Attachment A

Agenda For September 22, 2015 Housing Committee Meeting

Sullivan Chamber, 2nd Floor of City Hall

12:00 pm – 2:00 pm

The Housing Committee will conduct a public hearing to further discuss the linkage recommendations that are currently under consideration by the City Council

I. **Opening Remarks from Councilor Simmons**

II. **Remarks From Community Development Department**

III. **Remarks from Housing Committee Members**

IV. **Public Comments**

V. **Councilor Simmons Closing Remarks**

VI. **Meeting Concludes**

Attachment B

CITY OF CAMBRIDGE
Community Development Department

IRAM FAROOQ
Assistant City Manager for Community Development

MEMORANDUM

To:	Housing Committee
CC:	The Honorable, the City Council
From:	Iram Farooq, Assistant City Manager for Community Development
Date:	September 18, 2015
Re:	Recommendations regarding the pending Incentive Zoning petition and a revised zoning petition

Enclosed please find a revised zoning petition to amend the Incentive Zoning provisions set forth in Section 11.200 of the Zoning Ordinance. The revisions reflect and respond to discussions at public hearings held by both the Ordinance Committee and the Planning Board. Through Council Order #O-31 dated August 10, 2015, the Ordinance Committee requested that CDD report back on several issues discussed by the Committee. These matters are discussed below and have been incorporated into the revised petition as noted.

Continuing Annual Increases beyond 3 years

The original petition includes a provision which would increase the contribution rate by $1.00 a year for the first three years after adoption. The suggestion to continue annual $1.00 increases in the contribution rate was contemplated by the Ordinance Committee and recommended by the Planning Board as a way to motivate the City to reevaluate the rate on a regular basis. However, this approach may have unintended consequences that should be considered before such a provision is incorporated.

For instance, community members have raised concerns about the pace of redevelopment in recent years, which is partly due to favorable market conditions at this point in time and the expectation that redevelopment may be less feasible when market conditions change in the future. If property owners have the expectation that contribution rates will increase on a continual basis, redevelopment projects would be motivated to proceed even faster to avoid escalating development costs in the future. This would likely result in additional pressure on the city's design and development review processes.

Another concern is that the impact of a rate increase may not be fully apparent until years after the increase has been enacted, because development projects

344 Broadway
Cambridge, MA 02139
Voice: 617 349-4600
Fax: 617 349-4669
TTY: 617 349-4621
www.cambridgema.gov

take place over a multi-year timeframe. A future policy change might then require "overcorrecting" to return to the desired rate.

Because of these concerns, the revised petition retains the provision for a $1.00 annual increase over three years; however, extending the duration of the changes could be achieved through a simple change to the zoning text.

Large Renovation Projects

The Ordinance Committee discussed the inclusion of large renovation projects and how they might be covered by the proposed incentive changes. The intent of the original petition was to include substantial renovations that would effectively amount to the development of new employee-occupied space, such as a conversion of a former factory to a lab use. There were some questions about the applicability of this to renovations which did not result in a change of use.

It can be difficult to distinguish between renovation for the sake of upkeep to a property and rehabilitation for the sake of economic development. The Nexus Study examined the impact on housing needs from new employment associated with new commercial development. Renovations that are done for the sake of upkeep will not necessarily result in an increase in employment. Without an increase in employment, such an incentive contribution would not be consistent with the basis for the incentive requirements established in the Nexus Study. Further, including renovation projects may create a disincentive for needed rehabilitation and reinvestment in existing properties.

The revised petition specifies that "new development," in the context of the incentive zoning provisions would include rehabilitation projects which change the use of a building to one of the non-residential uses covered by the Incentive provisions under the following circumstances: either the building was originally built to accommodate a different use (e.g., the renovation of a former factory building to a lab use), or the prior use was a use that would not be subject to incentive zoning requirements (e.g., a former primary school building changes its use to a commercial office).

Use of funds used for middle-income households

The Ordinance Committee discussed whether a limit should be placed on the amount of funds used to benefit middle-income households (i.e. 80-120% of area median income) by capping the ratio of funds used to fund efforts serving

middle-income households. CDD staff have considered and discussed this idea with the Affordable Housing Trust. The Trust approves commitments of funds generated by incentive contributions.

An important aspect of the Trust's success is the ability to respond quickly and commit funds when opportunities are available to further City housing goals. These include funding the acquisition of sites or buildings where certain types of affordable housing could be created, and responding when other public or private resources are available to leverage the use of City funds. Maintaining this flexibility is important.

