Housing Needham (HONE) Advisory Group Meeting

Town of Needham, Massachusetts

September 7, 2023

Advisory Group

Town of Needham Housing Needham (HONE) Advisory Group

for MBTA Communities Act Multi-Family Zoning

Туре:	Ad Hoc
Legal Reference:	To achieve Town compliance with MGL c.40A Section 3A
Appointing Authority:	Select Board & Planning Board
Number of Voting Members:	Nine (9)
Term of Appointment	2023-2024
Special Municipal Employee	Yes
Staff Support	Assistant Town Manager/Director of Operations, Director of
	Planning & Community Development, Assistant Town Planner,
	Community Housing Specialist

Member	Designation	Term Expiration
Heidi Frail	Select Board Member (co-chair)	12/31/2024
Natasha Espada	Planning Board Member (co-chair)	12/31/2024
Kevin Keane	Select Board Member	12/31/2024
Jeanne McKnight	Planning Board Member	12/31/2024
Joshua Levy	Finance Committee Member	12/31/2024
Ronald Ruth	Architect, Land Use Planner, Land Use Attorney, Real Estate Developer	12/31/2024
William Lovett	Architect, Land Use Planner, Land Use Attorney, Real Estate Developer	12/31/2024
Liz Kaponya	Renter	12/31/2024
Michael Diener	Community Member At-Large	12/31/2024

Composition: Nine (9) voting members:

- Two (2) current Select Board Members* (one to serve as co-chair)
- Two (2) current Planning Board Members (one to serve as co-chair)
- One (1) current Finance Committee Member
- Two (2) of either Architect, Land Use Planner, Land Use Attorney, or Real Estate Developer, to be appointed by the Planning Board

- One (1) renter, to be appointed by the Select Board
- One (1) community member at-large, to be appointed by the Select Board

Purpose: The Housing Needham (HONE) Advisory Group will lead the community engagement process to create multi-family zoning that complies with the MBTA Communities Act (MGL c.40A Section 3A). The group will advise the Select Board and Planning Board on proposed zoning to bring to Town Meeting in 2024, informed by their individual expertise, group deliberations, and feedback received from the public.

Charge: The Housing Needham (HONE) Advisory Group will:

- Lead a broad public engagement effort for the Needham community to envision and shape zoning to allow multi-family housing that complies with the MBTA Communities Act.
- Utilize the recommendations in the Town of Needham's 2022 Housing plan as a starting point.
- Evaluate build-outs, projections, and analyses of fiscal, school enrollment, and infrastructure impacts provided by staff and consultants.
- Consider related zoning elements that are allowed, but not required under the MBTA Communities Act, including but not limited to inclusionary zoning (affordable housing requirements) and parking minimums.
- Update the Select Board, Planning Board and Finance Committee throughout the process on group deliberations and community feedback.
- Recommend draft zoning to the Select Board and Planning Board to submit to DHCD and Town Meeting.

Charge Adopted: 06/13/2023 **SME Status Voted:** 06/13/2023

^{*} Per M.G.L. Ch. 268A Sec. 1(n), the Select Board Members serving on the HONE Advisory Group cannot claim SME status, even though the HONE Advisory Group, as an entity, is designated as such.

- Massachusetts has been confronting a housing crisis with a shortage of an estimated 108,100 units according to a 2022 study, largely a result of an imbalance between housing supply and demand.
- With 11,849 year-round units and 1,404 SHI units (included 668 market units), Needham has surpassed the 10% affordability threshold under Chapter 40B, currently at 11.85%, and is no longer susceptible to zoning overrides.
- Nevertheless, the recent Housing Plan documented a wide range of unmet housing needs.
- Many long-term residents could not afford to buy into today's housing market and even middleincome households are hard-pressed to afford existing housing prices.
- The pandemic and rising interest rates and construction costs are making a bad situation even worse.

A financially vulnerable population suggests the need for more subsidized rental housing.

- About 21% of all renter households were estimated to have incomes of less than \$25,000 in 2020.
- While the median household income of homeowners almost doubled, from \$100,732 in 2000 to \$203,690 by 2020, the median income of renters stayed about the same, from \$44,226 to \$44,361.
- The median income renter household could afford a rent of no more than about \$930, almost impossible to find in Needham's private housing market.
- High demand for affordable rentals The 4 affordable units at 1180 Great Plain Avenue attracted 483 applications, 157 from Needham residents or workers.
- The Needham Housing Authority has 143 applicants on its waitlist for its 50 family units, which
 rarely turnover. Almost 5,000 applicants are waiting for NHA's one-bedroom units, including 4,880
 from the state's centralized waitlist.

The aging of the population suggests the need for smaller units for downsizing as well as handicapped accessibility and supportive services.

- Those age 65+ increased from about 16% to 20% of all residents between 2010 and 2020.
- This population is projected to increase to 25% by 2030.
- 75% of single-person households in 2020 were 65 years of age or older compared to 57% in 2010.
- Poverty among those age 65+ increased to 5.8% from 5.3% in 2010, from 249 to 336 individuals.
- Half of all renter households were 62 years of age or older.
- 25% of those 65 years and over claimed a disability.

Rising housing costs are widening affordability gaps to unprecedented levels.

- The private housing market has not been creating starter housing for decades.
- The median single-family house price was \$1,325,000 as of July 2023, requiring an income of approximately \$353,400 (80% financing, 6.5% interest, 30-year term, spending 30% of income on housing costs + taxes and insurance).
- The median income Needham household earning \$182,813 could afford a home of approximately \$693,000.
- The affordability gap is therefore \$632,000, the difference between \$1,325,000 and \$693,000.
- The gap increases to \$970,000 for a 3-person household with income at the 80% of Boston area median income (AMI) limit of \$93,319, who can afford a home for approximately \$355,000.

