

City of Salem

In the year Two Thousand and Twenty

An Ordinance to amend an ordinance relative to accessory dwelling units.

Be it ordained by the City Council of the City of Salem, as follows:

Section 1. The City of Salem Zoning Ordinance Section 3.1 Table of Principal and Accessory Use Regulations is hereby amended by deleting the “Accessory Living Area” Accessory Use in its entirety and inserting an “Accessory Dwelling Unit” Accessory Use in the RC, R1, R2 and R3 zoning districts as follows:

E. ACCESSORY USES	RC	R1	R2	R3	B1	B2	B4	B5	I	BPD	NRCC
Accessory Dwelling Unit	Y	Y	Y	Y	N	N	N	N	N	N	-

Section 2. This Ordinance shall take effect as provided by City Charter.

In City Council February 13, 2020

Referred to the Planning Board to hold a Joint Public Hearing

ATTEST:

ILENE SIMONS
CITY CLERK



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

Office of the Mayor

February 13, 2020

Honorable Salem City Council
Salem City Hall
Salem, MA 01970

Ladies and Gentlemen of the Council:

The enclosed Ordinance is intended to accompany the accessory dwelling unit (ADU) Ordinance submitted to you under separate cover.

This Ordinance is necessary to update the Zoning table to reflect the changes proposed in the ADU Ordinance. I recommend both this Ordinance and the ADU Ordinance be advanced concurrently and adopted.

Sincerely,

Kimberley Driscoll
Mayor
City of Salem

City of Salem

In the year Two Thousand and Twenty

An Ordinance to amend an ordinance relative to accessory dwelling units.

Be it Ordained by the City Council of the City of Salem, as follows:

Section 1. The Salem Zoning Ordinance Section 10 Definitions is hereby amended by deleting the definition “Accessory Living Area” in its entirety and inserting the definition “Accessory Dwelling Unit” as follows:

“Accessory dwelling unit: A housekeeping unit, with its own sleeping, cooking and sanitary facilities, located within a principal dwelling that is subordinate in size to the principal unit(s), separated from it in a manner which maintains the appearance of the principal unit(s), and allowed pursuant to Section 3.2.8 of this ordinance”

Section 2. The Salem Zoning Ordinance Section 3.2.4 Accessory Buildings and Structures is hereby amended by deleting paragraphs numbered 4 and 5 in their entirety and replacing them with the following:

“4. Unattached accessory dwelling units shall comply with all setbacks of the principal structure, as set forth in Section 4.1 of this ordinance (Dimensional Requirements).

5. Accessory structures, garages and unattached accessory dwelling units shall not exceed one-half (1.5) stories or eighteen (18) feet in height.”

Section 3. The Salem Zoning Ordinance Section 3.2.8 Accessory Dwelling Areas is hereby amended by deleting this Section in its entirety and replacing it with the following:

“3.2.8 Accessory Dwelling Units. Accessory Dwelling Units shall be allowed as provided set forth in this section.

1. Purpose.

- A. To add rental units to the housing stock to meet the needs of smaller households and make housing units available to households who might otherwise have difficulty finding housing.
- B. To encourage the efficient use of the city's housing supply while preserving the character of the city's neighborhoods.

- C. To maximize privacy, dignity, and independent living among family members preserving domestic family bonds as well as to protect the stability, property values, and the residential character of the neighborhood.
- D. To permit the owner of an existing, or a proposed, detached dwelling to construct one additional dwelling unit. Such a use is incidental and subordinate to the principal dwelling.
- E. To increase the supply of housing and the diversity of housing options, in response to demographic changes such as smaller households and older households.

2. Procedure.

- A. The Building Inspector shall administer and enforce the provisions of this section unless a Special Permit is required then the Zoning Board of Appeals shall be the Special Permit Granting Authority.
- B. When a waiver is required, a Building Permit shall not be issued until a Special Permit has been granted and duly recorded.

3. Application

- A. The Application for the Special Permit and/or Building Permit, if required, shall:
 - 1. Be signed by one hundred (100) percent of the record title ownership interest of the principal dwelling and shall include a copy of the deed.
 - 2. Include a floor plan of the accessory dwelling unit, the principal dwelling where it is to be located and all elevations. All plans shall be drawn to scale and identify the existing structure and proposed modifications to create the accessory dwelling unit.

4. Requirements.

- A. The minimum parking required for the principal dwelling pursuant to Section 5.1 of this ordinance shall not count as off-street parking for the accessory dwelling unit. The accessory dwelling unit shall have one (1) dedicated off-street parking space unless otherwise waived pursuant to sub-section 6 of Section 3.2.8.
- B. There shall not be a net loss in the caliper of private trees on the lot in which the accessory dwelling unit will be located unless otherwise waived pursuant to sub-section 6 of Section 3.2.8.
- C. The accessory dwelling unit shall not contain less than 350 square feet of habitable space.
- D. The accessory dwelling unit shall not contain in excess of 800 square feet of gross space, unless otherwise waived pursuant to sub-section 6 of Section 3.2.8.
- E. No more than one (1) accessory dwelling unit shall be located upon a single lot.
- F. An accessory dwelling unit shall not be permitted in a building with five (5) or more units.

- G. At least one (1) owner of the residence in which the accessory dwelling unit is created shall reside in one (1) of the dwelling units as a principal place of residence. For the purpose of this section, the “owner” shall be one or more individuals who hold title to the property and for whom the dwelling is the primary residence as evidenced by voter registration, tax return or other documentation demonstrating primary residence...
 - H. Electricity, water and gas shall be provided by a single service to both the accessory dwelling unit and the principal dwelling.
 - I. The accessory dwelling unit may not be sold or transferred separate and apart from the principal dwelling to which it is an accessory use. The principal dwelling and the accessory dwelling unit shall remain in common or single ownership and shall not be severed in ownership.
 - J. Entry shall be located through existing entry or on the back or side of the main dwelling.
 - K. Egress access shall be located on the side or rear of the building so that visibility from public ways is minimized.
 - L. The accessory dwelling unit shall not contain more than two (2) bedrooms.
 - M. The accessory dwelling unit shall be clearly subordinate in use, size and design to the principal dwelling.
 - N. The accessory dwelling unit must be capable of being discontinued as a separate dwelling unit without demolition of any structural component of the principal dwelling.
 - O. There shall be no occupancy of the accessory dwelling unit until the Building Inspector has issued a certificate of occupancy that the principal dwelling and accessory dwelling unit shall be in compliance with all applicable health and building codes.
 - P. The Building Permit shall be revoked upon determination by the Building Inspector that any condition imposed by Section 3.2.8 and/or special permit conditions has not been fulfilled.
 - Q. By filing the Application for a Special Permit or Building Permit for an accessory dwelling unit, all owners consent to an inspection without a warrant upon reasonable notice by the Building Inspector to ensure compliance with all terms of this section and conditions imposed upon the grant of the Special Permit.
 - R. Short term rentals, as defined in Salem Code of Ordinances Chapter 15, are prohibited in the accessory living unit.
 - S. The accessory living unit shall obtain certificate of fitness subject to the provisions of Section 2-705 of the City of Salem Code of Ordinances.
5. Special Permit. A Special Permit shall be required to use an existing accessory structure that does not comply with Section 4.1 (Table of Dimensional Requirements) as an accessory dwelling unit.
6. Waivers. Upon the request of the Applicant, the Zoning Board of Appeals may grant a Special Permit pursuant to Section 9.4 to waive the following requirements in the interests of design

flexibility and overall project quality, and upon a finding of consistency of such variation with the overall purpose and objectives of the accessory dwelling unit ordinance.

