

Does your municipality's inclusionary zoning (IZ) require more than 10% affordable units or affordability deeper than 80% AMI? If so, read on to make sure your IZ can apply in your 3A district, and how MAPC can help!

What is an EFA?

For the purposes of determining compliance with Section 3A, the Executive Office of Housing & Livable Communities (EOHLC) considers an inclusionary policy to be consistent with by-right zoning if it requires that no more than 10% of new units be affordable to households earning at least 80% of area median income (AMI). MBTA Communities with policies mandating a higher percentage of affordable units or at a deeper affordability level must submit an Economic Feasibility Analysis (EFA) along with their district compliance application.



An EFA is meant to demonstrate that a reasonable variety of multifamily housing types can be feasibly developed at the proposed affordability levels in a municipality. This must consider the densities allowed as of right in the district, the dimensional requirements applicable within it, and the minimum number of parking spaces required. A qualified and independent third party must prepare the EFA.

What are the submission requirements?

MBTA Communities submitting an Economic Feasibility Analysis with their district compliance application must include the following items:

- A narrative that provides a concise overview of recent housing market trends in the municipality sufficient to support a professional conclusion that the market in the district supports economically feasible production of a reasonable variety of multi-family housing types at the proposed affordability levels.
- A completed EFA assumptions checklist which includes all inputs and sources for EOHLC to understand the local conditions in the community and gauge the accuracy of the information used in conducting the EFA.
- A development pro forma in Excel that uses locally sourced market data to assess how an inclusionary zoning policy (or modifications to an existing policy) impacts the financial feasibility of future development projects. The analysis must look at a range of project sizes, housing types, and tenure to prove economic feasibility.



Metropolitan Area Planning Council

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To learn more about MAPC's
Section 3A work, visit:
www.mapc.org/
mbta-multifamily-zoning



How does MAPC use its pro forma model to assess economic feasibility for inclusionary zoning policies?

MAPC's pro forma financial model can be divided into six broad components, each of which interact with each other and can impact profitability positively or negatively:

- The type of development likely to occur (“development scenarios”)
- Characteristics of new development project (“development program”)
- How much it costs to build the new development project
- Once the project is occupied, how much revenue it generates and how much it costs to keep running (“operating”)
- Financing terms
- Whether the development project is financially feasible (“profitability metrics”)

How can MAPC help?

MAPC implores MBTA Communities in our region with inclusionary zoning policies that trigger an EFA to not abandon their existing policy because of concerns about completing the EFA.

If your municipality needs assistance completing an EFA or has questions about the process, contact:

- Alexis Smith, Principal Regional Housing and Land Use Planner, at asmith@mapc.org
- Andrea Harris-Long, Manager of Housing and Neighborhood Development, at aharrislong@mapc.org



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