



Compact Neighborhoods Policy

The Department of Housing and Community Development will offer, effective November 14, 2012, additional incentives to municipalities that adopt zoning districts promoting the Commonwealth's strong interest in housing for working families of all incomes and in smart growth. For purposes of this Policy, these zoning districts will be called "Compact Neighborhoods." This new tool complements Chapter 40R, the Commonwealth's Smart Growth Overlay District statute.

To participate in this program, a municipality must:

- (1) identify an "as-of-right" base or overlay zoning district (Compact Neighborhood);
- (2) request and receive a Letter of Eligibility¹ from the Department, confirming that the Compact Neighborhood is in an "Eligible Location" and that the zoning meets or exceeds the applicable requirements for participation in this initiative;
- (3) adopt the Compact Neighborhood Zoning, submit proof of local adoption and receive a Letter of Certification from the Department.

The Compact Neighborhood Zoning must:

- (1) allow for a minimum number of "Future Zoned Units" in the Compact Neighborhood, which is generally one percent of the year-round housing units in that community²;
- (2) allow one or more of the following densities as-of-right in the Compact Neighborhood: a density of at least 8 units per acre for Developable Land zoned for multi-family residential use (2-family or more) or at least 4 units per acre for "Developable Land" zoned for single-family residential use;
- (3) provide that not less than 10 percent of all units constructed within "Projects" of more than 12 units are "Affordable"; and
- (4) not impose restrictions on age or any other form of occupancy restrictions upon the Compact Neighborhood as a whole (however, specific projects may be exclusively for the elderly, persons with disabilities, or for assisted living, provided that any such Project is in compliance with all applicable fair housing laws).

In reviewing requests for eligibility, the Department will use, among others, the definitions of "As-of-Right," "Eligible Location," "Future Zoned Units," "Developable Land," "Project," and "Affordable" in the Chapter 40R regulations (760 CMR 59.01 et seq.). The 10% affordability requirement would apply to each Project of more than 12 units, rather than to the Compact Neighborhood as a whole.

¹ A Letter of Eligibility is not required for qualifying Compact Neighborhoods adopted up to five years prior to November 14, 2012. In that instance, the applying community would receive a Letter of Certification.

² For the Commonwealth's three largest cities measured by the number of year-round housing units, the minimum number of Future Zoned Units would be, respectively, 700, 500 and 500.

Municipalities may choose to require a higher percentage of affordable units or to set a lower threshold for requiring Projects to include affordable units.

If the Department certifies that the municipality has created a “Compact Neighborhood,” this certification can be used by the municipality as evidence of a “Previous Municipal Action” that must be considered by a Subsidizing Agency in making the findings that are necessary under Chapter 40B for a determination of Project Eligibility (760 CMR 56.04(4)(b) and relevant Guidelines). Under the Guidelines, existence of a Compact Neighborhood may be given weight in this determination.

If the Department certifies that the municipality has created a “Compact Neighborhood,” this certification can be used by the municipality when it applies for discretionary funding by state agency programs that have included a preference for adoption of a Compact Neighborhood. Such a preference is included in the MassWorks infrastructure program administered by the Executive Office of Housing and Economic Development and will be proposed for certain other funding programs this year. The list of applicable programs will be maintained and periodically updated on the Department’s new Compact Neighborhoods webpage.

All municipalities are eligible. With respect to municipalities considering the adoption of a Compact Neighborhood, the Department strongly recommends an informal pre-application discussion and site visit with its staff and/or staff of one of the Commonwealth’s quasi-public housing agencies prior to the municipality’s request for a Letter of Eligibility. If a municipality adopted new base or overlay zoning within the last five years that meets the criteria for this program, it may apply for the Compact Neighborhood designation. Master permits approved within the last five years that allow additional development as-of-right may also qualify.

The Department has expanded its Priority Development Fund (PDF) criteria to include financial assistance to communities in adopting Compact Neighborhood Zoning. Priority for this funding will be given to creation of Compact Neighborhoods encouraging integrated mixed-use development beyond the boundaries of a single project.

The Department expects municipalities, in drafting zoning ordinances to:

- (1) create districts which meet the definition of “Smart Growth” in the Chapter 40R regulations, including not only the location and density of the Compact Center but also its emphasis on mixing land uses and sustainability principles;
- (2) promote the development of housing that is priced for households across a broad range of incomes; and
- (3) promote the development of housing appropriate for diverse populations, including households with children, other households, individuals, and households including individuals with disabilities and the elderly.

This initiative will be managed by the Department’s Smart Growth Coordinator in the Office of Sustainable Communities.