A. Notwithstanding anything to the contrary herein, the minimum required amount of parking may be waived if the Zoning Board of Appeals finds it is impractical to meet the parking standards and that such waivers are appropriate by reason that it will not result in or worsen parking problems in or in proximity to the Project, and upon demonstration to the reasonable satisfaction of the Zoning Board of Appeals that a lesser amount of parking will provide positive environmental or other benefits, taking into consideration:

1. The availability of surplus off-street parking in the vicinity of the use being served
2. The proximity to public transportation;
3. The availability of public or commercial parking facilities in the vicinity of the accessory dwelling unit;
4. The impact of the parking requirement on the physical environment of the affected lot or the adjacent lots including reduction in green space, destruction of significant existing trees and other vegetation, destruction of existing dwelling units, or loss of pedestrian amenities along public ways; and
5. Such other factors as may be considered by the Zoning Board of Appeals.

B. The Zoning Board of Appeals may grant a waiver to allow a net loss in the caliper of trees on a lot that has no more than three units and on which the accessory dwelling unit will be located, taking into consideration the species of the tree, health of the tree, whether a replacement tree will be planted on another property or if a contribution to a tree replacement fund will be provided.

C. The Zoning Board of Appeals may grant a waiver to allow the accessory dwelling unit to exceed 800 gross square feet, up to a maximum of 1,000 gross square feet, taking into consideration peculiarities of the layout of the primary dwelling.

7. Termination.

A. The accessory living unit use shall terminate immediately upon any violation of any term or condition of this ordinance or of the Special Permit that the owner fails to cure, upon two (2) weeks written notice mailed to the applicant and to the occupants at the dwelling address by certified mail, return receipt requested.

B. Duty of Owner Upon Termination include:

- a. The owner shall discontinue the use of the accessory dwelling unit as a separate dwelling unit.
- b. The kitchen facilities of the accessory dwelling unit shall be removed unless determined by the Building Inspector to be incidental and subordinate as an accessory use of the principal dwelling.
- c. Any additional exterior entrance constructed to provide access to the accessory dwelling unit shall be permanently closed, unless the Building

Inspector provides a waiver. The owner shall permit an inspection by the Building Inspector without a warrant.

8. Severability. All the clauses of this ordinance are distinct and severable, and if any clause shall be deemed illegal, void, or unenforceable, it shall not affect the validity, legality, or enforceability of any other clause or portion of this bylaw.”

Section 2. This Ordinance shall take effect as provided by City Charter.

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ATTEST:

ILENE SIMONS
CITY CLERK



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

Office of the Mayor

February 13, 2020

Honorable Salem City Council
Salem City Hall
Salem, MA 01970

Ladies and Gentlemen of the Council:

As you know, seniors and young people alike are being priced out of Salem. With that in mind, we have collectively been working to create policies that will facilitate more housing options in our community and, in particular, for residents struggling to meet fast rising rents and home sales prices. Attached please find a revised Accessory Dwelling Unit (ADU) Ordinance that is designed to lift some of the barriers to creating new housing options for seniors and others in our community. This proposal is different than the measure considered by the City Council last year in a number of respects, but most substantially in that it is accompanied by two measures to encourage affordability in ADU rents. Additional details about these measures are below.

As you may be aware, our current ADU Ordinance limits these units' occupancy by a family member or caregiver only. Once that individual is no longer living there, the unit must be dismantled. This requirement is very limiting and thus far, very few ADU units have been created in Salem. Accessory dwelling units (ADUs), sometimes called in-law apartments, have a tremendous potential to increase the availability of affordable housing for Salem residents. Not having an adequate supply of these types of rental opportunities places a burden on residents.

ADUs also offer an opportunity for homeowners to gain a rental income stream that can assist with housing costs in our City. That boost in income can help a young family buy their first home or make it feasible for a Salem senior on a fixed income to stay in their home and remain here in Salem. ADUs can accomplish this without requiring substantial new buildings or additions to traffic and infrastructure.

A summary of the changes proposed to the Ordinance is outlined in the table below.

CRITERIA	CURRENT ORDINANCE	PROPOSED ORDINANCE	
Zoning District	R1	Allow in RC, R1, R2, and R3	
Tenant Restriction	Family member or caregiver	Anyone	
Inspections	Annual certification and inspection; \$75 to maintain annually.	Subject to Sec. 2-705 (Certificate of Fitness of rented dwelling unit): <ul style="list-style-type: none"> • Inspection required every 3 years. • Inspection required for change in tenancy. • \$50 inspection fee. 	
Termination	Two years from date of special permit if the use has not commenced, on change of owner, or on violation of any term of condition of the special permit.	Upon violation of any term of the ordinance, e.g. renting as a short-term rental, or not complying with the certificate of fitness requirements).	
Short Term Rentals	N/A (due to tenant restrictions).	Not allowed; amends Sec. 15-4 of the Code of Ordinances to include ADUs.	
Allowed by right (meaning no special permit is needed, however a building permit is still required)	No.	<u>Yes if:</u> <ul style="list-style-type: none"> • 1 onsite parking spaces. • No net loss of trees (measured in caliper size). • If new construction is proposed, complies with dimensional standards. • ADU does not exceed 800 gross square feet. 	<u>Special Permit from the Zoning Board of Appeals (ZBA) if:</u> <ul style="list-style-type: none"> • no onsite parking space. • Net loss of trees (measured in caliper size). • If new construction is proposed and it does not comply with the dimensional standards. • ADU exceeds 800 gross square feet.

Under the proposed Ordinance ADUs would only be possible in buildings with four or fewer units and no more than one ADU is allowed on any one property. The ADU must be smaller than the primary home and cannot be more than two bedrooms. The owner of the primary home must live on the property – either in the ADU or the house and the ADU cannot be sold separately from the primary home. In addition, to further protect the surrounding neighborhood, no net loss of tree caliper is allowed, nor is the unit permitted to have a new front door. Furthermore, the ADU cannot exceed 18 feet in height and must comply with the same setbacks as the home.

ADUs, as smaller units, are typically lower rent by nature, however the two measures included with this zoning Ordinance – a tax incentive and a City loan program – even further encourage homeowners to make their in-law apartments affordable to rent.

ADU Property Tax Exemption

The enclosed Order submits a special act to the legislature to allow for the City to offer a property tax exemption for homeowners with ADUs if they offer their ADU at an affordable rent. The exemption must be applied for each year that the owner seeks to receive it, and the application must be accompanied by a copy of the lease and proof that the tenant does not earn more than the following per year (set at 60% of Area Median Income, based on U.S. Department of Housing and Urban Development for 2019):

1 person	2 people	3 people
\$49,800	\$56,880	\$64,020

To receive the property tax exemption, the homeowner cannot charge rent (including utilities) that exceeds the following per month:

1 person	2 people	3 people
\$1,245	\$1,333	\$1,600

ADU Loan Program

Through this program a homeowner may apply for an ADU Loan from the City of Salem to construct a compliant ADU. In order to qualify for the loan, the tenant income and maximum rental amounts must be the same as those outlined above in order to qualify for the property tax exemption. Other communities have successfully utilized ADU Loans to encourage affordability and Salem's program would build on their successes. For example, in Boston a homeowner who receives such a loan makes no monthly payments, however the loan becomes due if the homeowner sells, transfers ownership, or undertake a cash-out refinance of the home. Lincoln provides an interest-free loan of \$25,000 through their Affordable Accessory Apartment Program, which is forgiven if the accessory unit has been on the Subsidized Housing Inventory for a period of ten years.