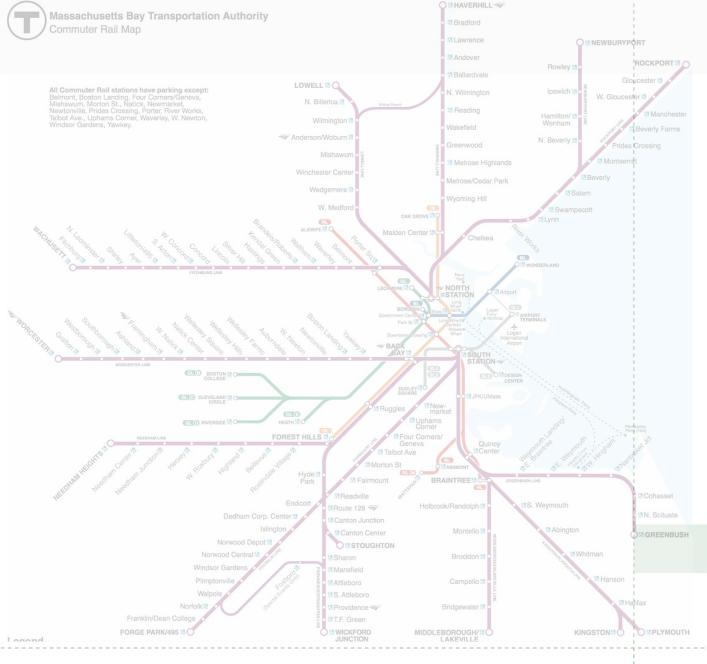
Rising housing costs are increasing <u>cost burdens</u>, defined as spending more than 30% of income on housing costs with severe cost burdens identified for those spending more than half their income on housing.

- 24% of Needham households were experiencing cost burdens, including 11% with severe cost burdens.
- Of those with incomes at or below 80% AMI, 64% had cost burdens, 42% with severe cost burdens.
- 41% of renter households had cost burdens, 25% with severe cost burdens.
- Of those renter households with incomes at or below 80% AMI, 60% had cost burdens and 38% had severe cost burdens.
- 13% of owner households had cost burdens, 8% with severe cost burdens.

NEEDHAM MBTA COMMUNITIES

OVERVIEW OF THE LAW AND COMPLIANCE

HONE Advisory Group Meeting September 7, 2023







Content

Overview of the MBTA Communities Act
Needham's Compliance Requirements
Introduction to MBTA Communities Zoning

Overview of the MBTA Communities Act

What is the MBTA Communities Act MGL c. 40A Section 3A?

The law established a requirement that each of the 177 designated MBTA Communities (MGL c. 161A Section 1) must have zoning that:

- 1. Provides for at least 1 district of reasonable size in which multifamily housing is permitted as of right.
- 2. Cannot have age-restrictions and shall be suitable for families with children.
- 3. Must have a minimum gross density of 15 dwelling units per acre.
- 4. Part of the district must be located within 0.5 miles from a **commuter rail**, subway, ferry, or bus station, is applicable.

What is the purpose behind the new law?

- 1. Massachusetts has a housing shortage, and we need to produce more housing.
- 2. The amount of housing that is financially attainable to most households is dwindling.
- 3. The Commonwealth is at a disadvantage to compete for businesses, jobs, and talent.
- 4. Placing housing near transit is good housing, economic, transportation, and climate policy.

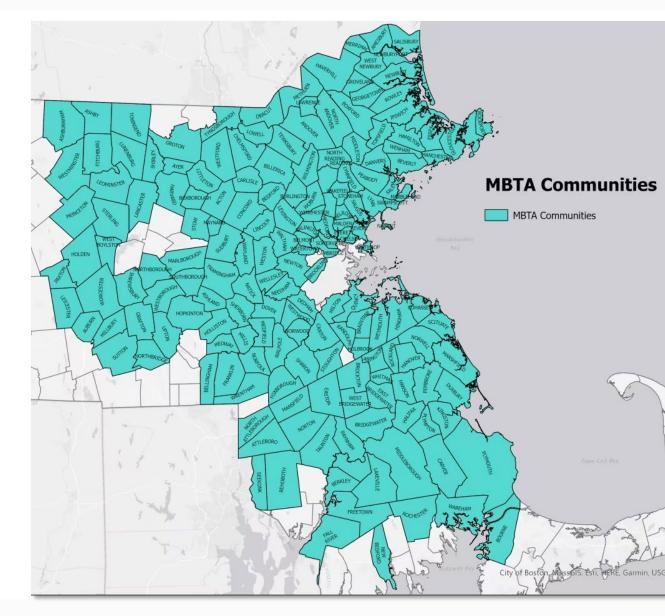
What the MBTA Communities Act is **NOT**.

- It is NOT: A mandate to build housing.
- It is NOT: A housing production target.
- It is NOT: Restricted to only addressing affordable housing needs.
- It is NOT: A one-size fits all tool to address all housing needs in a community.
- It is NOT: Viewed as optional by the Commonwealth & Attorney General.

Who is required to comply with Section 3A?

