



# Boston's Inclusionary Development Policy

## 2019 Update

*June 12, 2019 Kroc Center, Dorchester*

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Tim Davis, Housing Policy Manager

# 1

# 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:

- **Provide Information on How Boston Creates Income Restricted/Affordable Housing**

# Goals of Tonight's Meeting:

- **Discuss How the Inclusionary Development Policy Contributes to These Efforts**

# Goals of Tonight's Meeting:

- **Answer Questions and Get Feedback on the IDP**

# Meeting #2: Deep Dive

- **In Two Weeks, Another Opportunity to Dig Deeper Into the Policy**



# 2 Affordable Housing Concepts



# Affordable Housing

- **Housing is considered “affordable” if a household spends no more than 30% of their income to live there. This threshold is called “affordable rent burden.”**
- **Households spending more than 30% of their income on housing are considered “cost burdened.” Cost burdened households occur in every income bracket, and include both renters and homeowners.**
- **“Affordable Housing” is also a general term for income restricted housing**

# Income Restricted Housing

- **Income-restricted, also referred to as deed-restricted housing, is housing that is reserved for households earning incomes in a targeted income range.**
- **Typically rent is determined by the market rate, however income restricted housing limits how much an income-qualified household can be charged to either rent or purchase the unit.**
- **Income restricted units are important because they protect households against rising market prices that could potentially displace them from their homes and neighborhoods.**

# Income Restricted Housing

- **According to the Income-Restricted Housing in Boston report (DND, 2018), Boston has 282,986 housing units, of which 54,247 are income-restricted**
- **Nearly 20%, or 1 in 5, of all housing units in Boston are income restricted**
- **Boston has 10% of Massachusetts' housing units, but 20% of the state's income restricted units**

# Income Restricted Housing

- **Income restricted housing uses a measurement of your combined household income relative to the Area Median Income or AMI, as a common measurement for determining income eligibility, and is required for federal and state programs.**

# Area Median Income (AMI)

- **AMI is equivalent to the household income of the household right in the middle of an income distribution.**
- **The “area” in AMI determines the income distribution used to measure the median, and is decided by the US Department of Housing and Urban Development (HUD).**

# Area Median Income (AMI)

- **Our area, known as the Boston-Cambridge-Quincy MA-NH HUD Metro FMR Area (which includes much of eastern Massachusetts), determines that the median family income (100% AMI) for a family of four is \$113,300.**
- **If we looked at a more local geography, the median family income (100% AMI) for the same family of four in Boston would be \$75,600**

# Area Median Income (AMI) - 2019 Income Limits

Household Size	40%	60%	70%	80%	100%	120%
1	\$31,750	\$47,600	\$55,550	\$63,500	\$79,350	\$95,200
2	\$36,250	\$54,400	\$63,450	\$72,550	\$90,650	\$108,800
3	\$40,800	\$61,200	\$71,400	\$81,600	\$102,000	\$122,400
4	\$45,300	\$68,000	\$79,300	\$90,650	<b>\$113,300</b>	\$135,950
5	\$48,950	\$73,450	\$85,650	\$97,950	\$122,400	\$146,850
6	\$52,550	\$78,900	\$92,000	\$105,200	\$131,450	\$157,750

Greater Boston Area  
Median Family Income





# AMI Examples

- **40% AMI – Combined household income of \$34,500**
- **Household of 2 including 1 income-earning adult and 1 child**
- **The income-earner is a bank teller (\$33,303)**
- **Monthly housing costs should be \$832**
- **Two-bedroom unit at 40% AMI rents for \$833**

# AMI Examples

- **60% AMI – Combined household income of \$58,250**
- **Household of 3 including 2 income-earning adults and one child**
- **One income-earner is a home health aide (\$30,122) and one is a cashier (\$26,120)**
- **Monthly housing costs should be \$1,456**
- **Two-bedroom unit at 60% AMI rents for \$1,251**