These two steps ensure that ADUs can contribute to our affordability needs in a meaningful way and directly address concerns raised last year that ADUs could become simply additional market-rate housing units. With both the property tax exemption incentive and the ADU Loan Program offering, we are confident that in-law apartments can accomplish the goal of providing more affordable housing in Salem, without requiring new buildings to be constructed, but while contributing to the income streams for Salem homeowners, including seniors.

We look forward to continuing this discussion at the joint public hearing with the Planning Board, which is the next step for this Ordinance. Thank you for your shared commitment to proactively address the growing housing affordability challenge in our community.

Sincerely,

Kimberley Driscoll
Mayor

Domingo Dominguez
Councillor-at-Large

Ty Hapworth
Councillor-at-Large

Christine Madore
Ward 2 Councillor

Robert McCarthy
Ward 1 Councillor

Patricia Morsillo
Ward 3 Councillor

Conrad Prosniewski
Councillor-at-Large

Megan Riccardi
Ward 6 Councillor

Josh Turiel
Ward 5 Councillor

Proposed Accessory Dwelling Unit Ordinance



Internal



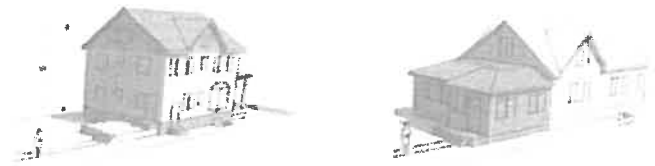
Attached



Detached

- **Location and Size Restrictions:**
 - Allowed in the RC, R1, R2, and R3 zoning districts.
 - Allowed only in buildings with 4 or fewer units.
 - Only one ADU is allowed on each property.
 - ADU must be smaller than primary home.
 - Minimum of 350 square feet (health code),
 - Maximum of 800 square feet. *(May increase the size up to 1,000 feet, if approved by the ZBA.)*
 - Cannot be more than two bedrooms.
- **Tied to the Primary Home:**
 - The owner of the primary home must live on the property, either in the primary home or the ADU.
 - ADU can never be sold separately from the primary home.
 - Utilities for ADU and primary home are on a single service (electric, gas, water and sewer).
- **Neighborhood Protection:**
 - ADU cannot be used as a short-term rental.
 - Requires one parking space, in addition to that parking required for the primary home. *(May eliminate the parking if approved by the ZBA.)*
 - No net loss caliper in trees. *(May remove a tree if it is approved by the ZBA and if the tree is replaced or a fee is paid to the City tree fund.)*
 - New front door is not allowed. Entrance must be through an existing door or the side or rear.
 - Cannot exceed 1.5 stories or 18 feet in height.
 - ADU must comply with same setbacks as the primary home.
- **Health and Safety:**
 - ADU must meet building code requirements.
 - Requires an inspection from the Health Department.

Optional programs for homeowners that require an affordable restriction



Internal

Attached

- **Tax Incentive: *Property tax exemption on the ADU***

- Annual application to City for exemption.
- Application must include a 1-year lease with a tenant that does not earn more than:

1 person	2 person	3 person
\$49,800	\$56,880	\$64,020

- Rent (including utilities) cannot exceed:

1 person	2 person	3 person
\$1,245	\$1,333	\$1,600



Detached

- **Loan Program: *Money for a homeowner to build an ADU***

- If a homeowner receives money, they are required to restrict the property as affordable (same income level and rents above).
- As an example, other communities offer a forgivable \$25,000 loan.
 - In return, the unit must be restricted as affordable for 10 years. If the homeowner removes the restriction before 10 years, they may keep \$2,500 for each year the unit was restricted as affordable.

City of Salem

In the year Two Thousand and Twenty

An Ordinance to amend the zoning ordinance by adding, “Inclusionary Housing”.

Section 1. Section 5- Regulations of the Zoning Ordinance is hereby amended by adding the following new section:

5.4 - INCLUSIONARY HOUSING

5.4.1 Purpose and Intent. The purpose of this section is to expand the City of Salem’s housing stock, especially its Affordable Housing Units; to leverage market-rate housing production towards the production of Affordable Housing Units; to provide for housing choices for households of all incomes, ages, and sizes; to increase the production of Affordable Housing Units to meet employment needs; and to establish standards and guidelines in order to implement the foregoing.

It is intended that the Affordable Housing Units that result from this section be considered as Local Action Units, in compliance with the requirements specified by the Massachusetts Department of Housing and Community Development (DHCD) Local Initiative Program.

5.4.2 Applicability.

1. This Section §5.4 applies to any subdivision or development, whether new construction, conversion, adaptive reuse or expansion of an existing structure, involving the creation of six (6) or more dwelling units. It applies to all residential dwelling types as defined by the Salem zoning ordinance with the exception of assisted living residences, nursing or convalescent homes, and other similar uses.
 - a. A subdivision or division of land shall mean any subdivision as defined in the Subdivision Control Law, G.L. c.41, §81K-81GG, or any division of land under G.L. c.41, §81P, into lots for residential use.
 - b. Developments shall not be segmented or phased to avoid compliance with this Section. “Segmentation” shall mean any development or any division of land that would cumulatively result in an increase of six or more residential lots or dwelling units above the number existing on a parcel of land or contiguous parcels in common ownership up to twenty-four months prior to the application. Where such segmentation occurs, it shall be subject to this Section.
2. This Section §5.4 does not apply to the rehabilitation, repair or reconstruction of any

building or structure, all of or substantially all of which is destroyed or damaged by fire or other casualty or a natural disaster; provided, however, no rehabilitation, repair or reconstruction shall result in a net increase of six (6) units beyond what previously existed prior to the damage or destruction thereof except in conformance with this section.

3. No special permit or site plan review for a development requiring a special permit or site plan review, and no building permit for a use permitted as of right, shall be issued for a development subject to this Section §5.4 unless the applicant provides the percentage of the total dwelling units in the development as Affordable Housing as described herein.

5.4.3 Mandatory Provision of Affordable Units.

1. Affordable Housing requirement. As a condition of development, the applicant shall contribute to the local stock of Affordable Housing Units in accordance with the following requirements:
 - a. In any development subject to this Section §5.4, ten (10) percent of the dwelling units shall be Affordable to households with incomes at or below sixty (60) percent of AMI.
 - b. Affordable units shall be made available to eligible households with incomes at or below 60% AMI at purchase prices or rents that adhere to the income limits determined by the U.S. Department of Housing and Urban Development (HUD) applicable to the City of Salem, and shall comply with the DHCD Local Initiative Program regulations.
 - c. Nothing in this Section shall preclude the applicant from providing additional Affordable units, or greater affordability, or both, than the minimum requirements.
2. Special Permit for Tiered Affordability
 - a. Purpose. Adaptive reuse of abandoned, underutilized or functionally obsolete properties as housing enables growth in established locations while preserving or restoring the architectural fabric of Salem. In the event that an adaptive reuse project in the B5 zoning district would not be feasible with the Affordable unit requirements of Section 5.4.3, the Affordability unit requirements of Section 5.4.3 may be met by a special permit from the Planning Board that would allow tiered affordability levels of the required Affordable units up to 80 percent of the area median income if all the criteria of Section 5.4.3(2) are met.
 - b. Eligibility.
 - i. The project must be located in the B5 zoning district.
 - ii. The incentives of Section 5.4.4 are not permitted if the Affordable unit requirements of Section 5.4.3 are met by a special permit.

