City of Newton, Massachusetts

Department of Planning and Development

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Barney S. Heath
Director

MEMORANDUM

DATE: March 24, 2023

TO: Councilor Deborah Crossley, Chair, Zoning & Planning Committee
Members of the Zoning & Planning Committee

FROM: Barney Heath, Director, Department of Planning and Development
Jennifer Caira, Deputy Director Department of Planning and Development
Zachery LeMel, Chief of Long Range Planning

RE: **#38-22 Discussion and review relative to the draft Zoning Ordinance regarding village centers**
ZONING & PLANNING COMMITTEE requesting review, discussion and possible ordinance amendments relative to Chapter 30 zoning ordinances pertaining to Mixed Use, business districts and village districts relative to the draft Zoning Ordinance. (formerly #88-20)

MEETING: March 27, 2023

CC: City Council
Planning Board
Jonathan Yeo, Chief Operating Officer

Village Center Zoning

Under the direction and guidance of the Newton City Council Zoning and Planning Committee (ZAP), Planning staff drafted "version 1.0" of the Village Center Overlay District (VCOD) Zoning Ordinance. This first draft builds upon nearly two years of research, analysis, City Council deliberation, and community engagement. The VCOD zoning is tailored to complement each village center, while also guiding development that addresses Newton's current and future needs.

Incentivizing Affordability in Newton's Village Centers

Throughout the village center zoning process Planning staff have heard from the City Council, Boards & Commissions, and community members about the desire to increase affordability within new development. With this guiding principle, Planning staff, City consultants, and members of the Newton Housing Partnership (NHP) undertook an analysis to understand if providing a by-right increase in building height and massing could incentivize more affordable units within the proposed VCOD. The following information summarizes the results of that analysis and resulting policy recommendation.

Incentive Allowance

Allowance (max)	Village Center 3 District (VC3)			Village Center 2 District (VC2)		
	Base Condition	Option 1	Option 2	Base Condition	Option 1	Option 2
Height (stories)	4.5	5.5 (+1)	6.5 (+2)	3.5	4.5 (+1)	5.5 (+2)
Building Footprint (sq ft)	15,000	17,500 (+2,500)		10,000	12,500 (+2,500)	

Summary of Initial Findings from Test Fits

	Village Center 3 District (VC3)			Village Center 2 District (VC2)		
	Base Condition	Option 1	Option 2	Base Condition	Option 1	Option 2
Height (stories)	4.5	5.5	6.5	3.5	4.5	5.5
Building Footprint (sq ft) *	12,847	16,801	16,801	6,544	11,043	11,043
Total Square Feet	55,249	89,164	105,124	23,940	51,870	62,843
Total Units	48	82	98	24	52	63
Affordable Units	8	24	33	4	15	22
% Affordable	17.5%	30%	34%	17%	30%	35%

* The maximum footprint is based on actual properties in Newton, compliant with all VCOD zoning

This initial analysis is based on a rental property development. The VC3 option includes ground floor retail, while the VC2 option is fully residential. Additional information on the analysis, including initial pro forma input ranges and sites used for the test fits, can be found in Attachment A.

Policy Recommendation

|	Village Center 3 (VC3) & Village Center 2 (VC2) Districts		
	Base Condition	Option 1	Option 2
Height Bonus (stories)	N/A	+ 1	+ 2
Building Footprint Bonus (sq ft)	N/A	+ 2,500	+ 2,500
Required Affordable Units (min)	17.5%	25%	30%
Required AMI for Bonus Affordable Units (average)	65%		

Next Steps

Planning staff look forward to a discussion with the NHP regarding this material and hope the NHP will vote to endorse this policy recommendation in advance of presenting this material to the City Council at the March 27,2023 ZAP Committee meeting.

Attachments

Attachment A   Test Fits for Additional Affordability Requirements within the VCOD

Three Options to Test – VC3

Base Condition

OPT 1

OPT 2

| Lot Area (sf)	35,900		
	VC3		
	Base Condition: Retail & Housing (4.5 stories)	**OPT 1: Retail & Housing (5.5 stories)**	**OPT 2: Retail & Housing (6.5 stories)**
Building Footprint (sf)	12,847	16,801	16,801
Retail Area (sf)	7,370	7,370	7,370
Housing Area (sf)	47,886	82,242	97,565
Housing # of units	48	82	98
Total Area (sf)	**55,256**	**89,612**	**104,935**
FAR	**1.54**	**2.50**	**2.92**
Rqd Parking: Retail Store (Exempt)	0	0	0
Rqd Parking: Housing 0.75 per unit	36	--	--
Rqd Parking: Housing 0.5 per unit	--	41	49
Total Rqd Parking	**36**	**41**	**49**
Actual # of Surface Parking Spaces	36	19	19
Actual # of Underground Parking Spaces	0	22	30
Actual # of Total Parking Spaces	**36**	**41**	**49**

**Attachment A - ZAP (3/27 Meeting)**
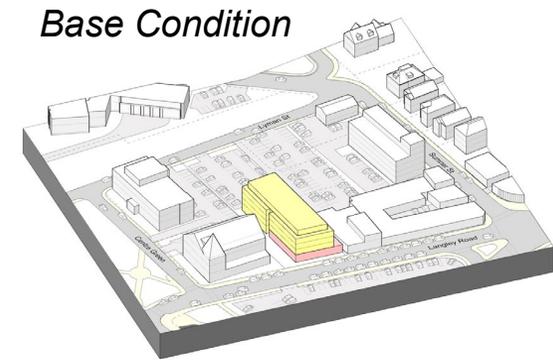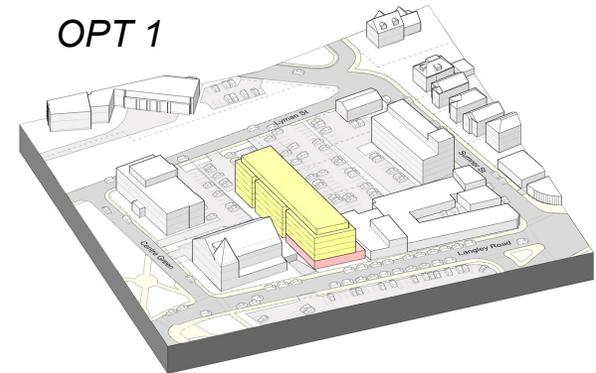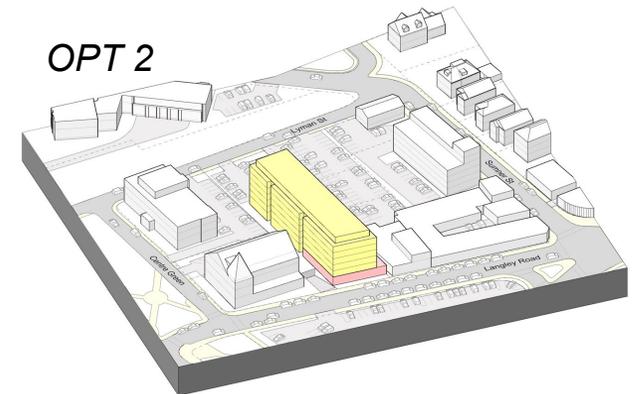
Initial Findings – VC3

The following table was created by adding a floor of development to each scenario but keeping the "value created" for the developer constant, to determine how many additional affordable units could be supported above the base condition

Base Condition

OPT 1

OPT 2

	Base Condition	OPT 1	OPT 2
Floors	4.5	5.5	6.5
FAR	1.54	2.50	2.92
Square Feet	55,249	89,164	105,124
Total Units	48	82	98
Affordable Units	**8**	**24**	**33**
Affordable Percentage	**17.5%**	**30.0%**	**34.0%**
Increase in Affordable Units		**16**	**25**
Increase in Market Units		**18**	**25**
Affordable Percentage of Bonus Units		**48%**	**50%**

|			
Return on Cost	6.12%	5.55%	5.39%
Net Operating Income	$ 1,500,000	$ 2,200,000	$ 2,600,000
Value Created	$ 9,100,000	$ 9,500,000	$ 9,400,000

