

Examining Boston's Affordable Housing Programs *Inclusionary Zoning, Linkage, and the Community Preservation Act Provide Critical Income-Restricted Housing Units*

How much income-restricted housing has been created or preserved in Boston through Inclusionary Zoning, Linkage, and the Community Preservation Act? What do Boston's affordable housing outcomes look like across these three programs by unit type, affordability level, and neighborhood? Two of the three of the City's primary generators for affordable housing, Inclusionary Zoning and Linkage, directly depend on either residential or commercial construction to produce affordable units. How can Boston strengthen affordable housing production, funding stability, and transparency in a constrained development and revenue environment?

Report Objectives

This report provides information and insights on:

- Boston's three largest affordable housing programs relying on real estate development: Inclusionary Zoning, Linkage, and the Community Preservation Act
- Differences in program requirements, unit production, and affordability levels
- Revenue mechanisms for each program and how funds have been used for affordable housing
- Impact of slowed real estate development on affordable housing production

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Background

Safeguarding affordable housing is an enduring challenge for the City of Boston. Within the City’s portfolio of housing programs, income-restricted housing is a cornerstone of its efforts to address housing affordability. Boston has the highest proportion of income-restricted housing of any municipality in Massachusetts, with 19.3% of its 307,840 housing units reserved for low- or moderate-income households. Inclusionary Zoning (IZ), Linkage, and the Community Preservation Act (CPA)¹ are the City’s three largest affordable housing programs that rely on real estate development. These three programs create or preserve income-restricted units through a mix of requirements and fees placed on developers or, in the case of the CPA, a surtax on residents and businesses that own property in the City.

Housing production in recent years has slowed significantly, with building permits for new units falling to their lowest level since 2012. Because IZ, Linkage, and CPA depend fully or in part on real estate development to generate revenue and create housing units, Boston’s slowed housing production in recent years will likely impact these programs. After examining how these programs leverage Boston’s real estate development to generate revenue and create housing units, this report provides recommendations for these funds within the context of Boston’s slowed housing production.

Scope – While the City operates several other housing programs in areas such as housing stability and homeownership assistance, the Research Bureau is focusing this report on the creation and preservation of units to better understand the City’s efforts to provide affordable housing amid a scarcity of housing units in the Greater Boston region. Specifically, it covers the City’s three largest programs that rely fully or in part on development to fund the creation and preservation of income-restricted housing in Boston: Inclusionary Zoning, Linkage, and the Community Preservation Act.

Comparison of Inclusionary Zoning, Linkage, and Community Preservation Act

	Inclusionary Zoning (IZ)	Linkage	Community Preservation Act (CPA)
AMI Level Requirements	Rental: 50%-60% avg. AMI + Vouchers Homeowner: Half up to 80% AMI and half up to 100% AMI	Up to 80% AMI	Up to 100% AMI
City-Directed Funds	Yes	Yes	Yes
Affordable Units Included as Part of Private Development	Yes	No	No
Program Start Year	2000*	1983	2018
Revenue Source	Residential developer fee	Commercial developer fee	Property tax surcharge
Production of Both Rental and Homeownership Units	Yes	Yes	Yes
Geographic Requirements for Developer Fee Threshold	Project-dependent	No	No
Developer Fee Threshold	7+ residential units	50,000 commercial sq. ft.	N/A
Share of Revenue towards Housing	100%	84%	10-80%

*Inclusionary Development Policy prior to 2023

¹ Data through 2024 for Inclusionary Zoning and Linkage comes from the Mayor’s Office of Housing and the [2024 Income-Restricted Housing Report](#). Data through 2025 for the Community Preservation Act comes from the Community Preservation Office and the [FY23-FY27 Community Preservation Plan](#).



This report examines the sources of revenue for these programs, how this revenue has been used to create housing units, and provides recommendations regarding these programs.

Income-Restricted Housing – Income-restricted housing, or housing that is reserved for low- or moderate-income households earning less than a certain amount of income, is one of the primary ways the City can make housing affordable and prevent displacement. Income-restricted housing units in Boston can come in the form of a deed restriction on rental units, which caps rent at a price affordable to those at a given income level, or homeownership units, which limits the sale price and requires the current owner to sell to an income eligible buyer. Deed restrictions on a property can be in effect for a fixed amount of time, typically 20, 30, or 50 years, or can be in perpetuity. This report focuses both on new income-restricted units as well as existing units that have been preserved through an extension of an expiring deed restriction to maintain affordability.

Area Median Income (AMI) – The primary metric used to determine income-restricted housing eligibility is the Area Median Income (AMI) for households in the Boston region² based on the size of the household. This benchmark is used to determine housing eligibility at set maximum thresholds as a percentage of the AMI, with many state and federal affordable housing programs determining income eligible households to be earning 80% or less of AMI. For example, the AMI for Boston’s IZ program in 2026 is \$120,000 for a household of one person and \$171,400 for a household of four. Housing with lower AMI thresholds results in deeper levels of affordability for extremely low-income residents, such as those earning 30% of AMI or \$51,420 for a household of four. For a full table of AMI levels in Boston by household size, please see Appendix D. Boston’s income-restricted housing programs vary in their AMI requirements for thresholds of AMI that qualify as income-restricted housing. For example, CPA funds can be used for low- or moderate-income housing, which can go up to 100% of the AMI. In contrast, IZ requires housing to be reserved for households with incomes of up to 60% of AMI, depending on the project.

Background and History of Boston’s Three Largest Income-Restricted Housing Programs

History of Inclusionary Zoning – Inclusionary Zoning (IZ), formerly known as the Inclusionary Development Policy (IDP), is a policy that requires a portion of new rental and ownership housing units created by private developers to go towards affordable housing in the City. They can do this in [three ways](#): produce income-restricted units on-site (as part of the same project), produce income-restricted units off-site (within a half mile radius of the project), or make a payment to the City in lieu of building the units. Payments made in lieu of units go to the Inclusionary Development Fund, administered by the Mayor’s Office of Housing (MOH).

