

# **AGENDA**

## **Lexington Planning Board**

**Wednesday, January 7, 2026**

**Remote on Zoom: [https://www.lexingtonma.gov/377/Access-](https://www.lexingtonma.gov/377/Access-Virtual-Meetings)**

**Virtual-Meetings**

**6:00 PM**

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### **Development Administration**

**1. Accept Performance Guarantee & Endorse Definitive Subdivision Plans**

**Accept Performance Guarantee & Endorse Definitive Subdivision Plans approved on November 19, 2025, and December 10, 2025:**

- **16 Clarke Street**
- **217-219, 229, 233, 241 Massachusetts Avenue**
- **429 & 433 Marrett Road**
- **80 Bedford Street**
- **407 Waltham Street (plan only)**
- **329 Massachusetts Avenue**
- **162 Bedford Street & 5 Reed Street**
- **7-9 Muzzey Street & 1834 Massachusetts Avenue**

### **Board Administration**

**1. Zoning Amendment Work Session for 2026 ATM**

**Zoning Amendment Work Session for Planning Board members to review draft motions and prepare for the public hearing:**

- **Review technical corrections to amend various sections of the Bylaw to correct any errors and inconsistencies**

**2. Work Session for future zoning amendments**

**Work Session for future zoning amendments at a future Town Meeting**

- **Amend Section 6.9 Special Residential Developments**
- **Review 2024 Affordable Homes Act and EOHLC Regulations to amend various Zoning Bylaw sections related to Accessory Dwelling Units**
- **Modify Section 9.5.4.4 to extend the final action deadline for major site plan review**

**3. Board Member & Staff Updates**

**-General board and staff updates**

**-Non-Residential/Commercial Development Surcharge for Affordable Housing**

**4. Review of Draft Meeting Minutes: 10/22 and 11/19**

**5. Upcoming Meetings**

**Upcoming meetings: Wednesdays 1/21, 2/4, 2/25, 3/11, 3/25**

### **Adjourn**

- 1. Adjourn – The meeting will continue until all items are finished. The estimated adjournment time is 8:30 pm.**

### **Zoom Details**

- 1. Zoom Details - <https://www.lexingtonma.gov/377/Access-Virtual-Meetings>**

**Planning is inviting you to a scheduled Zoom meeting.**

**Topic: Planning's Zoom Meeting**

**Time: Jan 7, 2026 06:00 PM Eastern Time (US and Canada)**

**Join Zoom Meeting**

**[https://lexingtonma.zoom.us/j/82954436874?](https://lexingtonma.zoom.us/j/82954436874?pwd=EZXGn362bDQBQ2UeGldbTbKAO3UiqW.1)**

**pwd=EZXGn362bDQBQ2UeGldbTbKAO3UiqW.1**

**Meeting ID: 829 5443 6874**

**Passcode: 076028**



Meeting broadcast by LexMedia

# **AGENDA ITEM SUMMARY**

## **LEXINGTON PLANNING BOARD**

### **AGENDA ITEM TITLE:**

Accept Performance Guarantee & Endorse Definitive Subdivision Plans

### **PRESENTER:**

Staff

### **ITEM NUMBER:**

### **SUMMARY:**

Accept Performance Guarantee & Endorse Definitive Subdivision Plans approved on November 19, 2025, and December 10, 2025:

- 16 Clarke Street
- 217-219, 229, 233, 241 Massachusetts Avenue
- 429 & 433 Marrett Road
- 80 Bedford Street
- 407 Waltham Street (plan only)
- 329 Massachusetts Avenue
- 162 Bedford Street & 5 Reed Street
- 7-9-13 Muzzey Street & 1834 Massachusetts Avenue

### **SUGGESTED MOTION:**

Move to accept and sign the covenants submitted by the Applicants for definitive subdivisions at: 16 Clarke Street, 217-241 Massachusetts Avenue, 429 & 433 Marrett Road, 80 Bedford Street, 329 Massachusetts Avenue, 162 Bedford & Reed Street, 7-13 Muzzey Street & 1834 Massachusetts Avenue.

Move to endorse the Definitive Subdivision plans for: 16 Clarke Street, 217-241 Massachusetts Avenue, 429 & 433 Marrett Road, 80 Bedford Street, 329 Massachusetts Avenue, 162 Bedford & Reed Street, 7-13 Muzzey Street & 1834 Massachusetts Avenue, 407 Waltham Street.

*\*Board members please come to the office to sign the plans and covenants.*

### **FOLLOW-UP:**

## **DATE AND APPROXIMATE TIME ON AGENDA:**

1/7/2026

## **ATTACHMENTS:**

| Description                         | Type       |
|-------------------------------------|------------|
| 📎 Draft 16 Clarke Street Covenant   | Exhibit    |
| 📎 Draft 217-241 Mass Ave Covenant   | Cover Memo |
| 📎 Draft 429-439 Marrett Rd Covenant | Exhibit    |
| 📎 Draft 80 Bedford St Covenant      | Exhibit    |
| 📎 Draft 329 Mass Ave Covenant       | Exhibit    |
| 📎 Draft 1834-Muzzey St Covenant     | Exhibit    |
| 📎 Draft 162 Bedford-5 Reed Covenant | Exhibit    |



### **COVENANT**

Let it be known that North Shore Residential Development, Inc, of 215 Salem Street, Suite 1, Woburn, MA 01801, Massachusetts, prospective purchaser and representative of the owners of 16 Clarke Street, Lot 79 of Assessors Map 49, Lexington, Middlesex County, Massachusetts, (the “Applicants”) has submitted an application to the Lexington Planning Board on September 30, 2025, for approval of a plan entitled, “Definitive Subdivision Plan, 16 Clarke Street, Located in Lexington, Massachusetts,” prepared by Sullivan Engineering Group, LLC, prepared for North Shore Residential Development, Inc., dated September 17, 2025.

In consideration of the Lexington Planning Board approving said plan without requiring a performance bond or other surety, and in consideration of one dollar in hand paid, receipt whereof is hereby acknowledged, the Applicant covenants and agrees with the Town as follows:

1. That no lot in this subdivision may be built upon or conveyed until the construction of ways and the installation of municipal services have been provided to serve Lots 1-3 in accordance with any covenants, conditions, agreements, terms, and conditions specified in the following:
  - a. The Application for Approval, submitted on September 30, 2025, as qualified by the definitive subdivision plan as approved.
  - b. The Planning Board’s Development Regulations governing this development.
  - c. The Decision and any conditions of approval specified therein, issued by the Board on November 21, 2025.
  - d. The definitive plan as approved by the Lexington Planning Board on November 19, 2025.

It is understood and agreed that lots within the development shall, respectively, be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Board specifically enumerating the lots to be released.

2. This covenant shall be binding upon and incur to the benefit of the executors, administrators, devisees, heirs, successors and assigns of the Applicant. It is understood and agreed that this Covenant shall run with the land included in the aforesaid subdivision and shall operate as a restriction upon said land.

3. Nothing herein shall be deemed to prohibit conveyance by a single deed of either the entire parcel shown on the plan or of all lots not previously released by the Board.  
Notwithstanding any provision herein to the contrary, a mortgagee who acquires title to the mortgaged premises, or part thereof, by foreclosure or otherwise may sell any lot subject to the terms and conditions of this covenant.
4. The undersigned warrant(s) and represent(s) that they represent the owners in fee simple of all the land included in the development, and the applicant has no mortgages or liens of record or otherwise on any of said land, except those described below and subordinated to this Covenant, and the present holders of said mortgages or liens have assented to this Covenant prior to its execution by the Applicant.

The description of the mortgage(s) and lien(s) is as follows: Not Applicable

5. This covenant shall take effect upon the endorsement of said plan and prior to undertaking any construction authorized pursuant to this plan shall be recorded with the Middlesex South Registry of Deeds by the Applicant with the appropriate marginal reference to this covenant placed on the plan.
6. Upon final completion of the construction of ways and installation of municipal services as specified herein, on or before two (2) years from the date of endorsement of the definitive plan, the Board shall release this covenant by an appropriate instrument duly recorded. Failure to complete construction and installation within the time specified herein, or such later date as may be specified by vote of the Board with a written concurrence by the applicant, shall result in the automatic rescission of the approval of the plan.
7. Title references for the premises are as follows:  
  
Lexington Medical Building Condominium Master Deed dated September 19, 1983 and recorded with the Middlesex South Registry of Deeds at Book 15223, Page 198, and the Lexington Medical Building Condominium Declaration of Trust recorded with said Deeds on September 19, 1983 at Book 15223, Page 217.

Executed under seal as of the 7<sup>th</sup> day of January, 2026.

\_\_\_\_\_  
Signature of Applicant

Ronald A. Lopez, President & Treasurer of North Shore Residential Development, Inc.

\_\_\_\_\_  
Applicant's Name Printed

COMMONWEALTH OF MASSACHUSETTS

MIDDLESEX COUNTY, ss

On this \_\_\_\_\_ day of January 2026, before me, the undersigned notary public, personally appeared before me Ronald A. Lopez, President & Treasurer of North Shore Residential Development, Inc. proved to me through satisfactory evidence of identification, which was \_\_\_\_\_ Massachusetts Drivers License \_\_\_\_\_ to be the persons whose names are signed on the proceeding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

\_\_\_\_\_,  
Notary Public

My Commission Expires \_\_\_\_\_

\_\_\_\_\_  
Signature of Planning Board Member

\_\_\_\_\_  
Planning Board Member Name Printed

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Signature of Planning Board Member

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Planning Board Member Name Printed

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Signature of Planning Board Member

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Planning Board Member Name Printed

COMMONWEALTH OF MASSACHUSETTS  
MIDDLESEX COUNTY, ss

On this \_\_\_\_\_ day of January 2026, before me, the undersigned notary public,  
personally appeared before me the Lexington Planning Board proved to me through satisfactory  
evidence of identification, which was \_\_\_\_\_ to be the persons  
whose names are signed on the proceeding or attached document, and acknowledged to me that  
(he) (she) signed it voluntarily for its stated purpose.

\_\_\_\_\_,  
Notary Public  
My Commission Expires \_\_\_\_\_

(Space above this Line Reserved for Registry of Deeds)

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## COVENANT

Let it be known that North Shore Residential Development, Inc, of 215 Salem Street, Suite 1, Woburn, MA 01801, Massachusetts, owner in fee simple of 231 Massachusetts Avenue, Lot 375 of Assessor's Map 13, Lexington, Middlesex County, Massachusetts, (the "Applicants") have submitted an application to the Lexington Planning Board on August 22, 2025, for approval of a plan entitled, "Definitive Subdivision Plan, 217-241 Massachusetts Avenue, Located in Lexington, Massachusetts," prepared by Sullivan Engineering Group, LLC, prepared for North Shore Residential Development, Inc. (revised through October 14, 2025).

In consideration of the Lexington Planning Board approving said plan without requiring a performance bond or other surety, and in consideration of one dollar in hand paid, receipt whereof is hereby acknowledged, the Applicant covenants and agrees with the Town as follows:

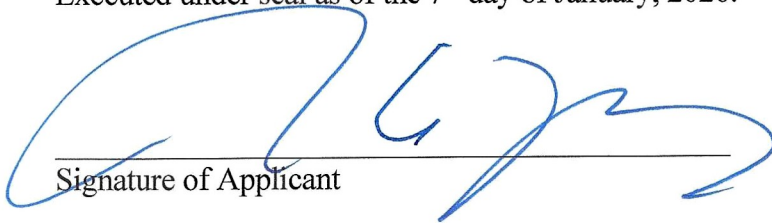
1. That no lot in this subdivision may be built upon or conveyed until the construction of ways and the installation of municipal services have been provided to serve Lots 1 - 3 in accordance with any covenants, conditions, agreements, terms, and conditions specified in the following:
  - a. The Application for Approval dated August 22, 2025 as qualified by the definitive subdivision plan as approved.
  - b. The Planning Board's Development Regulations governing this development.
  - c. The Decision and any conditions of approval specified therein, issued by the Board on November 21, 2025.
  - d. The definitive plan as approved by the Lexington Planning Board on November 19, 2025.

It is understood and agreed that lots within the development shall, respectively, be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Board specifically enumerating the lots to be released.

2. This covenant shall be binding upon and incur to the benefit of the executors, administrators, devisees, heirs, successors and assigns of the Applicant. It is understood and agreed that this Covenant shall run with the land included in the aforesaid subdivision and shall operate as a restriction upon said land.

3. Nothing herein shall be deemed to prohibit conveyance by a single deed of either the entire parcel shown on the plan or of all lots not previously released by the Board.  
Notwithstanding any provision herein to the contrary, a mortgagee who acquires title to the mortgaged premises, or part thereof, by foreclosure or otherwise may sell any lot subject to the terms and conditions of this covenant.
4. The undersigned warrant(s) and represent(s) that they represent the owners in fee simple of all the land included in the development. In the event that the undersigned elects to proceed with the construction of the subdivision, and the applicant obtains a future mortgage for construction of the subdivision, applicant shall be required to obtain the assent of said mortgagee to this Covenant and further agrees that the mortgage shall be subordinate to this Covenant.
5. This covenant shall take effect upon the endorsement of said plan and prior to undertaking any construction authorized pursuant to this plan shall be recorded with the Middlesex South Registry of Deeds by the Applicant with the appropriate marginal reference to this covenant placed on the plan.
6. Upon final completion of the construction of ways and installation of municipal services as specified herein, on or before two (2) years from the date of endorsement of the definitive plan, the Board shall release this covenant by an appropriate instrument duly recorded. Failure to complete construction and installation within the time specified herein, or such later date as may be specified by vote of the Board with a written concurrence by the applicant, shall result in the automatic rescission of the approval of the plan.
7. Title references for the premises are as follows: Four Deeds to North Shore Residential Development, Inc. recorded with the Middlesex South Registry of Deeds, Registered Land Court Division in Book 1632 Page 7 with Certificate of Title #287873 as follows:
  - 217-219 Massachusetts Ave, Lexington – Document #01983399 of 2025
  - 229 Massachusetts Ave, Lexington – Document #01983397 of 2025
  - 233 Massachusetts Ave, Lexington – Document #01983398 of 2025
  - 241 Massachusetts Ave, Lexington – Document #01983396 of 2025

Executed under seal as of the 7<sup>th</sup> day of January, 2026.



Signature of Applicant

Ronald A. Lopez, President & Treasurer of North Shore Residential Development, Inc.

Applicant's Name Printed

COMMONWEALTH OF MASSACHUSETTS

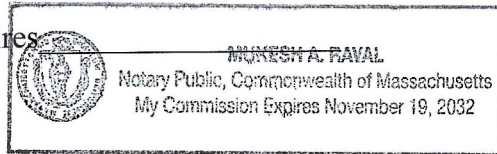
MIDDLESEX COUNTY, ss

On this 7 day of January 2026, before me, the undersigned notary public, personally appeared before me Ronald A. Lopez, President & Treasurer of North Shore Residential Development, Inc. proved to me through satisfactory evidence of identification, which was ✓ Massachusetts Drivers License \_\_\_\_\_ to be the persons whose names are signed on the proceeding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

*M. Ravall*

Notary Public

My Commission Expires





\_\_\_\_\_  
Signature of Planning Board Member

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Planning Board Member Name Printed

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Signature of Planning Board Member

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COMMONWEALTH OF MASSACHUSETTS  
MIDDLESEX COUNTY, ss

On this \_\_\_\_\_ day of January 2026, before me, the undersigned notary public, personally appeared before me the Lexington Planning Board proved to me through satisfactory evidence of identification, which was \_\_\_\_\_ to be the persons whose names are signed on the proceeding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

\_\_\_\_\_,  
Notary Public

My Commission Expires \_\_\_\_\_

4593784.2



## COVENANT

Marrett Retail LLC, a Massachusetts limited liability company (the "Owner") submitted an application to the Lexington Planning Board (the "Board") on September 19, 2025, for the approval of a plan entitled "Definitive Subdivision Plan Located in Lexington, MA (Middlesex County)", Prepared for Marrett Retail LLC, dated September 19, 2025 prepared by Patriot Engineering, Lexington, Massachusetts (the "Definitive Plan"). The application was submitted to the Town Clerk on September 22, 2025.

In consideration of the Lexington Planning Board approving said plan without requiring a performance bond or other surety, and in consideration of one dollar in hand paid, receipt whereof is hereby acknowledged, the Owner, who is the owner of all the land included in the aforesaid subdivision, represents, covenants and agrees with the Town pursuant to Massachusetts General Law, Chapter 41, Section 81U, as amended as follows:

1. Applicant is the owner in fee simple of all the land included in the aforesaid subdivision, and there are no mortgages of record or otherwise on any of said land.
2. No lot shall be built upon or conveyed until the construction of ways and the installation of municipal services have been approved to serve such lot in accordance with any covenants, conditions, agreements, terms, and conditions specified in the following:
  - a. The Application for Approval, dated September 19, 2025, and submitted to the Town Clerk on September 22, 2025, as qualified by the definitive plan as approved.
  - b. The Planning Board's Development Regulations governing this development.
  - c. The Definitive Plan as approved on November 19, 2025.
  - d. Other document(s) specifying construction to be completed, namely:

It is understood and agreed that the lots within the development shall, respectively, be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Board specifically enumerating the lots to be released.

3. This Covenant shall be binding upon and inure to the benefit of the successors and assigns of the Applicant. It is understood and agreed that this Covenant shall run with the land included in the aforesaid subdivision and shall operate as a restriction upon said land.

4. The ways and municipal services required to serve the lots in said subdivision shall be installed and constructed as shown on the definitive plan and in accordance with the Subdivision Regulations adopted by the Board, with such modifications or conditions, if any, as have been imposed by the Board, before such lot may be conveyed other than by a mortgage deed; provided that a mortgagee who acquires title to the mortgaged premises by foreclosure or otherwise and any succeeding owner of such premises or part thereof may sell any such lot subject to the limitation that no lot shall be conveyed until such ways and services have been provided to serve such lot; and provided further that nothing herein shall be deemed to prohibit a conveyance by a single

deed, subject to this Covenant, of either the entire parcel of land shown on said subdivision plan or of all lots shown on such plan not previously released by the Board.

5. Reference to this Covenant shall be entered upon said plan and this Covenant shall be recorded when said plan is recorded.

6. This Covenant shall take effect upon the endorsement of said plan and shall promptly be recorded with the Middlesex South Registry of Deeds by the Applicant with the appropriate marginal reference to the Covenant placed on the plan.

7. Upon final completion of the construction of ways and installation of municipal services as specified herein, in or within two (2) years, the Board shall release this covenant by an appropriate instrument duly recorded. Failure to complete construction and installation within the time specified herein, or such later date as may be specified by vote of the Board with a written concurrence by the Applicant, shall result in the automatic rescission of the approval of the plan.

8. Lots within the subdivision may be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Planning Board and specifically enumerating the lots to be released thereunder.

9. Title reference see Deed recorded with the Middlesex South District Registry of Deeds in Book 81335, Page 256.

Executed as sealed instrument this 26 day of Nov, 2025.

MARRETT RETAIL LLC



Charles P. Minasian  
Authorized Signatory

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss

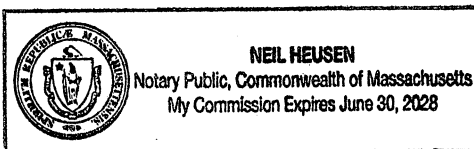
Nov 26, 2025

On this 26 day of November, 2025, before me, the undersigned notary public, personally appeared Charles P. Minasian, as aforesaid, who proved to me through satisfactory evidence of identification, which was a Massachusetts driver's license, to be the person whose name is signed on the preceding document and acknowledged to me that they signed it voluntarily for its stated purposes as his free act and deed as the Authorized Signatory for Marrett Retail LLC.



Notary Public

My commission expires: 6-30-28



Town of Lexington Planning Board  
January 7, 2026

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## COVENANT

James C. Johnston and Mary H. Johnston, Trustees of James C Johnston Trust of 2012 u/d/t dated November 20, 2012, with an address 80 Bedford Street, Lexington, MA 02420 (the "Owner") (the "Owner") submitted an application to the Lexington Planning Board (the "Board") on September 22, 2025, for the approval of a plan entitled "Definitive Subdivision Plan Located in Lexington, MA (Middlesex County)", Prepared for James & Mary Johnston. dated September 19, 2025, prepared by Patriot Engineering, Lexington, Massachusetts (the "Definitive Plan"). The application was submitted to the Town Clerk on September 22, 2025.

In consideration of the Lexington Planning Board approving said plan without requiring a performance bond or other surety, and in consideration of one dollar in hand paid, receipt whereof is hereby acknowledged, the Owner, who is the owner of all the land included in the aforesaid subdivision, represents, covenants and agrees with the Town pursuant to Massachusetts General Law, Chapter 41, Section 81U, as amended as follows:

1. Applicant is the owner in fee simple of all the land included in the aforesaid subdivision, and there are no mortgages of record or otherwise on any of said land.

2. No lot shall be built upon or conveyed until the construction of ways and the installation of municipal services have been approved to serve such lot in accordance with any covenants, conditions, agreements, terms, and conditions specified in the following:

- a. The Application for Approval, dated September 22, 2025, and submitted to the Town Clerk on September 22, 2025, as qualified by the definitive plan as approved.
- b. The Planning Board's Development Regulations governing this development.
- c. The Definitive Plan as approved on November 19, 2025.
- d. Other document(s) specifying construction to be completed, namely:

It is understood and agreed that the lots within the development shall, respectively, be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Board specifically enumerating the lots to be released.

3. This Covenant shall be binding upon and inure to the benefit of the successors and assigns of the Applicant. It is understood and agreed that this Covenant shall run with the land included in the aforesaid subdivision and shall operate as a restriction upon said land.

4. The ways and municipal services required to serve the lots in said subdivision shall be installed and constructed as shown on the definitive plan and in accordance with the Subdivision Regulations adopted by the Board, with such modifications or conditions, if any, as have been imposed by the Board, before such lot may be conveyed other than by a mortgage deed; provided that a mortgagee who acquires title to the mortgaged premises by foreclosure or otherwise and any succeeding owner of such premises or part thereof may sell any such lot subject to the limitation that no lot shall be conveyed until such ways and services have been provided to serve such lot; and provided further that nothing herein shall be deemed to prohibit a conveyance by a single

deed, subject to this Covenant, of either the entire parcel of land shown on said subdivision plan or of all lots shown on such plan not previously released by the Board.

5. Reference to this Covenant shall be entered upon said plan and this Covenant shall be recorded when said plan is recorded.

6. This Covenant shall take effect upon the endorsement of said plan and shall promptly be recorded with the Middlesex South Registry of Deeds by the Applicant with the appropriate marginal reference to the Covenant placed on the plan.

7. Upon final completion of the construction of ways and installation of municipal services as specified herein, in or within two (2) years, the Board shall release this covenant by an appropriate instrument duly recorded. Failure to complete construction and installation within the time specified herein, or such later date as may be specified by vote of the Board with a written concurrence by the Applicant, shall result in the automatic rescission of the approval of the plan.

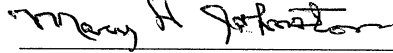
8. Lots within the subdivision may be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Planning Board and specifically enumerating the lots to be released thereunder.

9. Title reference see Deed recorded with the Middlesex South District Registry of Deeds in Book 81335, Page 256.

Executed as sealed instrument this 3<sup>rd</sup> day of December, 2025.

JAMES C JOHNSTON TRUST OF. 2012

  
James C. Johnston, Trustee

  
Mary H. Johnston

Town of Lexington Planning Board  
January 7, 2026

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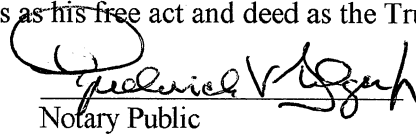
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COMMONWEALTH OF MASSACHUSETTS

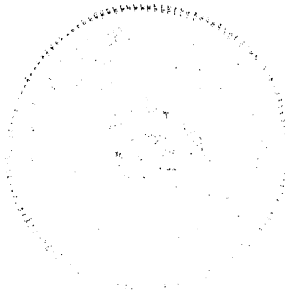
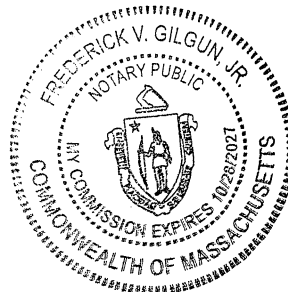
Middlesex, ss

December 3, 2025

On this 3<sup>rd</sup> day of December, 2025, before me, the undersigned notary public, personally appeared James C. Johnston and Mary H. Johnston, as aforesaid, who proved to me through satisfactory evidence of identification, which was a Massachusetts driver's license, to be the person whose name is signed on the preceding document and acknowledged to me that they signed it voluntarily for its stated purposes as his free act and deed as the Trustees of James C Johnston Trust of 2012.

  
Notary Public

My commission expires:



## COVENANT

M&E Realty LLC (the "Owner") submitted an application to the Lexington Planning Board (the "Board") on October 3, 2025, for the approval of a plan entitled "Subdivision Plan Located in Lexington, MA (Middlesex County)", 329 Massachusetts Avenue, Lexington, MA, Prepared for M&E Realty LLC. dated October 1, 2025, prepared by Patriot Engineering, Lexington, Massachusetts (the "Definitive Plan"). The application was submitted to the Town Clerk on October 3, 2025.

In consideration of the Lexington Planning Board approving said plan without requiring a performance bond or other surety, and in consideration of one dollar in hand paid, receipt whereof is hereby acknowledged, the Owner, who is the owner of all the land included in the aforesaid subdivision, represents, covenants and agrees with the Town pursuant to Massachusetts General Law, Chapter 41, Section 81U, as amended as follows:

1. Applicant is the owner in fee simple of all the land included in the aforesaid subdivision, and there are no mortgages of record or otherwise on any of said land.
2. No lot shall be built upon until the installation of municipal services have been approved to serve such lot in accordance with any covenants, conditions, agreements, terms, and conditions specified in the following:
  - a. The Application for Approval, dated October 3, 2025, and submitted to the Town Clerk on October 3, 2025, as qualified by the definitive plan as approved.
  - b. The Planning Board's Development Regulations governing this development.
  - c. The Definitive Plan as approved on December 10, 2025.
  - d. Other document(s) specifying construction to be completed, namely:

It is understood and agreed that the lots within the development shall, respectively, be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Board specifically enumerating the lots to be released.

3. This Covenant shall be binding upon and inure to the benefit of the successors and assigns of the Applicant. It is understood and agreed that this Covenant shall run with the land included in the aforesaid subdivision and shall operate as a restriction upon said land.

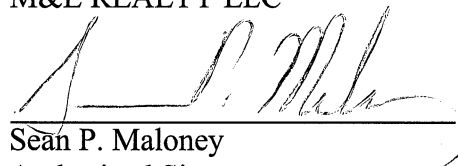
4. The ways and municipal services required to serve the lots in said subdivision shall be installed and constructed as shown on the definitive plan and in accordance with the Subdivision Regulations adopted by the Board, with such modifications or conditions, if any, as have been imposed by the Board, before such lot may be conveyed other than by a mortgage deed; provided that a mortgagee who acquires title to the mortgaged premises by foreclosure or otherwise and any succeeding owner of such premises or part thereof may sell any such lot subject to the limitation that no lot shall be conveyed until such ways and services have been provided to serve such lot; and provided further that nothing herein shall be deemed to prohibit a conveyance by a single deed, subject to this Covenant, of either the entire parcel of land shown on said subdivision plan or of all lots shown on such plan not previously released by the Board.



5. Reference to this Covenant shall be entered upon said plan and this Covenant shall be recorded when said plan is recorded.
6. This Covenant shall take effect upon the endorsement of said plan and shall promptly be recorded with the Middlesex South Registry of Deeds by the Applicant with the appropriate marginal reference to the Covenant placed on the plan.
7. Upon final completion of any necessary installation of municipal services as specified herein, in or within two (2) years, the Board shall release this covenant by an appropriate instrument duly recorded. Failure to complete construction and installation within the time specified herein, or such later date as may be specified by vote of the Board with a written concurrence by the Applicant, shall result in the automatic rescission of the approval of the plan.
8. Lots within the subdivision may be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Planning Board and specifically enumerating the lots to be released thereunder.
9. Title reference see Deed recorded with the Land Registration Section of the Middlesex South District Registry of Deeds on February 5, 2018, as Document No. 01781289.

Executed as sealed instrument this 30<sup>th</sup> day of December, 2025.

M&E REALTY LLC

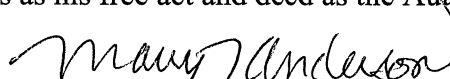
  
Sean P. Maloney  
Authorized Signatory

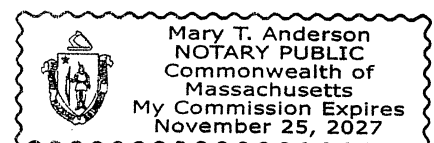
COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss

12/30, 2025

On this 30<sup>th</sup> day of December, 2025, before me, the undersigned notary public, personally appeared Sean P. Maloney, Authorized Signatory as aforesaid, who proved to me through satisfactory evidence of identification, which was a Massachusetts driver's license, to be the person whose name is signed on the preceding document and acknowledged to me that she signed it voluntarily for its stated purposes as his free act and deed as the Authorized Signatory of M&E Realty LLC.

  
Notary Public  
My commission expires:



Town of Lexington Planning Board  
January 7, 2026

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## COVENANT

Thomas Catlado (the "Owner") submitted an application to the Lexington Planning Board (the "Board") on October 16, 2025, for the approval of a plan entitled "Subdivision Plan Located in Lexington, MA (Middlesex County)", 1834 Massachusetts Ave and 7-11 Muzzey Street, Lexington, MA, Prepared for Sheldon Corp. dated October 15, 2025 prepared by Patriot Engineering, Lexington, Massachusetts (the "Definitive Plan"). The application was submitted to the Town Clerk on October 16, 2025.

In consideration of the Lexington Planning Board approving said plan without requiring a performance bond or other surety, and in consideration of one dollar in hand paid, receipt whereof is hereby acknowledged, the Owner, who is the owner of all the land included in the aforesaid subdivision, represents, covenants and agrees with the Town pursuant to Massachusetts General Law, Chapter 41, Section 81U, as amended as follows:

1. Applicant is the owner in fee simple of all the land included in the aforesaid subdivision, and there are no mortgages of record or otherwise on any of said land.

2. No lot shall be built upon or conveyed until the construction of ways and the installation of municipal services have been approved to serve such lot in accordance with any covenants, conditions, agreements, terms, and conditions specified in the following:

- a. The Application for Approval, dated October 16, 2025 and submitted to the Town Clerk on October 16, 2025, as qualified by the definitive plan as approved.
- b. The Planning Board's Development Regulations governing this development.
- c. The Definitive Plan as approved on December 10, 2025.
- d. Other document(s) specifying construction to be completed, namely:

It is understood and agreed that the lots within the development shall, respectively, be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Board specifically enumerating the lots to be released.

3. This Covenant shall be binding upon and inure to the benefit of the successors and assigns of the Applicant. It is understood and agreed that this Covenant shall run with the land included in the aforesaid subdivision and shall operate as a restriction upon said land.

4. The ways and municipal services required to serve the lots in said subdivision shall be installed and constructed as shown on the definitive plan and in accordance with the Subdivision Regulations adopted by the Board, with such modifications or conditions, if any, as have been imposed by the Board, before such lot may be conveyed other than by a mortgage deed; provided that a mortgagee who acquires title to the mortgaged premises by foreclosure or otherwise and any succeeding owner of such premises or part thereof may sell any such lot subject to the limitation that no lot shall be conveyed until such ways and services have been provided to serve such lot and with written approval from the Planning Board; and provided further that nothing herein shall be deemed to prohibit a conveyance by a single

deed, subject to this Covenant, of either the entire parcel of land shown on said subdivision plan or of all lots shown on such plan not previously released by the Board.

5. Reference to this Covenant shall be entered upon said plan and this Covenant shall be recorded when said plan is recorded.

6. This Covenant shall take effect upon the endorsement of said plan and shall promptly be recorded with the Middlesex South Registry of Deeds by the Applicant with the appropriate marginal reference to the Covenant placed on the plan.

7. Upon final completion of the construction of ways and installation of municipal services as specified herein, in or within two (2) years, the Board shall release this covenant by an appropriate instrument duly recorded. Failure to complete construction and installation within the time specified herein, or such later date as may be specified by vote of the Board with a written concurrence by the Applicant, shall result in the automatic rescission of the approval of the plan.

8. Lots within the subdivision may be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Planning Board and specifically enumerating the lots to be released thereunder.

9. Title reference see Deed recorded with the Middlesex South District Registry of Deeds in Book 81335, Page 256.

Executed as sealed instrument this 7 day of January, 2026.

Thomas Cataldo

\_\_\_\_\_  
Thomas Cataldo  
Authorized Signatory

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss \_\_\_\_\_, 2026

On this \_\_\_\_\_ day of \_\_\_\_\_, 2026, before me, the undersigned notary public, personally appeared Thomas Cataldo, Authorized Signatory as aforesaid, who proved to me through satisfactory evidence of identification, which was a Massachusetts driver's license, to be the person whose name is signed on the preceding document and acknowledged to me that she signed it voluntarily for its stated purposes as his free act and deed as the Authorized Signatory of Thomas Cataldo.

\_\_\_\_\_  
Notary Public  
My commission expires:

Town of Lexington Planning Board  
January 7, 2026

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## **TOWN OF LEXINGTON, MA**

### **COVENANT**

Let it be known that Scott McKay, of 7 Crown Road, Westford, Massachusetts, owner in fee simple of land at 162 Bedford Street and 5 Reed Street shown as Lots 1, 2, & 3 (Assessor's Map 64 and Lots 64, 65 & 66) in Lexington, MA in Middlesex County, Massachusetts, owners in fee simple of 162 Bedford and 5 Reed Street all the land in the subdivision (the "Applicant") have submitted an application to the Lexington Planning Board on October 3, 2025, for approval of a plan entitled, "Definitive Subdivision, Plan Located in Lexington, MA for 162 Bedford Street / 5 Reed Street," prepared by Goldsmith, Prest & Ringwall (GPR), prepared for Robert Phelan dated October 2, 2025,) consisting of 6 sheets.

In consideration of the Lexington Planning Board approving said plan without requiring a performance bond or other surety, and in consideration of one dollar in hand paid, receipt whereof is hereby acknowledged, the Applicant covenants and agrees with the Town pursuant to MGL c. 41, 81U, and as follows:

1. The undersigned will not convey any lot in the subdivision and shall not build any permanent building upon any lot in the development,

A) UNTIL the installation of municipal services have been provided to serve all Lots in accordance with any covenants, conditions, agreements, terms, and conditions specified in the following:

- i. The Application for Approval, dated October 3, 2025, as qualified by the definitive subdivision plan as approved on December 10, 2025.
- ii. The Planning Board's Development Subdivision Regulations governing this development.
- iii. The Certificate of Action or Certificate of Vote Decision and any conditions of approval specified therein, granted by the Board on December 10, 2025, and any conditions imposed by the Board of Health.
- iv. The definitive subdivision plan as approved on the plan set entitled "Definitive Subdivision Plan Located in Lexington, MA for 162 Bedford Street / 5 Reed Street", prepared by Goldsmith, Prest & Ringwall, Inc., prepared for Robert Phelan, dated October 2, 2025.

B) OR UNTIL a performance bond security to insure any uncompleted services in said subdivision has been accepted by the Planning Board in lieu of installation completion.

It is understood and agreed that lots within the development shall, respectively, be released from the foregoing conditions only upon the recording of a written release executed by a majority of the Board specifically enumerating the lots to be released.

2. Nothing herein shall prohibit the Applicant from varying the method of securing the construction of ways and installation of municipal services from time to time or from securing by one, or in part by one and part by another of the methods described in MGL Ch. 41 Section 81-U, as long as such security is sufficient in the opinion of the Planning Board to secure full performance of the construction and installation.
3. This covenant shall be binding upon and insure to the benefit of the executors, administrators, devisees, heirs, successors and assigns of the Applicant. It is the intention of the undersigned and it is hereby understood and agreed that this contract shall constitute a covenant running with the land included in the aforesaid development and shall operate as a restriction upon said land.
4. Nothing herein shall be deemed to prohibit conveyance by a single deed of either the entire parcel shown on the plan or of all lots not previously released by the Board. Notwithstanding any provision herein to the contrary, a mortgagee who acquires title to the mortgaged premises, or part thereof, by foreclosure or otherwise may sell any lot subject to the terms and conditions of this covenant, subject to Planning Board written approval.
5. The undersigned warrant(s) and represent(s) that they are the owners in fee simple of all the land included in the development, and there are no mortgages or liens of record or otherwise on any of said land, except those described below and subordinated to this Covenant, and the present holders of said mortgages or liens have assented to this Covenant prior to its execution by the Applicant.