Attachment A - ZAP (3/27 Meeting)
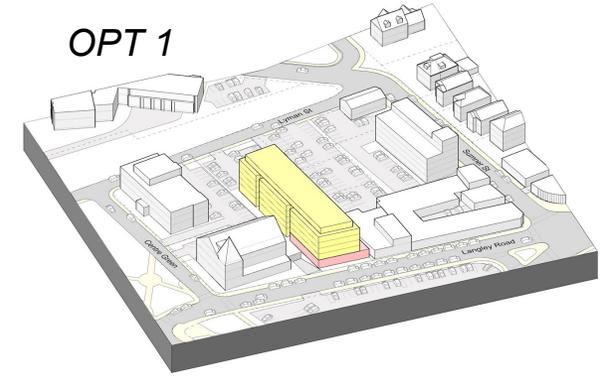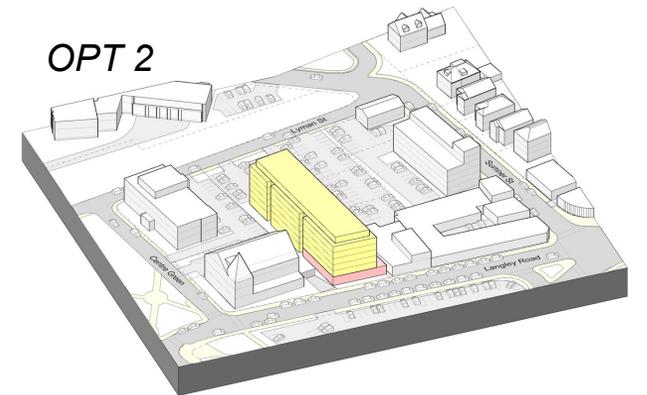
Base Condition VC3 – 4.5 Stories
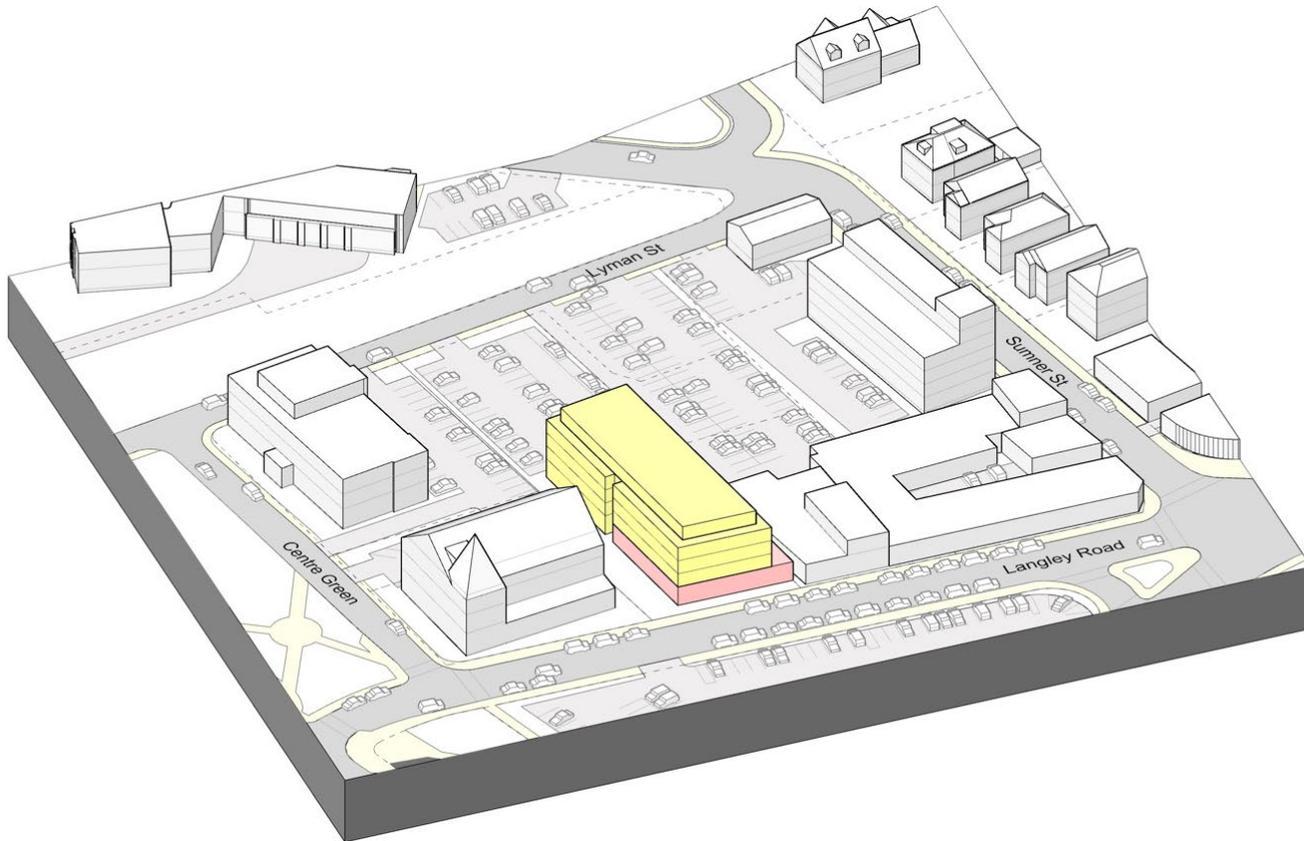
	Base Condition: Retail & Housing (4.5 stories)
Building Footprint (sf)	12,847
Retail Area (sf)	7,370
Housing Area (sf)	47,886
Housing # of units	48
Total Area (sf)	**55,256**
FAR	**1.54**
Rqd Parking: Retail Store (Exempt)	0
Rqd Parking: Housing 0.75 per unit	36
Rqd Parking: Housing 0.5 per unit	--
Total Rqd Parking	**36**
Actual # of Surface Parking Spaces	36
Actual # of Underground Parking Spaces	0
Actual # of Total Parking Spaces	**36**

Attachment A - ZAP (3/27 Meeting)

