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National Inclusionary Housing Survey Lessons Learned for Massachusetts



National Inclusionary Survey: Lessons Learned for Massachusetts

- Vocabulary
- Project Background
- Grounded Solutions Network Scope of Work
- Overview of National Findings
-
- Massachusetts Findings
- Lessons Learned

What is Inclusionary Housing (Zoning)?

Inclusionary zoning is a policy that was first developed in the 1970s in response to exclusionary and often racially segregated “snob zoning.” It is a popular tool for getting the **private** market to subsidize affordable housing.

- **Inclusionary housing policies** link market rate development to the creation of homes that are affordable to lower-income households
Generally codified in the locality’s zoning ordinance



What are Inclusionary Housing “Units”?

1. Inclusionary Housing Units are **HOMES** for Eligible Households and Families
2. Inclusionary Housing units **can** be counted on the Subsidized Housing Inventory (SHI) **if** they approved as Local Action Units (LAUs) through Department of Housing and Community Development (DHCD)’s Local Initiative Program (LIP)



What are Local Action Units (LAUs)?

- ▶ DHCD Approved LIP/LAU Application
- ▶ LIP Design and Construction Standards
- ▶ Household Income/ Asset Limits
- ▶ Cost Limitations
- ▶ Subject to approved AFHMP
- ▶ Subject to Regulatory Agreement/Deed Restriction
- ▶ Ongoing Monitoring



Grounded Solutions Survey: 2016-2017

Prevalence, Impact & Practices of Inclusionary Housing Programs

Emily Thaden & Vince Wang | December 14, 2017



2018-2019 IH Survey Questions

Applicability

Project Size

Town-wide or Specific to a District

Affordability Requirement (Uniform vs. Variable)

Mandatory vs. Voluntary

Density Bonus (extra units, zoning relief, fees)

Off-Site vs. No Off-Site

Payment in Lieu vs. No Payment in Lieu

Affordability Term (30 years-perpetuity)

Affordability Levels (30% AMI, 50% AMI, 80% AMI)

Resale Conditions

Number of units created



2018- 2019 National Survey Findings



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- **1017 inclusionary housing programs**
- **733 jurisdictions in 31 states**
- **Start in 1970s, peak 2000-2010**
- **125,000 units created, 1.7 billion in fees**
- **IH units \geq LIHTC units in over 50% of jurisdictions**
- **3/4 of all IH *programs* located in NJ, MA and CA**

