



Boston's Inclusionary Development Policy

2019 Update

Deep Dive Session

May 20, 2019

Tim Davis, Housing Policy Manager

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Introduction



The City of Boston supports the preservation and creation of income restricted/affordable housing through a number of programs and agencies.

The Inclusionary Development Policy, also known as the “IDP” is one of those policies

Goals of Tonight's Meeting:

- **Short Overview of the Inclusionary Development Policy**

Goals of Tonight's Meeting:

- **Take Comments**
- **Get Feedback on Some Possible Changes**



MAYOR MARTIN J. WALSH
HOUSING A CHANGING CITY
BOSTON 2030
2018 UPDATE

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Housing Program Overview



**SEPTEMBER
2018**

Housing Boston 2030 Plan

- **2014 Plan: 12,000 new income restricted units**
- **2018 Update: 15,820 new income restricted units**
- **Preserve 30,000 existing units**
- **Renovate/Rebuild 4,500 BHA units**

DEPENDENDING ON INCOME, HOUSEHOLDS ACCESS DIFFERENT PROGRAMS

DOWNPAYMENT ASSISTANCE (DND)

INCOME RESTRICTED HOMEOWNERSHIP (IDP/DND)

UNSUBSIDIZED INCOME RESTRICTED RENTALS (IDP)

SUBSIDIZED RENTAL PRODUCTION (DND)

HOUSING VOUCHERS (BHA)

PUBLIC HOUSING (BHA)

Single Person	\$20,000	\$40,000	\$65,000	\$90,000
Family of 3	\$30,000	\$60,000	\$90,000	\$120,000

INCOME

BOSTON HOUSING AUTHORITY



12,418 units
70 developments

Built from late
1930s to late 1960s



Housing
Vouchers

16,000 households

Federal "Section 8"
/Housing Choice
Voucher Program
launched in 1974

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT

FUNDING THE DEVELOPMENT OF INCOME RESTRICTED HOUSING

\$\$

FEDERAL SOURCES

Community Development
Block Grants (CDBG)

HOME funds

Low Income Housing Tax
Credits (LIHTC)

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STATE SOURCES

Affordable Housing Trust
Housing Innovations Fund
State Low Income Housing
Tax Credits (LIHTC)

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CITY/LOCAL SOURCES

Inclusionary Development
Funds
Linkage Funds
Community Preservation
Act Funds
Operating Funds

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Boston's Inclusionary Development Policy



The Inclusionary Development Policy (“IDP”) was first created in 2000.

Mayor Martin J. Walsh revised the policy in December 2015.

Boston's IDP applies to any proposed residential project that has ten or more units; and

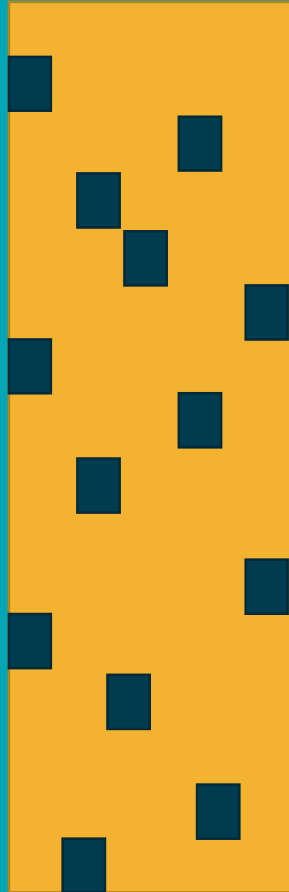
- **Requires zoning relief; or**
- **Is financed by the City; or**
- **Is built on property owned by the City.**

IDP Creates Income Restricted Housing with Private Funding

Developers can meet IDP commitment through three methods:

“On-Site”

13% of units, scattered throughout the project



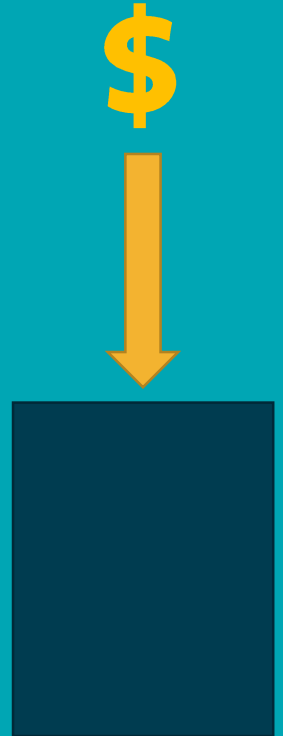
“Off-Site”