The mortgagee agrees to hold the mortgage subject to the covenants set forth herein and agrees that the covenants shall have the same status, force and effect as though executed and recorded before the taking of the mortgage and further agrees that the mortgage shall be subordinate to this covenant.

The lien holder agrees to hold the lien subject to the covenants set forth herein and agrees that the covenants shall have the same status, force and effect as though executed and recorded before the taking of the lien and further agrees that the lien shall be subordinate to this covenant.

6. This covenant shall take effect upon the endorsement of said plan and shall promptly be recorded with the Middlesex South Registry of Deeds by the Applicant with the appropriate marginal reference to this covenant placed on the plan.

7. Upon final completion of the construction of ways and installation of municipal services as specified herein, on or before two (2) years, or other date approved by the Board, from the date of endorsement of the definitive plan, the Board shall release this covenant by an appropriate instrument duly recorded. Failure to complete construction and installation within the time specified herein, or such later date as may be specified by vote of the Board with a written concurrence by the applicant, shall result in the automatic rescission of the approval of the plan.
8. The undersigned is duly authorized on behalf of the Applicant to execute this document pursuant.
9. This covenant can be executed in counterparts which when taken together shall constitute one instrument.

Executed under seal as of this 7 day of January, 2026.

\_\_\_\_\_  
Property Owner Signature

\_\_\_\_\_  
Printed Name of Owner

COMMONWEALTH OF MASSACHUSETTS

MIDDLESEX COUNTY, ss

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned notary public, personally appeared the Robert Phelan proved to me through satisfactory evidence of identification, which were \_\_\_\_\_, to be the persons whose names are signed on the proceeding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_, Notary Public  
Printed Name

My Commission Expires



COMMONWEALTH OF MASSACHUSETTS

MIDDLESEX COUNTY, ss

On this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_, before me, the undersigned notary public, personally appeared the \_\_\_\_\_ proved to me through satisfactory evidence of identification, which were \_\_\_\_\_, to be the persons whose names are signed on the proceeding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

Signature \_\_\_\_\_  
\_\_\_\_\_, Notary Public

My Commission Expires \_\_\_\_\_

Acceptance by the Lexington Planning Board on \_\_\_\_ of \_\_\_\_\_, 20

\_\_\_\_\_  
Signature of Planning Board Member

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature of Planning Board Member

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature of Planning Board Member

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature of Planning Board Member

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature of Planning Board Member

\_\_\_\_\_  
Printed Name

COMMONWEALTH OF MASSACHUSETTS

MIDDLESEX COUNTY, ss

On this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, before me, the undersigned notary public, personally appeared \_\_\_\_\_ a member of the Lexington Planning Board proved to me through satisfactory evidence of identification, which were \_\_\_\_\_, to be the persons whose names are signed on the proceeding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_, Notary Public  
Printed Name

My Commission Expires \_\_\_\_\_

COMMONWEALTH OF MASSACHUSETTS

MIDDLESEX COUNTY, ss

On this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, before me, the undersigned notary public, personally appeared \_\_\_\_\_ a member of the Lexington Planning Board proved to me through satisfactory evidence of identification, which were \_\_\_\_\_, to be the persons whose names are signed on the proceeding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_, Notary Public  
Printed Name

My Commission Expires \_\_\_\_\_

COMMONWEALTH OF MASSACHUSETTS

MIDDLESEX COUNTY, ss

On this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, before me, the undersigned notary public, personally appeared \_\_\_\_\_ a member of the Lexington Planning Board proved to me through satisfactory evidence of identification, which were \_\_\_\_\_, to be the persons whose names are signed on the proceeding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

\_\_\_\_\_  
Signature of Notary Public  
\_\_\_\_\_, Notary Public  
Printed Name

My Commission Expires \_\_\_\_\_

COMMONWEALTH OF MASSACHUSETTS

MIDDLESEX COUNTY, ss

On this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, before me, the undersigned notary public, personally appeared \_\_\_\_\_ a member of the Lexington Planning Board proved to me through satisfactory evidence of identification, which were \_\_\_\_\_, to be the persons whose names are signed on the proceeding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

\_\_\_\_\_  
Signature of Notary Public  
\_\_\_\_\_, Notary Public  
Printed Name

My Commission Expires \_\_\_\_\_

# **AGENDA ITEM SUMMARY**

## **LEXINGTON PLANNING BOARD**

### **AGENDA ITEM TITLE:**

Zoning Amendment Work Session for 2026 ATM

### **PRESENTER:**

Board Discussion

### **ITEM NUMBER:**

### **SUMMARY:**

Zoning Amendment Work Session for Planning Board members to review draft article and motion submitted for 2026 Annual Town Meeting.

- Review technical corrections to amend various sections of the Bylaw to correct any errors and inconsistencies. 2 corrections found, draft article and motion attached.

### **SUGGESTED MOTION:**

### **FOLLOW-UP:**

### **DATE AND APPROXIMATE TIME ON AGENDA:**

1/7/2026

### **ATTACHMENTS:**

| Description                          | Type       |
|--------------------------------------|------------|
| ▣ PB Article Request Memo            | Cover Memo |
| ▣ Article Technical Corrections      | Exhibit    |
| ▣ Draft Motion Technical Corrections | Exhibit    |



*Town of Lexington*

## PLANNING BOARD

1625 Massachusetts Avenue

Lexington, MA 02420

Tel (781) 698-4560

[planning@lexingtonma.gov](mailto:planning@lexingtonma.gov)

[www.lexingtonma.gov/planning](http://www.lexingtonma.gov/planning)

Michael Schanbacher, Chair  
Melanie Thompson, Vice Chair  
Tina McBride, Clerk  
Robert Creech, Member  
Charles Hornig, Member  
Michael Leon, Associate Member

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### Memorandum

To: Select Board Members  
Steve Bartha, Town Manager  
Kelly Axell, Deputy Town Manager  
Kim Katzenback, Executive Clerk to the Select Board

Copy: Carol Kowalski, Assistant Town Manager for Development  
James Kelly, Building Commissioner  
Olivia Lawler, Zoning Administrator

From: Abby McCabe, Planning Director  
Planning Board Members

Date: December 11, 2025

Re: Zoning Amendment Request for 2026 Annual Town Meeting

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At the Planning Board's meeting on December 10, 2025, the Board voted to request the following zoning amendment article be placed on the warrant for Annual Town Meeting. After the Select Board has reviewed the warrant list, please refer the zoning amendment articles to the Planning Board to schedule public hearings pursuant to M.G.L. Chapter 40A, Section 5. Thank you.

#### **ARTICLE: AMEND ZONING BYLAW – TECHNICAL CORRECTIONS**

To see if the Town will vote to approve certain amendments to the Zoning Bylaw that are clerical in nature to correct any typographical errors, create consistency, or other non-substantive changes, or act in any other manner in relation thereto.

DESCRIPTION: This article would not change the Zoning Bylaw in any substantive way, but would correct any typos, changes to section references for consistency, correct any numbering errors.

## **ARTICLE    AMEND ZONING BYLAW AND MAP - TECHNICAL CORRECTIONS**

To see if the Town will vote to approve certain amendments to the Zoning Bylaw that are clerical in nature to correct any typographical errors, create consistency, or make other non-substantive changes; or act in any other manner in relation thereto.

*(Inserted by the Select Board at the request of the Planning Board)*

DESCRIPTION: This article would not change the Zoning Bylaw in any substantive way, but would correct typos, changes to section references for consistency, and correct any errors.

Town of Lexington  
Motion  
2026 Annual Town Meeting

**ARTICLE                    AMEND ZONING BYLAW – TECHNICAL CORRECTIONS**

**MOTION:**

That the Zoning Bylaw, Chapter 135 of the Code of the Town of Lexington, be amended as follows, where ~~struck through~~ text is to be removed and underlined text is to be added, and further that non-substantive changes to the numbering of this Bylaw be permitted to comply with the numbering format of the Code of the Town of Lexington:

1. Amend § 135-7.5 by deleting “AND MULTI-FAMILY” from the title of the section.
2. Amend § 135-7.1.6.3. as follows:

In Zones AE, along watercourses within the Town of Lexington that have a regulatory floodway designated on the Middlesex County FIRM Map, encroachments are prohibited in the regulatory floodway including fill, new construction, substantial improvements, and other development within the adopted regulatory floodway unless it has been demonstrated through hydrologic and hydraulic analyses performed in accordance with standard engineering practice that the proposed ~~encouragement~~ encroachment would not result in any increase in flood levels within the community during the occurrence of the base flood discharge.

3. Amend § 135-3.4.1 Use of Symbols in Table 1 to add to the KEY:

Class of Districts in § 135-2.0

4. Amend § 135 Attachment 1 - Table 2, Schedule of Dimensional Controls to add:

Class of Districts in § 135-2.0

(12/31/2025)

# **AGENDA ITEM SUMMARY**

## **LEXINGTON PLANNING BOARD**

### **AGENDA ITEM TITLE:**

Work Session for future zoning amendments

### **PRESENTER:**

Board Discussion

### **ITEM NUMBER:**

### **SUMMARY:**

Work Session for Board members to review and discuss future zoning amendments at a future Town Meeting related to the following sections of the Zoning Bylaw Chapter 135:

- Amend Section 6.9 Special Residential Developments, 12/10 presentation attached
- Review 2024 Affordable Homes Act and EOHLC Regulations to amend various Zoning Bylaw sections related to Accessory Dwelling Units. MA Regulations and Model Bylaw attached. Lexington's current zoning for accessory apartments Sec. 6.7. Lexington's info on protected accessory dwelling units (ADUs).
- Modify Section 9.5.4.4 to extend the final action deadline for major site plan review

### **SUGGESTED MOTION:**

This is a board member work session and no formal action is required.

### **FOLLOW-UP:**

### **DATE AND APPROXIMATE TIME ON AGENDA:**

1/7/2026

### **ATTACHMENTS:**

| Description                                 | Type             |
|---|------------------|
| ▣ SRD Draft Changes 12-10-2025 Presentation | Presentation     |
| ▣ Draft SRD Zoning Changes                  | Backup Material  |
| ▣ ADU Regulations-EHOLC                     | Bylaw/Regulation |





# Amendment to Special Residential Development

Annual Town Meeting 2026

DRAFT 12/5/2025

# Incremental improvements based on community feedback

## Consistency across different sections of zoning bylaws - , A

promise to residents when this was initially passed.

1. Add back Site Coverage

(consistent/similar to MBTA Village Overlay, more generous than before 2023)

2. Link GFA to Single Family GFA table

3. Add Transition area (consistent/similar to MBTA Village Overlay)

4. Average GFA for all dwellings

5. Specify Common Open Space to be user friendly

# Add back site coverage

6.9.6.4 Site Coverage. The total site coverage of buildings and area of required residential vehicle driveways and parking spaces not within buildings shall not exceed 28% of the lot area of the development. [This addition is copied from §135-7.5.5.9.]

Under the SPRD before the 2023 Annual Town Meeting amendment, site coverage and impervious surface limits were listed separately. The effort here is to reintroduce, simplify and combine site coverage and impervious surface limits to 28% of the total. This will be consistent with MBTA site coverage limits.

Site coverage will include buildings but also non-pervious surfaces. This limit leads to overall development quality in terms of green space, air quality, livability, and water infiltration.

Special Permit Residential Development (before 2023 article 33 SRD )

[Site coverage in RS and RT for public benefit development is  $0.20 \times 1.2 = 0.24$ ; Site coverage in RO is  $0.12 \times 1.2 = 0.144$ ]

# Bonus GFA reconciliation

**6.9.6.6.** Gross floor area. Section 4.4 shall not apply. The total GFA of all dwelling units other than inclusionary dwelling units shall not exceed 115% of the GFA allowed in Table §135-4.4.2. ~~the sum of (1) the total area of all lots in the proof plan multiplied by 0.16 and (2) 4,550 square feet multiplied by the number of lots shown on the proof plan.~~

The calculation is orphaned and not linked to the updated GFA limits for Single Family units (4.4.2). As a results, the GFA bonus for SRD is 59%.

The amendment links the GFA bonus calculation to 4.4.2 and results a 35% GFA bonus.

# Privacy screening for Residents

6.9.7 Transition areas. As specified under §5.3. (Landscaping, Transition and Screening), a landscaped transition and screening area are required only along the boundary between the Special Residential Development and abutting non Special Residential Development parcels and shall have a depth of at least 20 feet. [This addition is copied & adjusted from §135-7.5.9.1. Updated from Article 34 2025 ATM]

Introduce a 20 foot transition between SRD and abutting residential properties to provide green space and privacy. Allows infill while addressing relational concerns for neighbors concerning the streetscape, shadowing and privacy. This is about air quality and quality of life for current and future residents.

# Creating a diversity in housing stock for missing middle

## 6.9.7. 8 Dwelling Unit Count and Size.

6.9.8.3 3. Dwelling unit size. The average GFA for all dwelling units except those in the existing historic structure ~~in a compact neighborhood development~~ shall not exceed ~~2,250~~ 2,000 square feet. The GFA for any single dwelling unit except those in the existing historic structure ~~in a compact neighborhood development~~ shall not exceed ~~2,800~~ 2,500 square feet. ~~There is no limit on the GFA of a dwelling unit in a site sensitive development.~~

Reducing per unit GFA will allow more affordably priced units. This change would not affect the number of units. Currently, the larger sized units produce more expensive units and fewer that will address our missing middle.

# Open Space for Residents

## 6.9.40.11 Common Open Space Standards.

1. Minimum common open space. At least 15% of the developable site area in a special residential development shall be set aside as common open space and must be reasonably accessible to all residents and with grade changes less than 1:12 from adjacent areas.

This will eliminate some of the ambiguity from the original language and ensure open space with more ease of access for residents.



# Examples of SRD projects

|                      | <b>Add back site coverage 28%</b> | <b>Reduce bonus GFA from 60% to 35%</b> | <b>Transition area 20 ft</b> | <b>Avg GFA 2,000 sf<br/>Max GFA 2,500 sf</b> | <b>Open space slope 1:12</b> |
|----------------------|-----------------------------------|---|------------------------------|--|------------------------------|
| Meriam/<br>Edgewood  | 34%                               | 27,687 sf                               | 15 ft                        | Max 3,217 sf<br>Avg 2,769 sf<br>10 units     | 7.5% slope:<br>16.1%         |
| Under this amendment | Reduce 6%                         | 24,797 sf                               | Add 5 ft on two sides        | 12+ smaller units                            | No change                    |
| 287<br>Waltham St    | 18%                               | 30,855 sf                               | 20+ ft                       | Avg 2057 sf;<br>Max 2,311 sf<br>15 units     | 41% open space               |
| Under this amendment | No change                         | 25,919 sf                               | No change                    | 15 smaller units                             | No change                    |

DRAFT 12/5/2025

# Amend Zoning Bylaw - Special Residential Developments

To see if the Town will vote to amend Section 6.9 Special Residential Developments of the Zoning Bylaw, by making changes to said section including, but not limited to adding setback, transition, common space accessibility requirements, reducing dwelling unit sizes, and link GFA calculations existing tables or act in any other manner in relation thereto.

Description: This article would allow amendment of the Zoning Bylaw adopted under Article 33 of the 2023 Annual Town Meeting, to reintroduce site coverage requirements, link allowable GFA to Table §135-4.4.2 for consistency across zoning bylaws, introduce landscape and screening transition areas to encourage gentle density, promote smaller dwelling units to address missing middle housing and require more reasonable accessibility to common open space.

# 10/24/2025 draft 6.9 SRD

## 6.9 Special Residential Developments DRAFT Amendment

### 6.9.1. Purposes. This section is intended to:

1. Encourage greater diversity of housing opportunities to meet the needs of a diverse population with respect to income, ability, accessibility needs, number of persons in a household and stage of life;
2. Encourage the development of inclusionary housing;
3. Promote development proposals designed with sensitivity to the characteristics of the site;
4. Permit different types of structures and residential uses to be combined in a planned interrelationship that promotes an improved design relationship between buildings;
5. Preserve historically or architecturally significant buildings or places;
6. Encourage the preservation and minimum disruption of outstanding natural features of open land and minimize impacts on environmentally sensitive areas;
7. Encourage sustainable development through the use of green building practices and low-impact development techniques; and
8. Promote the efficient and economical provision of public facilities such as utilities and streets and facilitate a detailed assessment, by Town officials and the public, of the adequacy of such facilities and services for the proposed level of development.

### 6.9.2 Applicability.

A Special Residential Development ("SRD") is a project in which one or more lots, tracts, or parcels of land are to be improved for use as a coordinated site for housing and for which deviations from the dimensional standards that apply to conventional developments are allowed in order to achieve a diversity of household types, sizes and affordability. Instead of determining density by dwelling type, minimum lot area, and frontage requirements, the total Gross Floor Area (GFA) of market-rate residential development for the tract as a whole is limited.

No Special Residential Development shall be initiated without site plan review by the Planning Board in accordance with the provisions of this section and § 9.5 of this Bylaw.

### 6.9.3 Types of Special Residential Development.

1. Site sensitive development (SSD): A special residential development in which the number of dwellings is limited as set forth below so that existing site features, such as natural grades, mature trees, stone walls, and historic structures, may be retained.
2. Compact neighborhood development (CND): A special residential development in which the size of the dwelling units is limited as set forth below.

### 6.9.4

Scale of Development. The amount of development permitted in a special residential development shall be based on a proof plan showing at least two lots fully complying with the provisions of this bylaw (other than this § 6.9 and § 6.12), the Planning Board's Subdivision Regulations, and the criteria set forth below.

6.9.5 Threshold Criteria for Site Sensitive Development. An SSD shall be designed to preserve natural features, mature native trees, habitat areas, sloped areas, and historically or architecturally significant buildings or places. Where possible, an SSD should be sited to preserve mature native trees and their critical root zone.

6.9.6 Dimensional Standards. The requirements of Section 135-4.0 are modified as follows within a special residential development:

1. Lot area. There is no minimum lot area required; provided, however, that the lot area for each lot shall be sufficient to safely meet the off-street parking requirements of this bylaw and the installation of any on-site water supply and sewage disposal facilities.

2. Frontage. There is no minimum frontage required; provided, however, that frontage for each lot shall be sufficient to provide for adequate access to the building site in the judgment of the Fire Department. Adequate access may be demonstrated by use of shared driveways, parking lots or other means.

3. Yard requirements. The minimum yards required by Section 135-4.0 shall apply only to the perimeter of the site but are not required elsewhere within the site.

4. Site Coverage. The total site coverage of buildings and area of required residential vehicle driveways and parking spaces not within buildings shall not exceed 28% of the lot area of the development. [This addition is copied from §135-7.5.5.9.]

4. 5. Height requirements. The height limits in Table 2[1] shall apply, except that the height limit, as measured by stories, shall be three stories in all districts.

[1] Editor's Note: Table 2 is included as an attachment to this chapter.

5. 6. Gross floor area. Section 4.4 shall not apply. The total GFA of all dwelling units other than inclusionary dwelling units shall not exceed 115% of the GFA allowed in Table §135-4.4.2. ~~the sum of (1) the total area of all lots in the proof plan multiplied by 0.16 and (2) 4,550 square feet multiplied by the number of lots shown on the proof plan.~~

6.9.7 Transition areas. As specified under §5.3. (Landscaping, Transition and Screening), a landscaped transition and screening area are required only along the boundary between the Special Residential Development and abutting non Special Residential Development parcels and shall have a depth of at least 20 feet on developments containing a building with a height greater than 4030 feet. [This addition is copied & adjusted from §135-7.5.9.1. Updated from Article 34 2025 ATM]

6.9.7. 8 Dwelling Unit Count and Size.

1. Number of dwellings. In a site sensitive development, the number of dwellings shall not exceed the total gross floor area of the development divided by the maximum building size determined under § 6.9.7.4, rounded up. There is no limit on the number of dwellings in a compact neighborhood development.

2. Number of dwelling units. There is no upper limit on the number of dwelling units in a ~~dwelling~~ building. The number of dwelling units shall not be less than the number of lots shown on the proof plan in accordance with § 6.9.4.

3. Dwelling unit size. The average GFA for all dwelling units except those in the existing historic structure ~~in a compact neighborhood development~~ shall not exceed 2,250 2,000 square feet. The GFA for any single dwelling unit except those in the existing historic

~~structure in a compact neighborhood development~~ shall not exceed ~~2,800~~ 2,500 square feet. ~~There is no limit on the GFA of a dwelling unit in a site sensitive development.~~

4. Building size. The GFA of any building in a special residential development other than an historic building shall not exceed 9,350 square feet in the RO District and 7,030 square feet in the RS and RT Districts.

6.9.8 .9 Inclusionary Housing.

1. Inclusionary dwelling units.

a. At least 17.6% of the total gross floor area of all dwelling units other than inclusionary dwelling units shall be incorporated into inclusionary dwelling units, as defined by regulations promulgated by the Planning Board pursuant to 6.9.8.5. (the inclusionary GFA). At least two-thirds of the inclusionary GFA shall be incorporated into dwelling units eligible for inclusion on the Town's Subsidized Housing Inventory as determined by the EOHLC and shall remain affordable in perpetuity.

2. Inclusionary dwelling units shall be substantially similar in size, layout, construction materials, fixtures, amenities, and interior and exterior finishes to comparable dwelling units in the same dwelling.

3. A special residential development with more than one inclusionary dwelling unit shall proportionally disperse those units throughout the development rather than concentrate them within particular sections of a dwelling or within particular dwellings.

4. Occupants of inclusionary dwelling units shall have the same access to common areas, facilities, and services as enjoyed by other occupants of the development, including but not limited to outdoor spaces, amenity spaces, storage, parking, bicycle parking facilities, and resident services.

5. The Planning Board, in consultation with the Select Board, the Housing Partnership Board, and the Commission on Disability, shall adopt regulations concerning physical characteristics, location, and access to services of inclusionary dwelling units; defining limits on the household income of occupants, sale price, and rent of inclusionary dwelling units; and the form of required legal restrictions for such units.

6. A special residential development with six or fewer market-rate dwelling units shall be permitted to meet the requirements of this section by making a payment to the Town's Affordable Housing Trust in an amount equal to the estimated construction cost of 15% of the GFA permitted under the proof plan submitted pursuant to § 6.9.4, as determined in accordance with regulations to be promulgated by the Planning Board.

7. No certificate of occupancy shall be issued for multifamily housing until an affordable housing restriction for any inclusionary dwelling units is executed, submitted to the Town, and, to the extent required, recorded.

6.9.9-10-Regulations.

The Planning Board shall adopt site plan review regulations and standards, consistent with this section, regarding special residential developments, including with respect to pedestrian and vehicular access to, and egress from, the site, landscaping, screening,

and buffers, lighting, stormwater management, architectural style and scale, water and wastewater systems, and refuse disposal.

The Planning Board shall also adopt site plan review regulations and standards for site sensitive developments, to protect natural features of the site such as natural grades and slopes, views, mature trees, stone walls, natural resources such as agricultural soil, and common open space.

6.9.40.11 Common Open Space Standards.

1. Minimum common open space. At least 15% of the developable site area in a special residential development shall be set aside as common open space and must be reasonably accessible to all residents and with grade changes less than 1:12 from adjacent areas.

760 CMR 71.00: PROTECTED USE ACCESSORY DWELLING UNITS

Section

71.01: Statement of Purpose

71.02: Definitions

71.03: Regulation of Protected Use ADUs in Single-family Residential Zoning Districts

71.04: Data Collection

71.01: Statement of Purpose

(1) St. 2024, c. 150, § 8 amends M.G.L. c. 40A, § 3 to encourage the production of accessory dwelling units throughout the Commonwealth with the goal of increasing the production of housing to address statewide, local, and individual housing needs for households of all income levels and at all stages of life.

The Executive Office of Housing and Livable Communities is the regulatory agency that is authorized by St. 2024, c. 150, § 8 to promulgate 760 CMR 71.00 that establish rules, standards and limitations that will assist Municipalities and landowners in the administration of St. 2024, c. 150, § 8.

(2) St. 2024, c. 150, § 8 and 760 CMR 71.00 seek to balance municipal interests in regulating the use and construction of ADUs while empowering property owners to add much needed housing stock to address the Commonwealth's housing needs. St. 2024, c. 150, § 8 establishes that in certain circumstances the use of land or structures for ADUs are protected from zoning restrictions by providing that zoning shall not prohibit, unreasonably restrict or require a special permit or other discretionary zoning approval for the use of land or structures for a single ADU, or the rental thereof, in a single-family residential zoning district, and imposes protections on ADUs through M.G.L. c. 40A, § 3, the Dover Amendment. St. 2024, c. 150, § 8 balances protection for these ADUs by authorizing municipalities to impose reasonable regulations on the creation and use of ADUs. St. 2024, c. 150, § 8, however, explicitly prohibits municipalities from imposing requirements on protected accessory dwelling units that require owner-occupancy of either the ADU or the principal dwelling and imposes limitations on Municipal parking requirements.

(3) 760 CMR 71.00 establishes definitions, standards, and limitations to assist in the local administration of M.G.L. c. 40A, § 3, para. 11, pursuant to St. 2024, c. 150, § 8. Nothing in 760 CMR 71.00 is intended to supersede state health and safety laws and regulations, such as, but not limited to the Building Code, Fire Code, M.G.L. c. 111, § 189A: *Massachusetts Lead Law*, or any federal laws.

71.02: Definitions

Accessory Dwelling Unit (ADU). A self-contained housing unit, inclusive of sleeping, cooking and sanitary facilities on the same Lot as a Principal Dwelling, subject to otherwise applicable dimensional and parking requirements, that:

- (a) maintains a separate entrance, either directly from the outside or through an entry hall or corridor shared with the Principal Dwelling sufficient to meet the requirements of the Building Code for safe egress;
- (b) is not larger in Gross Floor Area than  $\frac{1}{2}$  the Gross Floor Area of the Principal Dwelling or 900 square feet, whichever is smaller; and
- (c) is subject to such additional restrictions as may be imposed by a municipality including, but not limited to, additional size restrictions, and restrictions or prohibitions on Short-term Rental as defined in M.G.L. c. 64G, § 1; provided, however, that no Municipality shall unreasonably restrict the creation or rental of an ADU that is not a Short-term Rental.

Building Code. The Massachusetts state building code, 780 CMR.

Bus Station. A location serving as a point of embarkation for any bus operated by a Transit Authority.

Commuter Rail Station. Any commuter rail station operated by a Transit Authority with year-round service with trains departing at regular time intervals, rather than intermittent, seasonal, or event-based service.

71.02: continued

Design Standards. Clear, measurable and objective provisions of Zoning, or general ordinances or by-laws, which are made applicable to the exterior design of, and use of materials for an ADU.

Dwelling Unit. A single housing unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.

EOHLC. The Executive Office of Housing and Livable Communities.

Ferry Terminal. The location where passengers embark and disembark from a ferry service with year-round service with ferries departing at regular time intervals, rather than intermittent, seasonal, or event-based service.

Fire Code. The Massachusetts state fire code, 527 CMR 1.00: *Massachusetts Comprehensive Fire Safety Code*.

Gross Floor Area (GFA). The sum of the areas of all stories of the building of compliant ceiling height pursuant to the Building Code, including basements, lofts, and intermediate floored tiers, measured from the interior faces of exterior walls or from the centerline of walls separating buildings or dwelling units but excluding crawl spaces, garage parking areas, attics, enclosed porches and similar spaces. Where there are multiple Principal Dwellings on the Lot, the GFA of the largest Principal Dwelling shall be used for determining the maximum size of a Protected Use ADU.

Historic District. A district in a Municipality established pursuant to M.G.L. c. 40C or other state law that is characterized by the historic or architectural significance of buildings, structures, and sites, and in which exterior changes to and the construction of buildings and structures are subject to regulations adopted by the Municipality pursuant to M.G.L. c. 40C or other state law.

Lot. An area of land with definite boundaries that is used, or available for use, as the site of a structure, or structures, regardless of whether the site conforms to requirements of Zoning.

Modular Dwelling Unit. A pre-designed Dwelling Unit assembled and equipped with internal plumbing, electrical or similar systems prior to movement to the site where such Dwelling Unit is affixed to a foundation and connected to external utilities; or any portable structure with walls, a floor, and a roof, designed or used as a Dwelling Unit, transportable in one or more sections and affixed to a foundation and connected to external utilities.

Municipality. Any city or town subject to the provisions of M.G.L. c. 40A.

Principal Dwelling. A structure, regardless of whether it, or the Lot it is situated on, conforms to Zoning, including use requirements and dimensional requirements, such as setbacks, bulk, and height, that contains at least one Dwelling Unit and is, or will be, located on the same Lot as a Protected Use ADU.

Prohibited Regulation. Zoning or general ordinances or by-laws, or Municipal regulations that are prohibited pursuant to 760 CMR 71.03(2).

Protected Use ADU. An attached or detached ADU that is located, or is proposed to be located, on a Lot in a Single-family Residential Zoning District and is protected by M.G.L. c. 40A, § 3, provided that only one ADU on a lot may qualify as a Protected Use ADU. An ADU that is nonconforming to Zoning shall still qualify as a Protected Use ADU if it otherwise meets this definition.

Short-term Rental. Short-term rental, as defined in M.G.L. c. 64G, § 1.

Single-family Residential Dwelling. A structure on a Lot containing not more than one Dwelling Unit.

Single-family Residential Zoning District. Any Zoning District where Single-family Residential Dwellings are a permitted or an allowable use, including any Zoning District where Single-family Residential Dwellings are allowed as-of-right or by Special Permit.



71.02: continued

Site Plan Review. A process established by local ordinance or by-law by which a Municipal board or authority may review and impose terms and conditions on, the appearance and layout of a proposed use of land or structures prior to the issuance of a building permit.

Special Permit. A permit issued by a Municipality's special permit granting authority pursuant to M.G.L. c. 40A, § 9.

Subway Station. Any of the stops along the Massachusetts Bay Transportation Authority Red Line, Green Line, Orange Line, Silver Line, or Blue Line, including any extensions or additions to such lines.

Transit Authority. The Massachusetts Bay Transportation Authority established by M.G.L. c. 161A, § 2 or other local or regional transit authority established pursuant to M.G.L. c. 161B, § 3 or M.G.L. c. 161B, § 14.

Transit Station. A Subway Station, Commuter Rail Station, Ferry Terminal, or Bus Station.

Unreasonable Regulation. Zoning or general ordinances or by-laws, or Municipal regulations that are unreasonable pursuant to 760 CMR 71.03(3).

Use and Occupancy Restrictions. A Zoning restriction, Municipal regulation, covenant, agreement, or a condition in a deed, zoning approval or other requirement imposed by the Municipality that limits the current, or future, use or occupancy of the Protected Use ADU to individuals or households based upon the characteristics of, or relations between, the occupants, such as but not limited to, income, age, familial relationship, enrollment in an educational institution, or that limits the number of occupants beyond what is required by applicable state code.

Zoning. Ordinances and by laws, including base, underlying, and overlay zoning, adopted by cities and towns to regulate the use of land, buildings and structures to the full extent of the independent constitutional powers of cities and towns to protect the health, safety and general welfare of their present and future inhabitants.

Zoning District. A geographic area within a Municipality which, pursuant to Zoning, is subject to use and structure requirements that are uniform within the area.

71.03: Regulation of Protected Use ADUs in Single-family Residential Zoning Districts

(1) Municipalities shall not prohibit, impose a Prohibited Regulation or Unreasonable Regulation, or, except as provided under 760 CMR 71.03(5) and 760 CMR 71.03(6), require a special permit, waiver, variance or other zoning relief or discretionary zoning approval for the use of land or structures for a Protected Use ADU, including the rental thereof, in a Single-family Residential Zoning District; provided that Municipalities may reasonably regulate a Protected Use ADU, subject to the limitations under 760 CMR 71.00.

(2) Prohibited Regulation. A Municipality shall not subject the use of land or structures on a Lot for a Protected Use ADU to any of the following:

(a) Owner-Occupancy Requirements. A requirement that either the Protected Use ADU or the Principal Dwelling be owner-occupied.

(b) Minimum Parking Requirements. A requirement of, as applicable:

1. More than one additional on-street or off-street parking space for a Protected Use ADU if all portions of its Lot are located outside a 0.5 mile radius of a Transit Station; or

2. Any additional on-street or off-street parking space for a Protected Use ADU if any portion of its Lot is located within a 0.5 mile radius of a Transit Station.

(c) Use and Occupancy Restrictions. A requirement that a Protected Use ADU be subject to a Use and Occupancy Restriction.

(d) Unit Caps & Density. Any limit, quota or other restriction on the number of Protected Use ADUs that may be permitted, constructed, or leased within a Municipality or Zoning District. Protected Use ADUs shall not be counted in any density calculations.

71.03: continued

(e) Relationship to Principal Dwelling. A requirement that a Protected Use ADU be attached to or detached from the Principal Dwelling.

(3) Unreasonable Regulation.

(a) A Municipality may reasonably regulate and restrict Protected Use ADUs provided that any restriction or regulation imposed by a Municipality shall be unreasonable if the regulation or restriction, when applicable to a Protected Use ADU:

1. Does not serve a legitimate Municipal interest sought to be achieved by local Zoning;
2. Serves a legitimate Municipal interest sought to be achieved by local Zoning but its application to a Protected Use ADU does not rationally relate to the legitimate Municipal interest; or
3. Serves a legitimate Municipal interest sought to be achieved by local Zoning and its application to a Protected Use ADU rationally relates to the interest, but compliance with the regulation or restriction will:
  - a. Result in complete nullification of the use or development of a Protected Use ADU;
  - b. Impose excessive costs on the use or development of a Protected Use ADU without significantly advancing the Municipality's legitimate interest; or
  - c. Substantially diminish or interfere with the use or development of a Protected Use ADU without appreciably advancing the Municipality's legitimate interest.

(b) Municipalities shall apply the analysis articulated in 760 CMR 71.03(3)(a) to establish and apply reasonable Zoning or general ordinances or by-laws, or Municipal regulations for Protected Use ADUs, but in no case shall a restriction or regulation be found reasonable where it exceeds the limitations, or is inconsistent with provisions, described below, as applicable:

1. Design Standards. Any Design Standard that:
  - a. Would not be applied to a Single-family Residential Dwelling in the Single-family Residential Zoning District in which the Protected Use ADU is located or
  - b. Is so restrictive, excessive, burdensome, or arbitrary that it prohibits, renders infeasible, or unreasonably increases the costs of the use or construction of a Protected Use ADU.
2. Dimensional Standards. Any requirement concerning dimensional standards, such as dimensional setbacks, lot coverage, open space, bulk and height, and number of stories, that are more restrictive than is required for the Principal Dwelling, or a Single-family Residential Dwelling or accessory structure in the Zoning District in which the Protected Use ADU is located, whichever results in more permissive regulation, provided that a Municipality may not require a minimum Lot size for a Protected Use ADU.
3. Utilities, Safety, and Emergency Access. Any requirement concerning utilities, safety and emergency access that is more restrictive than is permitted by state requirements, including under the Fire Code. A Municipality may not require a separate utility connection, such as water, sewer, electric, provided that a separate connection may be required by a Municipal or regional utility, investor-owned utility; by state law; by a local, regional, or state board or commission; or by court order.
4. Environmental Regulation. Any regulation for the protection of public health, safety, welfare and the environment pursuant to 310 CMR 15.000: *The State Environmental Code, Title 5: Standard Requirements for the Siting, Construction, Inspection, Upgrade and Expansion of On site Sewage Treatment and Disposal Systems and for the Transport and Disposal of Septage*, that is more restrictive than is required for a Single-family Residential Dwelling in the Zoning District in which the Protected Use ADU is located.
5. Site Plan Review. Site Plan Review concerning the Protected Use ADU that is not clear and objective or imposes terms and conditions that are unreasonable or inconsistent with an as-of-right process as defined in M.G.L. c. 40A, § 1A.
6. Impact Analysis, Studies, and Fees. Any requirement for any impact analysis, study, report, or impact fee that is not required for the development of a Single-family Residential Dwelling in the Single-family Residential Zoning District in which the Protected Use ADU is located.
7. Modular Dwelling Units. Any requirement that prohibits, regulates or restricts a Modular Dwelling Unit from being used as a Protected Use ADU that is more restrictive than the Building Code.