2018- 2019 National Survey Findings



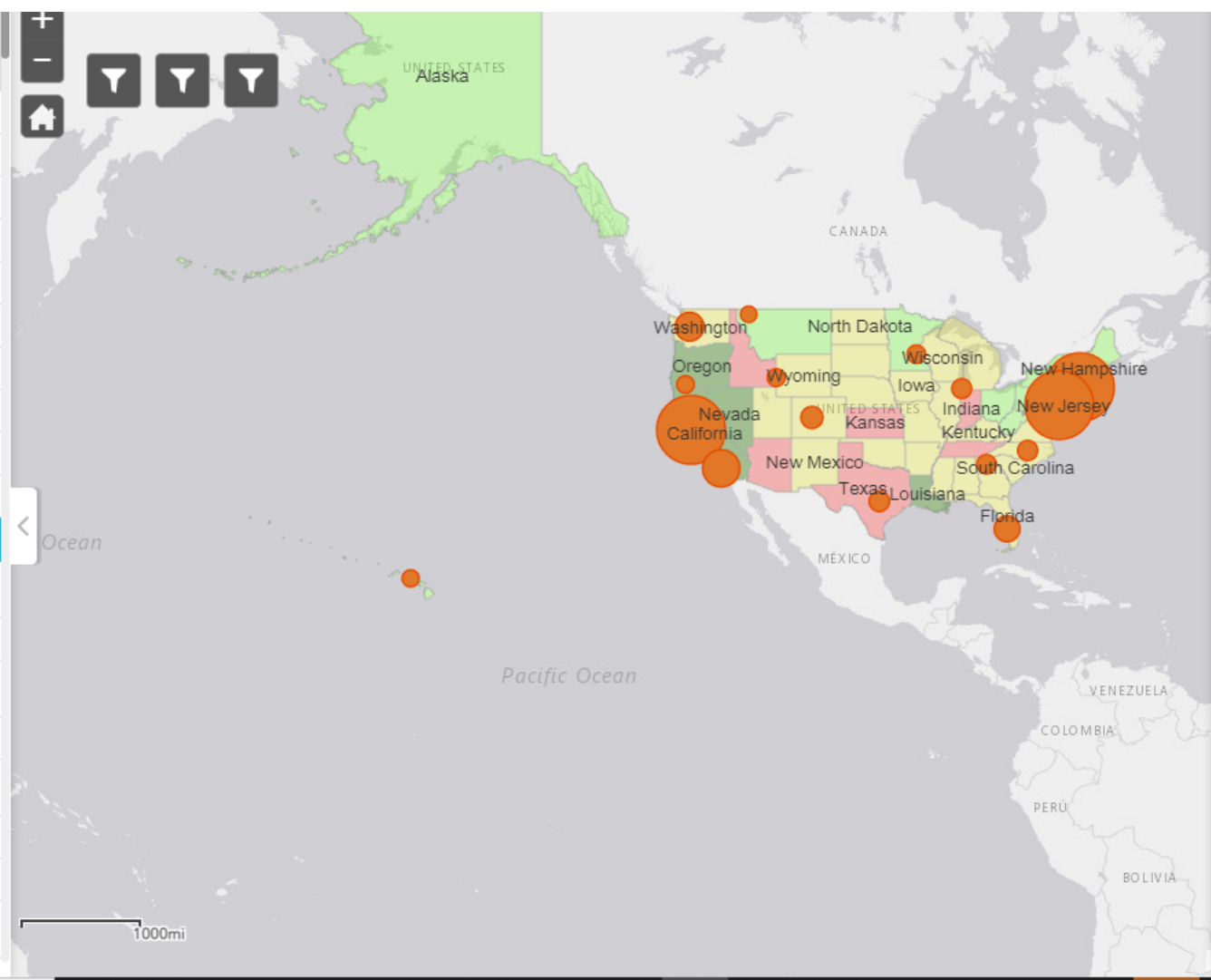
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- **67% “traditional”, 33% linkage (NJ and CA)**
- **65% mandatory vs. voluntary**
- **57% provide some form of incentives**
- **62% triggered by min. project size of 2-10**
- **1/3 required 20% affordable; 1/3 variable**
- **61% have single-income targeting**
- **98% have affordability term of at least 30 years**

Programs by State 1,030

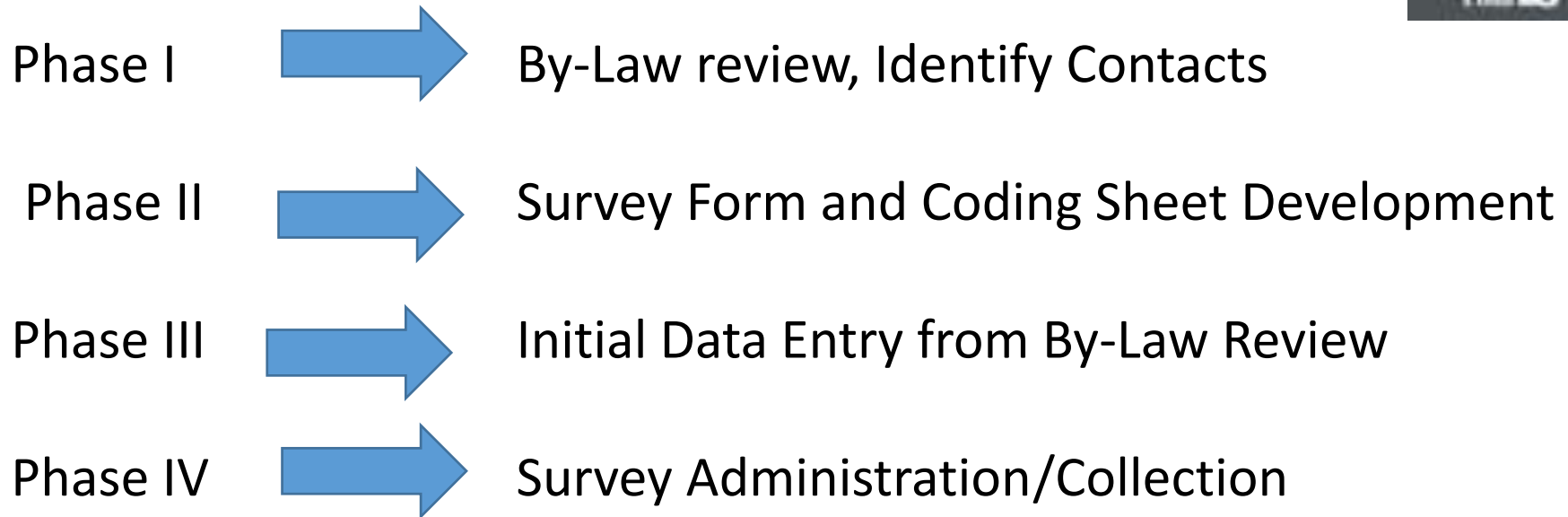
CA	230
CO	17
CT	23
D.C.	2
DE	4
FL	30
GA	5
HI	3
IA	1
IL	8
MA	236

