

# **BOSTON'S INCLUSIONARY DEVELOPMENT POLICY**

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# WHAT IS IDP?

Through the Inclusionary Development Policy, the City leverages private development to create affordable housing without public subsidy.

# A QUICK HISTORY...

- ◆ In February of 2000, Mayor Thomas M. Menino established IDP by Executive Order.
- ◆ The policy was updated in 2003, 2005, 2006, and 2007.
- ◆ Policy clarifications were created by the Boston Planning and Development Agency (“BPDA,” formerly the Boston Redevelopment Authority).
- ◆ In December 2015, Mayor Martin J. Walsh revised and updated IDP with a single Executive Order and policy document.

# TO WHAT PROJECTS DOES IDP APPLY?

Any proposed project that:

- ◆ Has ten or more residential units AND
  - ◆ Requires zoning relief OR
  - ◆ Is financed by the City OR
  - ◆ Is built on property owned by the City.

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# WHO BENEFITS FROM IDP HOUSING?

Moderate to Middle-Income Households:

◆ For Rental

- ◆ Households earning up to 70% AMI

◆ For Homeownership

- ◆ Half of IDP Homeownership units are reserved for households earning up to 80% AMI
- ◆ Half of IDP Homeownership units are reserved for households earning up to 100% AMI

# IDP INCOME LIMITS

2017 Area Median Income Limits (Boston MSA)			
Household Size	70% AMI	80% AMI	100% AMI
1	\$50,700	\$57,900	\$72,400
2	\$57,950	\$66,200	\$82,750
3	\$65,200	\$74,450	\$93,100
4	\$72,400	\$82,700	\$103,400

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# IDP INCOME TARGETING RATIONALE

Housing for low-to moderate income households (up to 80% AMI) is funded by subsidies from federal, state, and the City of Boston. These subsidies are prohibited from serving households with incomes over 80% AMI.

However...

Boston is a high cost city, so even moderate and middle income households face difficulties in finding housing opportunities that are affordable. IDP bridges this affordability gap by creating housing without public subsidies.

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# CURRENT IDP ELEMENTS

- ◆ A developer is required to commit to making 13% of on-site units affordable.
- ◆ In some cases, a developer may build affordable off-site units, or contribute cash in lieu of development to the IDP fund, or a combination of the options.
- ◆ Alternative options, or a combination thereof, may be approved if it results in the improvement of project feasibility or an improved outcome for City of Boston affordable housing goals.
- ◆ Such concessions are generally allowed if off-site development or cash-in lieu of development yields a significantly greater number of affordable units.



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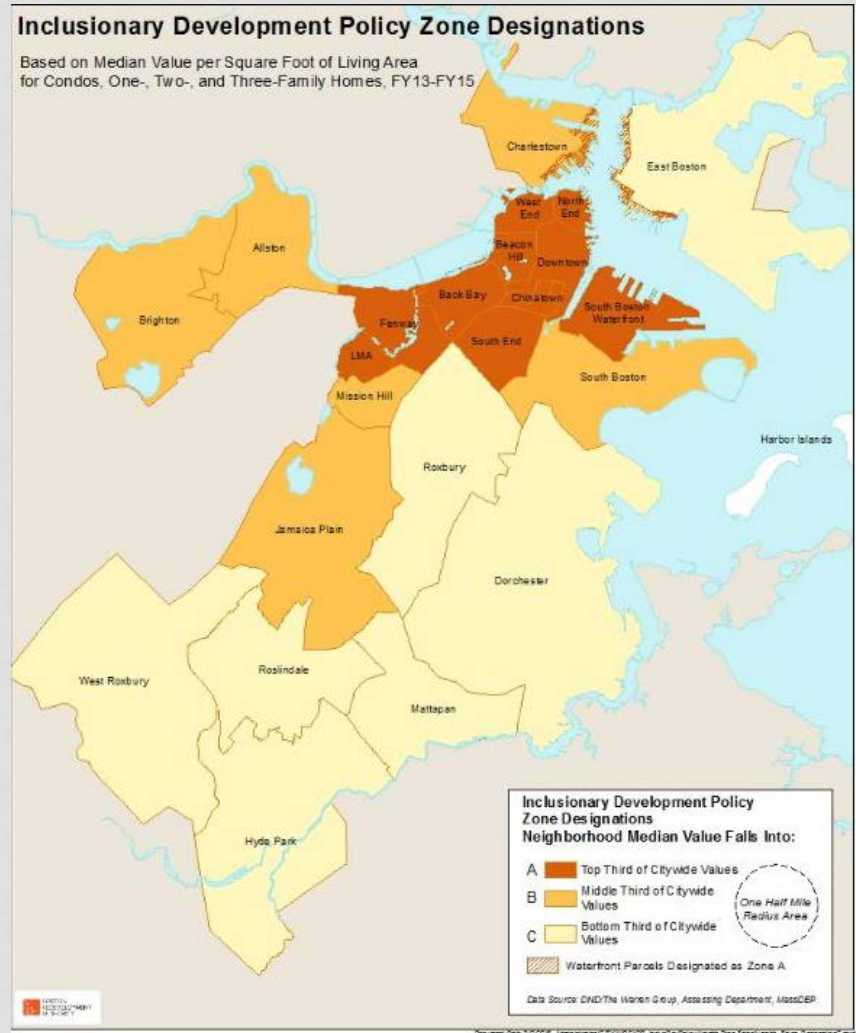
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# CURRENT IDP ELEMENTS

- ◆ Three zones were created to account for differences between downtown and neighborhood development



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# IDP ZONES

Zones were established based upon City-wide sales data (property type, location, and living area) from 2013-2015

- ◆ Zone A: median sales price is in top third of all sales prices
- ◆ Zone B: median sales price is in middle third of all sales prices
- ◆ Zone C: median sales price is in bottom third of all sales prices

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# WHY IDP ZONES?

While on-site requirement remains for all zones, the difference between the zones is the amount required from developers who seek to make an IDP cash contribution in lieu of on-site unit development.\*

- ◆ Under the 2015 policy, IDP developments in downtown Zone A neighborhoods are expected to pay 228% more than developments in outer neighborhoods in Zone C.\*

\*Bridging the Gap: Creating Affordable Housing through Inclusionary Development (2016 Annual Report, Boston Planning & Development Agency)

# KEY IDP STATISTICS

- ◆ Developers have created over 1700 units of moderate- and middle-income housing, and contributed and contributed \$96.8M to the IDP Fund, which has in turn supported the completion of an additional 1070 units of housing.\*
- ◆ 33% of IDP units are homeownership units (condominiums)
- ◆ 67% of IDP units are rental units.
- ◆ A substantial number of new units are expected to be completed in the next few years.
  - ◆ 746 units are under construction.
  - ◆ 656 units are approved by BPDA, but not yet permitted.

\*Bridging the Gap: Creating Affordable Housing through Inclusionary Development (2016 Annual Report, Boston Planning & Development Agency)

# KEY IDP STATISTICS

- ◆ 2016 was a record year!
  - ◆ \$23.7 million paid to IDP Fund
    - ◆ This represents 24% of all payments made since the inception of the program in 2000
- ◆ In addition, \$42.8 million in new funds were committed to the fund in connection with BPDA Board approved projects.

\*Bridging the Gap: Creating Affordable Housing through Inclusionary Development (2016 Annual Report, Boston Planning & Development Agency)

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# FOR MORE INFORMATION...

<https://www.boston.gov/news/mayor-walsh-signs-executive-order-create-additional-affordable-housing-boston>

<http://www.bostonplans.org/getattachment/cfeecd1c-e81e-4bd8-927b-da0e6ebac2db>