Creating Balanced Communities: Lessons in Affordability from Five Affluent Boston Suburbs

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Founded in 1969, BPI is a public interest law and policy center dedicated to equal justice and to enhancing the quality and equity of life for all people living in the Chicago region.

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Cover Photos: Greenwood Meadows Development, Andover, Massachusetts; Battle Road Farm Development, Lincoln, Massachusetts
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I. Introduction

Housing costs in the greater Boston area are among the highest in the nation. According to the National Association of Realtors, the Boston metropolitan area had the third highest median sales price for single-family homes in the nation in 2003.\(^1\) Developable land in suburban Boston is growing scarce, and construction costs have been steadily rising. In fact, Boston ranks third among large US cities in per-unit construction costs.\(^2\)

As a result, the Boston area is facing a serious affordable housing crisis: one that threatens continued economic growth, encourages sprawl, and contributes to serious traffic congestion and air pollution. Seniors are finding themselves priced out of communities in which they’ve spent their lives, and young couples can’t afford to return to the communities where they grew up to raise their own children.

Chapter 40B, the Massachusetts Comprehensive Permit Law, has played a critical role in addressing this shortage. The law requires local governments to allow developers of affordable housing to apply to the local Zoning Board of Appeals for a Comprehensive Permit, which includes all the required local approvals needed for development.\(^3\) It also authorizes a State Housing Appeals Committee to review developers’ appeals of local government denials in communities with less than 10% affordable housing.\(^4\) Chapter 40B has resulted in the creation of approximately 35,000 units of housing since the early 1970s.

However, notwithstanding Chapter 40B, affluent communities in the Boston region have recognized the importance of addressing this shortage on their own. High-end suburbs have aggressively developed creative local policies and programs other than 40B to create much-needed housing for those who work and live in their communities. Despite scarce land, astronomical land costs, and high property values, communities very similar to affluent Chicago suburbs have proven it is indeed possible to create attractive, moderately priced housing for seniors and for the workforce—in many cases without any public subsidy.

The five Boston suburbs highlighted on this year’s Affordable Housing Leadership Tour demonstrate a variety of ways in which affluent towns have created moderately priced housing

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\(^1\) National Association of Realtors Metropolitan Median Prices. 3\(^{rd}\) Quarter 2004. Available online at www.realtor.org/research.nsf/Pages/MetroPrice. Metropolitan statistical areas (MSA) as defined by the US Office of Management and Budget as of 1992.


\(^3\) Developments must include at least 25% affordable housing to access Chapter 40B.

\(^4\) The Massachusetts standard is a much stricter standard than the Illinois 10% standard. In order for units to count towards the 10% exemption, they must either be subsidized or deed restricted. The Illinois law includes any unit that is considered affordable according to the census, regardless of whether or not it is deed restricted to remain affordable or subsidized. By the Massachusetts standard, even the City of Chicago would be hard pressed to meet the 10% exemption.
that meets local needs and fits with the character of the community. Some towns use flexible zoning and negotiations with developers, others use inclusionary housing, and still others use publicly owned land and public subsidies to create and preserve more moderately priced housing. All have recognized that having a diversity of housing options for seniors and working families is critical to the economic vitality and quality of life in their communities.

This report illustrates how five affluent suburbs have acted locally to meet the need for a wider range of housing options. The report is followed by six lessons Chicago area communities can draw upon as they consider how to best address the need for affordable housing in their own communities.
II. Andover, Massachusetts

Housing prices in Andover have been steadily rising for many years, making Andover one of the Boston region’s most affluent suburbs. Andover’s proximity to Boston and access to major interstates continue to make it a particularly desirable community. With a median income of almost $100,000 and a median homes sales price of over $550,000, Andover has grown increasingly unaffordable to those who work and live there. In fact, according to the Andover Housing Partnership Committee, the majority of existing Andover households could not afford to purchase their own homes in the current market. Yet despite high land costs and little opportunity for development (only 1.7% of Andover’s total assessed land remains available for residential development), Andover has succeeded in making 10% of its housing stock permanently affordable. Andover has used the state statute known as Chapter 40B, the Comprehensive Permit Law, to negotiate and grant zoning concessions to developers who include a minimum amount of affordable housing in their developments.

