Boston's Inclusionary Development Policy:

Leveraging Private Development for Affordable Housing

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PRESENTATION OUTLINE

- **What is the Inclusionary Development Policy?**

- **History of the Policy**

- **2015 Inclusionary Development Policy**

- **Program Outcomes**

- **2016 Innovations**

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1

What is Boston's Inclusionary Development Policy?

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WHAT IS THE INCLUSIONARY DEVELOPMENT POLICY (IDP)?

Through this program, the City of Boston leverages private development to support income-restricted/affordable housing without the need for public subsidies

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.**

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WHAT IS THE INCLUSIONARY DEVELOPMENT POLICY?

WHO IS TARGETED?

Housing for low- to moderate-income households is funded by subsidies from the federal, state, and City of Boston sources. Such funds cannot be used for more **moderate- to middle-income households**, who are also finding it difficult to find housing in the city. The IDP fills this gap, by creating units, without public subsidies for moderate- to middle-income households.

- Rental units are made available to households earning up to 70% of Area Median Income (AMI).

- Homeownership units are made available to households earning 80% and 100% of AMI. Half of the units are at 80% of AMI and the other half are at 100% of AMI.

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WHAT IS THE INCLUSIONARY DEVELOPMENT POLICY?

WHO IS TARGETED?

2016 Maximum Income Limits for Most New IDP Units

Household Size	Rental Units 70% of AMI	Homeowner Units 80% of AMI	Homeowner Units 100% of AMI
1	$48,100	$54,950	$68,700
2	$54,950	$62,800	$78,500
3	$61,850	$70,650	$88,300
4	$68,700	$78,500	$98,100
5	$74,200	$84,800	$105,950
6	$79,700	$91,050	$116,550

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WHAT IS THE INCLUSIONARY DEVELOPMENT POLICY?
WHO IS TARGETED?

Maximum Sales Price, 2016

Bedrooms	80% AMI	100% AMI
Micro*	$127,600	$172,100
Studio	$141,800	$191,300
1	$175,900	$228,500
2	$206,100	$265,800
3	$236,000	$303,100
4	$265,800	$340,400