15% to 18% of units, in nearby location

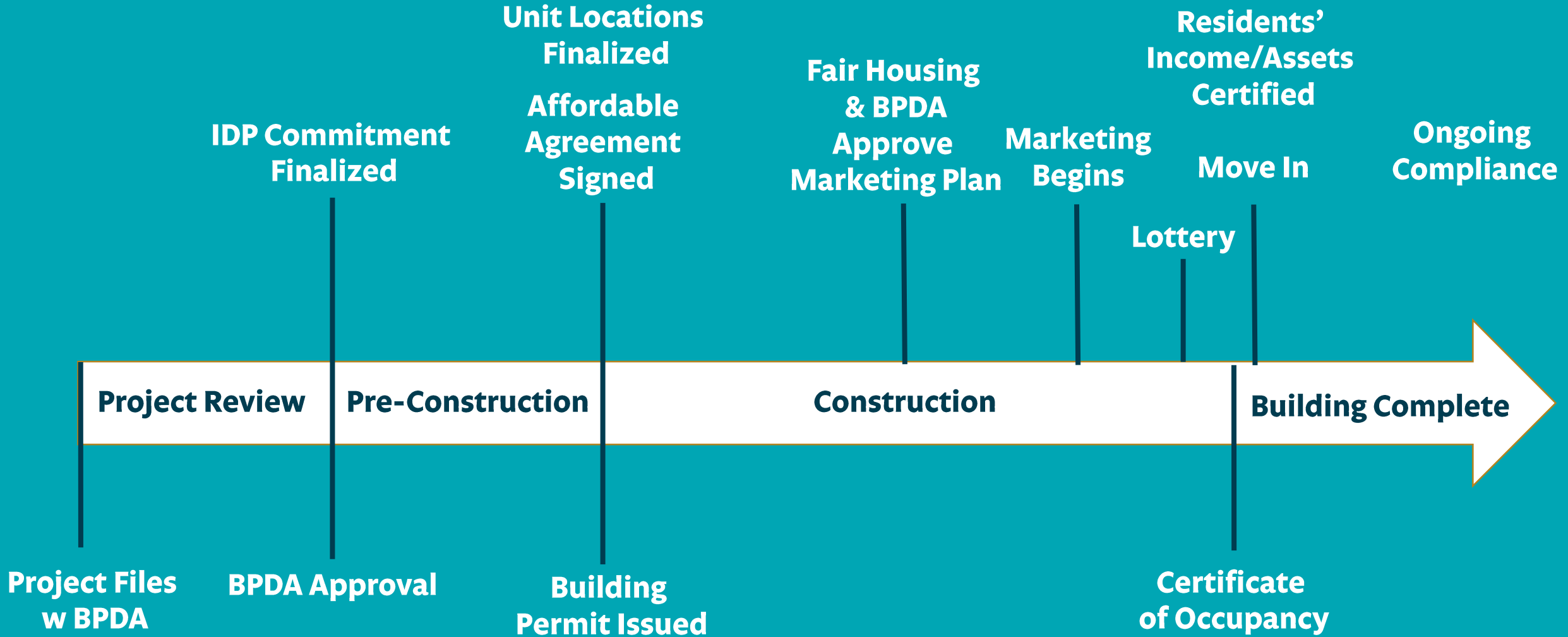


“IDP Fund”

Contribution based on 15% to 18% of units



Project Timeline



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How Does an Inclusionary Development Policy Work?