The policy was originally created through an executive order by Mayor Tom Menino in 2000 and has been updated several times in subsequent years and administrations. Administration of the IDP Fund transitioned from the BPDA to the Mayor’s Office of Housing (MOH) in 2014, with implementation of the full IDP program transitioning to MOH in 2024. Prior to the change adopted in 2023, only projects that required zoning relief, were financed by the City, or were developed on City

² Area Median Income (AMI) as determined by the U.S. Department of Housing and Urban Development for the Boston-Cambridge-Quincy HUD FMR (Fair Market Rent) Area

or BPDA land had to adhere to the requirements. Under the previous 2015 policy implemented by Mayor Marty Walsh, 13% of on-site units in rental projects of 10 or more units were required to be affordable at 70% of AMI. Homeowner projects also required 13% of on-site units to be affordable but allowed half at up to 80% of AMI and half between 80% and 100% AMI.

The most recent update occurred in 2023 under Mayor Michelle Wu, when IZ was codified as Article 79 of Boston’s Zoning Code. IZ now requires developers building any housing project of 7 or more units to set aside a portion of the units created to be income-restricted housing. For the full detailed comparison of the 2015 Inclusionary Development Policy and 2023 Inclusionary Zoning requirements, please see Appendix B.

History of Linkage – Linkage, also known as the Development Impact Project Exactions policy, was first adopted by the City in 1983. Revenues from linkage are designated for two purposes: 84% go to the Neighborhood Housing Trust (NHT) to fund affordable housing and 16% go to the Neighborhood Jobs Trust (NJT) for job and readiness training. Funds from the Neighborhood Housing Trust, which was first created in 1986, can be used for the creation of new income-restricted housing or for the preservation of existing affordable housing units. Prior to the 2023 change, linkage required payments from commercial developers on properties requiring zoning relief of 100,000 square feet or over, with the first 100,000 sq. ft. exempt from fees, to be made to the Neighborhood Housing Trust for affordable housing and the Neighborhood Jobs Trust for job training. In the previous 2021 policy, for eligible commercial projects, a fee of \$15.39/sq. ft. was charged, with \$13.00/sq. ft. going to the Neighborhood Housing Trust and \$2.39/sq. ft. going to the Neighborhood Jobs Trust.

In 2023, the Boston Zoning Commission enacted significant changes to linkage fee rates that are placed on large commercial development. The recent change, which phased in over two years starting in January 2024, requires all commercial projects over 50,000 sq. ft., regardless of whether they are seeking zoning relief, to pay linkage fees. As part of the updated policy, fee increases were differentiated for the first time by usage type, distinguishing between research lab space construction versus all other commercial development. For lab space, linkage fees doubled to \$30.78/sq. ft., with \$26.00/sq. ft. going to housing. For all other commercial uses, the fee increased by 50% to \$23.09/sq. ft., with \$19.33/sq. ft. dedicated to housing. For additional details on historical changes to Linkage, see Appendix A.

Linkage Fee Comparison 2021 to Current Policy
Rate per Square Foot

	Total	Housing	Jobs
2021 (All uses)	\$15.39	\$13.00	\$2.39
2025 (Research labs)	\$30.78	\$26.00	\$4.78
2025 (All other uses)	\$23.09	\$19.33	\$3.76

History of Community Preservation Act (CPA) – The Community Preservation Act (CPA), a Massachusetts state law passed in 2000, allows communities to vote to apply a surcharge of up to 3% on top of property taxes to fund affordable housing, historic preservation, open space, and recreation projects. In 2016, Boston’s voters adopted the CPA by a 74%-26% margin, applying a 1% surcharge on all property taxes in the city.

The Massachusetts Department of Revenue collects the revenues from the surcharge and then directs them to the City’s Community Preservation Fund, which is operated by the Community Preservation Committee (CPC). The CPC reviews projects submitted by applicants for eligibility within the CPA and makes recommendations for project funding to the Mayor’s Office and City Council, which must vote to appropriate the funds from the Community Preservation Fund. 2018

was the first year in which funding became available for applicants. In addition to locally generated surcharge revenue, the City receives a distribution from the state's Community Preservation Trust Fund at a variable matching rate each year. Since Boston started receiving the state distribution, it has varied between 15.2% and 29.3%, with a match rate of 16.6% in 2024. As the CPA was adopted more recently by Boston than other housing programs such as IZ and Linkage, no changes have yet been made to the program.

Other City Funds That Create Affordable Housing

Acquisition Opportunity Program – Boston's Acquisition Opportunity Program, or the AOP, is a program in which affordable housing developers can apply for a low-interest loan through the program, which the Mayor's Office of Housing administers, to purchase multi-family rental properties to keep them affordable. The AOP is funded partly by the Mayor's Office of Housing but also relies on a variety of external funding sources, including \$51.7M in one-time federal American Rescue Plan Act (ARPA) funding and \$14.0M in CPA funding.

Property owners in the AOP must keep rent affordable for at least 50 years, set aside 40% of the units for low- to moderate-income families, and ensure that tenants in good standing will not be evicted. Property owners also must have investor-owned rental properties that are fully or partially occupied. From 2016, when the program started, through January 2025, the AOP has acquired over 1,000 affordable units across multiple neighborhoods.

Housing Accelerator – City of Boston created a new Housing Accelerator Fund in January 2025 through an appropriation of \$110.0M from the City's budgetary fund balance, or free cash. This fund is intended to help developers start previously approved housing projects that do not have sufficient funds to begin construction. The Commonwealth's Housing Momentum Fund will provide additional matching funds to support the projects. Because the fund is new, it is too soon to know how many units will be created through this investment.

Capital Plan – Another source of funding for income-restricted housing in the City comes through the City's use of capital expenditures. The City's 5-year capital plan is funded by a mixture of municipal general obligation bonds and state, federal and other grant funding. In recent years, the City has used capital funds to further housing construction and preservation, with capital expenditures by MOH constituting 3.0% of total capital funding in the FY27-FY31 capital plan.

The FY27-FY31 capital plan funds a number of projects operated by the Boston Housing Authority, a department which is independent of the City's budget and provides public, subsidized housing to low-to-moderate income households. Capital funds have gone to the replacement of existing income-restricted units as well as the creation of new income-restricted and mixed-income housing units.