Base Condition VC3 – 4.5 Stories
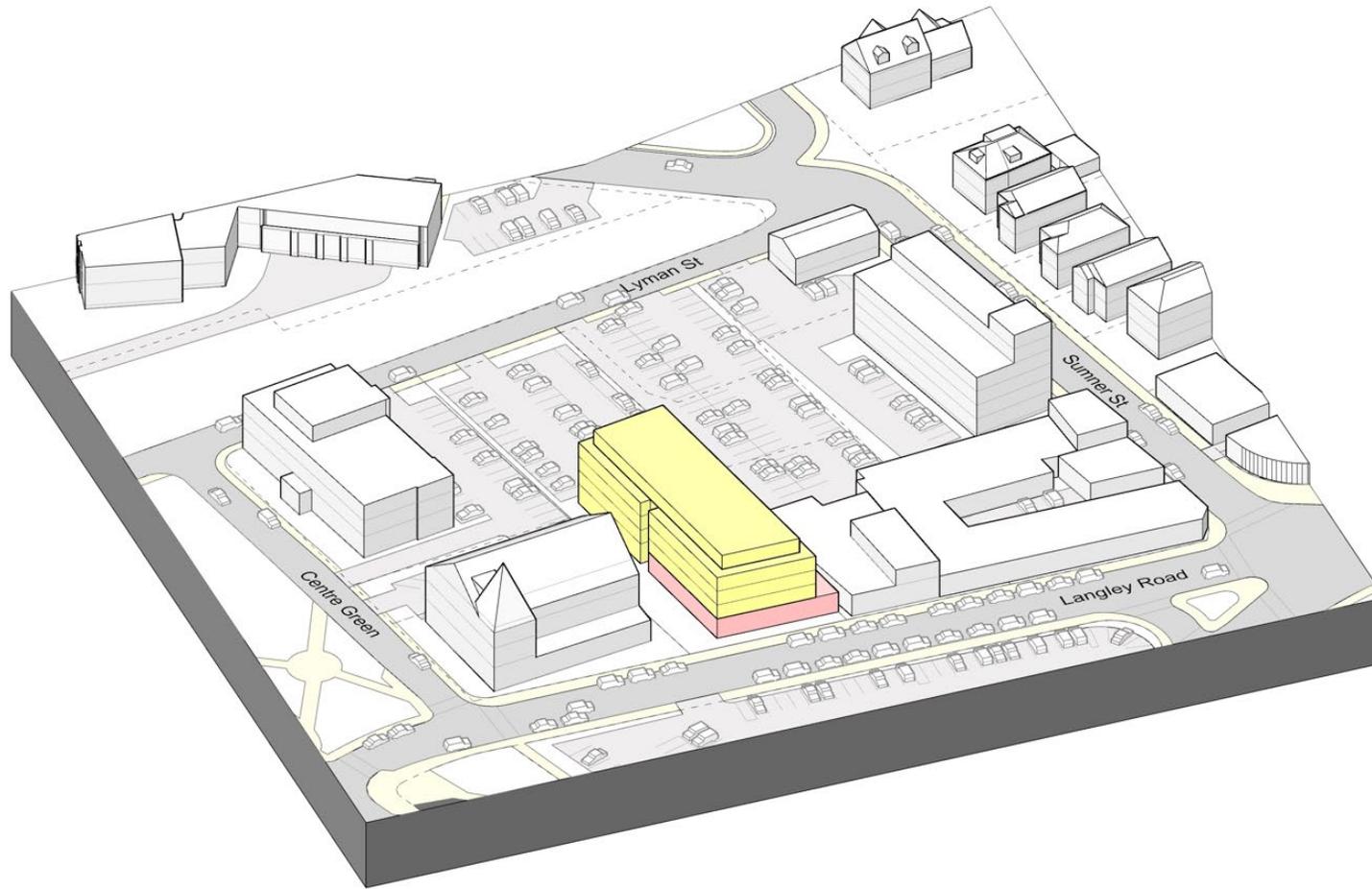
Scenario	4.5 Stories
	Retail & Housing
	Surface Parking
Site (Acres)	0.82
FAR	1.54
Total Units	48
Affordability %	**17.5%**
Affordable Units	8.40
Average Unit Size	798
Residential Efficiency	80%
Total GSF (building only)	55,249
Parking Ratio	**0.75**
Parking Cost	$ 5,000
Residential Rent/SF	$ **4.60**
AMI %	**65%**
Affordable Rent/SF	$ **1.76**
Commercial Rent	$ **42.00**
Hard Cost (Includes Fit ou	$ **315.00**
Soft Cost/Site	25%
Land Cost (per land foot)	$ **85.00**
Total Cost/GSF	$ 452
Parking fee (per space per	$ **-**
Cap Rate	**4.50%**
Return on Cost	**6.12%**
Surplus/Shortfall	$ 9,100,000
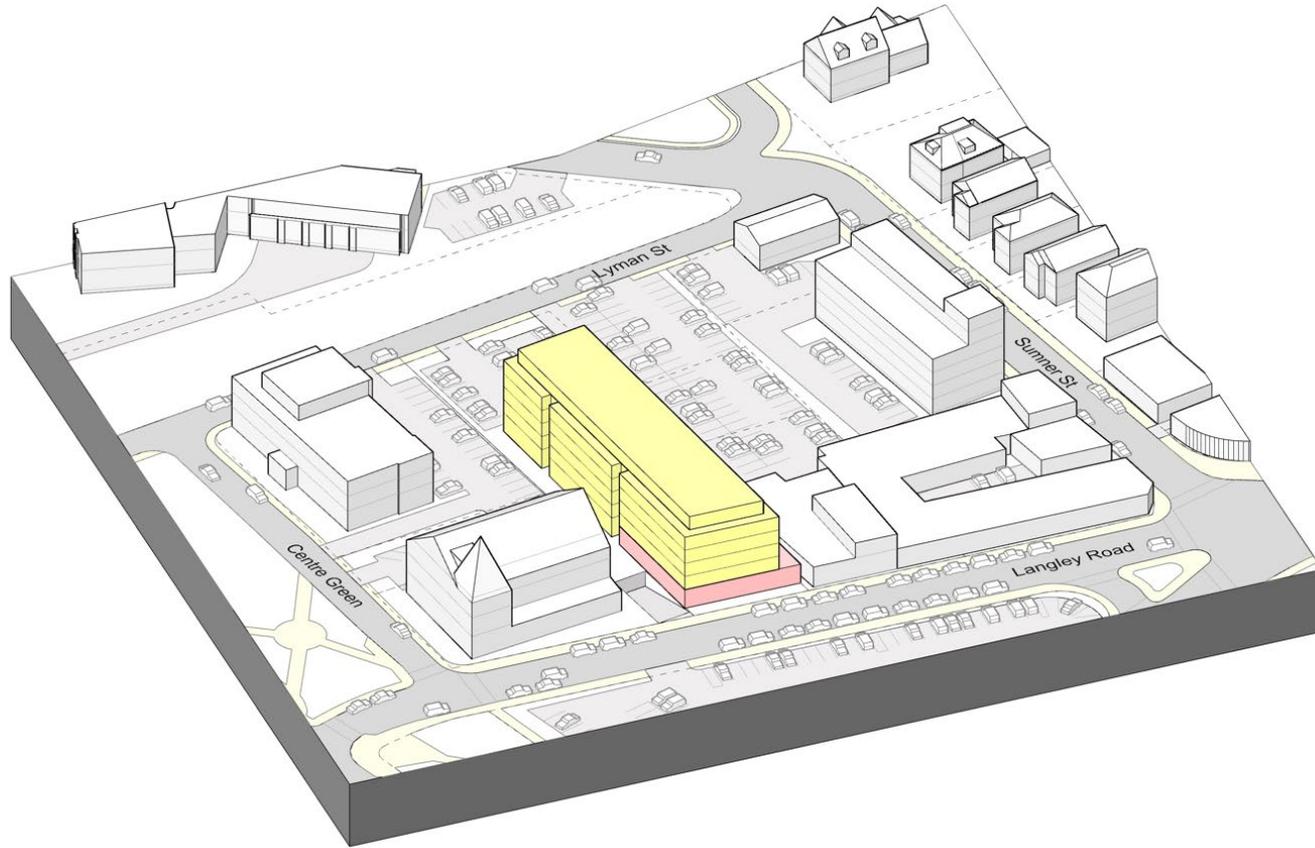
Attachment A - ZAP (3/27 Meeting)

Bonus Option #1 VC3 – 5.5 Stories

	OPT 1: Retail & Housing (5.5 stories)
Building Footprint (sf)	16,801
Retail Area (sf)	7,370
Housing Area (sf)	82,242
Housing # of units	82
Total Area (sf)	**89,612**
FAR	**2.50**
Rqd Parking: Retail Store (Exempt)	0
Rqd Parking: Housing 0.75 per unit	--
Rqd Parking: Housing 0.5 per unit	41
Total Rqd Parking	**41**
Actual # of Surface Parking Spaces	19
Actual # of Underground Parking Spaces	22
Actual # of Total Parking Spaces	**41**

Attachment A - ZAP (3/27 Meeting)

Bonus Option #1 VC3 – 5.5 Stories

Attachment A - ZAP (3/27 Meeting)
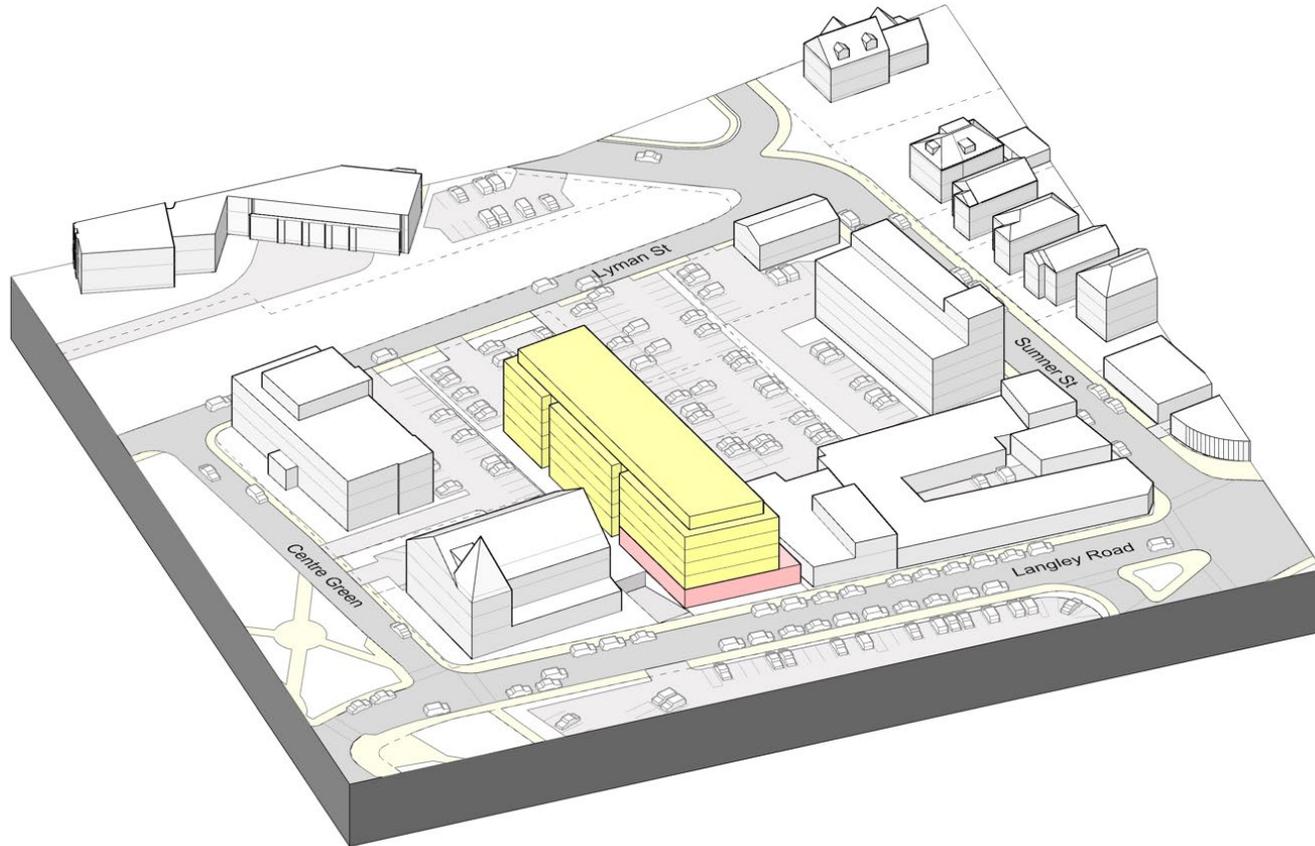
Scenario	5.5 Stories
	Retail & Housing
	Surface/Underground
Site (Acres)	0.82
FAR	2.50
Total Units	82
Affordability %	**30.0%**
Affordable Units	24.60
Average Unit Size	798
Residential Efficiency	80%
Total GSF (building only)	89,164
Parking Ratio	**0.50**
Parking Cost (podium)	$ 57,250
Residential Rent/SF	**4.60**
AMI %	**65%**
Affordable Rent/SF	$ 1.76
Commercial Rent	$ 42.00
Hard Cost (Includes Fit out	**315.00**
Soft Cost/Site	25%
Land Cost (per land foot)	**85.00**
Total Cost/GSF	$ 454
Parking fee (per space per	**50.00**
Cap Rate	**4.50%**
NOI/Cost	**5.55%**
Surplus/Shortfall	$ 9,500,000

