

Overview of Inclusionary Housing Program And DRA Inclusionary Housing Study

City of Cambridge

Community Development Department

Presentation to Planning Board: July 12, 2016



Key Provisions of Current Inclusionary Zoning Ordinance

- Adopted 1998 – end of rent control
- Applies to projects of at least 10 units or 10,000 square feet
- 15% of units affordable; typically 11.5% after application of density bonus
- Density bonus: 30% increase in unit count and floor area
- Affordability targeted to households at 65% AMI
- Eligibility up to 80% AMI
- Affordable units provided on-site
- Permanent affordability through a long-term deed restriction

Affordable Inclusionary Units Created to Date

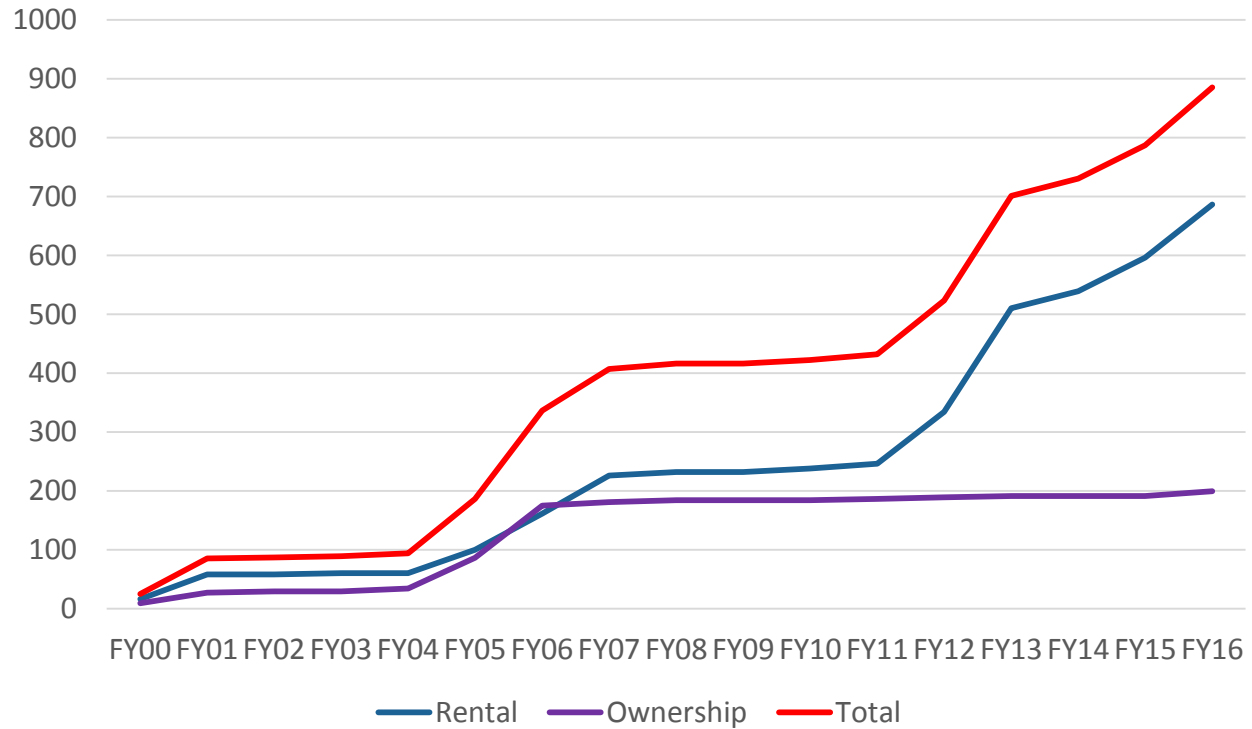
- Over 920 affordable units created or under construction
- Approximately 200 ownership and 720 rental
- Nearly 820 units completed
- Over 100 units under construction or permitted



