Credits

Project Team

PROJECT MANAGER

Karina Milchman
Regional Planner & Housing Specialist, MAPC

ULI Boston/New England Partners

Michelle Landers
Executive Director, ULI Boston/New England

Sarah Barnat
Former Executive Director, ULI Boston/New England

CONTRIBUTORS

Eric Halvorsen
Former Assistant Director of Transportation, MAPC

Jennifer Raitt
Assistant Director of Land Use & Chief Housing Planner, MAPC

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I. Project Description

Project Goal

During 2015, the Metropolitan Area Planning Council (MAPC) partnered with the United Land Institute (ULI) Boston/New England to host a Developer Roundtable Series (DRT) consisting of three focus groups, each on a different topic. The immediate goal of the series is to advance dialogue with the development community, share development opportunities, and better understand barriers to development. A secondary goal is to identify potential policy recommendations that would assist the development community with overcoming barriers and help the region work towards smart growth.

Roundtables

There were three roundtables over the course of the series, one each on transit-oriented development, middle-income housing, and market trends. In total, MAPC shared five projects with participating developers, each pertaining to one or more of these topic areas.

1. TRANSIT-ORIENTED DEVELOPMENT

The initial roundtable focused on transit-oriented development (TOD). MAPC gave a brief presentation on its approach to TOD, development opportunities in downtown Framingham and Braintree Station, and questions arising from our work. Discussion focused on land assembly, zoning, parking, affordable housing, transportation, streetscape, and development feasibility.

Participants expressed interest in what kind of housing works for seniors in terms of location and accessibility, and whether this overlaps with housing that’s attractive to millennials. They commented that smaller units are not necessarily less expensive to build, even if they may be more affordable to occupants. They also talked about the difficulty of cross-subsidizing affordable units with market rents in less high-cost markets, and stressed the need for additional programs to produce affordable housing. In terms of local planning processes, developers noted the importance of strong municipal leadership, the challenge that is town meeting, the cost of making infrastructure improvements required by towns, and zoning barriers like parking requirements.

2. MIDDLE-INCOME HOUSING

The second roundtable focused on housing for middle-income households. Prior to the session, participants were provided with MAPC’s report on the topic: “Middle-Income Housing: Demand, Local Barriers to Development, & Strategies to Address Them in Select Inner Core Communities.” MAPC also gave a brief presentation to inform discussion. This included an overview of the work described in the pre-reading, including barriers to middle-income housing development and strategies to address
Developers were then asked to provide feedback on these barriers and strategies, brainstorm additional strategies, and discuss any conflict between affordability and marketability to this demographic.

Barriers discussed include community culture/attitude, cost of land, cost of development and lack of subsidy, and cost of union labor. Strategies include developing/using a different language and framework to think about middle-income housing; considering what locations are most appropriate for housing at this price point; zoning changes like affordable overlay districts, reduced parking minimums, and increased density; utilizing publically-owned land for this purpose; exploring alternative funding streams; and increasing the overall housing supply at all price points.

3. MARKET TRENDS

The third roundtable focused on market trends. MAPC gave a brief presentation on Data Services’ work on demographic projections and on ULI Boston/New England’s “What Millennials Want” survey findings. Developers were then asked to share their thoughts on Greater Boston region market trends—including what’s in demand, by whom, and where—and how policy and regulation can play a role in aligning supply with demand.

Discussion built on the middle-income housing roundtable. Key points include the challenge of developing price-appropriate housing due to cost of land, construction, and union labor (in Boston); community backlash to housing development and the value of developer-friendly communities; the importance of building housing in amenity-rich places; the challenge of financing when equity returns are not nearly as high as market rents/sale prices might lead one to think; and the theory that increasing the supply of smaller housing units for millennials will free up family housing for larger households.

Project Partners

MAPC partnered with ULI Boston/New England on this project to strengthen our relationship, keep the organization apprised of MAPC’s work in this arena (and avoid duplication of efforts), and increase participation in the series. During the year-long process, the ULI Boston/New England point person on this project transitioned from Sarah Barnat, then Executive Director, to Michelle Landers, then Senior Director. Both contacts made effort to encourage developer attendance and assisted in developing discussion topics for roundtables. Ms. Barnat was able to attend the first roundtable.