VIEW OF THE DEVELOPER

No Affordability

Some Affordability

A Lot of Affordability

\$ PROFIT

Land Costs

Development Costs

Developer Will Build

Construction Costs

\$ PROFIT

Land Costs

Development Costs

Developer Will Build

Construction Costs

Land Costs

Development Costs

Developer WILL NOT Build

Construction Costs

VIEW OF THE LANDOWNER

Value of Existing Use \$\$

Housing, **No** Affordability \$\$\$\$\$\$

Landowner Will Sell

Housing, **Some** Affordability \$\$\$

Landowner Will Sell

Housing, **A Lot of** Affordability \$

Landowner Will NOT Sell

Office Building \$\$\$

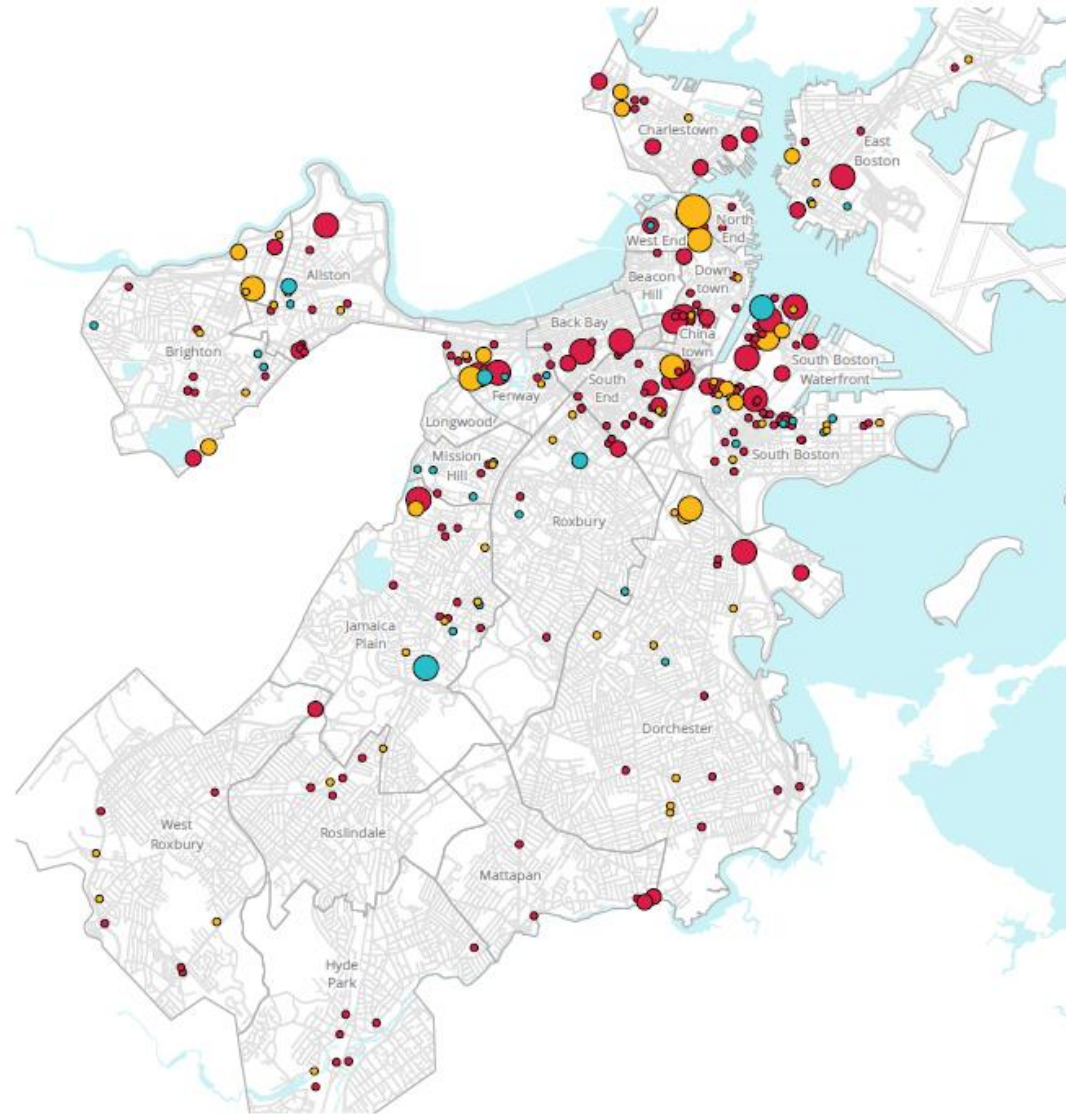
Landowner Will Sell,
But to Non-Residential
Use

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Policy Outcomes

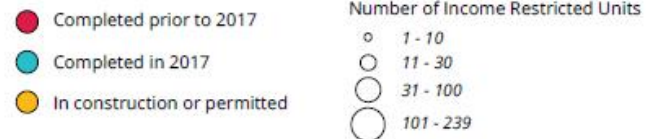
**2,599 On-Site
and Off-Site
Units Completed
(181 (7%) are off-
site)**

**25% Ownership
75% Rental**



**16% are located
Downtown and
13% are located
in the fast
growing Seaport
District**

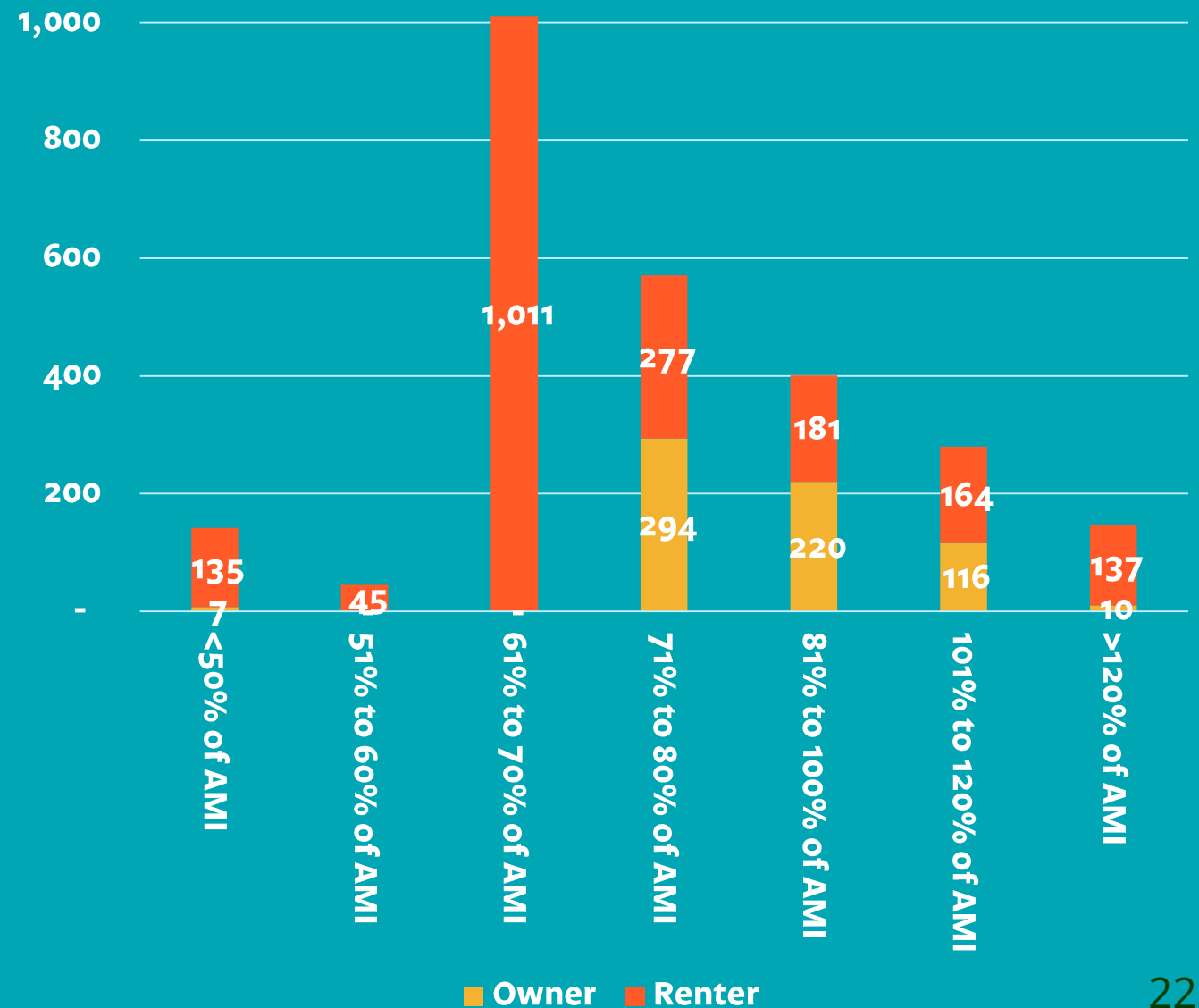
Completed and In Construction or Permitted Development Projects