There are 177 designated MBTA Communities that are required to comply with Section 3A. These communities are designated under MGL c. 161A Section 1 and include:

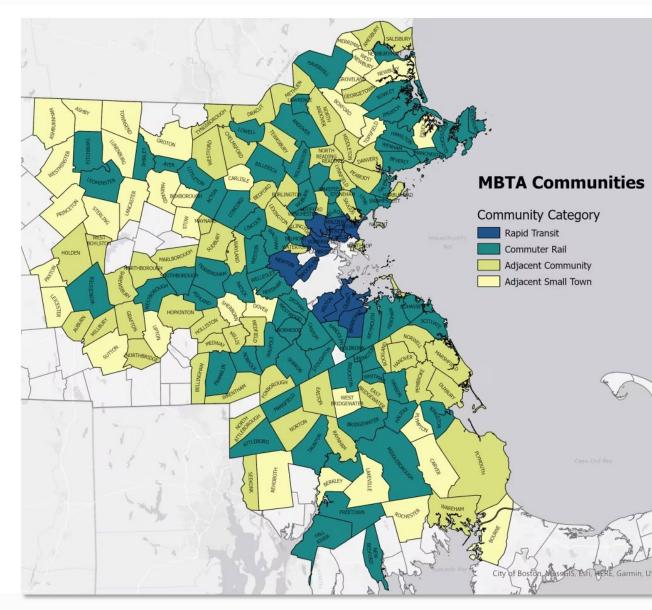
- The "14 cities and towns" that initially hosted MBTA service;
- The "51 cities and towns" that also host MBTA service but joined later;
- Other "served communities" that abut a city or town that hosts MBTA service; or
- A municipality that has been added to the MBTA under G.L. c. 161A, sec. 6 or in accordance with any special law relative to the area constituting the authority.



How are communities grouped and when must they comply?

There are four different groupings of communities which are based on the type of MBTA service provided and/or the size of the community. These include:

- Rapid Transit Communities December 31, 2023
- Commuter Rail Communities December 31, 2024
- Adjacent Communities December 31, 2024
- Adjacent Small Town December 31, 2025



What are the implications if the Town does not comply?

Per Section 3A:

- Housing Choice Initiative
- Local Capital Projects Fund
- MassWorks Infrastructure Program

• Access to these additional grant programs:

- Community Planning Grants, EOHLC
- Massachusetts Downtown Initiative, EOED
- Urban Agenda, EOED
- Rural and Small Town Development Fund, EOED
- Brownfields Redevelopment Fund, MassDevelopment
- Site Readiness Program, MassDevelopment
- Underutilized Properties Program, MassDevelopment
- Collaborative Workspace Program, MassDevelopment
- Real Estate Service Technical Assistance, MassDevelopment
- Commonwealth Places Program, MassDevelopment
- Land Use Planning Grants, EOEEA
- Local Acquisitions for Natural Diversity (LAND) Grants, EOEEA
- Municipal Vulnerability Preparedness Planning and Project Grants, EOEEA

Loss of Opportunity To:

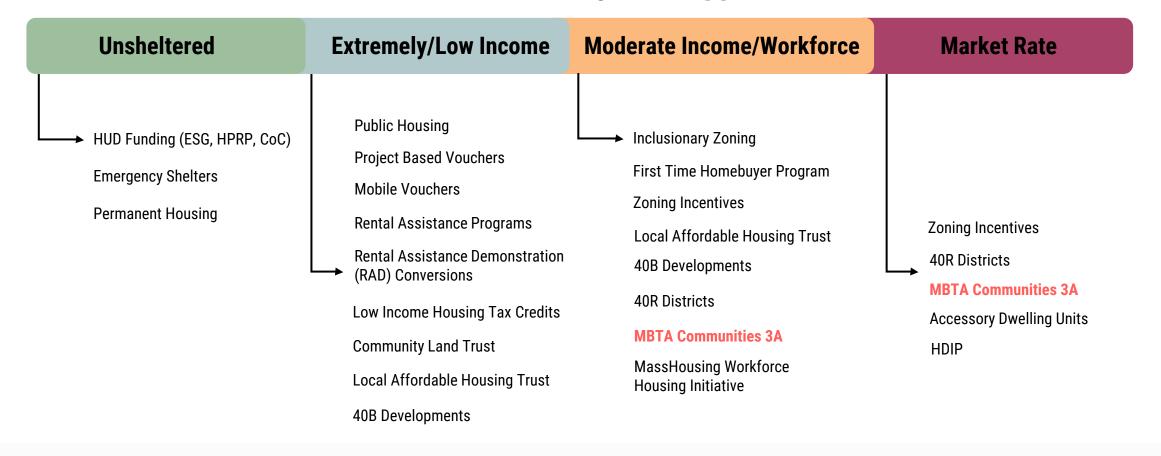
- Support economic development by locating housing near centers of economic activity.
- Address housing needs identified through other planning processes, including the master plan.

Attorney General Advisory Guidance (March 2023)

"All MBTA Communities must comply with the Law.
 Communities that do not currently have a compliant
 multi-family zoning district must take steps outlined
 in the DHCD guidelines to demonstrate interim
 compliance. Communities that fail to comply with
 the Law may be subject to civil enforcement
 action."

MBTA Communities is a tool, it is not the tool.

The Continuum of Housing and Supportive Tools



Zoning is **not** housing production, there are additional factors that guide production:

Market Strength

Community must show demand for housing and price points that support new construction/rehab.

Financial Feasibility

Revenue must be higher than cost with favorable lending conditions for development to occur.

Developable Sites

Community must have developable sites that are right for multifamily housing production.

Willing Sellers

Must be property owners willing to sell their land to spur new development projects.

Available Labor

There must be adequate and available labor in the trades to build the housing.

