

MEMORANDUM

OCTOBER 17, 2013

TO: BOSTON REDEVELOPMENT AUTHORITY AND
PETER MEADE, DIRECTOR

FROM: JEFFREY M. HAMPTON, SENIOR LAND USE PLANNER III
ERICO LOPEZ, SENIOR POLICY ADVISOR

SUBJECT: ARTICLE 80: DEVELOPMENT IMPACT PROJECT EXACTIONS

SUMMARY: This Memorandum requests authorization for the Director to petition the Zoning Commission to adopt a text amendment to the Boston Zoning Code implementing an increase in the Housing Exaction and Jobs Contribution Exaction to Eight Dollars and Thirty Four Cents (\$8.34) per square foot and One Dollar and Sixty-Seven Cents (\$1.67) per square foot respectively.

BACKGROUND

Article 80 of the Boston Zoning Code (the "Code") consolidates all Boston Redevelopment Authority (BRA) development review regulations. Under the Large Project Review component of Article 80, any development project over 100,000 square feet of gross floor area devoted to Development Impact Uses as defined within the Code is required to pay a Housing Exaction and Jobs Contribution Exaction under Section 80B-7 (Development Impact Project Exactions). These exactions are commonly known as linkage, and funds raised from these exactions support the creation of affordable housing and job training programs throughout the City of Boston.

According to Chapter 371 of the Acts of 1987, as amended, linkage's authorizing statute, linkage may be increased on three-year cycles to reflect the rise in inflation based on the Consumer Price Index ("CPI"). In its initial years, linkage was not increased as allowed under Chapter 371. In January 2002, the Zoning Commission increased linkage under special legislation allowing for an increase that accommodated the rise in inflation between 1987 and October 1999. The most recent increase to linkage occurred in April 2006, when the Zoning Commission increased linkage to adjust for the inflation during the three-year cycle of 2003 through 2006– the end of the then latest three year cycle. The 2006 increase to linkage resulted in what are today's Development Impact Project Exactions of seven dollars and eighty seven cents (\$7.87) per square foot for housing exactions (a 9.6% increase) and one dollar and fifty seven cents (\$1.57) per square foot for jobs contribution exactions (a 9.3% increase).

Currently, the allowed adjustment to the development impact project exactions would raise Housing Exactions by forty-seven cents (\$0.47) for a fee of eight dollars and thirty-four cents (\$8.34) per square foot according to a formula that blends the Boston Consumer Price Index for All Urban Consumers and the Consumer Price Index for All Urban Consumers Housing Component and as allowed by Chapter 371 of the Acts of 1987. The Jobs Contribution Exaction can be raised by ten cents (\$0.10) for a fee of one dollar and sixty-seven cents (\$1.67) per square foot as determined by the Boston Consumer Price Index for Urban Wage Earners and Clerical Workers and as allowed by Chapter 371 of the Acts of 1987.

The need for affordable housing continues to be one of the most important issues facing the Greater Boston Region. The linkage law, a result of compromise between housing advocates and development interests, specifically outlines a process for three (3) year increases based on the Consumer Prices Index. While the Boston economy continues to recover from the recent economic downturn, the new exaction fees accurately reflect the changing economic landscape. An increase now to these exaction fees would provide greater certainty to developers as future projects are considered and proposed.

With the surge in commercial development in Boston, the BRA has determined that commercial development can support inflation adjustment in the linkage fee. Housing prices are rising, competition for new jobs is very fierce, and the BRA has seen growth in the commercial property market. The BRA believes that increasing linkage now will allow developers to factor the linkage fee into development costs before initiating necessary talks with financiers.

RECOMMENDATION

It is therefore recommended that the Director be authorized to recommend approval of the submitted text amendment and to petition the Zoning Commission to adopt a text amendment to Article 80 of the Code increasing the Housing Exaction and Jobs Contribution Exaction.

Appropriate vote to follow:

VOTED: That the Director be, and hereby is, authorized to recommend approval of the text amendment and to petition the Zoning Commission to adopt said text amendment to Article 80 of the Boston Zoning Code increasing the Housing Exaction to eight dollars and thirty-four cents (\$8.34) per square foot and the Jobs Contribution Exaction to one dollar and sixty-seven cents (\$1.67) per square foot in substantial accord with the text amendment presented to the Boston Redevelopment Authority at its meeting on October 17, 2013.