The Trust has a longstanding and continuing commitment of supporting affordable housing for low and moderate-income residents and will continue its work to preserve and expand housing opportunities for these households. The Trust is also aware of interest in addressing the emerging need for housing affordable to middle-income households, and will consider requests for funds to support this need in the context of low and moderate-income housing needs in the city.

Given these considerations and the advantage to the Trust having flexibility in the use of incentive funds, we do not recommend setting a cap which would limit the Trust in responding to opportunities.

Institutional Use Categories

At the Ordinance Committee hearing, Councillors asked for clarification on what categories of institutional uses would be subject to the new provisions. A clause is added in the revised petition that makes specific reference to the following use categories within the subset of educational uses that are not on land owned or leased by the Commonwealth or any of its agencies, subdivisions or bodies politic:

- Subsection 4.56c(4): College or university athletic facility, auditorium, theater or similar facility, any of which is customarily accessible to the general public on a paid admission fee or other basis,
- Subsection 4.56c(5): College or university laboratory or research facility customarily involving radioactive materials and other controlled substances, high intensity electromagnetic radiation or chemical or biological processes potentially entailing a high level of danger to the public health and safety.

- Subsection 4.56c(6): Other College or university facility (Other college or university facility shall include administrative offices, faculty and staff offices, teaching and research facilities not included in Subsection 4.56c(4) or c(5), libraries, museums, dining halls and service facilities including facilities listed in Subsection 4.56c(4) which are not accessible to the general public.)

Consumer Price Index adjustments

The Planning Board discussed the annual CPI adjustment and recommended that this adjustment only be made if it would increase the contribution rate. The revised petition reflects this recommendation.

11.200 INCENTIVE ZONING PROVISIONS AND INCLUSIONARY HOUSING PROVISIONS

Purposes. The purposes of this Section 11.200 are to promote the public health, safety and welfare by encouraging the expansion and upgrading of the City's housing stock while accommodating the expansion of housing and commercial opportunities in the City; to provide for a full range of housing choices throughout the city for households of all incomes, ages and sizes in order to meet the City's goal of preserving diversity; to mitigate the impacts of commercial and residential development on the availability and cost of housing and especially housing affordable to low and moderate income households; to increase the production of affordable housing units to meet existing and anticipated housing and employment needs within the City; to provide a mechanism by which commercial and residential development can contribute in a direct way to increasing the supply of affordable housing in exchange for a greater density or intensity of development than that otherwise permitted as a matter of right; and to establish standards and guidelines for the use of such contributions from the application of incentive zoning and inclusionary housing provisions.

11.201 *Definitions.*

Affordable Housing Trust shall mean the entity established by Chapter 482 of the Acts of 1991.

Affordable Unit shall mean any dwelling unit for which the rent (including utilities) does not exceed thirty (30) percent of the income of the renting household or for which the mortgage payment (including insurance, utilities and real estate taxes) does not exceed thirty (30) percent of the income of the purchasing household or other standards as may be established pursuant to any city, state or federal housing program designed to assist low and moderate income households.

Converted Dwelling Unit shall mean a dwelling unit that has been converted from a non-housing use to a housing use in connection with the construction of an Inclusionary Project.

Developer shall mean any individual, corporation, business trust, estate trust, partnership or association, or any other entity or combination thereof.

Eligible Household shall mean any household whose total income does not exceed eighty (80) percent of the median income of households in the Boston Standard Metropolitan Statistical Area adjusted for family size, or such other equivalent income standard as may be determined by the Board of Trustees of the Affordable Housing Trust Fund.

Incentive Project **shall mean any new ~~or substantially rehabilitated~~ development that consists of at least thirty thousand (30,000) square feet of Gross Floor Area devoted to one or more of the following uses as listed in Section 4.30 of the Zoning Ordinance: Sections 4.31 i-1 (Hotel or motel), 4.32 f (Radio and television studio), 4.33b(5) (College or University not exempt by statute, specifically including those uses and facilities listed in Subsection 4.56(c) 4, 5, and 6), 4.33c (Noncommercial Research Facility), 4.33d (Health Care Facilities), 4.33e (Social Service Facilities), 4.34 (Office and Laboratory Use), 4.35 (Retail and Consumer**

Service Establishments), 4.36 (Open Air or Drive In Retail Service), 4.37 (Light Industry, Wholesale Business and Storage), and 4.38 (Heavy Industry). ~~**Incentive Project shall also include an existing development that consists of at least thirty thousand (30,000) square feet of**~~ **For the purpose of this definition, new development shall mean (1) construction of new buildings or additions to existing buildings to accommodate uses in the above list, or (2) substantial rehabilitation of buildings to accommodate uses in the above list for which the buildings were not originally used or (3) Gross Floor Area whose use is changed from a use not included in the above list to a use included in the above list. In no case shall Gross Floor Area devoted to a Municipal Service Facility or Other Government Facility be considered an Incentive Project.**

~~***Project,***~~ ***Inclusionary*** ***Project*** shall mean any residential or mixed use development containing or creating ten or more new or converted dwelling units, including phased projects; or where fewer than ten new or converted dwelling units are created including phased projects, a residential development containing 10,000 square feet or more of gross floor area, in which case each 1,000 square feet shall be considered a dwelling unit.

