



**CITY OF SOMERVILLE, MASSACHUSETTS**  
**Office of Strategic Planning and Community Development**  
**JOSEPH A. CURTATONE, MAYOR**

**MEMORANDUM**

**Office of the Executive Director**

**MEMORANDUM**

**TO:** Mayor Joseph A. Curtatone

**FROM:** Michael F. Glavin, Executive Director

**DATE:** April 9, 2013

**SUBJECT:** Submission of two Home Rule Petitions to the State; 1) An Act Authorizing the establishment of a Municipal Job Creation and Retention Trust in the City of Somerville, and 2) An Act establishing a Project Mitigation Contribution (“Linkage”) Program for Job Creation and Retention in the City of Somerville

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The Office of Strategic Planning and Community Development (OSPCD) respectfully requests that you forward the attached Home Rule Petitions to the Board of Aldermen for their review and consideration. These Home Rule Petitions will be submitted to the state in order to establish a municipal Job Creation and Retention Trust and establish a Project Mitigation Contribution (“Linkage”) Program for Job Creation and Retention.

**Background**

The City of Somerville has had a linkage ordinance, Section 15 of the Somerville Zoning Ordinance, since 1990. The ordinance was originally developed based on a 1989 nexus study and was amended most recently in 2004 after an updated nexus study. The Linkage Fee is triggered by Applicants seeking special permits or special permits with site plan review for projects of new construction or substantial rehabilitation (including Planned Unit Developments) to be occupied by any single use or combination of uses as defined in Section 15.2 of the SZO.

The current ordinance imposes a linkage fee of \$3.91 per square foot for projects exceeding 30,000 gross square feet (the first 30,000 square feet are exempt from the fee). All funds generated by the current linkage fee are dedicated to housing for low and moderate income households and are deposited into the Somerville Affordable Housing Trust Fund for distribution for these purposes. Both the Somerville Affordable Housing Trust Fund and the Affordable Housing Linkage Ordinance are allowed in Somerville via a Home Rule Petition.

As laid out in SomerVision, the City's 20 year Comprehensive Plan, Somerville has the capacity and plans to achieve some ambitious development goals. SomerVision sets a goal for the creation of 30,000 new jobs by 2020 as part of a responsible plan to create opportunity for all Somerville workers and entrepreneurs. According to Goal IV of the Commercial Corridors, Squares and Growth Districts Committee, Somerville should "Invest in the talents, skills and education of people to support growth and provide opportunities to residents of all social and economic levels."

In addition, SomerVision sets a goal for the creation of 6,000 new housing units, 1200 of which should be affordable, by 2020. According to Goal V.B of the Housing Committee, "The City should ensure that there is an established basis for fees on development." Part of this goal includes reviewing and updating the current linkage nexus study for affordable housing.

### **Justification for a Job Creation and Retention Trust and Linkage Program and changes to the Affordable Housing Linkage Program**

In order to quantify the impact of this planned development on the demand for low and moderate income housing in Somerville and the need for job training for low and moderate income Somerville residents, OSPCD commissioned a report to update the nexus for the affordable housing linkage fee and to evaluate and determine the basis for a jobs linkage policy to fund employment and training services. The attached Somerville Linkage Fee Nexus Study explored both necessary revisions to the Affordable Housing Linkage ordinance and the potential for the creation of a new Job Creation and Retention Linkage ordinance.

The study found that there is a nexus between new development and demand for affordable housing, recommending an affordable housing linkage fee of \$5.15/sf. In addition, the study found that there is an additional nexus between new development and the need for job training for low and moderate income Somerville residents, recommending a job creation linkage fee of \$1.40/sf.

### **Next Steps**

While the Somerville Affordable Housing Trust and Article 15 of the Somerville Zoning Ordinance (SZO) establishing a Linkage for Affordable Housing are already allowed as a result of Home Rule Petitions, the recommendations of the nexus study to establish both a Jobs Trust and a Job Creation Linkage Fee will require Home Rule Petitions. The Home Rule Petitions are attached here.

While no zoning amendments can be filed until the Home Rule Petitions are passed, the following information describes the recommendations of the study regarding the Creation of a Job Creation and Retention Linkage Ordinance. A separate recommendation is being submitted to the Board of Aldermen for amendments to Article 15 for the Affordable Housing Linkage Fee based on the study.

### **Recommendations for the creation of a Job Creation and Retention Linkage Ordinance:**

As noted above, the report found that a jobs linkage fee is warranted to address employment barriers and occupational skill gaps in the city's labor force and ensure that low and moderate income Somerville residents fully benefit from job opportunities in future development projects. The key points made by the report suggest the following should be taken factored into an amendment to the SZO once a Home Rule Petition is passed.

1. Establishment of a job creation and retention linkage to be managed by a Somerville Jobs Trust
2. A recommended linkage fee for job creation and retention of \$1.41/sf
3. Apply the linkage fee for job creation and retention uniformly across all land uses and specify only those that are exempt from the fee
4. Provide for a regular increase of the Linkage Fee every 3 years by using the Consumer Price Index (CPI) to account for inflation
5. Lower the threshold for development trigger of the Linkage Fee from 30,000 sf to 20,000 sf.

**Recommendation:**

It is recommended that the Board of Aldermen submit the attached Home Rule Petitions to the state in order to establish a municipal Job Creation and Retention Trust and establish a Project Mitigation Contribution (“Linkage”) Program for Job Creation and Retention.