Newton Housing Strategy

Strategy Overview & Timeline
January 11, 2016
The housing strategy is aimed at expanding housing options for local residents and maintaining the city’s capacity to encourage a more diverse resident community. At the base level the City administration recognizes that it is essential to think and act in a coordinated, efficient manor when utilizing precious City resources to encourage a greater mix of housing costs and types. More strategically, the Housing Strategy will provide the roadmap for the City to succeed in leveraging public resources to encourage greater private development of price-appropriate housing.
**Project Timeline**

**MAY 2015:** Project kick-off

**JUNE 2015:** Public kick-off workshop

**OCTOBER 2015:** Market Needs Analysis forum

**NOVEMBER 2015:** Location Selection workshop

**JANUARY 2015:** Policy forum

**FEBRUARY 2016:** City Council conferences

**EARLY MARCH 2016:** Draft report presentation

**MID-MARCH 2016:** Final report issued
RKG completed a market analysis to identify trends and evaluate factors that are shaping and influencing the housing market in the City of Newton, and how these factors will affect the viability of new housing development efforts in the community.
RENTAL HOUSING SUPPLY/DEMAND BALANCE
City of Newton

Net Surplus (Shortage)
(2,249)
(2,687)

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Supply</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30%</td>
<td>(1,330)</td>
<td></td>
</tr>
<tr>
<td>30% to 50%</td>
<td>(747)</td>
<td></td>
</tr>
<tr>
<td>50% to 80%</td>
<td>268</td>
<td></td>
</tr>
<tr>
<td>80% to 100%</td>
<td>1,335</td>
<td></td>
</tr>
<tr>
<td>100% to 120%</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Over 120%</td>
<td></td>
<td>(2,249)</td>
</tr>
</tbody>
</table>
RENTAL AFFORDABILITY

- More than 2,700 traditional ownership units converted to rental housing
  - Concentration in condominium units
  - Typical for an inner-urban community

- New construction either luxury or income controlled
  - Development economics at play
  - Need one to offset the cost of the other

- City’s cost to develop 80% AMI housing high
  - Ranges from $300,000 to $500,000 per unit
OWNERSHIP AFFORDABILITY

- Citywide turnover approximately 5% to 6% annually
  - Severely limits what is “on the market”

- Much of the City’s residential acquisition is for tear down/rebuild
  - Price based on potential lot yield, not house value

- Many households do not maximize buying potential
  - “Downward pressure” on market
SINGLE FAMILY UNIT AFFORDABILITY
FHA Financing Assumptions

- Under 50%
  - 0.1%
- 50% to 80%
  - 0.2%
- 80% to 100%
  - 2.8%
- 100% to 120%
  - 7.3%
- Over 120%
  - 89.7%
IMPLICATIONS

- Newton is a highly desirable place to live
  - Reputation of schools
  - Location
  - Transportation
  - Community amenities
  - Quality of life

- Local/regional supply and demand factors have made the City unaffordable to most people
  - Regulatory climate
  - Physical constraints
  - Existing development patterns
  - Political will
IMPLICATIONS

- **Market will continue to make Newton “unaffordable”**
  - Ability to pay stronger than development potential
  - Lack of developable land
  - Economic growth
  - Preferences
  - Regulations

- **The diversity of the community is threatened**
  - Exodus of aging in place seniors will continue
  - Young professionals/families priced out
  - Workforce households will compete for limited supply
IMPLICATIONS

- The economics of development have changed development patterns
  - Cost of land/construction
  - Regulatory environment
  - Market need
  - Financial realities of new development/maintaining diversity
  - Development demand is more diverse

- Balance of community priorities needs to be struck
  - Maintain the character that makes Newton desirable
  - Maintain the diversity that makes Newton a great community
  - Is there a sustainable compromise?
Based on the findings of the needs assessment and market analysis, RKG generated recommendations for policy and regulatory changes. RKG evaluated similarities and differences, and opportunities and constraints in Newton’s village centers and neighborhoods.
Key Issues

The market will continue to make Newton “unaffordable”
- Perpetuation of income disparity and exodus of long-time residents
- Lack of housing choices

Worst-Case Housing Need
- Very Low Income: 2,515 households
- Low Income: 1,960 households
- Moderate Income: 1,385 households
- Middle Income: 1,070 households

Newton’s Unaffordably Housed Residents

Source: HUD Comprehensive Housing Affordability Strategy Data
Key Issues

- Restrictive zoning hinders price diversity
  - Ambiguous rules
  - Unpredictable outcomes
  - Politicized permitting
- Limited land, limited resources
- Poised for Chapter 40B disputes
Newton’s Policies

- Zoning encourages big houses!
  - Very limited opportunities to build anything by-right
  - Clear policy preference for detached single-family homes
  - Little/no vacant or underutilized residential, so the only sites available have existing houses
  - Land values higher than building values
- Demolition delay: 12 months, 18 months
- Local historic districts
- Preservation: uneconomic
Newton Policies