- City of Amesbury, MA: Section V.E Affordable Housing Regulations
- City of Amesbury, MA: Smart Growth Overlay District
- City of Attleboro, MA: Section 17-10.6 Open Space Residential Development- Affordable Housing
- City of Beverly, MA: Article 15 Affordable Housing
- City of Beverly, MA: Chapter 315 Inclusionary Housing Regulations
- City of Boston, MA: Inclusionary Development Policy
- City of Boston, MA: Linkage Program
- City of Brockton, MA: Section 27-157 Thatcher Street Smart Growth Overlay District



<https://gsn.maps.arcgis.com/apps/webappviewer/index.html?id=83f6a5aee35a4788844db4b7aef3cbb5>

MHP MA Scope of Work 2018-2019



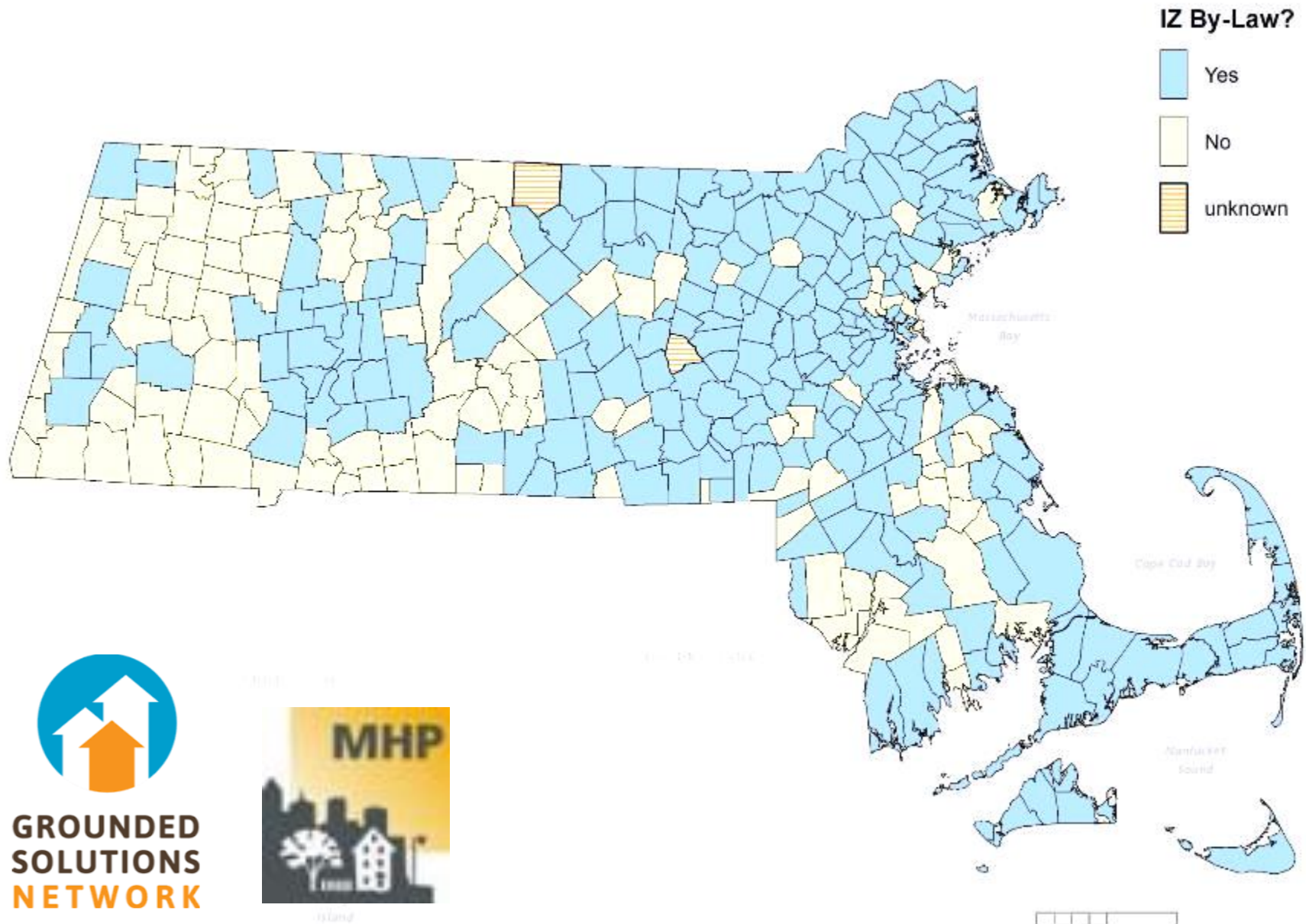
- *Survey forms were pre-filled based on by-law review.*
- *Responses were self reported by respondent*
- *Responses uploaded to final coding sheet via Salesforce*