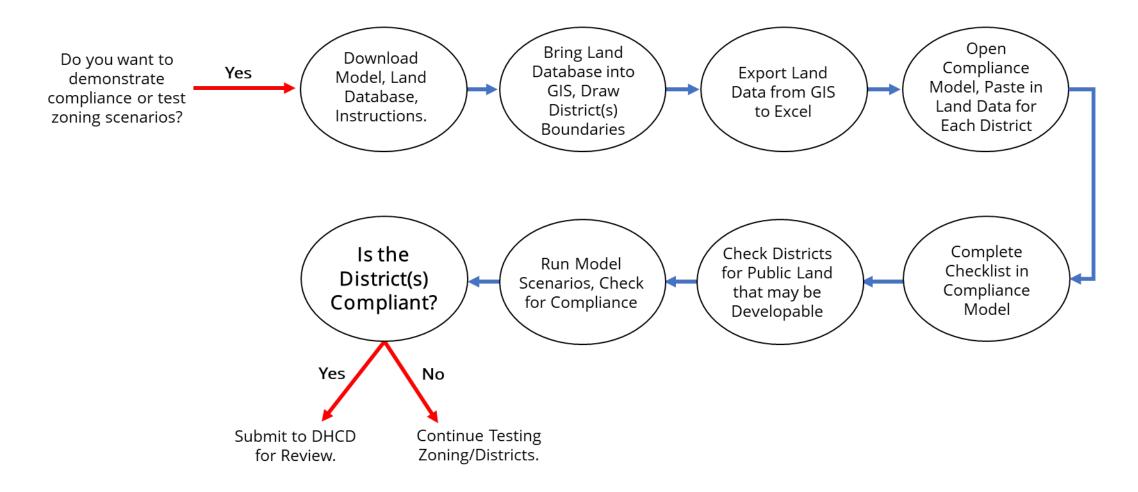
Desirability of the Community

Community must be a place people want to live, work, and enjoy to create market demand and development interest.

Needham's Compliance Requirements

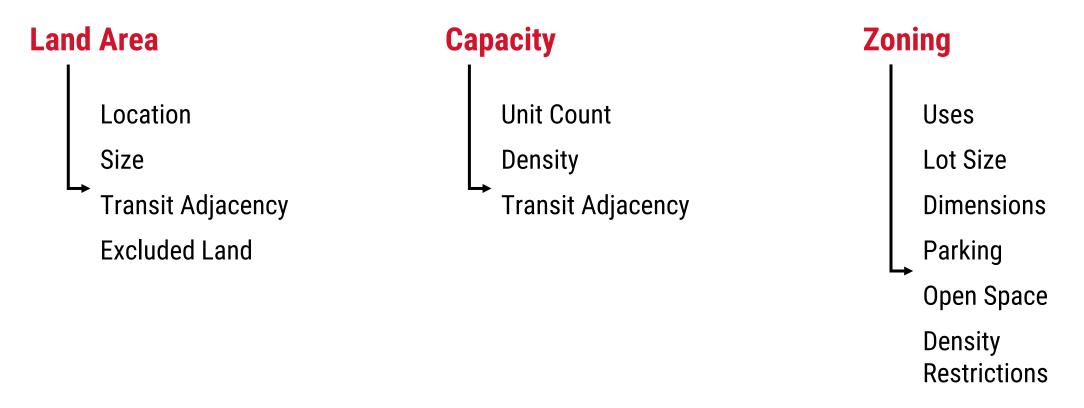
Compliance Requirements

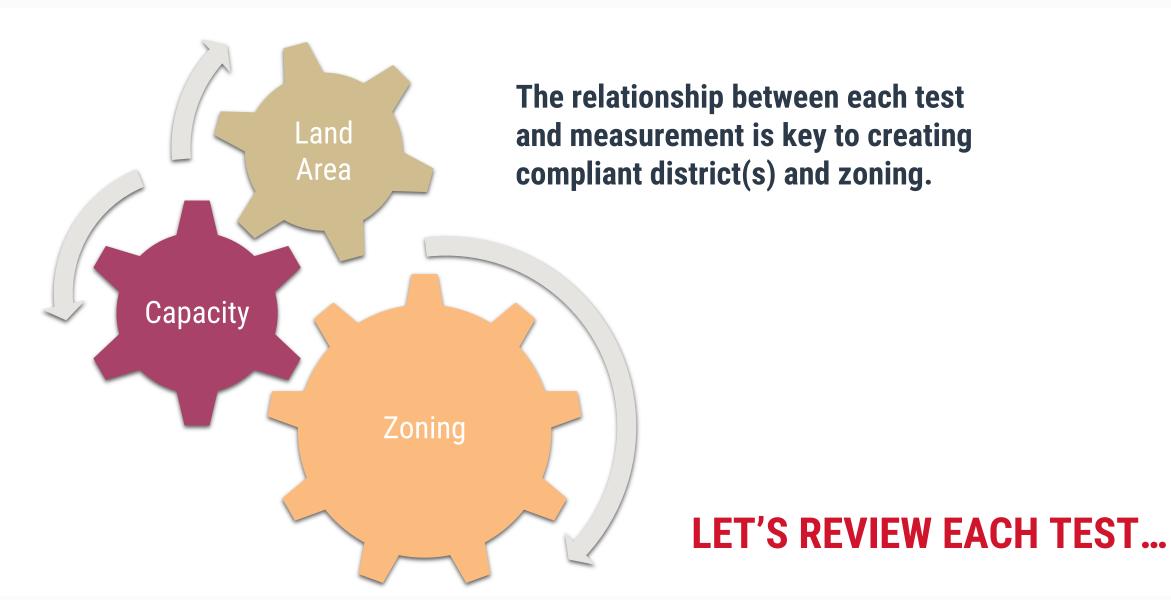
What does the full compliance process look like?



What are the compliance tests we need to complete?

There are three primary compliance tests every MBTA Community will need to complete.





The land area tests will tell us if Needham's districts meet or exceed the minimum number of acres required and if the correct percentage of the land area is located within the commuter rail station area (0.5-mile radius).

What are Needham's land area requirements?

Metric	Needham's Requirement	Calculation
Minimum Land Area	50 acres	50 Acres or 1.5% of the Town's developable land area
% to be Located in Station Area	90% (45 acres)	Minimum Land Area x 90%
Minimum Contiguous District Size	25 acres	Minimum Land Area x 50%

What are the components of the land area tests we need to complete?

District Location — Are the parcels located within the station area?

District Size —

Do we have 50 acres across our districts?

Do we have at least one district that is 25 acres?

Are all our districts larger than 5 acres?