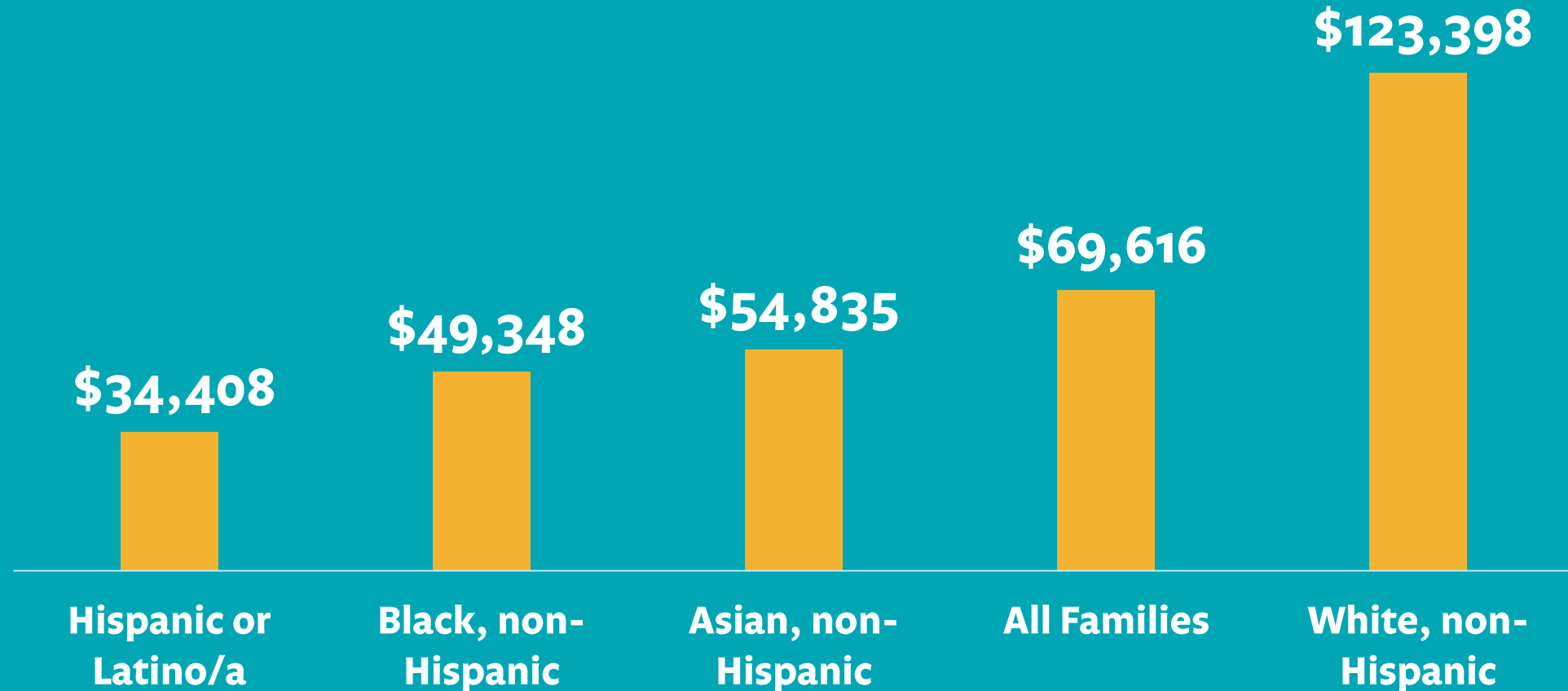
# AMI Examples

- **80% AMI – Combined household income of \$77,650**
- **Household of 3 including 1 income-earning adult and two children**
- **The income-earner is a librarian (\$77,108)**
- **Monthly housing costs should be \$1,941**
- **Three-bedroom unit at 80% AMI rents for \$1,876 or purchase price at \$250,900**

# AMI Examples

- **100% AMI – Combined household income of \$86,250**
- **Household of 2 including 2 income-earning adults**
- **One income-earner is a telemarketer (\$59,791) and one is a part-time server at a restaurant (\$26,120)**
- **Monthly housing costs should be \$2,156**
- **One-bedroom unit at 100% AMI rents for \$1,824 or purchase price at \$243,200**

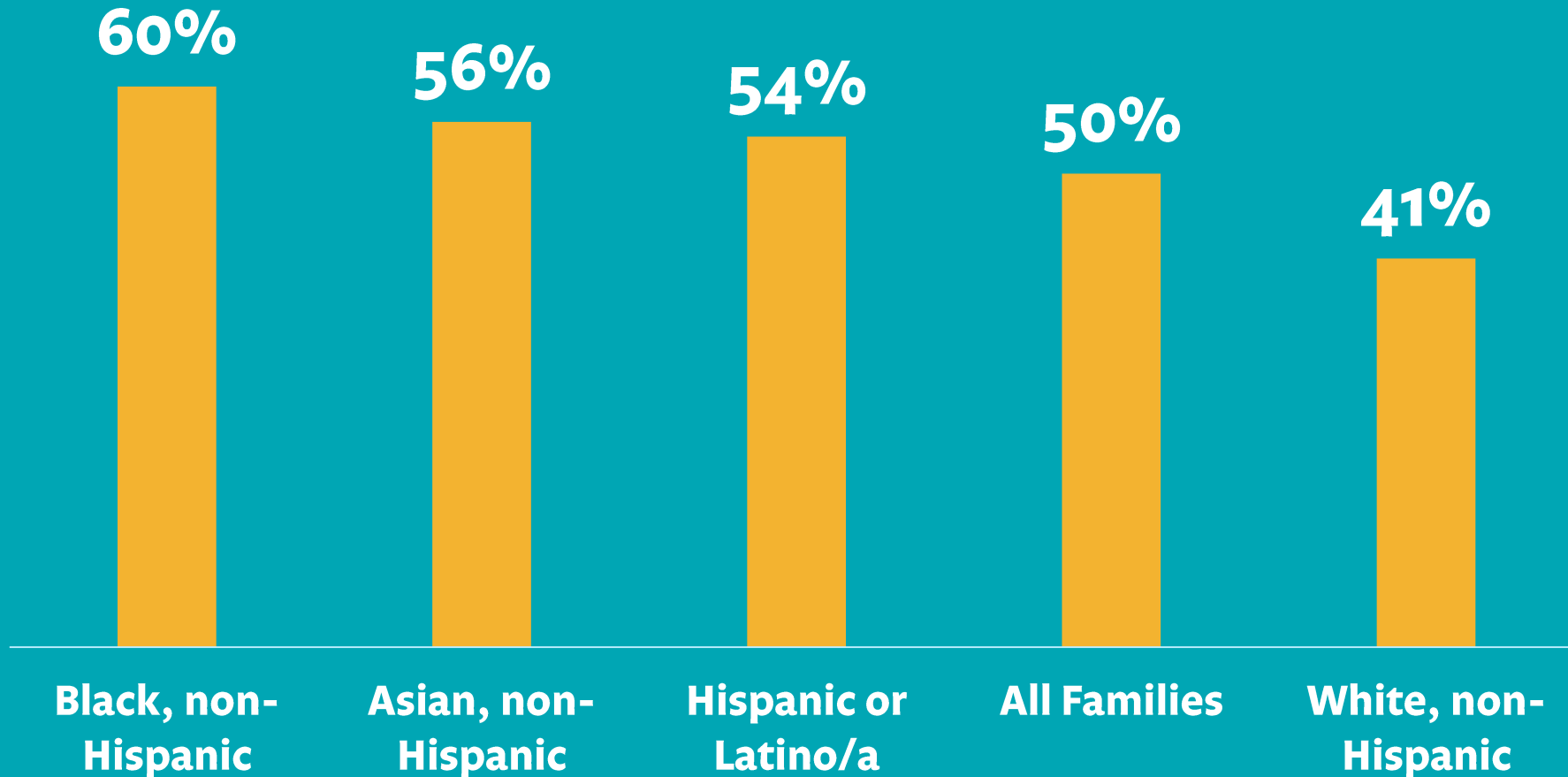
# Boston Median Family Income, By Race/Ethnicity



