

# TOWN OF CONCORD, MA

## MIXED-USE ZONING AFFORDABILITY FEASIBILITY ANALYSIS

January 7, 2026

# BACKGROUND



Photo Credit: Apartments.com

The Town of Concord seeks to assess the financial feasibility of both the Town's existing zoning bylaw related to the development of mixed-use projects (bylaw 4.2.3) and the proposed amendment to this bylaw at the 2026 Annual Town Meeting. The first assessment tests the Town's existing combined business/residence bylaw that permits the development of residential and commercial uses on the same lot in certain areas of the Town. The second assessment tests the proposed 2026 amendment to create a mixed-use zoning bylaw that will replace the existing business/residence bylaw.

Both versions of the bylaw address requirement standards for the production of affordable residential units in newly construction mixed-use developments.

The following analysis details the financial impact of the minimum development standards under both versions of the bylaw and the resulting financial returns on hypothetical projects. This analysis is intended to assist the Town in [1] determining whether the current bylaw language is feasible under market conditions within the local economy and [2] does the proposed amendment to the bylaw create negative, neutral, or positive impacts to the feasibility of newly constructed mixed-use developments within permitted areas.

# BYLAW LANGUAGE

This table summarizes the requirements for the current bylaw (in blue) and the proposed bylaw amendment (in green) used to run the financial feasibility model.

Zoning Bylaw 4.2.3		
Minimum Requirements	Current Bylaw	Proposed 2026 Amendment
<b>Residential Units</b>	4	10
<b>Affordability Percentage</b>	20% set aside at 80% area median income	20% set aside at 80% area median income
<b>Partial Unit Rule</b>	Build affordable unit	Rounded up to whole unit if greater than 0.5 OR Payment in-lieu allowed for fractional calculation less than 0.5
<b>Partial Unit Calculation</b>	None	Fractional amount * Market rate unit value (at time of occupancy)
<b>Parking (per unit ratio)</b>	2	1.5
<b>Open Space</b>	2x gross residential floor area	20% of land area

# SCENARIOS TESTED

RKG Associates analyzed two separate scenarios for the current bylaw and two scenarios for the proposed bylaw to test current requirements and determine if project scale impacts feasibility.

	Current Bylaw		Proposed 2026 Amendment	
Scenario Categories	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Total Residential Units	4	12	10	25
Bylaw Affordability Percentage	20% set aside at 80% of the area median income			
Effective Affordability Percentage	25%	25%	20%	20%
Partial Unit Rule	Build affordable unit		Round up to whole unit if greater than 0.5 OR Payment in-lieu allowed for fractional calculation less than 0.5	
Partial Unit Calculation	None		Fractional amount * Market rate unit value (at time of occupancy)	
Commercial Space	4,000	5,000	5,000	15,000
Residential Parking	2 spaces per unit		1.5 spaces per unit	
Commercial Parking	3 spaces per 1,000 SF		3 spaces per 1,000 SF	
Open Space	2x gross residential floor area		20% of land area	

# FINANCIAL FEASIBILITY MODEL

**THE FINANCIAL FEASIBILITY MODEL IS A PROFORMA-BASED MICROSOFT EXCEL PROGRAM DESIGNED TO TEST THE FINANCIAL IMPACT OF BYLAW REQUIREMENTS AGAINST THE RISK/REWARD OF A PROPOSED REAL ESTATE INVESTMENT.**

RKG Associates collected current market data and updated the Concord financial feasibility model created for the MBTA Communities Zoning in 2022 to test the financial viability of the Town's current and proposed bylaw language governing mixed-use projects. A financial feasibility model uses traditional real estate pro forma analytics to estimate financial return by testing the impact to construction and operation of a revenue-producing asset.

There are several return metrics used to assess financial feasibility. The Concord financial feasibility model focuses in on the two most common measures, Return on Cost (ROC) and Internal Rate of Return (IRR).