Bonus Option #2 VC3 – 6.5 Stories
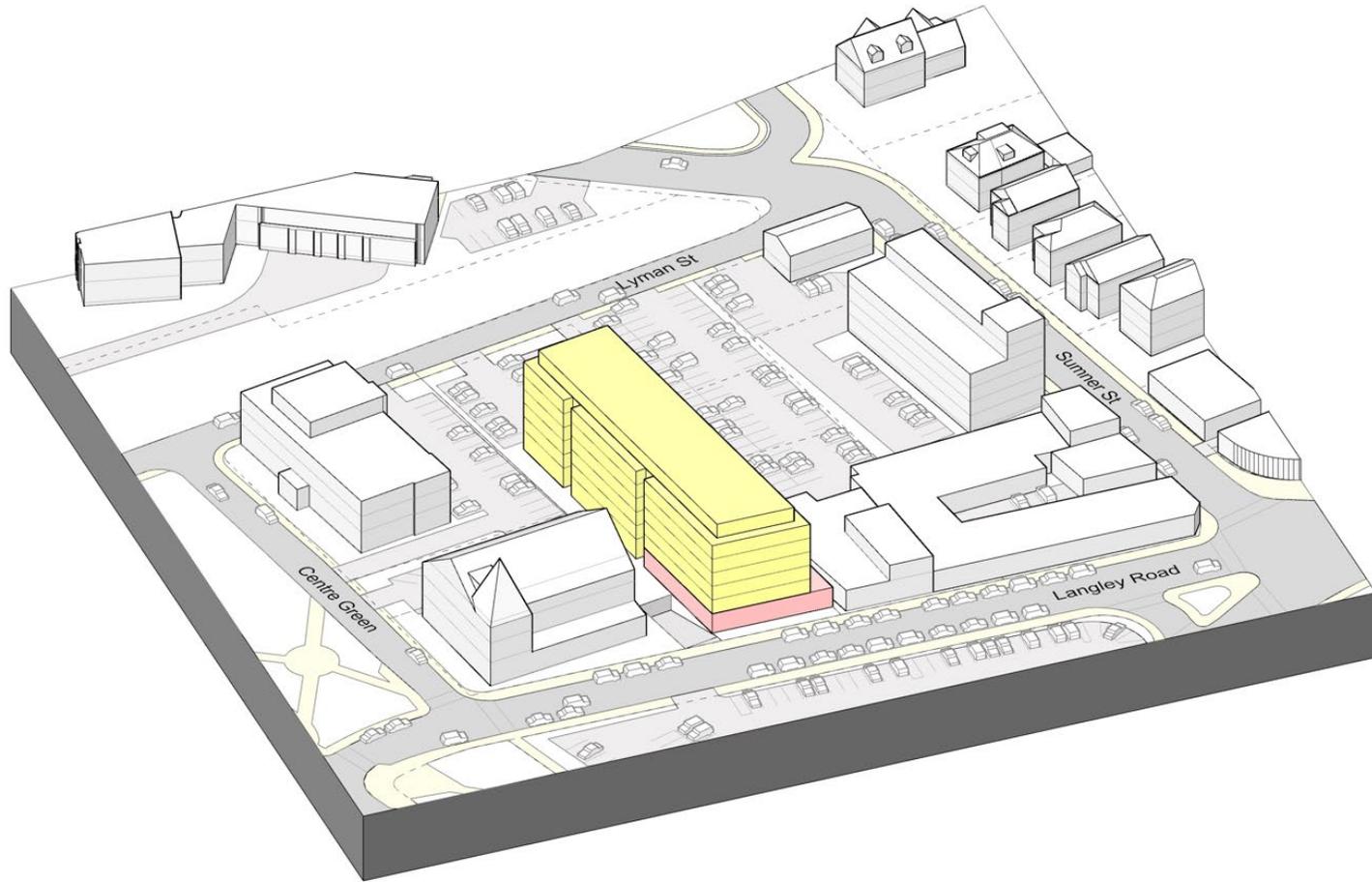
	OPT 2: Retail & Housing (6.5 stories)
Building Footprint (sf)	16,801
Retail Area (sf)	7,370
Housing Area (sf)	97,565
Housing # of units	98
Total Area (sf)	**104,935**
FAR	**2.92**
Rqd Parking: Retail Store (Exempt)	0
Rqd Parking: Housing 0.75 per unit	--
Rqd Parking: Housing 0.5 per unit	49
Total Rqd Parking	**49**
Actual # of Surface Parking Spaces	19
Actual # of Underground Parking Spaces	30
Actual # of Total Parking Spaces	**49**

Attachment A - ZAP (3/27 Meeting)