Brookside Estates

Brookside Estates is a 168-unit mixed-income rental development built under Chapter 40B, also known as the Massachusetts Comprehensive Permit Law. One-quarter of the units (42) are affordable to households at 50% of the Area Median Income ($41,350 for a family of four in 2004). Of the 42 affordable units, 18 units are one-bedroom, two units are two-bedroom, and 22 units are three-bedroom. The affordable units are virtually indistinguishable from the market-rate units from the outside.

While state funding helped to finance Brookside Estates, flexible zoning and additional density were the critical factors in making the affordable component possible. Because the development included 25% affordable housing, Andover was able to use the 40B Comprehensive Permit process to allow the developer additional density to make the development financially feasible.

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7 The Area Median Income figures are based on the entire Boston metropolitan region.
8 In order to grant any zoning change in Massachusetts (such as increased density), the change or concession must be approved by a super-majority vote at a “Town Meeting” where every town resident is permitted to vote. By using Chapter 40B, Massachusetts towns can circumvent the Town Meeting process and grant zoning changes and concessions at the Zoning Board of Appeals.
Brookside Estates is currently undergoing a condo conversion. However the town of Andover successfully negotiated to ensure that no affordable tenants will be displaced. All of the market-rate rental units will be converted to condominiums while 28 of the affordable units will remain rental. The remaining affordable rental units (14) will be converted to affordable condominiums. Half of these new condos will be affordable to households earning 60% of the Area Median Income and half will be affordable to households earning 80% of the Area Median Income.9

**Greenwood Meadows**

Greenwood Meadows is a 24-unit mixed-income ownership development consisting of single-family detached homes. Six of the homes (25%) are affordable and have three or four bedrooms. The affordable homes are selling for $199,000 while the market-rate homes, which are virtually indistinguishable, are selling for $600,000.

Greenwood Meadows required no public subsidy to finance the affordable homes. Using the Chapter 40B process, the town allowed the developer to build on quarter-acre lots for each home instead of the 30,000 square foot lots normally required under the zoning code.

**Other Affordable Housing Tools Used in Andover**

In addition to using the 40B process and flexible zoning to negotiate with developers, Andover has employed a number of other creative local tools and policies to increase the supply of moderately priced housing.

**Andover Housing Partnership:** The Andover Housing Partnership is a committee of citizens appointed by the Board of Selectmen (Village Board) to act as a resource for housing related activities. The Housing Partnership has been an active force in the development and preservation of affordable housing in Andover. Such local housing partnerships, a model used extensively throughout the region, provide an opportunity for community input. The Housing Partnership works to educate the community regarding the need for affordable housing and helps to generate political will. They also work with developers and make policy recommendations to the Board of Selectmen.

**Community Land Trust:** Andover is home to the Andover Community Land Trust, a private non-profit organization which holds and owns land in order to create and preserve affordable housing. Since its inception in 1992, the Land Trust has acquired two lots through private donation. One single-family home has already been completed, and another is in progress. Both homes will be affordable in perpetuity.10

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9 Phone interview with Susan Stott, Andover Housing Partnership Committee member. December 2004. 60% of the AMI was $49,620 for a family of four in 2004, and 80% of the AMI was $66,150 for a family of four in 2004. 10 Ibid.
Zoning Bylaws (Zoning Ordinance): Andover’s zoning bylaws require any application for a Planned Development-Multifamily Dwelling (PD-MD) or Planned Development-Mixed Use (PD-MU) that contains residential to include a 15% affordable component. The zoning bylaws also give the Zoning Board of Appeals authority to issue a special use permit which modifies dimensional standards for existing nonconforming lots in order to create affordable housing.

