



## THE BUTTERFLY EFFECT

# Can Upzoning Newton Catalyze Housing Equality in Greater Boston?

More Homes Would Create More Opportunity, but Hurdles Exist

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Greater Boston residents know the region's housing has become increasingly unaffordable, even for middle-income families. With racial justice now front and center and the climate crisis unignorable, advocates in Newton are pushing for more diverse, denser housing to replace much of the region's single-family stock as one way to help close the Black-white homeownership gap.

But not everyone's on board, even in neighborhoods replete with Black Lives Matter signs – and experts say challenges exist to meeting the need with market-rate construction alone.

In Newton, the city's natives and older adults planning to age in place are often priced out in a city where the year-to-date median single-family sale price hit \$1.25 million in July according to The Warren Group, publisher of Banker & Tradesman.

"We need more multi-family units, more kinds of ways to let people into the market by providing a diverse housing stock with different price points," said Jay Walter of Engine 6, a housing advocacy group in Newton.

While a draft proposal to change Newton's overwhelmingly single-family zoning to something else has yet to coalesce and a vote is likely a year away, Walter imagines expanded multi-family zoning allowing large, sometimes historic, homes to become duplexes where residents grow old with newcomers living next door.

## Zoning's Original Sin

Greater Boston municipalities didn't always prioritize single-family homes. Communities "built before the 1920s have more diverse housing options," said public policy researcher and consultant Amy Dain, who has completed comprehensive studies on Boston housing; one in 2004 and another published last year.

Zoning based on dwelling type became typical in the U.S. in the 1920s, creating single-family neighborhoods that were un-

affordable to lower-income people, notably Black would-be homeowners. The legacy remains: While 68.4 percent of Boston-area white households own their homes, 36 percent of local Black households do.

"Many of the zoning laws and regulations in our region came about as a way to keep households of color out of certain communities," said Soni Gupta, The Boston Foundation's director of neighborhoods and housing.

Even today, "the cities and towns of greater Boston are just highly restrictive of new development, really across the board," Dain said.

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– Jay Welter, Engine 6

Before George Floyd's killing in May, many locals didn't understand zoning's history, said Gupta. That changed over the summer and now "there's more outrage," fueling desire to change local suburban housing stock," she said.

The Housing Choice bill sponsored by Gov. Charlie Baker, currently under consideration in the state legislature, is poised to help channel that energy. It would make the vote required to approve most housing production-related zoning changes a simple majority, rather than the two-thirds vote currently required.

Assuming the bill passes, more communities could approve denser housing, providing "missing middle" housing stock: accessory dwelling units, multifamily units and cottage courts.

Efforts in Newton – and opposition to them – illustrate the slow, fraught nature of retooling.

# Social Impact Investors Sought for Nubian Square Projects

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The development team selected a design for a 6-story wood-framed building over a podium after rejecting high-rise construction as unlikely to be profitable in the neighborhood, Zahedi said.

## City Offers Trade-Off

Drake's Groma team is more optimistic about the feasibility of a signature high-rise in Nubian Square, proposing a 14-story tower including a public market, two floors of office space and 100 apartments, 70 of which would be income-restricted for households. It's offering \$10.5 million for the property, but proposing that \$3 million be reserved for grants to local community groups over the next 10 years.

The emergence of institutional sources of capital such as Goldman Sachs Asset Management in the environmental, social and government (ESG) category could spur more private investment in inner-city neighborhoods that have been neglected for decades, Drake said.

"A lot of groups look for lower returns but more purpose-driven development, so it's trying to find the right partners to make projects like this work," he said.

Dispositions of the Nubian Square parcels are driven by the BPD's PLAN: Nubian Square, which placed a priority on approving developments that create jobs as well as housing. The trade-off: Developers could acquire parcels at below-market prices in exchange for enhanced community benefits.

Historic Boston Inc. is proposing to restore and expand the former Nawn Factory building in Nubian Square into a wellness center and cafe. The other respondent, Art @ The Nawn Factory, is seeking to add rehearsal and performance space for local arts groups that have been facing their own displacement pressures. Proponent Jonathan Smalls said the plan was inspired by the closure of Cambridge's Green Street Studios and similar community arts spaces.

