

Next Stop Revere: Inclusionary Zoning

Why support inclusionary zoning?



Why Inclusionary Zoning Matters

- Inclusionary zoning is a strategy to produce Affordable Housing through private development that's already happening in Revere. Inclusionary zoning is very common across Massachusetts—adopted by at least 140 cities and towns—and Revere shouldn't miss this opportunity. It costs the City very little and creates a much-needed community benefit in the form of Affordable Housing.
- Revere doesn't have enough Affordable Housing to meet its residents' needs. For every seven households that qualify as low-income, there is less than one deed-restricted Affordable Housing unit.
- Because of this lack of Affordable Housing, nearly half (48%) of all Revere households are cost-burdened, meaning they pay more for their housing than they can afford. (A household paying more than 30% of its income on housing is considered cost-burdened). Cost burden rates are highest among low-income Revere residents: 68% of low-income households are cost-burdened (CHAS 2011-2015).

Sidebar: What is low income?

The U.S. Department of Housing and Urban Development (HUD) defines low-income households as those earning 80% of the local Area Median Income (AMI) or below. AMI is calculated for specific geographic areas and varies based on family size. Revere is part of the Boston-Cambridge-Quincy metropolitan area, where the AMI is \$120,800 for a family of four.

But the median household income in Revere is \$62,568, approximately equal to 50% of the regional AMI. In Revere, 17% of households earn between 50% and 80% of AMI; 16% earn between 30% and 50% of AMI; and 26% earn under 30% of AMI (CHAS 2011-2015).

To meet the need for Affordable Housing for lower income levels, **Revere's inclusionary zoning would require units to be affordable to households earning 60% of AMI or less (up to \$56,400 for a household of one and up to \$80,520 for a household of four).** Requiring 60% AMI affordability levels ensures that Revere's inclusionary zoning would produce housing that is affordable to Revere residents.

How Inclusionary Zoning Works

- Inclusionary zoning is a local policy that requires a certain percentage of units in new housing developments be affordable to low-income households. These units would be “deed-restricted Affordable Housing,” and would be legally required to remain affordable even if market-rate housing prices increase. A best practice is for deed-restricted units to be affordable “in perpetuity,” which is actually 99 years.
- Any new residential development of six or more units would be subject to inclusionary zoning in Revere. Twelve percent of units in these developments would have to be affordable to those earning 60% of AMI or below. If the project is 12 units or fewer, the developer would have the option to make a payment to the City to be used for Affordable Housing production instead of creating the units on-site.
- The policy requires 70% of the new Affordable Housing units to be reserved for income-eligible Revere residents.
- In exchange for the Affordable Housing construction, inclusionary zoning provides certain cost offsets to developers to make sure the development remains financially feasible. The new Revere inclusionary zoning would provide developers with a parking reduction, dimensional relief, and a building permit fee waiver.
 - Developers would not be required to provide parking if buildings are within a half mile of a T stop or other major transit stop. Developers would only be required to provide 0.5 spaces per unit elsewhere, Developers could choose to provide more parking if market demand is higher. Most projects in Revere already seek and are granted parking relief.
 - Compared to current zoning, inclusionary zoning projects would be allowed an increase in the floor area ratio up to 25%; a decrease in the front, side, and rear setbacks up to 25%; and a decrease the minimum lot size up to 50%.

How Inclusionary Zoning Works

Sidebar: The importance of cost offsets

An effective inclusionary zoning policy must be responsive to the limits and opportunities posed by market-rate development. A developer will not undertake a project that costs more to build than it will generate in income. It costs the same to build Affordable Housing and market-rate housing, and today it can cost up to \$350,000 to build a single one-bedroom apartment! Because Affordable Housing units bring in less income than market-rate units, the amount of money generated—and therefore the financial feasibility of the development—decreases as the number of Affordable Housing units and/or the depth of affordability of those units increases in a building. **If Revere requires more Affordable Housing than a project can cover in costs, developers will choose to work elsewhere.** In that case, nothing—market-rate or Affordable Housing—will be built, demand will be greater than supply, and housing costs will continue to rise.

Cities and towns commonly offer cost offsets to ensure the financial feasibility of development subject to inclusionary zoning requirements and ensure that Affordable Housing units actually get built. Cost offsets that would be offered through Revere's inclusionary zoning include **reducing the required parking, setbacks, and minimum lot sizes and waiving the build permit fee.**


Revere is asking for deeper affordability (60% AMI) than most communities in Massachusetts with inclusionary zoning. No single cost offset on its own is powerful enough to cover the cost of operating housing at this price point. Reaching deeply affordable rents or sales prices requires stronger financial support for development to be feasible. The **combination of cost offset for developments complying with inclusionary zoning** is what makes it possible to achieve affordability at 60% AMI, deeper than is typically achieved with inclusionary zoning.

What Inclusionary Zoning is Good For

- Inclusionary zoning is a way to consistently increase the amount of Affordable Housing in Revere with minimal cost to the City.
- Revere's inclusionary zoning policy would apply citywide to all new developments, both rental and ownership, with six or more units, so it will help create mixed-income buildings and neighborhoods.
- Inclusionary zoning offers clarity and consistency to developers in the permitting and approval process, which makes it easier to get housing built.
- The majority of Affordable Housing built through inclusionary zoning will benefit existing Revere residents. Up to 70% of new Affordable Housing units will be reserved for income-eligible Revere households. Households apply for Affordable Housing through a lottery that is run by the property management company or designated partner.

What Inclusionary Zoning Doesn't Do

- Inclusionary zoning is a long-term strategy with cumulative benefits. In any given year, the number of new Affordable Housing units produced may be relatively small. But over time, inclusionary zoning makes a big difference.
- Inclusionary zoning cannot produce housing that is affordable to the lowest-income households because it relies on private developers to provide Affordable Housing within market-rate projects, and these developers do not typically access public subsidy. That kind of housing takes significant local, state, and federal resources to produce.
- Inclusionary zoning doesn't produce many new Affordable Housing units in any single project because zoning requires a limited percentage of new housing units to be Affordable Housing so the development remains financially feasible.
- Given these limitations, the City is considering a range of other housing tools to create more housing opportunity for households at all income levels and respond to urgent housing crises in the short term.



*See the FAQ
for a more detailed
description of the
benefits and limitations
of inclusionary zoning.*

