

Project Overview

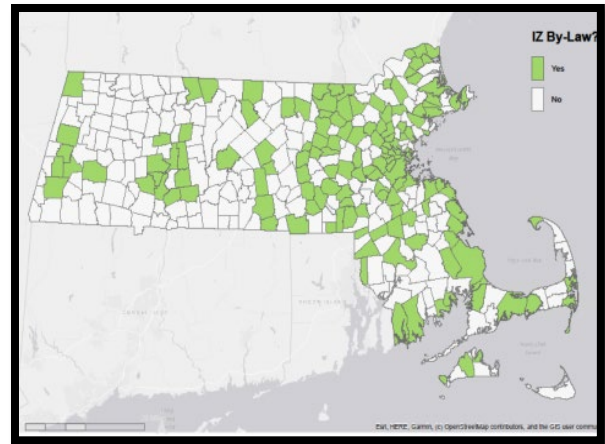
Inclusionary zoning by-laws and ordinances (IZ) tie the creation of affordable housing units to the development of private, market-rate housing. Local jurisdictions across the United States have adopted some form of IZ as one way to build their inventory of affordable housing. In Massachusetts, eligible affordable homes created through IZ can be added to a municipality’s Subsidized Housing Inventory (SHI).¹

Throughout 2018-2019, staff from MHP served as the Massachusetts field team for a national survey of inclusionary housing policies lead by [Grounded Solutions Network](#) (GSN).² Participation in the project provided us with an unique opportunity to identify, with a good level of accuracy, every municipality with some form of inclusionary zoning, and to analyze and compare the characteristics of IZ provisions from cities and towns across the State.

Data collection was challenging due to wide variations in the structure and content of zoning regulations from municipality to municipality. Additionally, the quality of survey data, which was self-reported by each municipality, revealed wide differences in local capacity, with “Don’t know” representing a significant percentage of responses to each question. Challenges aside, the project allowed us to identify broad trends—for example, approximately 50% of documented IZ provisions offer some form of density bonus, but only 30% of documented communities allow a payment in lieu (PIL). More importantly, we gained valuable insights about why some IZ provisions “worked” in terms of creating affordable units, and others did not.

¹ Inclusionary housing units may be added to a municipality’s SHI as Local Action Units (LAU’s) created through the Department of Housing and Community Development’s Local Initiative Program (LIP). For more information on Local Action Units, and how and how to get them and keep them on the SHI, see MHP’s [Local Action Units Guide](#).

² For details on the survey process; state-by-state results, and national IZ findings and trends, see [GSN National Survey of Inclusionary Housing Policies](#).



Municipalities reporting some form of IZ³

IZ Survey Questions

- Applicability
 - Project Size Threshold
 - 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



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)



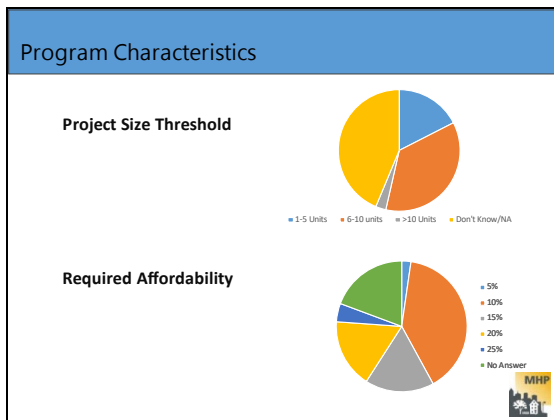
³ The project identified 140 municipalities with one or more IZ provision as of the end of 2019. We estimate that at least 10 additional communities adopted IZ provision during 2020-2022.

Program Characteristics

The survey documented a variety of IZ program characteristics, allowing us to identify some broad trends in bylaw/ordinance structure. Nearly all (95%) of IZ provisions we looked at required that resulting affordable units be eligible for the state's Subsidized Housing Inventory. Approximately 1/3 (33%) of IZ by-Laws applied to all new development city or town-wide, as opposed to 66% that applied to only one district. Additionally,

- 2/3 mandatory, and 1/3 voluntary
- 1/2 provided for a density bonus
- 1/3 allowed for a "Payment in Lieu" (PIL)
- 1/3 allowed "off-site" affordable units

Other survey questions were less binary. In terms of project threshold, for example, 16% of IZ provisions kicked in for projects between 1-5 units in size; 33% at 6-10 units, and 2.5% for projects larger than 10 units. The response provided for 40% or all provisions as "Don't know." As to the affordability requirement, more than 1/3 of all by-law provisions reviewed had a 10% affordability requirement. A smaller number of by-laws and ordinances required 15% and 20% affordability (roughly 12% each), with a fraction requiring 5% affordability or, on the other end, 25%.



Measuring Effectiveness

Survey participants were asked to estimate the number of affordable units created as a direct result of the specific IZ provisions included in their zoning by-law /ordinance. As noted, the most common

response was "don't know," suggesting a troubling lack of follow up and ongoing monitoring by municipalities after IZ adoption. In summary, however, larger municipalities with more competitive markets tended to report a much higher level of production. The date that a community adopted IZ would also obviously have an impact on the number of units created. Unfortunately, majority of cities and towns (60%) have not produced a single affordable unit.

Conclusion

MHP's participation in the Massachusetts portion of the GSN IZ survey provided a wealth of information about the characteristics of IZ provisions in use across the state. It has enhanced our ability to assist communities interested in adopting IZ with information and resources including an [Inclusionary Zoning Worksheet](#). Equally important, it has confirmed our belief that there is no "one-size fits all" example of a model by-law/ordinance guaranteed to result in the creation of a significant number of affordable units. That said, it has allowed us to identify some very basic takeaways:

-Adopting IZ unlikely to generate the volume of affordable units necessary to "stop" 40B or trigger a safe harbor threshold.

-IZ only results in the creation of affordable housing in communities where a significant amount of housing is being proposed, permitted and developed

-IZ works best when tailored to a specific community or district

-IZ only results in production if it is feasible for developers

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

-IZ provisions should be regularly updated in response to changing market conditions.

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