Boston’s Inclusionary Development Policy

2019 Update

Deep Dive Session

May 20, 2019

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:

- Short Overview of the Inclusionary Development Policy
Goals of Tonight’s Meeting:

- Take Comments
- Get Feedback on Some Possible Changes
Housing Program Overview
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
DEPENDING 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)**

<table>
<thead>
<tr>
<th>Income</th>
<th>Single Person</th>
<th>Family of 3</th>
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<tr>
<td><strong>Total Income</strong></td>
<td>$20,000</td>
<td>$30,000</td>
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<td><strong>Income</strong></td>
<td>$40,000</td>
<td>$60,000</td>
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<tr>
<td><strong>Income</strong></td>
<td>$65,000</td>
<td>$90,000</td>
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<tr>
<td><strong>Total Income</strong></td>
<td>$90,000</td>
<td>$120,000</td>
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</table>
BOSTON HOUSING AUTHORITY

12,418 units
70 developments
Built from late 1930s to late 1960s

16,000 households
Federal “Section 8” /Housing Choice Voucher Program launched in 1974
DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT

FUNDING THE DEVELOPMENT OF INCOME RESTRICTED HOUSING

<table>
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<th>$$</th>
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<tr>
<td><strong>FEDERAL SOURCES</strong></td>
<td>Community Development Block Grants (CDBG)</td>
<td>Affordable Housing Trust Housing Innovations Fund</td>
<td>Inclusionary Development Funds</td>
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<td></td>
<td>HOME funds</td>
<td>State Low Income Housing Tax Credits (LIHTC)</td>
<td>Linkage Funds</td>
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<tr>
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<td>Low Income Housing Tax Credits (LIHTC)</td>
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<td>Community Preservation Act Funds</td>
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<td>Operating Funds</td>
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<td><strong>STATE SOURCES</strong></td>
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<td><strong>CITY/LOCAL SOURCES</strong></td>
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</table>
3 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

- **Project Review**
  - Project Files w BPDA
- **Pre-Construction**
  - BPDA Approval
  - Building Permit Issued
- **Construction**
  - Unit Locations Finalized
  - Affordable Agreement Signed
  - Fair Housing & BPDA Approve Marketing Plan
  - Marketing Begins
  - Lottery
- **Building Complete**
  - Residents’ Income/Assets Certified
  - Move In
  - Certificate of Occupancy
  - Ongoing Compliance
4

How Does an Inclusionary Development Policy Work?
VIEW OF THE DEVELOPER

No Affordability

$ PROFIT

Land Costs

Development Costs

Construction Costs

Developer Will Build

Some Affordability

$ PROFIT

Land Costs

Development Costs

Construction Costs

Developer Will Build

A Lot of Affordability

Land Costs

Development Costs

Construction Costs

Developer WILL NOT Build
VIEW OF THE LANDOWNER

Value of Existing Use  $$

Housing, No Affordability  $$$$$$$

Housing, Some Affordability  $$$

Housing, A Lot of Affordability  $

Office Building  $$$

Landowner Will Sell
Landowner Will Sell
Landowner Will NOT Sell
Landowner Will Sell, But to Non-Residential Use
5 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
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 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

- < $25,000:
  - Owners: 2%
  - Renters: 16%

- $25,000 to $50,000:
  - Owners: 34%
  - Renters: 49%

- $50,000 to $75,000:
  - Owners: 14%
  - Renters: 29%

- > $75,000:
  - Owners: 14%
  - Renters: 6%

*Units monitored by the BPDA
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
Payments to the IDP Fund

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

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>On-Site and Off-Site Units</th>
<th>Units Funded by IDP</th>
<th>Total Units Supported by IDP</th>
<th>Percent of All Units Supported by IDP</th>
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<td>Allston</td>
<td>86</td>
<td>33</td>
<td>119</td>
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<td>Back Bay</td>
<td>118</td>
<td>54</td>
<td>172</td>
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<td>Bay Village</td>
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<td>Beacon Hill</td>
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<td>Brighton</td>
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<td>102</td>
<td>397</td>
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<tr>
<td>Charlestown</td>
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<td>Chinatown</td>
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<td>163</td>
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<td>Dorchester</td>
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<td>216</td>
<td>387</td>
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<td>Downtown</td>
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<td>46</td>
<td>518</td>
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<td>East Boston</td>
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<td>Longwood Medical Area</td>
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<td>Mattapan</td>
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<td>Mission Hill</td>
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<td>North End</td>
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<td>Roslindale</td>
<td>17</td>
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<td>Roxbury</td>
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<td>672</td>
<td>734</td>
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<td>South Boston</td>
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<td>352</td>
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<td>South Boston Waterfront</td>
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<td>South End</td>
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<td>West End</td>
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<td>1%</td>
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<td>West Roxbury</td>
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<td>41</td>
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<td>Total</td>
<td>3,433</td>
<td>2,113</td>
<td>5,546</td>
<td>100%</td>
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6
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
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

- Hispanic or Latino/a: $34,408
- Black, non-Hispanic: $49,348
- Asian, non-Hispanic: $54,835
- All Families: $69,616
- White, non-Hispanic: $123,398

*Source 2013-2017 American Community Survey, BPDA Analysis*
Percent Housing Cost Burdened in Boston (>30% of Income to Rent)

- Black, non-Hispanic: 60%
- Asian, non-Hispanic: 56%
- Hispanic or Latino/a: 54%
- All Families: 50%
- White, non-Hispanic: 41%

*Source 2013-2017 American Community Survey
BPDA Analysis
Percent Families of Color, by Income Tier, Boston

86% 80% 79% 67% 55% 44% 27%
Less than $20,000 $20,000 to $34,999 $35,000 to $49,999 $50,000 to $74,999 $75,000 to $99,999 $100,000 to $149,999 $150,000 or more

*Source 2013-2017 American Community Survey BPDA Analysis
8

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
AVERRAGING AMI

Current Policy

Condos: ½ @ 80% of AMI, ½ @ 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: \( \frac{1}{2} \) @ 80% of AMI, \( \frac{1}{2} \) @ 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
9

Next Steps