Income Limits of IDP On-Site and Off-Site Units

- Rental Units: New Units Are Usually at 70% of AMI
- Homeownership Units: Usually Half Are at 80% of AMI and Half Are at 100% of AMI

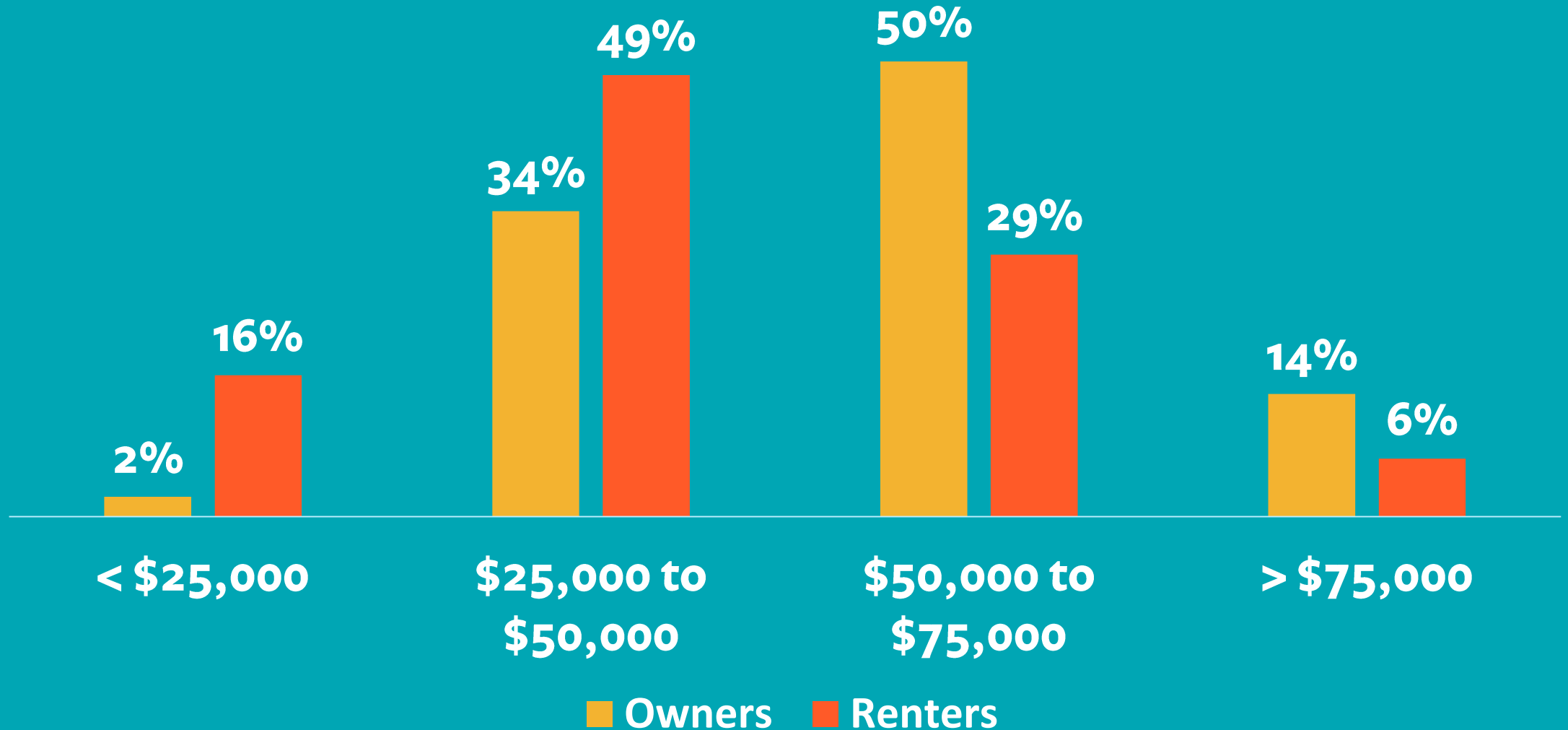
IDP On-Site and Off-Site Units, by Income Limit (AMI)



