



CITY OF CAMBRIDGE

Community Development Department

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MEMORANDUM

To: Louis A. Depasquale, City Manager
From: Iram Farooq, Assistant City Manager for Community Development;
Nancy E. Glowa, City Solicitor
Date: November 16, 2016
Re: Zoning Amendment with Recommended Changes to the Inclusionary
Housing Provisions

Attached please find a draft zoning petition which would amend the Inclusionary Housing provisions in Section 11.200 of the Zoning Ordinance. These suggested revisions are based on discussions and recommendations of the Housing Committee of the City Council, including in part the recommendations of the Inclusionary Housing Study which was completed in April 2016 by the City's consultants David Paul Rosen & Associates. The Housing Committee held six public hearings between May and September to review and discuss the Inclusionary Housing Study, subsequent policy recommendations made by the Cambridge Affordable Housing Trust, and comments and ideas from the business community and other members of the community.

Key points proposed in the petition address the Housing Committee's recommendations, including:

- Increasing the affordable unit set-aside ratio from the current requirement of approximately 11-12% of units, after application of the density bonus, to a net of 20% of the total unit floor area in new inclusionary housing developments. The revised standard would initially increase to 15% of the total dwelling unit net floor area, and then increase to 20% of the total dwelling unit net floor area for developments receiving permits after June 30, 2017;
- Creating opportunities for larger affordable units to be built by making compliance with the new standards based on the amount of affordable housing floor area provided within a development, rather than the number of affordable units. Affordable units will continue to be comparable to market units; however, developments may then meet the new standard with fewer but larger affordable units that have more bedrooms;
- Requiring that affordable units for families be created in developments of 50,000 square feet or larger, where at least 20% of the affordable dwelling unit net floor area shall be devoted to units with at least three bedrooms. Developers may also choose to include more family-sized units, and/or to create family-sized units within affordable floor area in smaller developments;

- Creating a provision through which contributions would be made to the Cambridge Affordable Housing Trust in cases where the required affordable dwelling unit net floor area cannot be completely accommodated in a building (i.e. “fractional units”), and setting the standard for that contribution to be based on the amount of subsidy needed to create an equivalent amount of affordable floor area in a project assisted by the Affordable Housing Trust;
- Increasing income eligibility for homeownership affordable units to 100% of the Area Median Income (AMI) and targeting homeownership affordable units to households at 90% of AMI. Eligibility for rental affordable units remains at 80% of AMI;
- Maintaining payments for affordable units based on 30% of household income. However, for studio units, payments for affordable units will be based on 25% of household income, so studio units are a more affordable option than one-bedroom units;
- Applying these Inclusionary Housing provisions to residential properties of 10 or more units or 10,000 or more square feet that are being occupied or restored after having been vacant for at least two years;
- Removing the Special Permit requirement for smaller projects (i.e. less than 10 units and 10,000 square feet) to make it less burdensome for property owners to choose to voluntarily create new affordable units in smaller developments and benefit from the allowable increase in density;
- Providing that the City shall review the impacts of these changes with further studies and analysis for the City Council 5 years from the date changes are made.

The draft petition retains the following provisions of the current Inclusionary Housing provisions:

- Inclusionary Housing projects would continue to benefit from a 30% increase in allowable floor area and dwelling unit density;
- Inclusionary Housing provisions would continue to apply to residential projects with at least 10 units or 10,000 square feet of gross floor area;
- Affordable units would continue to be reasonably distributed throughout a project, and would continue to be of a similar size, configuration, quality, and materials to comparable market units within the project, except as noted above under provisions to create units with three-bedrooms.

We have reviewed the recommendations submitted to the Housing Committee by the Cambridge Chamber of Commerce and have included the following components in response to those ideas:

- Applicability – language that confirms that this petition would apply to projects that have not been issued a special permit, or (if no special permit is required) a building permit before the date this petition is first advertised;
- Amendments to a PUD Special Permit Final Development Plan – language which allows an owner with an approved PUD special permit for a PUD project that is not yet complete to seek from the Planning Board an amendment for changes to the Final Development Plan which do not reduce the amount of residential floor area to be built or permit any additional non-residential floor area, and which, if approved, would allow the project to move forward subject to the Inclusionary Housing Provisions in effect at the time of the approval of the PUD Special Permit;
- Family-Size Units – provisions related to three-bedroom units are based on a proposal put forth by the Chamber.

We have also used this opportunity to make a comprehensive review of the Inclusionary Housing provisions to make them clearer and have incorporated into the draft petition key components of the inclusionary program which have been recommended by the Affordable Housing Trust over the years and have been administered by CDD, including:

- Income eligibility range of 50% to 80% of AMI for applicants without rental subsidies who are applying for rental affordable units;
- Annual income verification required for residents in rental affordable units;
- Monthly rent shall include utilities and other fees routinely charged to tenants as approved by CDD;
- Rent provisions which allow income eligibility to increase to 100% of AMI upon annual income verification for renters before renters then transition to a market unit or owners identify an alternate affordable unit after one year;
- Rent provisions which apply to renters whose income falls below 40% of AMI upon annual income verification, and which set rent for these tenants at an amount affordable to a household whose household income is 40% of AMI.

We have also clarified in the petition the role of CDD in setting policies, standards and procedures appropriate for the Inclusionary Housing provisions, authorized the Assistant City Manager for Community Development to promulgate regulations for the

implementation of the provisions, and clarified the role of the Affordable Housing Trust in providing advice in these areas.

We are pleased to present this draft petition and move forward the discussion of changes to the City's Inclusionary Housing Provisions of the Zoning Ordinance. We think this comprehensive overhaul of the Inclusionary Housing Provisions will carry out the recommendations of the DRA study, the Affordable Housing Trust, and the Housing Committee and will position this essential affordable housing tool to serve the City well for years to come.

We recommend that this petition be forwarded to the City Council with the recommendation that it be filed as a City Council petition and referred to both the Ordinance Committee and Planning Board for public hearings.