

Arlington Affordable Housing Overlay Working Group



STRATEGY 2
Create additional affordable housing

Affordable housing requires subsidy to be financially feasible. A minimum subsidy of \$400K - \$500K is required per rental unit. With expertise, flexibility and smart planning, we can stretch limited local dollars a long way.

A central graphic with an orange background. At the top is a white circle containing a black icon of a house with a construction crane. Below the icon, the text "STRATEGY 2" is written in bold, followed by "Create additional affordable housing". At the bottom, a light orange box contains a paragraph of italicized text.

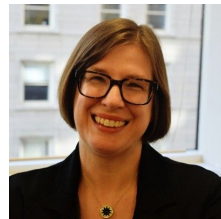
Preliminary Presentation
Affordable Housing Trust Fund
December 12, 2023

Affordable Housing Overlay Working Group

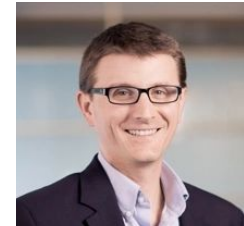
A working group comprised of affordable housing, zoning and legal experts formed a working group to develop a proposed affordable housing overlay. Representatives of the Affordable Housing Trust, Arlington Redevelopment Board and Housing Corporation of Arlington were included to reflect our continuing commitment to cross-functional collaboration to achieve our affordable housing objectives.



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Board



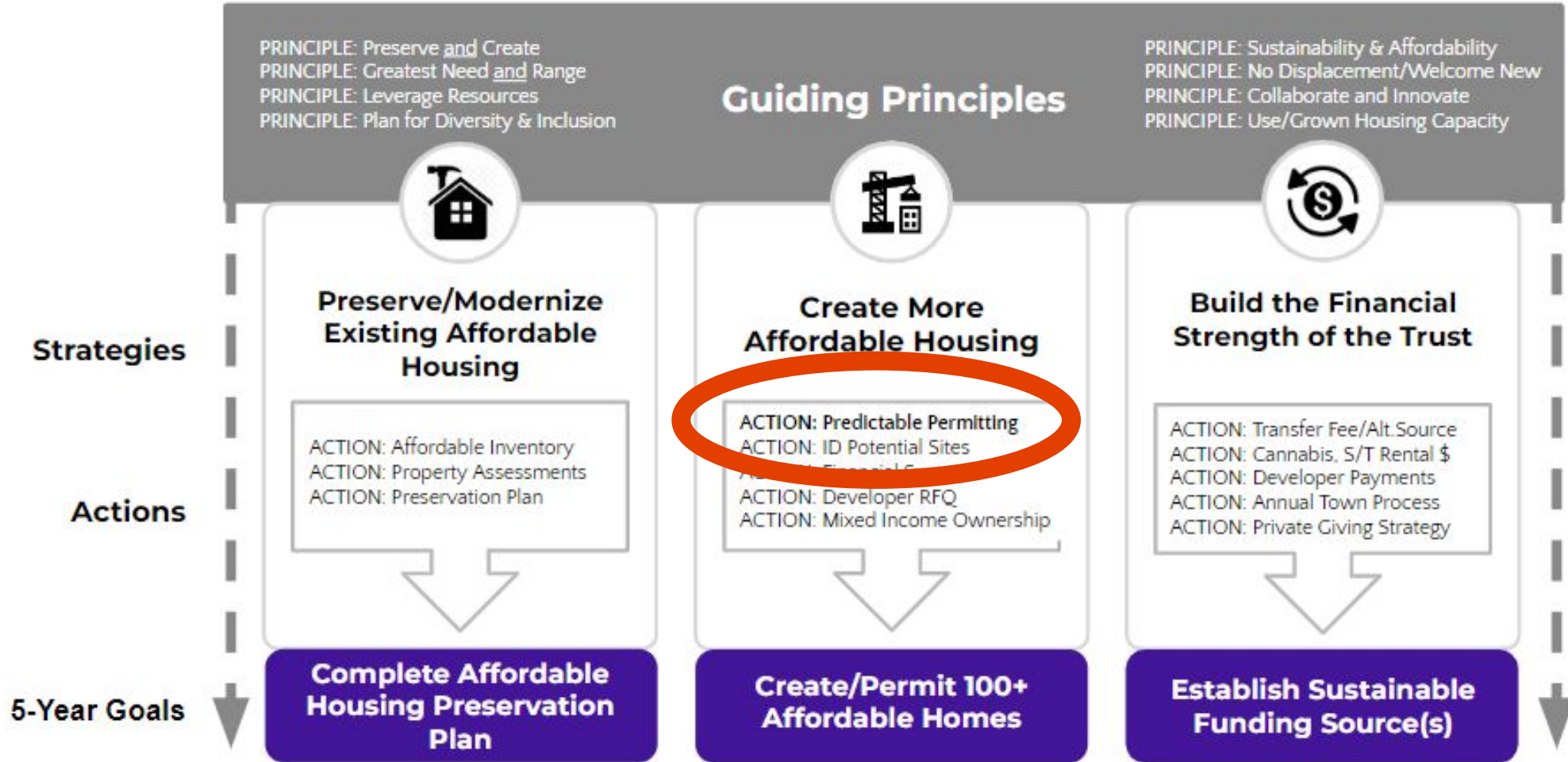
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An Affordable Housing Overlay to Advance the Trust's Action Plan