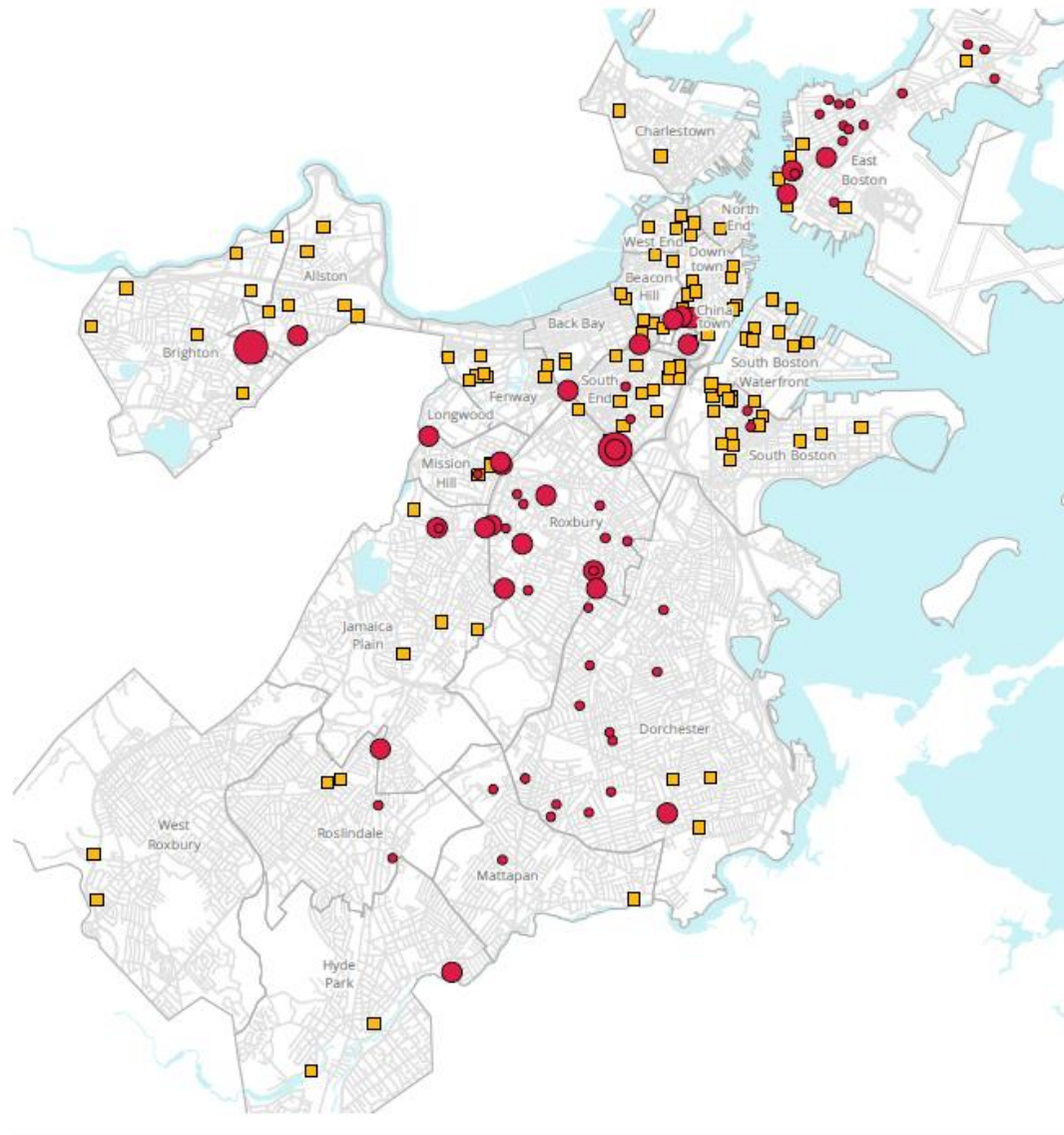
IDP On-Site Units Receive No Public Subsidy

- **Rental units are made available to households with incomes up to \$68,000 (household of three).**
- **Homeownership units are made available to households with incomes up to \$97,000 (household of three)**

Incomes of Owners and Renters in IDP Units,* at Initial Purchase or Rental



Contributions to the IDP Fund has supported the completion of an additional 1,414 income restricted units, located across the city