iii. The applicant shall obtain a letter from the Salem Historical Commission that determines:

1. The building is located on the State Register of Historic Places or that the building is significant in the history, archaeology, architecture or culture of Salem.
2. The building is a minimum of 50 years old.
3. The exterior work comply with the Secretary of the Interior Standards.

iv. The applicant shall obtain a positive recommendation letter from the Affordable Housing Trust Fund Board concerning the proposed affordability tiers.

c. Criteria for a Tiered Affordability Special Permit.

i. Increasing the affordability level of any of the required Affordable units above 60 percent of the area median income is discouraged. The applicant shall demonstrate to the Affordable Housing Trust Fund Board that all other resources have been exhausted.

ii. The applicant shall provide financial pro-forma to the Affordable Housing Trust Fund Board that demonstrates the affordable unit provisions in Section 5.4.3(1) would prevent the adaptive reuse project from being financially feasible. The pro-forma shall use DHCD's Chapter 40B Guidelines for determining whether the project is "uneconomic" and related terms such as "return on total cost" and "net operating income" or other guidelines that are recognized by real estate and affordable housing industry standards that are determined to be acceptable by the Affordable Housing Trust Fund Board.

iii. The pro-forma will be peer reviewed by a third-party accountant chosen by the Affordable Housing Trust Fund Board and paid for by the applicant. The Affordable Housing Trust Fund Board shall include consideration of the criteria in Section 5.4.3(2)(c) i and ii in their recommendation letter to the Planning Board.

iv. A permanent preservation restriction mutually agreed upon between the applicant and the City of Salem Historical Commission shall be provided to the City of Salem to protect the historically significant features of the exterior of the building.

3. Fractions. When the requirement for Affordable Housing Units results in a fraction of a unit, the applicant shall have the choice to round up to the next whole number or convert the fraction of a unit to a cash payment to the Salem Affordable Housing Trust Fund. For example, a twelve-unit project would require 1.2 Affordable units (10% of 12); the last 0.2 unit may be satisfied by providing an additional unit (for a total of 2 Affordable units) or through a cash payment equivalent to 0.2 unit.

The payment shall be based on the construction cost of an average-sized unit in the development, or the construction cost of a unit of 1000 square feet, whichever is smaller. The residential construction cost per square foot shall be determined by the construction cost reported on the project's building permit application.

$$\text{Fractional payment} = \\ (\text{Required fraction of a unit}) \times (\text{Construction cost per residential square foot}) \times \\ (1000 \text{ square feet or average unit size, whichever is less})$$

For mixed-use projects or projects that include structured parking, only the residential construction cost and the residential square footage will be considered to determine the construction cost per residential square foot. For projects using historic tax credits or other historic preservation incentive, the cost of the historic credit or incentive may be subtracted from the total construction cost reported on the project's building permit application.

5.4.4 Density and Parking. Developments subject to this Section 5.4, with the exception of those obtaining a special permit pursuant to Section 5.4.3.2, may incorporate either or both of the following:

1. **Density Bonus.** Developments in compliance with the Affordable Housing requirements of this Section §5.4 are permitted an increase of 25% of the total number of units that would normally be permitted in the applicable zoning district. The Affordable Housing requirements are calculated on the total number of new units, including units created through the density bonus.
 - a. The minimum lot area per dwelling unit normally required in the applicable zoning district shall be reduced by the amount necessary to permit the additional units. This reduction of the minimum lot area per dwelling unit shall be by right for developments in compliance with the requirements of this Section §5.4.
 - b. The number of stories normally permitted in the applicable zoning district may be increased by one story provided it does not exceed the maximum height, and all yard and setback requirements normally required in the applicable zoning district may be reduced by up to 50%, with a Special Permit granted by the Planning Board. In granting a Special Permit, the Planning Board will consider the Special Permit criteria established in Section 9.4.2 and whether the permit is necessary to provide for the additional units permitted by the density bonus.
2. **Parking Reduction Special Permit.** Developments in compliance with this Section §5.4 are permitted to reduce the number of required parking spaces with a Special Permit granted by the Planning Board as follows:
 - a. In granting the Special Permit, the Planning Board will consider the criteria established in Section 9.4.2
 - b. For developments located within a half mile of the commuter rail station, the development is permitted to reduce the number of parking spaces to one parking space per dwelling unit.
 - c. For developments located further than a half mile from the commuter rail station, the development is permitted to reduce the number of parking spaces

to one parking space per dwelling unit if Transportation Demand Management (TDM) practices are incorporated, as evidenced by a Transportation Demand Management Plan to reduce demand for parking, and approved by the Planning Board as a condition of project approval. The Planning Board will assess the need for TDM measures based on site location. TDM methods to reduce parking demand on site may include but are not limited to:

- i) **Shared Parking:** To implement shared on-site parking, the applicant shall demonstrate that proposed uses are non-competing. In mixed-use developments, applicants may propose a reduction in parking requirements based on an analysis of peak demand for non-competing uses;
- ii) Use off-site parking to satisfy parking requirements;
- iii) Pay a stipend to residents without cars;
- iv) Provide a guaranteed emergency ride home;
- v) Provide transit pass subsidies;
- vi) Provide covered bicycle parking and storage;
- vii) Provide bicycle or car sharing on site;
- viii) Other means acceptable to the Planning Board.

5.4.5 Provisions Applicable to Affordable Housing Units.

1. **Location.** All Affordable Housing Units must be dispersed evenly throughout the development.
2. **Exterior design.** The exterior of Affordable Housing Units must be indistinguishable from the market-rate units in terms of design, appearance, materials, and quality of construction.
3. **Interior size and finishes.** The size and interior finishes of the Affordable Housing Units may differ from the market-rate units within the parameters described below:
 - a. Affordable Housing Units may be smaller than the market-rate dwellings, but in no event shall the gross floor area of any affordable unit be less than the minimum floor area required under the regulations or guidelines of the Local Initiative Program set forth by DHCD.
 - b. The Affordable Housing units must be supplied with the same base appliances and fixtures as the market rate units; for example, if market-rate units include a dishwasher, Affordable units must include one as well. However, the product specifications for the fixtures, appliances, and interior finishes in Affordable units may differ from those in the market-rate units, provided that such finishes and features are durable, of good quality, consistent with contemporary standards for new housing, and in compliance with the standards set forth by Local Initiative Program design and construction standards.

- c. Affordable Housing Units must be supplied with the same mechanical systems and energy efficiency features as market-rate units, including windows, insulation, plumbing, and heating and cooling systems.
 - d. The bedroom mix in the Affordable Housing Units shall be proportionate to the bedroom mix of the market-rate units.
 - e. Residents of Affordable Housing Units shall have similar access to all building and site common areas and amenities as residents of market-rate units, including but not limited to outdoor spaces, amenity spaces, storage, parking, bicycle parking facilities, and resident services.
 - f. Compliance with Section 5.4.5 shall be determined by Salem Department of Planning and Community Development staff.
4. Timing of construction of Affordable units and payment made. Affordable Housing Units must be constructed at a proportion of one (1) affordable unit for every five (5) Market Rate Units. The payment for fractional units, if applicable, shall be made before issuance of the Certificate of Occupancy.