Bonus Option #2 VC3 – 6.5 Stories


Attachment A - ZAP (3/27 Meeting)
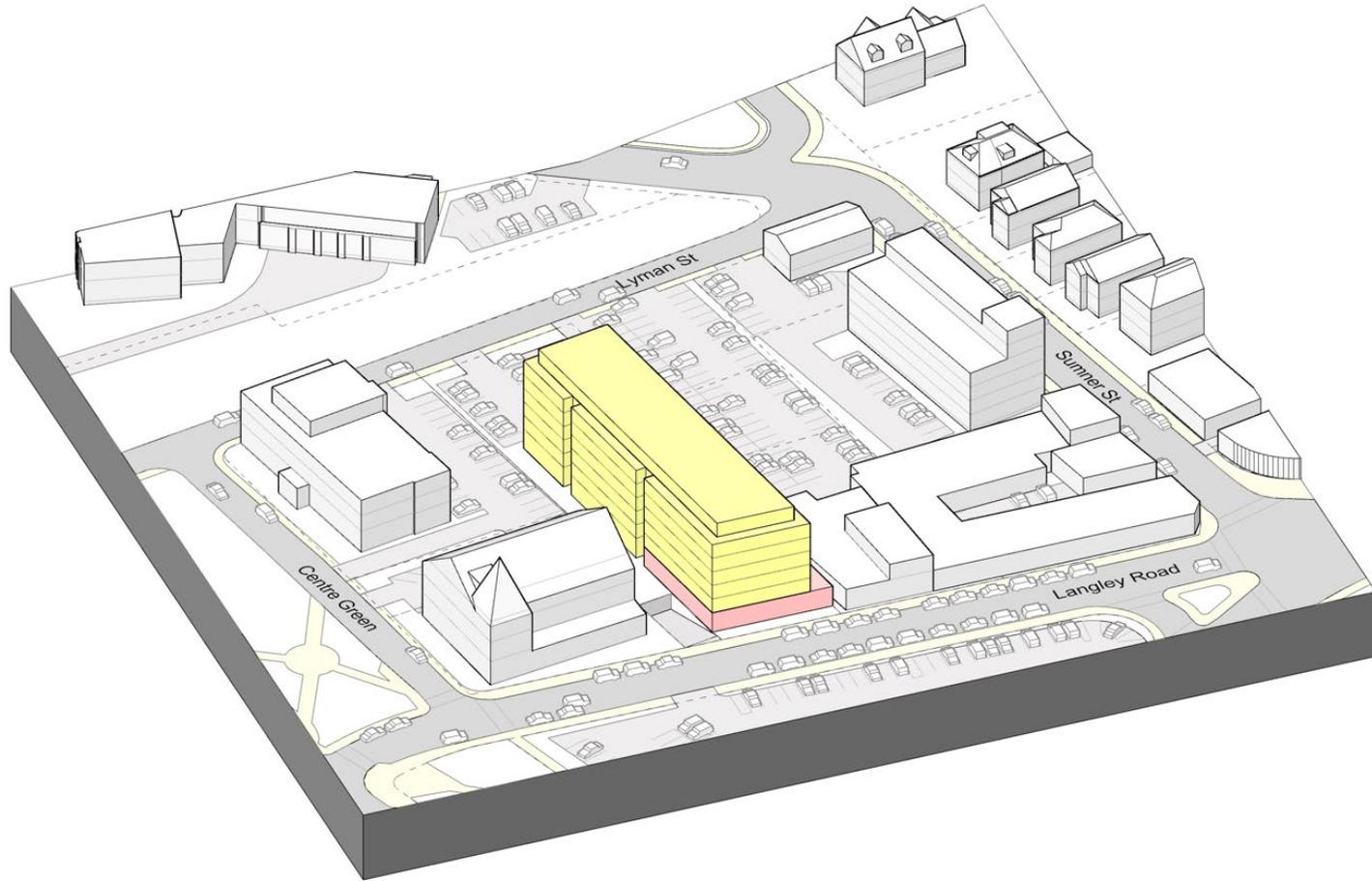
Scenario	6.5 Stories
	Retail & Housing
	Surface/Underground
Site (Acres)	0.83
FAR	2.92
Total Units	98
Affordability %	**34.0%**
Affordable Units	33.32
Average Unit Size	798
Residential Efficiency	80%
Total GSF (building only)	105,124
Parking Ratio	**0.50**
Parking Cost (podium)	$ 63,900
Residential Rent/SF	**4.60**
AMI %	**65%**
Affordable Rent/SF	$ 1.76
Commercial Rent	$ 42.00
Hard Cost (Includes Fit out	**315.00**
Soft Cost/Site	25%
Land Cost (per land foot)	**85.00**
Total Cost/GSF	$ 453
Parking fee (per space per	**50.00**
Cap Rate	**4.50%**
NOI/Cost	**5.39%**
Surplus/Shortfall	$ 9,400,000

Three Options to Test – VC2

Base Condition
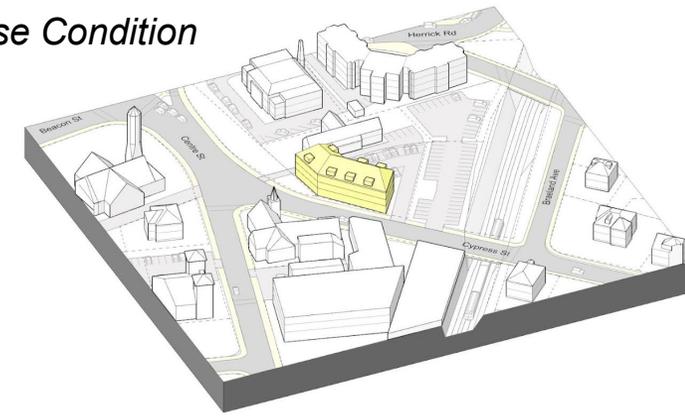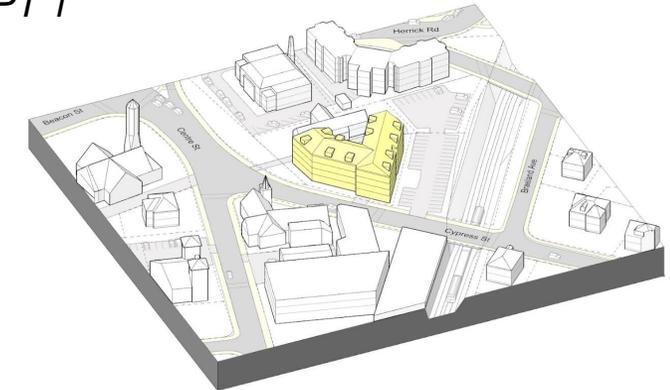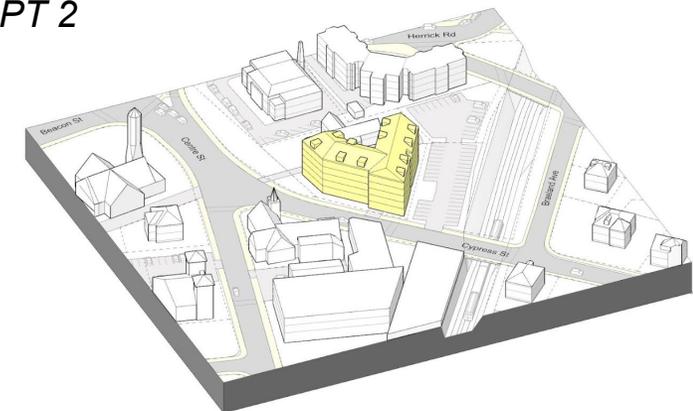
OPT 1

OPT 2

| Lot Area (sf)	18,035		
	VC2		
	Base Condition: Housing (3.5 stories)	**OPT 1: Housing (4.5 stories)**	**OPT 2: Housing (5.5 stories)**
Building Footprint (sf)	6,544	11,043	11,043
Housing Area (sf)	23,995	51,534	62,577
Housing # of units	24	52	63
Total Area (sf)	**23,995**	**51,534**	**62,577**
FAR	**1.33**	**2.86**	**3.47**
Rqd Parking: Housing 0.75 per unit	18	--	--
Rqd Parking: Housing 0.5 per unit	--	26	31
Total Rqd Parking	**18**	**26**	**31**
Actual # of Surface Parking Spaces	16	0	0
Actual # of Underground Parking Spaces	0	26	27
Actual # of Total Parking Spaces	**16**	**26**	**27**

**Attachment A - ZAP (3/27 Meeting)**

Initial Findings - VC2

The following table was created by adding a floor of development to each scenario but keeping the "value created" for the developer constant, to determine how many additional affordable units could be supported above the base condition

Base Condition

OPT 1

	Base Condition	OPT 1	OPT 2
Floors	3.5	4.5	5.5
FAR	1.33	2.86	3.47
Square Feet	23,940	51,870	62,843
Total Units	24	52	63
Affordable Units	**4**	**15**	**22**
Affordable Percentage	**17.5%**	**30.0%**	**35.0%**
Increase in Affordable Units		**11**	**18**
Increase in Market Units		**17**	**21**
Affordable Percentage of Bonus Units		**41%**	**46%**

Return on Cost	5.86%	5.18%	5.04%
Net Operating Income	$ 700,000	$ 1,300,000	$ 1,500,000
Value Created	$ 3,400,000	$ 3,700,000	$ 3,500,000

