

Policy Tool: Incentive Programs for Housing Production

Example: Chapter 40R Smart Growth Housing Districts (MA)



Summary: In order to overcome local resistance to zoning allowing for construction of dense, affordable housing, states can create incentive programs which reward local communities that create such zoning near transit.

Adopted in 2004, Massachusetts's Smart Growth Zoning and Housing Production Act, known as Chapter 40R, rewards municipalities that adopt zoning allowing as-of-right construction of housing in smart growth locations, including near transit stations. Chapter 40R encourages cities and towns to zone for compact residential and mixed-use development, creating zones pre-approved for higher-density development that will attract developers.

The district overlay must allow housing to be built as of right at densities of at least eight to 20 units per acre, depending on the type of housing. It also must require at least 20 percent of the new units to be affordable. If a municipality adopts zoning that meets these and other standards, Chapter 40R provides

for direct cash payments. Localities receive a zoning incentive payment when they adopt the overlay, plus a density bonus payment of \$3,000 per unit if and when units are built. A related program reimburses the town's increased education costs for K-12 students who move into 40R housing.

To date, 28 Smart Growth Zoning Districts have been adopted by Massachusetts communities allowing as-of-right development of over 9,800 housing units in smart growth locations. The first 40R district was created adjacent to a commuter rail station in Plymouth.

For additional information:

www.mapc.org/sites/default/files/Chapter_40R_Report.pdf

HOUSING

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Example: Housing Incentive Program (San Francisco, CA)



Summary: Federal transportation funds can be used by metropolitan planning organizations to encourage the production of dense affordable housing near transit and thereby boost transit ridership.

The metropolitan planning organization in the San Francisco Bay Area, the Metropolitan Transportation Commission, established the Housing Incentive Program (HIP) to fund transportation-related livability infrastructure in qualifying affordable housing projects. The program is funded with two types of federal transportation funds, from the Congestion Mitigation and Air Quality (CMAQ) program and Transportation Enhancements program.

HIP rewards local governments that build housing near transit, thereby helping to establish the residential density and ridership markets necessary to support high-quality transit service. The maximum grant per jurisdiction is \$3 million and the exact dollar amount is determined by the density of the qualifying housing development and the number of affordable

and market rate bedrooms. Qualifying housing projects must be located either within a half mile of a rail station or one-third mile of a bus stop, and the transit must be relatively frequent (every 15 minutes or less during peak hours). The housing project must have a density of at least 30 units per acre.

Grant amounts increase to encourage both greater density and greater affordability. The grants start at \$1,000 per bedroom for any housing built at a density of 30 units per acre. The grant amount increases to up to \$2,000 per bedroom at densities of 60 units per acre. Grants are increased by \$500 per bedroom if the unit is affordable.

For additional information:

www.mtc.ca.gov/planning/smart_growth/hip.htm