Do we have 45 acres located in the station area?

Contiguity of District

Do we have at least one district that is 25 acres?

Do we have any non-contiguous districts smaller than 5 acres?

Do the districts meet the definition of contiguous?

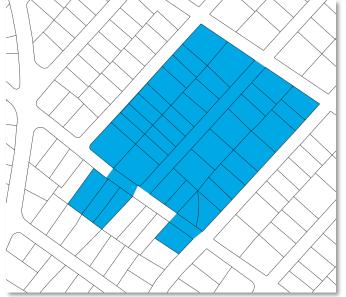
Test #1 - Land Area

What is contiguity? (per the Guidelines)

- Areas are contiguous if they share at least one parcel boundary.
- Areas are contiguous if parcels are easily connected across right of way.
- In a multiple district approach to 3A compliance, areas with different zoning rules that are adjacent to one another are still contiguous.

Cautions with Districts:

- Do not use right of way as a conduit to connect clearly separate areas.
- Be cautious when drawing your district around excluded land as it might result in non-contiguous areas



Example of a Contiguous District

- All parcels are connected.
- Parcels are directly across ROW.
- District larger than 5 acres.

Example of a Non-Contiguous District

- Parcels are not connected.
- District connected by a stretch of ROW.
- District not larger than 5 acres.



Test #1 - Land Area

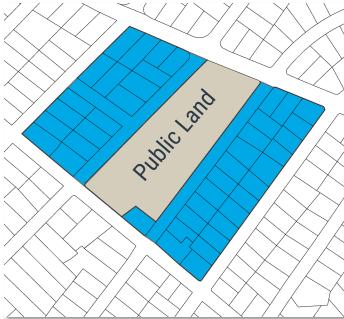
Other Considerations

- When drawing districts, you have to follow parcel lines and take the entirety of the parcel. You cannot create split parcels or include partial parcels in a district.
- Contiguous districts can have subdistricts within them that have different zoning regulations so long as the entirety of the district is at least 5 acres in size.
- You cannot draw around excluded/public land that happens to be in the middle of your district.



You can have different zoning districts within a single MBTA district if contiguity is maintained.

You cannot draw a district to purposely exclude a central piece of public/excluded land.



Recap.

Each district land area metric and test work together and must be considered as a package when drawing a district or set of districts.

The size of the district and its location play a major role in the unit capacity and density tests explained in the next section.

Land Area/District Check List	Yes/No
50 Acres of Land Across the District(s)	?
45 Acres of Land within the Station Area	?
One Contiguous District of 25 Acres	?
Non-Contiguous Districts are 5 Acres or More	?
Districts are Drawn in a Compliant Manner	?

The unit capacity tests will tell us if Needham's districts will allow enough multifamily housing to meet or exceed the minimum unit capacity, if the correct percentage of the units are located within the commuter rail station area (0.5-mile radius), and if the density meets or exceeds 15 dwelling units per acre.

One common misconception about the MBTA Communities is that the Unit Capacity is a housing production target. This belief is not true. The town does not have to produce units, it must adopt the zoning that will allow for the required number of units.

What are Needham's unit capacity requirements?

Metric	Needham's Requirement	Calculation
Minimum Unit Capacity	1,784 units	2020 Census Housing Unit Count x 15%
% to be Located in Station Area	90% (1,606 units)	Minimum Unit Capacity x 90%
Minimum Density Requirement	15 DU/AC	Minimum Unit Capacity / Density Denominator in Acres

How is multifamily housing defined under Section 3A?

"Multi-family housing" is defined as a building with 3 or more residential dwelling units or 2 or more buildings on the same lot with more than 1 residential dwelling unit in each building.



How is density defined under Section 3A?

Let's imagine we have to create 150 units of housing



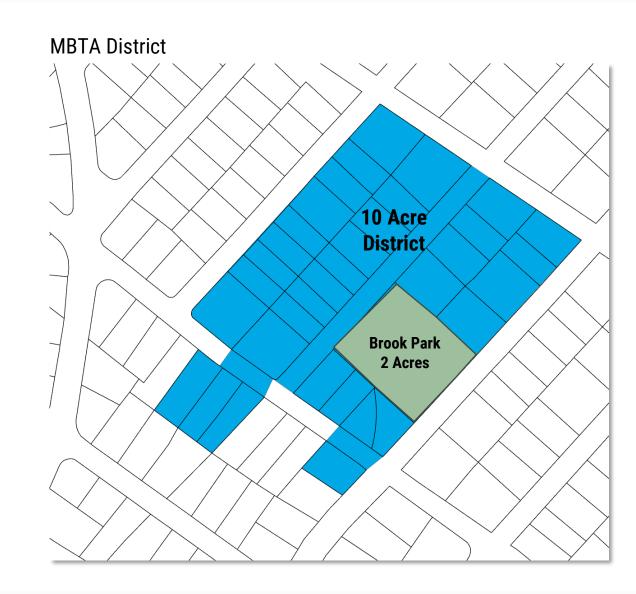
ARE WE COMPLIANT?

How is density defined under Section 3A?

Total acreage of the district can be impacted by "excluded land", or land which the guidelines say cannot be developed for housing.

This includes environmentally protected land, open space and parks, conservation land, and publicly owned land. Public land slated for housing in the near future can be counted and overridden in the model.

If our district is 10 acres in size, but contains a 2-acre park, the area that is technically developable is only 8 acres. This becomes our district size for purposes of calculating density.



