

Economic Feasibility Analysis (EFA) Multi-Family Zoning Districts

Town of Grafton, Massachusetts

Strategy 5 Consulting LLC completed an Economic Feasibility Analysis (EFA) for the Town of Grafton, an MBTA “adjacent community”, under Section 3A of the state’s Zoning Act. Generally, this legislation requires that communities enact zoning districts that allow by-right development of multi-family housing under various criteria. The objective is to encourage new housing opportunities in proximity to mass transit nodes. An EFA is required for compliance when a jurisdiction wishes to include more than the mandated 10% of affordable units in a multi-family project, but not more than 20%, as allowed if feasibility at this affordability level can be demonstrated.

The framework for the analysis included formulation of six Conceptual Development Programs (CDPs) that included three, 200-unit rental projects, and three, 200-unit ownership projects. The CDPs were subject to variables including affordability levels of 10%, 20% and 25% to establish important trend lines and other outputs associated with feasibility. The analysis performed for each CDP included 10-year cash flow pro forma, estimates of supportable debt and equity, and residual land value (RLV).

The EFA found that conceptual projects with 20% of affordable units passed the feasibility threshold, although increasing levels of affordability decreased the levels of relative profitability. The study made distinctions between market feasibility, economic feasibility, financial feasibility, physical feasibility, and accounting feasibility. The findings supported the zoning decisions by the Town of Grafton pertaining to compliance with Section 3A of the Zoning Act and have been included in the required submission to the Executive Office of Housing and Livable Communities.



The Town of Grafton is among MBTA communities in Massachusetts required to comply with Section 3A of the Zoning Act, and the associated Compliance Guidelines for Multi-Family Zoning Districts. The districts are designed to enable transit-oriented development (TOD) projects, and proposed levels of affordable units are tested visa vi the Economic Feasibility Analyses required in certain circumstances.