Special Challenges in Massachusetts

- Number of jurisdictions
- Variety of size and capacity
- Variety of IZ provisions
- 40B vs. 40R



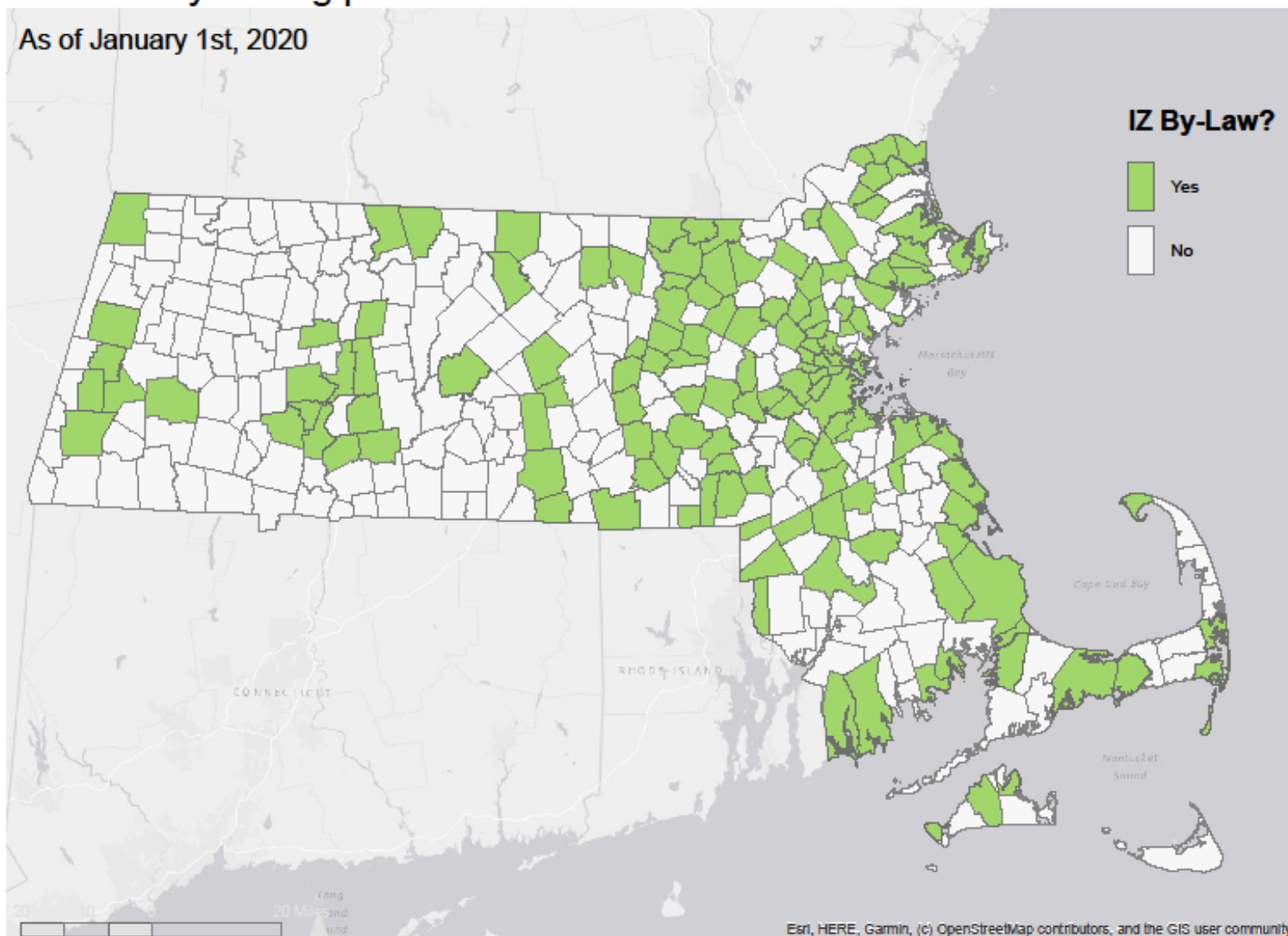
Findings: Literature Review



Survey Findings: 225 IZ Provisions in 140 Communities

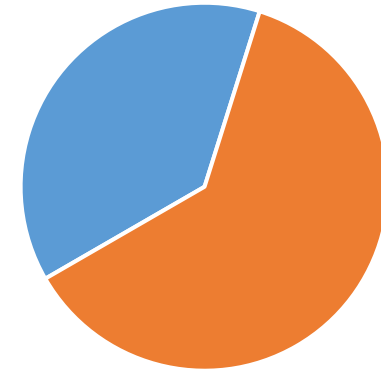
Massachusetts communities reporting to have one or more
Inclusionary Zoning provisions