Andover continues to pursue a variety of tools to create moderately priced housing for seniors and the workforce. The town is examining a number of additional possibilities including:

- Creation of a multi-family zone around the central business district
- Fee reductions in exchange for discounted rents (thereby making existing rental housing affordable)
- Establishment of a Housing Trust Fund
- Use of municipal property for the development of affordable housing

III. Lincoln, Massachusetts

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<th>Lincoln at a Glance</th>
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<td>2000 Population</td>
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<td>Percent Affordable Under MA Law</td>
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With a median home sales price of $975,000 and a median income of almost $90,000, Lincoln remains one of the most prosperous suburbs in the Boston area. Lincoln’s desire to maintain its historic and rural character has made the development of affordable housing challenging; more than 40% of the town’s land has been purchased and is protected for conservation. Further, the majority of developable land in Lincoln is zoned single-family residential with a two-acre lot size minimum. Despite such obstacles, Lincoln maintains a strong commitment to the development of moderately priced housing and has used creative tools to become one of just over 30 communities in Massachusetts to achieve 10% affordability. Lincoln has stood at the helm of the development process, initiating and directing the development of what is considered to be the flagship affordable housing development in the region: Battle Road Farm.

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11 Section 7.2.4 Article VIII Andover Code.
12 Section 7.8.1 Article VIII Andover Code.
14 Town of Lincoln Consolidated Housing Plan, March 2003.
15 Ibid.
16 To have over 30 communities surpass the 10% affordability level is a laudable achievement given the difficulty of meeting the Massachusetts standard. If the Massachusetts standard was applied in Illinois, almost every municipality in the state would be below 10% affordable housing.
**Battle Road Farm**

Battle Road Farm, a 120-unit mixed-income condominium development, has won several architectural and design awards and serves as a model for affordable housing development. The town of Lincoln initiated and drove the development process for Battle Road Farm. The Town planned carefully for the purchase and development of the site to ensure that the development included a substantial affordable component. After Lincoln acquired the land in the late 1980s, Lincoln voters approved the sale of the 24-acre site to developers at below market cost. Voters also approved a rezoning of the site for 120 units of housing, with 40% of them affordable.\(^\text{17}\)

The developer of the office park site adjacent to Battle Road Farm contributed $150,000 to offset the cost and $650,000 for access road reconstruction and alignment. The development also received a grant from the state for infrastructure, and mortgage financing for qualified buyers through the state’s housing finance agency.

The initial purchase price for the affordable units in the late 1980s ranged from $86,000 for a two-bedroom unit to $130,000 for a three-bedroom unit. The initial purchase price for the market-rate units ranged from $179,500 for a two-bedroom to $239,500 for a three-bedroom. The affordable units are deed restricted to remain affordable in perpetuity.

**Other Affordable Housing Tools Used in Lincoln**

Not only has Lincoln acquired and used publicly owned land to create more moderately priced housing, they have also used a variety of other creative tools to address local housing needs.

**Development Bonus:** Lincoln’s zoning bylaws (ordinance) includes a density bonus of the lesser of 20% or 10 units on certain developments provided that 50% of the additional units are priced affordable to low- or moderate-income households.\(^\text{18}\)

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\(^{17}\) In Massachusetts, municipalities that are not cities use the Town Meeting as their legislative body. A majority of voters present at a Town Meeting must approve any proposed zoning variances, changes, or concessions. In Illinois, the Village Board alone would vote to approve the rezoning of a parcel of land.

\(^{18}\) Section 14.4.1 Lincoln Zoning Bylaws
The Massachusetts Community Preservation Act (CPA):\(^{19}\) In 2002, Lincoln voters approved a 1.5% property tax surcharge to be used for open space preservation, historic preservation, and affordable housing. Last spring, Lincoln voters approved an increase in the surcharge to 3%.\(^{20}\)

The Lincoln Foundation: The Lincoln Foundation is a private non-profit organization working to develop and maintain affordable housing throughout Lincoln. One of their critical functions is to retain the right of first refusal on any of the Battle Road Farm homes to ensure they remain permanently affordable. The Lincoln Foundation has also purchased, financed, and rehabbed other properties in Lincoln.

