

12 DEVELOPMENT BENEFITS

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12.1 AFFORDABLE HOUSING

1. Purpose

- To implement the housing policy objectives of the comprehensive master plan of the City of Somerville by increasing the supply of affordable housing available to existing and future residents.
- To create a stock of affordable housing that is available to qualifying households over the long-term.
- To stabilize the cost of housing, including utilities, parking, and on-site amenities for households that are unable to afford market-rate housing prices without becoming cost burdened.
- To ensure that fractional buyouts and in-lieu payments compensate for the additional costs of acquisition, design, development, operations, and maintenance in addition to the value of an affordable dwelling unit.
- To recapture a public benefit from the increased value of land resulting from the adoption of this Ordinance.

2. Applicability

- This section is applicable to all building types required to provide affordable dwelling units in accordance with Article 3 Residential Districts, Article 4 Mid-Rise Districts, Article 5 High-Rise Districts, Article 7 Special Districts, and Article 8 Overlay Districts.
- Development may not be segmented or phased in any manner and Applicants may not establish surrogate or subsidiary entities to avoid compliance with this Section.
- Residential uses owned by or affiliated with an educational institution for occupancy exclusively by its students, faculty, and staff are exempt.

3. Required ADUs

- Affordable dwelling units (ADUs) must be provided as specified on Table 12.1 Required ADUs.

TABLE 12.1 (a) Required ADUs

Total Dwelling Units	Required ADUs
0 to 5 units	None
6 units	1 unit OR fractional buyout for 0.4 unitsWW
7 units	1 unit OR fractional buyout for 0.6 units
8 to 17 units	17.5% of units
18 or more units	20% of units

- When the calculation for required ADUs results in a fractional value, the fractional value is rounded up to

the next whole number and regarded as a whole unit.

- As an alternative, a fractional buyout may be paid in accordance with the provisions of §12.1.8 Buyouts & Payments.
- Development that results in elimination or discontinuance of an existing ADU is required to replace the unit(s) on a one-for-one basis or provide the number of ADUs specified on Table 12.1 Required ADUs, whichever is more.

4. ADU Price

- Provided ADUs are assigned different price tiers as specified on Table 12.2 ADU Price Tiers.

TABLE 12.1 (b) ADU Price Tiers

ADU	Price Tier
1st ADU	Tier 1
2nd ADU	Tier 2
3rd ADU	Tier 1
4th ADU	Tier 2
5th ADU	Tier 3
6th ADU	Tier 1
7th ADU	Tier 2
8th ADU	Tier 1
9th ADU	Tier 3
10th ADU	Tier 2
11th ADU	Tier 1
12th ADU	Tier 2
13th ADU	Tier 3

- The Director of Housing shall calculate, publish, and annually update the actual maximum monthly rent for each ADU price tier as follows:
 - The Median Family Income (MFI) for the Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area published annually by the U.S Department of Housing and Urban Development (HUD) is multiplied by the percentage specified on Table 12.1 (c) Adjustment for Rental ADUs for the price tier and bedroom count of the unit in question.
 - The product of the above is divided by twelve (12) and the estimated cost of utilities, parking, and amenities provided at additional cost to tenants is subtracted from the result to determine the maximum monthly rent.
 - For example, the estimated monthly rent of a Tier 1, two (2) bedroom ADU is \$612.40 per month based on the following:
 - \$107,800 (the 2018 MFI for the Boston Metro

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TABLE 12.1 (c) Adjustment for Rental ADUs.

	Studio	1 bed	2 bed	3 bed	4 bed
Tier 1	7.14%	8.40%	9.60%	10.80%	12.00%
Tier 2	12.50%	14.70%	16.80%	18.90%	21.00%
Tier 3	17.85%	21.00%	24.00%	27.00%	30.00%

FMR Area) multiplied by 9.6% from Table 12.1 (c) (\$10,348.80) divided by twelve (12) months (\$862.40) minus the estimated cost of utilities, parking, and amenities (\$250).