\$137 million received through 2018

\$13.5 million received just in 2018

Completed and In Construction or Permitted Development Projects

■ IDP Fund Contributors

● Income restricted units supported through the IDP Fund

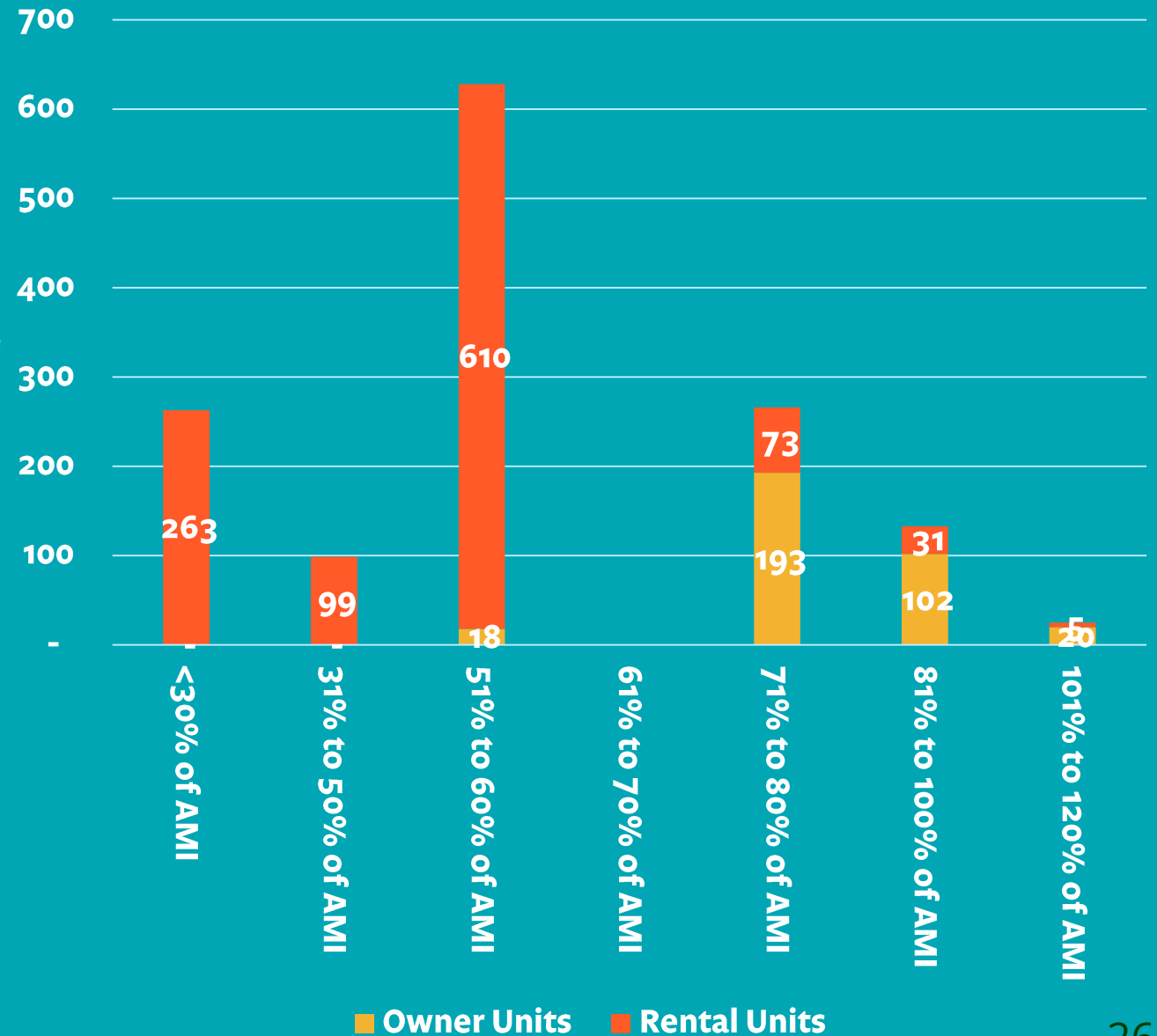
Note: Some of these projects have on-site IDP units, but are required to make a "partial unit" payment.

Number of Units
○ 1 - 25
○ 26 - 100
○ 101 - 185

Payments to the IDP Fund

- Managed by the Department of Neighborhood Development
- Combined with Other Housing Funds
- Serve a Range of Incomes

IDP Funded Units, by Income Limit (AMI)



IDP: Responding to Changing Needs

- **Funds Acquisition Opportunity Program**
- **Off-Site Commitment Saving 97 Units of Affordable Housing in South End/Lower Roxbury that Would Have Been Lost**
- **Off-Site Commitment Building Two Senior Projects in South Boston**

Where Has IDP Helped?

- **Roxbury has the most : 13%**
- **7% are in Dorchester**
- **2% are in Mattapan**
- **1% each in Hyde Park & Roslindale**

Neighborhood	Units Completed or In Construction as of January 1, 2019			
	On-Site and Off- Site Units	Units Funded by IDP	Total Units Supported by IDP	Percent of All Units Supported by IDP
Allston	86	33	119	2%
Back Bay	118	54	172	3%
Bay Village	-	40	40	1%
Beacon Hill	20	-	20	0%
Brighton	295	102	397	7%
Charlestown	160	-	160	3%
Chinatown	65	163	228	4%
Dorchester	171	216	387	7%
Downtown	472	46	518	9%
East Boston	123	167	290	5%
Fenway	248	-	248	4%
Hyde Park	34	31	65	1%
Jamaica Plain	218	204	422	8%
Leather District	19	-	19	0%
Longwood Medical Area	-	-	-	0%
Mattapan	46	68	114	2%
Mission Hill	37	81	118	2%
North End	8	-	8	0%
Roslindale	17	21	38	1%
Roxbury	62	672	734	13%
South Boston	311	41	352	6%
South Boston Waterfront	465	-	465	8%
South End	380	131	511	9%
West End	37	-	37	1%
West Roxbury	41	-	41	1%
Total	3,433	2,113	5,546	100%