# Percent Families of Color, by Income Tier, Boston



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





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)**

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

**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)

\$\$

### STATE SOURCES

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

\$\$

### CITY/LOCAL SOURCES

Inclusionary Development  
Funds  
Linkage Funds  
Community Preservation  
Act Funds  
Operating Funds

# LINKAGE FUNDS

- **Created in 1987 through legislation and is part of Boston's Zoning Code**
- **Linkage requires large commercial/mixed-use projects to fund workforce development and income restricted housing programs.**
- **Housing funds are managed by the Neighborhood Housing Trust (NHT), staffed by the Department of Neighborhood Development.**
- **Workforce development funds are managed by the Neighborhood Jobs Trust (NJT), managed by OWD.**

# LINKAGE FUNDS

- **Current linkage rates are \$9.03/SF for housing and \$1.78/SF for jobs. \$177.9 million collected for housing and \$37.8 million for jobs.**
- **Since 2014, housing linkage has leveraged \$562m in 39 developments, creating 1,268 units and preserving 548 .**
- **Jobs linkage has provided training to 2,300 residents (BEST, JVS, YWCA etc.) and funds the Tuition Free Community College program.**
- **Current legislative action.**

# COMMUNITY PRESERVATION ACT (CPA) FUNDS

- **State legislation passed in 2000.**
- **Through local ballot question, cities and towns can approve up to a 1.5% surcharge on property taxes.**
- **Funds must be used for open space, historic preservation, and affordable housing.**
- **State partially matches from funds collected at land registries.**
- **Boston approved CPA in 2016.**
- **Approximately \$20 million in funds expected annually.**

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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**

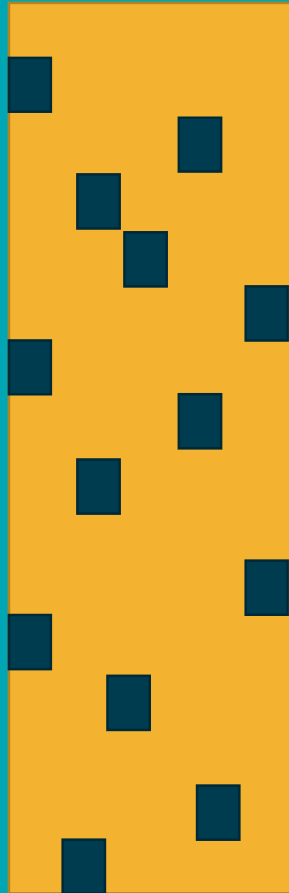
- **Requires zoning relief; or**
- **Is financed by the City; or**
- **Is built on property owned by the City.**

# 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



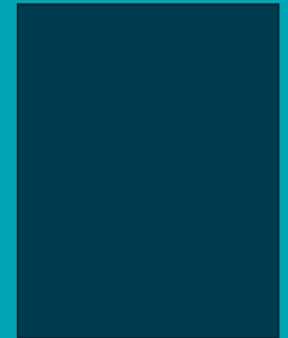
## “Off-Site”