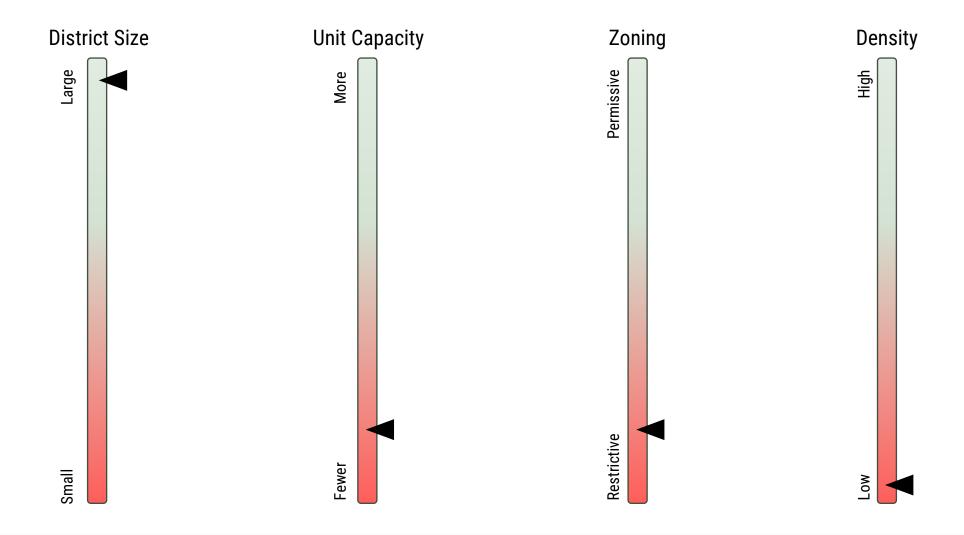
How is density defined under Section 3A?



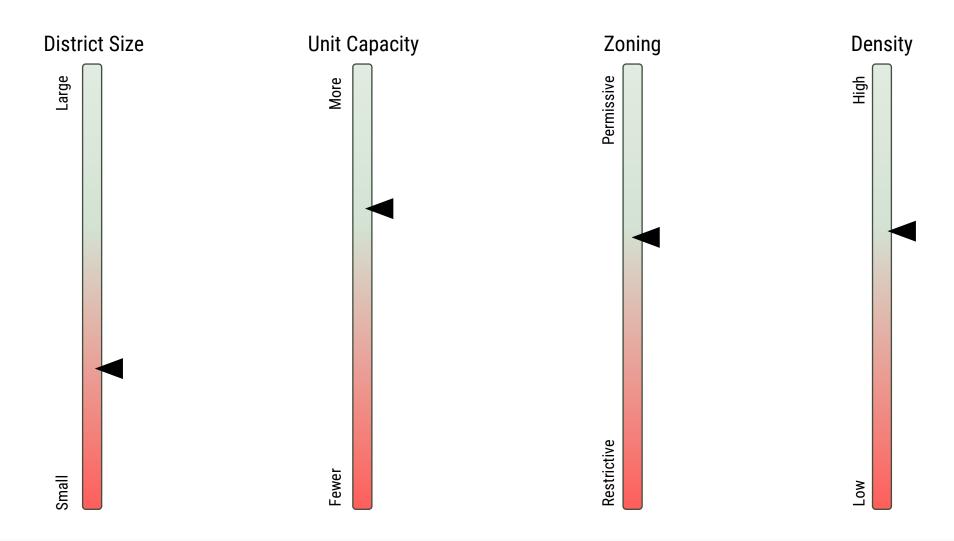
NON-COMPLIANT

2 Acres

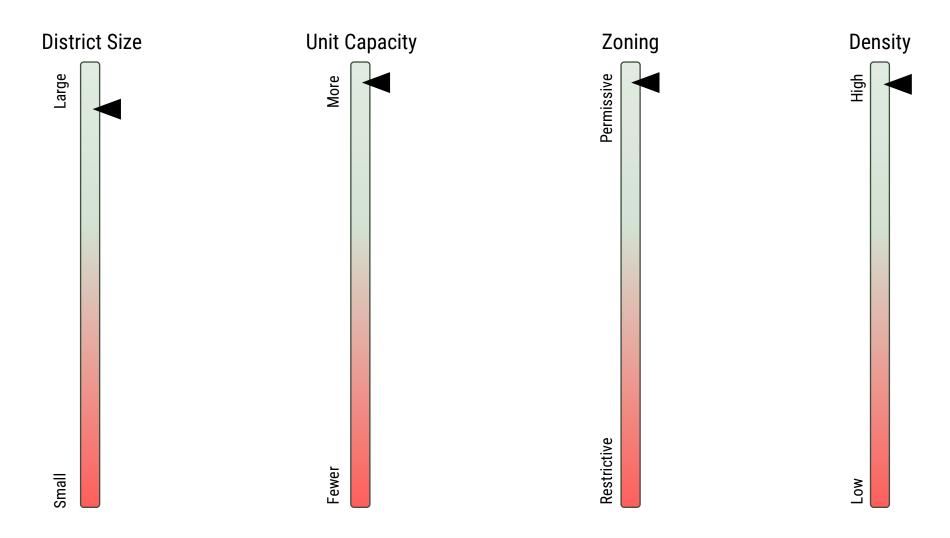
How is density defined under Section 3A?



How is density defined under Section 3A?



How is density defined under Section 3A?



Recap.

The unit capacity measurements must work in concert with the district land area metrics to ensure compliance with the density requirements.

The push and pull between district size, district location, excluded land, zoning regulations, and unit capacity all impact the final density metrics.

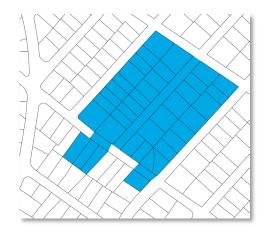
Unit Capacity Check List	Yes/No
Minimum Unit Capacity of 1,784 Units	?
1,606 Units in the Station Area	?
Density of 15 DU/AC Across All Districts	?

Intro to MBTA Communities Zoning

Zoning and Existing Units

Why can't we count existing developments? Why can't we count projects that we know are about to be developed?

Zoning treats all lots as though they were unbuilt.



