

Inclusionary Development Policy Change

BRA to work out details with stakeholders.

The cost of building market rental and condominium housing in Boston has become more expensive due to recent changes in the City's Inclusionary Development Policy (IDP). The objective of the changes is to increase the creation of affordable housing, especially in areas of the city with the greatest need. The Boston Redevelopment Authority (BRA) will still need to finalize various details of the IDP and will work with interested parties for this purpose.

On May 16th, Mayor Menino issued an Executive Order that modified the City's IDP to raise the developers' contribution for affordable units built off-site and to steer these housing dollars to those in Boston's workforce with lower income limits and to areas of the city where affordable housing is below the citywide average of 20%. The BRA also will restructure the program to distribute these housing funds through a new competitive process. Since 2000, the City's IDP has created 715 affordable housing units, of which 344 are affordable for households earning less than 80% of the area median income.

The new IDP increased the monetary value developers would be required to pay to build affordable rental units off-site from \$97,000 to \$200,000. For condominiums, developers would pay \$200,000 per unit or at least half the difference between the price of a market rate unit and the price of an on-site affordable unit, whichever is greater. Under the existing IDP, developers building rental housing projects of 10 or more units or projects requiring zoning relief by the City must make 15% of the market-rate units affordable to moderate and middle-income renters. Developers who received BRA approval could opt to develop 15% of the proposed market rate units off-site or pay a per unit contribution of \$200,000 for 15% of the units, up from \$97,000.

Over the past 18 months, a group of business and real estate leaders and housing advocates and consultants have been developing a proposal to modify the City's IDP for the same purpose of increasing funds for the development of a greater number of affordable housing units. A final IDP would benefit from a discussion of these ideas.