Merrimack Valley Planning Commission
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Inclusionary Zoning in Newbury

October 8, 2025

What is Inclusionary Zoning? (IZ)

- Inclusionary Zoning is a component of a community’s zoning bylaw or ordinances that requires or incentivizes new construction to set aside a designated percentage of total housing units as deed-restricted affordable housing.
- In Massachusetts, communities often use IZ as a strategy to reach their 10% affordable housing requirement under Chapter 40B
- IZ policies can take many forms, can require different levels of affordability, and can provide different options for developers to comply.

Background

- One of the goals in the Town's recently adopted Housing Production Plan is to explore the feasibility of adopting inclusionary zoning in Town and developing a bylaw amendment for a potential vote at Town Meeting.
- Inclusionary Zoning was discussed when the Town was creating its MBTA Communities Overlay district, with some residents expressing a desire to require deeper affordability than was proposed
- MVPC secured state grant funding to assist the Town in developing an IZ bylaw. This funding is available until June 2026.

Considerations for Inclusionary Zoning

- When considering IZ policies, we are talking about **deed-restricted affordable housing**.
- What is "affordable"?
- Occupants of these housing units must have a household income below a designated income threshold
- Income limits are typically set at 80%, 60%, 50%, or 30% of the Area Median Income, but could be higher (100%, 110%)
- Area Median Income is defined by HUD (U.S. Department of Housing and Urban Development) and varies region to region.
- Newbury is in the Greater Boston region for determining median income (includes Boston-Cambridge-Quincy and other towns).

2025 Income Limits

Household Size					
	1 Person	2 Person	3 Person	4 Person	5 Person
80% AMI	$92,650	$105,850	$119,100	$132,300	$142,900
50% AMI	$57,900	$66,200	$74,450	$82,700	$89,350
30% AMI	$34,750	$39,700	$44,650	$49,600	$53,600

2025 Rental Limits

Housing Unit Size				
	Studio	1 Bedroom	2 Bedroom	3 Bedroom
80% AMI	$2,316	$2,481	$2,978	$3,440
50% AMI	$1,448	$1,551	$1,861	$2,150
30% AMI	$869	$931	$1,116	$1,290

Ownership Unit Costs

- Ownership units have the same income limits as rental units, but the sale price of those units varies from project to project.
  - Ownership units also have an asset limit for the buyer
- Typically, once the project is complete, developers work with state subsidizing agencies to determine the sale price.
- These prices can vary based on interest rates, housing unit size, condo fees, and mortgage terms.
- Sale prices are typically calculated to ensure the household will not pay more than 30% of their income towards housing payments.
- Recent for sale pricing in the greater Boston HUD area includes:
  - $211,000 for a studio in Amesbury
  - $264,000 for a 1 bedroom in Danvers
  - $290,000 for a 2 bedroom in North Reading
  - $330,000 for 3-bedroom homes at Cricket Lane in Newbury

MVPC

Components of an IZ bylaw

- Percentage of units required to be affordable
- Threshold at which the affordability kicks in/minimum size of a development that requires affordable units
- Level of affordability required (80%, 60%, 30%, etc)
- Potential “payments in lieu,” where developers can make a cash payment to an affordable housing fund instead of building the units
- Potential to build units off site
- Density bonuses to incentivize more affordability than required

Challenges associated with IZ

- Sometimes, affordability requirements can be so burdensome for developers that they will opt to not build anything at all.
- Requiring too much affordability can make the entire development not profitable.
- IZ's "feasibility" can change over time, and communities should re-evaluate the effectiveness of their IZ requirements every few years to make necessary changes.
- Payments in lieu, if included in the bylaw, need to have a dedicated fund and board to manage those funds.

Newbury's IZ Opportunities and Challenges

- Finding suitable soils to meet Title V for septic is challenging and may make development more expensive than in other communities that have public sewer.
- Lack of an Affordable Housing Trust makes payments in lieu difficult to manage.
- Rental price of affordable units is high given the Town's location in Greater Boston's area median income.
- Strong demand for housing means market rate units can command high prices, potentially making it easier for developers to offset losses from affordable units.

Steps Going Forward

- Planning Board gives input on what they would like to see in the IZ bylaw
- Public gives input to what they are most interested in
- MVPC analyzes what options Newbury may have for IZ given the local market conditions and present findings
- MVPC develops draft bylaw amendment language for Planning Board review
- Planning Board decides if and when they would like this proposed amendment to go to Town Meeting