Median Income shall mean the income set forth in or calculated from regulations promulgated by the United States Department of Housing and Urban Development, pursuant to Section 8 of the Housing Act of 1937, as amended by the Housing and Community Development Act of 1974 or such other equivalent income standard as determined by the Board of Trustees of the Affordable Housing Trust Fund.

Middle Income Household **shall mean any household whose total income exceeds that of an Eligible Household as defined in this Section 11.200 but does not exceed one hundred twenty (120) percent of the median income of households in the Boston Standard Metropolitan Statistical Area adjusted for family size, or such other equivalent income standard as may be determined by the Board of Trustees of the Affordable Housing Trust.**

Mixed Use Development shall mean a development that contains a combination of residential development and any other use.

~~***Project, Incentive***, shall mean that portion of projects containing uses listed in Sections 4.33c, 4.34, 4.35, 4.36, and 4.56 d 1 subject to the provisions of the special permits listed in Section 11.202.1.~~

~~***Project,***~~ ***Phased*** ***Project***, shall mean any residential or mixed use development or developments at one site or two or more adjoining sites in common ownership or under common control within a period of five years from the first date of application for any special or building permit for construction on the lot or lots, or ~~for~~ **within** the twelve months immediately preceding the date of application for any special or building permit, where a total of no less than ten new or converted units are built.

Residential Development shall mean single, two family and multi-family homes, townhouse development, elderly oriented congregate housing and lodging and rooming house dwellings as set forth in Section 4.31 a-h, and i(3).

~~Project,~~ Voluntary Inclusionary Project, shall mean any residential or mixed use development containing less than ten new or converted dwelling units, including phased projects where the developer chooses to comply with the provisions of Section 11.203.2

11.202 ~~*Applicability.*~~ ***[INTENTIONALLY DELETED]***

~~**11.202.1** *Applicability of Incentive Zoning Provisions.* Where a developer chooses to seek to obtain a special permit pursuant to the sections listed below, which special permit authorizes an increase in the permissible density or intensity of a particular use in the proposed development, the developer shall be subject to the applicable provisions of this Section 11.200 et al. Increases in density or intensity of use shall include an increase in gross floor area or height, a reduction or waiver of parking requirements, or a change in dimensional requirements or the addition of uses that result in an increase in density or intensity of use.~~

~~Section 6.35~~	~~Reduction in required parking for nonresidential development~~
~~Section 20.108~~	~~Divergence from dimensional requirements, North Massachusetts Avenue Overlay District~~
~~Section 20.54.2(2)~~	~~Additional height, Harvard Square Overlay District~~
~~Section 20.54.4(2)~~	~~Waiver of parking and loading requirements, Harvard Square Overlay District~~
~~Section 20.54.5(2)~~	~~Exemption from yard requirements, Harvard Square Overlay District~~
~~Section 20.63.7~~	~~Divergence from dimensional requirements, Parkway Overlay District~~
~~Section 20.95.1~~	~~Maximum Floor Area Ratio~~
~~Section 20.95.2~~	~~Maximum Permitted Height~~
~~Section 20.95.34~~	~~Waiver of Yard Requirements~~
~~Section 20.95.4~~	~~Dwelling Unit Density~~
~~Section 20.304.2(2), (3)~~	~~Additional height, Central Square Overlay District~~
~~Section 20.304.4~~	~~Waiver of setback requirements, Central Square Overlay District~~
~~Section 20.304.6~~	~~Waiver of parking requirements, Central Square Overlay District~~
~~Section 17.13.1(b)~~	~~Additional FAR, Special District I~~
~~Section 17.17~~	~~Transfer of Development Rights, Special District I~~
~~Article 13.00~~	~~PUD Districts, all permits.~~

~~11.202.12 Applicability of Inclusionary Housing Provisions. The provisions of this Section 11.200 shall apply to any Inclusionary Project and may be applied to any Voluntary Inclusionary Project. These provisions shall apply with respect to developments in all zoning districts of the city except those governed by the provisions of Article 15.000.~~

11.203 *Requirements*

11.203.1 ~~Requirements for Incentive Zoning~~**Housing** Contributions~~s~~. A **The** developer **or owner** of an Incentive Project shall ~~either~~ make a Housing Contribution in accordance with this Section 11.203.1 ~~(a) or shall create or cause to be created housing, in accordance with this Section 11.203.1 (b)~~.