Housing Revenue is Dependent on Growth

Housing production in the Boston metropolitan region has slowed in recent years, with multifamily housing creation lingering around a [10-year low](#) amid elevated housing costs and interest rates. While this difficult construction environment is affecting Boston's overall housing production, it is

also likely to impact Boston's affordable housing programs, especially programs that are dependent on real estate development to generate revenue and create housing units.

IZ, in particular, is directly dependent upon the creation of housing units in the City. The current requirements, which were adopted in 2023 and were based on a [financial feasibility analysis](#) of current market conditions prepared for the City by RKG Associates, have not been updated. Additionally, higher IZ requirements reduce the profit margins for developers, who earn less money on income-restricted units than those at market rate. During periods of economic uncertainty or economic slowdowns, a slowdown in housing development would affect the number of IZ units created as well as the amount paid into the IDP Fund from fees on developers. Because of this, revenue and units created by IZ are more volatile and based on market conditions compared to other programs like the CPA, which relies on Boston's property tax for funding.

Importantly, funding from the IDP Fund is typically leveraged with other state and federal housing grants to achieve a revenue portfolio that supports the creation and preservation of affordable units. According to the City's [2018 IDP Annual Report](#), every \$1 in IZ funds has been matched by over \$5 in city, state, and federal funds. Given this pairing with other public subsidies that often apply to lower-income households, 70% of units created from the IDP Fund have AMI lower than the IZ program requirements.

Similar to IZ, which is dependent upon housing construction to fund, linkage revenue to NHT is directly reliant on commercial development. As commercial development slows, the City would also see less revenue going towards affordable housing projects. This places an added emphasis on commercial development and new growth in Boston, which the City has historically relied upon to fund increases in its operating budget. When the revised linkage fees were approved in 2023, the new lab space fee rate was set to increase to twice the 2021 rate by the time of full implementation in 2025. At that time, Boston's life sciences lab market was seeing significant growth, with 6.5M square feet of lab space inventory and a vacancy rate of 1.4% in Q1 of 2022 according to Colliers. Over the next few years, Boston rapidly added lab space, nearly doubling total inventory to 12.6M square feet in Q1 of 2026, while the vacancy rate rose to 43.4%. The increasing vacancy rates can be attributed to the rapid expansion in lab space supply, coupled with slowing demand amid the [recent downturn in the biotech market](#). The revenue impact of the increased vacancy rates, coupled with [slowing construction activity](#), remains unclear.

Revenue going towards the Community Preservation Fund is directly tied to the amount the City raises in property taxes. While the property tax levy is relatively stable in Massachusetts due to Prop 2 ½, it is still reliant on new growth to rise above the standard 2.5% increase every year. New growth has driven the City's increase in the property tax base over much of the last two decades and has allowed the tax levy to rise well above 2.5% each year. However, new growth in FY26 dropped to its lowest share [in more than a decade](#). In FY27, net property tax is [expected to increase 3.6%](#) from FY26, the lowest level in nearly thirty years (since FY98). The slowdown in the growth of the tax levy would be expected to be reflected in locally-generated CPA revenue. As such, while CPA funding is less susceptible to volatile economic shocks than IZ or linkage, a decline in construction activity in the City can also impact revenue growth for the Community Preservation Fund.

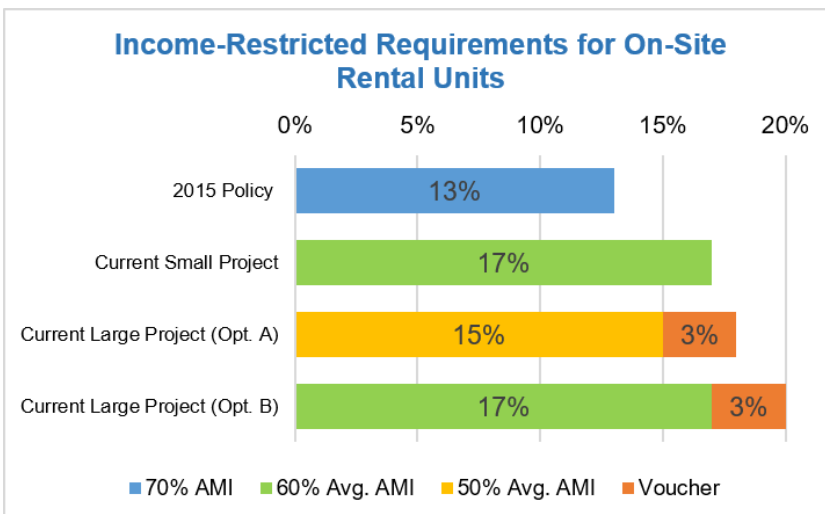
Inclusionary Zoning (IZ)

Program Requirements – Annual revenue to the Inclusionary Development Fund was \$24.3M from 2023 to 2024.

Under the zoning ordinance that passed in November 2023 and took effect in October 2024, different requirements were established for small projects (< 50,000 sq. ft.) and large projects (≥ 50,000 sq. ft.). The ordinance increased the share of units (or square footage) required to be income-restricted and deepened affordability requirements for rental projects. For the full detailed comparison of the 2015 and 2023 policies, please see Appendix B.

For rental projects, the proportion of units required to be income-restricted increased to 17% for small projects and to 18-20% for large projects.

Importantly, the recent ordinance also deepened affordability requirements for rental projects concurrently, requiring an average of 60% AMI for small projects and between 50 and 60% for large projects, with an additional set aside for voucher holders who typically earn 30% of AMI or less. For homeownership projects, the proportion of units required to be income-restricted increased to 17% for small projects and 20% for large projects, with half of units at up to 80% AMI and half at up to 100% AMI. Finally, those contributing to the Inclusionary Development Fund would do so on a square footage basis rather than paying per unit.



Units Created – Through 2024, 7,256 units have been created through Boston’s IZ policy, an average of 290.2 units per year over the length of the program’s history. Of the total, 60.7% or 4,407 units were constructed by developers either on-site or off-site through the inclusionary development policy, while 39.3% (2,849 units) have been funded by MOH using payments made in lieu of units.