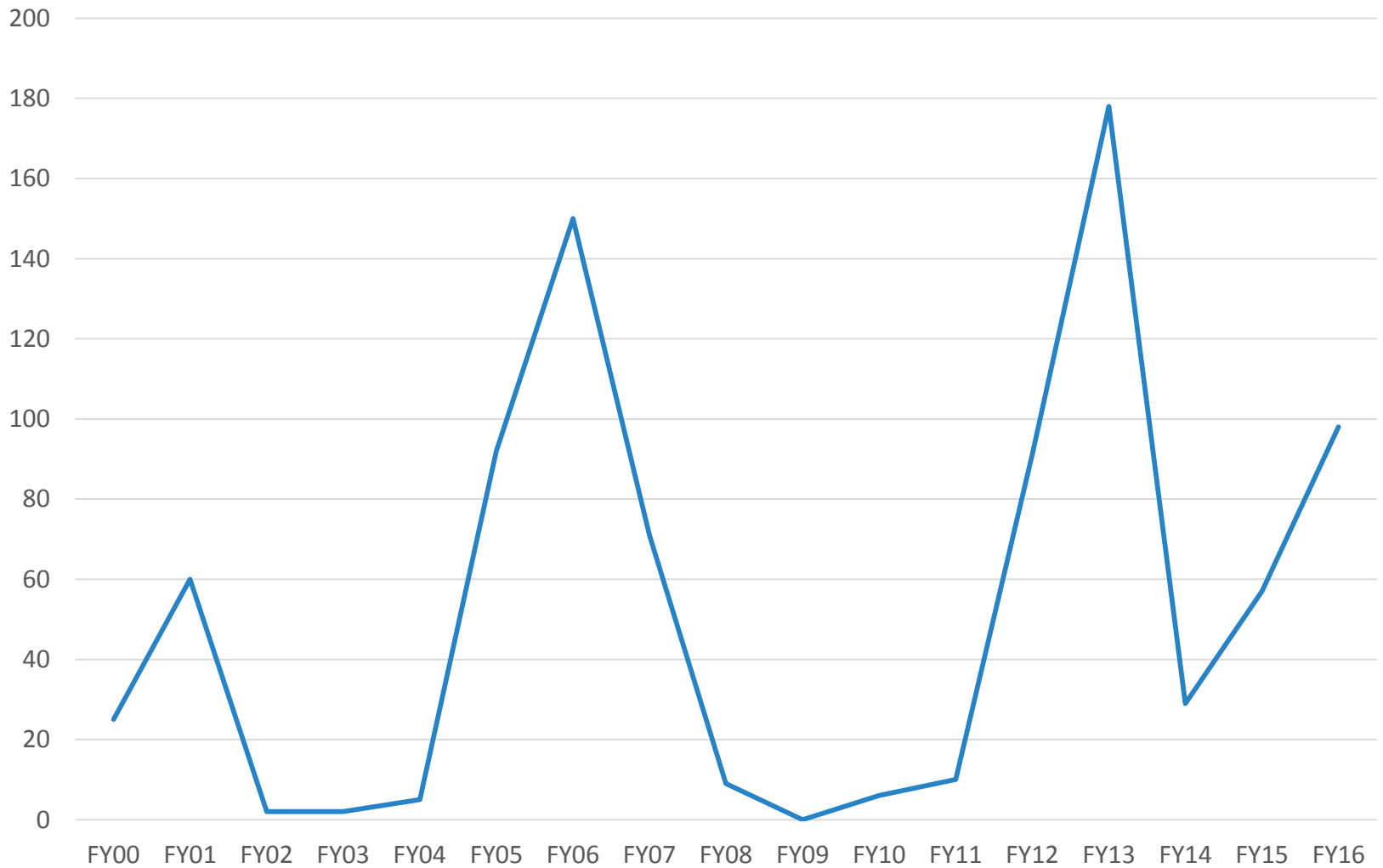
Interior, Aberdeen Lofts

6 affordable homeownership units