As of January 1st, 2020



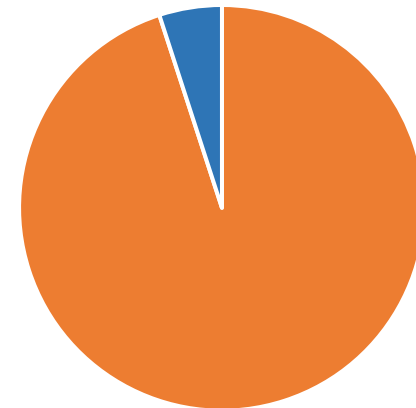
Program Characteristics

Entire Municipality vs. District/Type



■ Muni-wide ■ District/Type

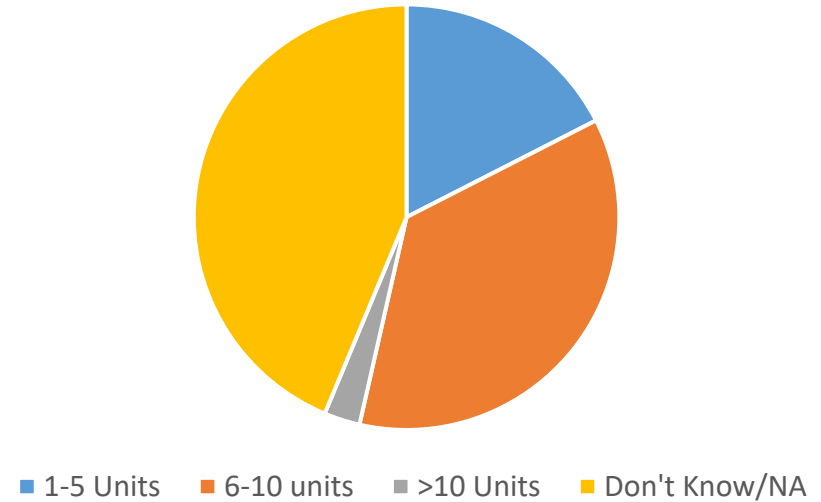
SHI vs. Not SHI Eligible



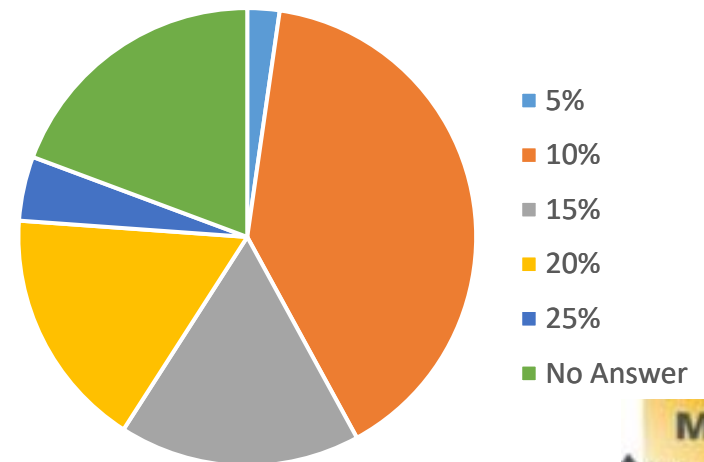
■ SHI ■ Not SHI

Program Characteristics

Project Size Threshold



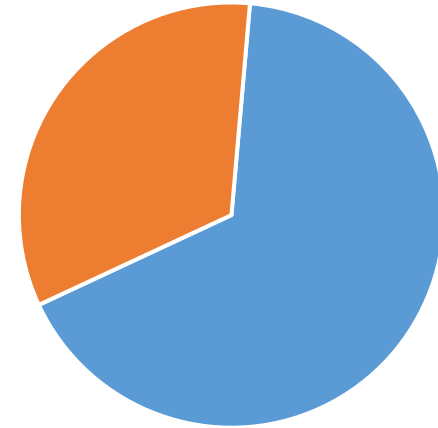
Required Affordability



Program Characteristics

2/3 Mandatory, 1/3 Voluntary

*Did not take into account Special Permit Requirement



■ Voluntary ■ Mandatory

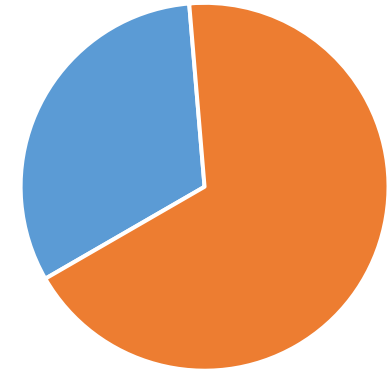
Density Bonus vs. No Density Bonus?



■ Density Bonus ■ No Density Bonus

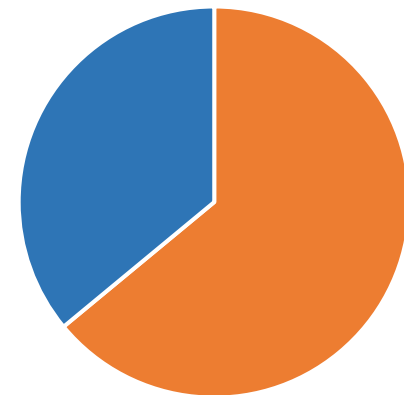
Program Characteristics

Allow Off-Site vs. Don't Allow Off Site



■ Allowed ■ Not Allowed

Payment in Lieu?



■ No PIL ■ PIL Allowed



Findings-Massachusetts

- 140 Municipalities , 225 “Programs”
- 2nd highest number of IZ programs (Between NJ and CA)
- 60% of Communities with some form of IZ have not created any affordable units. (Compare with 12.2% nationally)
- 9500 Units Created (self reported as of 2019)
- 55% units in 3 communities --Boston (2600), Cambridge (1310) and Watertown (1240)



Findings-Massachusetts

Municipality	# Housing Units	Population	#IZ Units	IZ Units/Total Units	Year Adpt.
Watertown	16381	31,105	1240	7.57%	1989
North Reading	5684	15624	406	7.14%	2006
Salisbury	4923	9209	235	4.77%	2005