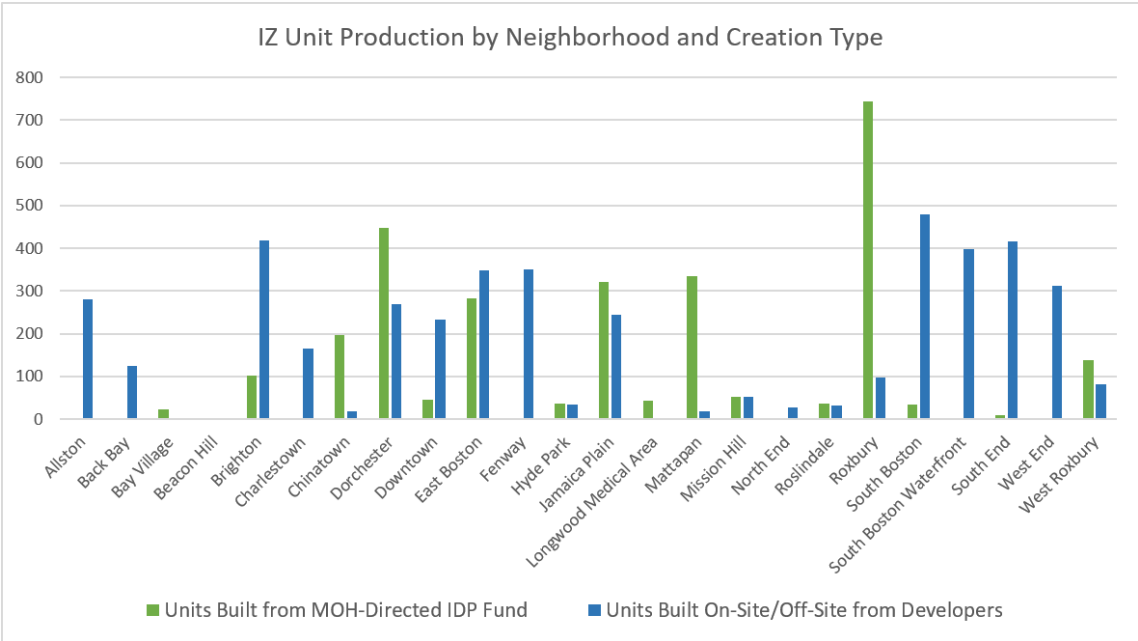
IZ has been particularly effective at producing income-restricted ownership units. While the program’s on-site or off-site unit creation accounts for 7.4% of all (homeowner and rental) income-

Current On-Site Inclusionary Zoning Requirements	
Requirement	2023 Inclusionary Zoning
Eligibility	7+ units for all projects, regardless of whether they require zoning relief or are funded by the City or are on City/BPDA-owned land
On-Site Rental	Small Projects: 17% of units or sq. ft. at avg. of 60% AMI (max. of 70% AMI)
	Large Projects: 18% of units or sq. ft. (15% at avg. of 50% AMI, max. of 60% AMI, and 3% vouchers) OR 20% of sq. ft./units (17% at avg. of 60% AMI, max. of 70% AMI, and 3% vouchers)
On-Site Homeowner	Small Projects: 17% of units or sq. ft. where half of the total units are up to 80% and half are up to 100% AMI
	Large Projects: 20% of units or sq. ft. where half of the total units are up to 80% and half are up to 100% AMI

restricted units in Boston as of 2024, it has created nearly a third (31.3%) of the city’s total income-restricted homeownership units. Of the units that were created or preserved from the IDP Fund, a lower share (11.2%) are homeownership units compared to those constructed on-site or off-site (22.7%). MOH-directed IZ unit creation accounts for 4.8% of all income-restricted units in Boston, including 4.5% of all rental units and 10.0% of all homeownership units.

Geographic Distribution – Significant geographic variation also occurs amid the type of development of IZ units, especially between units that are created or preserved by developers on- or off-site and those that MOH manages through the IDP Fund. Neighborhoods with the highest share of IZ units built by developers include South Boston (10.9%), the South End (9.5%), Brighton (9.5%), South Boston Waterfront (9.0%), Fenway (8.0%), and East Boston (7.9%).

MOH-directed funds have had a redistributive effect in prompting affordable housing development in areas that did not receive developer-driven on-site or off-site unit creation.

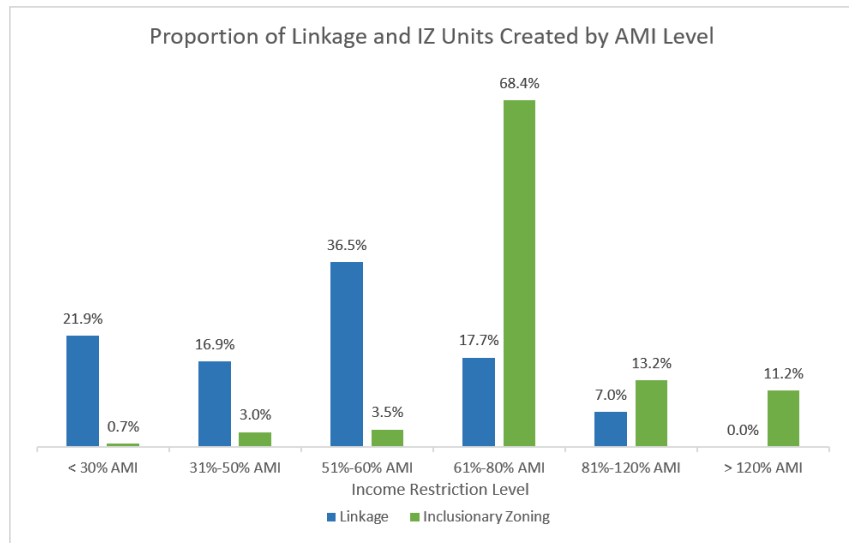


Meanwhile, MOH-directed funds have been primarily invested in communities that did not benefit from developer-driven IZ unit creation. Over the course of the program, the neighborhoods that have seen the highest share of affordable unit creation through the MOH-directed IDP Fund are Roxbury (26.1%), Dorchester (15.7%), Mattapan (11.7%), Jamaica Plain (11.3%), East Boston (9.9%), and Chinatown (6.9%). In this way, MOH-directed funds have had a redistributive effect in prompting affordable housing development in areas that did not receive developer-driven on-site or off-site unit creation.