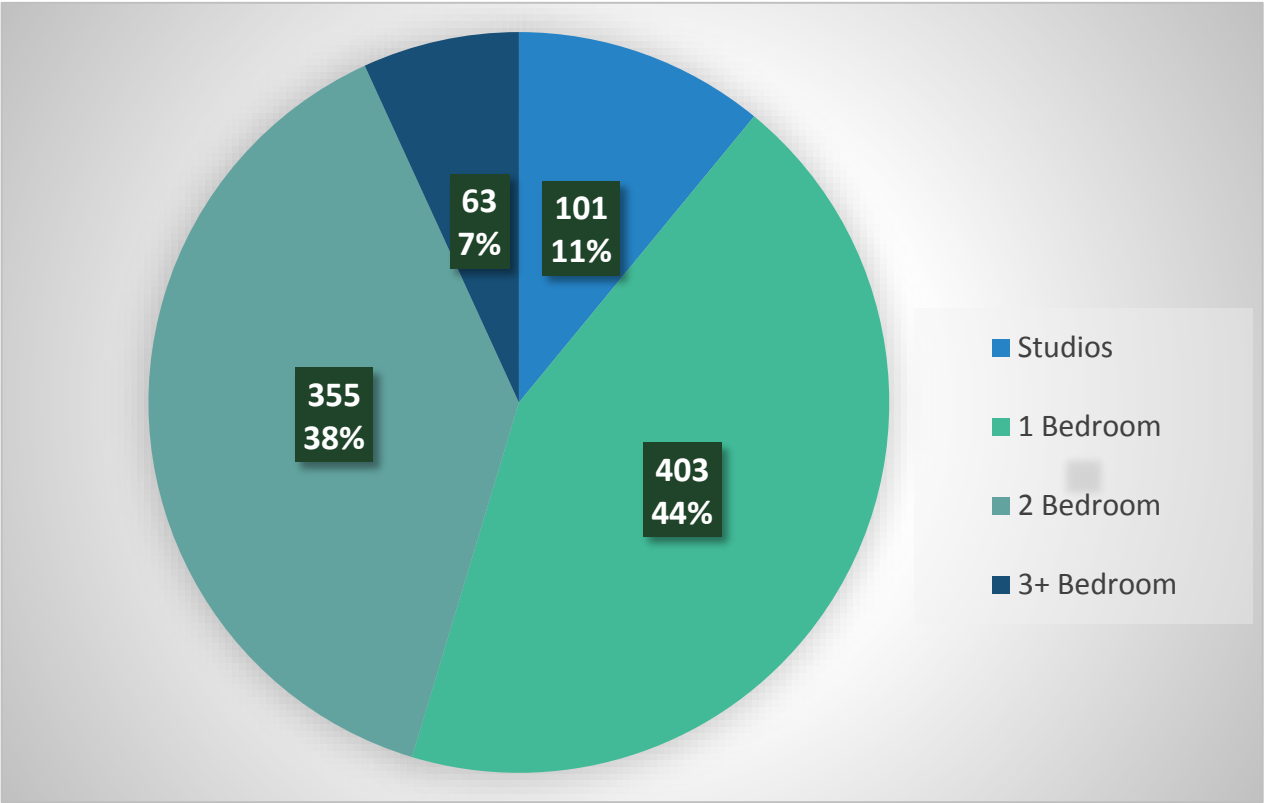
Inclusionary Housing Stock Growth FY00-FY16



