

To: MBTA Communities Working Group
 From: Laura Wiener and Shaina Korman-Houston
 RE: Affordable Housing Bonus Draft Proposal
 Date: 7/31/2023

The Working Group voted to include a height bonus (of one story) for affordable housing above the 15% required in the present Zoning Bylaw. This assumes that EOHLC (formerly DHCD) allows the Town to increase the inclusionary zoning over 10%.

The per unit cost to build a 4-story building is greater than for a 5 or 6 story building, because some of the costs are fixed (i.e. land cost) and some may go up but not as much (i.e. soft costs like architectural fees; and some construction costs like site work, foundations, elevators, and the roof). Therefore, building higher is a more cost-efficient way to provide housing. It is also more environmentally sustainable in that it uses less land per unit. It costs an estimated 10 – 12% per floor to increase the kind of moderately-sized building we anticipate would be common in this district from a 4-story building (40 units) to a 6-story building (60 units). This compares with 33% increase in units. We propose that some of those cost savings would make it financially feasible for a developer to provide additional affordable units, with lower rents for income-qualified residents.

This proposal is to offer a single story bonus for providing an additional 7.5% affordable units, and a two-story bonus for providing 10% affordable units, over what is required by our current zoning bylaw, up to 2 additional stories along Mass. Ave, up to one or two additional stories along Broadway, and one additional story in the neighborhoods, resulting in the following:

Mass. Ave. Multi-Family District

Assumption:

Units/floor	10	Total					
	Stories	Total Units	Required 15%	Bonus 7.5%	Bonus 2.5%	Affordable	% Aff.
Allowed by right	4	40	6	0	0	6	15%
+1 story	5	50	8	4	0	12	22.5%
+2 stories	6	60	9	5	1	15	25%

Broadway Multi-Family District

Units/floor	10	Total					
	Stories	Total Units	15%	Boost 7.5%	Boost 7.5%	Affordable	% Aff.
Allowed by right	3	30	5	0	0	5	15%
+1 story	4	40	6	3	0	9	22.5%
+2 stories	5	50	8	4	1	13	25%

Currently, the average rent for a 2-bedroom apartment in Arlington is approximately \$2,875. Comparing only to newer apartment buildings, however, suggests \$3,500 is a better comparable rent for projects developed under MBTA Communities zoning. Affordable rents, as defined by Arlington’s Inclusionary Development bylaw (60% area median income) are \$2,004. At these levels, the proposed density bonuses with affordability requirements should be attractive enough to attract market rate developers to take advantage of the bonuses.

	units	Required 15%	Boost 7.5%	Boost 2.5%	Increased Income
Floors 1-4	40	6	0	0	
Floor 5	50	8	4	0	17.50%
Floor 6	60	9	4	2	19.50%