15% to 18% of units, in nearby location

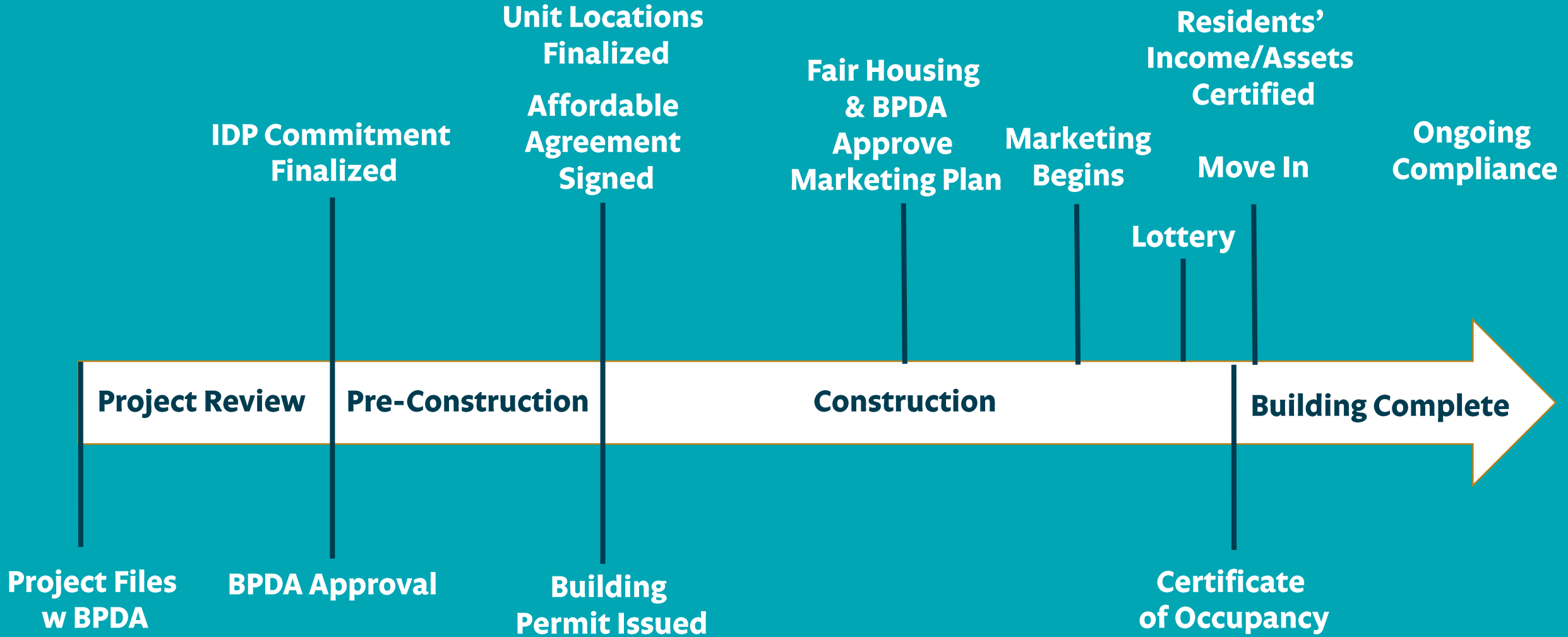


## “IDP Fund”

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    \$\$\$

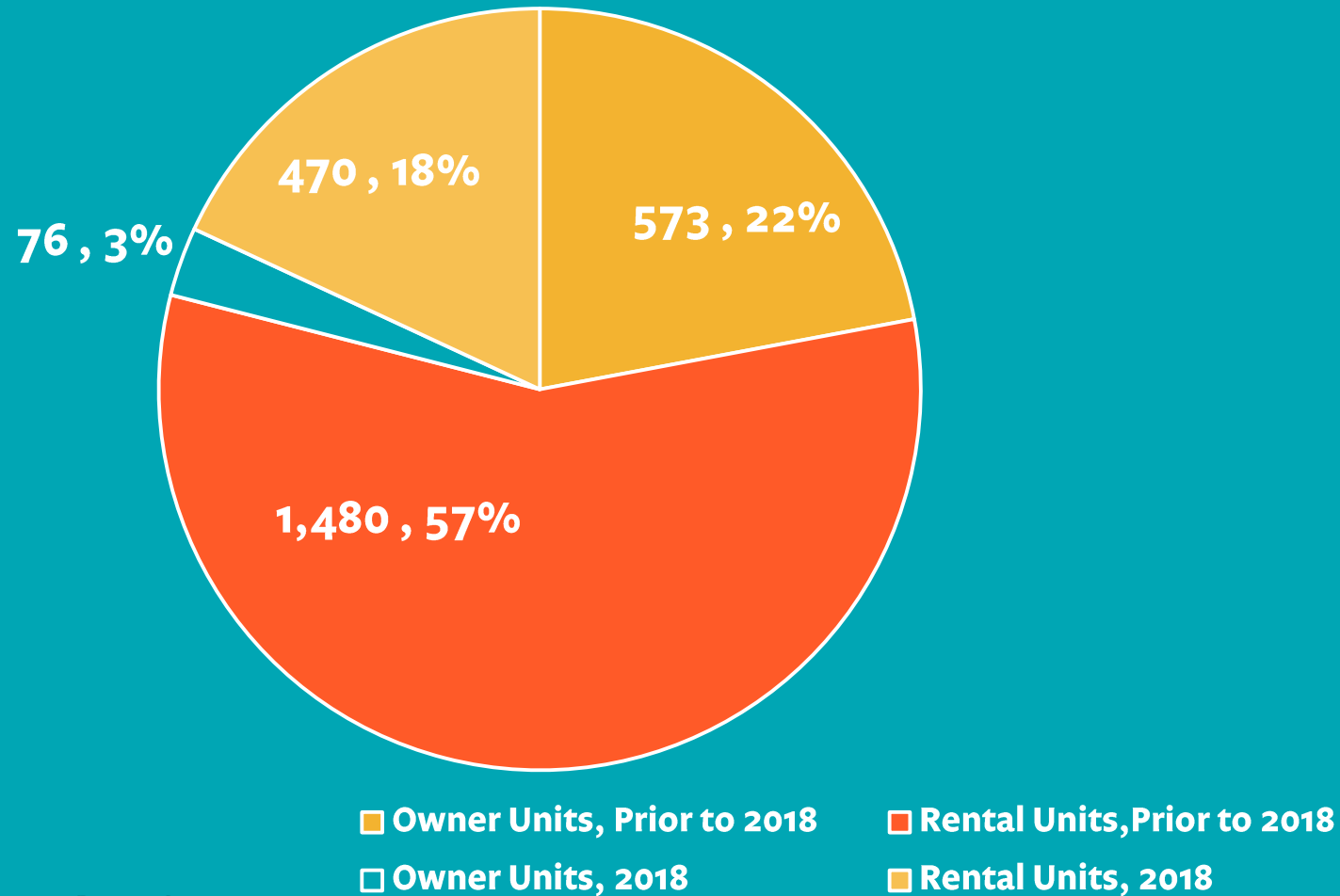
Landowner Will Sell,  
But to Non-Residential  
Use