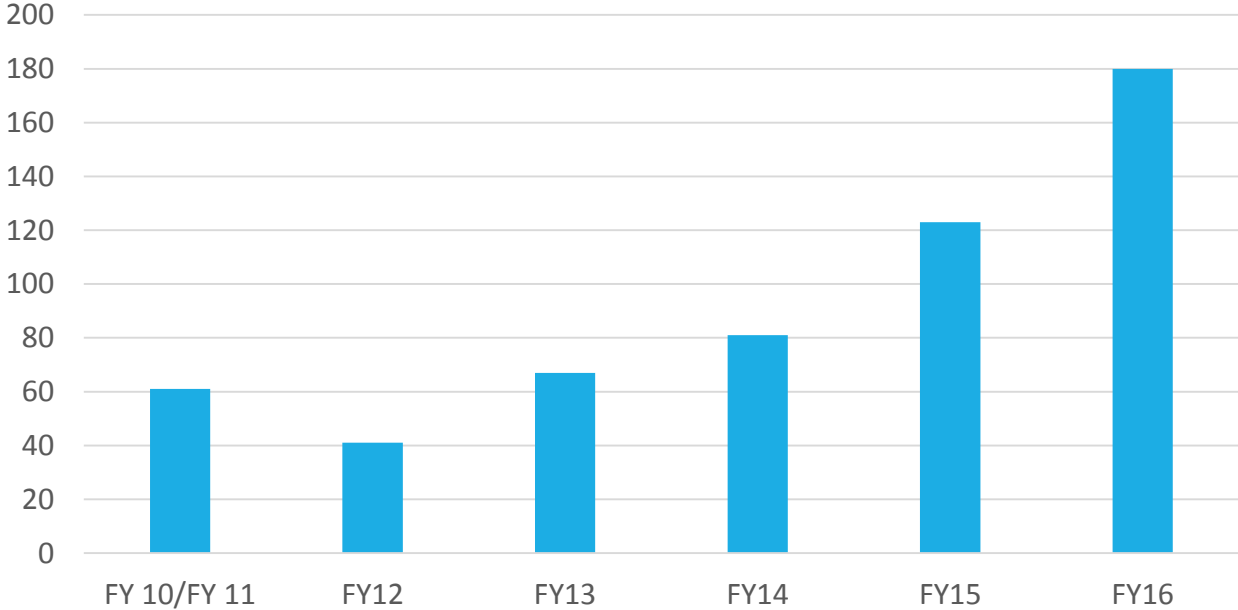
Inclusionary Housing Activity FY2000 – FY2016



Affordable Inclusionary Units Created to Date by Bedroom Size



Number of New Households Leased Annually in Affordable Inclusionary Units FY 2010 - FY2016



2016 INCOME LIMITS

- Low Income Less than 50% AMI
- Moderate Income 50% - 80% AMI
- Middle Income 80% - 120% AMI

HH Size	50% AMI	HUD 80% AMI	City 80% AMI (for IHP)	100% AMI	120% AMI
1 person	\$34,350	\$51,150	\$54,960	\$68,700	\$82,440
2 person	\$39,250	\$58,450	\$62,800	\$78,500	\$94,200
3 person	\$44,150	\$65,750	\$70,640	\$88,300	\$105,960
4 person	\$49,050	\$73,050	\$78,480	\$98,100	\$117,720