71.03: continued

8. Historic Districts. Municipalities may establish Design Standards and Dimensional Standards for Protected Use ADUs located in an Historic District that are more restrictive or different from what is required for a Single-family Residential Dwelling, or Principal Dwelling, in the Single-family Residential Zoning District; provided, however, that such standards are not unreasonable pursuant to 760 CMR 71.03(3)(a).
  9. Pre-existing Nonconforming Structures. A Municipality may not prohibit the development of a Protected Use ADU in an existing structure or Principal Dwelling, or Lot due to nonconformance, that could be used for, or converted into, a Protected Use ADU in conformance with the Building Code, 760 CMR 71.00, and state law.
  - (c) Short-term Rentals. Municipalities may establish restrictions and prohibitions on the Short-term Rental of Protected Use ADUs pursuant to M.G.L. c. 64G.
- (4) Enforceability of Restrictions and Regulations on Pre-existing ADUs. A Municipality shall not enforce any Prohibited Regulation or Unreasonable Regulation that was imposed as a condition for the approval of the use of land or structures for a Protected Use ADU prior to the effective date of 760 CMR 71.00, regardless of whether such Protected Use ADU complies with the Municipality's Zoning, including, but not limited to, use requirements and dimensional requirements, such as setbacks, bulk, and height.
- (5) Special Permits for Multiple ADUs on the Same Lot. Notwithstanding 760 CMR 71.03(1), if a Municipality chooses to allow additional ADUs on the same Lot as a Protected use ADU in a Single-family Residential Zoning District, Zoning shall require a Special Permit for the use of land or structures for the additional ADUs.
- (6) Floodplain and Aquifer Protection Overlay Districts. Municipalities may require a Special Permit for development of a Protected Use ADU in a floodplain or aquifer protection overlay if required for the Principal Dwelling, provided that the Special Permit is based on clear, objective, and non-discretionary criteria.
- (7) Nothing in 760 CMR 71.00 is intended to prevent a Municipality from adopting more permissive Zoning, or general ordinances or by-laws, or Municipal regulations than would be allowed under 760 CMR 71.03.
- (8) Address Assignment. All ADUs shall be assigned an address consistent with the most current Address Standard published by MassGIS. ADU addresses shall be reported to MassGIS and EOHLC after assignment.

71.04: Data Collection

To assist EOHLC in the administration of M.G.L c. 40A, § 3, para 11, Municipalities shall keep a record of each ADU permit applied for, approved, denied, and issued a certificate of occupancy, with information about the address, square footage, type (attached, detached, or internal), estimated value of construction, and whether the unit required any variances or a Special Permit. Municipalities shall make this record available to EOHLC upon request.

REGULATORY AUTHORITY

760 CMR 71.00: M.G.L. c. 40A, § 3, para. 11; St. 2024, c. 150, § 8.

# MODEL ZONING FOR ACCESSORY DWELLING UNITS

Version 1  
March 11, 2025

Prepared by the Metropolitan Area Planning Council (MAPC) on behalf of the Executive Office of Housing and Livable Communities (EOHLC) and the Massachusetts Housing Partnership (MHP)



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# INTRODUCTION

On August 6, 2024, Massachusetts passed the Affordable Homes Act, which, among other provisions, allows for certain Accessory Dwelling Units (ADUs) across the state by-right . ADUs are intended to help address the housing crisis that Massachusetts is facing by increasing the state's housing stock with low-impact, diverse, and less expensive options. The law aims to increase the production of and access to ADUs while maintaining municipal regulatory powers. The Legislature accomplished this goal by enshrining by-right ADUs as one of a handful of specifically protected uses exempt from certain municipal zoning regulations in M.G.L. c. 40A (the Zoning Act), § 3.

Section 3 of the Zoning Act, as amended by Section 8 of Chapter 150 of the Acts of 2024 (Statute), and the regulations under 760 CMR 71.00 : Protected Use Accessory Dwelling Units (Regulations) strike a balance between preventing local prohibition of ADUs and honoring legitimate municipal interests that are typically expressed in local zoning by:

- Protecting ADUs up to size limitation of up to 900 square feet under the Zoning Act;
- Providing for by-right approval of ADUs in areas where residential housing in the form of a Principal Dwelling is provided ;
- Prohibiting owner-occupancy requirements;
- Prohibiting parking requirements near transit;
- Allowing for flexibility of ADU types (e.g., attached, detached, or internal); and
- Enabling ADUs to be approved as-of-right by Building Permit or Special Permit where needed.

Also known as the Dover Amendment, Section 3 of the Zoning Act reflects the Legislature's determination that specific uses should be given more favorable treatment under local zoning than other uses. As such, no municipal zoning by-law or ordinance may prohibit, regulate, or restrict the use of land or structures for land uses like childcare, agriculture, religious facilities, solar energy systems, and now ADUs. The Dover Amendment allows for reasonable restrictions that effectively address legitimate municipal interests without, in this case, significantly reducing or limiting how property owners can use their land or buildings for ADUs.

## **A Guide for Municipalities**

This document provides model zoning ("Model Zoning") and guidance for municipalities to regulate Accessory Dwelling Units in accordance with the Statute and Regulations. It is meant to be a resource for municipalities that choose to update their existing zoning for ADUs or craft new zoning.

## Protected Use ADUs and Local ADUs

The Regulations were promulgated by the Executive Office of Housing and Livable Communities ("EOHLC") and published in the Massachusetts Register on January 31, 2025, following a public hearing and public comment period. The Regulations created a new definition for Protected Use ADUs, which are ADUs that, because of the new protections afforded to them by the Legislature, must be allowed by-right on Lots with a Principal Dwelling in any zoning district where Single-Family Residential Dwellings are a permitted use. However, municipalities might already have zoning by-laws or ordinances that apply to existing ADUs and/or ADUs that fall outside the parameters of the Statute and Regulations. In effect, municipalities may have zoning rules for Protected Use ADUs and other types of ADUs that are locally defined by that city or town. These "Local ADUs" are optional and apply to all other ADUs that aren't Protected Use ADUs. They have rules that are specific to that town or city. These Local ADUs may be allowed in addition to a Protected Use ADU, at the discretion of the town or city.

This Model Zoning is written to permit Protected Use ADUs and offers some suggestions for where regulations for Local ADUs may be added. Should a municipality also permit Local ADUs in addition to the Protected Use ADUs they may need to include language throughout to regulate those additional units.

## Document Guide

In this document, we outline how municipalities can define and administer zoning to encourage the production of ADUs with the goal of increasing the production of housing to address local and individual housing needs for households at all stages of life. Municipal zoning for ADUs will look different depending on local conditions, such as existing residential density and development patterns, access to transit, environmental factors, and more. As such, the Model Zoning may suggest different approaches for certain situations so zoning language can be tailored to the individual municipality's needs.

The following document contains:

- 1. An annotated version of the Model Zoning** with commentary to guide local decision-making. For each element of the Model Zoning, commentary is broken down into three buckets: "Do," "Proceed with Caution," and "Don't." The text of the Model Zoning is shown in italics. Text between brackets – [sample text] – indicates optional text that may be tailored to a municipality's specific needs.
  - a. Do:** Refers to items that municipalities should, or are required to, include in their zoning to comply with this law.
  - b. Proceed with Caution:** Refers to items that, while may be technically allowed under the Statute and accompanying Regulations, require further assessment based on local conditions and priorities before including.
  - c. Don't:** Refers to items that should be avoided, otherwise they may render the zoning unenforceable.
- 2. A clean version of the Model Zoning** that can be incorporated, with appropriate modifications based on the needs of the municipality, to a city or town's zoning ordinance or by-law.
- 3. Appendices**, including a Checklist for Municipal Planners and Design Standards for ADUs located in historic districts.

The **Model Zoning should be adopted with modifications based on the needs of the municipality implementing it** to avoid inconsistencies with their existing zoning. Commentary in the annotated version of the Model Zoning provides guidance for those modifications and more information about the language within the sections.

Municipalities are **strongly encouraged to discuss draft zoning with municipal legal counsel** before adoption to review for and resolve any potential inconsistencies between the proposed zoning, existing zoning, the Statute, and Regulations.

If you have any questions about this Model Zoning or its commentary, please consult with your local legal counsel, or email EOHLC at [EOHLCADUHomes@Mass.gov](mailto:EOHLCADUHomes@Mass.gov).

For more information and helpful resources, please refer to EOHLC's ADU webpage at [www.mass.gov/ADU](http://www.mass.gov/ADU).



# MODEL ZONING - Annotated Version

## A. Purpose

The purpose of this Section [X] is to allow for Accessory Dwelling Units (ADUs), as defined under M.G.L. c. 40A, § 1A, to be built as-of-right in Single-Family Residential Zoning Districts in accordance with Section 3 of the Zoning Act (M.G.L. c. 40A), as amended by Section 8 of Chapter 150 of the Acts of 2024, and the regulations under 760 CMR 71.00: Protected Use Accessory Dwelling Units. This zoning provides for by-right ADUs to accomplish the following purposes:

1. Increase housing production to address local and regional housing needs across all income levels and at all stages of life.
2. Develop small-scale infill housing that fits in the context of zoning districts that allow single-family housing while providing gentle/hidden density.
3. Provide a more moderately priced housing option to serve smaller households, households with lower incomes, seniors, and people with disabilities.
4. Enable property owners to age in place, downsize, or earn supplemental income from investing in their properties.

## Annotations: Purpose

| DO:   |
|---|
| State local priorities in adopting the ADU by-law or ordinance.   |
| Edit examples provided in the Model Zoning as appropriate to reflect intention and relevant municipality characteristics.   |
| Reference the enabling Statute (Section 3 of M.G.L. c. 40A, as amended by Section 8 of Chapter 150 of the Acts of 2024) and accompanying Regulations (760 CMR 71.00). |

| PROCEED WITH CAUTION:   |
|---|
| In general, be wary of any local purpose that may be at odds with the Statement of Purpose in 760 CMR 71.01 (1): "...increasing the production of housing to address statewide, local, and individual housing needs for households of all income levels and at all stages of life." |

## Annotations: Purpose Continued

### DON'T:

Don't state a purpose that contradicts the intent of the enabling Statute and its accompanying Regulations. For example, including a purpose related to owner-occupancy or familial relationship of occupants contradicts the Statement of Purpose in 760 CMR 71.01(2).

Don't state a purpose that is in violation of fair housing laws or indicates some form of local preference. For example, including a purpose related to housing for families without children, current residents of municipality, students, income-eligible residents, or housing tenure contradicts the Statement of Purpose in 760 CMR 71.01(1). Restricting the number of bedrooms in an ADU is also an example of a fair housing violation. Title 5 provisions related to water and wastewater systems may impose limits on the number of bedrooms related to septic capacity but that is outside of zoning capabilities.

Don't state a purpose that indicates ADUs are only for the purpose of Affordable Housing, as this would contradict the Statement of Purpose in 760 CMR 71.01(1) and impose a prohibited regulation on property owners pursuant to 760 CMR 71.03(2)(c).

## B. Definitions

For purposes of this Section [X], the following definitions shall apply:

- 1. Accessory Dwelling Unit (ADU).** A self-contained housing unit, inclusive of sleeping, cooking, and sanitary facilities on the same Lot as a Principal Dwelling, subject to otherwise applicable dimensional and parking requirements, that maintains a separate entrance, either directly from the outside or through an entry hall or corridor shared with the Principal Dwelling sufficient to meet the requirements of the Building and Fire Code for safe egress. ADUs may be detached, attached, or internal to the Principal Dwelling. [General references to ADUs in this by-law include both Protected Use ADUs and Local ADUs.]
- 2. Design Standards.** Clear, measurable and objective provisions of zoning, or general ordinances or by-laws, which are made applicable to the exterior design of, and use of materials for an ADU when those same design standards apply to the Principal Dwelling to which the ADU is an accessory.
- 3. Dwelling Unit.** A single-housing unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation. This can include a housing unit within a single-family, duplex, or multi-unit development.
- 4. EOHLC.** The Executive Office of Housing and Livable Communities.

- 5. Gross Floor Area.** The sum of the areas of all stories of the building of compliant ceiling height pursuant to the Building Code, including basements, lofts, and intermediate floored tiers, measured from the interior faces of exterior walls or from the centerline of walls separating buildings or dwelling units but excluding crawl spaces, garage parking areas, attics, enclosed porches, and similar spaces. Where there are multiple Principal Dwellings on the Lot, the GFA of the largest Principal Dwelling shall be used for determining the maximum size of a Protected Use ADU.
- 6. [Historic District.]** A district in a municipality established pursuant to M.G.L. c. 40C or other State Law that is characterized by the historic or architectural significance of buildings, structures, and sites, and in which exterior changes to and the construction of buildings and structures are subject to regulations adopted by the municipality pursuant to M.G.L. c. 40C or other state law.]
- 7. [Local ADUs.]** An ADU that is not a Protected Use ADU but include rules specific to [Municipality or cross-reference any existing or proposed zoning for Local ADUs].
- 8. Lot.** An area of land with definite boundaries that is used, or available for use, as the site of a structure, or structures, regardless of whether the site conforms to requirements of zoning.
- 9. Modular Dwelling Unit.** A pre-designed Dwelling Unit assembled and equipped with internal plumbing, electrical or similar systems, in compliance with the Building and Fire Code, prior to movement to the site where such Dwelling Unit is affixed to a foundation and connected to external utilities; or any portable structure with walls, a floor, and a roof, designed or used as a Dwelling Unit, transportable in one or more sections and affixed to a foundation and connected to external utilities.
- 10. Pre-Existing Nonconforming Structure.** A structure that does not conform to zoning.
- 11. Principal Dwelling.** A structure, regardless of whether it, or the Lot it is situated on, conforms to zoning, including use requirements and dimensional requirements, such as setbacks, bulk, and height, that contains at least one Dwelling Unit and is, or will be, located on the same Lot as a Protected Use ADU.
- 12. Protected Use ADU.** . An attached, detached or internal ADU that is located, or is proposed to be located, on a Lot in a Single-Family Residential Zoning District and is not larger in Gross Floor Area than  $\frac{1}{2}$  the Gross Floor Area of the Principal Dwelling or 900 square feet, whichever is smaller [ or a larger Gross Floor Area, if allowed by the Municipality], provided that only one ADU on a Lot may qualify as a Protected Use ADU. An ADU that is nonconforming to zoning shall still qualify as a Protected Use ADU if it otherwise meets this definition.
- 13. [Short-Term Rental.]** An owner-occupied, tenant-occupied, or non-owner occupied property as defined in M.G.L. c. 64G § 1, including, but not limited to, an apartment, house, cottage, condominium or a furnished accommodation that is not a hotel, motel, lodging house or bed and breakfast establishment, where: (i) at least 1 room or unit is rented to an occupant or sub-occupant [for a period of 31 consecutive days or less]; and (ii) all accommodations are reserved in advance; provided, however, that a private owner-occupied property shall be considered a single unit if leased or rented as such.]
- 14. Single-Family Residential Dwelling Unit.** A structure on a Lot containing not more than one Dwelling Unit.

### 15. Single-Family Residential Zoning District.

Any zoning district where Single-Family Residential Dwellings are a permitted or an allowable use, including any zoning district where Single-Family Residential Dwellings are allowed as-of-right, or by Special Permit.

### 16. Transit Station. A Subway Station, Commuter Rail Station, Ferry Terminal, or Bus Station.

- a. [A Bus Station includes any location serving as a point of embarkation for any bus operated by a transit authority.]
- b. [A Subway Station includes any of the stops along the Massachusetts Bay Transportation Authority Red Line, Green Line, Orange Line, Silver Line, or Blue Line, including any extensions or additions to such lines.]
- c. [A Commuter Rail Station includes any commuter rail station operated by a Transit Authority with year-round service with trains departing at regular time intervals, rather than intermittent, seasonal, or event-based service.]
- d. [A Ferry Terminal includes any location where passengers embark and disembark from a ferry service with year-round service with ferries departing at regular time intervals, rather than intermittent, seasonal, or event-based service.]

## Annotations: Definitions

| DO:  |
|--|
| Review the existing definitions in your local zoning by-law or ordinance and add or amend definitions as needed to ensure consistency with the Protected Use ADU enabling Statute and its accompanying Regulations. For example, your municipality may have an existing definition for ADUs that differs from the definition for ADUs in the Zoning Act that you must reconcile to be consistent with the definition of a Protected Use ADU under the Regulations. |
| Determine which Transit Station definitions are relevant to your municipality and only include those definitions.  |
| Use definitions for key terms set forth in 760 CMR 71.02. For example, using the term and definition for Protected Use ADUs clarifies the difference between Local ADUs and those afforded the protections established by the Zoning Act.<br><br>NOTE: Throughout this Model Zoning, we refer to Protected Use ADUs when speaking specifically about these by-right ADUs, and we will refer to Local ADUs when addressing a broader range of ADU types.            |
| All definitions that are added should be put in the existing definitions section of the zoning by-law or ordinance.  |

## Annotations: Definitions Continued

### PROCEED WITH CAUTION:

There may be instances where a municipality wishes to have a broader, more permissive local definition of an ADU than the definition for Protected Use ADU in 760 CMR 71.02. For example, a municipality may already allow ADUs up to 1,200 square feet by-right and want to continue allowing ADUs of that size. 760 CMR 71.03(7) allows a Municipality to provide for more permissive regulations, which means that a Municipality is permitted to provide for Protected Use ADUs that are larger than 900 square feet, so long they are permissible by-right and subject to all protections afforded to a Protected Use ADU.

### DON'T:

Don't use words that exist elsewhere in your zoning by-law or ordinance but with different meanings. For example, if your zoning by-law or ordinance already has a definition for ADU in the general definition section, ensure that it matches the definition in the specific ADU section.

Don't use a different meaning for a term that exists in 760 CMR 71.02. For example, using a different meaning for Gross Floor Area could lead to an inaccurate GFA count for regulated Protected Use ADUs.

Don't include definitions in 760 CMR 71.02 that are not relevant to the municipality. For example, do not include the definition for Historic District if your municipality has none.

## C. Regulations

For purposes of this Section [X], the following definitions shall apply:

### 1. General Provisions for All ADUs

#### a. Code Compliance

- i. ADUs shall maintain a separate entrance from the Principal Dwelling sufficient to meet safe egress under the Building Code and Fire Code .
- ii. ADU construction shall comply with 310 CMR 15.000: The State Environmental Code, Title 5 regulations for a Single-Family Residential Dwelling in the Single-Family Residential Zoning District in which the Protected Use ADU is located.

### Annotations: Code Compliance

#### DO:

Specify that Protected Use ADUs must comply with 310 CMR 15.000 (Title V) as it applies to a Single-Family Residential Dwelling.

#### DON'T:

Don't try to regulate the Building Code in your zoning by-law or ordinance.

Don't restrict the entrance location of the Protected Use ADU in relation to the Principal Dwelling. Protected Use ADUs can maintain a separate entrance that is either directly from the outside or through an interior entry hall or corridor shared with the Principal Dwelling sufficient to meet safe egress under the Building Code.

Don't include more restrictive requirements in zoning for utilities, safety, and emergency access than is permitted by state requirements, like the Fire Code.

### b. Short-Term Rentals

- i. [ADUs may be operated as Short-Term Rentals subject to any restrictions or prohibitions by ordinance or by-law adopted by [Municipality] pursuant to M.G.L. c. 64G, § 14.]
- ii. [An ADU may be rented as a Short-Term Rental for the purpose of workforce housing for seasonal employees.]

### Annotations: Short Term Rentals

#### DO:

Adding Short-Term Rental restrictions for ADUs is a local municipal choice. Carefully consider your municipality's context and if allowing Short-Term Rentals for Protected Use ADUs meets local goals and priorities.

Since the Statute references the definition of Short-Term Rental under the Room Occupancy Tax (M.G.L. c. 64G), you may wish to consider incorporating the limitations and exemptions under the Short-Term Rental tax (e.g., the tax only applies to occupancies of up to 31 consecutive calendar days and provides key exemptions such as (i) lodging accommodations provided to seasonal employees by employers and (ii) tenancies at will or month-to-month leases, among other exemptions provided under M.G.L. c. 64G, § 2.)

Consider if allowing Short-Term Rentals supports the purposes outlined in 760 CMR 71.01 and implement the allowance or limitation of Short-Term Rentals accordingly.



## Annotations: Short Term Rentals Continued

### PROCEED WITH CAUTION:

Consider whether there are situations in which Short-Term Rentals should be handled differently, such as for workforce housing, and other needs that they may address such as with matters pertaining to seasonal communities. ADU.

### DON'T:

Don't allow Short-Term Rentals for Protected Use ADUs if they will not support local housing needs.

## 2. Protected Use ADUs

The [Zoning Enforcement Officer] shall approve a Building Permit authorizing Protected Use ADU installation and use within, or on a Lot with, a Principal Dwelling in a Single-Family Residential Zoning District, including within, or on a Lot with, a Pre-Existing Nonconforming Structure, if the following conditions are met:

## Annotations: Protected Use Authorization

### DO:

Allow Protected Use ADUs by-right within or on lots with a Principal Dwelling. This includes Single-Family Residential Dwellings, duplexes, triple-deckers, multifamily buildings, and mixed-use residential buildings within a Single-Family Residential Zoning District. When there are already two or more units in a building on a lot, the entire existing structure is considered the Principal Dwelling. For example, a triple-decker would be the Principal Dwelling, not any one unit in the triple-decker.

Allow Protected Use ADUs by-right within or on lots with a Pre-Existing Nonconforming Structure in accordance with 760 CMR 71.03(3)(b)9.

Allow all types of Protected Use ADUs: attached, detached, and internal. Carefully review any existing language about ADUs in your zoning by-law or ordinance, and update if necessary to ensure that there are no overly burdensome placement restrictions for Protected Use ADUs.

Allow the Building Commissioner to approve Protected Use ADUs via Building Permit.

Allow the Zoning Administrator (generally the Planning Director/Staff) to approve Protected Use ADUs via administrative approval.

## Annotations: Protected Use Authorization Continued

### PROCEED WITH CAUTION:

Your municipality may wish to require Site Plan Review for Protected Use ADUs, and this is allowed so long as the review guidelines are clear, objective, and are consistent with an as-of-right process as defined in M.G.L. c. 40A ss. 3 and 1A. Municipalities should consider if Site Plan Review is appropriate in this case, especially if it requires approval of the Special Permit Granting Authority, and whether it is reasonable under the Dover Amendment analysis in 71.03(3)(a).

Don't impose any restrictions on Protected Use ADUs that do not serve a legitimate municipal interest, such as public safety. For example, one can argue that limiting the number of curb cuts on a lot serves a legitimate municipal interest by making conditions safer for pedestrians without imposing unreasonable costs. However, in areas with large lots allowing a separate driveway may make sense.

NOTE: 760 CMR 71.03(3) recites the Dover Amendment analysis that is applied to the regulation of religious and educational institutions and has been extended to other protected uses within M.G.L. c. 40A, § 3. Municipalities should determine if a proposed regulation of a Protected Use ADU is unreasonable under M.G.L. c. 40A, §3. Any regulation must serve a legitimate municipal interest sought to be achieved by local zoning and its application to a Protected Use ADU must relate to the legitimate municipal interest. It also cannot result in the complete nullification of the use or development of a Protected Use ADU, impose excessive costs on the use or development without significantly advancing legitimate municipal interest, or substantially interfere with the use or development without appreciably advancing legitimate municipal interest.

### DON'T:

Don't require a Special Permit from the Special Permit Granting Authority for Protected Use ADUs within or on lots with a Principal Dwelling. This includes Single-Family Residential Dwellings, duplexes, triple-deckers, multifamily buildings, and mixed-use buildings within a Single-Family Residential Zoning District.

Special permits are required for any additional ADUs built on a lot with a Protected Use ADU.



## a. Dimensional Standards

- i. Protected Use ADU shall not be larger than a Gross Floor Area of 900 square feet [or a larger Gross Floor Area, if allowed by the Municipality] or ½ the Gross Floor Area of the Principal Dwelling, whichever is smaller.
- ii. A Protected Use ADU on a Lot with a Single-Family Residential Dwelling Unit shall not have more restrictive dimensional standards than those required for the Single-Family Residential Dwelling (Section [X]: Dimensional Standards), or accessory structure (Section [X]: Accessory Structures) within the same district, whichever results in more permissive regulation.
- iii. A Protected Use ADU on a Lot with a Principal Dwelling that is not a Single-Family Residential Dwelling Unit shall not have more restrictive dimensional standards than those required for its Principal Dwelling (Section [X]: Dimensional Standards), or Single-Family Residential Dwelling (Section [X]: Dimensional Standards), or accessory structure (Section [X]: Accessory Structures) within the same district, whichever results in more permissive regulation.

## Annotations: Dimensional Standards

| DO:  |
|--|
| Allow Protected Use ADUs not larger than a GFA of 900 square feet or one-half the GFA of the Principal Dwelling, whichever is smaller, in accordance with 760 CMR 71.02. Also, consider whether allowing for larger Protected Use ADUs would be appropriate for your town or city.   |
| Impose dimensional standards on Protected Use ADUs that are no more restrictive than those required for the Principal Dwelling, a Single-Family Residential Dwelling, or accessory structure within the same zoning district, whichever results in more permissive regulation.<br><br>NOTE: To result in the most permissive regulation overall, municipalities should select the most permissive regulation for each dimensional standard when comparing the Principal Dwelling, Single-Family Residential Dwelling, and accessory structure. For example, the most permissive regulation for the Protected Use ADU may include the minimum setbacks for an accessory structure and the maximum height for a Single-Family Residential Dwelling or a duplex (if the Principal Dwelling on a lot is a duplex). |
| Review existing dimensional standards and consider how they would apply to Protected Use ADUs. Guidance for establishing dimensional standards is provided below.  |

## Annotations: Dimensional Standards Continued

### PROCEED WITH CAUTION:

Consider whether existing dimensional standards in your zoning by-law or ordinance may pose unreasonable restrictions, particularly given the purpose set out 760 CMR 71.01 to increase housing production and provide affordable places to live.

Consider whether restrictions will unreasonably prevent Protected Use ADUs from being built in existing structures such as detached garages or barns.

Given that ADUs are accessory structures, it may be reasonable to require that they not be allowed in the front yard setback in some circumstances. However, there are certain contexts, such as on corner lots, and in lower density or rural areas with large lot sizes, where it may be appropriate to allow, and unreasonable to prohibit under the Dover analysis, ADUs in the front yard.

### DON'T:

Don't impose dimensional standards on Protected Use ADUs that are stricter than those required for the Principal Dwelling, a Single-Family Residential Dwelling, or accessory structure within the same zoning district. See the note above for an example.

Don't require lot size minimums for Protected Use ADUs. These are expressly prohibited by 760 CMR 71.03(3)(b)2.

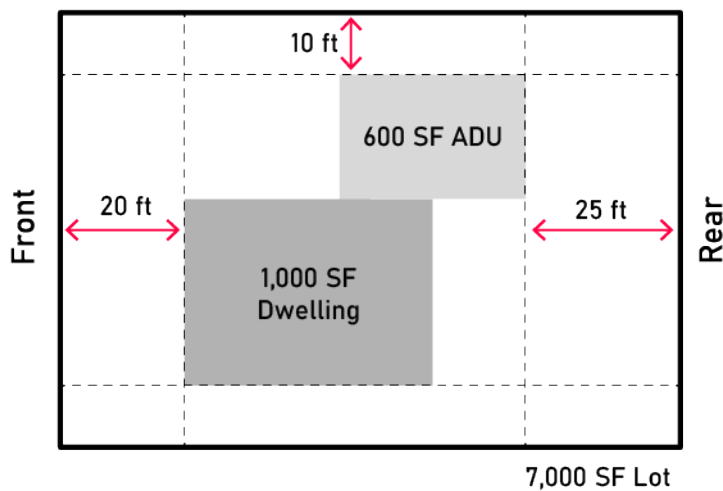
## Process for Establishing Dimensional Standards for Protected Use ADUs:

1. Review your municipality's existing dimensional standards that apply to Principal Dwellings, Single-Family Residential Dwellings, or accessory structures within Single-Family Residential Zoning Districts. Consider how these dimensions would apply to Protected Use ADUs to result in the most permissive regulation.
2. Consider if any of your dimensional standards could preclude the creation of ADUs in any of your zoning districts. If this is the case, determine more lenient dimensional standards that would apply specifically to ADUs. The diagrams below provide some examples of this.
3. Consider if your dimensional standards would allow for existing detached structures to be added onto (if appropriate) and converted to Protected Use ADUs. If you see limitations, consider adapting standards to better allow for these additions and conversions.

## For Small Lots:

1. Carefully consider if any of your dimensional standards could limit the development of Protected Use ADUs in denser neighborhoods, or zones with smaller lot sizes.
2. To make Protected Use ADUs easier to develop in denser areas, you may consider exempting them from lot coverage calculations and open space requirements.
3. Review your setbacks, especially rear and side setbacks, to determine if they would limit or preclude the development of Protected Use ADUs. If so, consider decreasing the setbacks for Protected Use ADUs specifically. For example, if the rear setback is 25 feet for Single Family Residential Dwellings, you could allow Protected Use ADUs to follow a 10-foot setback requirement. However, you may want to proceed with caution because you wouldn't be able to restrict the height of the ADU to lower than that for the Principal Dwelling to balance out smaller setbacks.

**Diagram 1: Small Lot - Attached Protected Use ADU**

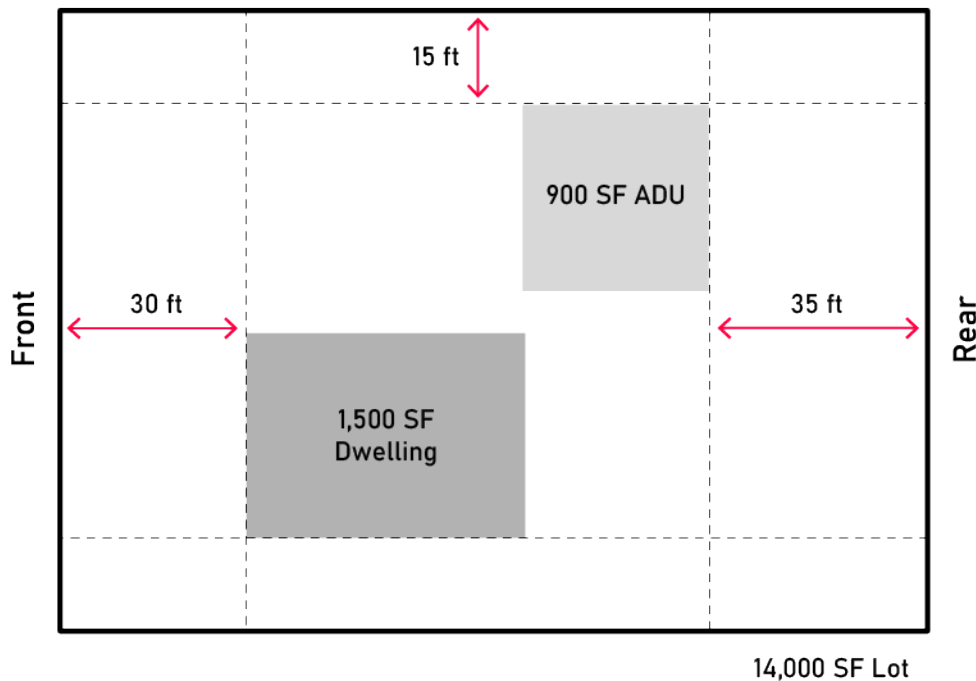


This diagram shows an average lot and setback for a small lot. The existing assumed conditions make it difficult to fit even a 600 square foot attached ADU on the lot. If the lot included a large driveway or a garage, it would be nearly impossible to fit an ADU with the existing setbacks. For municipalities with similar urban areas and/or lot sizes, it is recommended to consider decreased setbacks as applied to ADUs.

## For Medium Lots:

1. Carefully consider if your dimensional standards could limit the development of Protected Use ADUs in both medium- and low-density zones.
2. To make Protected Use ADUs easier to develop in denser areas, you may consider exempting them from lot coverage calculations and open space requirements.
3. Consider allowing smaller setbacks for Protected Use ADUs if your setback requirements are currently too restrictive to leave space for a Protected Use ADU in higher density areas.
4. Consider if your bulk and height restrictions would allow a structure such as a detached garage or carriage house to be converted into a Protected Use ADU. Allowing more flexible bulk and height restrictions will help make these conversions possible in a greater number of circumstances.

**Diagram 2: Medium Lot – Detached Protected Use ADU**

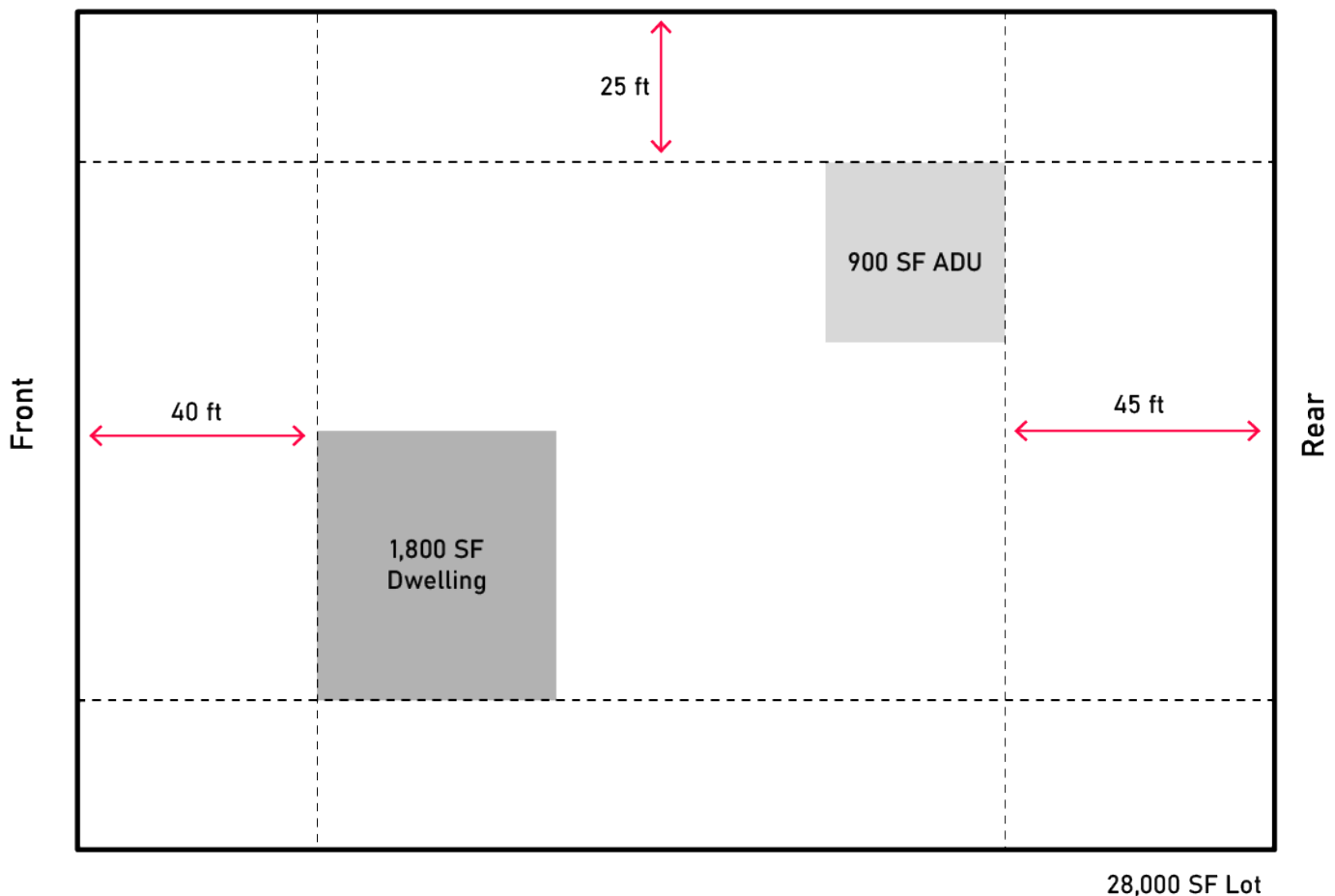


This diagram shows an average medium size lot. The existing assumed conditions can fit a 900 square foot ADU, but if the lot included a larger dwelling, garage or other accessory structure, it would be difficult to fit an ADU as well. For municipalities with similar lot sizes, it is recommended to consider decreased setbacks as applied to ADUs.

## For Large Lots:

1. Carefully consider any larger setback requirements you may have and if they are appropriate for lots with Protected Use ADUs.
2. Even with larger lot sizes, it may not be necessary to have large setback requirements for Protected Use ADUs. Decreasing restrictions could provide greater flexibility to allow for these ADUs without imposing on neighboring properties.
3. Consider current regulations around maximum lot coverage. If your maximum lot coverage requirements are relatively small, or if housing footprints in a given district commonly approach the maximum allowable lot coverage, the requirements may need to be amended so as not to effectively preclude Protected Use ADUs.

**Diagram 3: Large Lot – Detached Protected Use ADU**



This diagram shows an average lot and setbacks for a large lot. The existing assumed conditions can fit a 900 square foot ADU. While a lot of this size has less trouble fitting an ADU even with additional structures or features, the setbacks may be larger than necessary for considering an ADU placement.