# 6

## Policy Outcomes



# Inclusionary Development Units by Tenure and Completion Period

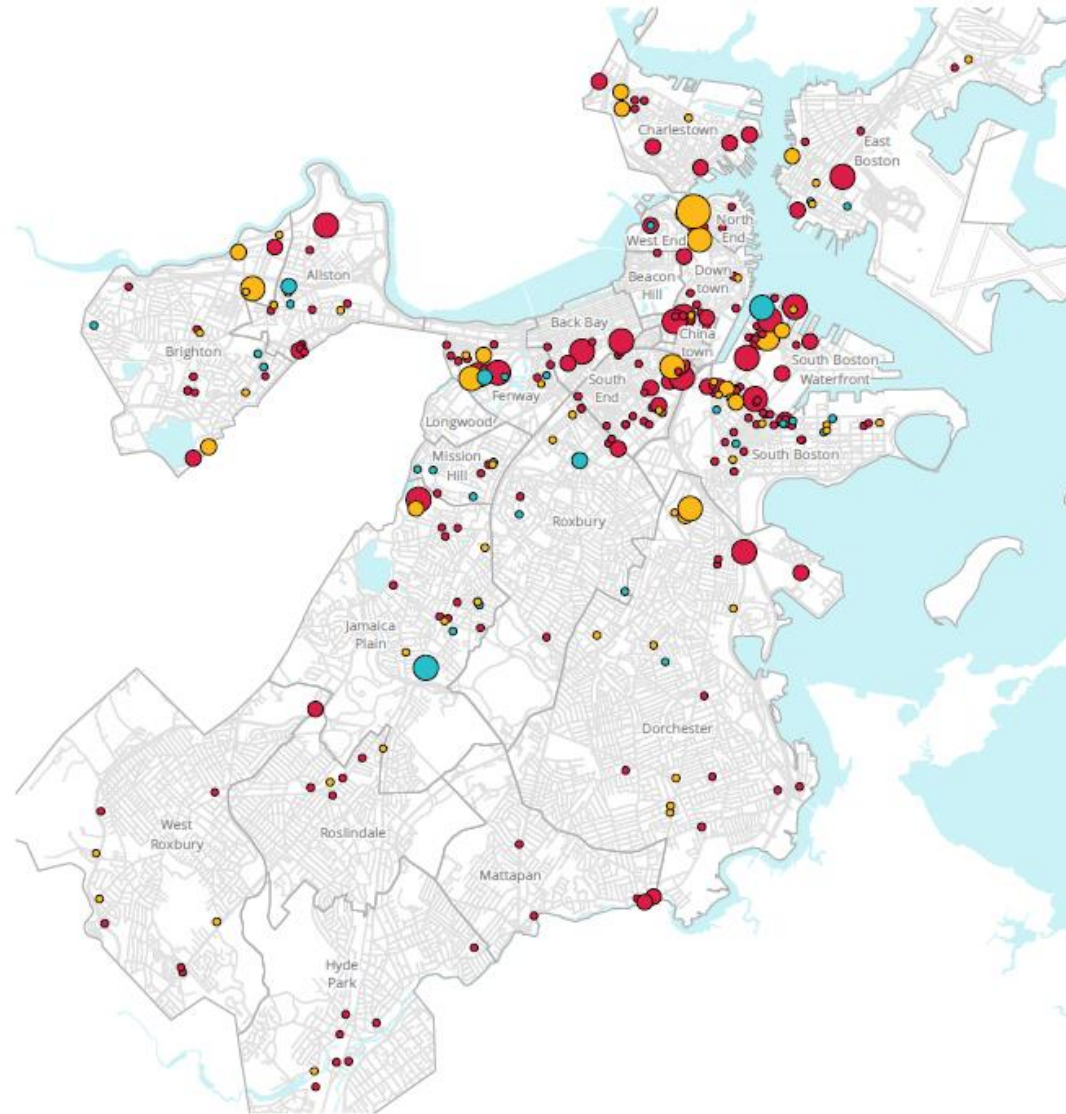


**2,599 On-Site and Off-Site Units Completed**

**546 Completed in 2018**

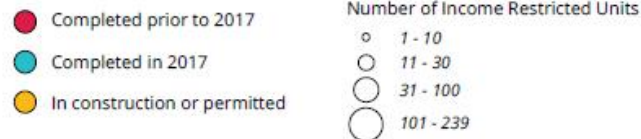
**25% Ownership  
75% Rental**

**IDP Units are located where development is occurring**



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

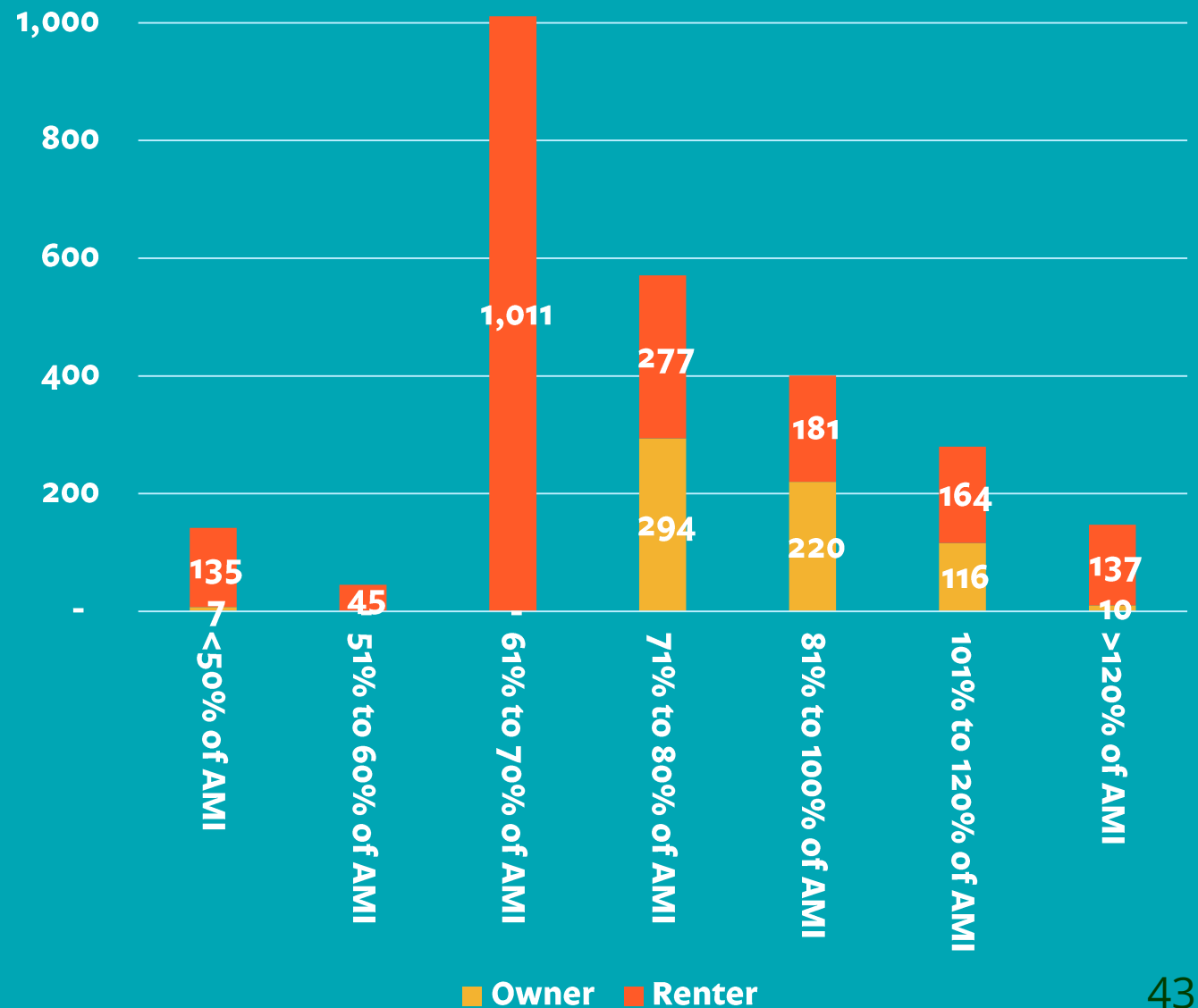
**Completed and In Construction or Permitted Development Projects**



