Boston’s Inclusionary Development Policy

2019 Update

May 7, 2019

Tim Davis, Housing Policy Manager
1 Introduction
Nearly 20% of Boston’s housing is income restricted

- Boston has 10% of Massachusetts’ housing units, but 20% of the income restricted units.
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
What Is “Affordable” Housing?

- General term for income restricted housing

“Affordable” to Whom?

- Varies by funding/program source
What Is Area Median Income, or “AMI”

- Create by HUD, affordable Housing Programs Use AMI as a Common Measurement for Determining Eligibility
- Based on Greater Boston Median Family Income ($107,800 for a family of four)*
- Boston’s Median Family Income Is Approximately $68,600

*2018 HUD Income Limits
# 2018 Income Limits, Percent of Area Median Income

<table>
<thead>
<tr>
<th>Household Size</th>
<th>40%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
<th>100%</th>
<th>120%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$30,200</td>
<td>$45,300</td>
<td>$52,850</td>
<td>$60,400</td>
<td>$75,500</td>
<td>$90,550</td>
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<tr>
<td>2</td>
<td>$34,500</td>
<td>$51,800</td>
<td>$60,400</td>
<td>$69,000</td>
<td>$86,250</td>
<td>$103,500</td>
</tr>
<tr>
<td>3</td>
<td>$38,800</td>
<td>$58,250</td>
<td>$67,950</td>
<td>$77,650</td>
<td>$97,050</td>
<td>$116,450</td>
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<tr>
<td>4</td>
<td>$43,100</td>
<td>$64,700</td>
<td>$75,450</td>
<td>$86,250</td>
<td><strong>$107,800</strong></td>
<td>$129,350</td>
</tr>
<tr>
<td>5</td>
<td>$46,550</td>
<td>$69,900</td>
<td>$81,500</td>
<td>$93,150</td>
<td>$106,450</td>
<td>$139,700</td>
</tr>
<tr>
<td>6</td>
<td>$50,000</td>
<td>$75,100</td>
<td>$87,550</td>
<td>$100,050</td>
<td>$125,050</td>
<td>$150,050</td>
</tr>
</tbody>
</table>

*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
AMI Examples

- 120% AMI – Combined household income of $139,700
- Household of 5 including 2 income-earning adults, two children and one live-in grandparent
- One income-earner is a mail carrier ($53,474) and one is an elementary school teacher ($85,122).
- Monthly housing costs should be $3,492
- Four-bedroom unit at 120% AMI rents for $3,125 or purchase price at $435,300
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% Less than $20,000
- 80% $20,000 to $34,999
- 79% $35,000 to $49,999
- 67% $50,000 to $74,999
- 55% $75,000 to $99,999
- 44% $100,000 to $149,999
- 27% $150,000 or more

*Source 2013-2017 American Community Survey BPDA Analysis
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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 Level</th>
<th>Single Person</th>
<th>Family of 3</th>
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<tbody>
<tr>
<td><strong>Income</strong></td>
<td>$20,000</td>
<td>$30,000</td>
</tr>
<tr>
<td><strong>Downpayment</strong></td>
<td>$40,000</td>
<td>$60,000</td>
</tr>
<tr>
<td><strong>Homeownership</strong></td>
<td>$65,000</td>
<td>$90,000</td>
</tr>
<tr>
<td><strong>Rentals</strong></td>
<td>$90,000</td>
<td>$120,000</td>
</tr>
</tbody>
</table>

**Note:**
- Boston Planning & Development Agency
BOSTON HOUSING AUTHORITY

Public Housing

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

boston planning & development agency
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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

- 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

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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

$\$ \quad $\$$ \quad $\$$$

Landowner Will Sell
Landowner Will Sell
Landowner Will NOT Sell
Landowner Will Sell, But to Non-Residential Use
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Policy Outcomes
Inclusionary Development Units by Tenure and Completion Period

- 1,480 (57%): Owner Units, 2018
- 573 (22%): Rental Units, Prior to 2018
- 470 (18%): Rental Units, 2018
- 76 (3%): Owner Units, Prior to 2018