5.4.6 Resident Selection and Marketing Plan for Affordable Units.

1. Applicants creating new Affordable Housing Units under this Section §5.4 are required to select qualified homebuyers or renters via lottery under an Affirmative Fair Housing Marketing Plan (AFHMP) prepared and submitted by the applicant and approved by the Salem Department of Planning and Community Development and DHCD as part of the Local Initiative Program. The AFHMP must include a plan to address AFHMP requirements upon resale of ownership units. The marketing plan shall comply with federal and state fair housing laws and guidelines in effect on the date of filing of the special permit or other permit application with the City of Salem. No Certificate of Occupancy for a development subject to §5.4 shall be issued unless the Salem Department of Planning and Community Development has determined that the applicant's AFHMP complies with this requirement. The affirmative marketing costs for the Affordable Housing units shall be the responsibility of the applicant.
2. If the applicant agent is unable to find an eligible homebuyer within 180 days of marketing the unit, in accordance with the AFHMP, the applicant may sell the property to a household earning up to 80% of the area median income upon approval of the Affordable Housing Trust Fund Board.

5.4.7 Preservation of Affordability. Each Affordable Housing Unit created in accordance with this Section shall have limitations governing its resale through the use of an Affordable Housing

Restriction. The purpose of these limitations is to preserve the long-term affordability of the unit and to ensure its continued availability for low- and moderate-income households.

1. As a condition of development, all Affordable Housing Units provided under this Section §5.4 shall be subject to an Affordable Housing Restriction in a form consistent with the LIP guidelines or any other applicable guidelines issued by DHCD, acceptable to the Planning Board, that ensures Affordable units can be counted toward Salem's Subsidized Housing Inventory. The Affordable Housing restriction shall run with the land and be in force in perpetuity or for the maximum period allowed by law, and be enforceable under the provisions of MGL c. 184, § 26 or §§ 31 and 32. Affordability restrictions shall be contained in applicable Affordable Housing Restrictions, regulatory agreements, deed covenants, contractual agreements, land trust arrangements and/or other mechanisms to ensure compliance with the affordability requirements of this Section.

The applicant shall be responsible for preparing and complying with any documentation that may be required by DHCD to qualify Affordable Housing Units for listing on the Chapter 40B Subsidized Housing Inventory as Local Action Units.

2. The Affordable Housing Restriction shall contain limitations on use, occupancy, resale and rents, and provide for periodic monitoring, by the City or its designee named in the deed rider as the monitoring agent, to verify compliance with and enforce said restriction. This monitoring is intended to verify that Affordable homeownership units remain owner-occupied and are resold at a price affordable to low- or moderate-income homebuyers, and that Affordable rental units are occupied by low- or moderate-income tenants at rents they can afford. The applicant is responsible for providing ongoing monitoring through an organization qualified to serve as a monitoring agent on behalf of the City.
3. The restriction shall establish that Affordable units created under the provisions of §5.4 shall remain affordable to the designated income group in perpetuity, or for as long as legally permissible, per Affordable Housing restrictions that comply with Local Initiative Program requirements as they may be amended for inclusion in the Chapter 40B Subsidized Housing Inventory and is enforceable under G.L. c. 184, § 26 or §§ 31-32.
4. The restriction shall grant the City of Salem or its designee the right of first refusal to purchase the property in the event that a subsequent qualified homebuyer cannot be located. In any and all instances Section 5.4.7(3) shall remain in effect.
5. The Affordable Housing Restriction shall provide that initial sales and rentals of Affordable Housing units and subsequent re-sales and rentals shall comply with federal, state and local fair housing laws, regulations and policies, and DHCD Local Initiative Program guidelines. For Affordable homeownership units, the procedure for resale and the responsibilities of the homeowner, the City and/or its monitoring agent, and DHCD are described in detail in DHCD's Local Initiative Program regulations.
6. The Affordable Housing Restriction shall provide that, in the event that any Affordable rental unit is converted to a condominium unit, the condominium unit shall be restricted in perpetuity as Affordable to the income level required for Affordable ownership units in Section 5.4.3.1.

7. No Certificate of Occupancy shall be issued until the applicant executes an enforceable agreement with the City and provides evidence acceptable to the Salem Department of Planning and Community Development that the agreement has been recorded at the Essex County Registry of Deeds. It is the applicant's responsibility to prepare a complete regulatory agreement, to obtain the necessary signatures and to record a fully executed agreement at the Registry of Deeds prior to the issuance of any Certificate of Occupancy (or in the case of a subdivision, lot releases).
8. For an Affordable homeownership unit, no Certificate of Occupancy shall be issued until the applicant submits documentation acceptable to the Salem Department of Planning and Community Development that an Affordable Housing deed rider has been signed by the homebuyer and recorded at the Essex County Registry of Deeds.

5.4.8 Conflict with Other Sections. The provisions of this Section §5.4 shall be considered supplemental of existing sections of this zoning ordinance. To the extent that a conflict exists between this Section §5.4 and others, the provisions of this Section §5.4 shall apply.

5.4.9 Severability. If any portion of this Section is declared to be invalid, the remainder shall continue to be in full force and effect.

Section 2. The Salem Zoning Ordinance Section 10 Definitions is hereby amended by following definitions:

Affordable Housing Restriction: A deed restriction, contract, mortgage agreement, or other legal instrument, acceptable in form and substance to the City of Salem, that effectively restricts occupancy of an affordable housing unit to qualified purchaser or qualified renter, and which provides for administration, monitoring and enforcement of the restriction during the term of affordability. An affordable housing restriction shall run with the land in perpetuity or for the maximum period of time allowed by law, and be enforceable under the provisions of Chapter 184, Sections 26 or 31-32 of the Massachusetts General Laws.

Affordable Housing Unit: A dwelling unit that is affordable to and occupied by a low- or moderate-income household and meets the requirements of the Massachusetts Department of Housing and Community Development, Local Initiative Program, for inclusion on the Chapter 40B Subsidized Housing Inventory.

Area Median Income: The median income for households within the metropolitan area that includes the City of Salem, as defined in the annual schedule of low- income limits published by the U.S. Department of Housing and Urban Development, adjusted for household size.

Eligible Household: A household of one or more persons whose maximum income does not exceed 60% of Area Median Income, or other income limit established in Section 5.4.

Eligible Buyer: An individual or household certified by the Monitoring Agent to have met all of the eligibility requirements set forth in the Affordable Housing Restriction and applicable

Program Guidelines to buy an Affordable unit, including limits on income and assets, suitability of financing, etc.

Local Action Unit: An Affordable Housing unit developed through a city's zoning or permit issuance process as part of the Local Initiative Program and eligible for inclusion on the Subsidized Housing Inventory.

Local Initiative Program: A program administered by the Massachusetts Department of Housing and Community Development (DHCD) pursuant to 760 CMR 56.00 to develop and implement local housing initiatives that produce low- and moderate-income housing, with or without a comprehensive permit as defined in Chapter 40B.

Low-Income Household: A household with income at or below 60% of area median income, adjusted for household size, for the metropolitan area that includes the City of Salem, as determined annually by the United States Department of Housing and Urban Development (HUD).

Market Rate Unit: All dwelling units in a development subject to Section 5.4 that are not Affordable Housing Units as defined therein.

Maximum Affordable Purchase Price or Rent: A selling price or monthly rent that does not exceed the maximum purchase price or rent guidelines of the program used to qualify Affordable Housing Units for inclusion on the DHCD Chapter 40B Subsidized Housing Inventory. For homeownership units, the maximum affordable purchase price shall account for the monthly cost of a mortgage payment, property taxes, insurance, and condominium fees where applicable. For rental units, the maximum affordable rent shall account for the monthly cost of rent and utilities. The household income used to compute the maximum affordable purchase price or rent shall be adjusted for household size, considering the household size for which a proposed affordable unit would be suitable under guidelines of the Local Initiative Program or any successor affordable housing program established by the state.