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IDP in Your Neighborhood

THE TREADMARK

51 Low- and Moderate Income Rentals Funded with \$3 Million in IDP Funds

32 Condo Units of Which 4 Are IDP On-Site Units



BROOKVIEW HOUSE III

**Provides
Homes For 12
Single Women
with Children
Who Had
Experienced
Homelessness.**

**Receiving
\$847,000 From
The IDP Fund**



COTE VILLAGE

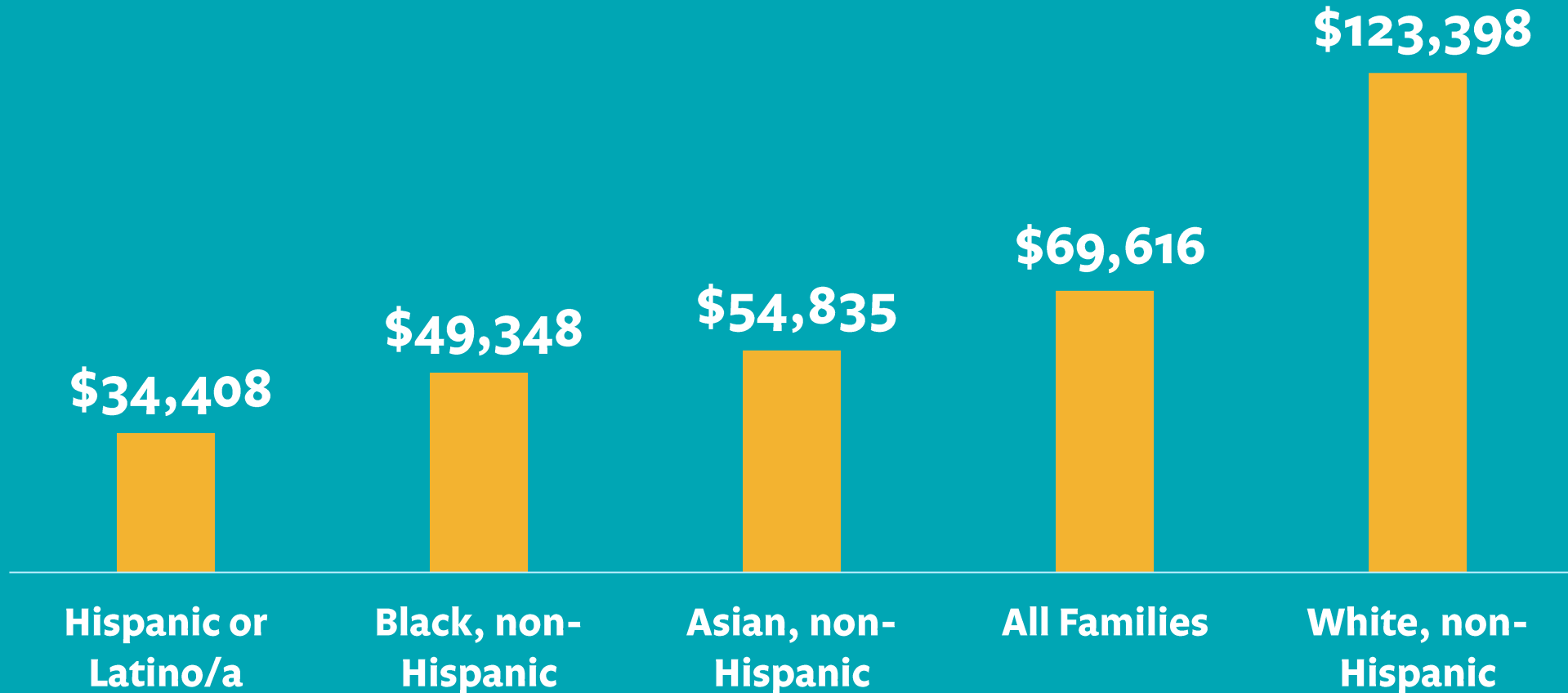
**76 Units,
of Which 68 Will
Be Low- And
Moderate-
Income Rentals,
Funded With
Almost \$5 Million
In IDP Funds.**



