



## OFFICE OF STRATEGIC PLANNING AND COMMUNITY DEVELOPMENT

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**Alexander D. Pratt**  
Director

### MEMORANDUM

TO: Malden City Council

FROM: Alex Pratt, Director OSCPD  
Zachery Lemel, Deputy Director of Planning and Economic Development  
Elena Eimert, Senior Planner

COPY: Mayor Gary Christenson  
Affordable Housing Trust Fund Board

DATE: June 17, 2026

RE: Proposed Inclusionary Zoning (IZ) Ordinance Amendments

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#### Introduction

The City adopted its first Inclusionary Zoning (IZ) Ordinance in 2021 to create more affordable housing as part of market-rate housing development projects. IZ policies require covered housing projects to set aside a portion of their units as affordable and provide incentives to help offset the costs. If the policy sets its requirements too low, the community might get fewer affordable units than we could have required. If the policy sets requirements too high, the projects won't be financially viable and won't move forward. That's why the initial ordinance requires us to evaluate and update the IZ policy as necessary at least every five years. Working with the Affordable Housing Trust Fund Board, OSPCD hired a consultant to complete this review.

The findings are clear: due to a market that has changed significantly in the last five years, our IZ policy needs to be updated to remain effective. Consistent with these findings, we propose changes to the IZ policy that will create more affordable housing without slowing market-rate development and make it easier to build 100% affordable housing projects. A summary of this proposal is below. A section-by-section comparison is attached, along with a draft amendment and the consultant's feasibility analysis report.

#### Proposal Summary

- **Administrative Approval:** Change IZ compliance to administrative review rather than IZ Special Permit. Currently, the Planning Board (or in some cases the Council) need to determine whether a project has complied with IZ, which has created confusion. This would not change other Special Permit requirements elsewhere in our zoning.
- **Update Requirements:**

- Adjust the required percentage of affordable units from 15% to 10% to make projects more feasible.
  - Change income tiers from 50% to 60% AMI for required affordable rental units and 80% to 100% for required homeownership units to make projects more feasible and better align with state and federal subsidy limits.
  - Remove requirement that nursing and convalescent homes be subject to IZ, as their fee structures are substantially different than residential units alone.
- **Increase Incentives**
    - **Density Bonus:** Revise density bonus incentive to allow 2 additional dwelling units for every required affordable unit, up from 1 under current policy.
    - **Parking Adjustment:** Keep the existing parking requirement of 1 space/ unit for market-rate projects. For projects that provide additional affordable housing units beyond what is required, reduce the requirement to 0.75/ unit.
    - **Promote Affordable Housing Projects:** Provide greater flexibility for projects where all units are affordable, providing by special permit an additional story and
- **Administrative:**
    - Adds Definitions, updates Purpose, and other administrative changes
    - Removes nursing and convalescent homes from applicability, consistent with best practice and the different operating models of those facilities
    - Clarify language on Local Preference to align with name of new state agency and best practice. Standard remains “to the maximum extent permitted by law.”
    - Update Right of First Refusal language to make it more feasible.
    - Updates In-Lieu fee; City may accept payment in-lieu or require unit to be built.
    - Other administrative updates to aid in the execution of the IZ policy.

## Next Steps

OPSCD recommends the City Council move this item to a joint public hearing for further review and consideration.

## Attachments

Attachment A	Section-By-Section Proposed Changes
Attachment B	Draft Inclusionary Zoning Amendment
Attachment C	Malden Inclusionary Zoning Feasibility Analysis (April 2026)