"It's exciting to see more people having a stake in Nubian Square and investing money around one of the biggest transit hubs in the city," Smalls said. "At the same time, I want to see the neighborhood retain more of its character and more minority representation in the ownership and occupancy of these properties."

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Newton's leafy streets could become the next battleground in efforts to broaden access to homeownership for Greater Boston's Black residents. A push is afoot to upzone parts of the mostly well-off city largely composed of single-family homes.

Jeff Rhuda agrees that local zoning is overly restrictive, allowing little variety in the homes Symes Assoc., where he works as business development manager, builds. He sees another problem beyond bylaws.

"[Over the last 20 years] the entitlement process has gotten two to three times more expensive and more confrontational," he said. "It's why we're producing half the housing today that we were producing in the early part of this century."

Rhuda cited neighbor objections, particularly a rise in environmental concerns.

Steve McKenna, a broker and sales agent at Gibson Sotheby International Realty's in Arlington, sees the same trend.

"[A municipality] needs to look at the land that they have, and utilize that for more affordable housing, but then that takes away from the open space," he said. "So, then you have conservationists that don't want to use a certain amount of open space to provide more housing."

## Construction Costs High

Affordability is another concern. Opponents of upzoning in Newton say even if the city goes through with the idea, new construction will be offered at pricey market rates. Advocates and industry figures agree that most newly-built homes will not be deeply affordable.

"The price of land is very expensive in Greater Boston, as is the price of construction. People talk about it like it's the greedy developers," said Dain, the housing researcher, but building unsubsidized housing at broadly affordable prices isn't possible.

One way to alter this calculus, said Rhuda, is to add more units to a given parcel, spreading land and permitting costs among many condos.

"Again, they can subsidize things by changing density," he said.

Nonetheless, construction industry data and consulting firm Cumming estimates detached, medium-quality single-family homes in the city of Boston currently cost between \$281 and \$386 per square foot to build, excluding land acquisition and permitting

costs. Mid-rise multifamily construction costs even more in Boston: Between \$392 and \$510 per square foot, depending on height and type of construction used.

That could mean a middle-of-the-road condominium – the median new unit in a multifamily building built in the Northeast in 2019 was 1,268 square feet according to the U.S. Census Bureau – whose construction costs alone are already at or above the median sale price of a condominium in Middlesex County, the priciest area of Greater Boston's suburbs. That figure stood at \$500,000 as of July 31, according to The Warren Group.

## Opportunity Lacking

Still, by consistently producing housing at a certain price point, "you could impact availability and market at that affordability level and maybe one notch below it," The Boston Foundation's Gupta said.

It's up to the public sector, she added, to make housing available to the area's lowest-income households by creating affordable housing and subsidizing market-rate housing.

Builders and municipalities could also work together to devise more realistic zoning and housing regulations.

"We see a lot of inclusionary zoning, for example, that is very well-intended but completely financially unfeasible," said Katy Lacy, a senior planner at the Massachusetts Housing Partnership.

As Newton's zoning discussion continues, Gupta underscored the butterfly effect of land-use regulations: Stasis in suburban bylaws reverberates in less affluent communities as mounting housing costs. And while Black and brown Bay Staters might want to live in largely-minority communities where they feel understood, she said, Gupta offered an equity litmus test for Greater Boston: Can lower-income households that would choose to live in different communities do so?

"It's really a matter of, 'Are all the options available for a household that might want to exercise them?'" she said. "And they're not."

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# Boston Fintech Monit Launches Small Business App

Monit's platform provides business owners with key financial numbers and uses predictive technologies to forecast cash flow. The mobile platform also has features for Paycheck Protection Program borrowers, including automatic monitoring of transactions and guidance to optimize PPP forgiveness.

"Cash is king, especially for small businesses, so we created a way for small busi-

ness owners to keep tabs on their current cash position, and predict where it will be down the road, all easily available on their phone," Steve Dow, Monit's co-founder and CEO, said in a statement.

Boston-based Eastern Bank is the first bank to provide Monit's cash-flow forecasting and monitoring features. Eastern said on its website that the platform is free for small business customers to use.