Linkage

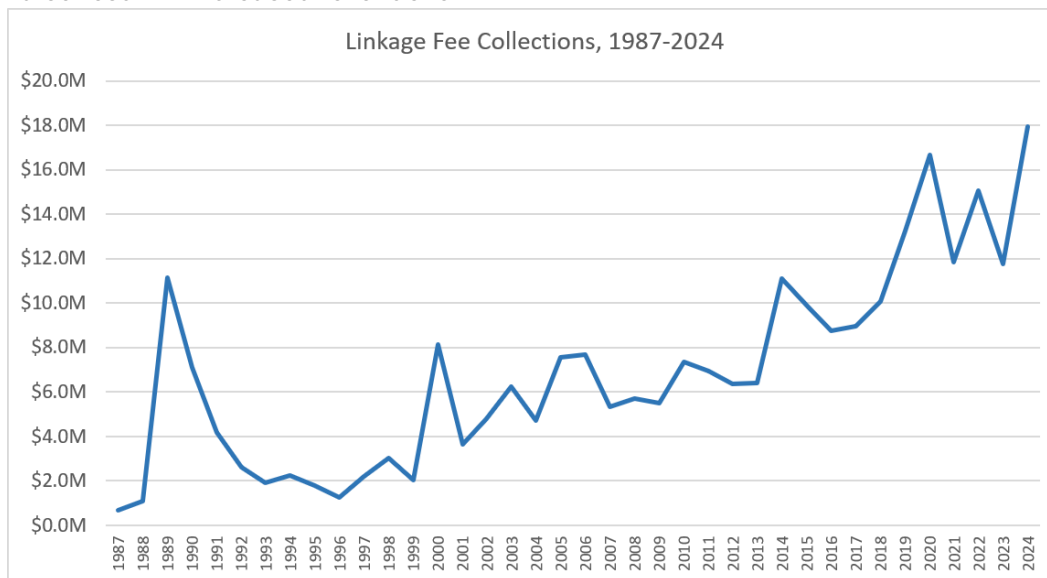
Since the start of the Linkage program through 2024, 8,185 new income-restricted units have been completed, with an additional 6,074 existing income-restricted units preserved through NHT funds, resulting in 14,259 income-restricted units produced or preserved. Over the course of 37 years, the linkage program has produced or preserved an average of 385.4 units a year. In addition to this total, 1,230 income-restricted units are under construction and 1,301 have had funding awarded. The

combination of produced and preserved units as well as those in progress is expected to result in a total of 16,790 income-restricted units. The vast majority, 87.7%, of new income-restricted units created by NHT funds are rental units, while 12.3% are ownership units. This compares similarly to IZ, which has produced 81.8% rental units and 18.2% homeownership units.



Notably, the IZ and Linkage policies have led to key differences in terms of the level of affordability of units that are created under each program. Linkage has resulted in a greater proportion of units serving low-income residents, with 75.3% of NHT units serving those at 60% of AMI or less compared to 7.2% of IZ units. The City has been pursuing deeper levels of affordability in income-restricted housing to allow low-income residents well below 80% AMI to access affordable housing.

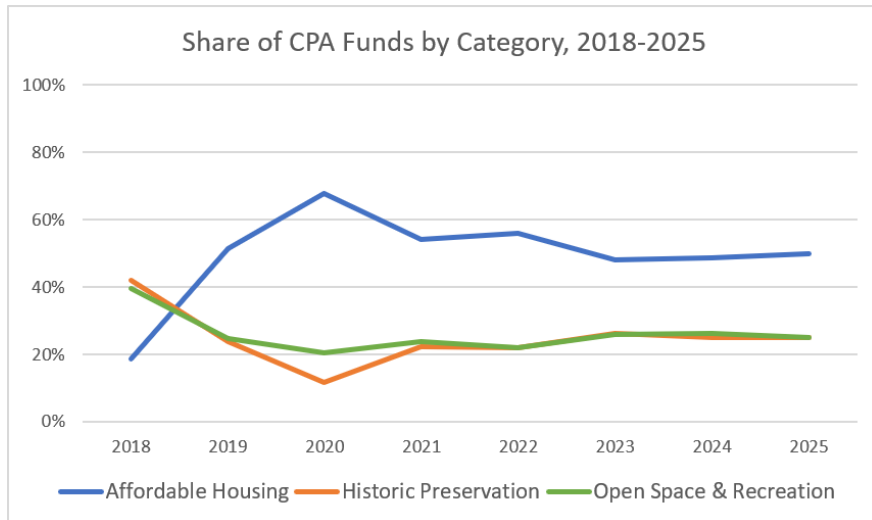
Linkage fees have generated substantial revenue for affordable housing since the City first began collecting them in 1987. From 1987 to 2024, the City collected \$268.4M in linkage fees, collecting an average of \$12.4M per year from 2015 to 2024. It remains to be seen whether the recent increase in fees will also result in increased revenue for NHT.



Community Preservation Act (CPA)

CPA funds can be used for several purposes related to housing affordability, including rental assistance, acquisition of land or buildings for the creation of housing, preservation of existing units, or new construction. CPA funding under state law can be used for both low-income (up to 80% AMI) and moderate-income (from 80-100% AMI) housing.

By law, a minimum of 10% of funds must be set aside for community housing, 10% for historic preservation, and 10% for open space and recreation, with remaining funds being able to be allocated to any of the allowable uses.³ In its 8-year history, Boston's CPC has prioritized affordable housing, with 51.4% (\$117.9M) of the \$229.6M in funds allocated



through 2025 going to housing. According to Boston's [Community Preservation Plan](#), the vast majority of Boston's allocated housing dollars (93%) have been used to create or preserve affordable housing units, while 7% have been used to assist first-time homebuyers under the ONE+ program.