Strategy #2, Create More Affordable Housing By Making Permitting Predictable





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Strategy 2: What the Experts Said

When asked what would cause them to create affordable housing here, experienced developers' responses were very consistent.

“It’s easy—projects where Town players can help to fast-track: land + financing + community support + permitting and transparency have our interest.”

– Affordable Housing Developer

Identify & offer public sites for redevelopment, such as underutilized commercial sites. ID and negotiate or purchase other acquisitions.

Sites

Funding

Early local financing commitments, affordable ADU funding, subsidy for small acquisitions for conversion to affordable.

Affordable housing overlay, friendly 40B, permitted site disposition, MBTA Communities opportunities.

Permits

Alignment

Clear, consistent indication of what community wants, the resources & will it offers to support the development (i.e., RFQ).

Strategy 2: Leveraging Subsidy

In the first 8 months of 2022,
DHCD awarded developers

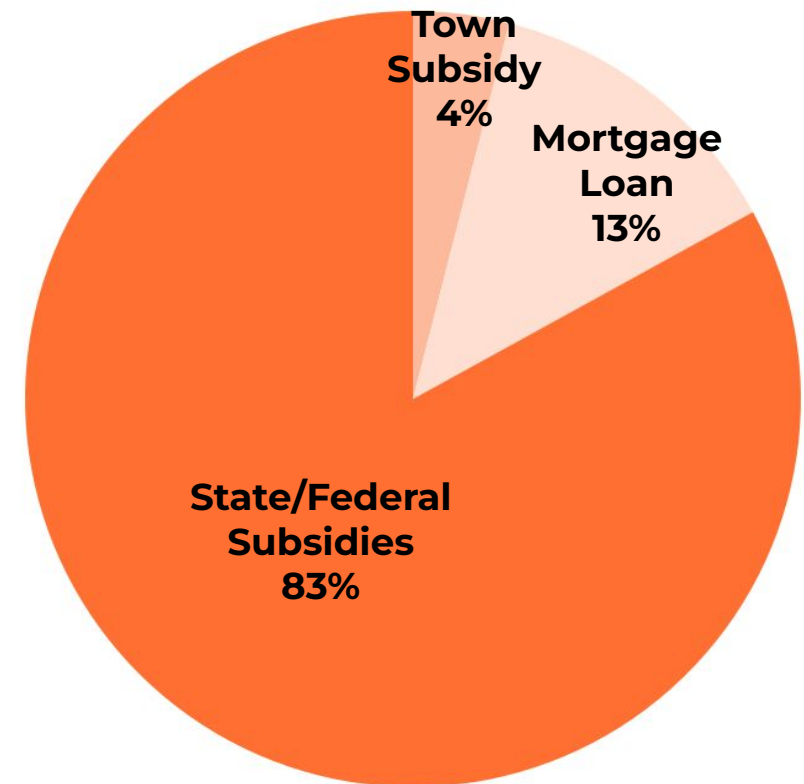
\$435 Million

for 52 affordable housing deals in
31 other communities.

Requests
from
Arlington

\$0

Downing Square Broadway Initiative Leverage for Town Subsidies



Strategy 2: Two Ways to Subsidize Affordable Housing

An affordable housing zoning overlay contributes to this strategy.

1. Leverage State & Federal Subsidies

State and federal subsidy is limited and competitive, but multiple projects move forward regularly in other communities attracting affordable housing developers with regulatory and financial expertise. HCA's most recent project received more than **\$22 million, leveraged with only about \$1M of local funds** - just about 4% of total development costs. There are limits on how much subsidy will flow to one developer or one town, but we have far to go before we maximize it.