OPT 2

Attachment A - ZAP (3/27 Meeting)
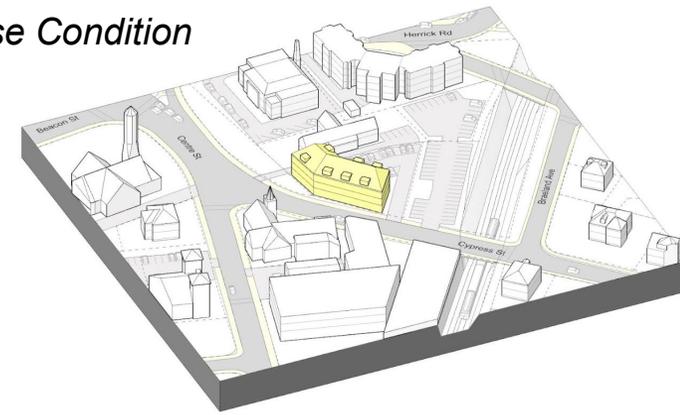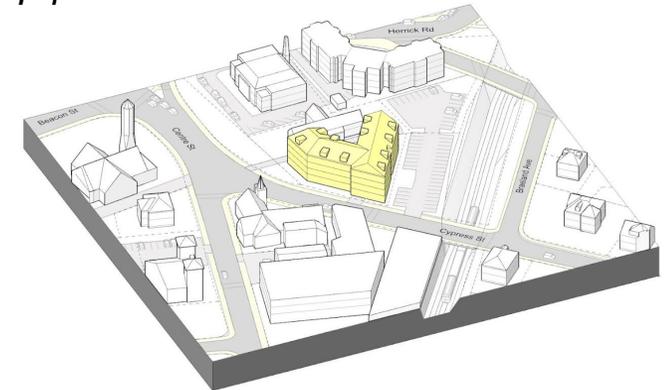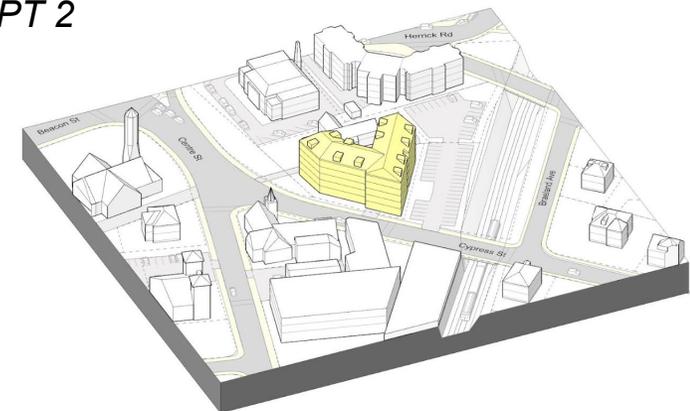
Base Condition VC2 – 3.5 Stories
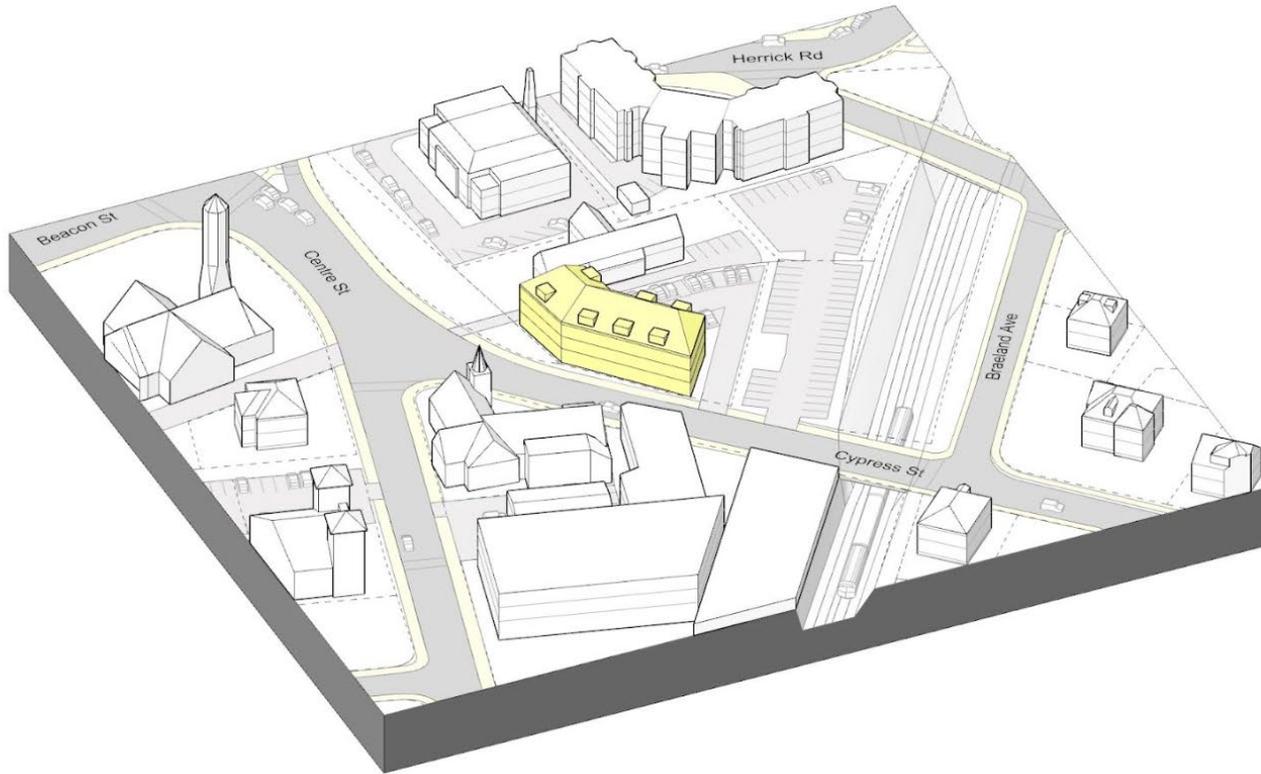
	Base Condition: Housing (3.5 stories)
Building Footprint (sf)	6,544
Housing Area (sf)	23,995
Housing # of units	24
Total Area (sf)	**23,995**
FAR	**1.33**
Rqd Parking: Housing 0.75 per unit	18
Rqd Parking: Housing 0.5 per unit	--
Total Rqd Parking	**18**
Actual # of Surface Parking Spaces	16
Actual # of Underground Parking Spaces	0
Actual # of Total Parking Spaces	**16**

Attachment A - ZAP (3/27 Meeting)

Base Condition VC2 – 3.5 Stories

Attachment A - ZAP (3/27 Meeting)
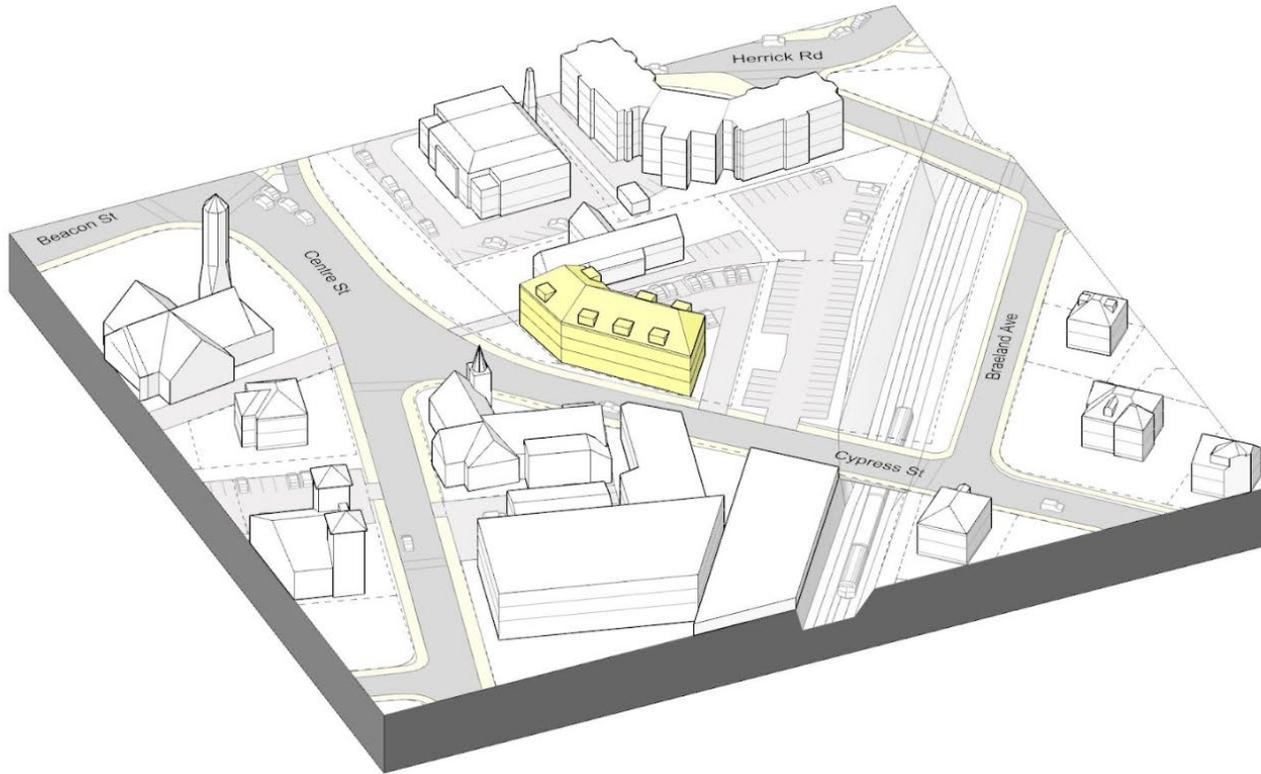
Scenario	3.5 Stories
	Housing
	Surface Parking
Site (Acres)	0.41
FAR	1.33
Total Units	24
Affordability %	**17.5%**
Affordable Units	4.20
Average Unit Size	798
Residential Efficiency	80%
Total GSF (building only)	23,940
Parking Ratio	**0.75**
Parking Cost	$ 5,000
Residential Rent/SF	$ **4.60**
AMI %	**65%**
Affordable Rent/SF	$ 1.76
Commercial Rent	$ **42.00**
Hard Cost (Includes Fit out	$ **315.00**
Soft Cost/Site	25%
Land Cost (per land foot)	$ **85.00**
Total Cost/GSF	$ 461
Parking fee (per space per	$ -
Cap Rate	**4.50%**
Return on Cost	**5.86%**
Surplus/Shortfall	$ 3,400,000