CPA Funds for Affordable Housing

	2018	2019	2020	2021	2022	2023	2024	2025	Total
Number of Housing Projects	3	9	8	5	10	9	9	7	60
Affordable Housing	\$1.5M	\$17.1M	\$14.8M	\$13.6M	\$14.7M	\$18.6M	\$18.6M	\$19.1M	\$117.9M
Total CPA Spending	\$8.0M	\$33.3M	\$21.7M	\$25.2M	\$26.2M	\$38.8M	\$38.3M	\$38.1M	\$229.6M
Housing % of CPA Expenditures	18.7%	51.5%	67.9%	54.1%	55.9%	47.9%	48.6%	50.0%	51.4%

Units – From 2018 to 2025, the CPC distributed \$117.9M to affordable housing projects, resulting in a projected 1,745 units created. Additionally, 385 market-rate units were purchased and converted to affordable units, resulting in an expected 2,130 affordable housing units from 2018 to 2025. This comes to an average of 266.3 units created or preserved per year over the program's history. Despite this significant production, 40.9% of CPA affordable housing projects have not yet started as of June 2026. In comparison, less than 15% of historic preservation and open space projects have not yet started. Affordable housing projects can take significant time to permit, build and complete. An additional 24.2% of housing projects are underway, and 34.8% of projects have been completed thus far.

Geographic Distribution of Units – Of the units created, there is significant variation in terms of geographic location of where the housing has been built. From 2018 to 2025, the top 5 neighborhoods that have seen the largest share of total new housing units created from CPA funds have been Roxbury (20.3%), Jamaica Plain (15.9%), Mattapan (15.2%), Chinatown (13.3%), and

³ Up to 5% of estimated Community Preservation Fund revenues may be used for administrative and operating expenses of the CPC. Boston has a Community Preservation Office that supports the CPC and manages the day-to-day operations and administration of the CPA program.

Dorchester (8.2%). Other neighborhoods such as Back Bay, Beacon Hill, Charlestown, the South End, and West End have not had any affordable housing units created with CPA funds.

Completion Status of CPA Projects, June 2026

Category	Completed	Work in Progress	Not Started
Affordable Housing	34.8%	24.2%	40.9%
Historic Preservation	74.9%	11.6%	13.5%
Open Space	65.3%	21.0%	13.8%
Total	65.2%	17.0%	17.7%

Revenues – From 2018 to

2025, the Community Preservation Fund received \$44.6M (19.0%) from the state and generated \$190.8M (81.0%) locally. From 2021 to 2025, the CPA averaged \$33.2M in annual revenue. Revenue from the CPA surcharge is dependent on collection of the City’s property tax, a relatively stable revenue source that Boston is projected to rely on to fund 73.1% of its FY27 operating budget.

Conclusion and Recommendations

Inclusionary Zoning, Linkage, and the Community Preservation Act (CPA) have produced or preserved thousands of affordable units for the City of Boston. Each of these programs has different sources of revenue, allowable uses, and methods of unit creation, but each is critical to the City’s drive to provide affordable housing in Boston.

To enhance the efficacy and transparency of these programs, the Research Bureau offers the following recommendations:

- Housing funds across the City should aim to ensure broad diversity in housing outcomes.** The housing programs analyzed here have resulted in significantly larger numbers of income-restricted rental units in the City than ownership units. There is also a lack of geographic diversity in units created by programs, with some neighborhoods seeing more affordable housing development than others. Importantly, there have been marked differences in the locations of units created between City-funded units and those that occur naturally through the development process. The three programs also vary substantially in the AMI requirements for housing units. While variation in cost by neighborhood for developing housing is an obstacle to overcome, Boston should consider how to equitably achieve affordable housing creation or preservation throughout the city and provide a range of affordable housing options for residents across income levels.
- The City should consider alternative funding sources and the importance of private housing production during times of slow housing starts.** Two of the three of the City’s primary revenue generators for affordable housing, Inclusionary Zoning and Linkage, depend on either residential or commercial construction to produce affordable units. When residential or commercial construction slows, as is the case now for Boston, the number of affordable housing units produced via Linkage and Inclusionary Zoning will also decline. While Boston has begun to explore alternatives, with the creation of the Housing Accelerator Fund using the budgetary fund balance, the City could also consider additional operating or capital expenditures to help fund affordable housing creation during periods of slow real estate development growth. In addition to these one-time appropriations, a sustainable strategy should also include plans for how pro-growth policies can support

traditional commercial and residential development, as these are the source of ongoing revenues.

- **The City of Boston should increase transparency around program outcomes for Inclusionary Zoning and Linkage.** Publicly accessible and readily available annual reports for Inclusionary Zoning and Linkage are critical for the public's awareness of how these dollars are being spent and the benefits they are providing to residents. To increase public transparency, the relevant departments should also appear regularly before the Boston City Council to report on their activities. Greater clarity should be provided on the process for how these funds are used by relevant departments, Boston's methodology on where City-directed funds are spent, and the outcomes of each of the programs towards furthering Boston's affordable housing goals.
- **The City should regularly evaluate and adapt its fee structure based on changing market conditions.** This is especially relevant for Inclusionary Zoning and Linkage fees that rely on residential and commercial development for unit creation and revenue generation. The revised Inclusionary Zoning that was adopted in 2023 was informed by a financial feasibility analysis that evaluated the expected impact on unit creation and development costs, based on market conditions at the time. For the Linkage program, which saw major fee increases go into effect in 2024 and 2025, the City [recommended a 0% increase](#) in 2026 linkage fees amid slowing commercial development, which was approved by the Zoning Commission in December. Following implementation of policy changes, the City should evaluate program impacts to see if they are performing as intended. Financial feasibility studies should be conducted at regular intervals to keep up with current market conditions and make any necessary changes that are needed to maintain affordable unit creation.
- **Boston should consider spending a greater proportion of Community Preservation Act funds on housing.** From 2018 to 2025, 51.4% of CPA funds spent were allocated for housing, well above the other historic preservation, open space, and recreation projects but still below the maximum of 80% allowed. In comparison, Cambridge has prioritized its use of CPA funds for affordable housing even more than Boston, with 80% of its allocated funds from 2002-2025 going to affordable housing uses. If Boston had spent 80% of CPA funds on housing from 2018-2025, it would have resulted in an additional \$65.8M that could have been put towards housing in the city, a 55.8% increase from its current expenditures. However, with limited amounts of CPA revenue, dedicating more funds to housing would take away from historic preservation, open space, and recreation projects. The City could also consider increasing the CPA surcharge above the current 1%, but this option would result in higher property taxes and require voters' approval.
- **The City Should Communicate a Plan to Navigate Ending of COVID-19 Era Funds.** Many affordable housing programs rely upon a combination of City revenues and external funds (i.e. federal, state, and private funds) to create affordable housing. Several federal funds used for housing development, such as the Community Development Block Grant (CDBG) and HOME Investment Partnerships program received a temporary boost in the wake of COVID-19. Additionally, the City prioritized housing with funds from the American Rescue Plan Act, allocating \$241.9M (43.3%) of its \$558.7M in ARPA funds toward housing. As of