MBTA communities is expected to advance this strategy by unleashing the potential of our Inclusionary Zoning Bylaw:

2. Get Developers to Pay for It

We have two laws designed to capture the value of high market costs to subsidize affordable housing.

- Arlington's **Inclusionary Zoning Bylaw**
- State **Comprehensive Permit Law (Chapter 40B)**

Both require market rate developers to provide long-term, use-restricted affordable housing at no cost to the Town. Combined, these laws have produced ~3-4 units/year over the last 40 years, because our zoning laws make market-rate housing difficult to build. Two new 40B's may change that.

The Proposed Affordable Housing Overlay Approach

The overlay applies **throughout the town** and will require a **high percentage of deed-restricted affordable housing**, but will allow some **income mixing to promote housing diversity and inclusion**.

What makes it work are **developments with enough units to attract state and federal subsidies**. The overlay would create a transparent path to create buildings of this size.

The size of the building and location on the lot will be **related to the surrounding buildings and underlying zoning**.

Preliminary Assumptions for Discussion & Feedback

Affordability	At least 70% of units deed restricted to be available at or below 60% of area median income
Geography	No specific district - this is a townwide overlay
Height	2 stories more than allowed under current zoning
Setbacks	Minimum setbacks driven by prevailing setback in the neighborhood or underlying setback (plus existing nonconformities)
Parking	0.5 Space minimum per unit in residential districts No parking minimum in commercial districts
Commercial Use?	May [shall?] include 1+ floor of commercial or community space in commercial/industrial districts

The working group's proposal aligns with the Trust's income targeting goals.

Income targeting goals prioritize those with lowest incomes, while retaining flexibility.

The Trust can fund housing for this range of incomes

		Extremely Low ~30% AMI (less than \$42,050/yr)	Very Low 50% AMI (less than \$70,100/yr)	Low 80% AMI (less than \$111,850/yr)	Moderate 100% AMI (less than \$140,200/yr)	Middle 120% AMI (less than \$168,250/yr)
 Family size: 4	Affordable 3BR rents	\$734	\$1,303	\$2,154	\$2,721	\$3,290
	Affordable 3BR sales	n/a	\$160,900	\$290,300	\$368,500	\$445,300
 Family size: 2	Affordable 2BR rents	\$659	\$1,164	\$1,921	\$2,426	\$2,931
	Affordable 2BR sales	n/a	\$137,000	\$252,000	\$326,000	\$394,100
 Family size: 1	Affordable 1BR rents	\$590	\$1,031	\$1,695	\$2,136	\$2,577
	Affordable 1BR sales	n/a	\$113,100	\$213,700	\$280,700	\$343,000

Sources:

Extremely Low, Very Low, and Low income limits: HUD FY2022 Income Limits Summary (<https://www.huduser.gov/portal/datasets/il.html>)
 Moderate income limit obtained by multiplying 50% AMI by two; Middle income limit obtained by multiplying Moderate income limit by 1.2.
 Price limits: BPDA Income, Asset, and Price Limits (2022): <http://www.bostonplans.org/housing/income-asset-and-price-limits>

Income Targeting Goals

50% of Units Affordable to Households Making 60% of AMI or Less

The Trust will endeavor to have at least fifty percent (50%) of all housing units funded by the Trust during the term of the Plan be reserved for households with incomes less than or equal to 60% of areawide median income.

15% of Units Affordable to Households Making 50% of AMI or Less

The Trust will also endeavor to have at least 15% of all housing units in projects funded by the Trust during the term of the Plan be reserved for Extremely Low-Income (“ELI”) households with incomes less than 30% of areawide median income or Very Low Income (“VLI”) households with incomes less than 50% of areawide median.

Potential Timeline for Development

Date	Forum	What?
December 12	AHTF	Preliminary Review
January 8	ARB	Review of Proposed Warrant Articles
January 26	Warrant Closes	Warrant Article Proposed (ARB or Citizen Petition)
January Date TBD	Public Forum (Co-Sponsored)	Why Do We Need an Affordable Housing Overlay?
February Date TBD	Public Forum (Co-Sponsored)	Stakeholder Forum
Feb. - March	AHTF, ARB, Precinct Meetings	Overlay Language Review & Comment
April 22, 2023	Town Meeting	Opening Night