

#4 200998

What is inclusionary zoning? How would the proposed ordinance change the inclusionary zoning requirement?

Inclusionary zoning is a city law -- part of the Zoning Code -- requiring that a certain percentage of the housing in new (and substantially renovated) developments must be affordable. The current Inclusionary Zoning (IZ) requirement for most of the City is one out of every eight units (12.5%) in developments with eight or more units must be affordable. (In a few areas of Union Square, the requirement is that 15% or 17.5% of the units must be affordable. Our proposed ordinance would increase the requirement to 20% citywide for developments with six or more units. The first version of the City's rezoning ordinance proposed 20% inclusionary zoning in certain areas of the city, where substantial development is most likely. The State's Smart Growth law, Chapter 40R, uses the 20% affordability threshold to determine whether a city or town will receive additional state payments.

Why do we need a higher inclusionary rate? Why citywide?

Purchase and rental costs for housing in Somerville are skyrocketing. We need to both protect the affordability of existing units, and to build new affordable units, to ensure that ordinary working class Somerville residents can remain in the city we love. Building new affordable units requires a mix of government-subsidized units (i.e., using Section 8/Housing Choice Vouchers or Low Income Tax Credits) and inclusionary units. Access to new federal vouchers is extremely limited, and Somerville is only entitled to a proportional share of Tax Credits. Given the anticipated development of thousands of new units of market rate housing, Inclusionary Zoning is the most important tool we will have to create affordable housing in Somerville. Advocates are seeing unprecedented levels of displacement, as rising rents force Somerville residents to leave the city. Schools are seeing unsustainable levels of outmigration of families that can't afford to stay. If we don't retain and expand the supply of affordable family-size housing, enrollment in middle schools and high school will decline, forcing school closures and destabilizing the overall school budget.

We have proposed a citywide requirement of at least 20% affordability because we believe that all significant residential development should contribute to solving the housing affordability crisis, and because a citywide requirement will avoid creating unintended incentives to build higher density housing in neighborhoods -- or on the other side of some arbitrary boundary -- where the inclusionary requirement is lower.

What does "affordable" mean? Who would benefit? How does the proposed ordinance change the definition?

Affordability is based on the Median Family Income (MFI) for the metro area (calculated by the federal government) and is separately defined for rental and ownership units in the current IZ Ordinance:

- Half of the inclusionary rental units must be affordable to households with incomes at or below 50% of the MFI, and half must be affordable to households with incomes between 50% and 80% of the MFI.
- Half of the inclusionary home ownership units must be affordable to households with incomes at or below 80% of the MFI, and half must be affordable to households with incomes between 80% and 100% of the MFI.

To keep things simple, the proposed ordinance would not make any changes in that formula. The rezoning ordinance proposed by the City in early 2015 (now being revised) defined broader affordability categories and specified the mix of multi-bedroom units that should be created to meet the IZ requirement; we would be happy to support those kinds of changes in the City's next proposal. (The current IZ ordinance specifies that, "The bedroom distribution in the affordable units should be consistent with the purposes of this Article and should include two- (2) and three- (3) bedroom units." It is the ONLY language in the Zoning Code that ensures the creation of any family-sized housing.) ~~The current income guidelines for affordability are as follows:~~

Household size	50% MFI	80% MFI	100% MFI
1 person	\$32,950	\$47,450	\$65,900
2 people	\$37,650	\$54,200	\$75,300
3 people	\$42,350	\$61,000	\$84,700
4 people	\$47,050	\$67,750	\$94,100

72,500
82,800
93,100
103,500

(over)