The series aimed to engage developers of diverse housing and mixed-use projects who are active in a range of community types. MAPC reached out to 34 developers representing firms both large and small, and active on a range of project scales and types in a variety of community types. Participants represented various development organizations, from community development
corporations to large-scale development operations. The following companies and organizations participated in the series on an ongoing basis: Asian Community Development Corporation, Beacon Communities, Oxbow Partners, The Community Builders, Eden Properties, Jones Lang LaSalle (JLL), Just-A-Start Corporation, Neighborhood of Affordable Housing, Inc. (NOAH), Nuestra Comunidad Development Corporation, and Twining Properties. In addition, representatives from other organizations, including the Massachusetts Smart Growth Alliance, participated in the series on a limited basis. The majority of participants were developers active in and around the Inner Core.

Though MAPC had hoped to engage 20-25 developers, the number of participants was lower. Moreover, attendance rates declined over the course of the year. Approximately 17 participants attended the first roundtable, 10 at the second, and 7 at the third and final roundtable. Several developers attended multiple or all roundtables. Some developers informed MAPC over the course of the year that scheduling conflicts, rather than a lack of interest or commitment to the project, prevented them from attending more of the roundtable sessions.
2. Project Evaluation

At the close of the DRT series, participants were asked to complete a brief online survey evaluating the process. Seven developers did so. Respondents agreed that the objectives of the series were clear, and participation was relevant to their work and enjoyable. They felt presentations were valuable, and conversation was productive and stimulating. Specifically, they enjoyed the data shared, hearing their colleagues’ thoughts, and the opportunity to provide input on important policy issues. On the whole, respondents agree that the series met expectations, and participation was time well spent. They all rated the series “excellent” or “good.”

They also made suggestions for how to improve the DRT series in the future. There was some consensus that meeting goals could be clarified, more information could be provided in advance of meetings, the scope of discussion could be broadened, and facilitation of discussion could be increased. Some participants would like more large-scale multifamily housing developers to join the group, and the perspectives of minority groups and low-to-moderate-income people shared. Some of these ideas are easily addressed, while some may require first making improvements to other aspects of the series. Towards that end, MAPC has identified the following additional areas of improvement.

» **Strengthen partnership with ULI Boston/New England.** Due to staff turnover and limited resources, the partnership between MAPC and ULI Boston/New England remained more focused on logistics than substance. Greater resources for engagement and roundtable development would help strengthen this partnership and, in turn, likely result in stronger roundtables and greater attendance.

» **Cultivate a dedicated group of developers working on a range of development types in a variety of community types.** Maintaining a high attendance rate over the year was a challenge. Consequently, the group of participants became both smaller and less diverse in terms of where and on what they work. In the future, outreach should be strengthened and efforts made to engage a broader range of developers, including those active outside the Inner Core and those representing firms varied in project type and scale.

» **Survey/work with developers to develop roundtable topic ideas.** Several attempts were made over the year to elicit topic suggestions for meetings from participants. While some shared ideas, many did not. Survey respondents, however, said they were ready to make suggestions. In the future, more frequent surveying of participants or follow-up phone calls should result in more topic ideas.

» **Engage interested MAPC staff in developing topic ideas and presentations.** In addition to participants, MAPC staff expressed interest in contributing ideas for discussion at future roundtables. In order to work with staff to develop these ideas, a charge code should be provided to cover their
time in advance of and including the roundtables.

» *Invite guest speakers to roundtables.* Guests from related industries would bring additional perspectives and insights into the challenges discussed at roundtable meetings. Professionals such as town managers, representatives from the Boston Mayor’s office, lenders or equity investors, or brokers would augment discussion.
3. Action Items

Focus Areas

Discussion at each of the three roundtables highlighted several development barriers and, in some cases, revealed new ways to think about them. MAPC has identified the following short- and long-term action items to address these issues.

1. COMMUNITY OPPOSITION

1.a. Lessons Learned

Developers note that though addressing zoning, policy, and programmatic barriers is necessary, community opposition to development can thwart a project even if these other issues are addressed. Many developers recounted instances of public engagement where project opponents had misconceptions about density, housing need, affordability, development impacts, and other planning elements. They agree that the public must be better informed, and that information and data must be shared not by them, the developers, but by the municipality or an independent third party, such as MAPC.