## b. Off-Street Parking

[Up to one] additional off-street parking space shall be required for Protected Use ADUs located outside the ½-mile radius of the [Transit Station]. No off-street parking is required for Protected Use ADUs located within a ½-mile radius of the [Transit Station]

### Annotations: Protected Use ADU Off-Street Parking

#### DO:

Decide if you will require a parking space for all Protected Use ADUs located outside of a half mile from a Transit Station, or if you will not require any additional parking. Consider the general walkability and pedestrian safety of your municipality to determine if requiring no parking outside the half-mile radius is realistic. A municipality has discretion to reasonably determine the center point from which the ½ -mile radius is calculated.

#### DON'T:

Don't require either on or off-street parking for a Protected Use ADU within a half-mile radius of a Transit Station.

## 3. Special Permit for [Local ADUs].

The [Special Permit Granting Authority] shall approve a Special Permit authorizing a [Local ADUs] installation and use within or on a Lot with a Single-Family Residential Dwelling in a Single-Family Residential Zoning District if the following conditions are met:

### Annotations: Local ADUs Authorization

#### LOCAL ADUS AUTHORIZATION- DO:

Determine if another ADU type outside the definition of a Protected Use ADU should be allowed by-right, through Site Plan Review, or by Special Permit in your municipality. Since these would not be considered Protected Use ADUs, they are not bound by the same limitations under 760 CMR 71, such as occupancy restrictions or minimum parking requirements.

Coinciding with the definition of Local ADUs, determine what additional allowances you would like to provide for ADU development or use outside of the Protected Use ADU definition.

Create a Special Permit process for properties that would like to create any additional ADU after the one Protected Use ADU that is allowed by right.

#### LOCAL ADUS AUTHORIZATION- PROCEED WITH CAUTION:

Be aware that allowing any ADUs not meeting the definition and requirements for Protected Use ADUs on a lot would be in addition to a Protected Use ADU. For example, a municipality may wish to allow an additional ADU with an occupancy restriction, which would be their Local ADUs. This means that any eligible property would then be allowed two ADUs: one Protected Use ADU by right, and the Local ADUs by Special Permit. For this reason, you may wish to request approval by Special Permit.

## a. Dimensional Standards

- i. [Local ADUs] must be larger than [900 square feet] or there must be a Protected Use ADU already built on the same property.
- ii. [Local ADUs] shall not be larger than a gross floor area of [1,200 square feet].
- iii. [Local ADUs] shall comply with the following dimensional standards for both the structure and the Lot in accordance with Section [X]: Dimensional Standards and Section [X]: Accessory Structures.

### Annotations: Local ADUs Dimensional Standards

#### DO:

Determine the maximum gross floor area and dimensional standards that your municipality would allow for an ADU that is not a Protected Use ADU. If you require the approval of a Special Permit, you may wish to allow larger ADUs as an incentive.

## b. Off-Street Parking

A minimum of [one (1)] additional off-street parking space shall be required for [Local ADUs].

### Annotations: Local ADUs Off-Street Parking

#### DO:

Determine if you would like to require parking for ADUs that are not Protected Use ADUs, both within and outside a ½-mile radius of the Transit Station. As for Protected Use ADUs, you should consider the general walkability and pedestrian safety of your municipality when making these decisions.

#### PROCEED WITH CAUTION:

Since this is not a Protected Use ADU, you may require a parking space within a ½-mile radius of a Transit Station, but you should consider carefully if it is necessary.

## 4. Special Permit for Multiple ADUs on a Lot.

More than one ADU on a Lot in a Single-Family Residential Zoning District in which a Protected Use ADU is already located shall require a Special Permit from the [Special Permit Granting Authority]. The additional ADU shall be classified as a [Local ADUs].

### Annotations: Multiple ADUs on a Lot

#### DO:

Require a Special Permit if choosing to allow additional ADUs on the same lot as a Protected Use ADU as delineated in 760 CMR 71.03(5).



## 5. Nonconformance

- a. A Protected Use ADU shall be permitted within, or on a Lot with, a Pre-Existing Nonconforming Structure so long as the Protected Use ADU can be developed in conformance with the Building Code, 760 CMR 71.00, and state law.
- b. [A Protected Use ADU shall be exempt from any required finding under M.G.L. c. 40A §6.]
- c. [A finding under M.G.L. c 40A §6, that the extension or alteration of the pre-existing nonconforming structure is not substantially more detrimental than the existing nonconforming use to the neighborhood, shall be made by the Special Permit Granting Authority in an as-of-right process, without requiring a Special Permit or other discretionary waiver.]

### DON'T:

Don't prevent an ADU that is nonconforming to zoning from qualifying as a Protected Use ADU if it otherwise meets the definition for Protected Use ADU in 760 CMR 71.02.

Don't require a special permit for development of a Protected Use ADU where the lot or structure is nonconforming. M.G.L. c. 40A §6 provides that a finding under this section can be made by the permit granting authority or the special permit granting authority. Read in combination with Section 3's prohibition on special permits as they apply to the development of Protected Use ADUs, a special permit is not required, and therefore not allowed for this purpose.

## Annotations: Nonconformance

### DO:

Allow Protected Use ADUs by-right within or on lots with a Pre-Existing Nonconforming Structure in accordance with 760 CMR 71.03(3)(b)9.

Consider whether it is reasonable under the Dover analysis, as articulated in 760 CMR 71.03(3)(a), to require a finding pursuant to M.G.L. c. 40A §6 for expansion or alteration of pre-existing nonconforming structures. Some municipalities exempt Dover uses from this provision, and it may not be reasonable in all circumstances to require such a finding.

If a finding under M.G.L. c. 40A §6 is required by the municipality, then they must provide for a clear, objective, as-of-right process by the permit granting authority.



## D. Administration and Enforcement

1. The [Zoning Enforcement Officer] shall administer and enforce the provisions of this Section [X].
2. No building shall be changed in use or configuration without a Building Permit from the [Zoning Enforcement Officer].
3. No building shall be occupied until a certificate of occupancy is issued by the [Zoning Enforcement Officer], where required.
4. The [Zoning Enforcement Officer] shall apply the Dover analysis as articulated in the standards in 760 CMR 71.03(3) (a), to any request for a Protected Use ADU Building Permit and shall waive any zoning requirement that the [Zoning Enforcement Officer] finds to be unreasonable under the Dover analysis.

### Annotations: Administration and Enforcement

| DO:  |
|--|
| Follow all Building Code and zoning requirements when building a new ADU or converting a space into an ADU. This applies to all ADUs, not just Protected Use ADUs.   |
| Provide a limited waiver for occasional circumstances where a normally reasonable regulation would be unreasonable as applied to a particular lot. The Dover Amendment is a heavily fact-based analysis that is applied both in terms of the overall zoning, and on a lot-by-lot basis. For example, a requirement that Protected Use ADUs be beside or behind the Principal Dwelling might not be reasonable as applied to a large lot where the Principal Dwelling has a large front yard and sits along the rear setback. |

# MODEL ZONING - Clean Version

## A. Purpose

The purpose of this Section [X] is to allow for Accessory Dwelling Units (ADUs), as defined under M.G.L. c. 40A, § 1A, to be built as-of-right in Single-Family Residential Zoning Districts in accordance with Section 3 of the Zoning Act (M.G.L. c. 40A), as amended by Section 8 of Chapter 150 of the Acts of 2024, and the regulations under 760 CMR 71.00: Protected Use Accessory Dwelling Units. This zoning provides for by-right ADUs to accomplish the following purposes:

1. Increase housing production to address local and regional housing needs across all income levels and at all stages of life.
2. Develop small-scale infill housing that fits in context of zoning districts that allow single-family housing while providing gentle/hidden density.
3. Provide a more moderately priced housing option to serve smaller households, households with lower incomes, seniors, and people with disabilities.
4. Enable property owners to age in place, downsize, or earn supplemental income from investing in their properties.

## B. Definitions

For purposes of this Section [X], the following definitions shall apply:

1. **Accessory Dwelling Unit (ADU).** A self-contained housing unit, inclusive of sleeping, cooking, and sanitary facilities on the same Lot as a Principal Dwelling, subject to otherwise applicable dimensional and parking requirements, that maintains a separate entrance, either directly from the outside or through an entry hall or corridor shared with the Principal Dwelling sufficient to meet the requirements of the Building and Fire Code for safe egress. ADUs may be detached, attached, or internal to the Principal Dwelling. [General references to ADUs in this by-law include both Protected Use ADUs and Local ADUs.]
2. **Design Standards.** Clear, measurable and objective provisions of zoning, or general ordinances or by-laws, which are made applicable to the exterior design of, and use of materials for an ADU when those same design standards apply to the Principal Dwelling to which the ADU is an accessory.
3. **Dwelling Unit.** A single-housing unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation. This can include a housing unit within a single-family, duplex, or multi-unit development.
4. **EOHLC.** The Executive Office of Housing and Livable Communities.
5. **Gross Floor Area.** The sum of the areas of all stories of the building of compliant ceiling height pursuant to the Building Code, including basements, lofts, and intermediate floored tiers, measured from the interior faces of exterior walls or from the centerline of walls separating buildings or dwelling units but excluding crawl spaces, garage parking areas, attics, enclosed porches, and similar spaces. Where there are multiple Principal Dwellings on the Lot, the GFA of the largest Principal Dwelling shall be used for determining the maximum size of a Protected Use ADU.
6. **[Historic District.** A district in a municipality established pursuant to M.G.L. c. 40C or other State Law that is characterized by the historic or architectural significance of buildings, structures, and sites, and in which exterior changes to and the construction of buildings and structures are subject to regulations adopted by the municipality pursuant to M.G.L. c. 40C or other state law.]
7. **[Local ADUs.** An ADU that is not a Protected Use ADU but includes rules specific to [Municipality or cross-reference to any existing or proposed zoning for Local ADUs].]
8. **Lot.** An area of land with definite boundaries that is used, or available for use, as the site of a structure, or structures, regardless of whether the site conforms to requirements of zoning.
9. **Modular Dwelling Unit.** A pre-designed Dwelling Unit assembled and equipped with internal plumbing, electrical or similar systems, in compliance with the Building and Fire Code, prior to movement to the site where such Dwelling Unit is affixed to a foundation and connected to external utilities; or any portable structure with walls, a floor, and a roof, designed or used as a Dwelling Unit, transportable in one or more sections and affixed to a foundation and connected to external utilities.

- 10. Pre-Existing Nonconforming Structure.** A structure that does not conform to zoning.
- 11. Principal Dwelling.** A structure, regardless of whether it, or the Lot it is situated on, conforms to zoning, including use requirements and dimensional requirements, such as setbacks, bulk, and height, that contains at least one Dwelling Unit and is, or will be, located on the same Lot as a Protected Use ADU.
- 12. Protected Use ADU.** An attached, detached or internal ADU that is located, or is proposed to be located, on a Lot in a Single-Family Residential Zoning District and is not larger in Gross Floor Area than  $\frac{1}{2}$  the Gross Floor Area of the Principal Dwelling or 900 square feet, whichever is smaller [or a larger Gross Floor Area, if allowed by the Municipality], provided that only one ADU on a Lot may qualify as a Protected Use ADU. An ADU that is nonconforming to zoning shall still qualify as a Protected Use ADU if it otherwise meets this definition.
- 13. [Short-Term Rental.]** An owner-occupied, tenant-occupied, or non-owner occupied property as defined in M.G.L. c. 64G § 1, including, but not limited to, an apartment, house, cottage, condominium or a furnished accommodation that is not a hotel, motel, lodging house or bed and breakfast establishment, where: (i) at least 1 room or unit is rented to an occupant or sub-occupant [for a period of 31 consecutive days or less]; and (ii) all accommodations are reserved in advance; provided, however, that a private owner-occupied property shall be considered a single unit if leased or rented as such.]
- 14. Single-Family Residential Dwelling Unit.** A structure on a Lot containing not more than one Dwelling Unit.
- 15. Single-Family Residential Zoning District.** Any zoning district where Single-Family Residential Dwellings are a permitted or an allowable use, including any zoning district where Single-Family Residential Dwellings are allowed as of right, or by Special Permit.
- 16. Transit Station.** A Subway Station, Commuter Rail Station, Ferry Terminal, or Bus Station.
- a. [A Bus Station includes any location serving as a point of embarkation for any bus operated by a transit authority.]
  - b. [A Subway Station includes any of the stops along the Massachusetts Bay Transportation Authority Red Line, Green Line, Orange Line, Silver Line, or Blue Line, including any extensions or additions to such lines.]
  - c. [A Commuter Rail Station includes any commuter rail station operated by a Transit Authority with year-round service with trains departing at regular time intervals, rather than intermittent, seasonal, or event-based service.]
  - d. [A Ferry Terminal includes any location where passengers embark and disembark from a ferry service with year-round service with ferries departing at regular time intervals, rather than intermittent, seasonal, or event-based service.]

## C. Regulations

### 1. General Provisions for All ADUs

#### a. Code Compliance

- i. ADUs shall maintain a separate entrance from the Principal Dwelling sufficient to meet safe egress under the Building Code and Fire Code.
- ii. ADU construction shall comply with 310 CMR 15.000: The State Environmental Code, Title 5 regulations for a Single-Family Residential Dwelling in the Single-Family Residential Zoning District in which the Protected Use ADU is located.

#### b. [Short-Term Rentals]

- iii. [ADUs may be operated as Short-Term Rentals subject to any restrictions or prohibitions by ordinance or by-law adopted by [Municipality] pursuant to M.G.L. c. 64G, § 14.]
- iv. [An ADU may be rented as a Short-Term Rental for the purpose of workforce housing for seasonal employees.]

### 2. Protected Use ADUs.

The [Zoning Enforcement Officer] shall approve a Building Permit authorizing Protected Use ADU installation and use within, or on a Lot with, a Principal Dwelling in a Single-Family Residential Zoning District, including within, or on a Lot with, a Pre-Existing Nonconforming Structure, if the following conditions are met:

#### a. Dimensional Standards

- i. Protected Use ADU shall not be larger than a Gross Floor Area of 900 square feet [or a larger Gross Floor Area, if allowed by the Municipality] or ½ the Gross Floor Area of the Principal Dwelling, whichever is smaller.
- ii. A Protected Use ADU on a Lot with a Single-Family Residential Dwelling Unit shall not have more restrictive dimensional standards than those required for the Single-Family Residential Dwelling (Section [X]: Dimensional Standards) or accessory structure (Section [X]: Accessory Structures) within the same district, whichever results in more permissive regulation.
- iii. A Protected Use ADU on a Lot with a Principal Dwelling that is not a Single-Family Residential Dwelling Unit shall not have more restrictive dimensional standards than those required for its Principal Dwelling (Section [X]: Dimensional Standards), or Single-Family Residential Dwelling (Section [X]: Dimensional Standards), or accessory structure (Section [X]: Accessory Structures) within the same district, whichever results in more permissive regulation.

- b. **Off-Street Parking.** [Up to one] additional off-street parking space shall be required for Protected Use ADUs located outside the ½-mile radius of the [Transit Station]. No off-street parking is required for Protected Use ADUs located within a ½-mile radius of the [Transit Station].

### 3. Special Permit for [Local ADUs].

The [Special Permit Granting Authority] shall approve a Special Permit authorizing a [Local ADUs] installation and use within or on a Lot with a Single-Family Residential Dwelling in a Single-Family Residential Zoning District if the following conditions are met:

#### a. Dimensional Standards

- i. [Local ADUs] must be larger than [900 square feet] or there must be a Protected Use ADU already built on the same property.
- ii. [Local ADUs] shall not be larger than a gross floor area of [1,200 square feet].
- iii. [Local ADUs] shall comply with the following dimensional standards for both the structure and the Lot in accordance with Section [X]: Dimensional Standards and Section [X]: Accessory Structures.
- iv. Off-Street Parking. A minimum of [one (1)] additional off-street parking space shall be required for [Local ADUs].

- b. Off-Street Parking.** A minimum of [one (1)] additional off-street parking space shall be required for [Local ADUs].

### 4. Special Permit for Multiple ADUs on a Lot

More than one ADU on a Lot in a Single-Family Residential Zoning District in which a Protected Use ADU is already located shall require a Special Permit from the [Special Permit Granting Authority]. The additional ADU shall be classified as a [Local ADUs].

### 5. Nonconformance

- a. A Protected Use ADU shall be permitted within, or on a Lot with, a Pre-Existing Nonconforming Structure so long as the Protected Use ADU can be developed in conformance with the Building Code, 760 CMR 71.00, and state law.
- b. [A Protected Use ADU shall be exempt from any required finding under M.G.L. c. 40A §6.]
- c. [A finding under M.G.L. c 40A §6, that the extension or alteration of the pre-existing nonconforming structure is not substantially more detrimental than the existing nonconforming use to the neighborhood, shall be made by the Special Permit Granting Authority in an as-of-right process, without requiring a Special Permit or other discretionary waiver.]

## ***D. Administration and Enforcement***

1. The [Zoning Enforcement Officer] shall administer and enforce the provisions of this Section [X].
2. No building shall be changed in use or configuration without a Building Permit from the [Zoning Enforcement Officer].
3. No building shall be occupied until a certificate of occupancy is issued by the [Zoning Enforcement Officer], where required.
4. The [Zoning Enforcement Officer] shall apply the Dover analysis as articulated in the standards in 760 CMR 71.03(3)(a), to any request for a Protected Use ADU Building Permit and shall waive any zoning requirement that the [Zoning Enforcement Officer] finds to be unreasonable under the Dover analysis.

# APPENDIX A: Checklist for Municipal Planners

This checklist is to help municipal staff and board members updating or creating new zoning for Accessory Dwelling Units ensure that the zoning is enforceable in accordance with Section 3 of the Zoning Act (M.G.L. c. 40A), as amended by Section 8 of Chapter 150 of the Acts of 2024, and 760 CMR 71.00: Protected Use Accessory Dwelling Units.

## Purpose

- ☐ No purpose contradicts the intent of the enabling legislation and its accompanying regulations: "...increasing the production of housing to address statewide, local, and individual housing needs for households of all income levels and at all stages of life"
- ☐ No purpose indicates some form of local preference
- ☐ No purpose refers to a prohibited regulation on property owners, such as requiring the inclusion of Affordable Housing units

## Definitions

- ☐ Zoning includes relevant definitions from 760 CMR 71.02 and makes clear the difference between Protected Use ADUs and other ADUs that the municipality may choose to regulate
- ☐ No terms that exist in 760 CMR 71.02 or elsewhere in the municipal zoning by-law have different or contradictory meanings

## Regulations

- ☐ Protected Use ADUs are allowed by-right within or on lots with a Principal Dwelling in Single-Family Residential Zoning Districts
- ☐ No Special Permit requirement for Protected Use ADUs within or on lots with a Principal Dwelling, except within a Floodplain or Aquifer Protection Overlay District
- ☐ No Special Permit required for Protected Use ADUs within or on existing nonconforming lots, or lots with an existing nonconforming primary dwelling.
- ☐ Any Special Permit requirement for Protected Use ADUs within a Floodplain or Aquifer Protection Overlay District is based on clear, objective, and non-discretionary criteria
- ☐ A Special Permit is required if additional ADUs are allowed on the same lot as a Protected Use ADU
- ☐ No enforcement of a Prohibited or Unreasonable Regulation imposed as a condition for the approval of a Protected Use ADU prior to the effective date of 760 CMR 71.00
- ☐ Zoning for Protected Use ADUs includes no Prohibited or Unreasonable Regulations

## Prohibited Regulations

- ☐ Owner-Occupancy Requirements: No requirement for owner-occupancy of the Protected Use ADU or Principal Dwelling
- ☐ Minimum Parking Requirements:
  - ☐ No requirement for off-street parking for Protected Use ADUs within a half-mile radius of a Transit Station
  - ☐ No requirement for more than one parking space for Protected Use ADUs outside the half-mile radius



## Prohibited Regulations Continued

- ☐ Use and Occupancy Restrictions: No requirement that a Protected Use ADU to be subject to a Use and Occupancy Restriction, such as a requirement that the ADU be occupied by a family member
- ☐ Unit Caps and Density:
  - ☐ No limit to the number of Protected Use ADUs that may be permitted, constructed, or leased in the Municipality or a particular zoning district
  - ☐ Protected Use ADUs not counted in density calculations
- ☐ Relationship to Principal Dwelling: All types of Protected Use ADUs are allowed (attached, detached, and internal)

## Unreasonable Regulations

- ☐ Design Standards:
  - ☐ Any Design Standard applied to Protected Use ADUs is the same or more lenient than the design standard applied to Single-Family Residential Dwellings within the same zoning district
  - ☐ No Design Standard prohibits, renders infeasible, or unreasonably increases the costs of the use or construction of a Protected Use ADU
  - ☐ All design standards applied to ADUs are clear and measurable
- ☐ Dimensional Standards:
  - ☐ Protected Use ADUs have a maximum Gross Floor Area requirement of 900 square feet or ½ the Gross Floor Area of the Principal Dwelling, whichever is smaller
  - ☐ Any Dimensional Standard for Protected Use ADUs is the same or more permissive than what is required for the Principal Dwelling, a Single-Family Residential Dwelling, or accessory structure in the same zoning district
  - ☐ No minimum lot size requirement for Protected Use ADUs
- ☐ Utilities, Safety, and Emergency Access:
  - ☐ No requirements concerning utilities, safety, and emergency access are more restrictive than state requirements
  - ☐ No requirement for a separate utility connection for Protected Use ADUs
- ☐ Environmental Protection: Any regulation pursuant to 310 CMR 15.000 (Title V) applied to Protected Use ADUs is not more restrictive than those for Single-Family Residential Dwellings in the same zoning district
- ☐ Site Plan Review: If there is a requirement for Site Plan Review approval of Protected Use ADUs, the review guidelines are clear, objective, and consistent with an as-of-right process as defined in M.G.L. c. 40A ss. 1A and 3
- ☐ Impact Analysis, Studies, and Fees: An impact analysis, study report, or impact fee is only required for a Protected Use ADU if the requirement is already in place for Single-Family Residential Dwellings in the same zoning district.
- ☐ Modular Dwelling Units: No requirements more restrictive than the Massachusetts Building Code for prohibiting, regulating, or restricting a Modular Dwelling Unit from being used as a Protected Use ADU
- ☐ Historic Districts:
  - ☐ Design Standards and Dimensional Standards for Protected Use ADUs in Historic Districts are not unreasonable pursuant to 760 CMR 71.03(3)(a)
  - ☐ Design standards applied to Protected Use ADUs in Historic Districts must be clear and measurable standards
- ☐ Pre-Existing Nonconforming Structures: Protected Use ADUs allowed by-right within or on lots with a Pre-Existing Nonconforming Structure

# APPENDIX B: Design Standards for ADUs Located in Historic Districts

Design Standards may be applied to Protected Use ADUs and other ADUs within Local Historic Districts. The Design Standards may be more restrictive for a Protected Use ADU than they are for a Single-Family Residential Dwelling, or Principal Dwelling, within the same Single-Family Residential Zoning District so long as they are not unreasonable pursuant to 760 CMR 71.03(3)(a).

Specific Design Standards will need to be tailored to the architectural character of each Historic District, but the standards must not be so restrictive, excessive, burdensome, or arbitrary that they prohibit, render infeasible, or unreasonably increase the costs of the use or construction of a Protected Use ADU.

Design Standards must all be measurable and objective. These mandatory standards may not be arbitrary, subjective, or create any gray area about implementation.

## **Examples of Design Standards for Historic Districts that May Be Reasonable:**

- **Roof Pitch:** Roofs shall be gabled with a minimum pitch of 9/12 (9" vertical for every 12" horizontal) and have overhanging eaves of at least one foot. Two- or three-story buildings, or two- or three-story portions of a building, may have a flat roof.
- **Window Scale and Dimension:** Windows visible from the street shall have a 2:1 ratio of height to width. Alternative window designs may be allowed provided by a Special Permit.
- **Window Coverage:** The building front(s) visible from the street shall contain windows covering at least 20 percent but not to exceed 80 percent of the facade surface. Windows shall be highlighted with frames, lintels, and sills, or equivalent trim features.
- **Utility Screening:** All dumpsters or other service areas shall be completely visually enclosed with a screening wall or fence and integrated with the overall site layout.

## Annotations: Design Standards

### DESIGN STANDARDS- DO:

Apply design standards only to Protected Use ADUs located within Historic Districts.

Determine which existing standards for your Historic District are measurable and objective and therefore can be applied to Protected Use ADUs within the district.

### DESIGN STANDARDS- PROCEED WITH CAUTION:

Determine if your existing historic district standards only apply to structures visible from main throughfares, and if so, note that they may not apply to ADUs that are not visible from the street.

You may provide design guidelines that also apply to Protected Use ADUs within Historic Districts. However, these subjective guidelines cannot be legally enforced and are instead meant to provide guidance to property owners in Historic Districts as they upgrade existing or build new structures on their lots.

### DESIGN STANDARDS - DON'T:

Don't restrict the development of ADUs in Historic Districts through overly complex or limiting Design Standards.

# **AGENDA ITEM SUMMARY**

## **LEXINGTON PLANNING BOARD**

### **AGENDA ITEM TITLE:**

Board Member & Staff Updates

### **PRESENTER:**

### **ITEM NUMBER:**

### **SUMMARY:**

- General board and staff updates
- Non-Residential/Commercial Development Surcharge for Affordable Housing:

In 2021, Lexington Town Meeting adopted special legislation that would allow the town to impose a surcharge on commercial development activities over 30,000 SF for the purposes of funding community housing. On December 20, 2024, the legislature approved the town's petition subject to a report, or "nexus study" within 12 months. A copy of the nexus report and presentation to the Select Board from the Select Board's December 8th meeting is attached. On January 5, the Select Board will consider imposing a surcharge on commercial developments over 30,000 SF.

### **SUGGESTED MOTION:**

### **FOLLOW-UP:**

### **DATE AND APPROXIMATE TIME ON AGENDA:**

1/7/2026

### **ATTACHMENTS:**

| Description   |                                 | Type            |
|---|---------------------------------|-----------------|
|  | Nexus Report Presentation to SB | Presentation    |
|  | Nexus Study Report              | Backup Material |

# Lexington Nexus Study

Select Board Presentation

December 8, 2025

# Nexus Study Scope and Analysis

- Forecast 10-year development subject to linkage, tenant industries and jobs
- Estimate impact of new jobs on affordable housing demand
- Calculate funding gap to build housing to meet demand
  - **Maximum and alternative linkage fees to fill funding gap**
- Assess impact of fee options on Lexington's economic competitiveness
- Recommend linkage fees and policies

# Boston Metro Office & Lab Market Conditions

- Office: declining demand with historic levels of available space & negative absorption
  - 44.8 million SF available (23.6%) as March 2025
  - Negative absorption of 1.8 million SF in 2024 & 444,000 in 2025, Q1
  - 128/Mass Pike area: 5.3 million available SF (26.3%); +158,000 net absorption in 2025 Q1
- Lab: Weakening demand and extensive overbuilding has generated large oversupply
  - 28.8% available space (16.3 million SF) in 2025, Q1; increase of 1.1 million in quarter
  - Negative absorption of 599,000 SF in 2025 Q1 vs. -311,000 in all of 2024
  - Suburban market: 8.1 million SF available (29.5%) with 1.6 million in 128-Mass Pike area
  - 128-Mass Pike available space = 5 to 6 years of peak period absorption**
- Federal policy shift and actions risk further decline in life sciences industry and lab demand

Source: Colliers Office and Lab Market Viewpoints, 2025, Quarter 1 and 2024, Q4



# Lexington Market Data

- Office: Colliers lists 2.27 million SF of office space—decline of 419,000 SF since 2015
  - 14% is vacant/available space (325,000 SF)
  - Annual net absorption averaged 21,500 from 2015 to 2024
- Lab: Inventory of 2.78 million SF of lab & GMP manufacturing space in 2025 Q1
  - 1.2 million SF increase in supply since 2015
  - 22.9% is available space (638,000 SF); large increase (390,000 SF) in 2024
  - Net absorption was positive in 8 of 10 years, averaging 115,000 SF
  - Highest annual absorption from 2017 to 2020, averaging 187,000 SF
- **Absorption of existing available lab space likely to take at least 5 years**

Source: Colliers Market Data

# Lexington Recent Non-residential Development & Pipeline

## Non-residential Development, 2015-2025 by Use

| Use             | SF Amount | SF Percent |
|-----------------|-----------|------------|
| Lab             | 366,500   | 17.2%      |
| Lab/office      | 929,852   | 43.5%      |
| Assisted Living | 832,095   | 39.0%      |
| Retail          | 7,500     | 0.4%       |
| Total           | 2,135,947 | 100%       |

## Non-Residential Development Pipeline May 2025

| Address            | Use               | SF        | Status                    |
|--------------------|-------------------|-----------|---------------------------|
| 12-18 Hartwell Ave | Lab/Office/Retail | 280,800   | Approved/Pre-construction |
| 95/99 Hayden Ave   | Lab/Office        | 757,262   | Approved/Pre-construction |
| 1-3-5 Hartwell     | Lab/Office        | 93,250    | Approved/Pre-construction |
| Total              |                   | 1,131,312 |                           |

# Summary

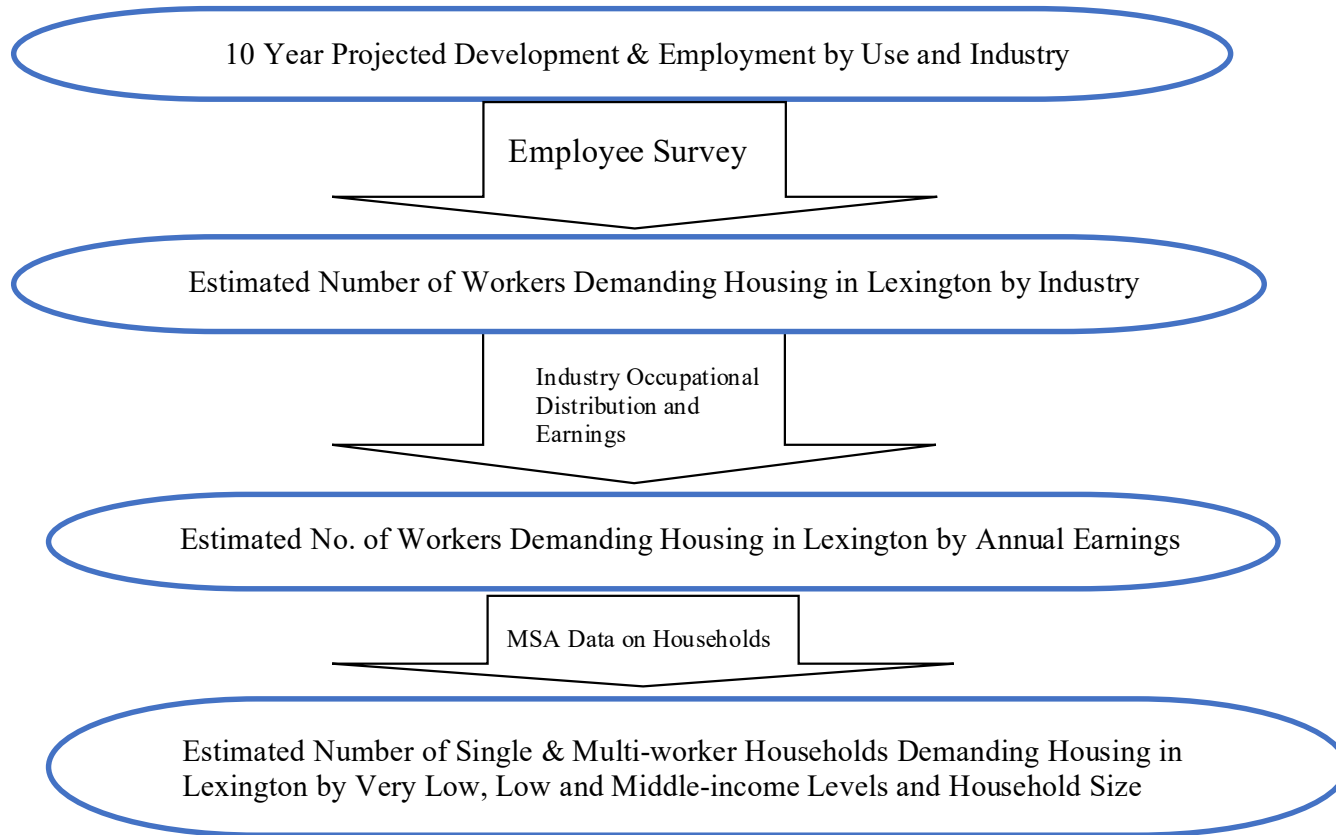
- Difficult development market with oversupply of office and lab space, limited demand for new office space and weakened lab demand
- Life science/lab development is viewed as strongest market with long-term growth and demand
  - New development will follow substantial absorption of regional over supply, likely 5+ years
- Lexington is an established life science industry cluster with locational strengths
  - Recent & current non-residential pipeline dominated by life science projects
  - Future new life science development likely after market stabilizes

# 10 Year Development & Employment Projection

| Potential Project         | Use                   | Estimated SF | Occupied SF (90%) |
|---------------------------|-----------------------|--------------|-------------------|
| 95/99 Hayden - phase 1    | Lab/office            | 159,634      | 143,671           |
| 95/99 Hayden - phase 2    | Lab/office            | 193,232      | 173,909           |
| 1-3-5 Hartwell Place      | Lab/office            | 93,250       | 83,925            |
| Lincoln Labs "Lincubator" | Maker/incubator space | 40,000       | 36,000            |
| Total                     |                       | 486,116      | 437,505           |

| Industry                          | Occupied SF | SF/Employee | Estimated Number of Employees |
|-----------------------------------|-------------|-------------|-------------------------------|
| Life Science                      | 401,505     | 450         | 892                           |
| Scientific Research & Development | 36,000      | 400         | 90                            |
| Total                             | 437,505     |             | 982                           |

# Methodology for Affordable Housing Demand Estimate



# Affordable Housing Household Income Levels

| Income Level                       | Household Size |           |           |           |
|------------------------------------|----------------|-----------|-----------|-----------|
|                                    | 1              | 2         | 3         | 4         |
| Very Low-income ( $\leq 50\%$ AMI) | \$57,900       | \$66,200  | \$74,450  | \$82,700  |
| Low-Income (50% to 80% AMI)        | \$92,650       | \$105,850 | \$119,100 | \$132,300 |
| Middle-Income (80% to 120% AMI)    | \$135,156      | \$154,464 | \$173,772 | \$193,080 |

AMI is Area Median Income

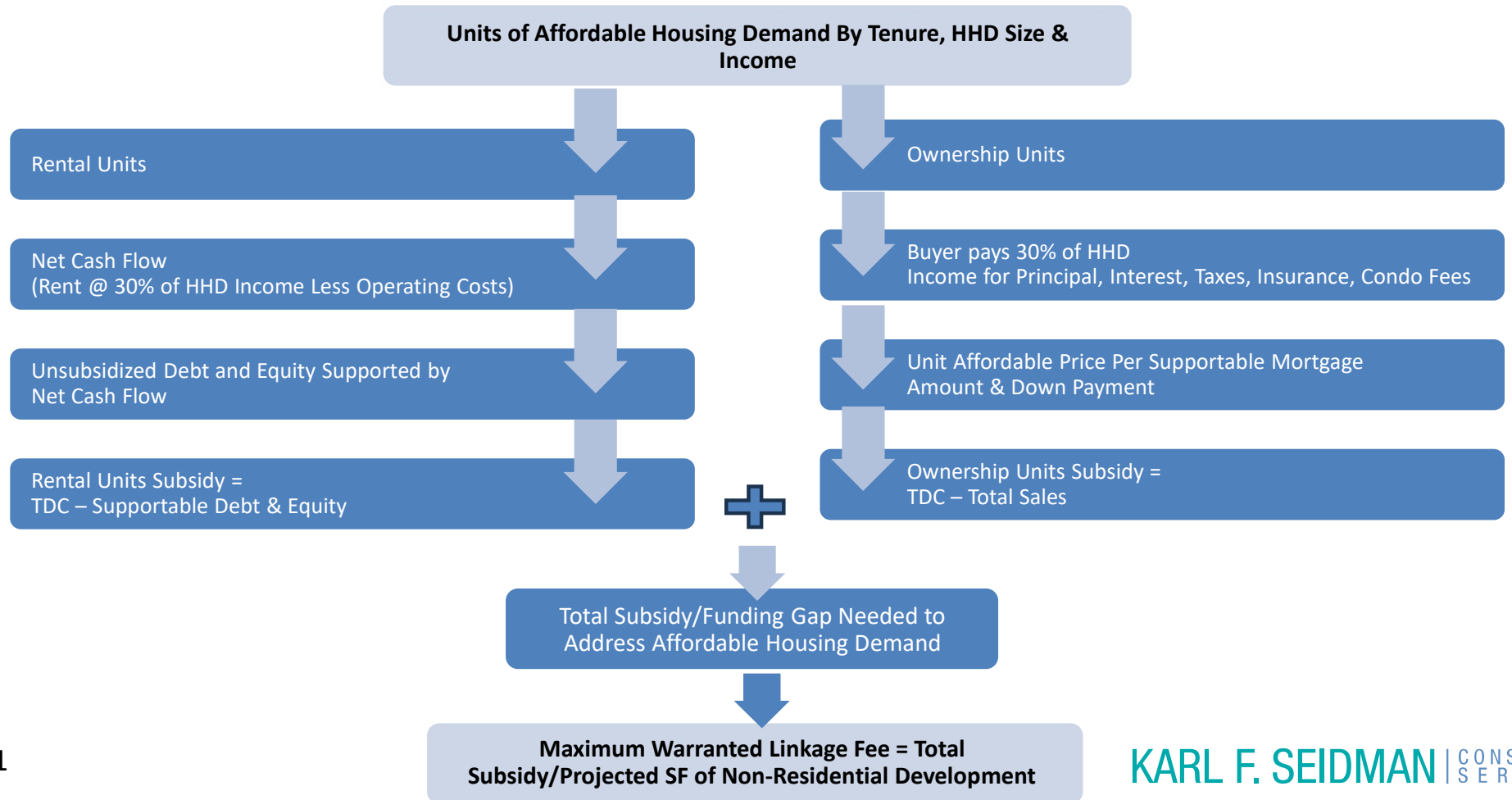
Source: Town of Lexington Restricted Rents, Sales Prices and Income Limits (2025)