Bonus Option #1 VC2 – 4.5 Stories
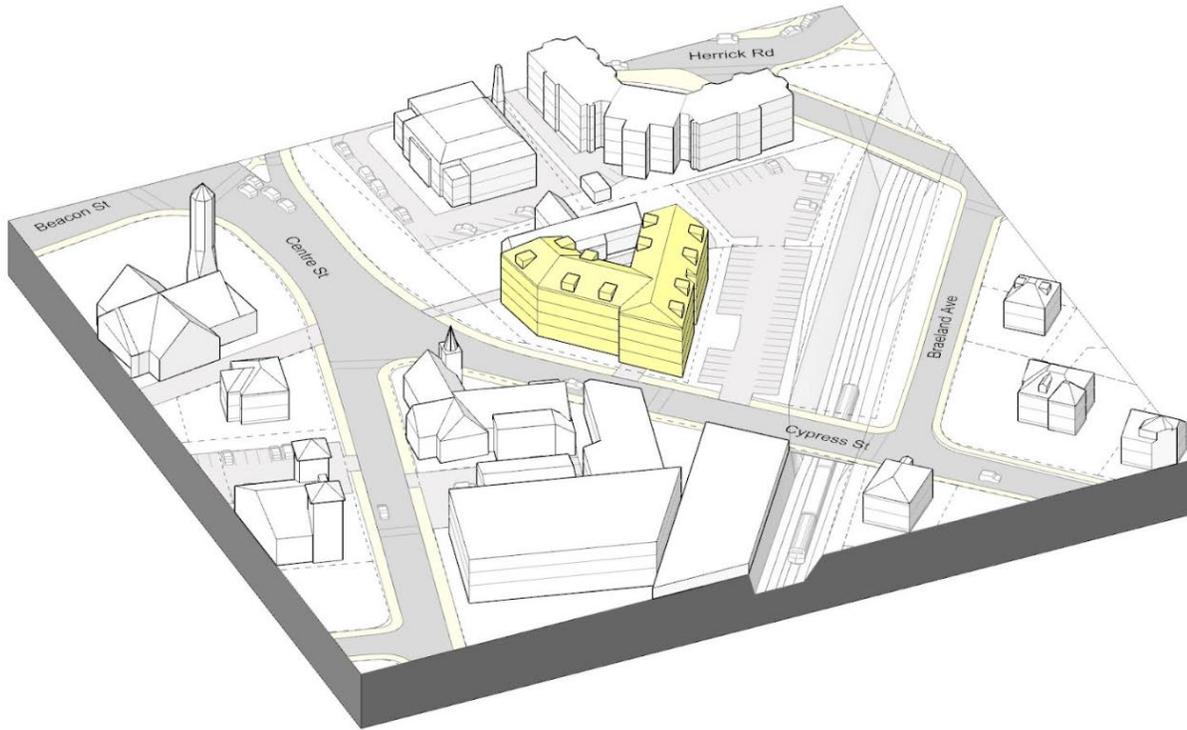
	OPT 1: Housing (4.5 stories)
Building Footprint (sf)	11,043
Housing Area (sf)	51,534
Housing # of units	52
Total Area (sf)	**51,534**
FAR	**2.86**
Rqd Parking: Housing 0.75 per unit	--
Rqd Parking: Housing 0.5 per unit	26
Total Rqd Parking	**26**
Actual # of Surface Parking Spaces	0
Actual # of Underground Parking Spaces	26
Actual # of Total Parking Spaces	**26**

Attachment A - ZAP (3/27 Meeting)

Bonus Option #1 VC2 – 4.5 Stories

Attachment A - ZAP (3/27 Meeting)
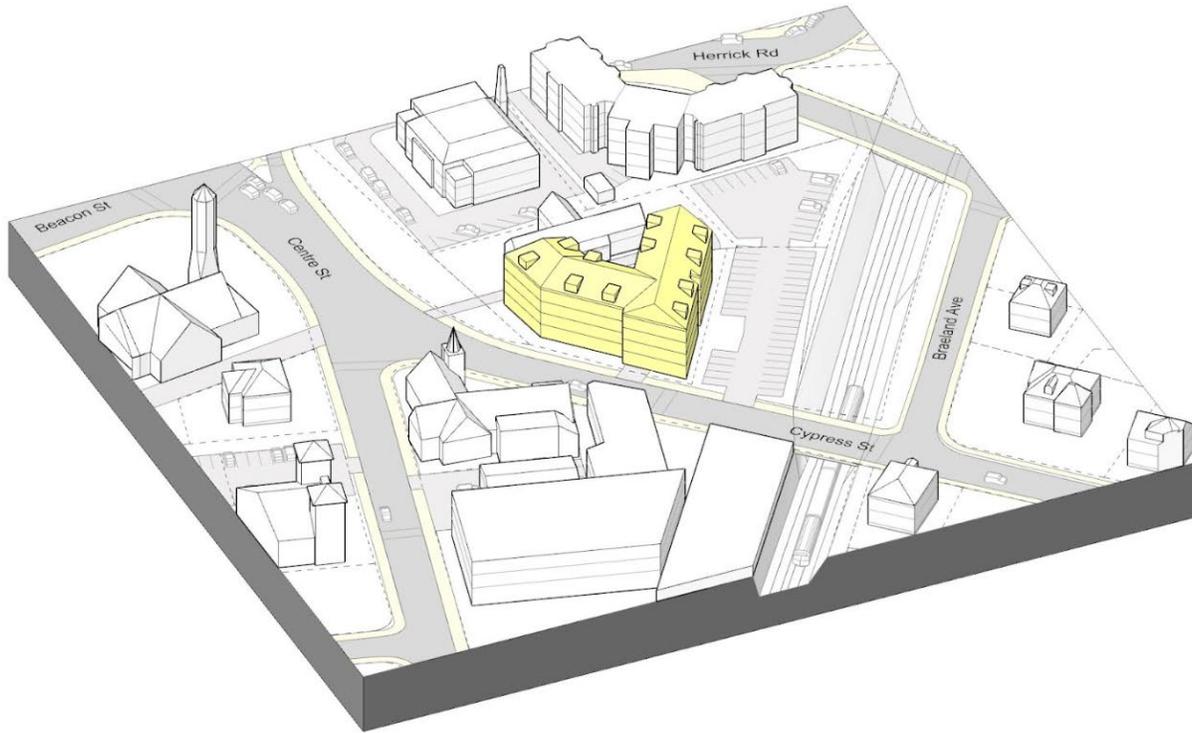
Scenario	4.5 Stories Housing UndergroundParking
Site (Acres)	0.42
FAR	2.86
Total Units	52
Affordability %	**30.0%**
Affordable Units	15.60
Average Unit Size	798
Residential Efficiency	80%
Total GSF (building only)	51,870
Parking Ratio	**0.50**
Parking Cost	$ 100,000
Residential Rent/SF	$ **4.60**
AMI %	**65%**
Affordable Rent/SF	$ **1.76**
Commercial Rent	$ **42.00**
Hard Cost (Includes Fit ou	$ **315.00**
Soft Cost/Site	25%
Land Cost (per land foot)	$ **85.00**
Total Cost/GSF	$ 474
Parking fee (per space pe	$ **50.00**
Cap Rate	**4.50%**
Return on Cost	**5.18%**
Surplus/Shortfall	$ 3,700,000