FY25, the most recent available data, funds expended from the Department of Housing and Urban Development fell 17.0% (-\$15.4M). Amid a constrained revenue environment, with the Mayor recommending the smallest budget increase (2.1% in FY27) since FY12, the City may be limited in its ability to supplant potential [losses in federal revenues](#) used for affordable housing production. The City should provide greater clarity on how reliant Inclusionary Zoning, Linkage, and CPA funds are on external funds to create housing, and the extent to which a decline in federal funding could adversely affect Boston's affordable housing.

Appendix A – Program Implementation History: Linkage, IZ, and CPA

Linkage* Program Implementation History

Year Implemented	Amount to Housing Trust	Amount to Jobs Trust	Total Fee	Square Footage Impacted
2000	\$5.49	\$1.09	\$6.58	over 100,000
2002	\$7.18	\$1.44	\$8.62	over 100,000
2006	\$7.87	\$1.57	\$9.44	over 100,000
2013	\$8.34	\$1.67	\$10.01	over 100,000
2018	\$9.03	\$1.78	\$10.81	over 100,000
2021	\$13.00	\$2.39	\$15.39	over 100,000
2024 (Research labs)	\$19.50	\$3.59	\$23.09	over 50,000
2024 (All other uses)	\$16.17	\$3.08	\$19.25	over 50,000
2025 (Research labs)	\$26.00	\$4.78	\$30.78	over 50,000
2025 (All other uses)	\$19.33	\$3.76	\$23.09	over 50,000

* Linkage established in 1983

Inclusionary Zoning (IZ)** Program Implementation History

Year Implemented	On-Site Units Requirement Option	Off-Site Units Requirement Option	Cash Contribution Option Rate Per Unit
2000	10%	15%	\$52,000
2003	15%	15%	\$52,000
2005	15%	15%	\$97,000
2006	15%	15%	\$200,000
2015	13%	15-18%	\$200,000-380,000 by zone
2023	17-20%	20%	Square footage rate by zone

** Inclusionary Development Policy (IDP) prior to 2023

Community Preservation Act (CPA) Program Implementation History

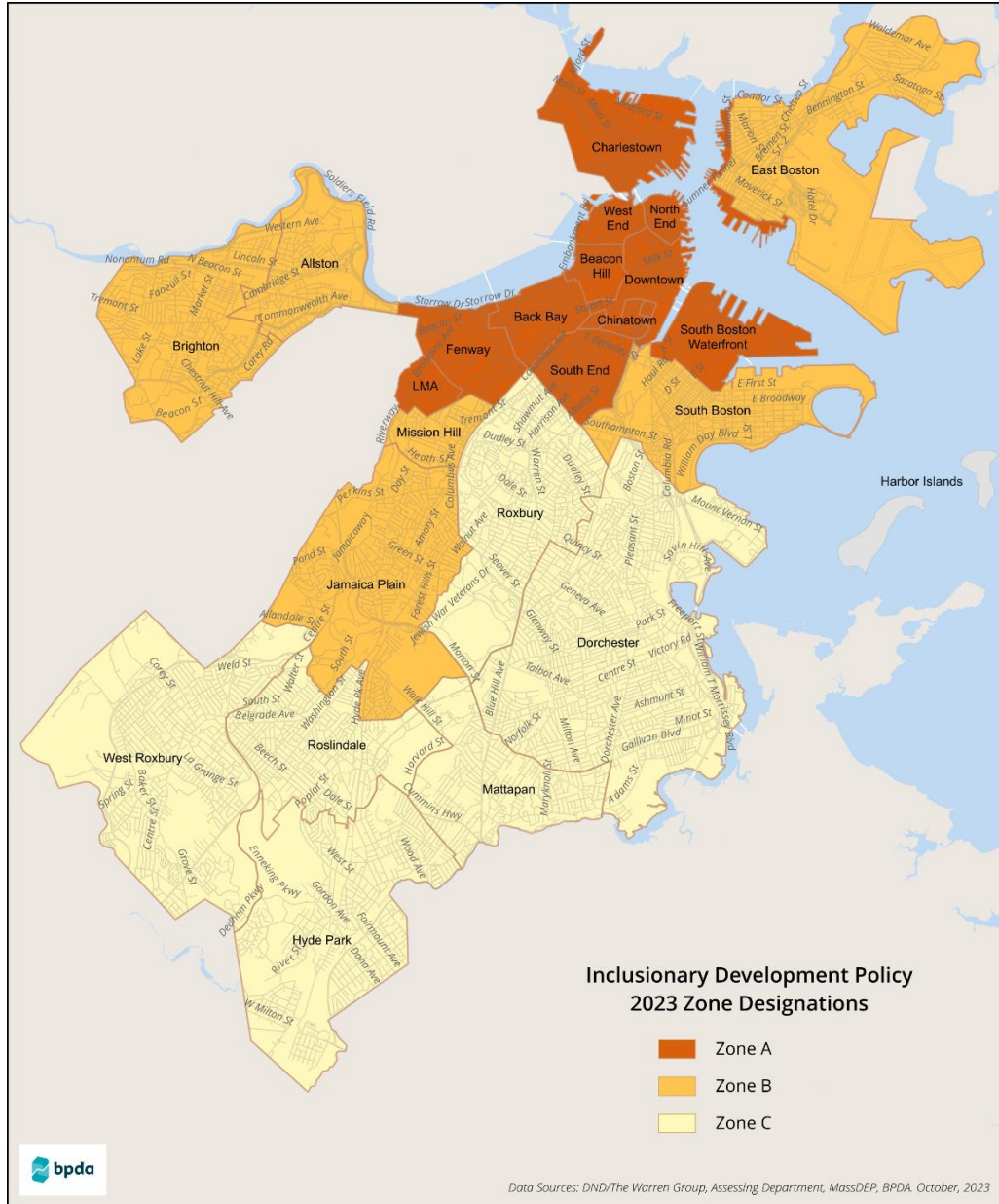
Year Implemented	Property Tax Surcharge
2018	1%

