40R Smart Growth (SG) & Starter Home Zoning Districts (SHZD)

- General overview of 40R (Requirements & Incentives)
- Program activity
- Starter Homes
- 40R Process
What is 40R?

A voluntary program to encourage cities & towns to adopt & implement zoning that allows compact, mixed-income, by-right development in areas with existing or planned infrastructure & better access to retail, services & jobs by offering both direct & indirect financial incentives & a tool to better manage residential growth.
• Eligible locations
• As-of-right, including densities...
  ➢ Single-family: 4*/8 units/acre
  ➢ 2–3 family: 12 units/acre
  ➢ Multifamily: 20 units/acre
• Affordability requirement (20%)
• Direct funding:
  ➢ $10K–$600K Zoning Incentive Payment based on District size
  ➢ $3,000/unit Production/Density Bonus Payment
  ➢ Eligibility for school-cost reimbursement $ (Chapter 40S)

*Start Home Zoning Districts (SHZD) Only
40R District Requirements

Eligible Location

13 TOD

22 AREA OF CONCENTRATED DEVELOPMENT

20 OTHER HIGHLY SUITABLE LOCATION
Eligible Locations for SG & SHZDs Districts...

Substantial Transit Access Areas

Within a 1/5 or 1* mile of a rapid transit or commuter rail station or bus or ferry terminal

* Possible to extend up to 1 mile & 1.5 miles, respectively, with qualifying adjacent area
Areas of Concentrated Development

A Starter Home can be within an Area of Concentrated Development, at least 50% of which must include an existing commercial/mixed-use zone (e.g., a city/town center, village or other substantial commercial area).

Non-Commercial portion of Area of Concentrated Development cannot exceed 50%

At least 50% of the land must also be previously developed.
Other Eligible Locations for SG & SHZDs

• **Other Highly Suitable Locations** based on factors such as transportation access, infrastructure, walkability, adjacent zoning/land use, infill/redevelopment, and prior planning.

• **Otherwise Ineligible Residential Zones** Ped Access to & w/in ¾ mile of *a ped destination* e.g., library, school, retail/office, playground, etc.)
Other 40R Zoning characteristics...

- As of right – w/ site plan review
- Comprehensive – other zoning requirements do not apply
- May include Design Standards
- Must be primarily residential
- Not subject to bldg. caps., etc.
- Cannot require age restrictions
Affordability requirements…

Smart Growth Districts:
• 20-25% of units @ 80% AMI
• For all Projects w/ 13+ units
• 20% for District as a whole

Starter Home Zoning Districts:
• 20% of units @ 100% AMI
Municipal Financial Incentives

Zoning Incentive Payments:

<table>
<thead>
<tr>
<th>Increase in by-right zoned units*</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 20</td>
<td>$10,000</td>
</tr>
<tr>
<td>21-100</td>
<td>$75,000</td>
</tr>
<tr>
<td>101-200</td>
<td>$200,000</td>
</tr>
<tr>
<td>201-500</td>
<td>$350,000</td>
</tr>
<tr>
<td>501 +</td>
<td>$600,000</td>
</tr>
</tbody>
</table>

Bonus Payments: $3,000 for each Bonus Unit produced

40S School-Cost Reimbursement for demonstrated net increases in corresponding school costs, if any

(note: current funding source limits municipal use of Zoning Incentive & Production Bonus Payments to capital expenditures)
Smart Growth Zoning Districts

- **Approved Districts**
- **Eligible Districts**
  - 55 approved Districts across 45 municipalities
  - As-of-right zoning allowing for over 23,000 units
  - Over 4,965 units built or under construction
Starter Home Zoning Districts
What is a Starter Home under C. 40R?

“Starter home” is defined as, “a single family home not exceeding 1,850 square feet in heated living area”

Municipality can opt to also allow for an accessory dwelling unit of 600 square feet or less on the same lot as a starter home.

760 CMR 59.00
Other key requirements for Starter Home Zoning Districts...

- Must contain a minimum of 3 contiguous developable acres
- Must allow at least 4 units/acre (lots of ~10K sq. ft.)
- 50% of the Starter Homes must contain at least 3 bedrooms
- A minimum of 20% of the Starter Homes must be affordable at or below 100% of Area Median Income
Other restrictions to be aware of...

- Projects CANNOT be age-restricted
- Use of Incentive & Bonus funds restricted to capital expenditures due to new source of funding for SGHTF
- Accessory Dwelling Units (ADUs) / Apartments can qualify as Bonus Units but not as Incentive Units
Local Environmental / Health Regulations

Starter Home Districts may not be subject to local environmental or health regulations that exceed State regulations, unless:

- “DEP has determined that specific local conditions warrant imposition of more restrictive local standards,” or
- “The imposition of such standards will not render infeasible the development contemplated” (Section 6)
Basic 40R Process:

- Initial consultation w/ DHCD (recommended)
- Local public hearing on zone application
- Submit application to DHCD
- DHCD determination of eligibility
- Local zoning adoption
- Submit evidence of adoption, etc.
- DHCD Letter of Approval
- Eligibility for Zoning Incentive Payment
- Local project applications/decisions
- Bonus Payment eligibility w/ permits, etc.
40S Payment Formula:

• = positive difference between total education cost for eligible students & municipality’s Smart Growth revenues for education + any Chapter 70 aid.

• Smart Growth revenues for education are product of the education % (total school spending among all communities divided by total expenditures = ~56%) and the Smart Growth property & excise tax revenues.

• (DESE cost per x # of )
  - (~56% of RE & Excise Revenue) + any add’l c.70$
## 40R Starter Homes

### Sample* Maximum Sale Prices

<table>
<thead>
<tr>
<th>HUD Region</th>
<th>100% AMI</th>
<th>Sample Max Sale Price</th>
<th>HUD Region</th>
<th>100% AMI</th>
<th>Sample Max Sale Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barnstable</td>
<td>$86,200</td>
<td>$240,400</td>
<td>Prov.-Fall River</td>
<td>$80,300</td>
<td>$222,500</td>
</tr>
<tr>
<td>Boston</td>
<td>$107,800</td>
<td>$305,700</td>
<td>Taunt-Mnsfld-Nrton</td>
<td>$88,600</td>
<td>$247,600</td>
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<tr>
<td>Brockton</td>
<td>$84,100</td>
<td>$234,000</td>
<td>Springfield</td>
<td>$80,700</td>
<td>$223,800</td>
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<tr>
<td>Lawrence</td>
<td>$95,000</td>
<td>$267,000</td>
<td>E. Worcester</td>
<td>$112,300</td>
<td>$319,300</td>
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<tr>
<td>Lowell</td>
<td>$105,400</td>
<td>$298,400</td>
<td>Ftchbrg-Leomnstr</td>
<td>$80,700</td>
<td>$223,800</td>
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<tr>
<td>Berkshire</td>
<td>$80,700</td>
<td>$223,800</td>
<td>W. Worcester</td>
<td>$80,700</td>
<td>$223,800</td>
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<tr>
<td>Pittsfield</td>
<td>$80,700</td>
<td>$223,800</td>
<td>Dukes</td>
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<tr>
<td>Eastn-Rynhm</td>
<td>$115,000</td>
<td>$327,500</td>
<td>Franklin</td>
<td>$80,700</td>
<td>$223,800</td>
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<tr>
<td>New Bedford</td>
<td>$70,200</td>
<td>$192,000</td>
<td>Nantucket</td>
<td>$110,900</td>
<td>$315,000</td>
</tr>
</tbody>
</table>

(*for sample purposes only; based on various assumptions including 5.01% interest rate, $14.67 tax rate)