Monitoring Agent: The Monitoring Agent is a qualified individual or agency for the purposes of administration, monitoring and enforcement of the Affordability Requirement for a Project pursuant to the Affordability Monitoring Services Agreement.

Salem Affordable Housing Trust Fund: A fund established by the City of Salem pursuant to Massachusetts General Laws, Chapter 44, Section 55C, for the purpose of creating or preserving Affordable Housing in the City of Salem for the benefit of low- and moderate-income households.

Subsidized Housing Inventory (SHI): The Department of Housing and Community Development Chapter 40B Subsidized Housing Inventory as provided in 760 CMR 31.04.

In City Council February 27, 2020
Referred to the Planning Board to hold a Joint Public Hearing

ATTEST:

ILENE SIMONS
CITY CLERK



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

Office of the Mayor

February 27, 2020

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I am pleased to present the enclosed Inclusionary Housing Ordinance. This ordinance is the result of a yearlong collaborative and data-driven process involving dozens of community members, participants at our public housing forums, members of this Council, and the members of the Affordable Housing Trust Fund Board. There are over 100 municipalities in Massachusetts with some form of inclusionary zoning. It is widely used because it is an effective tool that leverages the private marketplace to create affordable housing without public subsidies.

As you may be aware, most inclusionary zoning ordinances target income levels at 80% of the area median income (AMI) and include opt-out options. Although the Planning Board is already requiring 10% of new units to be affordable at 80% AMI without an ordinance, the proposed ordinance is more permanent, takes our current practice to the next level, and is much more robust. It is tailored to Salem's specific housing market and is one of the most progressive inclusionary zoning ordinances in the Commonwealth in several respects.

First, it mandates affordability at the deeper level of 60% AMI. The 60% AMI level is more consistent with the income levels of a typical Salem household. Second, the ordinance requires that the affordable units be equitable to the market rate units. Thus, the affordable units are not allowed to be provided offsite in a different building from the market rate project. Third, the ordinance does not allow a payment in lieu of the affordable units. For Salem, the construction of actual affordable homes is far more important than a financial contribution.

Like most inclusionary zoning ordinances, this ordinance includes incentives. Affordable units cost just about as much to build as market rate units; therefore, it was critical for the ordinance to strike a reasonable balance between meeting Salem's affordability goals and being financially feasible and realistic. To that end, the Metropolitan Area Planning Commission developed a

financial feasibility model to test the market implications of various inclusionary zoning scenarios. The model is based on a pro-forma analysis that considered housing market data from the Warren Group and the US Census Bureau, as well as qualitative data from interviews with Salem residents and local housing experts including lenders, developers, and land use board members. Through this feasibility model, it was determined that, in order to get 10% of the units at the deeper affordability level of 60% of AMI, the ordinance would need to include a 25% density bonus, as well as a degree of parking and setback flexibility. Requiring a greater percentage of units to be affordable or not having a density bonus resulted in the project not being financially feasible and, thus, no units would be built.

We need a diverse housing stock to meet the current and future needs of Salem residents. To support diverse housing, we also need a broad range of housing tools. Inclusionary zoning is an important tool; however, it alone will not meet all the affordable housing needs that our community faces. Another tool is to leverage publicly owned land for housing that has higher percentages of affordable units and deeper affordability levels than the levels established in the Inclusionary Housing ordinance. We are also working with the Salem Housing Authority to explore new housing opportunities with them. An additional tool is to create affordable homes through an Accessory Dwelling Unit ordinance, which has been submitted to you under separate cover for this week's City Council agenda.

On its own, the Inclusionary Housing Ordinance will not solve all of Salem's housing issues, but it will help. Requiring private home builders to create 10% of new units at 60% AMI with no public funds will create affordable housing that is more consistent with the typical income of a Salem family. The units will be of the same character, quality, and location as the market rate units. Lastly, this ordinance will ensure that the affordable units are constructed, rather than allowing an in-lieu payment in their stead.

I look forward to continuing this discussion regarding the Inclusionary Housing Ordinance at the joint public hearing with the Planning Board, which is the next step for this ordinance. Thank you for your shared commitment to pro-actively address the growing housing affordability challenge in our community.

Very truly yours,



Kimberley Driscoll
Mayor
City of Salem

Affordable Housing Information



Housing is considered "affordable" when it costs 30% or less of a household's income. Affordable housing comes in several forms such as subsidized housing, income restricted housing, and naturally occurring affordable housing.

Subsidized Housing

Rent is based on a percentage of the household's income.

Examples: Publicly built housing managed by a Housing Authority and Housing Vouchers.

Housing Vouchers are a government subsidy that covers a set portion of a household's rental cost. *Example: Section 8 Housing Choice Vouchers, managed by the Salem Housing Authority.*

Income Restricted Housing

To be qualified, a household cannot earn over a set income limit. Maximum sales price or rental cost is linked to the unit, based on a percentage of the area median income. *Example: A privately built housing unit created to comply with inclusionary zoning.*

Naturally Occurring Affordable Housing

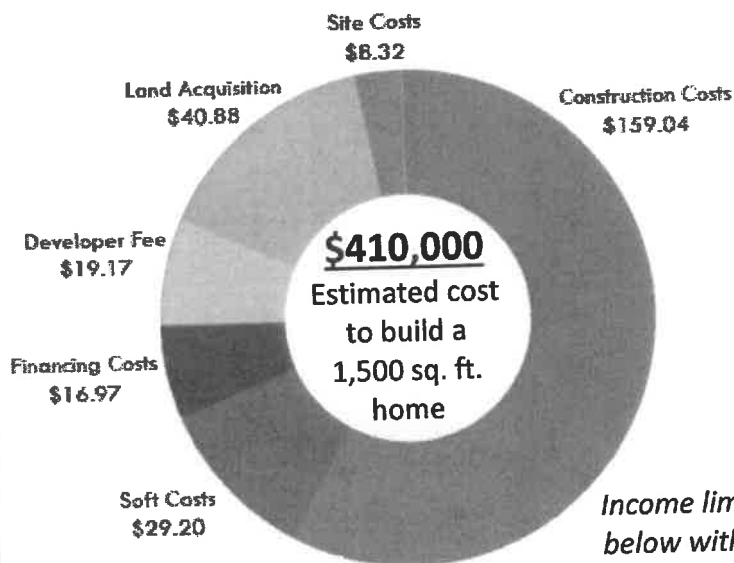
Housing units that maintain low rents without a subsidy or income restriction. *Example: A privately owned carriage house rented below typical market rent.*

Area Median Income (AMI): To determine housing eligibility for income-restricted Affordable Housing, government programs use AMI. The 2019 AMI for Salem and surrounding communities is \$113,300.

Local Median Household Income: Unlike AMI, the City of Salem's local median household income doesn't reflect the incomes of surrounding communities. Salem's 2019 Median Household Income is \$65,528, approximately 60% of the AMI.

Income Limits: Each year HUD publishes "income limits" that define income levels used in several housing and community development programs. The income limits are determined by household size and the area median income (AMI). See below.

Housing is very expensive to produce.



Source of Estimate Building Cost: Dukakis Center Housing, 2011-2015.