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
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: 29%
  - Renters: 50%
- > $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
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IDP in Your Neighborhood
IDP In Your Neighborhood

- 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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</thead>
<tbody>
<tr>
<td>Allston</td>
<td>86</td>
<td>33</td>
<td>119</td>
<td>2%</td>
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<tr>
<td>Back Bay</td>
<td>118</td>
<td>54</td>
<td>172</td>
<td>3%</td>
</tr>
<tr>
<td>Bay Village</td>
<td>-</td>
<td>40</td>
<td>40</td>
<td>1%</td>
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<tr>
<td>Beacon Hill</td>
<td>20</td>
<td>-</td>
<td>20</td>
<td>0%</td>
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<tr>
<td>Brighton</td>
<td>295</td>
<td>102</td>
<td>397</td>
<td>7%</td>
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<tr>
<td>Charlestown</td>
<td>160</td>
<td>-</td>
<td>160</td>
<td>3%</td>
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<td>Chinatown</td>
<td>65</td>
<td>163</td>
<td>228</td>
<td>4%</td>
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<tr>
<td>Dorchester</td>
<td>171</td>
<td>216</td>
<td>387</td>
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<td>Downtown</td>
<td>472</td>
<td>46</td>
<td>518</td>
<td>9%</td>
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<td>East Boston</td>
<td>123</td>
<td>167</td>
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<td>Fenway</td>
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<td>248</td>
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<td>Hyde Park</td>
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<td>31</td>
<td>65</td>
<td>1%</td>
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<td>Jamaica Plain</td>
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<td>204</td>
<td>422</td>
<td>8%</td>
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<tr>
<td>Leather District</td>
<td>19</td>
<td>-</td>
<td>19</td>
<td>0%</td>
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<tr>
<td>Longwood Medical Area</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
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<td>Mattapan</td>
<td>46</td>
<td>68</td>
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<tr>
<td>Mission Hill</td>
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<td>North End</td>
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<td>-</td>
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<td>Roslindale</td>
<td>17</td>
<td>21</td>
<td>38</td>
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<td>Roxbury</td>
<td>62</td>
<td>672</td>
<td>734</td>
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<td>South Boston</td>
<td>311</td>
<td>41</td>
<td>352</td>
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<td>South Boston Waterfront</td>
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<td>465</td>
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<td>South End</td>
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<td>131</td>
<td>511</td>
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<tr>
<td>West End</td>
<td>37</td>
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<td>37</td>
<td>1%</td>
</tr>
<tr>
<td>West Roxbury</td>
<td>41</td>
<td>-</td>
<td>41</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>3,433</td>
<td>2,113</td>
<td>5,546</td>
<td>100%</td>
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</tbody>
</table>
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.
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Applying for An Income Restricted Unit
Subscribe to newsletter at www.boston.gov/metrolist
Each Property Has a Lottery
You May Apply On-Line or On Paper
After the Lottery:

Sorted for Preferences
- Boston Resident
- Household Size
- First Time Homebuyer
- Disability
Complete Application

Income
Assets

Applicant Is Certified

Move In!
Other Resources and Housing Stability
Office of Housing Stability

617-635-4200
HousingStability@boston.gov

- Educate Tenants About Rights & Responsibilities
- Housing Search Assistance
- Resources to Preserve Tenancies
- Referrals
Boston Home Center

617-635-4663 (HOME)

Existing Homeowners

- Home Repair Programs
- Foreclosure Counseling

First Time Homebuyers

- Education & Counseling
- Downpayment & Closing Cost Assistance
- Special Mortgage Products
Public Funding for Housing

- Re-Build Public Housing
- Preserve Existing Income Restricted Housing
- Purchase and Income Restriction of Private Housing (Acquisition Opportunity Program)
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Next Steps, Questions & Comments
Deep Dive

May 20, 2019 | 6:00 - 7:30 PM
ABCD Mattapan Multi-Service Center
535 River Street
Mattapan, MA 02126