Access to Federal Funds: Lincoln recently joined other communities as part of the MetroWest HOME consortium. Lincoln is now eligible to receive an annual allocation of federal HOME dollars.\(^{21}\)

Lincoln is also considering other creative approaches to help meet the growing need for moderately priced housing, including:

- An accessory apartment affordability program that includes incentives such as property tax abatements or refunds
- An inclusionary zoning ordinance
- Buy-down of existing units using CPA and private funds

IV. Concord, Massachusetts

A reputation for high-quality schools, access to highways and public transportation, and a distinguished history have all made Concord an extremely desirable community in which to live. Concord remains an affluent community with a median income of $107,000 and a median home sales price of $659,000. Like many of its neighbors, housing prices have increased dramatically, making Concord unaffordable for many who live and work in the community. Despite the fact that Concord is zoned almost exclusively for single-family homes, Concord has worked to balance its need for a more diverse housing stock with its desire to maintain the town’s rural and historic traditions, including the preservation of open space. Concord has used a variety of tools to create more moderately priced housing. In addition to donating town-owned land for development, Concord has also used the 40B process to negotiate with developers and provide some flexibility.

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\(^{19}\) The Massachusetts Community Preservation Act (CPA) is enabling legislation that allows municipalities to adopt a municipal Community Preservation Fund through a surcharge of up to 3% on local property taxes. Massachusetts communities have limited local taxing powers. The CPA allows towns to tax themselves and receive a state match. Communities must allocate at least 10% of all funds to open space, historic preservation, and affordable housing. The remaining 70% may be allocated to any of the three areas.


\(^{21}\) Massachusetts Housing Partnership, Taking the Initiative: Guidebook on Creating Local Affordable Housing Strategies. March 2003.
in the zoning code. Concord’s non-profit Housing Trust, in partnership with a private developer, has also played a critical role in the creation of moderately priced housing.

**Elm Brook Homes**

Elm Brook Homes, a single-family development consisting of 12 homes, was developed by the Concord Housing Trust in partnership with a private developer. The town of Concord donated 13 acres of land for the project. Elm Brook was developed under the town’s Planned Residential Development provision, which provides for a density bonus when affordable units are included. The homes are all three-bedroom and are deed restricted to remain affordable to households at a variety of income levels. Three of the homes are affordable to households at 80% of the Area Median Income, and these homes count towards Concord’s 10% requirement under Chapter 40B. Two of the homes are affordable to households at 110% of the Area Median Income, and seven of the homes are affordable to households at 140% of the Area Median Income. The sales prices for all the homes were below market rate, and preference was given to those with a Concord connection (e.g. those who live or work in Concord). 22

**Concord Homes**

Concord Homes is a 19-unit homeownership development with five affordable homes. The 10.88 acre site is a 40B development on industrial zoned land. The affordable sales price was $94,500. Through the use of Chapter 40B, Concord was able to negotiate with developers and provide some zoning flexibility to create five affordable homes without any public dollars involved.

**Other Affordable Housing Tools used in Concord**

**Incentive Zoning:** Both the Residential Cluster Development (RCD) and the Planned Residential Development (PRD) provisions in Concord’s zoning law provide density bonuses for developments that include an affordable component. Under the RCD provision, density may be increased up to 40% in exchange for the donation of lots to the town for affordable housing. The PRD provision allows for an increase in density if the development includes one or more units of affordable housing. 23

**Second Story Residential By Right:** Concord permits owners of commercial property in business districts to add second story residential units to existing buildings “by right.” No special permits are required.

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23 Ibid.
**Community Preservation Act:** Concord voters approved a 1.5% property tax surcharge in November of 2004. These funds, which are used for open space, historic preservation, and affordable housing, provide new flexible resources to the community.

**Concord Housing Trust and the Concord Housing Foundation:** The Concord Housing Trust is a non-profit housing development corporation created and run by local residents. The Trust focuses on development, site acquisition, and rehabilitation and plays an important role in outreach and education regarding affordable housing. The Concord Housing Foundation, created by the Trust, serves as a fundraising vehicle. In 2001, the Foundation raised more than $250,000.24

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**V. Lexington, Massachusetts**

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Despite a median home sales price of over $600,000 and very little developable land, Lexington has achieved 7% affordability under the Massachusetts Chapter 40B standard. Through the use of an informal inclusionary zoning policy that effectively functions as a mandatory requirement, Lexington has taken an activist role in the creation of moderately priced housing. Lexington is also home to LexHAB, a non-profit that develops and manages properties throughout the Town.