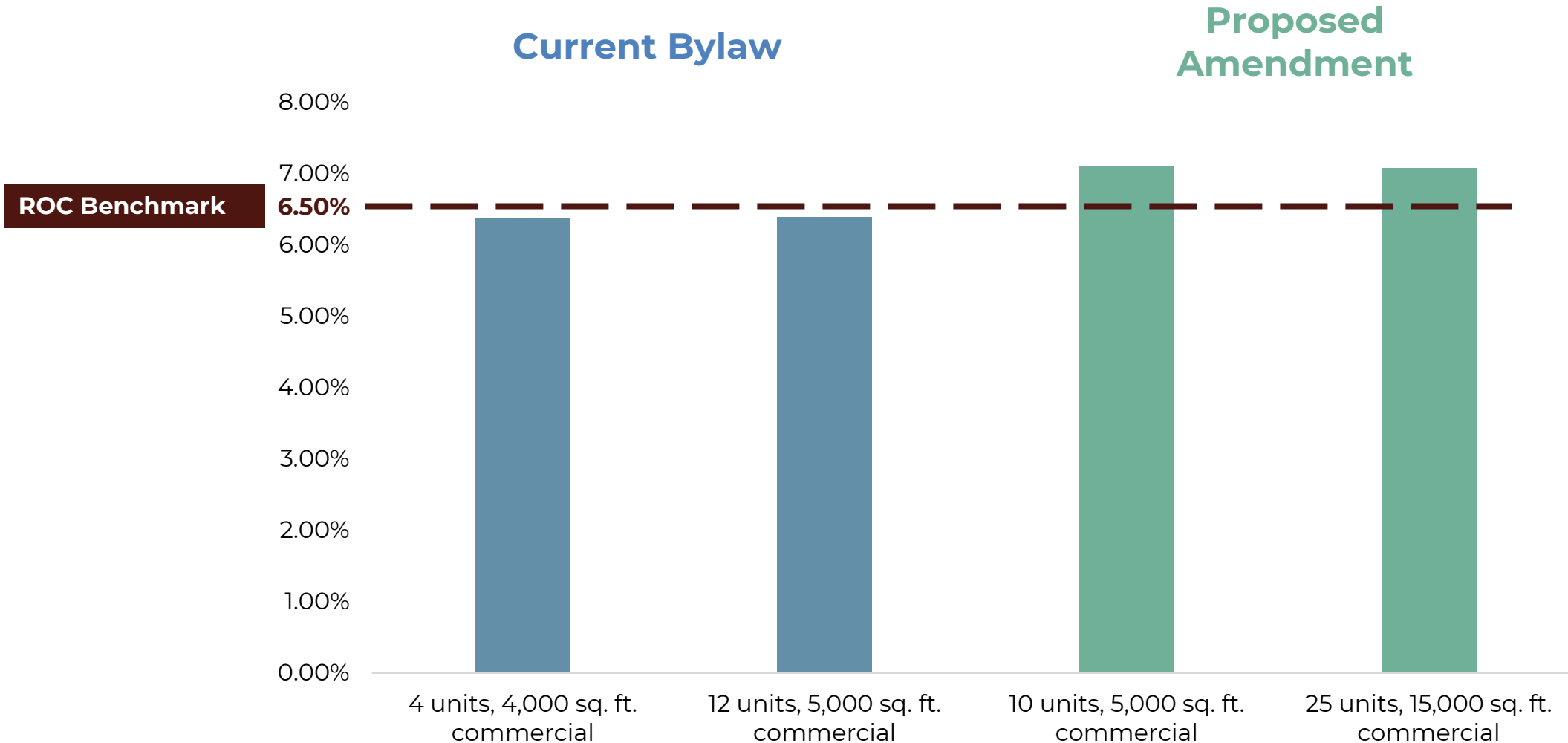
Return on Cost compares the capitalized value of a revenue-producing real estate asset to the full cost of constructing the asset. In other words, it measures whether the built project will be worth (through sale on the open market) more, the same, or less than it will cost to construct. This point-in-time analysis measure is most used by developers seeking to ensure that they will be able to secure a positive return if they sold the asset immediately after construction.

Internal Rate of Return assesses the financial performance of a revenue-producing real estate asset over a longer period, accounting for a set ownership time frame. Unlike ROC, IRR analysis focuses on the time-value of money and considers both construction and operation of an asset over a set timeline (the model uses a standard of ten years). IRR is generally compared against an investor's desired return rate (or discount rate) to determine if an investment meets the perceived risk level. IRR calculations are much more detailed than overall return calculations, and account for inflation, projected income escalators and the reversion (or sale) of the property at the end of the hold period.

# FEASIBILITY ANALYSIS

## RETURN ON COST SUMMARY OF FINDINGS

The current bylaw does not yield a return that would attract a for-profit developer without some regulatory or financial assistance. In contrast, the proposed amendment creates a development environment that results in ROC levels suitable to meet the market opportunity cost threshold.