Maximum Affordable Rents, 2016

Bedrooms	70% AMI
Micro*	$958
Studio	$1,065
1	$1,242
2	$1,419
3	$1,597
4	$1,774

* Unit has less than 450 square feet

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2

History of the Policy
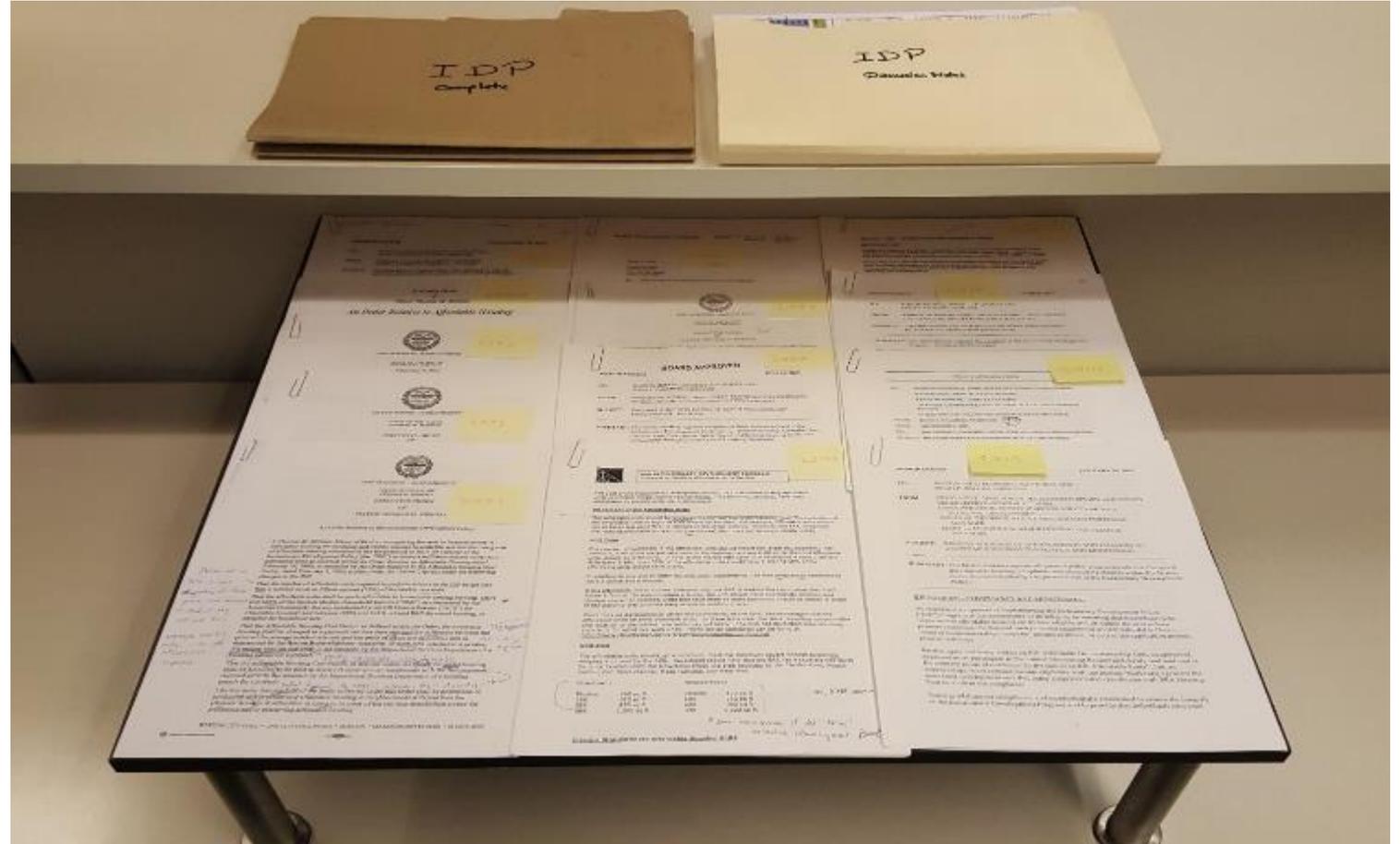
HISTORY

IDP Program

- February 2000: Inclusionary Development Policy first established, by Executive Order of Mayor Thomas M. Menino.

- Updates to the policy occurred in 2003, 2005, 2006, and 2007.

- Policy clarifications created by the Boston Redevelopment Authority (now the Boston Planning & Development Agency) in 2004, 2009, 2010, and 2015.

- December 2015: Mayor Martin J. Walsh signs new Executive Order, revising and updating Inclusionary Development Policy, replacing old collection of orders/policies with single Executive Order and policy document.

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IDP HISTORY

Summary of Historical Requirements
(significant changes highlighted in light blue)

IDP Component	2000	2003	2005	2006
On-Site	10% of total units	15% of market rate units	15% of market rate units	15% of market rate units
Off Site	15% of total	15% of total	15% of total	15% of total
Cash Out Condo	15% of total multiplied by $52,000 per unit	15% of total multiplied by $52,000 per unit	15% of total multiplied by $97,000 per unit	15% of total at 50% of price differential ($200,000 minimum)
Cash Out Rental	15% of total multiplied by $52,000 per unit	15% of total multiplied by $52,000 per unit	15% of total multiplied by $97,000 per unit	15% of total multiplied by $200,000 per unit

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10

EXAMPLE: 49 UNIT DEVELOPMENT

IDP Option	2000	2003	2005	2006
On-Site Units	4.9	6.39	6.39	6.39
Off Site Units	7.35	7.35	7.35	7.35
Cash Out Condo	$364,000	$364,000	$679,000	15% of total at 50% of price differential ($200,000 minimum)
Cash Out Rental	$364,000	$364,000	$679,000	$1,400,000