Lexington has one of the most effective inclusionary zoning policies in the region even though they lack a formal inclusionary zoning ordinance. The zoning code contains no mandates and offers no bonuses. **Instead, the zoning code states that affordability is a “significant public benefit” that will be weighed in all discretionary actions, including rezoning and special permits.**25 While Lexington has not decided to mandate affordable units as part of new development, they have made it clear that doing so is critical to obtaining discretionary approvals. This policy has resulted in the creation of a significant number of new affordable homes.

**LexHAB:** In addition to Lexington’s informal inclusionary zoning policy, the Lexington Housing Assistance Board (LexHAB) has also played a critical role in Lexington’s affordable housing efforts. LexHAB is a non-profit housing trust that builds and manages affordable housing in Lexington. LexHAB does not sell its homes; instead it rents all of its housing (at affordable levels) in order to generate an ongoing stream of income. LexHAB was initially financed through a $1,000,000 payment of fee-in-lieu funds (secured by the town of Lexington through negotiations with a private developer on one market-rate development) and now sustains itself through the rental income generated by the affordable units it manages. LexHAB has been an incredibly active force in affordable housing development and preservation in Lexington.

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24 Ibid.
The four examples listed below were the result of the informal inclusionary zoning requirement and the work of LexHAB.

<table>
<thead>
<tr>
<th>Sample of Lexington Affordable Housing Sites on Tour</th>
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| **Muzzey Condos** | • Former school converted to limited equity condos  
|                     | • 12 permanently affordable units owned by LexHAB |
| **Lowell Street Condos** | • Town meeting rezoning  
|                     | • Six units of 62 donated to LexHAB through negotiations with developer |
| **Johnson Farm Condos** | • Created under Inclusionary Zoning  
|                     | • LexHAB received 2 units for $180,000 while market-rate units sold for $1,000,000 |
| **Rangeway Street** | • Tax title lot  
|                     | • Homes built at no cost by Minuteman Tech students |

**VI. Bedford, Massachusetts**

The median sales price for single-family homes in Bedford increased more than 100% between 1992 and 2002. Bedford now has a median income of $98,974 and a median sales price of $489,000. The high cost of housing, land, and construction remain serious challenges to the creation of moderately priced housing in Bedford. However, the town has used a variety of tools to create much-needed affordable housing. Bedford has a comprehensive strategy that:

- targets the development of town-owned properties in order to ensure discounted acquisition costs
- focuses on refinancing existing housing or creating accessory apartments
- looks for areas of town that can accommodate higher density, such as industrial or commercial areas

**The Village at Concord Road**

The Village at Concord Road is a mixed rental and homeownership project to be completed this year. The six-acre parcel will include eight for-sale homes and 12 rental apartments located in

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26 Town of Bedford Affordable Housing Plan for Planned Production Regulation. September 2003.
six duplex town homes. Two of the homes and three of the rental units will be affordable to households at 80% of the Area Median Income ($66,150 for a family of four in 2004).27 The affordable for-sale units are expected to sell for $125,000 while the affordable rental units are expected to rent for $950 per month. The project, developed through the state’s Local Initiative Program (also known as the “friendly 40B” program in which towns give zoning concessions in exchange for affordable housing without going through the traditional 40B process), will average about 3.1 units per acre. The development did not require any state or federal subsidy; instead increased density made the affordable component possible.28

**Bedford Meadows**

Bedford Meadows is an award-winning homeownership development characterized by cluster housing and extensive open space. Like the Village at Concord Road, Bedford Meadows was developed through the state’s Local Initiative Program. The town used the 40B process to avoid the delays and inefficiencies of the Town Meeting. Ten of the 40 homes are affordable to households at 80% of the Area Median Income. These homes are scattered throughout the 25-acre parcel.

**Other Affordable Housing Tools Used in Bedford**

**Community Preservation Act:** Bedford was the first community in the state to adopt the Community Preservation Act. Bedford voters approved a 3% property tax surcharge to be used for open space, historic preservation, and affordable housing. Bedford has used these funds to hire a housing consultant, assist a non-profit with the purchase of a duplex which was converted to affordable condos, and to provide pre-development support for a rental development.

**The Bedford Housing Trust:** The Bedford Housing Trust, created in 1994, is a private nonprofit organization that raises funds to support affordable housing activities. The Bedford Housing Trust has been instrumental in securing land and financing for affordable housing activities.