1. ***Calculation of Housing Contribution.*** **The Housing Contribution shall be calculated by multiplying the Gross Floor Area devoted to the uses that qualify the new development as an Incentive Project by the Housing Contribution Rate effective at the time the Superintendent of Buildings issues the first building permit for the Incentive Project. If a building permit is not required, the Housing Contribution Rate shall be the rate effective at the time the Housing Contribution is provided.**

2. ***Housing Contribution Rate.*** **The Housing Contribution Rate effective on June 15, 2015 [TO BE REPLACED WITH DATE OF ADOPTION] shall be twelve dollars ($12.00) per square foot of Gross Floor Area devoted to the uses that qualify the new development as an Incentive Project. The effective rate shall be subject to annual escalation equal to annual percentage increases in the Consumer Price Index (CPI) Housing Index for Boston-Brockton-Nashua, MA-NH-ME-CT or similar index to reflect changes in dollar values over time; however, annual decreases in CPI shall not cause the contribution rate to be decreased. In addition, on [CALENDAR DATE OF ADOPTION] each year from 2016 to 2018, inclusive, the Housing Contribution Rate shall increase by one dollar ($1.00). The table below sets forth the Housing Contribution Rate over time.**

Effective Date	Housing Contribution Rate
[DATE OF ADOPTION TO BE ENTERED]	$12.00 per square foot.

3. ***Timing of Payment.*** **The developer or owner of an Incentive Project shall provide the Housing Contribution to the Managing Trustee of the Affordable Housing Trust or its designee, who shall certify to the Superintendent of Buildings that the requirements of this Section are met prior to issuance of a certificate of occupancy for the Incentive Project. If the Gross Floor Area of an Incentive Project is subsequently increased accommodating uses that qualify as Incentive Project uses, then notwithstanding the size of the increase, a Housing Contribution calculated in the manner set forth in this Section shall be provided for every square foot of that increase.**

4. ***Reevaluation of Housing Contribution Rate.*** **The City shall initiate a reevaluation of the Housing Contribution Rate and any other aspect of these**

Incentive Zoning Provisions at an interval of no less than three (3) years from the time the rate was last amended by the City Council. Such reevaluation shall include a report provided to the City Council reviewing economic factors including but not limited to development activity, commercial rents per square foot, employment growth, housing trends measured in terms of, but not limited to, vacancy rates, production statistics, and prices for dwelling units, and the nexus between Incentive Projects and housing.

~~(a) Housing Contribution. For any project that is in whole or in part an Incentive Project, and that is, in total, less than thirty thousand (30,000) square feet of gross floor area, no contribution shall be required.~~

~~For any project of thirty thousand (30,000) square feet of gross floor area or more, the developer shall contribute four dollars and fifty-eight cents ($4.58) [Note: current adjust figure as of 2/27/14] for every square foot of gross floor area over two thousand five hundred (2500) square feet of that portion of the project authorized by the Special Permit that is an Incentive Project.~~

~~Before the Superintendent of Buildings issues the first occupancy permit for the Incentive Project the developer of the Incentive Project shall deliver the Housing Contribution to the then Managing Trustee of the Affordable Housing Trust or its designee.~~

~~The amount of the Housing Contribution shall be subject to review and recalculation three (3) years after the effective date of this provision and every three (3) years thereafter by the Cambridge City Council based on a consideration of current economic trends including but not limited to development activity, commercial rents per square foot, employment growth, and housing trends measured in terms of, but not limited to, vacancy rates, production statistics, and prices for dwelling units. The Board of Trustees for the Affordable Housing Trust may adjust the amount annually based on CPI or a similar standard to reflect changes in inflation rates.~~

~~(b) Housing Creation Option. The Developer of an Incentive Project required to make a Housing Contribution in Subsection 11.203.1 (a) above may create or cause to be created affordable units for occupancy exclusively by eligible households, or may donate land to be used exclusively for the development of affordable units. These units or land donation, must be of equivalent benefit toward addressing the City's affordable housing need as the housing contribution otherwise required.~~