1.b. Short-Term Action Items

In response to the powerful impact of community opposition on projects, developers call for additional strategies and tools to educate the public and address this issue. Such tools might include:

» A marketing campaign toolkit that includes information dispelling housing myths and addressing concerns about density, reduced parking, and other smart growth elements.

» Increased access to robust data at the neighborhood level. MAPC’s Data Services is currently exploring the potential to develop a Neighborhood Drawing Tool that would provide just that, allowing users to pull data at the geography of their choice.

» MAPC support of municipalities and developers during the public review process, including data provision, explanation of the benefits of new development, and myth-busting.

» A zoning comparison tool that allows boards to search bylaws and see what has been adopted in other communities in order to build confidence that the same could be done locally.

2. TRANSIT-ORIENTED DEVELOPMENT

2.a. Lessons Learned

Successful TOD is not just about the placement of housing near transit; other factors are equally important to site selection and development. TOD should be thought of holistically, as the creation of strong neighborhoods in appropriate locations.
Housing is one component and transit is another, but there are many more, including proximity to amenities like everyday stores and restaurants, walkability and good connectivity (such as sidewalks, bike infrastructure, traffic calming, crosswalks, etc.), access to passive and active open space opportunities, and quality urban design. We learned that just because a site is in close proximity to transit and has development potential, it is not necessarily appropriate for TOD.

2.b. Short-Term Action Items

MAPC will continue to encourage municipalities to adopt reduced parking ratios and allow developers to unbundle parking from housing and/or offer off-site parking opportunities. More specifically, the agency will advance and expand its work on the parking calculator. This should include conducting case studies of new developments with reduced parking ratios (below 1-to-1) to assess impacts, including the number of spaces that have been purchased by building residents, the number of residents using on-street parking, and resident opinion (whether or not they appreciate unbundling, what alternative transportation modes they utilize, etc.). These findings can be used to inform advocacy work, local assistance, and address municipal and neighborhood concerns about limited on-street parking, overcrowding, and other constraints.

2.c. Long-Term Action Items

To advance TOD and general smart growth planning, MAPC will continue to advocate for and provide municipalities with assistance with adoption of relevant zoning and related changes (higher FAR, lower minimum lot area/DU, lower setbacks, lower minimum lot frontage, mixed-use development and higher densities as of right, and lower parking ratios), site plan review, Complete Streets, and design guidelines. Internally, the Transportation, Land Use, and Data Services departments will consider collaborating on a strategy to identify appropriate TOD sites based on transit access, including bus and rail, development potential, retail mix and market potential, and other relevant attributes. This will include assessment of priority development areas identified by municipalities, as well as surplus land and state-owned land. To facilitate development of the latter, MAPC will work to align disposition processes across state agencies to prioritize and facilitate smart growth and affordable housing development.

3. HOUSING AFFORDABILITY

3.a. Lessons Learned

The issue of housing affordability came up at all three roundtables. Participants discussed the strategy of increasing overall housing supply in order to meet demand and stabilize prices. At the same
time, they acknowledged that this approach is not effective in all markets. For example, adding a slew of luxury housing units, and only luxury housing units, to an otherwise affordable area would likely inflate not deflate prices. More detailed conversation focused on affordability in relation to housing policy, parking, middle-income housing, and union labor.

» Policy. Several developers commented that many state and local housing policy and programs, such as inclusionary zoning and other affordable housing requirements, do not take into account the real costs of development. Consequently, both meeting requirements and getting the project to pencil are challenges, and doing so does not always result in the greatest number of possible units. Developers expressed interest in sitting down with policymakers at the state and local levels to share development costs and jointly explore the impact of various regulations on them.

» Parking. Lower parking ratios drastically reduce development costs (with construction costs up to $30,000/space), but that savings does not necessarily bring housing prices down since it isn’t always passed on to the household. Rather, housing is usually priced at a flat “bundled” market rate that doesn’t always taking parking availability into account. The cost benefit of developing fewer spaces, therefore, typically goes to the developer or building owner. Unbundling parking from housing, however—whether by selling or renting a space separate from the unit cost—is a strategy more likely to achieve greater housing affordability and to further incentivize one vehicle households or car-free living. The combination of both reduced parking and unbundling is potentially even more impactful on housing costs.