**The Bedford Housing Partnership:** The Bedford Housing Partnership, appointed by the Board of Selectmen, encourages the growth of affordable housing in Bedford. Among their other activities, the Housing Partnership in Bedford monitors the ownership and resale of the affordable units in Bedford Meadows. Like other Housing Partnerships, they also work to build public support and political will for affordable housing and continually look for new development opportunities.

**Incentive Zoning:** Bedford’s zoning ordinance provides for a density bonus in Planned Residential Developments if 50% of the additional units but not less than 10% of the total units in the PRD are affordable and subject to deed restrictions. Only single-family units and accessory units are permitted. Bedford’s General Bylaws also require that any new residential subdivision set aside land (10% of the project but no less than one-half acre) to be used for

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27 Again, this is 80% of the median income for the entire metropolitan area around Boston.

affordable housing. The land can be set aside for purchase by the town, or the developer can build affordable units or pay a fee-in-lieu.²⁹

Bedford’s zoning bylaw also permits the development of accessory units by right if they meet certain requirements.

**The Condo Buy-Down Project:** The condo buy-down program is funded by CPA dollars.

**Access to Federal Funds:** Bedford recently joined other communities as part of the MetroWest HOME consortium. Bedford is now eligible to receive an annual allocation of federal HOME dollars.

**Bedford’s Affordable Housing Action Strategy**³⁰

<table>
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<tr>
<th>Strategy</th>
<th>Response</th>
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| • Establish reliable and predictable funding sources | • Joined a HOME Consortium  
• Passed CPA  
• Established an Affordable Housing Trust Fund |
| • Use zoning and land use regulations to promote affordable housing | • Reviewed zoning bylaws and regulations to ensure consistency with planning goals  
• Offers density bonus under planned residential development  
• Encourages accessory apartments, mixed-use development, and alternative types of development for seniors |
| • Preserve existing affordable housing       | • Monitors privately owned, subsidized inventory  
• Identified funds and mechanisms to ensure continued affordability of first-time homeowner units upon turnover |
| • Develop on Town-owned sites                | • Identified six potentially suitable sites  
• Expand homeownership opportunities          |
|                                             | • Use of soft second mortgage |

²⁹ Town of Bedford Affordable Housing Plan for Planned Production Regulation. September 2003.
³⁰ Table from Massachusetts Housing Partnership, *Taking the Initiative: Guidebook on Creating Local Affordable Housing Strategies*. March 2003.
VII. Conclusion

Affluent suburbs in both the Boston region and the Chicago region face similar challenges to the development of moderately priced housing: little developable land and prohibitively high land costs. Yet despite such obstacles, many high-end Boston suburbs have been working steadily and successfully to create a more diverse housing stock so that seniors, young families, municipal workers, teachers, and others can afford to stay in their communities or live where they work.

The success of these suburbs is due to a number of factors including:

- A strong commitment on the part of local government to address local needs
- Action-oriented housing plans with specific implementation steps and timetables
- A commitment to building and maintaining local support among town residents.
  (Massachusetts communities have done so in part through the use of Local Housing Partnerships)
- Creative use of town-owned land
- The use of flexible zoning and negotiations with developers
- Inclusionary zoning policies
- Collaboration with for-profit and non-profit developers
- The creation of non-profit organizations such as Community Land Trusts and Housing Trusts
- An understanding that affordable housing can be done in smart growth fashion, and that housing and open space can go hand-in-hand

The experience of these prosperous Boston suburbs offers a variety of models for Chicago area suburbs to consider as they work to address the need for moderately priced housing locally. Most important, these suburbs demonstrate that it is possible for affluent suburbs with little available land and high land costs to create attractive, moderately priced housing that fits the local character and meets local needs.
VIII. Lessons Learned from Affluent Massachusetts Suburbs

1. Chicago area communities can negotiate with developers and use flexible zoning to help create more moderately priced housing. In all five of these affluent Boston suburbs, we saw how municipalities were able to negotiate with developers and grant zoning concessions to create affordable housing, often with no public tax dollars involved. For example, by permitting smaller lot sizes at Greenwood Meadows in Andover (quarter-acre lots instead of 30,000 square foot lots), 24 homes, six of them affordable, were created where just a fraction of that number would have normally been permitted.