# Estimated Housing Demand by Income and Household Size. All Industries

| Income Category     | 1 person<br>HHD | 2 Person<br>HHD | 3 Person<br>HHD | 4 or More<br>HHD | Total  | Percent by<br>Income |
|---------------------|-----------------|-----------------|-----------------|------------------|--------|----------------------|
| Very Low- Income    | 1               | 1               | 0               | 1                | 3      | 2.3%                 |
| Low-Income          | 7               | 4               | 7               | 6                | 24     | 18.3%                |
| Middle-Income       | 47              | 30              | 9               | 18               | 104    | 79.4%                |
| <b>Total</b>        | 55              | 35              | 16              | 25               | 131    | 100.0%               |
| % by Household Size | 42.0%           | 26.7%           | 12.2%           | 19.1%            | 100.0% |                      |

| Tenure                  | Very-Low Income | Low-Income | Middle Income |
|-------------------------|-----------------|------------|---------------|
| Percent Rental Units    | 100%            | 70%        | 50%           |
| Percent Ownership Units | 0%              | 30%        | 50%           |

# Methodology for Calculating Maximum Warranted Linkage Fee





# Subsidy Required per SF of Commercial Development

|   | Renter and<br>Ownership Units |
|---|-------------------------------|
| Units   | 131                           |
| Unit TDC  | \$652,855                     |
| TDC   | \$85,524,000                  |
| Subsidy Required  | \$44,766,000                  |
| <i>Percent Subsidy</i>  | 52.3%                         |
| Non-Residential SF  | 486,116                       |
| Max Fee   | \$92.09                       |
| Note: TDC = Total Development Costs.                              |                               |
| Source: Karl F. Seidman Consulting Services and ConsultEcon, Inc. |                               |

## Illustrative Linkage Fee Scenarios for the Town of Lexington

| Linkage Fee Scenarios -<br>Lexington Per Foot Share<br>of Subsidy | Scenario Fee | Lexington<br>Percentage<br>Share of TDC |
|---|--------------|---|
| 5%  | \$4.60       | 2.6%                                    |
| 10%   | \$9.21       | 5.2%                                    |
| 15%   | \$13.81      | 7.9%                                    |
| 25%   | \$23.02      | 13.1%                                   |
| 35%   | \$32.23      | 18.3%                                   |
| Note: TDC = Total Development Costs.                              |              |   |
| Source: Karl F. Seidman Consulting Services and ConsultEcon, Inc. |              |   |

# Potential Fee Impact on Rents

| Location   | Lab Asking Rent | Differential from Lexington |
|--|-----------------|-----------------------------|
| Lexington  | \$75            |                             |
| 128-MassPike   | \$75            | \$0.00                      |
| Inner Suburbs  | \$75            | \$0.00                      |
| West Cambridge   | \$88            | \$13.00                     |
| Boston-Seaport   | \$100           | \$25.00                     |
| East Cambridge   | \$110           | \$35.00                     |
| Boston-Fenway  | \$108           | \$33.00                     |
| Source: CBRE. LPC, CREDA Boston Metro Lab Reports 1Q25 |                 |                             |

| Linkage Fee Level                        | Potential Impact on Annual Per Square Foot Rent* | Percent of Lexington Lab Rent (\$75) |
|--|--|--------------------------------------|
| \$4.60 per square foot                   | \$0.46   | 0.6%                                 |
| \$9.21 per square foot                   | \$0.92   | 1.2%                                 |
| \$13.81 per square foot                  | \$1.38   | 1.8%                                 |
| \$23.02 per square foot                  | \$2.30   | 3.1%                                 |
| 92.09 per square foot                    | \$9.21   | 12.3%                                |
| *Fee cost amortized over a 10 year lease |  |                                      |

# Analysis of Impact on Developer and Equity Returns

## Developer Returns

- 150,000 SF project under 2 total PSF cost scenarios (\$1000 & \$1600)
- 10% vacancy and \$75/sf annual rent used to estimate net rental income
- Developer return on cost =  $\text{net rental income} / \text{total development costs (TDC)}$
- Fee increases TDC but not income, reducing developer return on cost

## Equity Investor Returns

- Same project cost scenarios with equity investment at 40% of TDC
  - Analysis for 17% and 20% equity return threshold
- Fee fully funded by investor, increasing the required equity investment
- Investor return amount does not change, lowering % return on investment

# Potential Fee Impact on Developer Returns

| Development at \$1600 PSF     | No Fee        | \$92.09 Fee   | \$4.60 Fee    | \$9.21 Fee    | \$13.81 fee   | \$23.02 Fee   |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Development Costs       | \$240,000,000 | \$253,813,500 | \$240,690,000 | \$241,381,500 | \$242,071,500 | \$243,453,000 |
| Estimated Gross Rental income | \$11,250,000  | \$11,250,000  | \$11,250,000  | \$11,250,000  | \$11,250,000  | \$11,250,000  |
| Vacancy (10%)                 | \$1,125,000   | \$1,125,000   | \$1,125,000   | \$1,125,000   | \$1,125,000   | \$1,125,000   |
| Net Rental Income             | \$10,125,000  | \$10,125,000  | \$10,125,000  | \$10,125,000  | \$10,125,000  | \$10,125,000  |
| Return on Cost                | 4.22%         | 3.99%         | 4.21%         | 4.19%         | 4.18%         | 4.16%         |
| Differential                  |               | -0.23%        | -0.01%        | -0.02%        | -0.04%        | -0.06%        |
| Development at \$1000 PSF     | No Fee        | \$92.09 Fee   | \$4.60 Fee    | \$9.21 Fee    | \$13.81 fee   | \$23.02 Fee   |
| Total Development Costs       | \$150,000,000 | \$163,813,500 | \$150,690,000 | \$151,381,500 | \$152,071,500 | \$153,453,000 |
| Estimated Gross Rental income | \$11,250,000  | \$11,250,000  | \$11,250,000  | \$11,250,000  | \$11,250,000  | \$11,250,000  |
| Vacancy (5%)                  | \$562,500     | \$562,500     | \$562,500     | \$562,500     | \$562,500     | \$562,500     |
| Net Rental Income             | \$10,687,500  | \$10,687,500  | \$10,687,500  | \$10,687,500  | \$10,687,500  | \$10,687,500  |
| Return on Cost                | 7.13%         | 6.52%         | 7.09%         | 7.06%         | 7.03%         | 6.96%         |
| Differential                  |               | -0.60%        | -0.03%        | -0.07%        | -0.10%        | -0.16%        |

Developer return on cost thresholds ranged from 7% to 12%

# Potential Fee Impact on Equity Investor Returns

| <b>\$1000 PSF Cost Project</b> | <b>No Fee</b> | <b>\$92.09 Fee</b> | <b>\$4.60 Fee</b> | <b>\$9.21 Fee</b> | <b>\$13.81 fee</b> | <b>\$23.02 Fee</b> |
|--------------------------------|---------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| Equity Investment              | \$60,000,000  | \$73,813,500       | \$60,690,000      | \$61,381,500      | \$62,071,500       | \$63,453,000       |
| Initial Equity Return @17%     | \$10,200,000  | \$10,200,000       | \$10,200,000      | \$10,200,000      | \$10,200,000       | \$10,200,000       |
| Adjusted Return with Fee       |               | 13.82%             | 16.81%            | 16.62%            | 16.43%             | 16.07%             |
| <b>Differential</b>            |               | <b>-3.18%</b>      | <b>-0.19%</b>     | <b>-0.38%</b>     | <b>-0.57%</b>      | <b>-0.93%</b>      |
| Initial Equity Return @ 20%    | \$12,000,000  | \$12,000,000       | \$12,000,000      | \$12,000,000      | \$12,000,000       | \$12,000,000       |
| Adjusted Return with Fee       |               | 16.26%             | 19.77%            | 19.55%            | 19.33%             | 18.91%             |
| <b>Differential</b>            |               | <b>-3.74%</b>      | <b>-0.23%</b>     | <b>-0.45%</b>     | <b>-0.67%</b>      | <b>-1.09%</b>      |
| <b>\$1600 PSF Cost Project</b> | <b>No Fee</b> | <b>\$92.09 Fee</b> | <b>\$4.60 Fee</b> | <b>\$9.21 Fee</b> | <b>\$13.81 fee</b> | <b>\$23.02 Fee</b> |
| Equity Investment              | \$96,000,000  | \$109,813,500      | \$96,690,000      | \$97,381,500      | \$98,071,500       | \$99,750,000       |
| Initial Equity Return @17%     | \$16,320,000  | \$16,320,000       | \$16,320,000      | \$16,320,000      | \$16,320,000       | \$16,320,000       |
| Adjusted Return with Fee       |               | 14.86%             | 16.88%            | 16.76%            | 16.64%             | 16.36%             |
| <b>Differential</b>            |               | <b>-2.14%</b>      | <b>-0.12%</b>     | <b>-0.24%</b>     | <b>-0.36%</b>      | <b>-0.64%</b>      |
| Initial Equity Return @ 20%    | \$19,200,000  | \$19,200,000       | \$19,200,000      | \$19,200,000      | \$19,200,000       | \$19,200,000       |
| Adjusted Return with Fee       |               | 17.48%             | 19.86%            | 19.72%            | 19.58%             | 19.25%             |
| <b>Differential</b>            |               | <b>-2.52%</b>      | <b>-0.14%</b>     | <b>-0.28%</b>     | <b>-0.42%</b>      | <b>-0.75%</b>      |

Equity estimated at 40% of TDS; Equity return threshold ranges from 17% to 20%

# Linkage Policies in Other Communities

| City       | Year Established | Exaction/Linkage Fee Rate (per SF)  | Project Size Threshold (SF)                       | Exemption (SF)                          |
|------------|------------------|---|---|---|
| Boston     | 1983             | Housing: \$26.00 for labs & \$19.33 fr other uses   | 50,000  | 50,000                                  |
|            | 1986             | Jobs: \$4.78 for labs and \$3.76  |   |   |
| Cambridge  | 1988             | Housing: \$36.36  | 30,000  | 30,000 for projects less than 60,000 SF |
| Everett    | 2021             | \$1,000 per dwelling unit; Non-residential: \$2.00 for first 30,000 SF; \$3.00 for 30,001-60,000 SF; \$4.00 above 60,000 SF | All residential projects 15,000 - non-residential |   |
| Somerville | 1990             | Housing: \$23.79; 50% of fee paid for project between 15,000 and 30,000 SF  | 15,000 for housing                                | 15,000 for housing                      |
|            | 2017             | Jobs: \$3.10; 50% of fee paid for project between 15,000 and 30,000 SF  | 15,000 for jobs                                   | 15,000 for jobs                         |
| Watertown  | 2023             | Housing: \$11.50  | 30,000  | 0                                       |

# Timing to Establish Fee Given Development Environment

- New non-residential development is unlikely in the next 5 years
- First wave of projects may already be approved and not subject to fee
  - Housing contribution unlikely to generate funding for some time
- Concern about adding to development costs during a difficult investment environment
- Should action on establishing a housing contribution be deferred?
  - Pro: wait until environment is better and new development likely
  - Con: Fee is already in place for when market conditions improve
    - Avoid risk that developers will seek approval early to avoid fee



# Linkage Policy/Administration Recommendations\*

- Project Size Threshold: 30,000 SF
- Exemption: no exemption
- Exempt Uses- none: given predominance of lab development
- Fee Variation by Use: no need given limited type of new development
- Fee Payment Timing: two payments at CoO and one year anniversary
- Rate Adjustment: Annual CPI or construction cost index adjustment; review/reset fee every 5 to 7 years

\* If/when Lexington proceeds to establish housing contribution fee

**Lexington Non-Residential Development Nexus Study**

**Final Report**

**to**

**Town of Lexington**

**Submitted by:**

Karl F. Seidman Consulting Services  
ConsultEcon, Inc.

**October 7, 2025**

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## Executive Summary

Lexington Town Meeting adopted Article 36 of Annual Town Meeting 2021, to Authorize Special Legislation-Development Surcharge for Affordable Housing. On December 30, 2024, the state legislature enacted the Town's petition to impose a surcharge on commercial development activities over 30,000 square feet for the purpose of funding community housing, pursuant to the 2021 Annual Town Meeting vote. A report, or "nexus study" is required of the Town within 12 months in order to set a surcharge fee.

The Town of Lexington commissioned this study to assess the impact of future non-residential development on affordable housing demand and the potential for a housing contribution fee<sup>1</sup> to be paid by development projects to mitigate the cost to develop this housing. This report provides a nexus study to assist Lexington in deciding whether to establish a housing contribution fee and, if established, the appropriate fee level and policies. The report quantifies the impact of future non-residential development on the demand for affordable very low-income, low-income, and middle-income housing in Lexington. It then analyzes the proportionate housing contribution to mitigate these impacts. The report considers the impact of different fee levels on future non-residential development and Lexington's competitiveness in attracting such development. Finally, it reviews linkage fees in other Massachusetts communities, discusses fee policy options and recommends fee options and policies for implementation of a new linkage fee.

**Housing Demand.** Based on projected new non-residential development of 486,000 square feet (SF) over the next ten years, all of which is expected to be lab/office space for life science firms, 982 new jobs are estimated to be generated in Lexington. Information on the occupations and earnings of these new employees, in combination with data on the distribution of households by size and number of workers and survey results on the share of employees who moved to or sought housing in Lexington when they obtained a job in Lexington, was used to estimate the demand for new affordable housing units from the projected new development and employment. This analysis projected the need for 131 new affordable housing units to address this demand, including 3 very low-income units, 24 low-income units and 104 middle-income units<sup>2</sup>.

**Development Costs and Needed Subsidy.** A separate analysis of the development costs and needed subsidy for rental and homeownership units was conducted based on 60 ownership units and 71 rental units<sup>3</sup>. Development costs were estimated based on the costs for recent comparable affordable housing developments built in Lexington and other Boston area communities. For rental projects, the needed subsidy was calculated as the difference between total development costs and the amount of debt and equity that could be supported by the housing cash flow using affordable rents at 30% of household income and comparable operating costs. For ownership projects, the needed subsidy was calculated as the difference between total development costs and the

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<sup>1</sup> Housing contribution is used in this report and is often referred to as an affordable housing linkage fee in other communities.

<sup>2</sup> For this study, a very low-income unit is for a household with income at or less than 50% of the Boston area median income (AMI) [as calculated by the U.S. Department of Housing and Urban Development](#), a low-income unit is for a household between 50% and 80% of Boston AMI and a middle-income unit is for a household between 80% and 120% of Boston AMI.

<sup>3</sup> This mix is based on all the low-income units developed as rental units, 70% of moderate-income units built as rental and 30% as ownership, and 50% of the middle-income units built as rental and 50% as ownership.

affordable purchase price based on home mortgage payments, insurance and property taxes at 30% of household income and a 5% down payment. The results of this analysis are:

- Total development costs of \$85.5 million; and
- Total needed subsidy of \$44.8 million with \$2 million for the very low-income units, \$11 million for the low-income units and \$31.8 million for the middle-income units.

The housing contribution needed to provide the full \$44.8 million in subsidy is \$92.09 per square foot on new non-residential development. However, very low-income and low-income housing development leverages public subsidies from federal and state sources in addition to those provided by local government. The local funding share to produce affordable rental housing in other communities varies from 6% in Somerville to 39% for rental projects in Cambridge. On average, local funds have represented 11% of the total project costs for rental projects in the Massachusetts Housing Partnership (MHP) portfolio built from FY2016 to FY2020. Middle-income ownership units do not qualify for these subsidies so Lexington would have to cover the full subsidy for these units.

**Impact on Competitiveness.** An important consideration for Lexington in establishing a housing contribution is its potential impact on attracting new non-residential development and tenants. A new housing contribution will increase development costs, which can impact project economics in several ways depending on a variety of factors. Consequently, housing contribution options were analyzed for their potential impact on tenant rents, developer returns and equity investor returns. Housing contribution rates between \$4.60 and \$9.21 PSF had a modest impact on developer and investor returns, reducing developer returns by no more than 7 basis points<sup>4</sup> and lowering the return on investment for equity investors by 45 basis points or less.

**Recommendations.** Given current market conditions and the difficult development environment, Lexington is unlikely to see new non-residential development and revenue from a new housing contribution for some time. Consequently, it should consider deferring implementation of a housing contribution, either by approving the fee and deferring its application or taking no action and reconsidering establishing a fee when market conditions improve. If and when Lexington established a housing contribution, a rate between \$4.50 and \$9.50 is recommended, which is unlikely to deter new non-residential development. Other policy and administrative recommendations for a housing contribution are:

- Set the project size threshold at 30,000 SF;
- Apply the housing contribution to all non-residential uses without an exemption;
- Establish a uniform fee across uses and for all areas within Lexington;
- Require payment of the one-time fee collected in two installments with the first (50%) payment at the time of the certificate of occupancy and the balance paid at its one-year anniversary;
- Adjust the fee annually based on either the Boston CPI or a construction cost index; and

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<sup>4</sup> A basis point is one-hundredth of a percentage point (.01%).

- Review and reset the fee every 5 to 7 years based on changes in market conditions and the expected level and type of non-residential development.

## Glossary

The following are definitions of terms used in the report.

**Availability rate (real estate)** – the percentage of spaces in buildings of a particular type (e.g., industrial, lab, office) that is available for lease either as vacant space or offered for sub-lease by a tenant that is no longer using it.

**Basis point** – 1/100<sup>th</sup> of a percentage point (.01%)

**Debt coverage ratio (DCR)** – the ratio of a property’s annual net income or cash flow to its annual debt principal and interest payments

**Developer return** – the annual financial receipts that a developer receives from a property expressed as a percentage of their investment in the property.

**Exemption** – the amount of space in a development project that is not subject to the housing contribution

**Gross annual rent** – total annual rent revenue that a housing project generates for leasing all its dwelling units before deductions for vacant units and annual operating costs

**Gross square footage** – the total building space in a project measured in square feet

**Inventory (real estate)** – the total amount of developed building space of a particular type (e.g. industrial, lab, office, etc.) in a specific geographic area.

**Investor return** – the annual financial receipts that an equity (i.e., non-lender) investor receives from a property expressed as a percentage of their investment in the property.

**Housing contribution or linkage fee** – an impact fee charged by a local government on certain developments to raise funds to offset the impacts of that development. For this study, the impacts are the demand for affordable housing due to new non-residential development.

**Housing contribution or linkage fee rate** – the dollar amount of a housing contribution charged per square foot of non-residential space.

**Very low-income household** – a household with annual income less than or equal to 50% of the Boston metropolitan area median household income.

**Low income household** – a household with annual income more than 50% and less than or equal to 80% of the Boston metropolitan area median household income.

**Middle income household** – a household with annual income more than 80% and less than or equal to 120% of the Boston metropolitan area median household income.

**Mortgage constant** – a figure used to determine annual debt service payments for a mortgage based on the amount financial terms of a mortgage loan.

**Net absorption (real estate)** – the net increase in the amount of leased space for a particular property type (e.g. industrial, lab, office, etc.) during a specific period, typically a quarter or year. It equals the total amount of newly leased space less the amount of space that has become newly vacant during the period.

**Net operating income** – the income that a property generates after subtracting lost income from vacancies and operating expenses but before any debt service costs.

**Project size threshold** – the minimum size of a development project that is subject to payment of a linkage fee.

**Return on cost** – an annual financial return measure that developers use to assess project feasibility that is the ratio of a project’s net income to its total development costs.

**Return on equity** – the annual financial receipts that an investor providing equity capital (i.e., non-debt capital provided in exchange for a share of ownership) to a project receives from the property expressed as a percentage of their equity investment in the property.

**Total development costs** – the total costs to develop a project, inclusive of land acquisition, site and building construction and non-construction soft costs (e.g., legal, design, government fees, and borrowing/interest costs during the development period).



## **Introduction**

Lexington Town Meeting adopted Article 36 of Annual Town Meeting 2021, to Authorize Special Legislation-Development Surcharge for Affordable Housing. On December 30, 2024, the state legislature enacted the Town's petition to impose a surcharge on commercial development activities over 30,000 square feet for the purpose of funding community housing, pursuant to the 2021 Annual Town Meeting vote. A report, or "nexus study" is required of the Town within 12 months in order to set a surcharge fee.

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## I. Lexington Development Potential and Future Development

Lexington is a suburban community that has attracted significant office and lab development due to its good highway access to I-95 and Route 2 and the presence of Hanscom Airforce Base and MIT's Lincoln Lab research center. Lexington's non-residential development is concentrated in three areas: (1) the Hayden Avenue corridor which runs parallel to Route 2 near its intersection with I-95; (2) the Hartwell Avenue area near Lincoln Lab and the I-95/Route 225 intersection; and (3) Lexington Center. Most recent and larger scale development has occurred in the Hayden and Hartwell Avenue areas while Lexington Center is the Town's "Main Street" commercial center with retail, restaurant and service businesses in smaller and older mixed-use buildings.

Ten non-residential projects with at least 30,000 square feet (SF) were completed from 2015 to mid-2025 with a combined size of 2.1 million SF<sup>5</sup>. All ten projects are listed in **Table 1-1** with development by use summarized in **Table 1-2**. Over the past decade, new non-residential development was concentrated in two uses: assisted living facilities (39%) and lab or lab/office buildings for life science firms (60.7%).

**Table 1-1. Lexington Completed Non-residential Development Projects, 2013-2023**

| Address                | Project Square Feet | Date Completed | Description                            |
|------------------------|---------------------|----------------|--|
| 10 Maguire Road        | 292,142             | 5/14/2024      | Biotech/Lab                            |
| 4 Maguire Road         | 50,544              | 1/11/2022      | KSQ Therapeutics, Inc.                 |
| 1050 Waltham Street    | 157,000             | 9/13/2023      | Lab/Life Science                       |
| 53-55 Watertown Street | 331,200             | 10/20/2022     | Residential/Healthcare/Assisted Living |
| 440 Bedford Street     | 336,000             | 5/12/2025      | Lab                                    |
| 1010 Waltham Street    | 455,895             | 4/6/2022       | Residential/Healthcare/Assisted Living |
| 400 Shire Way          | 215,166             | 6/6/2022       | Biotech/Lab                            |
| 300 Shire Way          | 38,000              | 9/7/2021       | Pharmaceutical                         |
| 75 Hayden Avenue       | 215,000             | 11/2/2020      | Biotech/Lab                            |
| 56 Watertown Street    | 45,000              | 4/25/2022      | Residential/Healthcare/Assisted Living |
| Total                  | 2,135,947           |                |  |

Source: Lexington Land Use, Housing & Development Department

**Table 1-2. Lexington New Non-residential Development, 2015 -2025 by Use**

| Use             | Size in Square Feet | Square Feet Percentage |
|-----------------|---------------------|------------------------|
| Lab             | 366,500             | 17.2%                  |
| Lab/office      | 929,852             | 43.5%                  |
| Assisted Living | 832,095             | 39.0%                  |
| Retail          | 7,500               | 0.4%                   |
| Total           | 2,135,947           | 100%                   |

Source: Lexington Land Use, Housing & Development Department

<sup>5</sup> For this study, projects were included in the development pipeline if they were at least 30,000 SF in size and were either: (1) new construction; (2) renovation of a property for a new non-residential use; or (3) an addition to an existing building.

Lexington has a pipeline of three non-residential projects over 30,000 SF that have been approved for development. These projects, listed in **Table 1-3**, are all lab/office buildings intended for the life science industry, with one project including ground floor retail space.

**Table 1-3. Lexington Pipeline of Non-residential Development Projects Over 30,000 SF  
June 2025**

| Address  | Use               | Square Feet | Status                            |
|--|-------------------|-------------|-----------------------------------|
| 12-18 Hartwell Ave                               | Lab/Office/Retail | 280,800     | SPR Approved/<br>Pre-construction |
| 95/99 Hayden Ave                                 | Lab/Office        | 757,262     | SPR Approved/<br>Pre-construction |
| 1-3-5 Hartwell Place<br>(previously 91 Hartwell) | Lab/Office        | 93,250      | SPR Approved/<br>Pre-construction |
| Total  |                   | 1,131,312   |                                   |

Source: Lexington Land Use, Housing & Development Department

## Regional Real Estate Market Conditions

New development in Lexington over the next decade, and the resulting employment and demand for affordable housing, will depend on market demand and absorption of new real estate space by employers in the Greater Boston region and Lexington's success in attracting this business growth. This section reviews market conditions in the regional office, lab and industrial real estate markets and their implications for Lexington's future non-residential development outlook.

### Office and Lab Markets

Market conditions have changed significantly in recent years with the pandemic's impact on work from home and the slowdown in the regional life science cluster. Rapid growth in the life science cluster from 2020 to 2022 was a major driver of new non-residential development in the region, leading to a 16.4 million SF increase in the region's supply of new lab space from 2023 through the first quarter of 2025<sup>6</sup>. This scale of new lab development outpaced demand, as life science industry growth has slowed with reduced venture capital investment and fewer firms raising capital through initial public offerings of stock<sup>7</sup>. These trends have reduced the demand for office and lab space and increased the availability of vacant space and sub-leased space. Changes in federal policy and medical research funding risk further reductions in the demand for lab space. These conditions will likely slow new development activity over the next several years, including in Lexington.

The regional office market has been especially hard hit, resulting in historic levels of available space and negative absorption<sup>8</sup>. Over 44.8 million SF was available for lease (23.6%) as of March, 2025. Net absorption of space was negative 1.8 million SF during 2024 and negative 444,000 SF in the first quarter of 2025, meaning there was a net reduction in occupied space by 2.24 million SF over this 15-month period. This followed negative absorption of almost 6.4 million SF for

<sup>6</sup> Colliers. *Greater Boston Life Science Report, 2022, Q4 and 2025, Q1*.

<sup>7</sup> CBRE, *The Life Science Market Reset: Boston Metro Lab Report, Q3, 2023*.

<sup>8</sup> Data in this paragraph is from Colliers Office Market Viewpoint, 2025 Quarter 3.

2023. The suburbs had a 23.6% availability rate (25.2 million SF) in 2025 Quarter 1 (Q1), the highest in 20 years and accounted for most of the negative absorption in 2024 and 2025 Q1. The 128-MassPike market area, which includes Lexington, fared better with 158,000 positive net absorption in 2025 Q1 following positive absorption of 86,000 SF in 2024. However, overall available space for lease was still very high at 5.3 million SF, or 26.3%.

Lexington's supply of office space declined during the past decade and trended toward negative net absorption in recent years. For-lease office space in Lexington declined by 419,000 SF since 2015 to 2.27 million SF at year end 2024 (see **Table1- 4**), according to data from the real estate firm Colliers. Overall vacant/available space in 2024 was 228,815 SF, or 14.3%, well below the rates for the Boston Suburbs and the 128/MassPike market area. However, the on-line commercial real estate site LoopNet lists a larger level of available space (308,000 SF) in 15 buildings. Net annual absorption of office space in Lexington over the past ten years varied considerably with positive absorption in four years and negative absorption in six years, including the last five.

**Table 1-4. Lexington Office Space Supply, Availability and Net Absorption, 2015 to 2024**

| Year    | Supply    | Occupied SF | Available SF | Available Rate | Net Annual Absorption |
|---------|-----------|-------------|--------------|----------------|-----------------------|
| 2015    | 2,688,934 | 2,146,374   | 509,687      | 20.2%          | 416,168               |
| 2016    | 2,730,034 | 2,216,870   | 505,503      | 18.8%          | 70,496                |
| 2017    | 2,566,156 | 2,062,800   | 428,729      | 19.6%          | -154,070              |
| 2018    | 2,566,156 | 2,084,815   | 423,465      | 18.8%          | 22,015                |
| 2019    | 2,384,160 | 2,151,850   | 201,272      | 9.7%           | 67,035                |
| 2020    | 2,339,160 | 2,144,865   | 153,644      | 8.3%           | -6,985                |
| 2021    | 2,278,928 | 2,090,164   | 124,792      | 8.3%           | -54,701               |
| 2022    | 2,278,928 | 2,058,549   | 142,109      | 9.7%           | -31,615               |
| 2023    | 2,269,928 | 2,043,973   | 142,280      | 10.0%          | -14,576               |
| 2024    | 2,269,928 | 1,945,248   | 228,815      | 14.3%          | -98,725               |
| Average | 2,437,231 | 2,094,551   | 286,030      | 13.8%          | 21,504                |

Source: Colliers

New multi-tenant leased general office development is unlikely in Lexington over the next decade given recent trends in demand and the large amount of available space in Lexington and the 128-MassPike market area. The absence of any new development of non-life science office projects during the past decade also indicates that Lexington is not attracting such development.

Lab market conditions have weakened considerably since 2022 with a large increase in supply, high space availability rates and reduced absorption. **Table 1-5** presents the supply and availability rates for lab space in Boston, Cambridge and the region's suburbs and the Route 128/MassPike market area while **Table 1-6** shows net annual absorption of lab space during this same period. The Boston region's inventory of lab space grew by 26.5 million SF, or 88%, from year end 2019 to the end of 2024. Lab space in the 128/MassPike market area grew at a faster rate (134%) adding over 2.6 million SF. Boston and Cambridge outpaced this growth, both adding over 5 million SF between 2019 and 2024, with Boston reaching a rate of 32.4% of its lab space unoccupied and available for lease.

**Table 1-5. Lab Market Supply, Boston Region, Boston, Cambridge, and Rt 128/MassPike Market Area, 2019 to 2024**

| Year | Total Inventory (SF) | Total Availability Rate | Boston Inventory (SF) | Boston Availability Rate | Cambridge Inventory (SF) | Cambridge Availability Rate | Rte 128/Mass pike Inventory (SF) | Rte 128/Mass pike Availability Rate |
|------|----------------------|-------------------------|-----------------------|--------------------------|--------------------------|-----------------------------|----------------------------------|-------------------------------------|
| 2019 | 30,190,652           | 7.1%                    | 5,430,355             | 4.8%                     | 12,740,504               | 2.4%                        | 1,979,298                        | 24.5%                               |
| 2020 | 31,095,177           | 5.9%                    | 5,617,522             | 8.3%                     | 12,773,504               | 1.6%                        | 2,055,283                        | 9.7%                                |
| 2021 | 32,204,367           | 0.9%                    | 5,842,522             | 0.3%                     | 12,887,249               | 0.0%                        | 2,265,782                        | 1.3%                                |
| 2022 | 40,401,282           | 8.0%                    | 7,378,444             | 3.8%                     | 13,942,410               | 7.5%                        | 3,327,729                        | 6.3%                                |
| 2023 | 50,421,981           | 16.9%                   | 9,535,251             | 19.0%                    | 15,995,263               | 13.6%                       | 4,658,682                        | 21.8%                               |
| 2024 | 56,661,979           | 26.90%                  | 11,188,182            | 32.40%                   | 17,926,036               | 21.60%                      | 4,631,962                        | 25.30%                              |

Source: Colliers Lab Market Viewpoint, 2019 to 2024, Q4

Through 2021, lab demand absorbed all the new space, resulting in almost no available space for lease in Boston, Cambridge, and the 128/MassPike market area. Annual net absorption of lab space increased almost fourfold from 611,000 SF in 2019 to over 2.3 million SF in 2021. Extremely high rents and limited space availability in Cambridge and Boston generated increased demand for suburban lab space with the suburbs accounting for 73% of net absorption in 2022 and 57% in 2023. However, the growth in the supply of new lab space in the past three years far outpaced demand, resulting in the current high availability rates across the region. Furthermore, net absorption of lab space turned negative in 2024 to negative 312,000 SF across the region with the 128/MassPike area accounting for almost half of this amount at negative 157,000 SF.

**Table 1-6. Net Absorption of Lab Space, Boston, Cambridge and Suburbs, 2019 to 2024**

| Year             | Total     | Boston    | Cambridge | Suburbs   | Rte 128/Mass pike |
|------------------|-----------|-----------|-----------|-----------|-------------------|
| 2019             | 610,972   | 178,433   | 222,184   | 210,355   | 31,098            |
| 2020             | 1,242,691 | 98,762    | 384,183   | 759,746   | 361,486           |
| 2021             | 2,037,676 | 609,966   | 316,011   | 1,111,699 | 350,621           |
| 2022             | 2,326,141 | 773,140   | -136,427  | 1,689,428 | 647,222           |
| 2023             | 3,906,345 | 616,082   | 1,087,620 | 2,202,643 | 41,685            |
| 2024             | -311,792  | -38,911   | 223,094   | -495,975  | -156,895          |
| Total            | 9,812,033 | 2,237,472 | 2,096,665 | 5,477,896 | 1,275,217         |
| Average, 6 years | 1,635,339 | 372,912   | 349,444   | 912,983   | 212,536           |

Source: Colliers Lab Market Viewpoint

As evident from development activity, Lexington's supply and absorption of space for life science firms increased over the past decade. Colliers reports an inventory of 2.78 million SF of lab and Good Manufacturing Practice (GMP) manufacturing space in 2024, an 1.2 million increase since 2015. Annual net absorption averaged positive 67,000 SF over the decade, and was positive for eight years, with an average of 115,000 SF. Lexington established itself as a desirable life science industry location before the post-pandemic boom in lab space demand during 2017 to 2020, when its net annual absorption of lab space averaged 187,000 SF.

However, Lexington has a large oversupply of vacant lab space found elsewhere in the region. Almost one-quarter (22.9%) of lab space was vacant at year end 2024, totaling 638,000 SF. One property, Tramell Crow’s lab building at 440 Bedford Street, accounts for 53% of the vacant space.

**Table 1-7. Lexington Lab Space Supply, Availability and Net Absorption, 2015 to 2024**

| Year    | Supply    | Occupied SF | Available SF | Available Rate | Net Annual Absorption |
|---------|-----------|-------------|--------------|----------------|-----------------------|
| 2015    | 1,608,159 | 1,458,801   | 84,209       | 9.3%           | 35,486                |
| 2016    | 1,608,159 | 1,361,149   | 247,010      | 15.4%          | -97,652               |
| 2017    | 1,833,038 | 1,617,751   | 196,428      | 11.7%          | 256,602               |
| 2018    | 1,833,038 | 1,695,849   | 107,813      | 7.5%           | 78,098                |
| 2019    | 2,015,034 | 1,818,344   | 167,314      | 9.8%           | 122,495               |
| 2020    | 2,228,924 | 2,108,314   | 120,610      | 5.4%           | 289,970               |
| 2021    | 2,234,510 | 2,162,010   | 13,500       | 3.2%           | 53,696                |
| 2022    | 2,288,924 | 2,015,840   | 160,000      | 11.9%          | -146,170              |
| 2023    | 2,471,624 | 2,076,599   | 186,352      | 16.0%          | 60,759                |
| 2024    | 2,781,819 | 2,096,652   | 488,200      | 24.6%          | 20,053                |
| Average | 2,090,323 | 1,841,131   | 177,144      | 11.5%          | 67,334                |

Source: Colliers

The imbalance between supply and demand in the lab market will defer the development of new lab projects for several years or longer, regionally and in Lexington. New suburban lab development<sup>9</sup> is unlikely to occur until most of the available space is absorbed and occupied, which will take at least 5 years. Based on the region’s average net annual absorption from 2019 to 2024, the 16.3 million SF of available lab space in the Greater Boston region will take seven to eight years to absorb. For the 128/Mass pike market area, five to six years is needed to absorb the 1.6 million SF of available lab space, based on the market area’s average net annual absorption from 2019 to 2025. Consequently, Lexington is unlikely to see new lab development within the next 4 to 5 years.