Income limits for households at 80% AMI and 60% AMI are shown below with estimated maximum rental and sales prices at various household sizes for illustrative purposes.

The cost to build an affordable home exceeds the cost the developer is allowed to rent or sell it for.

	Studio	1 bedroom	2 bedroom	3 bedroom
Income Limit at 80% AMI	\$64,250	\$71,400	\$80,300	\$89,200
Maximum Rent	\$1,561	\$1,673	\$2,007	\$2,319
Maximum Sale Price	\$167,200	\$196,700	\$226,200	\$255,400
Income Limit at 60% AMI	\$49,800	\$56,880	\$64,020	\$71,100
Maximum Rent	\$1,245	\$1,333	\$1,600	\$1,848
Maximum Sale Price	\$108,000	\$129,100	\$150,200	\$171,100

*Maximum sales price estimate is for a condominium unit with an HOA fee assuming 3% down payment and 30 yr. amortization at a 5% interest rate. The number of household members are assumed to be the number of bedrooms in a unit plus one.

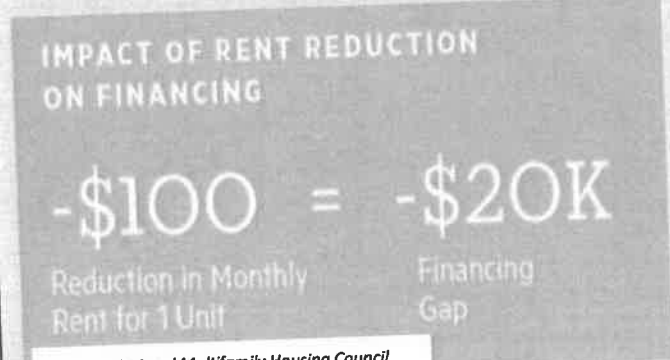
Inclusionary Zoning Information



Salem is proposing an Inclusionary Zoning Ordinance that will require 10% of new units to be affordable at 60% AMI. The ordinance does not include “opt-out” options for the developer. That means the developer must build affordable units on the same site as the market rate project, rather than paying a fee in lieu of building or building the units in another location.

Why are we not requiring a greater percentage? Because the affordable units come at a cost. If we require too much affordability, we risk the developer raising the rents for the market rate units to make the project financially feasible or cancelling the project altogether. Both scenarios undermine affordability. It’s a balancing act.

Why do we need to provide incentives given that the difference between 60% AMI and 80% AMI is only a few hundred dollars per unit? Even modest rent reductions significantly reduce the financing a property can secure. A \$100 per month rent reduction for a single unit translates into approximately \$20,000 less per unit in financing*.



Source: National Multifamily Housing Council

The “cost” of an inclusionary policy that developers depend on the number of affordable units and the level of affordability. MAPC developed a financial model specific to Salem to understand how different inclusionary requirements might impact development feasibility. Through that model we found with the proposed incentives we could require:

1. 15% of the units to be affordable at 80% AMI OR
2. 10% of the units to be affordable at 60% AMI.

The comparison below illustrates the burden of a policy that requires 15% of the units to be at 80% AMI to a policy that requires 10% of the units to be at 60% AMI.

Why not offer more incentives to obtain deeper affordability and or more units? That is an option. Keep in mind, inclusionary zoning – or any other tool for that matter – can’t solve the housing crisis on its own. The city will need to use a range of tools to address housing such as developing public land to increase the supply of affordable homes. Inclusionary zoning is just one of those tools. Check out www.ima.ginesalem.com to learn more.

Level of Affordability	# of units	Rent Reduction	Financing Gap
A -\$200 (80% AMI)	X 30	= -\$6K	= -\$1.2M
B -\$400 (60% AMI)	X 20	= -\$8K	= -\$1.6M

Source: National Multifamily Housing Council

*\$100 reduction in monthly rent supports \$20,000 in debt, assuming a 30-year amortizing mortgage with an interest rate of 5%.



Salem Inclusionary Zoning Update | September 30, 2019

FINANCIAL FEASIBILITY MODEL

To test the market implications of various inclusionary zoning scenarios, MAPC developed a financial feasibility model. This model is based on a pro forma analysis that is typically used by a developer to understand whether a real estate project is feasible. A development pro forma takes into account dozens of project-specific real estate development variables (many of which are listed below) to arrive at a projected level of profitability. As each of these variables changes – for example, as construction costs decrease or interest rates increase - profitability goes up or down. If profitability falls below a certain level, the project is considered infeasible.

Over the course of spring 2019, MAPC used this pro forma analysis to understand how different inclusionary requirements might impact development feasibility. The analysis began with a baseline scenario: a typical mid-sized Salem rental development project with no inclusionary zoning. From there, we explored the ways that different iterations of an inclusionary policy (for example, number of affordable units required or bonus incentives offered) might impact the project's bottom line. The model enabled the project working group to understand the tradeoffs involved in the different aspects of an inclusionary policy and to arrive at a consensus of how these different aspects should be prioritized.

BASELINE ASSUMPTIONS

An important part of the financial modeling involved market research to ensure that the model's inputs reflected Salem's local development conditions. MAPC conducted a series of interviews with local real estate professionals, including nonprofit developers, for-profit developers, lenders, and realtors, about Salem's local development conditions. Model inputs were also informed by information from CoStar, an industry real estate database, and from MAPC's Metro Boston Rental Listings Database. Below is a list of assumptions based on the interviews conducted and data collected.



Project basics

- Unit mix: 40% 1-bdrm units, 55% 2-bdrm units, 5% 3-bdrm units
- Unit size
 - 800 sq.ft. 1-bedroom
 - 1,000 sq.ft. 2-bedroom
 - 1,300 sq.ft. 3-bedroom
- Common area: 12% of total building area
- Parking: per zoning (generally 1.5 spaces/unit; 1 space/unit for existing buildings in B5)

Construction costs

- Construction costs (new construction)
 - Stick construction: \$220/sq.ft.
 - Podium construction: \$230/sq.ft.
- Parking costs
 - Surface parking: \$10,000/parking space
 - Podium parking: \$25,000/parking space
- Land cost: varies by project size; minimum of \$30,000 per unit
- Soft costs: 20% of construction costs

Operating costs

- Rents:
 - \$1,900/month 1-bedroom
 - \$2,300/month 2-bedroom
 - \$2,600/month 3-bedroom
 - Inclusionary rents per HUD requirements
- Operating costs: \$7,250 per unit annually/30% operating income
- Vacancy rate: 4%
- No separate parking charge

Financing costs

- Debt/equity: 70% permanent debt, 30% equity
- Permanent debt interest rate: 5.5%
- Mortgage term: 10-year term on 30 year amortization schedule (balloon payment at 10 years)
- DSCR 1.2; LTV 70%
- Inflation: 3%
- IRR: minimum 12%
- Cap rate: 5.5%
- Reversion: 10 years