# 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**

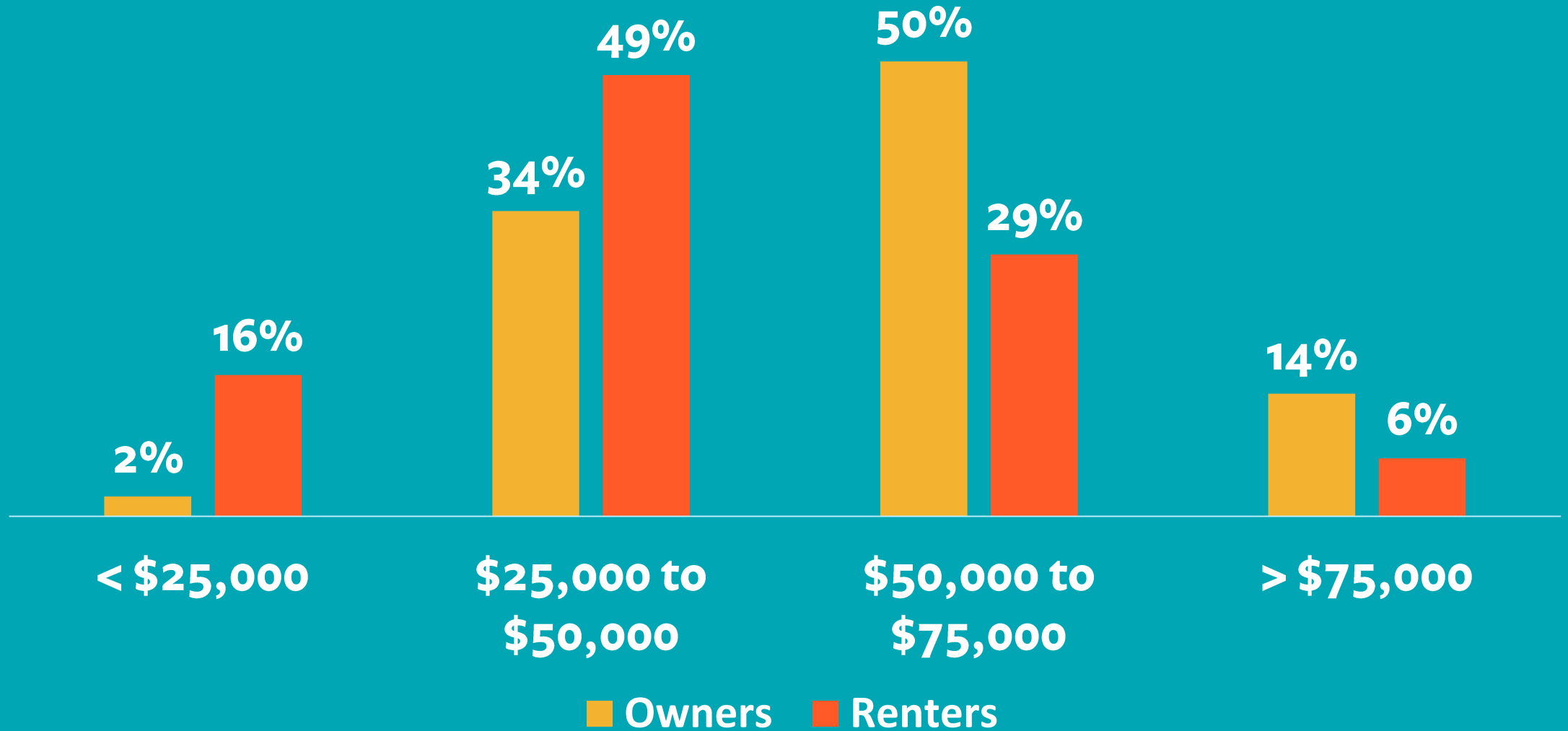
- **Rental units are made available to households with incomes up to \$71,400 (household of three).**
- **Homeownership units are made available to households with incomes up to \$102,000 (household of three)**