7 Market & Demographic Data

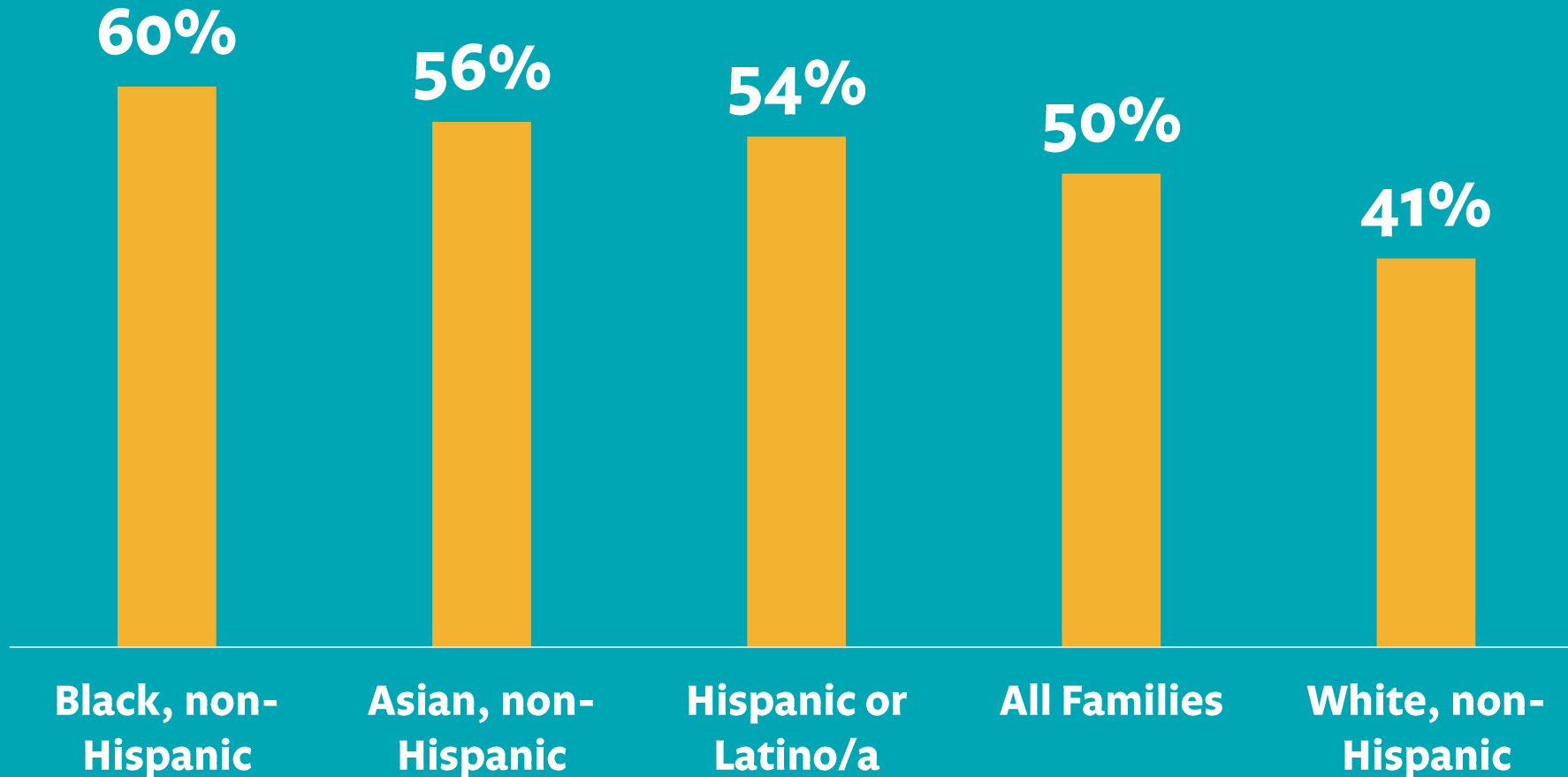


Boston Median Family Income, By Race/Ethnicity



*Source 2013-2017 American Community Survey
BPDA Analysis

Percent Housing Cost Burdened in Boston (>30% of Income to Rent)



Percent Families of Color, by Income Tier, Boston



*Source 2013-2017 American Community Survey
BPDA Analysis

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Policy

Considerations

SMALL PROJECTS: UNIT COUNT, COMPLIANCE, & BUY-OUTS

Current Policy: 10 or more units

Considerations:

- **Number of Units?**
- **Securing and implementing agreements with projects with less than 15 units**
- **Buy outs/compliance**
- **Difference between rentals and condos**

AVERAGING AMI

Current Policy

Condos: 1/2 @ 80% of AMI, 1/2 @ 100% AMI = average AMI of 90%

Rentals: All at 70% of AMI

Considerations

- **Number of IDP units in a project**
- **Mandatory or suggested distribution**
- **Number of tiers**

ZONES: INCOME TARGETING

Current Policy--Citywide

**Condos: 1/2 @ 80% of AMI, 1/2 @ 100% AMI =
average AMI of 90%**

Rentals: All at 70% of AMI

**What if requirements reflected neighborhood median
family incomes?**

Considerations

- **Defining neighborhood median income**
- **Deeper affordability reduces number of units built**
- **Fair Housing**

ZONES: FEASIBILITY

Current Policy: 3 zones, does not affect on-site percentage

If we were to create more zones, how should they be constructed?

Considerations

- **Zoning districts**
- **Variation within zoning districts**
- **Access to transit**

ZONES: FEASIBILITY

Current Policy: 3 zones, does not affect on-site percentage

Would we vary on-site requirements by zone/area?

Considerations

- **Percent of units**
- **Income targets**
- **Pay out amounts**
- **“As of right” options**

OFF-SITE & CONTRIBUTION OPTIONS

Current Policy: 3 zones, does not affect on-site percentage

Would we vary on-site requirements by zone/area?

Considerations

- **Percent of units**
- **Income targets**
- **Pay out amounts**
- **“As of right” options**

OFF-SITE & CONTRIBUTION OPTIONS

Current Policy: Developers are encouraged to do all units on-site

What is the balance between including units on-site and using resources where needed elsewhere in the city?

Considerations

- **Creating mixed income neighborhoods**
- **Addressing affordable housing needs in neighborhoods with price pressures**
- **Neighborhoods with high concentrations of poverty**
- **Creation of affordable homeownership opportunities**

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Next Steps