This image shows a zoning district in blue; the parcels are outlined in black. This is how zoning sees land.







And because buildings can cross parcel lines, we don't know what buildings and uses are in that district now. Any of these images could represent a building in the blue area.

Think about zoning as what CAN be and not what is now. If the zoning changes, then a property owner has the option to do something different. Exercising that option depends on many other factors.

Unit capacity is a **measure of possibility**, not a count of existing or project dwelling units.

Zoning Guidelines and Requirements

In addition to the district and unit capacity tests, the MBTA Guidelines place additional restrictions on the zoning that can be applied to an MBTA District. These include the following considerations:

Zoning that is compliant:

- cannot mandate an age-restriction for housing.
- cannot regulate the:
 - size of units in square feet.
 - the bedroom size or mix of bedrooms.
 - the size of bedrooms in square feet.
 - regulate or limit the number of occupants in a unit.
- cannot mandate mixed-use development in the MBTA district.
 Mixed-use can be included as an allowable use, but it cannot be mandated as part of a multifamily development.

Affordable housing requirements cannot exceed 10% of the total units offered no less than 80% of the area median income.

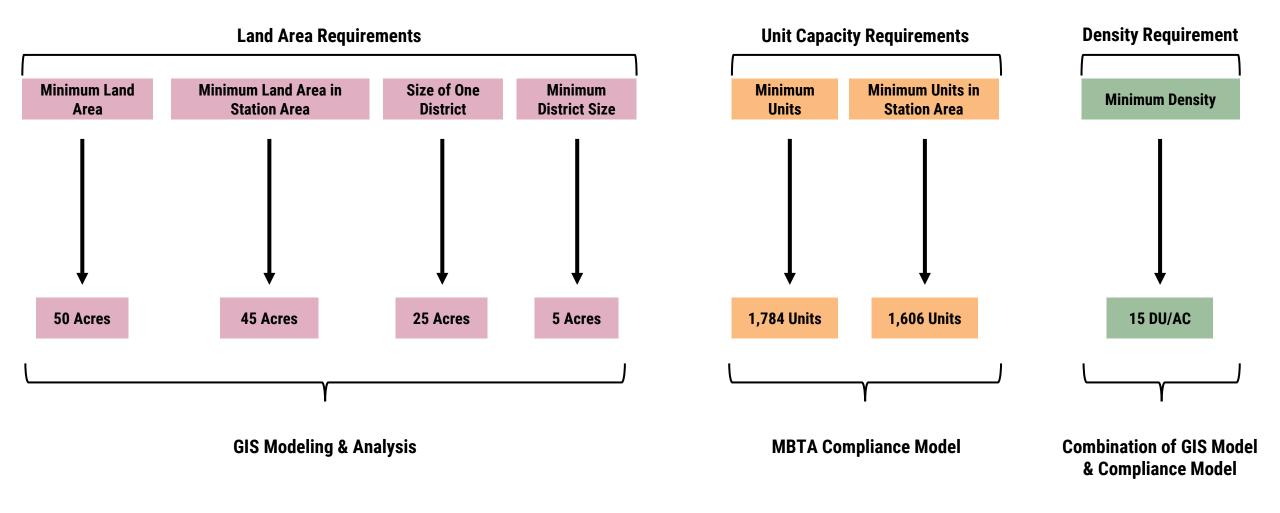
If a town wants to go above 10% and/or below 80%, they must complete an economic feasibility analysis to prove the requirement will not create financial hardship for new development.

Zoning Guidelines and Requirements

In addition to the restrictions on zoning dictated by the MBTA Guidelines, we also have to determine how much housing could be built under current or proposed zoning for a given district.

The parameters shown to the right are just some of the components of zoning that are used to test the unit capacity of an MBTA district. The more restrictive the zoning, the fewer units produced. The more permissive the zoning, the more units produced.

Zoning Parameters
Minimum Lot Size
Building Height
Floor Area Ratio
Lot/Building Coverage
Open Space Requirement
Setbacks
Parking Spaces per Unit
DU/AC Maximum
Lot Area per Dwelling Unit
Unit Cap in the District



Scope and Timeline

NEEDHAM MBTA COMMUNITIES

SCOPE ELEMENTS







Next, conduct a fiscal impact analysis of future housing development looking at tax revenue generation and municipal costs.

Produce 3-D renderings of 3-5 locations across the districts that are emblematic of the types of development that could occur.

Lastly, test the financial feasibility implications of changes to the Town's Inclusionary Zoning to ensure new regulations do not negatively impact the ability to build in Needham.



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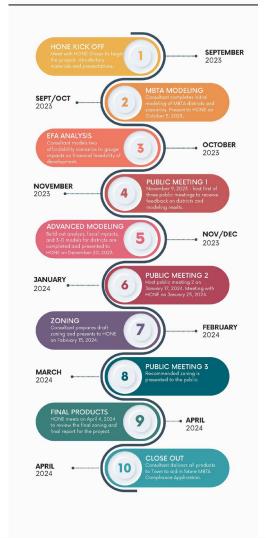
Provide a draft and final report detailing each component of the project for the Town's records and to serve as a formal submittal to EOHLC as part of the compliance documentation.