Inclusionary Zoning Policy Comparison Massachusetts and National Jurisdictions

	Characteristics	Requirement	Income Targets	Alternatives	Incentives
National Trends From the 2017 Lincoln Institute Survey	<p>There are close to 900 jurisdictions across the country and more than 100 in Massachusetts that have some form of an inclusionary zoning policy. Policies are used in cities of all sizes where housing costs are high and there is a strong demand for housing development.</p>	<p>The minimum development size used to trigger the Affordable Housing requirement ranges from 0 to 50 total housing units. The majority of policies have either no minimum, a 2-5, or a 6-10 unit minimum.</p> <p>The most commonly used Affordable Housing requirement percentage is 6-10%</p>	<p>Policies usually require the Affordable units to be affordable to a variety of different income levels. 61-80% AMI is the most frequently targeted income level. Owner-occupied units typically have a higher income level target.</p>	<p>A combination of different alternatives for meeting the Affordable Housing requirement is offered to accommodate different scenarios. Off-site construction and fees-in-lieu are the most common alternatives to on-site construction of Affordable Housing units.</p>	<p>Incentives are offered in exchange for Affordable Housing development or to encourage developers to exceed what is required. The most common incentive is a density bonus. Other incentives include zoning variances, waivers, parking requirement reductions, fee reductions, expedited permitting, and subsidies.</p>
	<p>Cambridge, MA</p> <p>Population¹ 113,630</p> <p>Median Gross Rent² \$1,754</p>	<p>Development of 10 or more housing units or over 10,000 sq. ft. of residential space</p> <p>20% Affordable Units</p>	<p><u>Rental</u> 50-80% AMI/ specific requirements</p> <p><u>Ownership</u> ≤ 100% AMI</p>	<p><u>Fee-in-lieu</u> Only if design requirements result in less than 20% Affordable units</p>	<p><u>Density</u> GFA can be increased by 30%</p> <p>30% cap on total units</p>
<p>Newton, MA</p> <p>Population¹ 88,994</p> <p>Median Gross Rent² \$1,733</p>	<p>Development of 6 or more housing units requiring a special permit excluding accessory units and subdivisions.</p> <p>15% Affordable units</p>	<p><u>Rental and Ownership</u> The total Affordable Housing units at various income levels must average to 65% AMI</p>	<p><u>Off-site</u> When partnering with a non-profit developer</p> <p><u>Fee-in-lieu</u> When less than 6 total housing units and meeting specific criteria</p>	<p><u>Density</u> A density bonus equal to one market unit for each inclusionary unit with a 25% density cap on total units</p> <p><u>Expedited Permitting</u> Scheduling priority and concurrent reviews</p>	
<p>Somerville, MA</p> <p>Population¹ 81,360</p> <p>Median Gross Rent² \$1,600</p>	<p>6 units 1 Affordable unit or fractional payment for .4 of a unit</p> <p>Z units 1 Affordable unit or fractional payment for .6 of a unit</p> <p>8 to 17 units 17.5% Affordable units 18 or more units 20% Affordable units</p>	<p><u>Rental</u> T1: ≤ 50% AMI T2: 51%-80% AMI T3: 81%-110% AMI</p> <p><u>Ownership</u> P1: ≤ 80% AMI P2: 81%-110% P3: 110%-140%</p>	<p><u>Off-site and fee-in-lieu</u> When meeting specific criteria</p>	<p><u>Density</u> A 17.5% reduction in lot area per dwelling unit for a development of 18 or more units that is not within the RA and RB zones</p> <p>Two market rate units for every Affordable unit when building more Affordable units than what is required; 20% cap on total units</p>	

Characteristics	Requirement	Income Targets	Alternatives	Incentives
<p>Watertown, MA</p> <p><u>Population</u>¹ 35,756</p> <p><u>Median Gross Rent</u>² \$1,650</p>	<p>Development of 6 or more housing units or residential lots</p> <p><u>0 to 5 total units</u> 0%</p> <p><u>6 to 19 total units</u> 12.5%</p> <p><u>20 or more total units</u> 15%</p>	<p><u>6 to 19 units</u></p> <ul style="list-style-type: none"> • <u>≤ 80% AMI</u> for both rental and ownership <p><u>20 units or more</u></p> <ul style="list-style-type: none"> • Rental- Mixed AMI • Ownership- <u>≤ 80% AMI</u> 	<p><u>5 to 10 units</u> Developer has a choice between onsite or fee-in-lieu</p> <p><u>More than 10 units</u> Affordable units must be onsite – (can be appealed)</p>	<p><u>Density Bonus</u> Must be within the Revitalization Overlay District and comply with on-site Affordable Housing requirements.</p> <p>2.0 FAR</p>
<p>Beverly, MA</p> <p><u>Population</u>¹ 41,816</p> <p><u>Median Gross Rent</u>² \$1,113</p>	<p>6 or more housing units</p> <p>Percent varies by AMI levels</p>	<p><u>Scenario 1</u> At least 12% of units affordable to 80% AMI</p> <p><u>Scenario 2</u> At least 8% of units affordable to 60% AMI</p> <p><u>Scenario 3</u> 10% of units, half 80% AMI and half 60% AMI</p>	<p><u>Off-site, Fee-in-lieu</u> (Special permit, only applies to homeownership), donation of developable land, and credit units</p>	<p><u>Density bonus</u> 1 for 1 and 2 for 1, varies by zoning district</p> <p>Minimum lot size cannot be less than 85% of what is normally required</p> <p>Granted by the planning board if at least 50% units are affordable</p>
<p>Chelsea, MA</p> <p><u>Population</u>¹ 40,227</p> <p><u>Median Gross Rent</u>² \$1,193</p>	<p>Development of 10 or more dwelling units</p> <p>Percent varies by AMI levels</p>	<p><u>Scenario 1</u> 15% required for 80% AMI</p> <p><u>Scenario 2</u> 10% required if a mix of 80% AMI, 50% AMI, and 30% AMI</p>	<p><u>Fee-in-lieu</u> Granted by majority vote of the city council, a minimum of \$200,000 per required Affordable unit</p>	<p><u>Density bonus</u> Limited- in the R3 district the FAR can be increased to 1.5</p>
<p>Arlington, MA</p> <p><u>Population</u>¹ 45,510</p> <p><u>Median Gross Rent</u>² \$1,463</p>	<p>6 or more housing units</p> <p>15% Affordable units</p>	<p><u>≤ 80% AMI</u></p> <p>Parking reduction incentives are offered in exchange for units affordable to 60% AMI</p>	<p><u>Fee-in-lieu</u> When meeting specific criteria</p>	<p><u>Density:</u> GFA can be increased 20-25% in select districts</p> <p><u>Parking:</u> Reduction of 10% of parking requirements; greater reduction allowed under certain criteria</p>
<p>Provincetown, MA</p> <p><u>Population</u>¹ 2,959</p> <p><u>Median Gross Rent</u>² \$1,064</p>	<p>2 or more housing units</p> <p>16.67% Affordable units</p>	<p><u>≤ 80% AMI</u> when the Town's Subsidized Housing Inventory is below 10%</p>	<p><u>Fee-in-lieu, off-site</u> construction, rehabilitation of existing Affordable Housing, and land donation</p>	<p>Density bonus, building height bonus, expedited permitting process, and reduction of permitting fees. When more than half of the development includes Affordable units, permit fees are waived entirely.</p>

Definitions

AMI: Area Median Income

Affordable Housing units: Deed-restricted Affordable Housing units

DHCD: Massachusetts Department of Housing Community Development

GFA: Gross Floor Area

Density Cap:

The maximum percent of density that is permitted beyond what is normally permitted

Fee-in-lieu: Payments made as an alternative to building required Affordable units.

Off-site: Affordable units built at another site to fulfill Affordable Housing requirement.

Rehabilitation: Rehabilitating existing Affordable units on another site to fulfill Affordable Housing requirement.

TIF: Tax Increment Financing is a fiscal subsidy that incentivizes development and can channel revenue from development for specific purposes.

¹ Source: 2012-2016 American Community Survey.

² Source: 2012-2016 American Community Survey.