# FEASIBILITY ANALYSIS

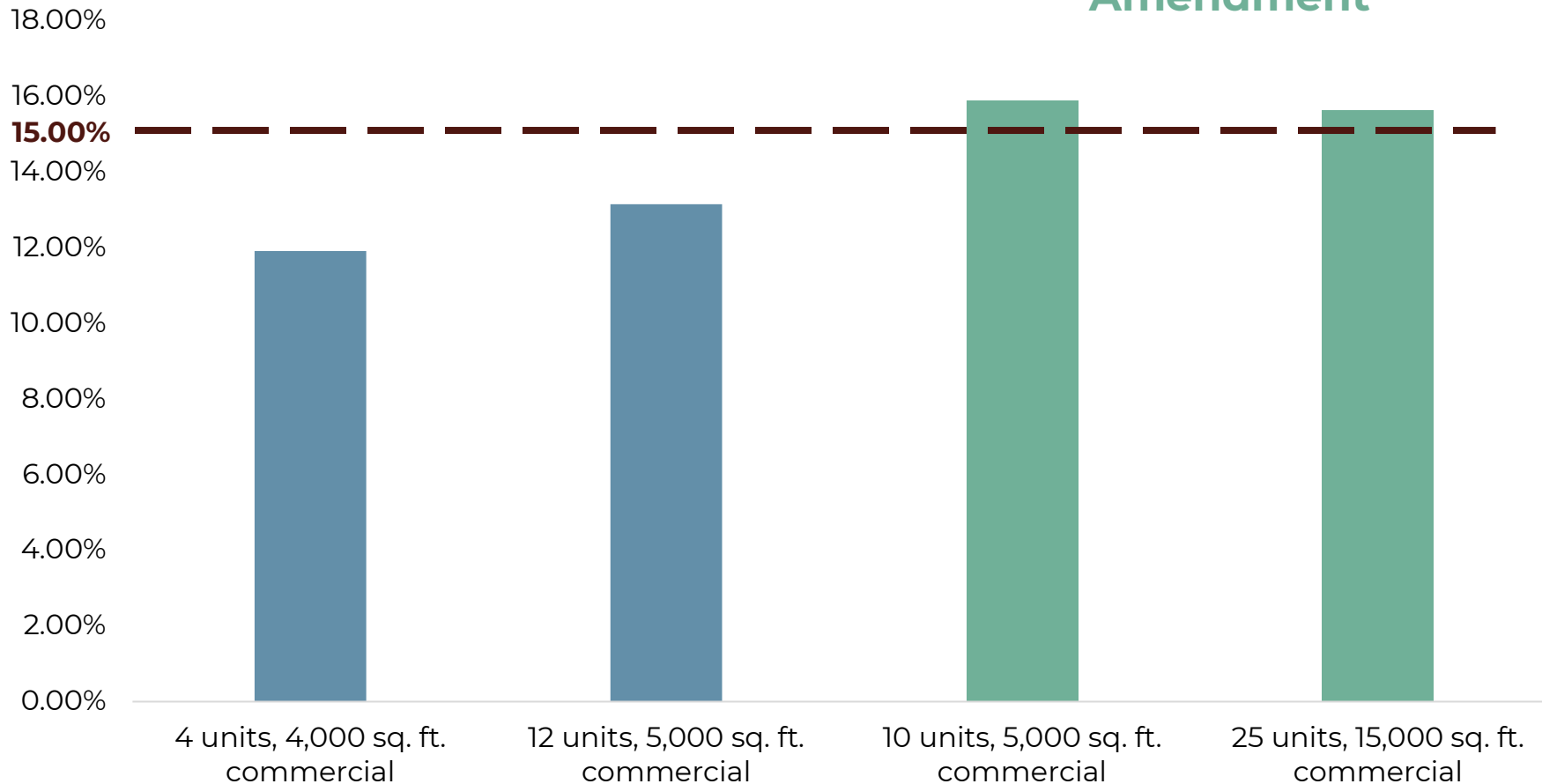
## INTERNAL RATE OF RETURN SUMMARY OF FINDINGS

Like the ROC analysis, the IRR analysis indicates that the current bylaw requirements results in an IRR below market expectations in Concord while the proposed amendment achieves this threshold.

### Current Bylaw

### Proposed Amendment

IRR Benchmark



# RECOMMENDATIONS

## **The current bylaw creates a negative financial feasibility for mixed-use development under current market conditions.**

The current bylaw creates a financial hardship for mixed-use developments in Concord. The initial challenge is the round up requirement makes the effective affordability percentage above 20%. As seen in the examples, the effective percentage can reach as high as 25%. This impacts feasibility, particularly for smaller projects that do not have the scale to absorb these additional costs.

The second substantial impact relates to land use efficiency. Simply put, the current open space requirements and parking requirements necessitate an amount of land that would make acquisition too expensive to reach competitive market rate return levels. The current bylaw requires developers to acquire too much land to make developments work financially.

## **The proposed bylaw amendment address the most substantial issues and make mixed-use development feasible under current conditions**

The proposed bylaw amendment addresses both challenges.

First, increasing the minimum units from four to ten eliminates the challenge that smaller projects face when trying to deliver affordable housing units.

Second, RKG's analysis revealed that the partial affordable unit in lieu payment calculation creates a more uniform return output for projects, as the financial impact is scaled to the project. Adopting the proposed amendment eliminates the unintended increase in affordable unit percentage, leading to stronger returns and more efficient delivery of affordable units.



# OTHER FINDINGS

Finally, the adjusted parking and open space requirements effectively reduces the amount of land needed, reducing project costs so that these projects can sufficiently reach complete market return levels for mixed use development.

**Commercial space typologies vary in revenue thus posing a potential long-term viability consideration.**

RKG's market analysis revealed that difference commercial typologies offer different return potential. For example, in zoning areas that allow business/residential development, the current market in Concord show restaurants bring higher returns than office and retail. As such, developers will be more apt to incorporate a dining option than other commercial uses.

However, the market cannot support unlimited restaurant—or any single commercial type—development. To this end, certain projects may perform better than others depending on the location and market strength of a given site. As market conditions change, viability may shift as well.

**The proposed bylaw amendment addresses the financial challenges of the current language; it does not create a financial windfall for developers.**

The graphs on the previous page show that the proposed bylaw amendment addresses the financial impacts of the current requirements. Reaching market return expectations creates possibility, not excessive profits. Based on the financial feasibility results, returns are not strong enough for substantial transition of Concord's commercial districts.