## Regional Industrial Market

In contrast to the office and lab market, the region’s industrial real estate market is healthy with balanced supply and demand. The region’s availability rate was 11.8% in the 1<sup>st</sup> quarter of 2025, below historical averages, with the rate for the 128-MassPike market area lower at 8.9%. Regional annual net absorption of industrial space peaked at 4.7 million SF in 2021 and slowed to 3.6 million SF in 2024. Very large build to suit projects dominate recent development (e.g., large distribution centers for Home Depot and UPS). Demand for small flex space, needed by smaller manufacturing firms, is growing but there is less new construction being built to serve this market<sup>10</sup>.

Lexington does not have an active industrial space market and is unlikely to see new industrial development over the next decade. According to Colliers, Lexington has 202,500 SF of for-lease

<sup>9</sup> New projects may occur in Cambridge and Boston for buildings that can be substantially pre-leased, likely by large pharmaceutical firms.

<sup>10</sup> Colliers Industrial Market Viewpoint, 2024, Q4.

industrial space with no change in its supply since 2015. While 69,000 SF became available in 2022 and is still on the market, Lexington had no available industrial space for lease (and thus no absorption) in 7 of the last 10 years.

## Future Development and Employment Projection

With an established Lexington life science cluster, recent development focused on life science projects, and several new lab projects permitted for development, Lexington's non-residential development over the next decade is expected to continue be lab/office projects for life science firms. However, given current market conditions, this new development is not likely to occur until the later years of the decade.

Based on Lexington's existing development pipeline, real estate market conditions and interviews with developers, property owners and brokers, 486,116 SF of new non-residential development in four projects over 30,000 SF is projected to be built over the next ten years (see **Table 1-8**). These projects include three lab/office buildings for the life sciences industry and an "Lincubator" project at Lincoln Lab<sup>11</sup> to foster new enterprises seeking to commercialize innovative research and inventions at the labs:

- Phase 1 and Phase 2 buildings at 95/99 Hayden Avenue that are already approved for development with combined SF of 352,866 SF;
- the permitted 93,250 lab/office building at 1-3-5 Hartwell Place; and
- the Lincubator project, projected at 40,000 SF.

**Table 1-8. Projected Non-residential Development by Use, 2025-2034<sup>12</sup>**

| Projected Project         | Use                   | Estimated SF | Occupied SF (90%) |
|---------------------------|-----------------------|--------------|-------------------|
| 95/99 Hayden - phase 1    | Lab/office            | 159,634      | 143,671           |
| 95/99 Hayden - phase 2    | Lab/office            | 193,232      | 173,909           |
| 1-3-5 Hartwell Place      | Lab/office            | 93,250       | 83,925            |
| Lincoln Labs "Lincubator" | Maker/incubator space | 40,000       | 36,000            |
| Total                     |                       | 486,116      | 437,505           |

Source: Karl F. Seidman Consulting Services

All the projected development projects are expected to serve firms undertaking research and development. To determine the expected number of jobs from this new development, the typical square feet per employee for this was applied to the projected SF of development. The life science lab/office projects are assumed to have one employee per 450 SF<sup>13</sup> with 400 SF used for the Lincubator project, as it will likely require less extensive lab space and thus a higher employee

<sup>11</sup> This project is included based on a June interview with Lincoln Lab on their development plans. The timing and ultimate implementation of this project may change based on available funding, including federal research priorities.

<sup>12</sup> Projects included in this list are based on estimated absorption of 440,000 to 450,000 SF of new lab space and the likelihood that smaller scale developments will be more viable given the market and financing environment. For these reasons the 12-18 Hartwell Avenue development at 280,800 SF is not included.

<sup>13</sup> This figure is based on data from transportation planning surveys.

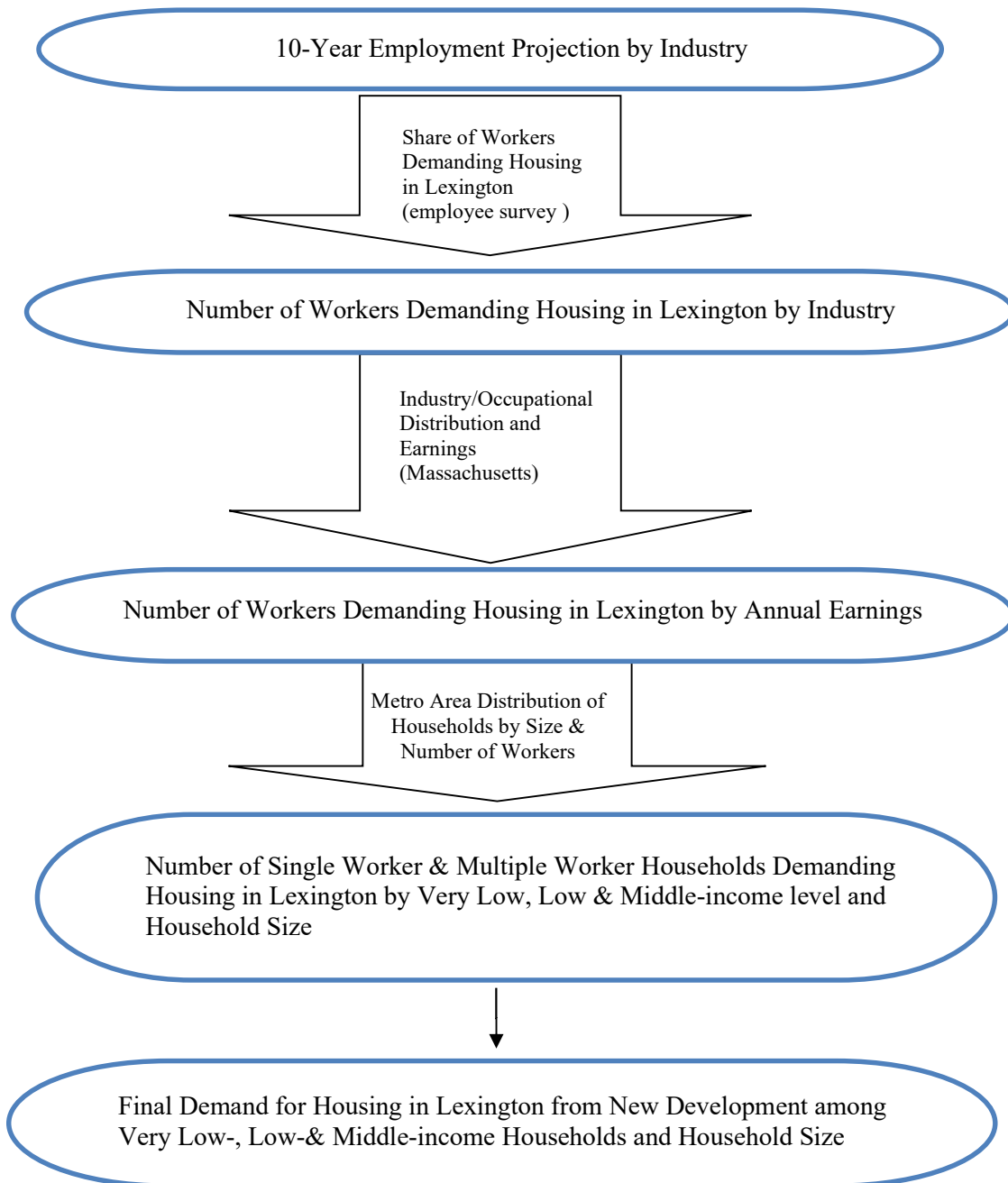
density. Applying these ratios results in an estimated total employment impact from the new development of 982 jobs, with 892 jobs from the three lab/office projects and 90 jobs at the Lincoln Lab Lincubator.



## II. Impact of Large-Scale Development on Affordable Housing Demand

Using the 10-year development scenario and employment projections summarized in Table 9, this section forecasts the demand for affordable housing in Lexington that will result from this development. Since this analysis utilizes several data sources and assumptions to prepare the forecast, a full explanation of the methodology used is provided along with the results. **Figure 2-1** provides an overview of the analytical steps and data sources for the housing demand projections.

**Figure 2-1. Methodology and Data Sources for Housing Demand Analysis**



Since demand for affordable housing is tied to household income, the distribution of new jobs by occupation and earnings was estimated. The number of new jobs in 15 occupational categories was calculated using Bureau of Labor Statistics 2024 data on the occupational distribution of jobs in Massachusetts' Biological & Physical Sciences Research and Development industry.<sup>14</sup> Earnings for these occupations were based on Massachusetts' 2024 median annual earnings for the respective occupation in this industry adjusted for inflation by the Boston region Consumer Price Index to estimate earnings as of May 2025—corresponding to the year of income figures used to define the annual levels for very low, low and middle-income households. These calculations yielded the projected number of jobs at different annual earning levels by occupation and industry.

Since new employees will live in a variety of communities, it is necessary to determine the share that are expected to demand housing in Lexington. The percentage of new employees who will demand housing within the Town was estimated from a survey of employees in large commercial and lab buildings conducted from June through late July 2025. This survey measured demand by asking employees whether, because of obtaining a job in Lexington, they either moved to the town or sought housing in Lexington but did not move there due to housing costs. Based on the survey results<sup>15</sup>, the percentage of new employees who are expected to demand housing in Lexington is 30 percent. This percentage was multiplied by the gross number of new jobs (983) to estimate the number of new workers who will demand housing in Lexington which equals 295. The occupations and earnings for these 295 workers were then estimated using data from the Bureau of Labor Statistics. Due to the rounding of calculation for each occupation, the estimate for the number of workers demanding housing increased slightly to 297. **Table 2-1** shows the distribution of these projected 297 new workers by occupation and earnings.

**Table 2-1. Estimated Occupations and Earnings for Workers in New Developments Demanding Housing in Lexington**

| <b>Occupations by Major Group</b>    | <b>MA Median Wage for Bio/Phy Science R &amp; D Industry, May 2025</b> | <b>Jobs in New Development</b> | <b>Number Demanding Housing in Lexington</b> |
|--------------------------------------|--|--------------------------------|--|
| Management                           | \$229,540  | 226                            | 68   |
| Business & Finance Operations        | \$132,434  | 98                             | 30   |
| Computer & Mathematics               | \$136,039  | 98                             | 30   |
| Architecture & Engineering           | \$132,764  | 108                            | 32   |
| Life, Physical & Social Science      | \$106,675  | 295                            | 89   |
| Legal                                | \$134,368  | 10                             | 3  |
| Art. Design, Media                   | \$104,028  | 10                             | 3  |
| Health Care Practitioner & Technical | \$102,153  | 29                             | 9  |
| Health Care Support                  | \$60,357   | 10                             | 3  |
| Protective Services                  | \$48,162   | 10                             | 3  |
| Buildings & Grounds                  | \$53,734   | 0                              | 0  |
| Sales & Related                      | \$132,537  | 10                             | 3  |
| Office & Administrative              | \$77,166   | 49                             | 15   |
| Installation, Maintenance & Repair   | \$101,762  | 10                             | 3  |
| Production                           | \$83,088   | 20                             | 6  |
| <b>Total</b>                         |  | <b>983</b>                     | <b>297</b>                                   |

Source: BLS Occupational Employment and Wage Statistics and Karl F. Seidman Consulting Services

<sup>14</sup> North American Industry Classification Code (NAICS) 541710

<sup>15</sup> Summary data from this survey is provided in Appendix A.

The next step to project demand for affordable housing units among the 297 employees who are expected to seek housing in Lexington requires estimating the distribution of households for these workers by both the number of wage-earners and size. Since the employees in Lexington’s new developments will be drawn primarily from the greater Boston area, data for the distribution of households by number of earners and household size in the Boston metropolitan area were used to estimate the type of households for these employees<sup>16</sup>. Workers in each occupation expected to demand housing in Lexington were first divided into one-, two-, three- and four-or-more-person households based on the metro area distribution<sup>17</sup>. Then each household size group was divided into one-, two- and three-worker households, using the American Community Survey metro area percentages (see **Table 2-2**).

**Table 2-2. Household Size by Number of Wage-Earners,  
Boston-Cambridge-Nashua MA-NH NECTA**

| Number of Workers                | One Worker | Two Workers | Three Workers | Total  |
|----------------------------------|------------|-------------|---------------|--------|
| One-person households            | 100.0%     | 0.0%        | 0.0%          | 100.0% |
| Two-person households            | 39.8%      | 60.2%       | 0.0%          | 100.0% |
| Three-person households          | 30.0%      | 48.7%       | 21.3%         | 100.0% |
| Four-person or larger households | 22.5%      | 48.1%       | 29.4%         | 100.0% |

Source: US Census 2019-2023 Five-Year American Community Survey

For single-earner households, the median wage for the occupation was used to estimate their household income and determine if they fell below the very low-income, low-income, or middle-income thresholds for their respective household size. Among the single earner households who are expected to demand Lexington housing, three are estimated to be very low-income (less than 50% of area median income), 24 are projected to be low-income (between 50% and 80% of area median income) and 82 are estimated as middle-income (80% to 120% of area median income) for a total demand of 109 affordable housing units. Projecting affordable housing demand among multiple-earner households required estimating the earnings for the additional wage earners. To simplify this analysis, it was assumed that the second or third worker’s earnings equaled the median annual wage for all workers in the Metro Southwest Workforce Area, which was \$67,645 adjusted for inflation to May 2025. This resulted in an additional 22 dual worker households from new development that will demand housing in Lexington, all in the middle-income category. All three-worker households exceed the maximum income for the very low- income, low-income and middle-income ranges.

Across all household sizes and income groups, the total number of affordable housing units needed to meet the demand generated by new lab, office, institutional and retail development is 131 units. **Table 2-3** summarizes the total projected demand for new housing by household size and among very-low income, low-income, and middle-income households.

<sup>16</sup> This data was from the 2021 five-year American Community Survey for the Boston-Cambridge-Newton MA-NH Metropolitan Area.

<sup>17</sup> From the 2021 five-year ACS, the ratios are: 27.6% one-person, 33.1% two-person 16.6% three-person and 22.7% four or more.

**Table 2-3. Estimated Affordable Housing Demand in Lexington from New Large Non-Residential Developments by Income Type and Household Size, 2020 to 2029**

| Income Group    | One-person Households | Two-person Households | Three-person Households | Four-person Households | Total |
|-----------------|-----------------------|-----------------------|-------------------------|------------------------|-------|
| Very low-income | 1                     | 1                     | 0                       | 1                      | 3     |
| Low-income      | 7                     | 4                     | 7                       | 6                      | 24    |
| Middle-income   | 47                    | 30                    | 9                       | 18                     | 104   |
| Total           | 55                    | 35                    | 16                      | 25                     | 131   |

### **III. Subsidy Required to Address Impact of Large-Scale Development**

This section builds upon the framework established in the earlier sections to project the total subsidy required to address the projected increased demand for affordable housing generated by large-scale developments in Lexington. Housing affordability is a function of household income and the cost of available rental and for-sale housing units in each real estate market. The Town of Lexington and the entire Boston region suffer from a well-known and demonstrated lack of sufficient affordable housing. This section reviews housing conditions in Lexington and calculates subsidy needed to create new affordable housing that satisfies the demand generated by new workers in new non-residential development by comparing the total development cost of new affordable housing units to the housing prices that can be supported by very low-income, low-income, and middle-income households. Before calculating the projected subsidy required, current housing conditions in Lexington are reviewed to provide background and context.

#### **Housing Conditions in Lexington**

Recent legislation like the MBTA Communities Act has opened doors to new multi-family development. One thousand units have been permitted, with many development proposals for smaller units, particularly one-bedroom units. Lexington is in the midst of determining occupancy needs of residents and if certain types of housing should be prioritized (i.e., senior housing).

The Town of Lexington is experiencing an affordable housing shortage because the demand for affordable units is outstripping the supply of housing affordable to very low-, low-, and middle-income households. The demand for affordable housing is high, particularly for renters with limited inventory and high prices. Potential homebuyers are challenged by the limited inventory of smaller homes amenable for young families and downsizing empty nesters along with the currently high interest rates.

#### **Housing Stock Key Drivers**

Important drivers of housing demand in Lexington are employment and household composition as households continue to grow smaller, and families are looking for housing for their elderly relatives. In 2023, Lexington had 34,000 residents. According to the American Community Survey, there were 13,000 residential units in the town in 2023, and 97 percent of the units were occupied. The split between renter- and owner-occupied units is predominately owner-occupied units at 81 percent and renter-occupied units at 19 percent.

#### **Lexington Buyer and Household Demographics**

Lexington benefits from the amenities of urban living, its proximity to Boston and the suburban benefits of quality schools. It attracts affluent residents and professionals due to its proximity to several schools, major universities like Harvard University and MIT, and major biotech and pharmaceutical companies (the median age of Lexington residents is 46.6 years old). The Town has a high percentage of immigrants or first-generation Americans with higher levels of educational attainment in comparison to the larger Boston region. The largest age group in the

population of Lexington are Gen Xers in their mid-40s to early 50s. In addition, Lexington has a high senior population as residents seek housing for their elderly relatives or merge households to become eligible for affordable housing.

Household compositions are changing as household sizes continue to decrease, causing a demand for one and two-bedroom units. The median household income for households in Lexington was \$219,400 (2023 ACS 5-Year Estimate), which is significantly higher than Middlesex County and the Commonwealth of Massachusetts. Lexington’s renters and owners are generally affluent, with the median renter income of \$96,000 and median owner income of \$250,000 or more in 2023.

### Lexington Home and Condominium Sales

The median price for single-family homes in Lexington increased substantially by 16.9 percent compared to Middlesex County and the Commonwealth that had smaller increases of 4.4 and 3.2 percent, respectively, between July 2024 and July 2025 year to date (YTD). The Town’s median single-home price was \$1.9 million by July 2025 YTD, double the median of the County, and nearly triple the median cost in Massachusetts.

Lexington’s median condominium prices are 37.6 percent higher in July 2025 YTD than the median price for Middlesex County and 66.3 percent higher than for Massachusetts, demonstrating that median condo prices grew faster at the Town level than for the County or Commonwealth. The July 2025 YTD median price for a condo in Lexington was \$915,000, which was higher than Middlesex’s median price for a single-family home at \$875,000. Data in **Table 3-1** illustrate the median prices for single-family homes and condominiums in July 2024 and July 2025 YTD.

**Table 3-1**  
**Median Prices for Single-Family Homes and Condominiums**

|                      | Lexington     |           | Middlesex County |           | Massachusetts |           |
|----------------------|---------------|-----------|------------------|-----------|---------------|-----------|
|                      | Single-Family | Condo     | Single-Family    | Condo     | Single-Family | Condo     |
| <b>July 2024 YTD</b> | \$1,600,000   | \$839,000 | \$838,000        | \$650,000 | \$619,900     | \$545,000 |
| <b>July 2025 YTD</b> | \$1,870,000   | \$915,000 | \$875,000        | \$665,000 | \$640,000     | \$549,900 |
| <b>% Increase</b>    | 16.9%         | 9.1%      | 4.4%             | 2.3%      | 3.2%          | 0.9%      |

Note: Complete FY25 data was not available so both data sets reflect YTD in July for consistent comparison.

Source: Warren Group

### Lexington For-Sale Market

Data on recently sold and currently on sale condominiums in the town of Lexington are shown in **Table 3-2**. Recently sold condominiums ranged from \$348,000 on July 9, 2025 to \$2.2 million on May 23, 2025. The sold units’ size ranged from 655 to 3,956 SF. Current listings (as of August 28, 2025) ranged from 988 to 3,492 SF with list prices between \$730,000 and \$2.4 million.

**Table 3-2**  
**Listed for Sale and Recently Sold Condominiums in Lexington**

| Address  | Sales Date   | List Price  | Beds | Baths | Square Feet | Year Built | HOA Fees | Price per SF |
|--|--------------|-------------|------|-------|-------------|------------|----------|--------------|
| <b>Current Listings</b>                              |              |             |      |       |             |            |          |              |
| 9 Lisbeth St Unit 9, Lexington, MA 02420             | NA           | \$730,000   | 2    | 1.5   | 988         | 2013       | \$200    | \$739        |
| 22 Common Ct Unit 22, Lexington, MA 02421            | NA           | \$2,295,000 | 5    | 5     | 3,432       | 2025       | \$500    | \$669        |
| 26 Common Ct Unit 26, Lexington, MA 02421            | NA           | \$2,350,000 | 5    | 5     | 3,492       | 2025       | \$500    | \$673        |
| <b>Recently Sold</b>                                 |              |             |      |       |             |            |          |              |
| 87 Fifer Ln Unit 87, Lexington, MA 02421             | Aug 5, 2025  | \$800,000   | 3    | 2     | 1,145       | 1978       | \$744    | \$699        |
| 30 Bow St Unit 1, Lexington, MA 02420                | Aug 1, 2025  | \$440,000   | 1    | 1     | 687         | 1925       | \$0 1/   | \$640        |
| 837 Massachusetts Ave Unit 1, Lexington, MA 02420    | Jul 31, 2025 | \$660,000   | 2    | 2     | 1,044       | 1770       | NA       | \$632        |
| 108 Emerson Gardens Rd Unit 108, Lexington, MA 02420 | Jul 18, 2025 | \$410,000   | 1    | 1     | 655         | 1965       | \$417    | \$626        |
| 4 Emerson Gardens Rd Unit 4, Lexington, MA 02420     | Jul 15, 2025 | \$695,000   | 2    | 1.5   | 1,428       | 1965       | \$540    | \$487        |
| 1475 Massachusetts Ave Apt 342, Lexington, MA 02420  | Jul 9, 2025  | \$347,575   | 1    | 1     | 680         | 1985       | \$268    | \$511        |
| 1505 Massachusetts Ave Unit 6, Lexington, MA 02420   | Jun 9, 2025  | \$960,000   | 2    | 2.5   | 1,400       | 1975       | \$756    | \$686        |
| 28 Courtyard Pl, Lexington, MA 02420                 | May 30, 2025 | \$1,610,000 | 3    | 2.5   | 2,875       | 2011       | NA       | \$560        |
| 510 Waltham St Unit 1, Lexington, MA 02421           | May 23, 2025 | \$2,200,000 | 5    | 5.5   | 3,956       | 2025       | \$215    | \$556        |
| 2 Muster Ct Unit 2, Lexington, MA 02420              | May 2, 2025  | \$1,000,000 | 3    | 2.5   | 1,582       | 1978       | \$598    | \$632        |

1/ No formal condo fee. Unit owners split costs for water/sewer, master insurance & landscaping.

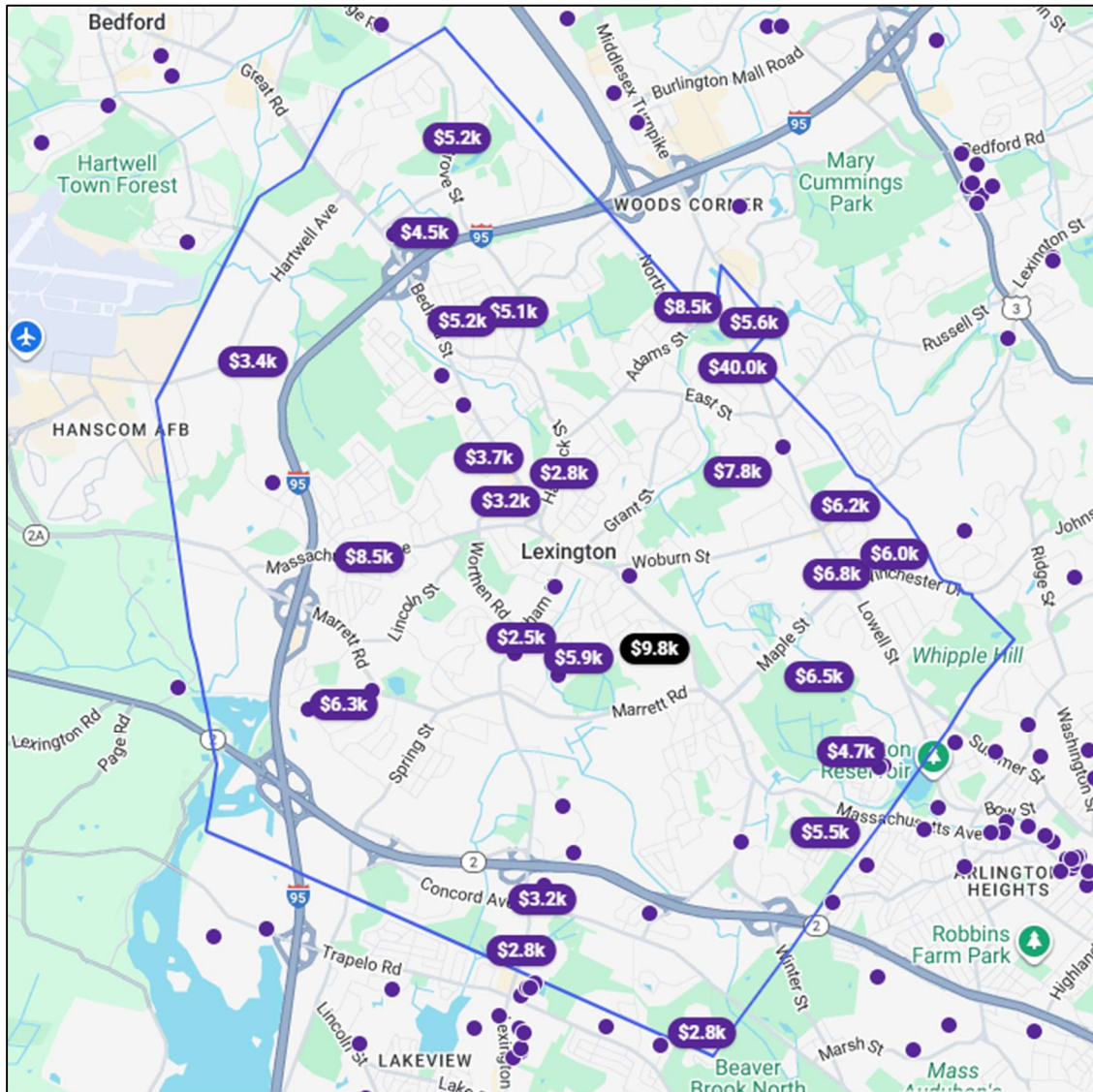
Source: Realtor.com as of August 28, 2025.

### Lexington Rental Market Housing

Like homeowners and homebuyers, Lexington is also highly desirable to renters. Lexington and surrounding areas have had low rental vacancy rates in recent years. As reported by the U.S. Census Bureau, the American Community Survey estimates that in 2023, Lexington had a rental vacancy rate of 3.2 percent. A low vacancy rate in rental housing continues to be a factor in the availability and cost of housing in Lexington.

According to Rent.com, the average rent for a one-bedroom is \$2,893, and a two-bedroom is \$3,946. Ninety-four percent of listings are over \$2,100. It should be noted that the rents from Rent.com are skewed high by ~20 percent because Rent.com's listings tend to be for newer or professionally managed units, as opposed to the wide swath of naturally occurring affordable apartment units. Developers are projecting the rents for future development will be between \$3,000 and \$4,000 for market-rate rental units. **Figure 3-1** shows the current rental prices as of August 2025 with the highest nearby asking rent at approximately \$9,800.

**Figure 3-1**  
**Current Apartment Rental Prices, August 2025**  
**Lexington, MA**



Source: Rent.com

### Lexington Housing Costs as a Percent of Household Income

Lexington may have a high median household income in comparison to the County or the Commonwealth, but that does not mean that some residents are not struggling to balance the cost of their housing with other expenses. The U.S. Department of Housing and Urban Development (HUD) defines extremely low-income as below 30 percent of the Area Median Income (AMI) for the region. Over 1,000 Lexington households or 8 percent of total households fall into this category. More than one-quarter of renters are considered extremely low-income. Six percent of total households have very low-income between 30 and 50 percent AMI. An additional 6 percent or 725 households are low-income, with incomes between 51 and 80 percent of the AMI. These



numbers show the relative unaffordability of the region that is particularly onerous on renters. Data in **Table 3-3** shows Lexington households by income level and a breakdown for owners, renters, and total households by percentage.

**Table 3-3**  
**Lexington Households by Income Level**

| Upper Limit of Income Level | Household Size |           |           |           | Owners | Renters | Total |
|-----------------------------|----------------|-----------|-----------|-----------|--------|---------|-------|
|                             | 1              | 2         | 3         | 4         |        |         |       |
| 30% AMI Extremely Low       | \$34,750       | \$39,700  | \$44,650  | \$48,600  | 4%     | 26%     | 8%    |
| 50% AMI Very Low            | \$57,900       | \$66,200  | \$74,450  | \$82,700  | 6%     | 8%      | 6%    |
| 80% AMI Low                 | \$92,650       | \$105,850 | \$119,100 | \$132,300 | 5%     | 10%     | 6%    |
| 100% AMI Moderate           | \$112,630      | \$128,720 | \$144,810 | \$160,900 | 5%     | 10%     | 6%    |
| Over 100% AMI               |                |           |           |           | 80%    | 45%     | 74%   |

Note: AMI, or "Area Median Income" is defined as the midpoint of a specific area's income distribution and is calculated on an annual basis by the Department of Housing and Urban Development (HUD).

Source: 2025 HUD Income Units for the Boston-Cambridge-Quincy Area and HUD CHAS Data 2016-2020

## National Housing Market Trends

Lexington's market experience can be evaluated in the context of national and regional trends. According to The State of the Nation's Housing, 2025<sup>18</sup>, households and housing markets face a challenging environment. High home prices and elevated interest rates reduced homebuying to its lowest level since the mid-1990s. Increases in both insurance premiums and property taxes have heightened financial stress on homeowners and landlords. And, despite an abundance of new apartments, high rents have left more people more than ever cost burdened and have contributed to a rise in homelessness. Meanwhile, unprecedented destruction from wildfires has further highlighted the threat to the housing stock from climate-related disasters. At the same time, federal housing support is lessening, creating uncertainty regarding the availability of crucial assistance programs. The possibility of an economic downturn is exacerbating the nation's current housing challenges.

Home prices grew modestly in 2024 despite elevated interest rates, homebuyer affordability challenges, and rising inventories. Persistent demand and lingering supply shortages continue to pressure for-sale markets. New single-family construction has grown in response, though only modestly. In the rental market, a wave of multifamily completions is moderating rent growth and maintaining vacancies well above pandemic-era lows. But markets vary, with rent levels increasing in those with minimal new supply and declining in those with higher deliveries. However, the surge in new rental units is ending amid strong rental demand, signaling future tightening for rental markets. After many years of underbuilding, stock shortages persist. Unlocking new housing supply remains critical for alleviating affordability pressures and stimulating economic growth.

<sup>18</sup> Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing 2025*.

As the number of renters facing affordability challenges climbs, cost burdens hit another record high in 2023. Lower-income renters have less money to pay for non-housing essentials. Nevertheless, rental demand remained strong last year, particularly among higher-income households unable to transition to homeownership. Still, the decreasing supply of low-rent units limits more affordable options. Some relief could come from the recent wave of multifamily completions. However, persistent operating challenges and high interest rates are slowing multifamily starts.

## **Regional Housing Market**

The Greater Boston Housing Report Card, 2024<sup>19</sup>, reinforces many of the national trends. After a brief lull in 2023, the for-sale market has seen renewed price increases through most of 2024. However, with interest rates beginning to decline, the dynamics of the housing market could shift in the future. Median rents increased alongside home prices for several years, although they have leveled off, or even dipped slightly, during the first three quarters of 2024.

The continued rise in prices has increased the strain on households' capacity to afford housing in Greater Boston. High home prices and high interest rates have increased the amount of cash needed for a down payment, while unrelentingly high rents have made it increasingly tough for would-be first-time homebuyers to save.

## **Estimate of Required Affordable Housing Subsidy Contribution**

The previous section projected the demand for affordable housing from new non-residential development as 131 units for very low-, low-, and middle-income households ranging in size from one person to four persons. This section determines the projected subsidy required to construct housing that is affordable for those households.

### **Analytical Approach**

Following is a summary of data and analyses used in calculating the total per square foot subsidy from new non-residential development required to support development of new affordable housing for workers. The subsidies would be for very low-, low-, and middle-income households whose jobs would be in Lexington's new non-residential buildings over the next 10 years.

The analyses establish that affordable rents and affordable sales prices do not currently support development of new housing production due to high development costs. Therefore, to stimulate affordable housing development, subsidies or other incentives must be provided. This analysis estimates the amount of subsidy required to meet new affordable housing demand created by employees in the new non-residential development. The total required subsidy is the estimated difference between the total development costs of producing new affordable housing units and the capitalized value of net operating income from affordable rents and unit sale proceeds. The required subsidy is presented as a per square foot housing contribution for projected non-residential development over a 10-year period.

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<sup>19</sup> This is the most recent edition of *The Greater Boston Housing Report Card* available as of August 2025.

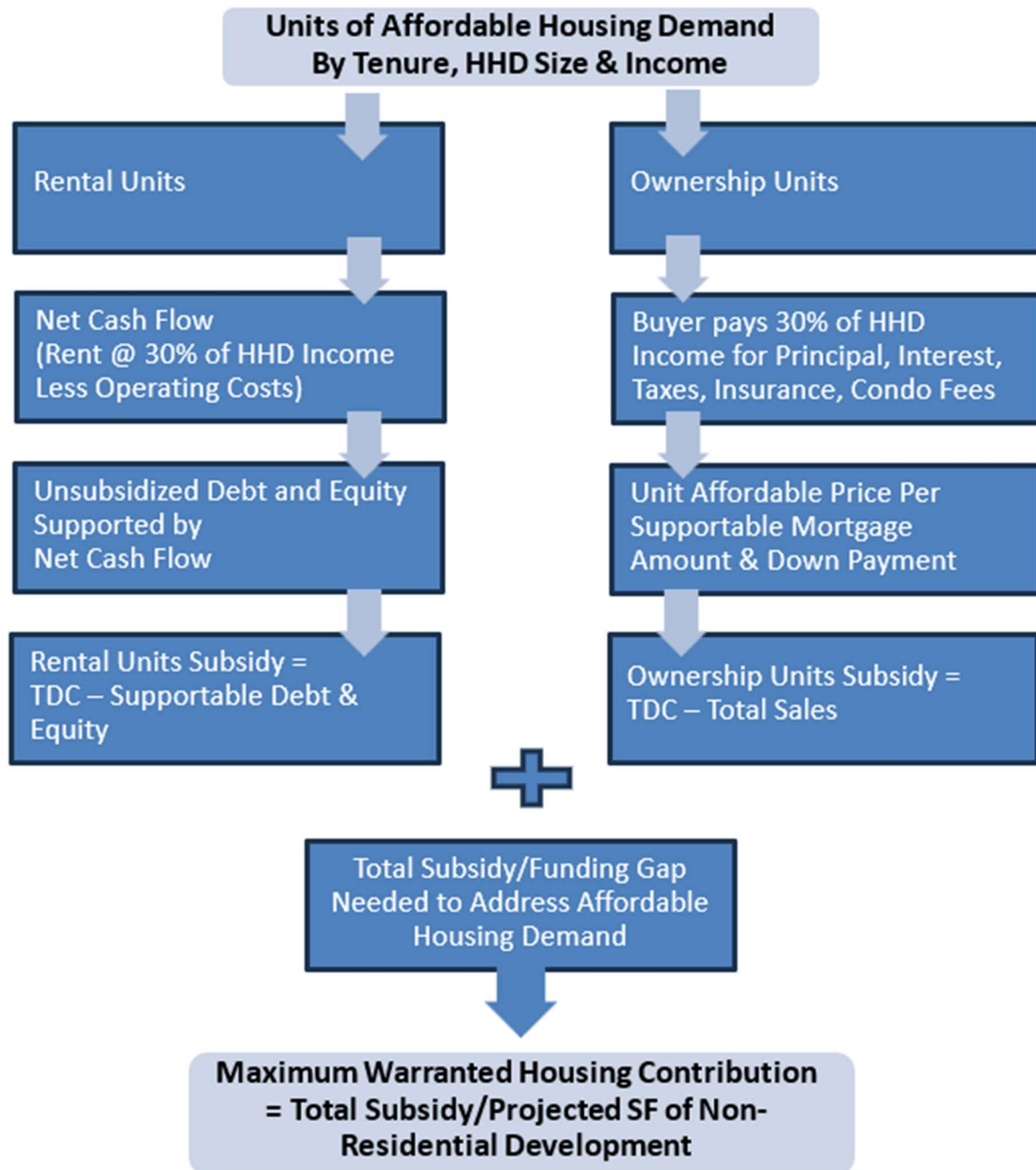
## Methodology

The following methodology was used to calculate the subsidy required to produce sufficient housing to satisfy projected ten-year affordable housing demand generated by new development non-residential buildings.