# **IDP On-Site Units Provide Units that the Market Is Not Creating**

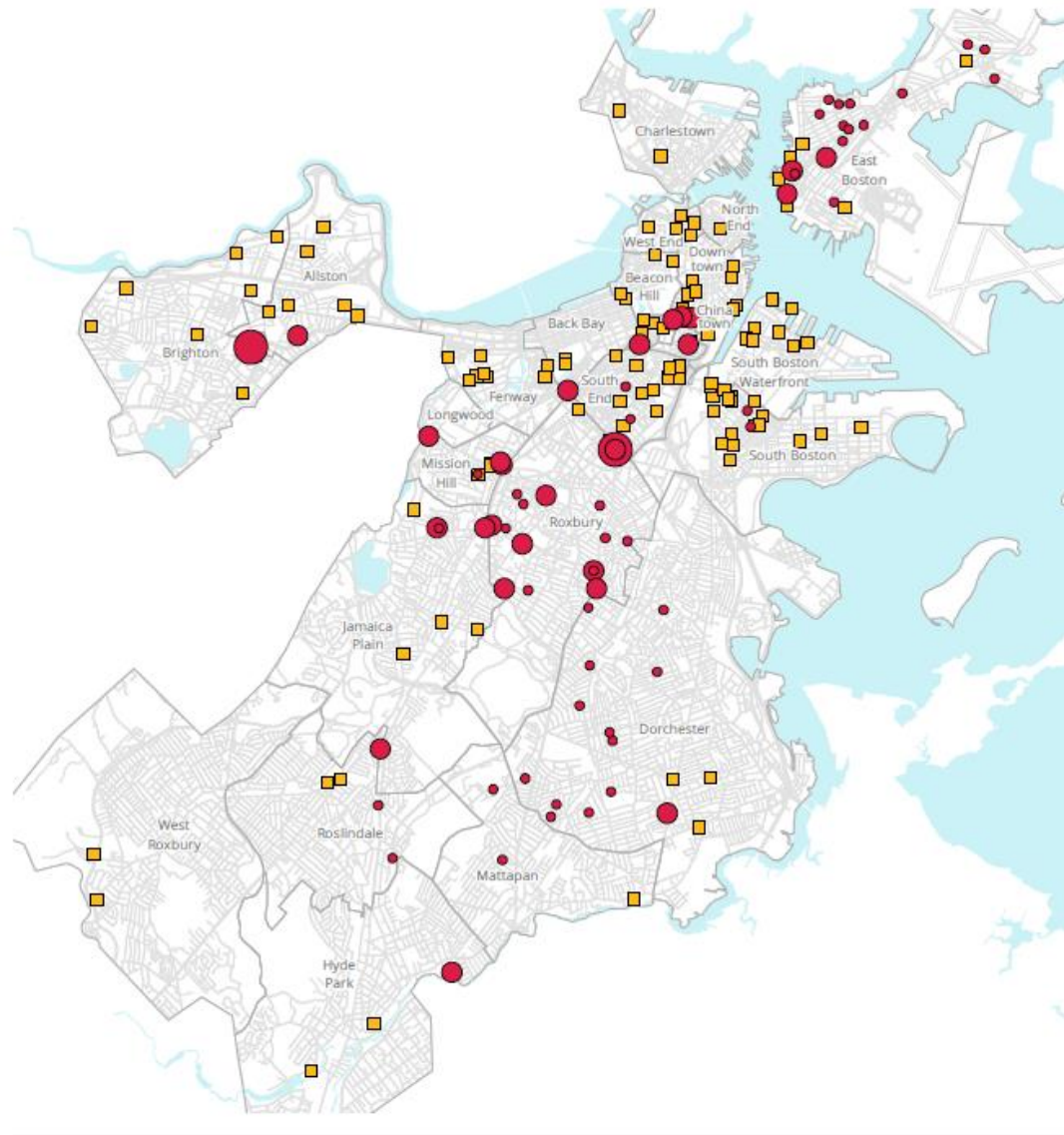
## **During 2018:**

- **Only 1 percent of advertised rents in Boston were less than 70% of AMI rents.**
- **Only 3 percent of condominiums sales in Boston were less than 80% of AMI sales prices.**

# 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

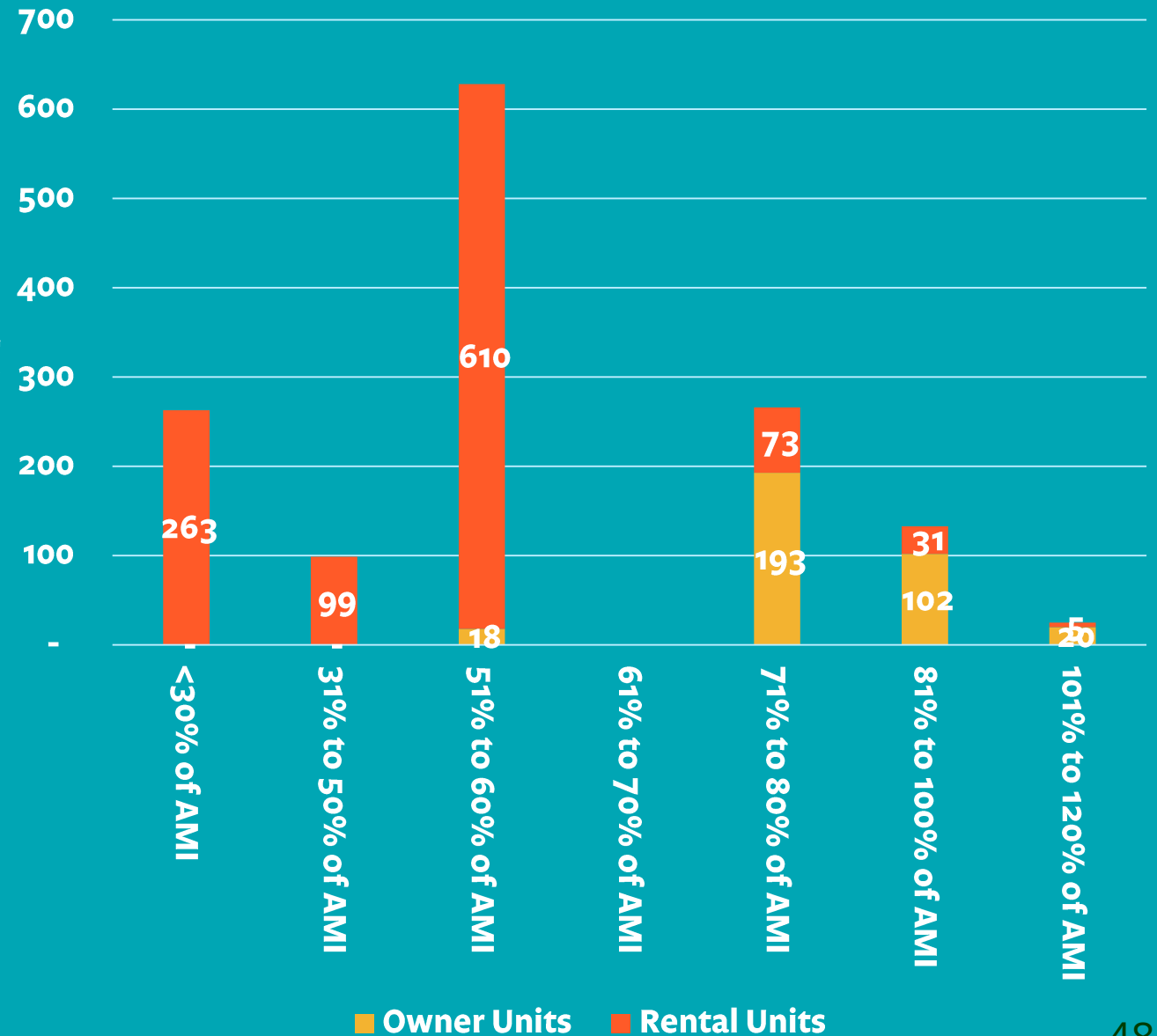
*Note: Some of these projects have on-site IDP units, but are required to make a "partial unit" payment.*