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11

3

2015 Inclusionary Development Policy

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Three Zones Created to Account for Differences between Downtown and Neighborhood Development
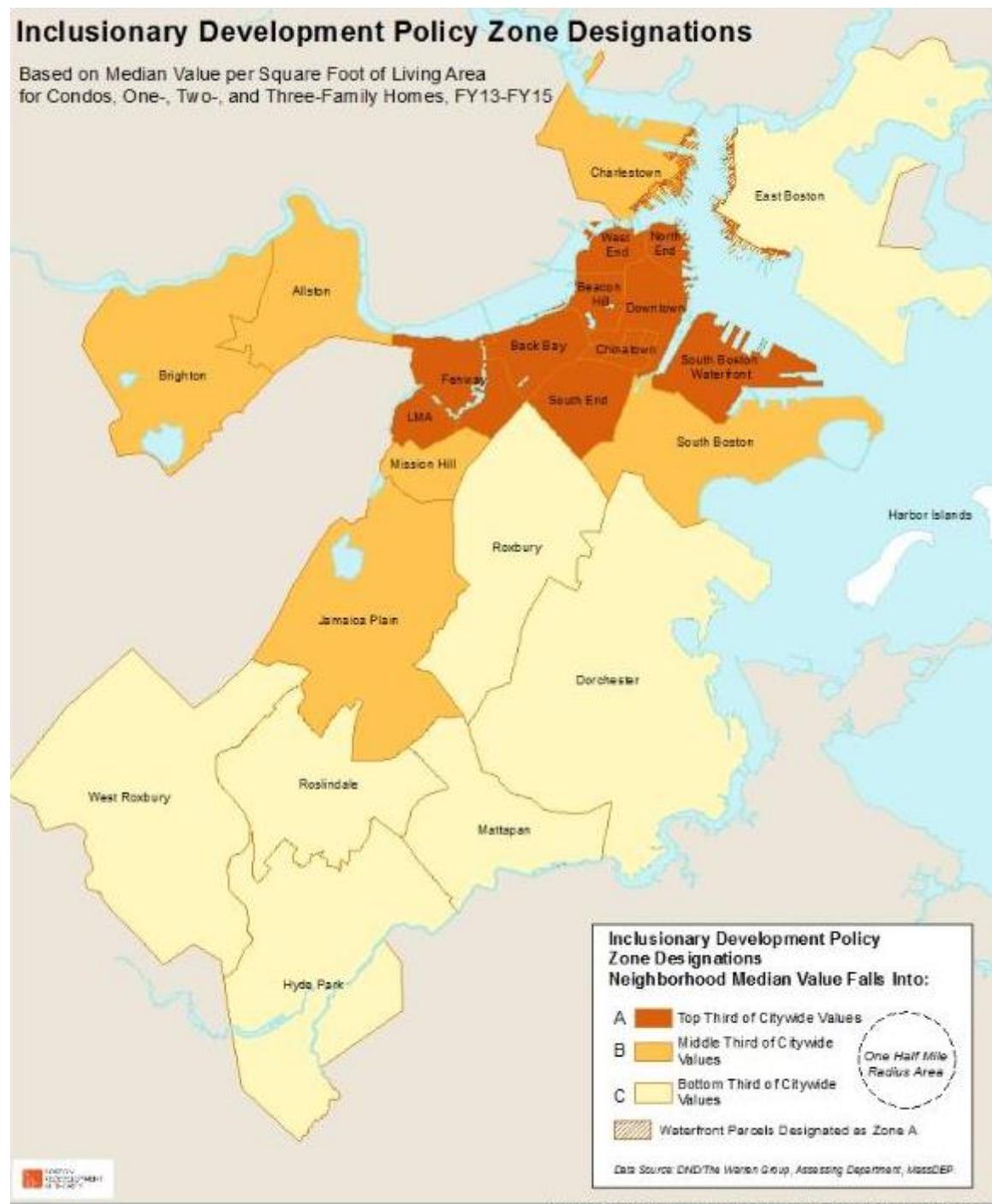
DETERMINATION OF ZONES

- **Zones were determined by analyzing sales data.**

- **Sales data included property type, location, and living area.**

- **Using BPDA neighborhoods, as updated in March 2014, zones were designated based on city-wide sales from FY 2013 to FY 2015:**

> **Zone A: Median sales price falls in the top third of sales prices**

> **Zone B: Median sales price falls in the medium third of sales prices**

> **Zone C: Median sales price falls in the lower third of sales prices**

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2015 INCLUSIONARY DEVELOPMENT POLICY