» Middle-Income Housing. Participants made two key points in regards to middle-income housing: (1) Thinking about it within the framework of affordable housing is not effective, and (2) the existing tools to develop it are minimal and not sufficient. These ideas are not wholly distinct. In part, the first is problematic because the second is; without adequate subsidy, it’s difficult to depress housing prices below market rate. But as subsidy and other tools to fill the developer funding gap are created for middle-income housing, it is important to keep in mind that affordability alone may not market housing to this demographic. If middle-income households are expected to pay 30% of income on housing costs, the same metric applied to lower-income households eligible for deed-restricted housing, then that amounts to a fairly substantial amount of money. What kind of product can be delivered at that price? Will middle-income households agree to income certification in exchange for it? Will they choose affordability over building equity? The answers to these and other questions
may indicate that a new framework must be innovated for middle-income housing finance and development.

» **Union Labor.** The high cost of union labor in Boston makes reaching Mayor Walsh’s goal of producing 53,000 new housing units by 2030 difficult. Challenging factors include, but are not limited to, union labor rates. Other issues include inefficiencies in construction, such as work rules, and the difficulty of joining unions, which keeps the number of members low, creating a competitive environment that drives prices up.

1.b. **Short-Term Action Items**

To better understand the real costs of housing development, MAPC should coordinate with developers to review pro formas for various project types. This can be achieved through a future developer roundtable devoted to this issue, private meetings with developers, or staff tutorials by other MAPC contacts with expertise in housing development. Attention should be paid to how inclusionary zoning, various subsidy sources, achievable market rates, and other variables impact pro formas. The agency should incorporate findings from this learning process into its policy and advocacy work, recommending affordable housing requirements (at the State and local levels) that reflect real numbers and subsidy programs to fill developer funding gaps.

2.c. **Long-Term Action Items**

» Generally, many developers feel that the traditional affordable housing framework should not be applied to middle-income housing. For example, the expectation that these households pay no more than 30% of income on housing may be unreasonable; they may be able and willing to pay more. Long-term compliance is problematic as one-earner households become two-earner. And questions like whether middle-income householders would choose location over equity (deed-restricted versus market-rate housing) or would submit to recertification and other oversight measures remain. These and other questions must be answered in order to develop an effective framework through which to approach middle-income housing production. MAPC should work with policymakers and developers to advance an appropriate approach to this issue that balances regulation with marketability.

» MAPC has conducted an in-depth study of middle-income housing needs, demand, and constraints within the Inner Core region. One of the major findings, echoed by developers we spoke with as part of that research and the roundtable series, is that the tools to develop housing at this price point simply don’t exist. Targeted programs and funds are needed to fill the developer funding gap. Roundtable participants note that this is a local problem, rather than a national one, that perhaps requires a local solution. Building on work done to date, MAPC should engage with
developers and leaders in finance and lending to explore how existing tools—such as interest rate subsidy, the Healthy Neighborhood Equity Fund (HNEF), or working with insurance companies to finance projects—can be targeted to or re-created for middle-income housing production.

MAPC will explore the potential for a state-level program designed to encourage local adoption of affordable overlay districts for middle-income housing. This could mean amendments to Chapter 40R or the creation of a new state-wide program. The latter would require a new chapter within Massachusetts General Law, as well as funding appropriated through the budget or another funding bill. If MAPC were to lead such an effort, we would first need to draft the proposed bill and bring it through our internal policy adoption process. If adopted, we would meet with allies at the state house to gauge interest and support, secure a sponsor and cosponsors, and advance it through the legislative process. Government affairs and housing planners in our Land Use Department would work together towards that end.

MAPC will explore opportunities to engage in dialogue with Boston Mayor Walsh and other City housing staff about the relationship between union labor costs and housing development. Solutions to consider may include a special “residential rate” for union laborers or the potential for developers to “mix shop” (rather than use 100% union labor).

Next Steps

There is interest from MAPC, ULI Boston/New England, and developer participants in continuing the DRT series. Not only are there other topic areas that would benefit from exploration in this format, there are action items that emerged from roundtables conducted to date that should be further developed into policy recommendations and share with appropriate state offices.

Currently, MAPC’s application to the Barr Foundation includes funding to be allocated to the DRT series. Once secured, the series should be developed with the intention of refining emerging policy recommendations and exploring additional topics identified as pressing by participants, partners, and MAPC staff.