- Estimate the number of very low-income, low-income, and middle-income households moving to or seeking to live in Lexington that would be generated by new nonresidential development.
- Specify demand by number of persons in the household, number of bedrooms, and by tenure (i.e., renter-occupied units and owner-occupied units).
- Estimate the total development costs of affordable units to satisfy the demand generated based on recent unit costs of a new affordable housing development project in Lexington and informed by costs compiled by ConsultEcon for other studies and one-on-one interviews with housing developers active in Lexington and the Boston area.
- Estimate the potential capitalized revenue due to annual rents and sales proceeds of affordable units segmented by very low-income, low-income, and middle-income households.
- Calculate the difference between the total development costs and the capitalized revenue that is internally generated by renters and owners. This amount is the total subsidy required to produce the targeted new affordable units created by demand from new workers in new non-residential developments.
- Divide the total subsidy required by the total non-residential square feet subject to the housing contribution. This amount is the per square foot subsidy projected to be required to produce the new affordable units created by demand from new workers in new non-residential developments.

This methodology is laid out in a diagram in **Figure 3-2**.

**Figure 3-2. Methodology for Calculating Maximum Warranted Housing Contribution**



Source: Karl F. Seidman Consulting Services and ConsultEcon, Inc.

### **Targeted Income Levels for Housing Subsidies**

Most state and federal funding programs for affordable housing are targeted at very low-income and low-income households. The state has a workforce housing initiative that funds middle-income housing as well. Nonetheless, federal and state tax credits are the largest subsidy source for new affordable housing developments, and they prioritize creation of units for households below 50

percent AMI and 60 percent AMI. Therefore, because of the targeting of available subsidy sources, it is likely that much of the new affordable housing created in Lexington will be targeted at these income levels. As the following analysis shows, the subsidy required to create housing for very low-income households is substantial. Yet low-income and middle-income households are also increasingly finding housing to be unaffordable in Lexington's housing market.

The following outlines the key assumptions and analysis used to calculate the required housing subsidy.

### **Distribution of Housing Unit Types for New Affordable Housing**

**Table 3-4** shows the distribution of housing units by income group and by size of unit and by size of household.

- ◆ 76 one-bedroom units
- ◆ 27 two-bedroom units
- ◆ 28 three-bedroom units

### **Mix of Rental and Ownership Units**

**Table 3-5** shows the distribution of rental and ownership units based on information provided by the Town of Lexington for the mix of each household income level.

- Very Low-income – 100% rental housing
- Low-income – 70% rental housing, 30% homeownership
- Middle-income – 50% rental housing, 50% homeownership

**Table 3-4. Distribution of New Affordable Housing Demand in Lexington by Number of Bedrooms due to Projected Non-residential Development**

| Households by Size  |            |              |             |           | Total      |
|---|------------|--------------|-------------|-----------|------------|
| One Person  | Two Person | Three Person | Four Person |           |            |
| <b><i>Distribution of Units by Number of Bedrooms</i></b> |            |              |             |           |            |
| One Bedroom   | 100%       | 60%          | 0%          | 0%        | 58%        |
| Two Bedrooms  | 0%         | 40%          | 80%         | 0%        | 21%        |
| Three Bedrooms  | 0%         | 0%           | 20%         | 100%      | 21%        |
| Total   | 100%       | 100%         | 100%        | 100%      | 100%       |
| <b>Units by Number of Bedrooms</b>                        |            |              |             |           |            |
| <b><i>Very Low Income</i></b>                             |            |              |             |           |            |
| One Bedroom   | 1          | 1            | 0           | 0         | 2          |
| Two Bedrooms  | 0          | 0            | 0           | 0         | 0          |
| Three Bedrooms  | 0          | 0            | 0           | 1         | 1          |
| <b><i>Low Income</i></b>                                  |            |              |             |           |            |
| One Bedroom   | 7          | 2            | 0           | 0         | 9          |
| Two Bedrooms  | 0          | 2            | 6           | 0         | 8          |
| Three Bedrooms  | 0          | 0            | 1           | 6         | 7          |
| <b><i>Middle Income</i></b>                               |            |              |             |           |            |
| One Bedroom   | 47         | 18           | 0           | 0         | 65         |
| Two Bedrooms  | 0          | 12           | 7           | 0         | 19         |
| Three Bedrooms  | 0          | 0            | 2           | 18        | 20         |
| <b><i>Units by Size, Number of Bedrooms</i></b>           |            |              |             |           |            |
| One Bedroom   | 55         | 21           | 0           | 0         | 76         |
| Two Bedrooms  | 0          | 14           | 13          | 0         | 27         |
| Three Bedrooms  | 0          | 0            | 3           | 25        | 28         |
| <b>Total Units</b>  | <b>55</b>  | <b>35</b>    | <b>16</b>   | <b>25</b> | <b>131</b> |

NOTE: ROUNDING MAY AFFECT TOTALS.

Source: Karl F. Seidman Consulting Services and ConsultEcon, Inc.

**Table 3-5. New Affordable Housing Demand in Lexington by Renter- and Owner-Occupied Units**

|  | Households by Size |               |                 |                | Total      |
|--|--------------------|---------------|-----------------|----------------|------------|
|  | One<br>Person      | Two<br>Person | Three<br>Person | Four<br>Person |            |
| <b>Percent of Households Occupying Ownership Housing</b> |                    |               |                 |                |            |
| Very Low Income  | 0%                 | 0%            | 0%              | 0%             |            |
| Low Income   | 30%                | 30%           | 30%             | 30%            |            |
| Middle Income  | 50%                | 50%           | 50%             | 50%            |            |
| <b>Percent of Households Occupying Rental Housing</b>    |                    |               |                 |                |            |
| Very Low Income  | 100%               | 100%          | 100%            | 100%           |            |
| Low Income   | 70%                | 70%           | 70%             | 70%            |            |
| Middle Income  | 50%                | 50%           | 50%             | 50%            |            |
| <b>Number of Ownership Units</b>                         |                    |               |                 |                |            |
| Very Low Income  | 0                  | 0             | 0               | 0              | 0          |
| Low Income   | 2                  | 1             | 2               | 2              | 7          |
| Middle Income  | 24                 | 15            | 5               | 9              | 53         |
| <b>Total</b>   | <b>26</b>          | <b>16</b>     | <b>7</b>        | <b>11</b>      | <b>60</b>  |
| <b>Number of Rental Units</b>                            |                    |               |                 |                |            |
| Very Low Income  | 1                  | 1             | 0               | 1              | 3          |
| Low Income   | 5                  | 3             | 5               | 4              | 17         |
| Middle Income  | 23                 | 15            | 4               | 9              | 51         |
| <b>Total</b>   | <b>29</b>          | <b>19</b>     | <b>9</b>        | <b>14</b>      | <b>71</b>  |
| <b>Units by Tenure (rounded)</b>                         |                    |               |                 |                |            |
| Ownership  | 26                 | 16            | 7               | 11             | 60         |
| Rental   | 29                 | 19            | 9               | 14             | 71         |
| <b>Total</b>   | <b>55</b>          | <b>35</b>     | <b>16</b>       | <b>25</b>      | <b>131</b> |
| <b>Rental Units by Number of Bedrooms</b>                |                    |               |                 |                |            |
| One Bedroom  | 29                 | 11            | 0               | 0              | 40         |
| Two Bedrooms   | 0                  | 8             | 7               | 0              | 15         |
| Three Bedrooms   | 0                  | 0             | 2               | 14             | 16         |
| <b>Total Rental</b>                                      | <b>29</b>          | <b>19</b>     | <b>9</b>        | <b>14</b>      | <b>71</b>  |
| <b>Ownership Units by Number of Bedrooms</b>             |                    |               |                 |                |            |
| One Bedroom  | 26                 | 10            | 0               | 0              | 36         |
| Two Bedrooms   | 0                  | 6             | 6               | 0              | 12         |
| Three Bedrooms   | 0                  | 0             | 1               | 11             | 12         |
| <b>Total Ownership</b>                                   | <b>26</b>          | <b>16</b>     | <b>7</b>        | <b>11</b>      | <b>60</b>  |
| <b>Total Housing</b>                                     | <b>55</b>          | <b>35</b>     | <b>16</b>       | <b>25</b>      | <b>131</b> |

Source: Town of Lexington; Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

## Calculation of Needed Subsidy

The following presents the analysis of estimated total development costs, supportable financing, and needed subsidy for affordable housing units that must be created to satisfy the new demand generated by workers in new non-residential developments in Lexington over the next 10 years. The analysis only presents selected tables that summarize the calculation of the needed subsidy. Additional tables in **Appendix B** include all assumptions and intermediate calculations that underlie the required subsidy calculation.

### Development Project Costs

An analysis of the development costs and needed subsidy for rental and homeownership units was conducted based on 60 ownership units and 71 rental units. Development costs were estimated based on the costs for recent comparable affordable housing developments built in Lexington and other area communities and reported costs for projects provided by real estate professionals in one-on-one interviews. These data were used as the basis for calculations in **Table 3-6** of total affordable housing development costs.



**Table 3-6. Calculation of Total Development Costs of Affordable Rental and Ownership Housing Units in Lexington**

| <b>Project Assumptions</b>   | <b>Rental Units</b> | <b>Owner Units</b> |
|--|---------------------|--------------------|
| Number of Units  | 71                  | 60                 |
| Average Unit Size GSF <sup>1/</sup>  | 972                 | 967                |
| Total Project GSF  | 69,000              | 58,000             |
| <b>Cost Assumptions <sup>2/</sup></b>  |                     |                    |
| Land/Acquisition per Unit Costs <sup>3/</sup>  | \$100,000           | \$100,000          |
| Construction per GSF Costs, includes Contingency, Site Work <sup>4/</sup>  | \$416               | \$416              |
| Soft Costs, including Design, Permitting, Overhead, Profit, and Contingency, as a Percent of Construction Cost <sup>4/</sup> | 37%                 | 37%                |

| <b>Development Costs</b>   | <b>Amount</b>       | <b>Percent to Total</b> | <b>Amount</b>       | <b>Percent to Total</b> |
|--|---------------------|-------------------------|---------------------|-------------------------|
| Land/Acquisition   | \$7,100,000         | 15.3%                   | \$6,000,000         | 15.4%                   |
| Construction, incl. Contingency  | \$28,721,000        | 61.8%                   | \$24,143,000        | 61.8%                   |
| Soft Costs, including Design, Permitting, Overhead, Developer's Fee, and Contingency | \$10,627,000        | 22.9%                   | \$8,933,000         | 22.9%                   |
| <b>Total Development Costs (TDC)</b>   | <b>\$46,448,000</b> | <b>100.0%</b>           | <b>\$39,076,000</b> | <b>100.0%</b>           |
| <b>TDC per Unit (rounded to nearest \$1000)</b>                                      | <b>\$654,000</b>    |                         | <b>\$651,000</b>    |                         |
| <b>TDC per GSF (rounded to nearest \$1)</b>  | <b>\$673</b>        |                         | <b>\$674</b>        |                         |

Note: Rounding may affect totals.

1/ See Appendix Tables B-1 and B-2.

2/ Project costs are based on development pro formas for selected planned and recent affordable housing development projects in Lexington and other MA municipalities and interviews with affordable and market rate housing developers familiar with the Lexington / Boston regional marketplace. Soft costs are typical for affordable housing development projects. Soft costs are comparable to the ratio of soft costs to construction costs of affordable housing development projects in Lexington and other cities and towns in the Boston metropolitan area, MA.

3/ Current and comparable land sale data not available. A proxy average per unit is based on half of affordable housing having no land costs (as an example units on Lowell St.) and half at \$200,000 a reasonable estimate for this community.

4/ Based on planned Lowell St. housing development project cost estimates.

Source: Karl F. Seidman Consulting Services and ConsultEcon, Inc.

## Housing Development Project Revenue

An important step in calculating the subsidy required to create new affordable housing units is to define the rental housing and ownership housing development projects' revenue that will be used to support the development of the housing and in the case of rental housing, its operating costs.

This analysis assumes that the new rental housing will be solely supported by rental income from tenant households and ownership housing will be supported by the sales of affordable units. Project revenue generation and the underlying development economics are different for rental and ownership housing.

For rental projects, the needed subsidy was calculated as the difference between total development costs and the amount of debt and equity that could be supported by the housing cash flow using affordable rents at 30% of household income and comparable operating costs.

For ownership projects, the needed subsidy was calculated as the difference between total development costs and the affordable purchase price based on home mortgage payments, insurance, and property taxes at 30% of household income and a 5% down payment.

### **Very Low, Low and Middle Household Incomes**

Affordable rents and sales prices, which in turn drive the housing development project revenue, are derived based on household income. In prior sections of this report, annual occupational wages were the input for establishing the demand for affordable housing among very low-, low-, and middle-income households of new workers in new non-residential development in Lexington. These wages are the basis for weighted average annual household income for each income level (very low-, low- and middle-income)<sup>20</sup>, as shown in **Table 3-7**.

**Table 3-7. Weighted Average Income for Households in New Affordable Housing**

|   | Households by Number of Persons |               |                 |                |
|---|---------------------------------|---------------|-----------------|----------------|
|   | One<br>Person                   | Two<br>Person | Three<br>Person | Four<br>Person |
| <b><i>Distribution of Weighted Average Income</i></b> |                                 |               |                 |                |
| Very Low Income 1/                                    | \$48,162                        | \$54,259      | \$48,162        | \$72,963       |
| Low Income  | \$76,457                        | \$85,846      | \$101,078       | \$105,067      |
| Middle Income   | \$115,606                       | \$125,091     | \$144,609       | \$159,722      |

1/ The Very Low Income average incomes for one person and three person households are the same based on the occupations and their salaries for the estimated number of workers demanding housing in Lexington with these size households.

Source: U.S. Bureau of Labor Statistics; Karl F. Seidman Consulting Services; and, ConsultEcon, Inc.

<sup>20</sup> This average is based on the weighted average for annual household earnings based on median annual earnings for the occupations projected for very low-, low-, and middle-income households as discussed in section two on the Impact of Large Scale Development on Affordable Housing Demand.

### **Affordable Rent Levels by Household Size and Income**

The income levels defined in **Table 3-7** are the basis for calculating affordable rents and sales prices that in turn support the development of affordable housing. The needed subsidy for new affordable rental housing is calculated first, followed by the calculation of the needed subsidy for affordable ownership housing.

The affordable rents for rental units are based on the estimated annual income of workers in the new non-residential developments in Lexington. **Table 3-8** shows the calculation of total rent based on average worker earnings based on the occupational data derived for the employment projection in the prior section.

### **Rental Affordability Gap / Needed Subsidy**

**Table 3-9** calculates the needed subsidy based on the total development costs and the net operating income based on affordable rents calculated from tenant income levels. The total development cost for 71 rental units is estimated to be \$46.4 million, an average unit cost of \$654,000. The total subsidy required to support the development of this affordable housing is \$27.8 million, or 60 percent of the total development cost. Very low-income housing requires 100% of development cost to be subsidized because affordable rents do not cover the operating cost per unit, estimated at \$14,000 annually. Therefore, like many 100% affordable projects, other forms of operating subsidies, not accounted for in this analysis to maintain simplicity of unencumbered project operations, would be required, such as Section 8 housing vouchers.

**Table 3-8. Annual Rental Income by Household Income and Size of Household**

| Household Size                                      | Annual Income <sup>1/</sup> | Applicable Monthly Rent <sup>2/</sup> | Number of Households         | Total Annual Rent           |
|---|-----------------------------|---------------------------------------|------------------------------|-----------------------------|
| <b><i>Very Low Income Households</i></b>            |                             |                                       |                              |                             |
| 1 Person  | \$48,162                    | \$1,204                               | 1                            | \$14,449                    |
| 2 Persons   | \$54,259                    | \$1,356                               | 1                            | \$16,278                    |
| 3 Persons   | \$48,162                    | \$1,204                               | 0                            | \$0                         |
| 4 Persons   | \$72,963                    | \$1,824                               | 1                            | \$21,889                    |
| <b><i>Low Income Households</i></b>                 |                             |                                       |                              |                             |
| 1 Person  | \$76,457                    | \$1,911                               | 5                            | \$114,686                   |
| 2 Persons   | \$85,846                    | \$2,146                               | 3                            | \$77,261                    |
| 3 Persons   | \$101,078                   | \$2,527                               | 5                            | \$151,617                   |
| 4 Persons   | \$105,067                   | \$2,627                               | 4                            | \$126,080                   |
| <b><i>Middle Income Households</i></b>              |                             |                                       |                              |                             |
| 1 Person  | \$115,606                   | \$2,890                               | 23                           | \$797,681                   |
| 2 Persons   | \$125,091                   | \$3,127                               | 15                           | \$562,910                   |
| 3 Persons   | \$144,609                   | \$3,615                               | 4                            | \$173,531                   |
| 4 Persons   | \$159,722                   | \$3,993                               | 9                            | \$431,249                   |
| <b>Total Households / Housing Units</b>             |                             |                                       | <b>71</b>                    |                             |
| <b>Total Annual Rent</b>                            |                             |                                       |                              | <b>\$2,487,631</b>          |
| <b>Total Annual Rent (Rounded)</b>                  |                             |                                       |                              | <b>\$2,488,000</b>          |
| <b><i>Aggregate Annual Rent by Income Level</i></b> |                             |                                       |                              |                             |
|   | <b>Number of Units</b>      | <b>Total Annual Rent (Rounded)</b>    | <b>Percent of Total Rent</b> | <b>Average Monthly Rent</b> |
| Very Low Income                                     | 3                           | \$53,000                              | 2.1%                         | \$1,472                     |
| Low Income  | 17                          | \$470,000                             | 18.9%                        | \$2,304                     |
| Middle Income                                       | 51                          | \$1,965,000                           | 79.0%                        | \$3,211                     |
| <b>Total</b>  | <b>71</b>                   | <b>\$2,488,000</b>                    | <b>100.0%</b>                | <b>\$2,920</b>              |

1/ Weighted average annual earnings based on anticipated mix of occupations and wages in new non-residential development in Lexington.

2/ Assumed at 30% of monthly income.

Note: Rounding may affect totals.

Source: Town of Lexington; Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

**Table 3-9. Summary of Required Affordable Housing Subsidy Rental Units**

|  |                     |                     | By Household Type  |                     |                     |
|--|---------------------|---------------------|--------------------|---------------------|---------------------|
|  |                     |                     | Low Income         | Low Income          | Middle Income       |
| All Units  |                     |                     |                    |                     |                     |
| <b>Potential Development Costs</b>                                     |                     |                     |                    |                     |                     |
| Number of Units  | 71                  |                     | 3                  | 17                  | 51                  |
| Percent to Total   | 100.0%              |                     | 4.2%               | 23.9%               | 71.8%               |
| TDC per Unit   | \$654,000           |                     | \$654,000          | \$654,000           | \$654,000           |
| TDC per GSF  | \$673               |                     | \$673              | \$673               | \$673               |
| Total Gross Square Footage (GSF)                                       | 69,000              |                     | 2,915              | 16,521              | 49,563              |
| <b>Total Development Costs (TDC)</b>                                   | <b>\$46,448,000</b> |                     | <b>\$1,962,592</b> | <b>\$11,121,352</b> | <b>\$33,364,056</b> |
| <b>Net Rental Income</b>   | <b>Unit Factor</b>  | <b>Amount</b>       | <b>Amount</b>      | <b>Amount</b>       | <b>Amount</b>       |
| Gross Annual Rent  |                     | \$2,488,000         | \$53,000           | \$470,000           | \$1,965,000         |
| Less Vacancies   | 5% of Gross Rent    | (\$124,400)         | (\$2,650)          | (\$23,500)          | (\$98,250)          |
| Less Total Operating Costs <sup>1/ 2/</sup>                            | \$14,000 per Unit   | (\$994,000)         | (\$42,000)         | (\$238,000)         | (\$714,000)         |
| <b>Net Operating Income (NOI) <sup>2/</sup></b>                        |                     | <b>\$1,361,250</b>  | <b>\$0</b>         | <b>\$208,500</b>    | <b>\$1,152,750</b>  |
| <b>Derivation of Permanent Mortgage / Supportable Debt Calculation</b> |                     |                     | <b>Amount</b>      | <b>Amount</b>       | <b>Amount</b>       |
| Net Operating Income (NOI) <sup>3/</sup>                               |                     | \$1,361,250         | \$0                | \$208,500           | \$1,152,750         |
| Debt Coverage Ratio  |                     | 1.1                 | 1.1                | 1.1                 | 1.1                 |
| Available for Debt Service   |                     | \$1,237,500         | \$0                | \$189,500           | \$1,048,000         |
| Mortgage Constant <sup>4/</sup>  |                     | 6.980%              | 6.980%             | 6.980%              | 6.980%              |
| <b>Permanent Mortgage / Supportable Debt (Rounded)</b>                 |                     | <b>\$17,730,000</b> | <b>\$0</b>         | <b>\$2,715,000</b>  | <b>\$15,015,000</b> |
| <b>Supportable Equity Calculation</b>                                  |                     |                     | <b>Amount</b>      | <b>Amount</b>       | <b>Amount</b>       |
| Required Return on Equity <sup>5/</sup>                                |                     | 15.0%               | 15.0%              | 15.0%               | 15.0%               |
| Revenue Available for Return to Equity                                 |                     | \$136,125           | \$0                | \$20,850            | \$115,275           |
| <b>Supportable Equity Investment</b>                                   |                     | <b>\$908,000</b>    | <b>\$0</b>         | <b>\$139,000</b>    | <b>\$769,000</b>    |
| <b>Subsidy Required Calculation</b>                                    |                     |                     | <b>Amount</b>      | <b>Amount</b>       | <b>Amount</b>       |
| Total Development Costs  |                     | \$46,448,000        | \$1,962,592        | \$11,121,352        | \$33,364,056        |
| Less Permanent Mortgage / Supportable Debt                             |                     | (\$17,730,000)      | \$0                | (\$2,715,000)       | (\$15,015,000)      |
| Less Supportable Equity  |                     | (\$908,000)         | \$0                | (\$139,000)         | (\$769,000)         |
| <b>Subsidy Required (TDC-Mortgage-Equity)</b>                          |                     | <b>\$27,810,000</b> | <b>\$1,962,592</b> | <b>\$8,267,352</b>  | <b>\$17,580,056</b> |
| Subsidy Required as a Percent of TDC                                   |                     | 59.9%               | 100.0%             | 74.3%               | 52.7%               |
| Subsidy Required per Unit  |                     | \$391,690           | \$654,197          | \$486,315           | \$344,707           |
| <b>Subsidy Required per Unit (Rounded)</b>                             |                     | <b>\$392,000</b>    | <b>\$654,000</b>   | <b>\$486,000</b>    | <b>\$345,000</b>    |

Note: Rounding may affect totals.

1/ Based on estimated of operating expenses per unit for affordable multi-family developments in other similar Metro Boston communities and interviews. Costs are typical of CAM expenses--Administrative, Utilities, Maintenance, Insurance, Property Taxes--that would be charged to the renter or the building owner would absorb.

2/ The amount of money tenants pay in rent does not cover the operating costs of the units for Very Low Income households. Affordable housing operating costs are typically higher than market rate housing because of the space dedicated to and costs of delivering a higher level supportive services to tenants. In reality, affordable housing projects also require operating subsidies such as Section 8 housing vouchers. For analytic purposes, the financial analysis is focused on capital subsidies, the operating loss shown is not included in the financing analysis and the operating shortfall would be addressed separately through other funding mechanisms.

3/ Available debt service from Very Low Income units is assumed as \$0. See footnote 2/.

4/ Source: ConsultEcon calculation of mortgage constant based on August 13, 2025 interest rates for MHP Direct Lending loan from the Massachusetts Housing Partnership.

5/ Estimated developer returns for market rate project based on Affordable Housing Finance 101 presentation available from: <https://www.smartergrowth.net/wp-content/uploads/2024/05/Patrick-McAnaney-Webinar-Slides-May-2024.pdf>.

Source: Town of Lexington; Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

## Ownership Housing Development Project Revenue

**Table 3-10** provides estimated sales prices for affordable units based on 30 percent of household incomes of homeowner households.

**Table 3-10. Aggregate Affordable Ownership Unit Sales by Household Income and Size of Unit**

| Household Size                          | Average Annual Income <sup>1/</sup> | Monthly Housing Costs <sup>2/</sup> | Number of Households | Supportable Sales Price <sup>3/</sup> | Total Sales                |
|---|-------------------------------------|-------------------------------------|----------------------|---------------------------------------|----------------------------|
| <b>Low Income Households</b>            |                                     |                                     |                      |                                       |                            |
| One bedroom                             | \$68,141                            | \$1,704                             | 3                    | \$193,286                             | <b>\$579,857</b>           |
| Two bedroom                             | \$98,032                            | \$2,451                             | 2                    | \$278,018                             | <b>\$556,036</b>           |
| Three bedroom                           | \$125,283                           | \$3,132                             | 2                    | \$355,264                             | <b>\$710,528</b>           |
| <b>Middle Income Households</b>         |                                     |                                     |                      |                                       |                            |
| One bedroom                             | \$118,193                           | \$2,955                             | 33                   | \$351,815                             | <b>\$11,609,886</b>        |
| Two bedroom                             | \$132,898                           | \$3,322                             | 10                   | \$395,509                             | <b>\$3,955,088</b>         |
| Three bedroom                           | \$158,211                           | \$3,955                             | 10                   | \$470,872                             | <b>\$4,708,722</b>         |
| <b>Total Households / Housing Units</b> |                                     |                                     | <b>60</b>            |                                       |                            |
| <b>Total Sales</b>                      |                                     |                                     |                      |                                       | <b>\$22,120,116</b>        |
| <b>Total Sales (Rounded)</b>            |                                     |                                     |                      |                                       | <b>\$22,120,000</b>        |
| <b>Aggregate Sales by Income Level</b>  |                                     | <b>Number of Units</b>              | <b>Total Sales</b>   | <b>Percent of Total</b>               | <b>Average Sales Price</b> |
| Low Income                              |                                     | 7                                   | \$1,846,000          | 8.3%                                  | \$263,714                  |
| Middle Income                           |                                     | 53                                  | \$20,274,000         | 91.7%                                 | \$382,528                  |
| <b>Total</b>                            |                                     | <b>60</b>                           | <b>\$22,120,000</b>  | <b>100.0%</b>                         | <b>\$368,667</b>           |

1/ See Appendix Table B-3 for Weighted Average Annual Income Data

2/ Assumed at 30% of monthly income.

3/ See Appendix Table B-4 for Supportable Sale Price Analysis

Source: Town of Lexington; Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

## Ownership Housing Needed Subsidy

**Table 3-11** derives estimates of the subsidy needed after accounting for the sales of the affordable units based on 30 percent of owner income.

**Table 3-11. Summary of Subsidy Required for Affordable Housing Ownership Units**

|  |              |                      |                       | By Household Type  |                     |
|--|--------------|----------------------|-----------------------|--------------------|---------------------|
|  |              |                      |                       | Low Income         | Middle Income       |
| <b>All Units</b>                             |              |                      |                       |                    |                     |
| <b>Potential Development Costs</b>           |              |                      |                       |                    |                     |
| Number of Units                              |              | 60                   |                       | 7                  | 53                  |
| <i>Percent to Total</i>                      |              |                      |                       | 11.7%              | 88.3%               |
| TDC per Unit                                 |              | \$651,000            |                       | \$651,000          | \$651,000           |
| TDC per GSF                                  |              | \$674                |                       | \$674              | \$674               |
| Total Gross Square Footage (GSF)             |              | 58,000               |                       | 6,767              | 51,233              |
| <b>Total Development Costs (TDC)</b>         |              | <b>\$39,076,000</b>  |                       | <b>\$4,558,867</b> | <b>\$34,517,133</b> |
| <b>Aggregate Unit Sales</b>                  |              |                      |                       | <b>Sales</b>       | <b>Sales</b>        |
| <b>Proceeds</b>                              | <b>Units</b> | <b>Average Price</b> | <b>Sales Proceeds</b> | <b>Proceeds</b>    | <b>Proceeds</b>     |
| Low Income                                   | 7            | \$263,714            | \$1,846,000           | \$1,846,000        | \$0                 |
| Middle Income                                | 53           | \$382,528            | \$20,274,000          | \$0                | \$20,274,000        |
| <b>Total Sales Proceeds</b>                  | <b>60</b>    | <b>\$368,667</b>     | <b>\$22,120,000</b>   | <b>\$1,846,000</b> | <b>\$20,274,000</b> |
| <b>Subsidy Required Calculation</b>          |              |                      |                       | <b>Amount</b>      | <b>Amount</b>       |
| Total Development Costs                      |              | \$39,076,000         |                       | \$4,558,867        | \$34,517,133        |
| Less Sales Proceeds                          |              | (\$22,120,000)       |                       | (\$1,846,000)      | (\$20,274,000)      |
| <b>Subsidy Required (TDC-Sales Proceeds)</b> |              | <b>\$16,956,000</b>  |                       | <b>\$2,712,867</b> | <b>\$14,243,133</b> |
| <i>Subsidy Required as a Percent of TDC</i>  |              | 43.4%                |                       | 59.5%              | 41.3%               |
| <i>Required Subsidy per Unit</i>             |              |                      |                       | \$387,552          | \$268,738           |

Source: Town of Lexington; Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

### Summary of Subsidy Needed to Satisfy Ten-Year Affordable Housing Demand

**Table 3-12** summarizes the results of the analysis of renter and owner-occupied affordable unit total development costs, subsidy needed and the per square foot housing contribution for non-residential development that would be needed to fill the entire subsidy gap.

**Table 3-12. Calculation of Subsidy Required for New Affordable Rental and Ownership Units per Square Foot of Projected Non-residential Development in Lexington over a 10-Year Period**

| <b>All Units</b>   |                | <b>Very Low Income</b> | <b>Low Income</b> | <b>Middle Income</b> |
|--|----------------|------------------------|-------------------|----------------------|
| Number of Units  | 131            | 3                      | 24                | 104                  |
| <i>Percent to Total</i>  | <i>100%</i>    | <i>2%</i>              | <i>18%</i>        | <i>79%</i>           |
| Total Development Cost   | \$85,524,000   | \$1,962,592            | \$15,680,219      | \$67,881,190         |
| Total Subsidy Required   | \$44,766,000   | \$1,962,592            | \$10,980,219      | \$31,823,190         |
| Percent TDC that is Subsidy  | 52.3%          | 100.0%                 | 70.0%             | 46.9%                |
| <b>Derivation of Commercial Square Footage Subject to Housing Contribution</b> |                |                        |                   |                      |
| Total Commercial Square Footage  | 486,116        | 486,116                | 486,116           | 486,116              |
| <b>Subsidy Required per Square Foot of New Commercial Development</b>          | <b>\$92.09</b> | <b>\$4.04</b>          | <b>\$22.59</b>    | <b>\$65.46</b>       |
| <i>Percent to Total</i>  | <i>100%</i>    | <i>4%</i>              | <i>25%</i>        | <i>71%</i>           |

Source: Town of Lexington; Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

The results of this analysis are:

- Total development costs of \$85.5 million; and
- Total needed subsidy of \$44.8 million.

### **Modified Subsidy Required Based on Other Subsidy Sources**

The housing contribution fee needed to provide the full \$44.8 million in subsidy is \$92.09 per square foot on new non-residential development. However, very low-income, low-income and middle-income housing development leverages public subsidies from federal and state sources in addition to those provided by local government.

Because the maximum housing contribution is so high, it is inadvisable to set the fee at this level to avoid stifling new non-residential development. Moreover, because of the availability of state and federal affordable housing development funding sources, the local share is typically only part of the mix of sources for projects. The local share to produce affordable rental housing in other communities varies from 6 percent in Somerville to 57 percent for one home ownership project in Cambridge. On average, local funds have represented 11 percent of the total project costs for projects financed by the Massachusetts Housing Partnership (MHP) portfolio from FY2016 to FY2022.



### Summary of Development Costs, Needed Subsidy and Local Share of Project Funding

The local share of funding for the subsidy ranges widely and is often as much as 30 percent. Funding levels vary by municipality, depending on their affordable housing policies and the funds that are available. **Table 3-13** summarizes potential housing contribution scenarios based on a range from 5 percent to 25 percent for Lexington's share of the subsidy needed to produce the housing. This results in a fee range from \$4.60 to \$13.81. The table also shows the percentage of the total development costs represented by each of the housing contribution alternatives.

Over the 10-year period, based on the per SF fee range below and the projected 486,116 SF of non-residential development projected, the housing contribution policy would generate between \$2.2 million and \$15.6 million for the affordable housing trust fund depending on the chosen housing contribution policy.

**Table 3-13. Summary of Housing Contribution Scenarios based on Total Development Costs and Subsidy Required to Build New Affordable Housing Units**

| <b>Lexington Per<br/>Square Foot<br/>Share of Subsidy</b> | <b>Housing<br/>Contribution<br/>Based on Share</b> | <b>Lexington<br/>Percentage<br/>Share of TDC</b> |
|---|--|--|
| 5%  | \$4.60   | 2.6%   |
| 10%   | \$9.21   | 5.2%   |
| 15%   | \$13.81  | 7.9%   |
| 25%   | \$23.02  | 13.1%  |

Note: TDC = Total Development Costs.

Source: Karl F. Seidman Consulting Services and ConsultEcon, Inc.

#### IV. Review of Housing Contribution Policy Options

Cities across the country have implemented policies to generate funding to address the impact of commercial development on affordable housing demand for over three decades. Many California communities have enacted such programs, and they are also found in Washington, Colorado, Florida, and New Jersey. Locally, Boston, Cambridge, Everett, Somerville and Watertown have implemented linkage fees. This section reviews the linkage fees in nearby communities, considers key policy options for Lexington to address in establishing a housing contribution/linkage fee, and assesses the impact of the maximum warranted fee discussed in the prior section on Lexington's competitiveness for attracting businesses and commercial development investment.

##### Policies in Nearby Communities

Current housing contribution/linkage fee rates and policies for Boston, Cambridge, Everett, Somerville and Watertown are summarized in **Tables 4-1 and 4-2**. Housing contribution/linkage fees per SF range from \$2 to \$4 in Everett to a high of \$36.36 in Cambridge. Boston, Cambridge and Somerville established their fees over 20 years ago, between 1983 and 1990, while Everett and Watertown established their fees recently, in 2021 and 2023, respectively. The three early adopters have increased their fee levels over time to reflect inflation and changes in both development impacts and the funding gap to build affordable housing. All five cities provide for annual fee adjustments for inflation. As discussed below, there are also variations across communities in specific policies and administrative issues beyond the fee rates.

**Table 4-1 . Housing Contribution/Linkage/ Fee Rates, Thresholds and Exemptions in Boston Area Communities**

| City       | Year Established | Exaction/Linkage Fee Rate (per SF)  | Project Size Threshold (SF)                       | Exemption (SF)                          |
|------------|------------------|---|---|---|
| Boston     | 1983             | Housing: \$26.00 for labs & \$19.33 fr other uses   | 50,000  | 50,000                                  |
|            | 1986             | Jobs: \$4.78 for labs and \$3.76  |   |   |
| Cambridge  | 1988             | Housing: \$36.36  | 30,000  | 30,000 for projects less than 60,000 SF |
| Everett    | 2021             | \$1,000 per dwelling unit; Non-residential: \$2.00 for first 30,000 SF; \$3.00 for 30,001-60,000 SF; \$4.00 above 60,000 SF | All residential projects 15,000 - non-residential |   |
| Somerville | 1990             | Housing: \$23.79; 50% of fee paid for projects between 15,000 and 30,000 SF   | 15,000 for housing                                | 15,000 for housing                      |
|            | 2017             | Jobs: \$3.10; 50% of fee paid for projects between 15,000 and 30,000 SF   | 15,000 for jobs                                   | 15,000 for jobs                         |
| Watertown  | 2023             | Housing: \$11.50  | 30,000  | 0                                       |

**Table 4-2. Additional Housing contribution Policies in Boston Area Communities**

| City       | Applicable Project  | Payment Schedule  | Rate Adjustments   | Other Policies  |
|------------|---|---|--|---|
| Boston     | 1, Erect a structure or structures with GFA above size threshold; 2. Enlarge or extend a structure or structures with GFA above size threshold; 3. Substantially rehabilitate a structure or structures having, or to have after rehabilitation GFA above size threshold. | Housing: 2 payments at building permit date and COO date.   | Automatic annual adjustment beginning July 1, 2024 based on a "combined index" of the CPI for Urban Consumers and CPI Housing Component. At other times as recommended by the BRA based on a consideration of economic trends, housing trends and other factors. | Housing creation option allows a developer to make all or a portion of their linkage obligation via a financial contribution to a specific income restricted housing project. |
|            |   | Jobs: two payments at building permit date & COO date.  |  | Job linkage obligation can be met through either cash payments or creation of a job training program with a cost at least equal to the required linkage fee contribution.     |
| Cambridge  | 1. New buildings or additions; 2. Substantial rehabilitation to accommodate uses subject to linkage fees; 3. Changes in use where the new use is subject to linkage fees.   | One payment at COO.   | Annual Adjustment (in October or November) based on Boston CPI Housing Index Recalculation after three years or longer.  |   |
| Everett    | 1. New building or addition; 2. Change in use in threshold amount subject to linkage fee.   | 10% of fee is paid at COO with 3 subsequent payments of 30% at anniversary date of the fee agreement (close to COO date).       | Annual adjustment Jan. 1 based on the change in the RS Means Average City Cost Index for Boston.   | Reduced fee by 50% for projects with a building permit prior to fee passage.  |
| Somerville | New buildings and modifications to existing buildings.  | Housing fee made in three payments at COO & next two anniversary dates. Jobs fee made in two payments at building permit & COO. | Reevaluation every five years. Annual adjustment March 1 based on Boston CPI.  |   |
|            | New buildings and modifications to existing buildings.  |   |  |   |
| Watertown  | 1. Construction of new building or addition for non-residential use; 2. Substantial rehab or conversion for non-residential use.  | Two payments at COO and 1 year later.   | Annual adjustment based on change in CPI-U.  | Option to provide affordable housing units or land in lieu of cash payment.   |

## Administrative and Policy Issues

Beyond setting the housing contribution rate, Lexington needs to address several administration and policy issues if it decides to establish a new affordable housing contribution/linkage fee. The primary issues, reviewed in this section, are:

- What projects would be subject to the fee based on use, square footage, extent of rehabilitation, stage of development, etc.;
- Exempting part of the development space from the fee;
- Whether to set a single uniform fee or vary the fee rate by use and/or development district;
- Payment timing and schedule; and
- Fee adjustment over time.

