

December 2015

## City Revises IDP Policy to Increase Housing Units

*Goal of new policy is to support more affordable housing, but not limit development*

Mayor Walsh signed an Executive Order on December 9<sup>th</sup> which modified the City's Inclusionary Development Policy (IDP) to create more affordable units from housing development. The Executive Order keeps the current requirement for building affordable units on-site, but increases the cost to developers of cashing out, or building affordable units off-site in some areas. The BRA Board approved the new IDP at its meeting on December 10th. The new IDP will take effect on January 1, 2016.

The new [policy](#) recognizes the variable degrees of difficulty of building market rate housing in different sections of the City. This policy was approved after the Administration engaged in separate meetings with affordable housing advocates and developers over several months in an effort to create a policy that would support the building of more affordable housing units, but would not hold back housing development.

### Boston's Current IDP

Boston's current IDP applies to any proposed residential project of 10 or more units that requires zoning relief, is financed by the City, or is built on city-owned property. Developers must provide affordable units on-site equal to 13% of the project's total units, or:

- Build 15% of the total units off-site, or
- Pay an Affordable Housing Cost Factor of \$200,000 for each unit required (cash-out)

### Key New Features

The new IDP retains the City's preference for the status quo of requiring 13% of the units to be affordable on-site. Three geographic zones are established which create higher

requirements if affordable units are built off-site or the cash-out option is utilized.

- The three [zones](#) based on median sale prices from 2013-2015 include the general core business area (Zone A), Allston-Brighton, Charlestown, Jamaica Plain, Mission Hill, and South Boston (Zone B) and outer areas with lower housing prices (Zone C).
- Affordable unit requirements off-site will be increased to 18% in Zones A and B, but stay at 15% in Zone C.
- The off-site option will be limited to a radius of ½ mile from the development site or farther with BRA approval.
- The floor cash-out for condo or rental units will be increased from \$200,000 to \$380,000 in Zone A, \$300,000 in Zone B and remains at \$200,000 in Zone C.
- On a need basis, the allowable area medium income (AMI) of tenants in IDP eligible rental units will be able to increase from 70% to 100% in Zone C.
- At least half of the affordable ownership units in a project built under IDP must be affordable to households at or below 80% of AMI and the remaining ownership units must be affordable to households earning over 80% but no more than 100% of AMI.

### Next Steps

Even though IDP targets incomes at 70%-100% of AMI, city incentives are still needed for middle-income housing above that range. Also, providing a density bonus for building more affordable units on-site is being considered, and that would require a change in the City's Zoning Code.