Final Report

Cambridge Inclusionary Housing Study



DAVID PAUL ROSEN & ASSOCIATES
DEVELOPMENT, FINANCE AND POLICY ADVISORS

March 27, 2016

Study Approach

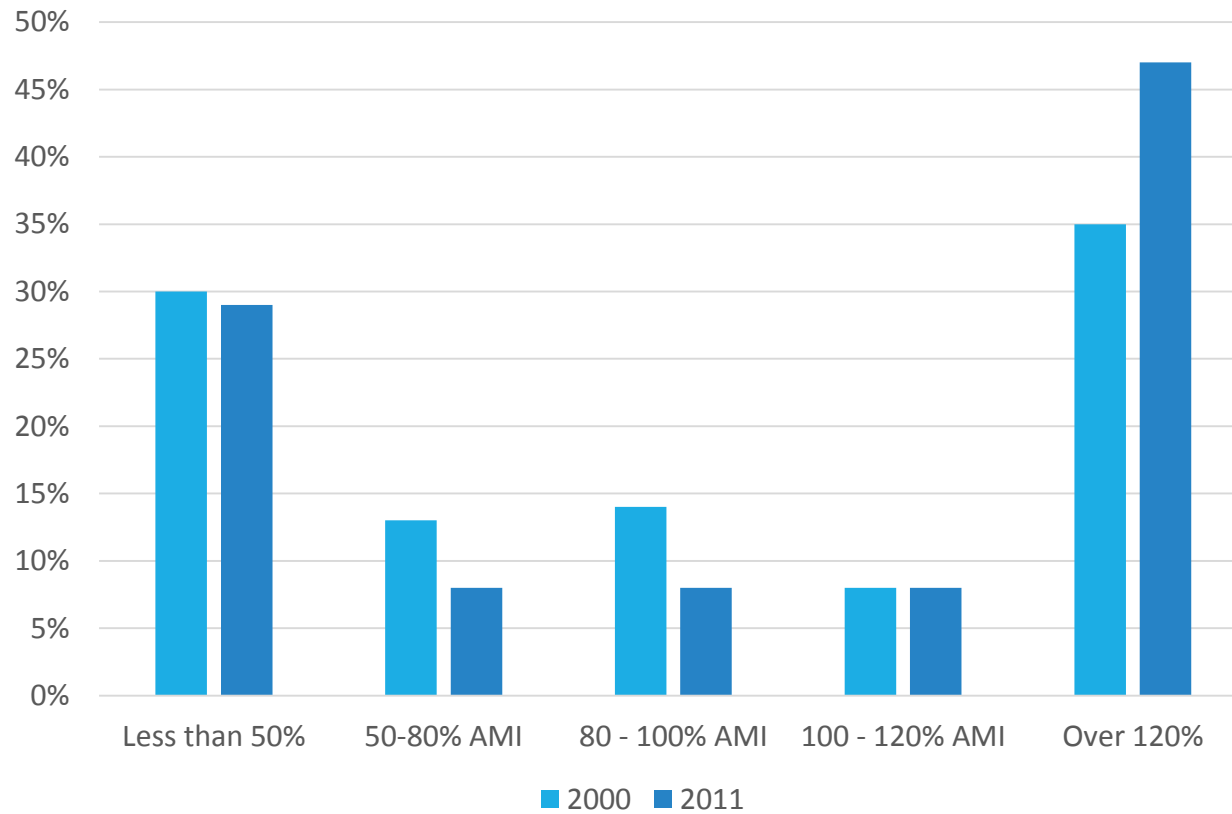
- Review of Cambridge's current inclusionary housing standards
- Review of changes in Cambridge's socioeconomic profile, income diversity, and housing affordability since 1998
- Comparison to other inclusionary programs for best practices
- Economic analysis of current and alternative set aside percentages on typical residential developments
- Recommendations and policy options



Socio Economic Analysis

- Housing costs (rental and ownership) have outstripped increases in income
- Changes in income profile of community between 2000-2011
 - Less than 50% AMI Stable
 - 50% - 80% AMI Declined
 - 80% - 100% AMI Declined
 - 100% -120% AMI Stable
 - More than 120% AMI Increased

Changes in Distribution of Households by Income 2000-2011



Comparison with Other Inclusionary Programs

- Cambridge's inclusionary standards are predictable
- Approximately half of the communities surveyed offer a density bonus; Cambridge's bonus is higher than all but one
- Set aside percentages range from 5% - 27%.
Percentages above 20% are for off site units or targeted to higher income levels
- Cambridge is highly successful in creating inclusionary units on site
- Cambridge units are equal in quality, location, and size to market rate units



Economic Analysis

- Analyzed 7 prototypes (typical developments), ranging from 6-300 units.

Prototype	Tenure	Units
Prototype 1	Rental	300
Prototype 2	Rental	300
Prototype 3	Rental	100
Prototype 4	Rental	25
Prototype 5	Ownership	40
Prototype 6	Rental	6
Prototype 7	Ownership	6

Economic Analysis - Set Aside Scenarios and Target Incomes

Analyzed prototypes under 4 different inclusionary set aside scenarios

- **Scenario 1** – 11.5% of units for low/moderate income (typical project under current IHP standards)
- **Scenario 2** – 15% of total built units for low/moderate income plus 5% of units for middle income
- **Scenario 3** – 20% of total built units for low/moderate income
- **Scenario 4** – 20 % of total built units for low/moderate income plus 5% of units at 100% of AMI

Study Recommendations

Set Aside Percentages and Target Income Levels

- **20%** of total built units to be affordable
- **Rental:** maintain eligibility of up to 80% AMI or expand eligibility to include 5% of units at 100% AMI
- **Ownership:** increase eligibility up to 100% AMI



61 Bolton Street – homeownership, 20 units, 2 units



7 Cameron - rental, 37 units, 4 inclusionary

Study Recommendations

Use of Density Bonuses

- Maintain 30% density bonus
- When warranted for specific projects, enact zoning ordinance changes allowing for additional affordable units beyond inclusionary standards



