



---

# CITY OF CAMBRIDGE

Community Development Department

---

To: Planning Board

From: CDD Staff

Date: February 5, 2020

Re: Incentive Zoning Contribution Rate Zoning Petition

**IRAM FAROOQ**  
Assistant City Manager for  
Community Development

**SANDRA CLARKE**  
Deputy Director  
Chief of Administration

**KHALIL MOGASSABI**  
Deputy Director  
Chief of Planning

The City Council has referred a zoning petition to amend Paragraph (b) of Section 11.202, "Incentive Zoning," with the intent of increasing the Housing Contribution Rate to \$19.10 per square foot for "Incentive Projects" (as defined in Article 2.000) effective January 28, 2020.

The Council referred this petition after receiving a nexus study report prepared for CDD by Karl F. Seidman Consulting Services (attached). Representatives from the CDD Housing Division and Karl F. Seidman Consulting Services will be present at the Planning Board hearing to discuss the report.

## Background

Incentive Zoning Requirements were first enacted in the Zoning Ordinance in 1988. The most recent major revision was enacted on September 28, 2015, at which time the requirement for a Housing Contribution was made applicable to nearly all non-residential developments of 30,000 square feet or more. The Housing Contribution Rate was set at \$12.00 per square foot of Gross Floor Area (GFA) of development, subject to annual Consumer Price Index (CPI) adjustments and additional increases of \$1.00 each year for three years. The Housing Contribution for an Incentive Project is calculated at the time of building permit and must be provided prior to issuance of a certificate of occupancy. As adjusted, the present rate is \$17.10 per square foot.

Per the 2015 amendment (at Section 11.202(d)), "The City shall initiate a reevaluation of the Housing Contribution Rate and any other aspect of these Incentive Zoning Provisions at an interval of no less than three (3) years from the time the rate was last amended by the City Council. Such reevaluation shall include a report provided to the City Council reviewing economic factors including but not limited to development activity, commercial rents per square foot, employment growth, housing trends measured in terms of, but not limited to, vacancy rates, production statistics, and prices for dwelling units, and the nexus between Incentive Projects and housing."

## Current Zoning Petition

This petition originated from a City Council Policy Order adopted December 16, 2019 (attached). The apparent intent is to establish a new rate of \$19.10 effective January 28, 2020. However, in order to produce this change, the text of Paragraph (b) must be amended. On the following page, staff have suggested possible text changes.

---

344 Broadway  
Cambridge, MA 02139  
Voice: 617 349-4600  
Fax: 617 349-4669  
TTY: 617 349-4621  
www.cambridgema.gov

---

Note that the text changes below are intended only to establish a new rate of \$19.10, with ongoing adjustments made for CPI but without establishing any other future rate increases because the petition does not explicitly state whether such increases are intended. Additional text changes are suggested to clarify that the “rate table” in Paragraph (b) is intended only to administratively track changes as they occur according to the text in the paragraph.

*SUGGESTED ZONING TEXT CHANGES TO EFFECT THE RATE CHANGE AS PROPOSED*

[Additions shown in underline format, deletions shown in ~~strikethrough format~~.]

11.202 *Incentive Zoning.* The developer or owner of an Incentive Project shall make a Housing Contribution in accordance with this Section 11.202.

- (a) Calculation of Housing Contribution. The Housing Contribution shall be calculated by multiplying the Gross Floor Area devoted to the uses that qualify the new development as an Incentive Project by the Housing Contribution Rate effective at the time the Superintendent of Buildings issues the first building permit for the Incentive Project. If a building permit is not required, the Housing Contribution Rate shall be the rate effective at the time the Housing Contribution is provided.
- (b) Housing Contribution Rate. The Housing Contribution Rate effective on ~~September 28, 2015~~ January 28, 2020 shall be ~~twelve dollars (\$12.00)~~ nineteen dollars and ten cents (\$19.10) per square foot of Gross Floor Area devoted to the uses that qualify the new development as an Incentive Project. The effective rate shall be subject to annual escalation equal to annual percentage increases in the Consumer Price Index (CPI) Housing Index for Boston-Brockton-Nashua, MA-NH-ME-CT or similar index to reflect changes in dollar values over time; however, annual decreases in CPI shall not cause the contribution rate to be decreased. ~~In addition, on September 28 each year from 2016 to 2018 inclusive, the Housing Contribution Rate shall increase by one dollar (\$1.00).~~ The table below ~~sets forth~~ is intended to administratively track changes to the Housing Contribution Rate as it is adjusted over time.

Effective Date	Housing Contribution Rate
September 28, 2015	\$12.00 per square foot.
September 28, 2016 (Annual Adjustment)	\$13.00 per square foot.
November 16, 2016 (CPI Adjustment)	\$13.50 per square foot.
September 28, 2017 (Annual Adjustment)	\$14.50 per square foot.
October 18, 2017 (CPI Adjustment)	\$14.95 per square foot.
September 28, 2018 (Annual Adjustment)	\$15.95 per square foot.
November 18, 2019 (CPI Adjustment)	\$17.10 per square foot.
<u>January 28, 2020 (City Council Amendment)</u>	<u>\$19.10 per square foot.</u>

*Note that a CPI Adjustment to \$16.66 per square foot was recorded on November 30, 2018, but was not appended to the table. A correction will be made in consultation with the City Clerk.*