Appendix B: Policy Comparison of 2015 Inclusionary Development Policy and 2023 Inclusionary Zoning

Requirement	2015 Inclusionary Development Policy	2023 Inclusionary Zoning Policy
Eligibility	10+ units that require zoning relief or are funded by the City or are on City/BPDA-owned land	7+ units for all projects, regardless of whether they require zoning relief or are funded by the City or are on City/BPDA-owned land
On-Site Rental	13% of units up to 70% AMI	Small Projects: 17% of units or sq. ft. at avg. of 60% AMI (max. of 70% AMI) Large Projects: <u>18%</u> of units or sq. ft. (15% at avg. of 50% AMI, max. of 60% AMI, and 3% vouchers) OR <u>20%</u> of sq. ft./units (17% at avg. of 60% AMI, max. of 70% AMI, and 3% vouchers)
On-Site Homeowner	13% of units, half up to 80% AMI, half between 80% and 100% AMI	Small Projects: 17% of units or sq. ft. where half of the total units are up to 80% and half are up to 100% AMI Large Projects: 20% of units or sq. ft. where half of the total units are up to 80% and half are up to 100% AMI
IZ Zones	Developments in Zone A have higher rental/sale prices than Zone B, with Zone C having the lowest Zone A: Back Bay, Bay Village, Beacon Hill, Chinatown, Downtown, East Boston (waterfront), Fenway, Leather District, North End, South Boston Waterfront, West End Zone B: Allston, Brighton, Charlestown, Jamaica Plain, Mission Hill, South Boston Zone C: Dorchester, East Boston, Hyde Park, Mattapan, Roslindale, Roxbury, West Roxbury	Charlestown moved from Zone B to Zone A; East Boston moved from Zone C to Zone B
Rental Cash Contribution	Payouts subject to approval by relevant City departments/agencies Zone A: 18% of units at \$380,000/unit Zone B: 18% of units at \$300,000/unit Zone C: 15% of units at \$200,000/unit	Full unit payouts subject to MOH approval Zone A: \$675/ sq. ft. on remaining usable sq. ft. requirement Zone B: \$460/ sq. ft. on remaining usable sq. ft. requirement Zone C: \$365/ sq. ft. on remaining usable sq. ft. requirement
Homeowner Cash Contribution	Zone A: 18% of units at \$380,000/unit OR 50% of differential between market rate unit price and inclusionary zoning unit price Zone B: 18% of units at \$300,000/unit OR 50% of differential between market rate unit price and inclusionary zoning unit price. Subject to City approval. Zone C: 15% of units at \$200,000/unit OR 50% of differential between market rate unit price and inclusionary zoning unit price. Subject to City approval.	Full unit payouts subject to MOH approval: 20% of usable sq. ft. paid at 75% of differential between market rate unit price/sq. ft. and Inclusionary Zoning Unit price/sq. ft. Partial Unit Contribution: Zone A: \$850/sq. ft. on the remainder of the obligation Zone B: \$500/sq. ft. on the remainder of the obligation Zone C: \$300/sq. ft. on the remainder of the obligation
Off-Site Units	Zone A: 18% of units Zone B: 18% of units Zone C: 15% of units	Small Rental/Homeownership Projects: Not allowed Large Rental Projects: 20% of units or sq. ft. at avg. of 60% AMI, max. of 70% AMI Large Homeownership Projects: 20% of units or sq. ft. where half of the units are up to 80% and half are up to 100% AMI

Source: Boston Planning and Development Agency. July 13, 2023 BPDA Board Meeting, [Approved Text Amendment](#)

Appendix C: Inclusionary Development Policy Zones



Source: Boston Planning and Development Agency, “[Article 79-3 Inclusionary Zoning Zones: Appendix A](#),” October 2023

Appendix D: Area Median Income Limits by Household Size

Inclusionary Zoning Area Median Income by Household Size

Household Size	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
1 person	\$36,000	\$60,000	\$72,000	\$96,000	\$120,000
2 persons	\$41,160	\$68,600	\$82,320	\$109,760	\$137,200
3 persons	\$46,290	\$77,150	\$92,580	\$123,440	\$154,300
4 persons	\$51,420	\$85,700	\$102,840	\$137,120	\$171,400
5 persons	\$55,560	\$92,600	\$111,120	\$148,160	\$185,200
6 persons	\$59,670	\$99,450	\$119,340	\$159,120	\$198,900

Neighborhood Housing Trust Area Median Income by Household Size

Household Size	30% AMI	50% AMI	60% AMI	80% AMI
1 person	\$36,000	\$60,000	\$72,000	\$96,000
2 persons	\$41,150	\$68,600	\$82,320	\$109,700
3 persons	\$46,300	\$77,150	\$92,580	\$123,400
4 persons	\$51,400	\$85,700	\$102,840	\$137,100
5 persons	\$55,550	\$92,600	\$111,120	\$148,100
6 persons	\$59,650	\$99,450	\$119,340	\$159,050

Source: Mayor's Office of Housing, [Income and Rent Limits](#) as of June 15, 2026