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## HOUSING MATTERS

# More Towns Turn to Density Bonuses To Produce More Affordable Housing

Carefully Crafted, Bonus Can Be Effective Tool

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SPECIAL TO BANKER & TRADESMAN

Residents in many communities in Massachusetts and other high-cost places across the country are struggling to produce housing that is affordable. And increasing numbers of those communities are engaged in determined efforts to do something about it using a variety of tools.



One tool is inclusionary zoning, which is a requirement for some quantity of affordable units in any new development. It is often strengthened by additional incentives, such as allowing more height than is called for under existing zoning.

These so-called density bonuses use the proceeds of market rents and sales to subsidize affordable units in a development. They are already being tried in communities around the commonwealth, including in Boston, where housing is particularly scarce and increasingly expensive.

A sweeping nationwide study on inclusionary zoning was done two years ago by Grounded Solutions Network, which promotes housing by connecting and supporting specialists, for the Lincoln Institute for Land Policy in Cambridge.

The study found that, of 187 local programs across the country that reported having at least one incentive for the production of housing, a “density bonus was the most frequent incentive offered to developers (146 programs, or 78 percent).”

California recently strengthened a statewide law that requires all local communities to offer a density bonus. But for the most part Massachusetts municipalities and other communities nationwide decide individually whether to implement this or other housing production policies.

A survey of almost 200 communities in Eastern Massachusetts in the early 2000s found incentives in many forms, including density bonuses. The town of Clinton offered four extra units to any developer for every unit dedicated to a low-income family, and three extra units for every unit reserved for a moderate-income family.

### Good Data Needed for Success

Often cities and towns have the will to produce more housing but are ill-equipped to determine what will work. Technical support is needed to evaluate the projected impact, coupled with the resources to reach out to and educate the public. Density bonuses need to be uniquely tailored to current local real estate market conditions.

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Density bonuses have been around for decades, and if well-calibrated they have the potential to be very effective. However, in the absence of significant real-time data, they are not well-understood and can be difficult to deploy effectively. More research is needed to find the keys to successful policies.

Even seemingly well-planned efforts don’t always achieve the anticipated results – at least right away. For example, with its Jamaica Plain/Roxbury planning initiative, Boston two years ago offered more density to developers in return for developments that would have at least 30 percent of additional units as affordable. That does not appear to have produced the hoped-for results.

Last month, Salem Mayor Kim Driscoll and her planning team held a public forum to outline the

need for more housing and hear what residents had to say about possible remedies. On the table were more accessory dwelling units, using public land for development and inclusionary zoning requirements, which could include density bonuses.

The Metropolitan Area Planning Council has been a critical partner, creating an economic model for Salem in particular. Developers, lenders and real estate professionals were interviewed to determine how much new affordable housing could be required without reducing builders’ profits so much it would discourage development. As a result, the city plans to propose new ordinances in the near future.

“Our biggest challenge is to balance the policy to achieve meaningful affordability for the Salem community without dampening development,” said Karina Milchman, chief of housing and neighborhood development at MAPC, in the context of work being done in Salem around these issues.

The Massachusetts Housing Partnership is working on a similar project tailored to the city of Medford.

A popular web-based tool is Grounded Solutions’ interactive calculator, which helps local communities

anywhere understand the tradeoffs and how to assess whether a development will pencil out. Users can select a type of development and location and then based on the network’s research determine almost immediately how much affordable housing is feasible.

We have come a long way in the public’s understanding of what density is and that it can be a positive tool for community-centered planning and placemaking. But we have a long way to go. We must support community efforts to achieve the results that we all so desperately need. ◀

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