



Planning Department

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MEMORANDUM

To: Planning Board,
Acton Community Housing Corporation

Date: July 11, 2013

From: Kristen Guichard, Assistant Town Planner *KGB*

Subject: Fees-in-lieu of constructing affordable units

As a follow up to the Planning Board and Acton Community Housing Corporation's discussion on monetary contributions in-lieu of providing an affordable unit, we have provided examples from other communities who use calculation methods to determine monetary contributions within their Inclusionary Zoning Bylaws.

Town of Wellesley

- Allows monetary contributions as an option to the developer in-lieu of providing on-site affordable units.
- The fee is determined by the amount equal to the product of the required number of affordable units multiplied by the difference in sale price between an affordable unit and a conventional unit.
- For the purposes of determining the amount of the cash contribution, an affordable unit shall have at least three bedrooms and 1,500 square feet of living space.
- The sale price for the conventional unit shall be based on the current median sale price in the Town for conventional units similar in size and type to the affordable unit.

Example:

1 Affordable unit required

Conventional unit price: \$350,000

Affordable unit price: \$150,000

$\$350,000 - \$150,000 = \$200,000$ (1 unit) = **\$200,000 for each affordable unit not constructed**

City of Newton

- Allows monetary contributions as an option to the developer in-lieu of providing on-site affordable units only if the development contains no more than six (6) dwelling units, or the board of aldermen through a special permit can make specific findings that there will be an unusual net benefit to achieving the city's housing objectives as a result of allowing a monetary contribution rather than providing the units for a development of more than six (6) units.
- The first two units in a development are granted a certificate of occupancy without paying any fee. Where a special permit is required, inclusionary units shall be provided equaling no fewer than 15% of the number of dwelling units proposed to be added by the development,

exclusive of existing dwelling units to be retained. For purposes of calculating the number of inclusionary units required in a proposed development, any fractional unit of 0.5 or greater shall be deemed to constitute a whole unit.

- For each remaining unit in the development the fee in lieu must be equal to 12% of the sales price at closing of each unit as verified by the Planning and Development Department.
- If the development is for rental housing the cash payment must be equal to 12% of the estimated assessed value of each unit as determined by the city assessor.

Example:

6 unit development (ownership) (One affordable unit would have been required)
 Each unit is sold at \$500,000 (market rate)
 Cash payment = \$500,000 (.12) = \$60,000(4) = **\$240,000 total payment due**

City of Belmont

- The special permit granting authority can require a monetary contribution in-lieu of providing on-site affordable units upon recommendation from the Affordable Housing Trust.
- The fee is determined as a percentage of the difference between the fair market value for a typical market-rate housing unit in the development and the price of an affordable unit as shown in the following Table:

Fair Market Value as percentage of Affordable Price	In-lieu Payment as percentage of Difference
Less than 300%	100%
300% or greater but less than 400%	95%
400% or greater but less than 500%	90%
500% or greater but less than 600%	85%
600% or greater	80%

Example:

Market rate unit is going for \$500,000
 Affordable unit is priced at \$ 150,000
 $500,000 / 150,000 = 3.333 (100) = 333.33\%$
 [Greater than 300% but less than 400%, therefore fee is set at 95%]
 $500,000 - 150,000 = 350,000 (.95) = \mathbf{\$332,500}$ for each affordable unit not constructed

Town of Duxbury

- Allows monetary contributions as an option to the developer in-lieu of providing on-site affordable units.
- The fee must be equal to the difference between the median sale price for new single-family homes built in Duxbury during the preceding three fiscal years, as determined and reported by the Board of Assessors, and the purchase price of a home that is affordable.
- For developments of multi-family condominiums, the Planning Board can substitute the median sale price for new condominiums built in Duxbury during the preceding three (3) fiscal years for the median sale price of new single-family homes.

Example:

Median sale price between 2011, 2012 and 2013 = \$350,000
 Affordable purchase price = \$150,000
 $350,000 - 150,000 = \mathbf{\$200,000}$ for each affordable unit not constructed