Westwood	5869	15863	253	4.31%	2006
BOSTON	289,763	679,413	2600	.9%	2000

“IH programs vary widely in program design”

“While characteristics of IH programs are believed to be tied to program impact, scholars disagree on what program types are most likely to be successful.”

“IH programs more likely to be developed in stronger housing markets, and depend on local market dynamics, state policy framework, and the existence of regional forces...”

“While state mandates are certainly helpful to wide adoption of local IH programs, programs are more productive if they are designed in ways that address local affordable housing needs.”

Lessons Learned

IZ only creates affordable units where created where units are being created;

IZ works best when tailored to a specific community or district, and regularly updated in response to local conditions;

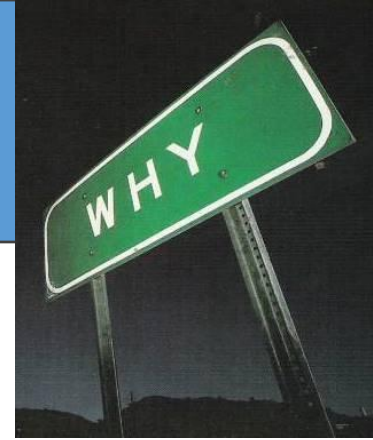
IZ works for a municipality when it is feasible for developers;

IZ works best when communities identify in advance who will be in charge of monitoring, tracking and compliance;

IZ is a very useful tool, but is extremely unlikely to “stop” 40B.



You Gotta Ask....



Why does your community want to adopt Inclusionary Zoning?

Why isn't your current land use regulatory structure addressing these issues?

How can you use the recently enacted Housing Choice provisions to further these objectives?