~~When this option is chosen a Developer shall obtain a report from the Board of Trustees of the Affordable Housing Trust, which report shall accompany the special permit application and shall advise the special permit granting authority as to whether the proposed Housing Creation conforms to the intent and purposes of this Section 11.200 et al. The report shall also recommend such conditions, if any, as the Trustees may find appropriate to the issuance of the special permit to assure full compliance with the intent of this Section 11.200.~~

~~The special permit granting authority shall give due consideration to the report of the Board of Trustees in granting any special permit subject to this Section 11.200 et al., and, in its discretion may approve the developers use of the Housing Creation Option.~~

11.203.2 *Requirements for Inclusionary Housing.* **The provisions of this Section 11.200 shall apply to any Inclusionary Project and may be applied to any Voluntary Inclusionary Project. These provisions shall apply with respect to developments in all zoning districts of the city except those governed by the provisions of Article 15.000. *[TEXT MOVED FROM 11.202.2]***

(a) Any Inclusionary Project shall provide 15% percent of the total number of dwelling units up to the maximum allowed as of right as Affordable Units. Where the application of that formula results in a fractional dwelling unit, a fraction of one half of a dwelling unit or more shall be considered as one Affordable Unit. Each Affordable Unit shall meet the standards established in Section 11.204.

(b) To facilitate the objectives of this Section 11.200, modifications to the dimensional requirements in any zoning district, as set forth in Section 5.30, shall be permitted as of right for an Inclusionary Project, as set forth below:

(i) The FAR normally permitted in the applicable zoning district for residential uses shall be increased by thirty (30) percent for Affordable Units as set forth in Section 11.203.2 (a) above, and at least fifty percent of the additional FAR should be allocated for the Affordable Units. In a Mixed Use Development, the increased FAR permitted in this paragraph (i) may be applied to the entire lot; however, any gross floor area arising from such increased FAR shall be occupied only by residential uses, exclusive of any hotel or motel use.

(ii) The minimum lot area per dwelling unit normally required in the applicable zoning district shall be reduced by that amount necessary to permit up to two additional units on the lot for each one Affordable Unit required in Section 11.203.2 (a) above. The additional units on a lot permitted by this paragraph (ii) shall not be considered in determining the threshold by which a special permit is required in Section 4.26 - Multifamily Special Permit Applicability and Section 11.10 - Townhouse Development of the Zoning Ordinance.

(c) For any Inclusionary Project that includes a total number of dwelling units that exceeds the maximum allowed as of right, the number of affordable units shall be no less than 15% percent of the total number of dwelling units in the project; however, the number of additional units permitted under Section 11.203.2 (b) (ii) above shall not be further increased.

(d) For any Voluntary Inclusionary Project that proposes to provide one Affordable Unit, the provisions of Section 11.203.2 (b) (i) and (ii) may be applied after the issuance of a special permit from the Planning Board. In issuing a special permit the Planning Board shall find that the additional dwelling units or gross floor area permitted will not create a development significantly different in scale, density, or placement on the lot than can be found on adjacent lots or in the surrounding neighborhood; or if the development is significantly more dense, larger in scale or closer to the lot lines than can be found on

adjacent lots, the Board shall find that the size or shape of the lot, the characteristics of development on abutting lots, and the nature of the design proposed on the subject lot mitigate any negative impact that such additional development may impose. In making its findings the Planning Board shall consider the other kinds of dimensional relief that the development may require and the extent to which such relief varies from the requirements of the zoning district.

(e) Affordable Units required by this Section 11.203.2 shall be provided on-site. However, approval for alternate means of compliance may be granted by the Planning Board in certain exceptional circumstances. In granting such approval, the Planning Board must find that the property owner has demonstrated that building the required affordable units on-site would create a significant hardship. A significant hardship shall be defined as being of such significance that the property can not physically accommodate the required affordable units and/or related requirements, such as height, setbacks, or parking. To have such a request considered, the burden of proof shall be on the property owner, who must make full disclosure to the Planning Board of all relevant information. Any request for alternate means of compliance shall be reviewed by the Affordable Housing Trust, which shall then forward its recommendation on the request to the Planning Board. The Affordable Housing Trust's recommendation shall be based upon whether the alternate means of compliance shall be of comparable value to the affordable unit that would have otherwise been provided in a comparable Inclusionary Project. The Planning Board's approval of the request shall be based upon the Affordable Housing Trust's recommendations, and the demonstration of hardship made by the property owner. The Planning Board may, in its sole discretion, use other information to determine the validity of the property owner's request. Approval of alternate means of compliance shall be only for payment of a sum equivalent to the value of the provision of an on-site Affordable Unit, which payment shall be made to the Affordable Housing Trust.