Summary Table

IDP Option	Zone A	Zone B	Zone C
On-Site	13% of total units	13% of total units	13% of total units
Off Site	18% of total in vicinity	18% of total in vicinity	15% of total in vicinity
Cash Out Condo	18% of total at 50% of price differential ($380,000 minimum)	18% of total at 50% of price differential ($300,000 minimum)	15% of total at 50% of price differential ($200,000 minimum)
Cash Out Rental	18% of total at $380,000	18% of total at $300,000	15% of total at $200,000

*As of right

On-site/off-site combinations are allowed

4/5/2017

EXAMPLE: 49 UNIT DEVELOPMENT

IDP Option	Zone A	Zone B	Zone C
On-Site Units	6.37 (6 units + partial unit payout)	6.37 (6 units + partial unit payout)	6.37 (6 units + partial unit payout)
IDP Contribution	$140,600	$111,000	$74,000
Off Site Units	8.82 = 9	8.82 = 9	7.35
Cash Out Condo	18% of total at 50% of price differential ($380,000 minimum)	18% of total at 50% of price differential ($300,000 minimum)	15% of total at 50% of price differential ($200,000 minimum)
Cash Out Rental	$3,351,600	$2,646,000	$1,470,000

*As of right

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OVERVIEW OF CHANGES MADE

1. **Clarify that on-site requirements are 13% of total units, in all zones**

2. **Create three geographic zones to determine IDP Contributions: Zone A, Zone B and Zone C**

3. **Increase IDP Contributions in Zones A & B, both in percentage terms (increased to 18%), and in terms of the payment per unit.**

4. **Increase off-site requirements to 18% for Zones A & B**

5. **Define off-site "Vicinity" as within a half-mile radius of the development regardless of Zone**

6. **Allow for off-site units to be provided through direct construction or rehabilitation of existing units**

7. **Allow for the possibility of up to 100% AMI for rentals in Zone C**

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OVERVIEW OF CHANGES MADE

8. Require that off-site units must meet DND Affordable Housing Design and Construction Guidelines

9. Specify contribution payment schedules

10. Allow developers to pay IDP Contributions in one upfront present-value calculated lump sum

11. Require that on-site affordable units be comparable to market-rate units

12. Define units smaller than 450 SF as micro-units and mandate that they be sold or rented at 90% of studio AMI

13. Emphasize that developers may not rent ownership units

14. Exempt projects that have over 40% of their units deed restricted

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4

Program Outcomes

IDP HISTORY

STATUS AND OUTCOMES OF THE IDP, 2000 to 2016

Onsite/Offsite Units

CURRENT STATUS	Total New Units	Afford New Units
COMPLETE	18,122	1,711
IN CONSTRUCTION	5,109	746
TOTAL	**23,231**	**2,457**

[1] Projects that have triggered IDP obligations by pulling a building permit. Most projects pay in installments.

[2] Projects BPDA Board approved but not yet permitted or in construction.

Payments to the IDP Fund

REVENUES	
REVENUE COLLECTED	$96,819,419
TO BE COLLECTED	$41,965,935
TOTAL REVENUE COMMITMENT[1]	$138,785,354
REVENUE PIPELINE[2]	$49,256,878

NEW INCOME RESTRICTED UNITS, EITHER COMPLETED OR IN PROJECTS THAT HAVE RECEIVED AWARDS	
LOW INCOME (<60% OF AMI)	1,247
MIDDLE-INCOME (60-120% OF AMI)	481
TOTAL INCOME RESTRICTED UNITS	1,728

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20

5

2016
Innovations

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NEW INNOVATIONS: DENSITY BONUS

- **Part of planning efforts in South Boston and Jamaica Plain/Roxbury**

- **In exchange for additional density, developer provides community benefits including:**
  - **Affordable housing**
  - **Green space**
  - **Cultural/arts space**
  - **Affordable commercial space**

- **For affordable housing, developers provide additional IDP units, but at different Area Median Incomes than citywide IDP policy.**
  - **South Boston: 13% at 70% AMI + 4% at 100% AMI = 17% Total**
  - **Jamaica Plain/Roxbury: Total of 21-23%, depending on base zoning, rental units at an average of 50% of AMI and 70% of AMI.**

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