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**

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## IDP in Your Neighborhood

# IDP In Your Neighborhood

- Roxbury has the most (13%)
- 7% are in Dorchester

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%
<b>Total</b>	<b>3,433</b>	<b>2,113</b>	<b>5,546</b>	<b>100%</b>

# SOUTH BAY

**260 Rental Units**

**34 On-Site IDP  
Units**



# KASANOF HOMES

**18 Middle Income  
Homeownership  
Units Funded  
with \$1.8 Million  
in IDP Funds**



# 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**



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## Applying for An Income Restricted Unit



**Subscribe to newsletter at  
[www.boston.gov/metrolist](http://www.boston.gov/metrolist)**



# Each Property Has a Lottery

## You May Apply On-Line or On Paper

**9 Income Restricted Rental Units**

# of Units	BR Size	Rent	% Income
4	Studio*	\$1,086	70%
2	1 Bedroom	\$1,277	70%
2	2 Bedroom	\$1,459	70%
1	2 Bedroom	\$2,084	100%

Minimum income limits apply unless household receives mobile housing assistance (VASH, Section 8, MRVP, etc)

\* One unit is built out for persons with mobility impairment

**Maximum Income Limit**

HH size	Up to 70%	Up to 100%
1	\$52,850	\$75,500
2	\$60,400	\$86,250
3	\$67,950	\$97,050
4	\$75,450	\$107,800
5	\$81,500	\$116,450
6	\$87,550	\$124,050

Households may request an application from Monday, April 22, 2019 – Wednesday, May 8, 2019

To complete the application online, please visit: [www.3200WashingtonLottery.com](http://www.3200WashingtonLottery.com)

To have a hard copy of the application sent to your mailing address, please call: 781-992-5312

Applications will also be available in person on the following dates and times:

Date	Time
Tuesday, April 30, 2019	10:00AM - 2:00PM
Wednesday, May 1, 2019	10:00AM - 2:00PM
Thursday, May 2, 2019	3:00PM - 7:00PM
Saturday, May 4, 2019	10:00AM - 2:00PM
Tuesday, May 6, 2019	10:00AM - 2:00PM

Location: Curtis Hall Community Center - 20 South St, Jamaica Plain, MA 02130

Completed applications must be returned by the deadline:

Online applications must be completed by **May 8, 2019**

Remit paper copies by mail only:

Postmarked no later than **May 8, 2019**

Maloney Properties, Inc.

Attention: 3200 Washington Street Lottery

27 Mica Lane, Wellesley MA 02481

Selection by lottery.

Asset, Use & Occupancy Restrictions apply.

Preference for disabled household for ADA unit

City of Boston Diversity Preservation Preference Pilot. Preference for Boston Residents.

Preference for Households with at least one person per bedroom.

Free language assistance and reasonable accommodations available. For assistance and more information, please call

Maloney Properties, Inc. at 781-943-0200 | U.S. Relay 711 or Email: [3200Washington@MaloneyProperties.com](mailto:3200Washington@MaloneyProperties.com)



# After the Lottery:

## Sorted for Preferences

- **Boston Resident**
- **Household Size**
- **First Time Homebuyer**
- **Disability**

# Complete Application

## Income Assets

# Applicant Is Certified

# Move In!

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## Other Resources and Housing Stability

# Office of Housing Stability

617-635-4200

[HousingStability@boston.gov](mailto:HousingStability@boston.gov)

- **Educate Tenants About Rights & Responsibilities**
- **Housing Search Assistance**
- **Resources to Preserve Tenancies**
- **Referrals**

# Public Funding for Housing

- **Re-Build Public Housing**
- **Preserve Existing Income Restricted Housing**
- **Purchase and Income Restriction of Private Housing (Acquisition Opportunity Program)**

# Boston Home Center

**617-635-4663 (HOME)**

## **First Time Homebuyers**

- **Education & Counseling**
- **Downpayment & Closing Cost Assistance**
- **Special Mortgage Products**

# Boston Home Center

**617-635-4663 (HOME)**

## Existing Homeowners

- **Foreclosure Counseling**
- **Home Repair Programs**
- **Homeworks**
- **Senior Home Repair**



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## Next Steps, Questions & Comments

# Deep Dive

**June 26, 2019 | 6:00 - 7:30 PM**

**Kroc Center**

**650 Dudley Street**

**Dorchester, MA 02125**

**<https://bit.ly/IDPUupdate>**