Study Recommendations

Creation of Family-Sized Units

- Create larger units
 - Set a percentage of three bedroom units or
 - Calculate set-aside percentage by square feet or per bedroom



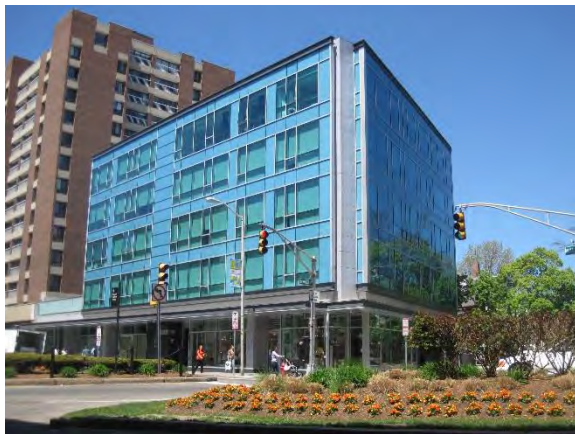
- Studio units
 - Disallow studio units or structure at lower cost than one bedroom units



Study Recommendations

Threshold Project Size and Fees for Partial Units

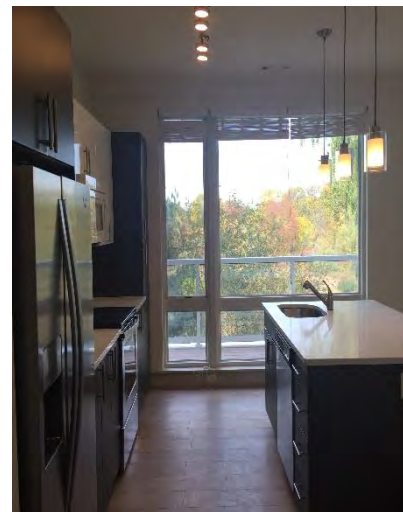
- Consider lowering the unit or square foot threshold for inclusionary units below 10 units or 10,000 square feet.
- When calculation of inclusionary units results in a fractional unit, consider contribution equivalent to value of the fractional unit.



Study Recommendations

Location of Affordable Units/Buildings with View Premiums

- Consider flexibility to designate less premium units in exchange for an increase in affordable units
- Accomplish by quantifiable standards or by mutual agreement



Study Recommendations

Residential versus commercial development

- Balance impacts on future commercial and residential land uses

Applicability of provisions

- Apply changes to new projects



Process to Date

- DRA study submitted to City Council - April
- **Community review and discussion of study and recommendations – ongoing**
 - Meetings with community groups, business groups, developers – May & June
 - Affordable Housing Trust review and discussion of recommendations and considerations – April – June
 - AHT recommendations submitted to City council – June 27
- **City Council Housing Committee hearings:**
 - May 18 - Hearing for community comments and questions
 - May 31 – Lead study consultant presented study and recommendations and answered questions
 - July 11- Affordable Housing Trust recommendations and developer comments discussed

Affordable Housing Trust Recommendations

- **20%** of total built units to be affordable. Higher ratios on specific sites through zoning ordinance amendments;
- **Rental:** maintain eligibility of **up to 80% AMI**; **Ownership:** increase eligibility **up to 100% AMI**;
- Maintain existing **density bonus of 30%**; Consider other zoning changes to make density bonus more attainable for developers;
- **Create family size units** by looking at inclusionary compliance by building **are** instead of units when appropriate. Establish clear regulations;
- Support **fewer studio units**. **Charge less** for new studio units;
- **Maintain current threshold** of 10 units or 10,000 square feet;
- Establish **contribution for partial units**;
- Need more information to determine whether a trade off of **fewer higher value units** for more or larger units is advisable;
- **Grandfather** developments that reach identified milestone.

Next Steps

- **Housing Committee Meeting – August 15 – Committee to discuss further and formulate recommendations**
- **Zoning Petition to be drafted based on set of policy changes recommended by Housing Committee**