Size Threshold and Exemption. Communities vary in the size threshold that triggers the application of housing contributions or linkage fees. In Boston, their equivalent Development Impact Project (DIP) fee applies to developments over 50,000 SF, while in Cambridge and Watertown it applies to developments over 30,000 SF. Everett and Somerville have the lowest threshold, at 15,000 SF. Some communities have no minimum size threshold for the application of commercial linkage fees and collect them from projects independent of size. This is particularly true in California where most communities with such fees do not have a size threshold<sup>21</sup>. For redevelopment projects, these thresholds typically apply to the total size of the new redevelopment project not to the net increase in gross floor area. Most communities apply the threshold to building additions or modifications/substantial rehabilitations along with new construction.

Boston and Somerville exempt part of the total floor area from paying the linkage fee—an amount equal to the project threshold. Cambridge does this only for projects with less than 60,000 SF. Everett and Watertown do not provide an exemption. An exemption benefits smaller projects by reducing the share of their floor area subject to the linkage fee. Therefore, providing an exemption for smaller projects, as is done in Cambridge, is a way to address concerns that a housing contribution is more likely to impact the financial viability of smaller projects. However, there is not a strong housing policy case for having an exemption since the exempted space still has an impact on the demand for affordable housing. Moreover, by exempting a portion of building space from paying the linkage fee, the fee needs to be higher to provide the revenue needed to fill the funding gap. Lexington's recent and permitted non-residential projects have been fairly large, with four of the 13 projects under 100,000 SF and eight over 200,000 SF.

Variation of Housing and Employment Impacts by Use. Two primary factors shape how different uses impact the demand for affordable housing: (1) the density of employees in the occupied space; and (2) the share of employees with earnings at the very low, low and middle-income levels. Since these factors vary by use there is a policy case for varying fees by use, e.g. restaurants have a high impact on affordable housing demand due to high employee density and low earnings while lab/life science uses will have a lower impact with a large share of employees with annual earnings above the middle-income level. Varying rates by use adds to fee administration, as the distribution of

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<sup>21</sup> *Jobs Housing Nexus Study*, prepared for the City of San Diego, Prepared by Keyser Marston Associates, Inc., October 2010.

uses in each project needs to be calculated and the potential for changes in use and required fees between approval, completion/certificate of occupancy and actual occupancy needs to be addressed. Since Lexington's non-residential development is heavily concentrated in lab/life science development, there is little need to vary fee rates by use and incur the added complexity.

Variation of Contribution Rates by Geography. Some cities, such as San Francisco and Seattle, have different linkage fees for different neighborhoods or districts to reflect variations in rent levels and development densities. Since Lexington is a much smaller community with a limited amount of non-residential development, there are not large variations in rents and development density within the town that would warrant adopting this policy.

Payment Timing Schedule. Lexington will need to decide when to first collect a housing contribution and whether to allow developers to pay the fee over time with multiple payments. The most common option is to commence fee payments when the certificate of occupancy is issued.<sup>22</sup> Boston is the exception, requiring the first payment when the building permit is issued. Collection at the building permit date will allow Lexington to collect the fee sooner and have the capacity to deploy the funds sooner. However, this earlier date requires developers to finance and pay the funds well before any tenant revenue is received. Allowing for fee payment over time has the same trade-off—a single payment would allow Lexington to receive and deploy funds sooner but has a greater financial impact on developers. Cambridge requires one payment while the other four cities collect linkage fees over time. Boston and Watertown collect the fee in two payments, Somerville allows three payments and Everett has the longest period with four payments. Allowing multiple payments adds administrative complexity since additional record-keeping, invoicing and collection efforts are needed to track and collect payments over multiple years.

Fee adjustment over time. A final policy issue concerns how to adjust linkages fee rates over time. Annual adjustments to fee levels based on inflation are used in all five communities to address increases in mitigation costs since inflation in construction and other development expenses raises the cost to build affordable housing. Most communities use the Consumer Price Index to make this inflation adjustment. Everett applies a construction cost index, which is a better indicator of housing development cost inflation than changes in consumer household expenses. A second aspect of fee adjustment is updating linkage fees based on changes in economic and development conditions that affect the affordable housing impacts of new developments and the funding gap to mitigate these impacts. Zoning codes in Boston, Cambridge and Somerville require this more comprehensive update every three or five years.

### **Impact on Lexington's Competitiveness for Attracting Development and Companies**

An important consideration in establishing the housing contribution rate is its potential impact on attracting new development and tenants. A housing contribution will increase development costs. Developers can offset this added cost by either paying less for their development site, reducing other development costs or collecting higher rents from tenants. When developers are unable to offset the added costs (e.g., they acquired their site before the fee was established or market conditions prevent them from increasing rents), the higher costs will reduce the return on

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<sup>22</sup> This is the time of collection. The fee obligation is typically established when a project first applies for development approval or when the final decision permitting the new development occurs.

investment for the developer and its investment partners. Since the impact of a new housing contribution on the economics of development is not certain and can vary under different circumstances, this section analyzes three ways in which a housing contribution may affect Lexington's competitive position for economic development:

1. The cost of the housing contribution is passed on to tenants as higher rents. If the rent increase is large, then it may affect Lexington's competitiveness in attracting businesses to new development projects.
2. The housing contribution cost is fully paid by developers without any rent increase or offsetting reduction in acquisition or other development costs. With higher development costs and the same rental income, developers will experience a reduction in their financial return for the project. Many developers have a return threshold that a project must meet to be deemed financially feasible and to be undertaken. If the added cost of the housing contribution significantly reduces the financial return, developers may forego undertaking a project in Lexington and pursue opportunities in other communities. A developer's return on cost<sup>23</sup>, a common financial return measure that developers use to assess project feasibility, is used for this analysis to assess the potential impact of housing contribution options.
3. The housing contribution cost is fully paid by the project's equity investors without the cost passed on as a rent increase, offset by lower acquisition and/or other development costs, or an increase in project debt financing. Developers need to raise equity financing to cover the portion of project costs that cannot be financed with debt. If the full cost of the housing contribution must be financed by equity, it will reduce the equity investors' return on investment since they will be providing more capital but the project's income will not increase. If the cost of the housing contribution significantly reduces their investment return, then equity investors may choose not to invest in Lexington projects. The inability to raise sufficient equity investment might prevent some developers from being able to undertake projects and reduce future investment in Lexington. .

#### Potential Impact on Rents.

**Table 4-3** shows the dollar impact and percentage increase of the \$92.09 maximum housing contribution (and alternative rates based on different local funding shares) on the annual lab rent per square foot amortized over a ten-year lease. Lexington's lab rent is estimated at \$75 PSF, which is the current asking rent level for the MassPike/128 market area, based on reports from several real estate brokerage firms. The maximum fee, when fully passed on to tenants, would increase annual rent by \$9.21, or 12.3%. The four lower fee options would generate increases of \$.46 to \$2.30, which equal percentage changes in rent ranging from a low of .6% to 3.1.

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<sup>23</sup> Return on cost is the ratio of a project's net income to its total development costs.

**Table 4-3. Potential Impact of Housing Contribution Options on Lexington Lab Rents**

| Housing Contribution Level                                | Potential Impact on Annual Per Square Foot Rent* | Percent of Lexington Lab Rent (\$75) |
|---|--|--------------------------------------|
| \$4.60 per square foot                                    | \$0.46   | 0.6%                                 |
| \$9.21 per square foot                                    | \$0.92   | 1.2%                                 |
| \$13.81 per square foot                                   | \$1.38   | 1.8%                                 |
| \$23.02 per square foot                                   | \$2.30   | 3.1%                                 |
| 92.09 per square foot                                     | \$9.21   | 12.3%                                |
| *Housing Contribution cost amortized over a 10 year lease |  |                                      |

To assess the impact of these potential rent increases on competition for tenants, **Table 4-4** compares Lexington's estimated lab rent to lab rents on six potential competing locations. Lexington is an established and desirable location for life science firms but it competes for tenants with several locations as a lower cost alternative to Boston and East Cambridge. With the boom in lab development in the last several years, more locations now provide a lower cost lab space option and are potential competitors to Lexington, especially the inner suburban communities of Somerville and Watertown. Lexington currently has a large rent advantage over Boston and Cambridge locations, ranging from \$13 for West Cambridge to \$33 for Fenway and \$35 for East Cambridge. The maximum housing contribution fee, if fully passed on to tenants, would increase Lexington's estimated rents by \$9.21. Despite this large impact, Lexington would still have a sizeable rent advantage with these Cambridge and Boston locations, varying from \$3.79 to \$25.79. However, the maximum fee would make Lexington more costly and impact its competitiveness with the inner suburbs and other MassPike/128 locations. Since lab rents in Lexington are comparable to those in the inner suburbs and MassPike/128 market area, any housing contribution fee, if passed on to tenants, will make Lexington more costly than these competing communities. However, the fee levels from \$4.60 to \$13.81 would have a modest rent impact of \$.46 to \$1.38 (.6 to 1.8%) and could allow Lexington to remain a competitive location based on the Town's other assets.

**Table 4-4. Lab Rents in Lexington and Competing Locations**

| Location   | Lab Asking Rent | Differential from Lexington |
|--|-----------------|-----------------------------|
| Lexington  | \$75            |                             |
| 128-MassPike   | \$75            | \$0.00                      |
| Inner Suburbs  | \$75            | \$0.00                      |
| West Cambridge   | \$88            | \$13.00                     |
| Boston-Seaport   | \$100           | \$25.00                     |
| East Cambridge   | \$110           | \$35.00                     |
| Boston-Fenway  | \$108           | \$33.00                     |
| Source: CBRE. LPC, CREDA Boston Metro Lab Reports 1Q25 |                 |                             |

## Impact of Developer Returns.

**Table 4-5** shows the impact of the additional housing contribution costs on developers' financial returns, under five fee amounts, for a 150,000 SF lab project under high cost (\$1600/SF) and low cost (\$1000/SF) development scenarios<sup>24</sup>. The two scenarios are based on varied lab total development costs reported by developers. Return on cost, which divides the expected net rental income from a project (before debt payments) by the estimated total development costs, is a common measure that developers use to assess if a project will be profitable and worth undertaking financially. Many developers in the Boston region have a current required return on cost in the 7% to 8% range, although some have a higher return threshold. By increasing development costs, a housing contribution would reduce the developer's return on cost. The fee impact on returns is greater for the low cost development scenario. The estimated return on cost without any fee is 7.13%- a level that is marginally feasible for developers with the lowest return threshold. Returns drop by 60 basis points<sup>25</sup> under the \$92.09 maximum fee, lowers the return on cost from 7.13% to 6.52%, which would make the project unfeasible. Under three lower alternative fee levels (\$4.60 to \$9.21), the reduction in a developer's return on cost is small, ranging from four to ten basis points and the estimated return remains above 7%. Under a \$23.02 fee, the return on costs drops 16 basis points to 6.96%, below 7%--the lowest return threshold.

For the high development cost lab scenario, the estimated return on cost without any fee is 4.22 %, far below developers' return thresholds and thus infeasible for development under current market conditions. Market rents will need to increase and interest decline for new development to be viable at this level of development costs. The potential fee levels further reduce estimated returns by a high of 23 basis points at \$92.09 to a low of one basis point at \$4.60.

**Table 4-5. Estimated Impact of Housing Contribution Options  
on Development Costs and Developer Returns**

| <b>Development at \$1600 PSF</b> | <b>No Contribution</b> | <b>\$92.09 Contribution</b> | <b>\$4.60 Contribution</b> | <b>\$9.21 Contribution</b> | <b>\$13.81 Contribution</b> | <b>\$23.02 Contribution</b> |
|----------------------------------|------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Total Development Costs          | \$240,000,000          | \$253,813,500               | \$240,690,000              | \$241,381,500              | \$242,071,500               | \$243,453,000               |
| Estimated Gross Rental income    | \$11,250,000           | \$11,250,000                | \$11,250,000               | \$11,250,000               | \$11,250,000                | \$11,250,000                |
| Vacancy (10%)                    | \$1,125,000            | \$1,125,000                 | \$1,125,000                | \$1,125,000                | \$1,125,000                 | \$1,125,000                 |
| Net Rental Income                | \$10,125,000           | \$10,125,000                | \$10,125,000               | \$10,125,000               | \$10,125,000                | \$10,125,000                |
| Return on Cost                   | 4.22%                  | 3.99%                       | 4.21%                      | 4.19%                      | 4.18%                       | 4.16%                       |
| <b>Differential</b>              |                        | <b>-0.23%</b>               | <b>-0.01%</b>              | <b>-0.02%</b>              | <b>-0.04%</b>               | <b>-0.06%</b>               |
| <b>Development at \$1000 PSF</b> | <b>No Contribution</b> | <b>\$92.09 Contribution</b> | <b>\$4.60 Contribution</b> | <b>\$9.21 Contribution</b> | <b>\$13.81 Contribution</b> | <b>\$23.02 Contribution</b> |
| Total Development Costs          | \$150,000,000          | \$163,813,500               | \$150,690,000              | \$151,381,500              | \$152,071,500               | \$153,453,000               |
| Estimated Gross Rental income    | \$11,250,000           | \$11,250,000                | \$11,250,000               | \$11,250,000               | \$11,250,000                | \$11,250,000                |
| Vacancy (5%)                     | \$562,500              | \$562,500                   | \$562,500                  | \$562,500                  | \$562,500                   | \$562,500                   |
| Net Rental Income                | \$10,687,500           | \$10,687,500                | \$10,687,500               | \$10,687,500               | \$10,687,500                | \$10,687,500                |
| Return on Cost                   | 7.13%                  | 6.52%                       | 7.09%                      | 7.06%                      | 7.03%                       | 6.96%                       |
| <b>Differential</b>              |                        | <b>-0.60%</b>               | <b>-0.03%</b>              | <b>-0.07%</b>              | <b>-0.10%</b>               | <b>-0.16%</b>               |

<sup>24</sup> Other assumptions used in the financial analysis are 135,500 SF of lab space rented (10% vacancy) at \$75/SF NNN.

<sup>25</sup> A basis point is 1/100<sup>th</sup> of a percentage point (.01%).



### Impact on Investor Returns.

Linkage fees will also affect the financial returns for equity investors. These investors will need to increase their investment in a project to fund the linkage fee<sup>26</sup> while receiving the same cash flow (since the project's revenue will be the same), resulting in a lower return on investment. **Table 4-6** shows how the increased equity investment reduces financial returns under the five fee level options shown in the prior table for the low-cost and high-cost lab development scenarios. Since developers reported that required financial returns for equity investors range from the high teens to twenty percent, the impact was calculated for investors seeking returns of 17% and 20%. The maximum \$92.09 housing contribution reduces investor returns by a sizeable amount, between 214 to 374 basis points, which would likely deter them from investing in projects. With a \$4.60 contribution, the returns on equity drop from 12 to 23 basis points, which is unlikely to deter investors since their returns remain close to their target levels. Similarly, the \$9.21 contribution rate reduces returns by less than 50 basis points which allows investors to maintain returns close to their target. The impact of the \$13.81 and \$23.02 contribution level is more problematic, as they reduce returns by over 50 basis points and close to a full percentage point, respectively, for the low-cost development scenarios. These lower investment returns are more likely to impair developers' ability to raise capital from investors with a strict investment return hurdle and who have other options that could meet their return goals.

**Table 4-6. Estimated Impact of Housing Contribution Options on Equity Investor Returns**

| <b>\$1000 PSF Cost Project</b>    | <b>No Contribution</b> | <b>\$92.09 Contribution</b> | <b>\$4.60 Contribution</b> | <b>\$9.21 Contribution</b> | <b>\$13.81 Contribution</b> | <b>\$23.02 Contribution</b> |
|-----------------------------------|------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Equity Investment                 | \$60,000,000           | \$73,813,500                | \$60,690,000               | \$61,381,500               | \$62,071,500                | \$63,453,000                |
| Initial Equity Return @17%        | \$10,200,000           | \$10,200,000                | \$10,200,000               | \$10,200,000               | \$10,200,000                | \$10,200,000                |
| Adjusted Return with contribution |                        | 13.82%                      | 16.81%                     | 16.62%                     | 16.43%                      | 16.07%                      |
| <b>Differential</b>               |                        | <b>-3.18%</b>               | <b>-0.19%</b>              | <b>-0.38%</b>              | <b>-0.57%</b>               | <b>-0.93%</b>               |
| Initial Equity Return @ 20%       | \$12,000,000           | \$12,000,000                | \$12,000,000               | \$12,000,000               | \$12,000,000                | \$12,000,000                |
| Adjusted Return with contribution |                        | 16.26%                      | 19.77%                     | 19.55%                     | 19.33%                      | 18.91%                      |
| <b>Differential</b>               |                        | <b>-3.74%</b>               | <b>-0.23%</b>              | <b>-0.45%</b>              | <b>-0.67%</b>               | <b>-1.09%</b>               |
| <b>\$1600 PSF Cost Project</b>    | <b>No</b>              | <b>\$92.09</b>              | <b>\$4.60</b>              | <b>\$9.21</b>              | <b>\$13.81</b>              | <b>\$23.02</b>              |
| Equity Investment                 | \$96,000,000           | \$109,813,500               | \$96,690,000               | \$97,381,500               | \$98,071,500                | \$99,750,000                |
| Initial Equity Return @17%        | \$16,320,000           | \$16,320,000                | \$16,320,000               | \$16,320,000               | \$16,320,000                | \$16,320,000                |
| Adjusted Return with contribution |                        | 14.86%                      | 16.88%                     | 16.76%                     | 16.64%                      | 16.36%                      |
| <b>Differential</b>               |                        | <b>-2.14%</b>               | <b>-0.12%</b>              | <b>-0.24%</b>              | <b>-0.36%</b>               | <b>-0.64%</b>               |
| Initial Equity Return @ 20%       | \$19,200,000           | \$19,200,000                | \$19,200,000               | \$19,200,000               | \$19,200,000                | \$19,200,000                |
| Adjusted Return with contribution |                        | 17.48%                      | 19.86%                     | 19.72%                     | 19.58%                      | 19.25%                      |
| <b>Differential</b>               |                        | <b>-2.52%</b>               | <b>-0.14%</b>              | <b>-0.28%</b>              | <b>-0.42%</b>               | <b>-0.75%</b>               |

Developers also face a transportation mitigation fee for development in the Hartwell Avenue Area Transportation Management Overlay District, based on the number of net new parking

<sup>26</sup> Lenders are unlikely to increase their loan size to fund the housing contribution cost since there is no increase in project revenue and cash flow to repay a larger loan.

spaces built<sup>27</sup>. These fees can add several dollars per square foot in additional development costs and should be considered when deciding on the amount of any new housing contribution fee level.

It is important to note the substantial barriers to new lab development (and other commercial development) under the current market and financial environment. Most projects are not financially viable under current construction and financing costs, and with downward pressure on rents given the large oversupply of already built space. In this environment, a new housing contribution fee adds another cost and financial barrier to projects, and could be perceived as Lexington being less supportive of non-residential development.

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<sup>27</sup> The transportation mitigation fee is \$2000 per parking space for each net new parking space built up to the minimum parking required by § [10.2.6](#) of the zoning by-law and \$5,000 per space for each net new space above the minimum requirement.

## **V. Recommended Housing Contribution Policies**

The analysis detailed in this report establishes the nexus and warranted fee level for an affordable housing contribution fee. Projected building of 486,116 square feet of non-residential development over the next ten years is expected to generate 982 jobs in Lexington. This employment growth will create demand for 131 new units of housing for very low-income, low-income, and middle-income households. An estimated financing gap of \$44.8 million must be filled to reach the \$85.5 million in total development costs necessary to build the new affordable housing units. The maximum warranted housing contribution to fill this financing gap is \$92.09 per square foot.

Under current market conditions, Lexington is unlikely to see new development several years and the first new development projects may already be permitted and thus not subject to a new housing contribution fee. Consequently, the Town is unlikely to gain new revenue from a housing contribution fee for many years. Under these circumstances, and faced with a very challenging development environment, Lexington should consider delaying implementation of a housing contribution fee for several years. There are two options for deferred implementation: (1) establishing a new housing contribution fee but deferring its application to a specific future date; (2) taking no action now and reconsidering the establishment of the housing contribution in several years, when market conditions improve.

If and when Lexington does decide to proceed with a housing contribution, we recommend the following policies for the fee level and its administration:

- Set a fee level between \$4.50 and \$9.50. This level when combined with any applicable transportation mitigation fee, as reflected in the analysis in the prior section, has minimal impact on developer and investor returns and is unlikely to deter future non-residential development;
- Apply one contribution rate to all non-residential uses;
- Set the project size threshold for requiring the housing contribution at 30,000 SF;
- Do not provide any exempted amount of space or exempt any non-residential uses from the contribution;
- Allow the housing contribution to be paid in two installments with 50% paid at the Certificate of Occupancy (COO) and the second 50% paid at the one year anniversary date of the COO;
- Adjust the housing contribution rate annually based on the change in the Consumer Price Index or a construction cost index; and
- Review and reset the rate every 5 to 7 years based on changed market conditions and development trends.

## Appendix A: Employee Survey Summary

A brief online survey was used to survey employees working in Lexington's large office and lab/life science buildings. The survey assessed potential housing demand stemming from either having moved to Lexington as a result of their job or having sought housing in Lexington due to their job. Employers were contacted by Town staff and the consultant team and asked to distribute a survey link to their employees. Several property owners also contacted their tenants to encourage participation in the survey. A total of 193<sup>28</sup> Lexington employees completed surveys with the distribution by industry as follows:

| <b>Business/Industry Type</b>     | <b>Number of Responses</b> | <b>Percentage of Responses (%)</b> |
|-----------------------------------|----------------------------|------------------------------------|
| Biotech/Health Sciences R & D     | 41                         | 21.2%                              |
| Education                         | 1                          | 0.5%                               |
| Health Care                       | 2                          | 1.0%                               |
| IT/Software/Other Technology      | 139                        | 72.0%                              |
| Professional or Business Services | 7                          | 3.6%                               |
| Other                             | 3                          | 1.6%                               |
| <b>Total</b>                      | <b>193</b>                 | <b>100.0%</b>                      |

<sup>28</sup> Respondents who selected other indicated the following business/industry types: human services, consulting and government.

Key survey results include:

- 6.7% of respondents (13) live in Lexington.
- 2 employees (1%) moved to Lexington as a result of obtaining their job in Lexington or its relocation to Lexington.
- 56 (29%) sought housing in Lexington are a result of being employed in Lexington but did not move due to high cost of housing.
- Sum of both (30%) was used to estimated percent of employees at jobs from new development that would demand housing in Lexington.

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<sup>28</sup> One survey respondent was not employed in Lexington and was not include in the final data analysis.

## Appendix B: Tables Detailing Housing Subsidy Analysis

**Table B-1. Affordable Rental Housing Units by Number of Bedrooms and Building Area**

|   | <b>Number<br/>of Units</b> | <b>Average<br/>Unit Size</b> | <b>Total<br/>Living Area</b> |
|---|----------------------------|------------------------------|------------------------------|
| One Bedroom                                       | 40                         | 600                          | 24,240                       |
| Two Bedroom                                       | 15                         | 800                          | 11,840                       |
| Three Bedroom                                     | 16                         | 1,000                        | 15,800                       |
| <b>Total Units</b>                                | <b>71</b>                  | <b>731</b>                   | <b>51,880</b>                |
| Net Square Feet as a Percent of Gross Square Feet |                            |                              | 75.0%                        |
| <b>Total Gross Square Feet (GSF) (Rounded)</b>    |                            |                              | <b>69,000</b>                |
| <b><i>Average Unit Size per GSF</i></b>           |                            |                              | <b>972</b>                   |

Source: Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

**Table B-2. Affordable Ownership Housing Units by Number of Bedrooms and Building Area**

|   | <b>Number<br/>of Units</b> | <b>Average<br/>Unit Size</b> | <b>Total<br/>Living Area</b> |
|---|----------------------------|------------------------------|------------------------------|
| One Bedroom                                       | 36                         | 600                          | 21,360                       |
| Two Bedroom                                       | 12                         | 800                          | 9,600                        |
| Three Bedroom                                     | 12                         | 1,000                        | 12,400                       |
| <b>Total Units</b>                                | <b>60</b>                  | <b>723</b>                   | <b>43,360</b>                |
| Net Square Feet as a Percent of Gross Square Feet |                            |                              | 75.0%                        |
| <b>Total Gross Square Feet (GSF) (Rounded)</b>    |                            |                              | <b>58,000</b>                |
| <b><i>Average Unit Size per GSF</i></b>           |                            |                              | <b>967</b>                   |

Source: Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

**Table B-3. Conversion of Ownership Unit Household Income by Persons to Household Income by Bedrooms**

| Household Size   | Annual Income <sup>1/</sup> | Number of Households | Aggregate Income |             |
|--|-----------------------------|----------------------|------------------|-------------|
| Calculation of Aggregate Income                                      |                             |                      |                  |             |
| Low Income Households  |                             |                      |                  |             |
| 1 Person   | \$76,457                    | 2                    | \$152,914        |             |
| 2 Persons  | \$85,846                    | 1                    | \$85,846         |             |
| 3 Persons  | \$101,078                   | 2                    | \$202,156        |             |
| 4 Persons  | \$105,067                   | 2                    | \$210,134        |             |
| Total  | \$93,007                    | 7                    | \$651,050        |             |
| Middle Income Households   |                             |                      |                  |             |
| 1 Person   | \$115,606                   | 24                   | \$2,774,544      |             |
| 2 Persons  | \$125,091                   | 15                   | \$1,876,365      |             |
| 3 Persons  | \$144,609                   | 5                    | \$723,045        |             |
| 4 Persons  | \$159,722                   | 9                    | \$1,437,498      |             |
| Total  | \$128,518                   | 53                   | \$6,811,452      |             |
| Units by Number of Bedrooms  |                             |                      |                  |             |
| One bedroom  | Two bedroom                 | Three bedroom        |                  |             |
| All Units  |                             |                      |                  |             |
| Distribution of Units by Number of Bedrooms                          |                             |                      |                  |             |
| 1 Person   | 100%                        | 0%                   | 0%               | 100%        |
| 2 Persons  | 60%                         | 40%                  | 0%               | 100%        |
| 3 Persons  | 0%                          | 80%                  | 20%              | 100%        |
| 4 Persons  | 0%                          | 0%                   | 100%             | 100%        |
| Distribution of Low Income Aggregate Income by Unit Size             |                             |                      |                  |             |
| 1 Person   | \$152,914                   | \$0                  | \$0              | \$152,914   |
| 2 Persons  | \$51,508                    | \$34,338             | \$0              | \$85,846    |
| 3 Persons  | \$0                         | \$161,725            | \$40,431         | \$202,156   |
| 4 Persons  | \$0                         | \$0                  | \$210,134        | \$210,134   |
| Total  | \$204,422                   | \$196,063            | \$250,565        | \$651,050   |
| Total Units by Size  | 3                           | 2                    | 2                | 7           |
| Avg. Income per Unit by Size   | \$68,141                    | \$98,032             | \$125,283        | \$93,007    |
| Distribution of Middle Income Aggregate Income by Number of Bedrooms |                             |                      |                  |             |
| 1 Person   | \$2,774,544                 | \$0                  | \$0              | \$2,774,544 |
| 2 Persons  | \$1,125,819                 | \$750,546            | \$0              | \$1,876,365 |
| 3 Persons  | \$0                         | \$578,436            | \$144,609        | \$723,045   |
| 4 Persons  | \$0                         | \$0                  | \$1,437,498      | \$1,437,498 |
| Total  | \$3,900,363                 | \$1,328,982          | \$1,582,107      | \$6,811,452 |
| Total Units by Size  | 33                          | 10                   | 10               | 53          |
| Avg. Income per Unit by Size   | \$118,193                   | \$132,898            | \$158,211        | \$128,518   |

1/ Source: Karl F. Seidman Consulting Services. Weighted average annual household income based on anticipated mix of occupations and average occupational wages for based on projected commercial development in Lexington.  
Source: Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

**Table B-4. Sales Price Analysis by Unit Size / Number of Bedrooms based on Estimated Monthly Housing Costs Set at 30% of Household Income**

| Assumptions                                |  |
|--|--|
| Mortgage                                   | 5% Assumed Down payment                              |
|  | 95% Percent of Price covered by Mortgage             |
|  | 6.70% Mortgage interest rate <sup>1/</sup>           |
|  | 0.72% Private Mortgage Insurance (PMI) <sup>2/</sup> |
| Real Estate Taxes                          | \$12.23 per 1,000 of assessed values/sales price     |
| Condo Fees, as a<br>Percent of Sales Price | 1.50% Middle Income unit                             |
|  | 2.00% Low Income unit                                |

|                             | Unit Size / Number of Bedrooms   |           |               |
|-----------------------------|--|-----------|---------------|
|                             | Two  |           |               |
|                             | One Bedroom  | Bedroom   | Three Bedroom |
| Very Low Income Households  | Not applicable because Very Low Income housing units are assumed to be all rental units. |           |               |
| Low Income Households       |  |           |               |
| Sales Price                 | \$193,286  | \$278,018 | \$355,264     |
| Down payment                | \$9,664  | \$13,901  | \$17,763      |
| Monthly Payment Calculation |  |           |               |
| First Mortgage Payment      | \$1,185  | \$1,704   | \$2,178       |
| Real Estate Taxes           | \$197  | \$283     | \$362         |
| Condo Fees                  | \$322  | \$463     | \$592         |
| Total Monthly Payment       | \$1,704  | \$2,451   | \$3,132       |
| Middle Income Household     |  |           |               |
| Sales Price                 | \$351,815  | \$395,509 | \$470,872     |
| Down payment                | \$17,591   | \$19,775  | \$23,544      |
| Monthly Payment Calculation |  |           |               |
| First Mortgage Payment      | \$2,157  | \$2,425   | \$2,887       |
| Real Estate Taxes           | \$359  | \$403     | \$480         |
| Condo Fees                  | \$440  | \$494     | \$589         |
| Total Monthly Payment       | \$2,955  | \$3,322   | \$3,955       |

1/ As of Wednesday, August 13, 2025, current interest rates in Massachusetts are 6.70% for a 30-year fixed mortgage and 5.88% for a 15-year fixed mortgage.

2/ Moderate and middle income households qualify for the One Mortgage Program ([http://www.mhp.net/homeownership/homebuyer/one\\_mortgage.php](http://www.mhp.net/homeownership/homebuyer/one_mortgage.php)) that waives Private Mortgage Insurance (PMI) for first time homeowners through participating lenders.

Source: Massachusetts Housing Partnership; Town of Lexington; Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

**Table B-5. Calculation of Subsidy Required for New Affordable Rental Units per Square Foot of Projected Non-Residential Development**

|  | <b>All Rental Units</b> | <b>Low Income</b> | <b>Low Income</b> | <b>Middle Income</b> |
|--|-------------------------|-------------------|-------------------|----------------------|
| Number of Units  | 71                      | 3                 | 17                | 51                   |
| Total Development Cost   | \$46,448,000            | \$1,962,592       | \$11,121,352      | \$33,364,056         |
| Total Subsidy Required   | \$27,810,000            | \$1,962,592       | \$8,267,352       | \$17,580,056         |
| Percent TDC that is Subsidy  | 59.9%                   | 100.0%            | 74.3%             | 52.7%                |
| <b>Derivation of Commercial Square Footage Subject to Housing Contribution</b> |                         |                   |                   |                      |
| Total Commercial Square Footage  | 486,116                 | 486,116           | 486,116           | 486,116              |
| <b>Subsidy Required per Square Foot of New Commercial Development</b>          | <b>\$57.21</b>          | <b>\$4.04</b>     | <b>\$17.01</b>    | <b>\$36.16</b>       |

Source: Town of Lexington; Karl F. Seidman Consulting Services; and ConsultEcon, Inc.

**Table B-6. Calculation of Subsidy Required for New Affordable Ownership Units per Square Foot of Projected Non-Residential Development**

|  | <b>All Ownership Units</b> | <b>Low Income</b> | <b>Middle Income</b> |
|--|----------------------------|-------------------|----------------------|
| Number of Units  | 60                         | 7                 | 53                   |
| Total Development Cost   | \$39,076,000               | \$4,558,867       | \$34,517,133         |
| Total Subsidy Required   | \$16,956,000               | \$2,712,867       | \$14,243,133         |
| Percent TDC that is Subsidy  | 43.4%                      | 59.5%             | 41.3%                |
| <b>Derivation of Commercial Square Footage Subject to Housing Contribution</b> |                            |                   |                      |
| Total Commercial Square Footage  | 486,116                    | 486,116           | 486,116              |
| <b>Subsidy Required per Square Foot of New Commercial Development</b>          | <b>\$34.88</b>             | <b>\$5.58</b>     | <b>\$29.30</b>       |

Source: Town of Lexington; Karl F. Seidman Consulting Services; and ConsultEcon, Inc.



## **AGENDA ITEM SUMMARY**

### **LEXINGTON PLANNING BOARD**

**AGENDA ITEM TITLE:**

Review of Draft Meeting Minutes: 10/22 and 11/19

**PRESENTER:**

**ITEM  
NUMBER:**

**SUMMARY:**

**SUGGESTED MOTION:**

**FOLLOW-UP:**

**DATE AND APPROXIMATE TIME ON AGENDA:**

1/7/2026

## **AGENDA ITEM SUMMARY**

### **LEXINGTON PLANNING BOARD**

#### **AGENDA ITEM TITLE:**

Upcoming Meetings

#### **PRESENTER:**

#### **ITEM NUMBER:**

#### **SUMMARY:**

Upcoming meetings, Wednesdays:

- January 21
- February 4
- February 25
- March 11
- March 25

#### **SUGGESTED MOTION:**

#### **FOLLOW-UP:**

#### **DATE AND APPROXIMATE TIME ON AGENDA:**

1/7/2026

## **AGENDA ITEM SUMMARY**

### **LEXINGTON PLANNING BOARD**

**AGENDA ITEM TITLE:**

Adjourn – The meeting will continue until all items are finished. The estimated adjournment time is 8:30 pm.

**PRESENTER:**

**ITEM  
NUMBER:**

**SUMMARY:**

**SUGGESTED MOTION:**

**FOLLOW-UP:**

**DATE AND APPROXIMATE TIME ON AGENDA:**

1/7/2026

## **AGENDA ITEM SUMMARY**

### **LEXINGTON PLANNING BOARD**

#### **AGENDA ITEM TITLE:**

Zoom Details - <https://www.lexingtonma.gov/377/Access-Virtual-Meetings>

#### **PRESENTER:**

#### **ITEM NUMBER:**

#### **SUMMARY:**

Planning is inviting you to a scheduled Zoom meeting.

Topic: Planning's Zoom Meeting

Time: Jan 7, 2026 06:00 PM Eastern Time (US and Canada)

Join Zoom Meeting

<https://lexingtonma.zoom.us/j/82954436874?pwd=EZXGn362bDQBQ2UeGldbTbKAO3UiqW.1>

Meeting ID: 829 5443 6874

Passcode: 076028

#### **SUGGESTED MOTION:**

#### **FOLLOW-UP:**

#### **DATE AND APPROXIMATE TIME ON AGENDA:**

1/7/2026