Bonus Option #2 VC2 – 5.5 Stories
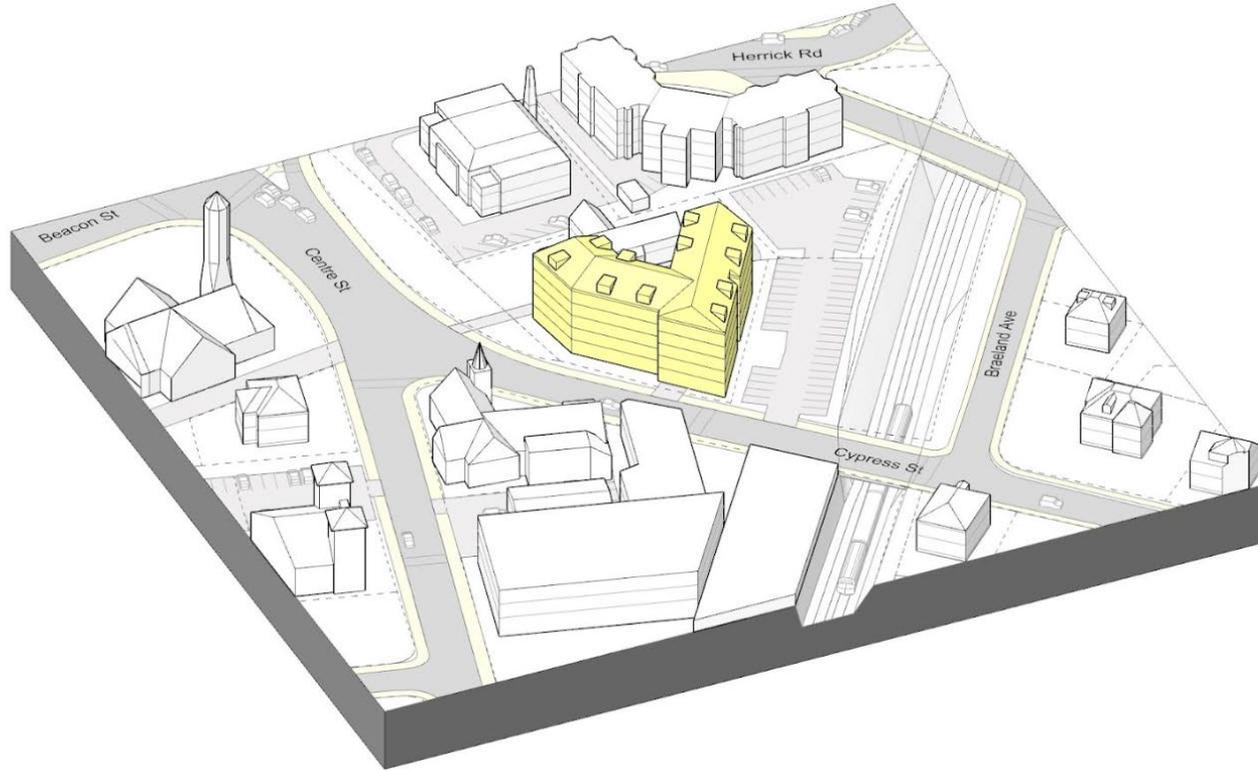
	OPT 2: Housing (5.5 stories)
Building Footprint (sf)	11,043
Housing Area (sf)	62,577
Housing # of units	63
Total Area (sf)	**62,577**
FAR	**3.47**
Rqd Parking: Housing 0.75 per unit	--
Rqd Parking: Housing 0.5 per unit	31
Total Rqd Parking	**31**
Actual # of Surface Parking Spaces	0
Actual # of Underground Parking Spaces	27
Actual # of Total Parking Spaces	**27**

Attachment A - ZAP (3/27 Meeting)

Bonus Option #2 VC2 – 5.5 Stories

Attachment A - ZAP (3/27 Meeting)
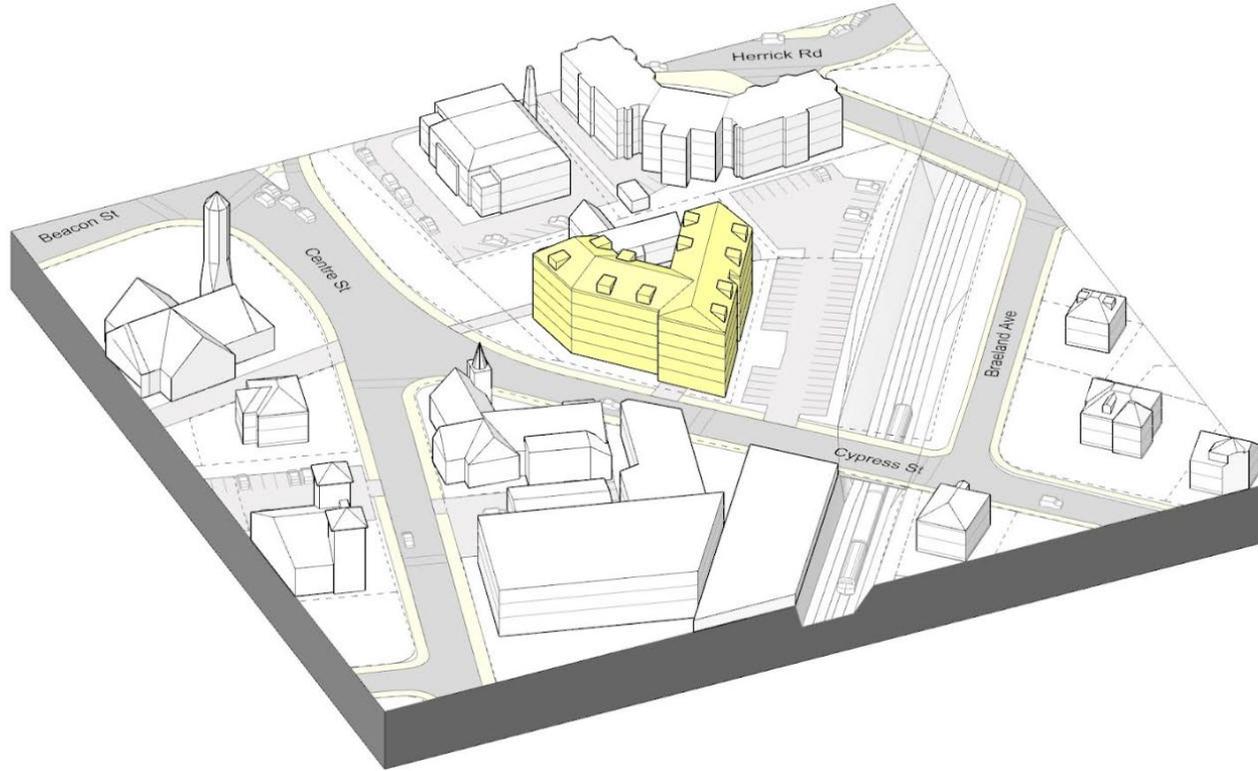
Scenario	5.5 Stories Housing UndergroundParking
Site (Acres)	0.42
FAR	3.47
Total Units	63
Affordability %	35.0%
Affordable Units	22.05
Average Unit Size	798
Residential Efficiency	80%
Total GSF (building only)	62,843
Parking Ratio	0.50
Parking Cost	$ 100,000
Residential Rent/SF	$ 4.60
AMI %	65%
Affordable Rent/SF	$ 1.76
Commercial Rent	$ 42.00
Hard Cost (Includes Fit out	$ 315.00
Soft Cost/Site	25%
Land Cost (per land foot)	$ 85.00
Total Cost/GSF	$ 469
Parking fee (per space per	$ 50.00
Cap Rate	4.50%
Return on Cost	5.04%
Surplus/Shortfall	$ 3,500,000

Initial Pro Forma Input Ranges

Cost

Range

Cost		
Hard ($ / SF)	$300 ➡	$350
Soft (% Hard)	20% ➡	25%
Site (% Hard)	4% ➡	8%
Operating ($ / unit)	$10,000 ➡	$14,000
Total Development ($ / SF)	$400 ➡	$475
Land ($ / Land Foot)	$70 ➡	$100
Parking ($ / space)	$50,000 (podium) ➡	$100,000 (underground)

Revenue		
Residential Rents ($ / SF)	$4.25 ➡	$4.75
Commercial Rents	$40 ➡	$45
Parking (per month)	$100 ➡	$150
Target Return on Cost	5.25% ➡	6%

Attachment A - ZAP (3/27 Meeting)