Inclusionary Zoning

A Tool For Affordable Housing Progress

March 11, 2016

Carlisle Housing Authority

Leading responsible projects to maintain Carlisle's semi-rural character and increase affordable living options

- We seek to initiate and coordinate projects with the potential to create a significant number of affordable units that are sympathetic both with the design character of the town and responsible land stewardship.

What is Inclusionary Zoning?

- A means of accumulating more Affordable Housing units or funds for developing Affordable Housing from developers of subdivisions of a certain number of homes (e.g. 6 or more)

- Another tool to support development of town-sponsored Affordable Housing projects that will help diversify our housing stock and aid the long-term preservation of the semi-rural character of the Town

Inclusionary Zoning Benefits

- Helps maintain ground vs. the state's 10% Chapter 40B Subsidized Housing Inventory goal.
- Results in either additional Affordable homes or "in lieu" payments to the Carlisle Affordable Housing Trust
- Could reduce reliance on undesignated Community Preservation Act funds for Housing, which frees up more for other Town priorities such as
  - Conservation
  - Recreation
  - Historic preservation

Advances Developmental Partnership Opportunities

In addition to helping fund Affordable Housing on Town land, funds could also be used to work with potential 40B developers to create projects that will be profitable for them, and allow us to earn “safe harbor” from unfriendly 40B’s for up to 2 years, avoiding these problems:

~~Unfriendly 40B’s~~

- Undermining neighborhoods and town character
- Threatening water resources, schools, traffic, finances
- Stressing Town officials and Treasury
- Personal legal costs incurred by abutters & neighbors

What's the burden for a Developer?

Example:

Developer has a 12 acre parcel, wants to build 6 single family homes, marketable at approx. $1.5M each

- **Option 1: Build one affordable unit**
  - Lost profit on affordable home vs. market rate

- **Option 2: Payment in lieu**

  ex. developer contributes ~$210k to Affordable Housing Trust
  - Based on housing affordability at 80% of AMI (for example); 30% of income available for housing cost
  - Deductible expense to developer
  - Approx. ~$42k per market rate house (2.8% of sale price)

No cap on profit % for subdivision

How does it work in practice?

- All Planning Board subdivision permits for units above the IZ Bylaw threshold would condition the developer to either include affordable housing or provide payment in lieu for use in developing housing elsewhere in the Town
- Planning Board permitting standards would not be loosened
- Selectmen determine payment in lieu amounts
- “In lieu” payments go directly to the Affordable Housing Trust Fund
- Affordable homes (if chosen) are generally built alongside market-rate units in a development/subdivision
- Affordable ownership homes must be sold via a state-approved Fair Housing Marketing Plan. Sales are deed-restricted to keep units affordable in future sales.

Carlisle Snapshot: Impact of housing developments with six or more homes on Affordable Housing progress since 2010

Year	Affordable Housing development	Homes built in subdivisions/ developments with 6 or more homes.
2010	26 (Benfield Farms)	10
2011		5
2012		3
2013		11
2014		5
2015		5
2016	9 (group home)	2
2017	5 (group home)	16+ (Garrison Place/Russell Street)
Total	**40 units on the SHI**	**57 (x10% affordable housing impact = 6)**

The 57 units built in developments with six or more units between 2010-2017 will require an additional 6 affordable units on Carlisle's SHI in 2020. The effect is that Benfield Farms and the group homes, with 40 units, only added a net of 34 units.

Carlisle Comparables with IZ

Town	Year	Subdivision trigger	Payment in Lieu?	Amount	Satisfied with IZ?
Lincoln	2005	6 homes, 1 affordable home per 10, over 30 homes, 15%	Yes, land donations also accepted.	16 AH units; $500,000 pmts in lieu to Affordable Housing Trust	Yes, has not been a problem.
Stow	2003	10% affordable homes for developments with over 6 homes, incl. over 55 developments	Yes, negotiated with formula (3x Area Median Income for family of four).	0 AH units; $290,000 pmts in lieu to Affordable Housing Trust	Yes, permitting does not take any longer than traditional subdivision – “developers know what to expect.”

IZ examples in Groton, Mass.

Academy Heights subdivision

Deerhaven subdivision

Summary of Benefits

- Obtain additional Affordable Housing or “in lieu” funds for future Affordable Housing development
- Minimize lost ground from non-affordable development
- Maintains Planning Board control over subdivisions and IZ compliance

Thank you for attending today!