

Linkage Fees Increase

Large-scale commercial development to pay higher exactions.

Large-scale commercial development projects will pay higher linkage fees in the future. At the request of Mayor Menino, the Boston Redevelopment Authority (BRA) and Boston Zoning Commission approved an increase in the linkage fees for affordable housing and job training by 9.6% and 9% respectively effective April 2006. The affordable housing fee increased from \$7.18 per square foot to \$7.87 and the job training fee increased from \$1.44 per square foot to \$1.57. No further approval was required since the increase took place four years after the last increase in January 2002. The linkage statute provides that the linkage fees can be raised based on a combined consumer price index but not more frequently than at 3-year intervals. These higher fees will not apply to grandfathered projects that already applied for zoning relief before the effective date of the increase, unless the project later is substantially modified.

Reasoning that the commercial real estate market has been improving, City officials felt this year was appropriate to hike the fees. The commercial office market has experienced six consecutive quarters of positive net absorption, illustrating traction and momentum. Over the past twelve month period (1Q05 – 1Q06), available space as a percentage of total inventory has decreased to 12.4%. With fewer available options, average asking lease rates for Class A towers have

appreciated nearly 16% to \$41.35 per gross square foot.

The linkage program (Ch. 371, Acts of 1987) imposes an obligation on large-scale commercial real estate developments that require zoning approval to provide exactions based on a fixed dollar amount per square foot of gross floor area in excess of 100,000 square feet. The fees collected pay for the expansion of affordable housing and job training programs. As shown by the table, the fee increases this year are the fourth since 1987 when the program began. Since 1987, linkage fees have generated over \$99.5 million for affordable housing. The Neighborhood Housing Trust (NHT) has awarded \$87.3 million to 121 different projects throughout the City, which has contributed to the creation of 8,026 housing units of which 6,150 are affordable. In 2006, the NHT received \$4.7 million in linkage fees.

Linkage Fee History

Year	Housing	% Increase	Job Training	% Increase
1987	\$5.00	-	\$1.00	-
2000	5.49	9.8%	1.09	9.0%
2002 *	7.18	30.8%	1.44	32.1%
2006	7.87	9.6%	1.57	9.0%

* Authorized by Ch.170, Acts 2001