In Concord, town officials negotiated with developers and provided some zoning flexibility to create five affordable homes with no public subsidy as part of Concord Homes, a single-family development with 19 homes.

Chicago area communities could also permit smaller homes on smaller lots and could offer zoning relief in other ways (reduced parking, additional density, fee waivers, etc.) to negotiate with developers for the inclusion of affordable homes. Unlike Massachusetts, where such zoning concessions usually must go through the difficult “Town Meeting” process (unless 40B is used), Illinois municipalities can provide these zoning concessions through the PUD process or at the municipal board level.

2. Chicago area communities can raise revenues locally to create and preserve moderately priced housing. Lincoln, Concord, and Bedford, along with over 70 other Massachusetts communities, chose to increase local property taxes by 1% to 3% (with state matching dollars) to help fund affordable housing activities. Lexington raised $1 million in fee-in-lieu payments, secured by the town through negotiations with private developers, to provide start-up financing for the local non-profit developer LexHAB.

Like Lexington, Chicago area communities could also raise local revenues through the negotiation of “in-lieu” payments from developers. In communities already facing a shortage of moderately priced housing, new market-rate development tends to further drive up land costs and property values, making affordable development even more difficult. Communities can negotiate with developers for monetary contributions to help address the affordability problem. These contributions can be placed into a local housing trust fund to be used for a variety of affordable housing activities. These funds could also go to a separate non-profit entity (as was done in Lexington with LexHAB) for the acquisition of land or the development of affordable housing.

Home rule communities in the Chicago area could also consider a very modest property tax increase to support affordable housing activities. Local communities could further consider other revenue sources for affordable housing such as a tear-down tax or a condo conversion tax. Highland Park, for example, has instituted a $10,000 tear-down tax that goes into the city’s affordable housing trust fund. Highland Park has generated over $900,000 for affordable housing activities since 2002.
3. **Chicago area communities can establish local non-profits driven by residents to help address the need for moderately priced housing.** Andover, Lincoln, Lexington, Concord, and Bedford have all created private non-profits that purchase, finance, and rehab affordable housing. Similarly, Chicago area communities could consider the creation of a Community Land Trust that keeps homes affordable in perpetuity or could create a non-profit organization to manage a Housing Trust Fund. Highland Park, for example, has established a non-profit Community Land Trust that holds land and leases the homes on the land. The Highland Park Land Trust recently completed and sold six new affordable town homes.

4. **Chicago area communities can pass voluntary or mandatory inclusionary zoning ordinances.** An inclusionary housing ordinance requires a certain percentage of any new development to be priced affordably, and it offers developers certain cost offsets in return. In Lexington, we saw how effective an inclusionary zoning policy, *even an informal policy*, could be. The town has made it clear that the inclusion of affordable housing is critical in obtaining any discretionary approvals. Lexington used such discretionary situations to negotiate for new affordable homes or fee-in-lieu payments. Chicago area suburbs could consider inclusionary housing through the PUD process or passage of a full ordinance. Highland Park passed the region’s first inclusionary zoning ordinance in 2002. It requires any development over five units to price 20% of the homes affordably.

5. **Chicago area communities can create local affordable housing committees.** The Housing Partnership model has been used extensively throughout the Boston area. Housing Partnerships are committees of citizens appointed by Boards of Selectmen (Village Boards) to identify opportunities for new development, work with developers, and build public support and political will. In Andover, for example, the Housing Partnership has been deeply involved with all the affordable housing that has been created. The Partnership works with developers from the outset and monitors the affordable homes to ensure that they stay affordable for the long-term. Chicago area suburbs could consider the creation of such committees, either through a Housing Commission, or as an independent body, to promote the creation of affordable housing.

6. **Chicago area communities can use publicly owned land (where available) to create moderately priced housing.** Lincoln, Massachusetts, one of the most affluent suburbs in the Boston area, has strategically directed the development of affordable housing in large part through the use of town-owned land. The town of Lincoln initiated and drove the development process for Battle Road Farm, a 120-unit mixed income condominium development. The Town planned carefully for the purchase and development of the site to ensure that the development included a substantial affordable component. Chicago area communities could also examine the development of town-owned land, where appropriate, for moderately priced housing.