REPORT

Innes
Associates Ltd



TIMELINE





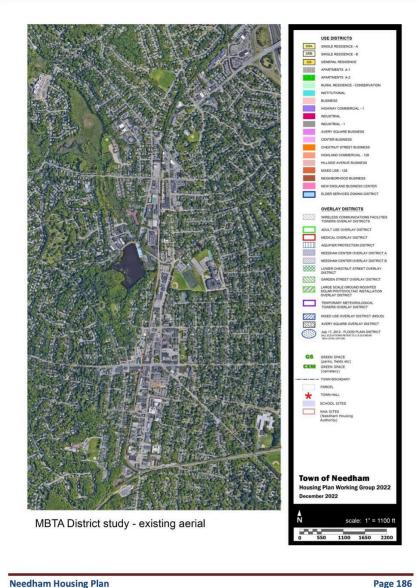


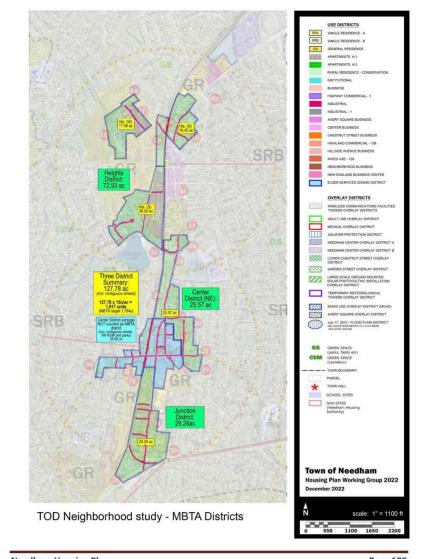


Scope and Timeline

Scope of Work/Timeline The key tasks and anticipated timeline are provided below.	
Task	Timeframe
Consultant Begins	August 21, 2023
Consultant meets with Needham Town staff to discuss the project	Late August 2023
Project Kick-Off Meeting with HONE Advisory Group (consultant attends)	September 7, 2023
Consultant conducts tests of zoning scenarios using DHCD's compliance model, starting with the Housing Plan proposals and including 2-3 additional scenarios for consideration as well	August/September 2023
Town-wide mailing announcing MBTA Communities Act planning effort and community engagement process.	Mid-September
HONE Advisory Group meeting (review DHCD compliance modeling results, select two affordability percentages to be modeled and prepare for Community Meeting No. 1)	October 5, 2023
Consultant prepares report/memorandum regarding feasibility of applying each of the two alternative affordability percentage thresholds, as selected by the HONE Advisory Group, on a townwide basis for DHCD approval	October 2023
Consultant delivers a final report that includes the final calculations on the various scenarios analyzed towards compliance with Section 3A	October 2023
Community Meeting No. 1. DHCD's compliance model tests, starting with the Housing Plan proposals and including 2-3 additional modeled scenarios are presented to the Community. Consultant also prepares library of housing icons to help people understand how buildings reflect zoning requirements. Public input and comment are sought regarding the land use approaches presented.	Thursday, November 9, 2023
HONE Advisory Group meeting (discuss workshop results and make decisions for further scenario modeling and analysis)	November 15, 2023
Informed by HONE Advisory Group and community input, Consultant prepares build- out models for 2-3 HONE Advisory Group selected modeled scenarios and analyzes corresponding fiscal impacts (e.g., school enrollment projections, infrastructure impacts, etc.) Consultant also prepares 3D models for each of the selected modeled scenarios.	November 2023
HONE Advisory Group meeting (review build-out analyses, fiscal impact analyses and 3D models from consultants)	December 20, 2023
HONE Advisory Group meeting (preparation for Community Meeting No. 2)	January 4, 2023
Community Meeting No. 2. 2-3 modeled zoning alternatives including build-out and fiscal impact analysis are presented to the community for feedback and selection of the preferred alternative. 3D models for each of the zoning scenarios are also presented.	Wednesday, January 17, 2024
HONE Advisory Group meeting (decision on final proposal to use based on community meeting feedback).	January 25, 2024
Based on the HONE Advisory Group selected final zoning alternative, Consultant updates the compliance model calculation, build-out and fiscal impact analysis, and 3D model as required. Consultant develops and delivers design recommendations pertaining to building placement and orientation, building mass and form, facades and parking placement for the selected zoning approach. Consultant delivers draft zoning by-law amendment and zoning map amendments required to implement selected regulatory scheme to Town staff, the Planning Board and HONE Advisory Group.	February 2024
HONE Advisory Group meeting - Consultant presents draft report on the project to Town staff and HONE Advisory Group. Consultant prepares materials to help the public understand the zoning by-law and zoning map amendments.	February 15, 2024

Community Meeting No. 3. Final M.G.L. c. 40A Section 3A recommendations and implementation strategy are presented at an advertised public meeting.	Thursday, March 7, 2024
Consultant revises draft of the zoning by-law amendment and zoning map amendments based on input received from Town staff, the Planning Board and HONE Advisory Group. Consultant prepares zoning article explanations for each of the proposed amendments.	March 2024
HONE Advisory Group meeting (review final report and final zoning)	April 4, 2024
Consultant finalizes the report based on comments	April 2024
Consultant meets with Town staff and HONE Advisory Group representatives on a bi- weekly basis (as needed) to review progress	August through March 2024 (as needed)
Consultant meets with HONE Advisory Group one to two times per month.	September through March 2024 (as needed)





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Recommended Starting Point:

- Allow multi-family housing by right at existing Apartment A-1 dimensional limits that include:
 - Minimum lot area of 20,000 square feet.
 - Minimum frontage of 120 feet.
 - Maximum dwelling units per acre of 18 units.
 - Maximum floor area ratio (FAR) of 0.5, meaning on a 20,000 square foot lot the maximum square footage that can be built is 10,000 square feet.
 - Minimum setback (front/side/rear) of 20/20/20 feet.
 - Maximum height of 3 stories or 40 feet.
- Location focused on areas along Highland Avenue to Chestnut Street corridor near transit and where higher density development already exists. Needham Center was intentionally excluded given former state requirements that disallowed the mandating of mixed commercial and residential properties.
- Rezoning identified existing Single Residence B (SRB) and General Residence (GR) districts to A-1 requirements by right.
- Changing to A-1 provisions in business areas that currently allow multi-family housing and others, including some industrial areas, that do not. Minimum lot area would be 10,000 sq. ft. as opposed to 20,000.