11.204 *Standards for Construction and Occupancy of Affordable Units.*

The following standards are intended to provide guidance to ~~the special permit granting authority in instances where the Housing Creation Option is chosen to meet the requirements of this Section 11.200, to~~ the Board of Trustees of the Trust in making any report it may make to ~~the~~ **a** special permit granting authority ~~or in authorizing the expenditure of any Housing Contribution funds,~~ **in connection with a special permit application** and to the Developer of any Inclusionary Project or Voluntary Inclusionary Project. In granting any special permit the special permit granting authority may allow for deviations from, or further define, these standards consistent with the purpose of this Section 11.200.

~~(a) Affordable Units in an Incentive Project shall be generally comparable in size and materials to dwelling units in the neighborhood or in the projection which it is located.~~

(a) To ensure livability, Affordable Units in an Inclusionary Project shall be generally comparable in size and materials to the other units in the overall project and consistent with local needs for affordable housing as approved by the Trust

For Inclusionary Projects ~~or Incentive Projects~~ where appropriate exteriors of affordable units shall closely resemble the exteriors of other units in a project, and shall be reasonably distributed throughout the project.

(b) The Affordable Units shall, to a reasonable extent, serve eligible households of diverse incomes, including very low income, and diverse sizes throughout the city.

(c) The Affordable Units shall be subject to deed restrictions providing that they shall:

1) be occupied by eligible households.

2) be conveyed subject to restrictions, which to the extent legally possible shall guarantee the permanent availability of the Affordable Units to eligible households. Such restrictions shall include but not be limited to limited equity deed restrictions. In general, to meet this requirement, affordable rent levels shall be maintained for a minimum of 50 years from the date of initial occupancy in accordance with current practices of the City. With for-sale units, the City's current system of deed restrictions controlling resale prices shall be observed.

3) to the extent possible, give preference to eligible households who are Cambridge residents.

4) be rented or sold to Eligible Households, using marketing and selection guidelines customarily employed by the Community Development Department in selecting tenant and homeowner households under other City, state or federal housing assistance programs.

(d) The rental or ownership of affordable units shall mirror the project as a whole. For example, affordable units should be sold, not rented, where a majority of units will be offered for sale.

(e) The affordable units shall be affordable to households having a target income of 65% of the area median income, or if the household has access to a rent subsidy, a lower income. The Trust shall have the discretion to approve a mix of higher and lower rents or sale prices, the average of which approximates an affordable price for a household at the target income level.

(f) The intent of the Inclusionary Housing provisions is that the Affordable Units required hereunder not use public funds to create; these provisions however, are not intended to discourage the use of public funds to generate a greater number of affordable units than are otherwise required.

(g) One parking space for each Affordable Unit in an Inclusionary Project shall be provided. If there is fewer than one parking space provided for each unit in the development, then the number of parking spaces provided for the Affordable Units shall be in the same proportion as the number provided to the market rate units. If there is no parking fee for the market rate units in an Inclusionary Project, then there shall be no parking fee for the Affordable Units. If there is a parking fee for the market rate units in an Inclusionary Project subject to Section 11.200, then the maximum parking fee for the Affordable Units shall not exceed the lesser of the following:

1) That fee which is in the same proportion of parking fee to rent as for those market rate units of equivalent size to the Affordable Units and having the lowest rent in the Inclusionary Project, or
2) That fee which, when combined with the maximum rent permitted of an Affordable Unit as defined in Section 11.201, does not exceed thirty three (33) percent of the Eligible Household's income.

11.205 *Affordable Housing Trust.*

Pursuant to the provisions of Chapter 482 of the Acts of 1991, an Affordable Housing Trust Fund was established. To facilitate the implementation of the provision of this Section 11.200, the Affordable Housing Trust Fund receives funds generated by this Section 11.200 and specifically Section 11.203.1(a), as well as other funds generated from other sources.

11.205.1 Uses of the Affordable Housing Trust. The Trust property may be made available for, but shall not be limited to, the following uses.

