In packets 12/6/02

CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager *Richard C. Rossi, Deputy City Manager*

December 6, 2002

To The Honorable, The City Council:

Please find attached a response to Council Order No. 37, dated 9/24/2001, regarding a report on the incremental increases in FAR in exchange for the development of middle and moderate income housing in addition to the inclusionary zoning affordable housing requirements, received from Assistant City Manager for Community Development Beth Rubenstein.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
Attachment

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CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

BETH RUBENSTEIN
Assistant City Manager for Community Development

SUSAN M. GLAZER
Deputy Director for Community Development

To:	Robert W. Healy, City Manager
From:	Beth Rubenstein, Assistant City Manager for Community Development
Date:	December 3, 2002
Re:	Council Order #37 dated September 24, 2001. Report on the incremental increases in FAR in exchange for the development of middle and moderate income housing in addition to the inclusionary zoning affordable housing requirements.

In response to the above referenced council order, this memo outlines the city's current programs as well as questions/issues that staff have identified as we consider proposals to create middle-income housing in exchange for dimensional relief.

What is Middle-income Housing?

The following is generally accepted terminology in the housing community and is based on Area Median Incomes (AMI).

Very Low-income	under 50% AMI ($37,100 for a family of 4)
Low/Moderate-income	under 80% AMI ($58,300 for a family of 4)
Moderate/Middle-income	80-100% AMI ($74,200 for a family of 4)
Middle-income	100-120% AMI ($89,040 for a family of 4)

What are the existing zoning policies that create housing in exchange for density relief and do they apply to residential and/or commercial development?

The City has two ordinances that require residential and commercial developers to contribute to the affordable housing stock in the city. The proposed relief for middle-income housing would be in addition to the FAR/density relief granted under the following ordinances.

The **Inclusionary Zoning Ordinance** requires that residential developers creating 10 or more units set aside 15% as affordable to households under 80% AMI. **Incentive Zoning** (Linkage) requires commercial developers seeking an increase

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in the density or intensity of their use (e.g., FAR, height, less parking, etc) to make a housing contribution of $3.28 per square foot (this would increase to $7.83 per square foot under the proposed increase currently being considered by the City Council).

These provisions are based on studies that demonstrate the relationship between the developer's request and the appropriate contribution in return for the increased density/intensity or density bonus. In both cases, there is an upper limit on the amount of relief that can be granted: a 30% density bonus for Inclusionary Zoning and up to the Special Permit thresholds for Incentive Zoning.

What are the key considerations for granting dimensional (FAR, height, density) relief in return for middle-income housing?

The following outlines the questions/issues that staff have identified in researching dimensional relief in exchange for middle-income housing. As you know, the recent Citywide rezoning initiative reduced commercial density throughout the city, and encouraged residential development in an effort to reduce parking and traffic congestion associated with new development. (The rezoning also provided for project review of any project exceeding 50,000 square feet.) Many of the following questions are related to the competing goals of creating more housing while not further stressing the City's neighborhoods and roadways.

(a) *Residential and/or Commercial Development:* Should relief be available for both residential and commercial development?

Commercial Development - Because of the nature of commercial development, housing units on-site may not always be in the most appropriate location or at a density to create a viable residential component. One option that would have to be carefully evaluated is off-site units.

Residential Development - Under the Inclusionary Ordinance, residential developers building 10 or more units are eligible for up to a 30% density bonus in return for the required 15% affordable units.

If Council chooses to amend the zoning ordinance to provide such relief to developers in return for middle-income housing, such relief would be in addition to the relief granted under the Inclusionary and Incentive Zoning ordinances. The combination of all of this potential relief may reduce some of the density reduction benefits of the recent citywide rezoning.

(b) *Dimensional Relief:* There are various forms of dimensional relief that may provide developers with the incentive to create middle-income housing, including FAR, dwelling unit density, height, etc. The central questions that this raises are: what should the limits be on dimensional relief for each zoning district and should it be "total relief" or relief granted in addition to what is granted under the Inclusionary and Incentive ordinances?

(c) *Applicable Districts:* Should relief be granted in all districts, including neighborhood residential districts, or only in commercial districts (e.g., Northpoint, Cambridgeport, Alewife)?

Suggested Approach

Based on some of the considerations addressed above, we propose the following: Developers would propose the number of middle-income units that they would provide in exchange for the additional dimensional relief they propose to use. The maximum limit on potential relief would be outlined in the Zoning Ordinance. The Planning Board would consider proposals on a case-by-case basis as part of the developer's special permit application. The proposals would include information on the review criteria that address the following at a minimum:

- financial information about the development, the kind and amount of relief sought, its value based on a proforma, amount and type of housing to compensate the City,
- demonstration that the density and design is consistent with the scale and character of the neighborhood,
- appropriate additional traffic and parking analysis, and
- information about the how units would be developed and managed, materials, location, etc.

The Planning Board would review the proposal to assess its impact based on review criteria and determine if the proposed number of units adequately compensates the City for the relief being granted. The burden would be on the developer to demonstrate that the proposed number of units, size and quality adequately compensates the City and that no adverse impact would result from the dimensional relief. CDD staff would assist the Planning Board in its review of the proposals.

While this approach has some drawbacks, it is based on our sense that developers are the most able to describe the cost and benefit trade-offs at their particular sites. Further, it avoids a "one size fits all" approach with respect to various zoning districts. The value of additional FAR, height, or other dimensional relief that may be sought varies by site, neighborhood and the state of the real estate market.

We would recommend that the proposed units be for households between 80-120% of the area median income (targeting households with incomes at 100% AMI) and be administered in a manner consistent with the Inclusionary Zoning Ordinance (e.g., covenant, units of similar size and materials, distributed throughout the building, etc.).

We look forward to further discussion about this proposal with the City Council.

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