- Detached single-family homes
  - Allowed by right on 77% of City’s land (SR, MR districts)
  - No incentives for more units and smaller scale instead of large single-family residences
- MR1, largest multifamily district (in area), prohibits multifamily housing
- Other MR districts substantially built out
- Multifamily allowed on limited basis on <5% of Newton
- Hard to create small compact projects even without IZ requirement
Multifamily Opportunities

- Multifamily by right in MR districts
  - Up to 20 units (more by Special Permit)
  - 3,000 sq. ft. of land per unit (average) in MR1, MR2
  - Design standards
  - Exempt small projects from IZ
  - Higher density for more affordability

- Multifamily by Special Permit, MR1 district
  - Over 20 units

- Upper-story residential in MU districts by right

- Focus on performance standards and predictability
Opportunities

- Focus less on the 10% statutory minimum (800 units), more on boosting supply wherever possible.
  - Consolidated Plan goals are more realistic/achievable
  - More attentive to affordable housing needs

- Focus on affordable housing preservation. Don’t lose SHI units!

- Adopt Chapter 40B Housing Production Plan.

- Seek development partners instead of waiting for projects the City doesn’t want.
Opportunities

Techniques

- Upzoning
- Expedited Permitting
- Density Bonus “By Right”
- Limitations on (or Elimination of) Fees in Lieu of Units
- Tax Incentives
- Affordable Housing Trust
Building off the housing needs and market analysis, as well as community feedback, RKG & Sasaki will develop recommendations for siting new housing development and redevelopment to meet the City’s needs and goals. This task will include a site assessment to identify potential sites for new housing projects as well as locate general zones where new housing should be targeted.
City of Newton

Housing Strategy Location Selection Workshop

November 22, 2015
1:00pm - 4:30 pm
Newton North High School Cafeteria

Participants will walk through the opportunities, challenges, and constraints of developing new diverse housing options in Newton. This project will provide the City with valuable feedback on what types of housing and in which locations, participants would like to see new housing built.

www.newtonma.gov/housingstrategy
RSVP Requested
Please email RSVP to housing@newtonma.gov
Kids activity table will be included in this event
Each table is tasked with distributing 300 studs. Using studs as the unit of measurement allows us to compare each group’s distribution apples-to-apples. The important thing to remember is that each brick type represents a different share of units (e.g. one **multifamily brick** is many more units than a **single family brick**).

<table>
<thead>
<tr>
<th>Single Family</th>
<th>Multifamily (2-4 units)</th>
<th>Townhouse</th>
<th>Multifamily (apt/condo)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All yellow 2-stud bricks are single family. Each table is given a total of 70 yellow bricks</td>
<td>All orange 4-stud square bricks are multifamily (2-4 units). Each table is given a total of 50 orange bricks</td>
<td>All red 4-stud linear bricks are townhouse. Each table is given a total of 50 red bricks</td>
<td>All blue 8-stud bricks are multifamily (apt/condo). Each table is given a total of 20 blue bricks</td>
</tr>
</tbody>
</table>
Each table has a set of Housing Typology Menus that describe examples of housing developments that can be considered within each typology. These menus are for informational purposes only. If you’d like to specify which type of housing you prefer within each typology, feel free to write them on the map or in the comments section of your Worksheet (but you don’t have to!).
The workshop was attended by approximately 100 community members

10 participant tables with approximately 8-10 participants each.
Observations & Trends

New construction in village centers
Participants expressed an interest in new multifamily and townhouse construction within village centers.

Multifamily along major roadways and transit lines
New multifamily (apt/condo) construction was particularly preferred along Route 9 and I-90.

Accessory apartments throughout the city
Participants nearly universally supported accessory apartments throughout the city’s lower density neighborhoods.

Maintain the density and character of neighborhoods
New housing sited near retail and services
Close proximity to retail, grocery stores, schools, commercial centers and other community services was important to several participant tables.

Infill development where possible
In neighborhoods where there are vacancies or large lots that could be subdivided into smaller lots, infill development was a preferred option.
10 Participant Tables
Housing Location Workshop: Key Findings
Sasaki hosted conferences with each of the eight ward council delegations to discuss specific opportunities and priorities within their respective wards.
Development Site Recommendations

Opportunities & Priorities
The next step for the development site recommendations will include a synthesis of the feedback collected in public meetings and individual ward-specific City Council conferences, coupled with a physical analysis of opportunities to identify priority sites for steering new development/redevelopment within the City of Newton.

Products of this effort will include maps identifying locations and sites throughout the city with recommendations for development strategies and typologies understood to be most appropriate for the specific circumstances and character of each district and neighborhood.
Strategy Report

DRAFT: Late February

DRAFT REVIEW: Early March

FINAL: Mid-March