1. Creation of **new rental or ownership** Affordable Units **for Eligible Households and Middle Income Households**. To encourage the development of Affordable Units through a variety of means, including, but not limited to, the provision of favorable financing terms or direct write down of costs for either non-profit or for-profit developers or to subsidize the purchase of sites, existing structures, or affordable units within a larger development.
2. Multifamily Rehabilitation Programs. To finance the substantial rehabilitation of deteriorated properties in a manner that preserves the affordability of units through interest rate subsidies, loan guarantees or write down of project costs. Multifamily housing owned by nonprofit entities that ensure maximum long-term affordability shall receive priority-funding consideration.
3. Limited Equity Cooperative or Condominium Conversion. For acquisition and rehabilitation of potential cooperatives or condominiums through low interest blanket loans, share loans or direct cost write down.
4. **Preservation of existing affordable housing. To provide acquisition and/or financing assistance to preserve affordability of existing housing at risk of losing its affordability.**

11.205.2 Administration of the Affordable Housing Trust and its Activities. The Trust property may be made available to fund reasonable administrative expenses necessary to support Trust activities, including but not limited to consulting services such as legal, appraising or engineering, as well as other project related expenses. The Community Development Department shall provide the Board of Trustees with technical and administrative assistance.

11.205.3 Board of Trustees of Affordable Housing Trust. The City Manager shall appoint and chair a nine (9) member Board of Trustees of the Affordable Housing Trust. The Board of Trustees shall be composed of representatives from different sectors of the community with housing policy, and may include members of City Boards and agencies, nonprofit housing organizations and community representatives. The trustees, with concurrence of

the City Manager, shall establish regulations for the operations of the Trust and Board of Trustees, and procedures for the implementation of this Subsection 11.205.

1) The Board of Trustees shall manage and administer the Affordable Housing Trust Fund including the disbursement of all funds, units and land conveyed to the City of Cambridge.
2) The Board of Trustees shall review and approve or disapprove proposals submitted for use of the Housing Trust Fund. The Board shall develop policies and standards appropriate to and consistent with the Incentive Zoning and Inclusionary Housing provisions, section 11.200.
3) The Board shall explore the feasibility of and assist in the establishment of new programs designed to meet Cambridge affordable housing needs. These programs may include a city wide Land Bank program and Home Mortgage Pool.
4) The Board of Trustees shall provide assistance and necessary reports where appropriate to any special permit granting authority authorized to issue a special permit for any development making use of funds from the Affordable Housing Trust or subject to any provisions under this Section 11.200.

11.206 *Enforcement*

The Community Development Department shall certify in writing to the Superintendent of Buildings that all conditions of this Section 11.200, including any conditions that may be established by the special permit granting authority in issuing a special permit under this Section 11.200, have been met before issuance of the first building permit for any Incentive Project, Inclusionary Project, or Voluntary Inclusionary Project. Before the issuance of the first Certificate of Occupancy for such development the Trust shall certify in writing to the Superintendent of Buildings that all documents have been filed and actions taken that are necessary to fulfill the conditions of this Section 11.200 and any special permit authorized herein.

Amend Section 11.200 of the Zoning Ordinance as listed below.

1. In Section 11.201, Definitions:

   - Delete the current definition of "Project, Incentive" and replace with the following definition of Incentive Project:
     "*Incentive Project* shall mean any new development that consists of at least thirty thousand (30,000) square feet of Gross Floor Area devoted to one or more of the following uses as listed in Section 4.30 of the Zoning Ordinance: Sections 4.31 i-1 (Hotel or motel), 4.32 f (Radio and television studio), 4.33b(5) (College or University not exempt by statute, specifically including those uses and facilities listed in Subsection 4.56(c) 4, 5, and 6), 4.33c (Noncommercial Research Facility), 4.33d (Health Care Facilities), 4.33e (Social Service Facilities), 4.34 (Office and Laboratory Use), 4.35 (Retail and Consumer Service Establishments), 4.36 (Open Air or Drive In Retail Service), 4.37 (Light Industry, Wholesale Business and Storage), and 4.38 (Heavy Industry). For the purpose of this definition, new development shall mean (1) construction of new buildings or additions to existing buildings to accommodate uses in the above list, or (2) substantial rehabilitation of buildings to accommodate uses in the above list for which the buildings were not originally used or (3) Gross Floor Area whose use is changed from a use not included in the above list to a use included in the above list. In no case shall Gross Floor Area devoted to a Municipal Service Facility or Other Government Facility be considered an Incentive Project."

   - Create a definition of Middle Income Household as follows:
     "*Middle Income Household* shall mean any household whose total income exceeds that of an Eligible Household as defined in this Section 11.200 but does not exceed one hundred twenty (120) percent of the median income of households in the Boston Standard Metropolitan Statistical Area adjusted for family size, or such other equivalent income standard as may be determined by the Board of Trustees of the Affordable Housing Trust."

