Denver, Colorado.

Researchers from the National Community Reinvestment Coalition, an economic justice nonprofit in Washington, D.C., examined more than 72,000 census tracts, or neighborhoods, across 940 metro areas for signs of gentrification between 2013 and 2017. The San Francisco-Oakland metro area led the list, with the highest proportion of gentrifying neighborhoods, followed by Denver, Boston, Miami, and New Orleans.

To meet the criteria for

Peter F. Harrington