   - Replace the terms "Project, Inclusionary," "Project, Phased" and "Project, Voluntary Inclusionary" with "Inclusionary Project," "Phased Project" and "Voluntary Inclusionary Project," respectively, and re-alphabetize the listing.

   - Replace the current phrase that currently reads "or for the twelve months" to read "or within the twelve months" in the definition of Phased Project.

2. Delete Section 11.202 in its entirety, and move the current text that follows to the start of Subsection 11.203.3 after the words "Requirements for Inclusionary Housing":

   "The provisions of this Section 11.200 shall apply to any Inclusionary Project and may be applied to any Voluntary Inclusionary Project. These provisions shall apply with respect to developments in all zoning districts of the city except those governed by the provisions of Article 15.000."

3. Replace Subsection 11.203.1 in its entirety, including subordinate Paragraphs (a) and (b), with the following text, with applicable dates to be entered upon adoption of the amendments to the Ordinance:

"11.203.1 Housing Contribution. The developer or owner of an Incentive Project shall make a Housing Contribution in accordance with this Section 11.203.1.

1. Calculation of Housing Contribution. The Housing Contribution shall be calculated by multiplying the Gross Floor Area devoted to the uses that qualify the new development as an Incentive Project by the Housing Contribution Rate effective at the time the Superintendent of Buildings issues the first building permit for the Incentive Project. If a building permit is not required, the Housing Contribution Rate shall be the rate effective at the time the Housing Contribution is provided.

2. Housing Contribution Rate. The Housing Contribution Rate effective on June 15, 2015 [TO BE REPLACED WITH DATE OF ADOPTION] shall be twelve dollars ($12.00) per square foot of Gross Floor Area devoted to the uses that qualify the new development as an Incentive Project. The effective rate shall be subject to annual escalation equal to annual percentage increases in the Consumer Price Index (CPI) Housing Index for Boston-Brockton-Nashua, MA-NH-ME-CT or similar index to reflect changes in dollar values over time; however, annual decreases in CPI shall not cause the contribution rate to be decreased. In addition, on [CALENDAR DATE OF ADOPTION] each year from 2016 to 2018, inclusive, the Housing Contribution Rate shall increase by one dollar ($1.00). The table below sets forth the Housing Contribution Rate over time.

Effective Date	Housing Contribution Rate
[DATE OF ADOPTION TO BE ENTERED]	$12.00 per square foot.

3. Timing of Payment. The developer or owner of an Incentive Project shall provide the Housing Contribution to the Managing Trustee of the Affordable Housing Trust or its designee, who shall certify to the Superintendent of Buildings that the requirements of this Section are met prior to issuance of a certificate of occupancy for the Incentive Project. If the Gross Floor Area of an Incentive Project is subsequently increased accommodating uses that qualify as Incentive Project uses, then notwithstanding the size of the increase, a Housing Contribution calculated in the manner set forth in this Section shall be provided for every square foot of that increase.

4. Reevaluation of Housing Contribution Rate. The City shall initiate a reevaluation of the Housing Contribution Rate and any other aspect of these Incentive Zoning Provisions at an interval of no less than three (3) years from the time the rate was last amended by the City Council. Such reevaluation shall include a report provided to the City Council reviewing economic factors including but not limited to development activity, commercial rents per square foot, employment growth, housing trends measured in terms of, but not limited to, vacancy rates, production statistics, and prices for dwelling units, and the nexus between Incentive Projects and housing."

4. In Section 11.204, Standards for Construction and Occupancy of Affordable Units:

    - Amend the first paragraph to read as follows:
      "The following standards are intended to provide guidance to the Board of Trustees of the Trust in making any report it may make to a special permit granting authority in connection with a special permit application and to the Developer of any Inclusionary Project or Voluntary Inclusionary Project. In granting any special permit the special permit granting authority may allow for deviations from, or further define, these standards consistent with the purpose of this Section 11.200."

    - Delete the current subordinate Paragraph (a) and renumber the subsequent paragraphs beginning with (a).

5. In Subsection 11.205.1, Uses of the Affordable Housing Trust:

    - Amend subordinate Paragraph 1 to read as follows:
      "1. Creation of new rental or ownership Affordable Units for Eligible Households and Middle Income Households. To encourage the development of Affordable Units through a variety of means, including, but not limited to, the provision of favorable financing terms or direct write down of costs for either non-profit or for-profit developers or to subsidize the purchase of sites, existing structures, or affordable units within a larger development."

    - Create a new subordinate Paragraph 4 to read as follows:
      "4. Preservation of existing affordable housing. To provide acquisition and/or financing assistance to preserve affordability of existing housing at risk of losing its affordability."