- iv. The actual monthly rental price for ADUs with more than four (4) bedrooms is calculated by adding fifteen percent (15%) to the monthly rent of a four (4) bedroom ADU for each extra bedroom.
- c. The Director of Housing shall calculate, publish, and annually update the actual maximum sales price for ownership ADU price tier as follows:
 - i. The Median Family Income (MFI) for the Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area published annually by the U.S Department of Housing and Urban Development (HUD) is multiplied by the percentage specified on Table 12.1 (d) Adjustment for Ownership ADUs for the price tier and bedroom count of the unit in question.
 - ii. The product of the above is divided by twelve and the estimated cost of private mortgage insurance, real estate taxes, condominium fees, homeowners insurance, and parking fees, if any, is subtracted from the result to determine the maximum monthly mortgage payment that can be charged for the dwelling unit.
 - iii. The maximum monthly mortgage payment for ADUs with more than four (4) bedrooms is calculated by adding fifteen (15) percent to the monthly mortgage payment of a four (4) bedroom ADU for each extra bedroom.
 - iv. The actual sales price that can be charged for an ownership ADU is determined by using the maximum monthly mortgage payment to determine a maximum mortgage loan amount, assuming a thirty (30) year term and a current conventional interest rate, by 1.03.
 - v. For example, the estimated maximum monthly

mortgage payment for a Tier 1, two (2) bedroom ADU is \$1,158.59 per month based on the following:

- a. \$107,800 (the 2018 MFI for the Boston Metro FMR Area) multiplied by 15.68% from Table 12.1 (d) (\$16,903.04) divided by twelve (12) months (\$1,408.59) minus the estimated cost of private mortgage insurance, real estate taxes, condominium fees, homeowners insurance, and parking fees (\$250).

5. ADU Development Standards

- a. Unless otherwise specified elsewhere in this Ordinance, ADUs must be provided on-site, intermixed with the market rate units in the development that generated the requirement for affordable dwelling units. ADUs may not be overly concentrated on any single story of a building without the approval of the Director of Housing.
- b. ADUs must be proportional to the corresponding market rate units with respect to tenure type (for-sale or rental), unit size, number of bedrooms, and size of rooms. The proportion of ADUs with two (2) or more bedrooms may exceed the proportion provided for the corresponding market rate units for each tenure type.
- c. Unless otherwise specified elsewhere in this Ordinance, any development with thirty (30) or more dwelling units must provide at least twenty percent (20%) of the ADUs with three (3) or more bedrooms. Any fractional number resulting from this calculation is rounded up to the next whole number and regarded as a whole unit.
 - i. The Director of Housing shall establish quality standards for three (3) bedroom ADUs. Quality standards must include, but may not be limited to, minimum floor area and the inclusion of certain features such as the number of bathrooms and the existence of built-in closets.

TABLE 12.1 (d) Adjustment for Ownership ADUs

	Studio	1 bed	2 bed	3 bed	4 bed
Tier 1	11.66%	13.72%	15.68%	17.64%	19.60%
Tier 2	19.60%	19.60%	22.40%	25.20%	28.00%
Tier 3	21.66%	25.48%	29.12%	32.76%	36.40%

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- ii. The review boards shall require compliance to the quality standards for three (3) bedroom ADUs as a condition of Discretionary or Administrative permit approval.
 - d. Unit features including, but not limited to, finishes, appliances, and outdoor amenity spaces must be comparable to those provided in corresponding market-rate units, but may be functionally equivalent rather than identical provided that they are durable, of good quality, and consistent with contemporary standards for new housing with the approval of the Director of Housing.
 - e. Unless otherwise specified elsewhere in this Ordinance, ADUs must have the same access to amenities that are provided to the corresponding market-rate units including, but not limited to, laundry facilities, storage, fitness rooms, parking, and shared outdoor amenity spaces.
- 6. Implementation Plans and Covenants**
- a. An Affordable Housing Implementation Plan (AHIP) is required for all development subject this Section.
 - i. The Director of Housing shall establish submittal requirements for AHIPs. Required information must include, but may not be limited to, the following:
 - a). Housing statistics including the total number of dwelling units in the building; the number of market rate units by bedroom count with average floor area for each; the unit number, floor area, bedroom count; and the unit number, floor area, bedroom count, interior amenities, outdoor amenity spaces, accessibility features and the price tier for each ADU.
 - b). Floor plans indicating the location of each ADU.
 - c). An access map indicating the location of all site amenities.
 - d). Any agreements required of the Applicant deemed to be necessary by the Director of Housing to ensure compliance to the provisions of this Section.
 - ii. The Director of Housing may, at their discretion, require property owners of rental ADUs to submit an annual report detailing ongoing compliance with this section as a requirement of an AHIP.
 - iii. Development review applications are not considered complete unless a preliminary AHIP been submitted to the Director of Housing for information purposes.
 - b. The review boards shall require Applicants to execute and record a covenant limiting the sale or rental of ADUs to eligible households with the Middlesex South Registry of Deeds or filed with the Land Registration Office and submit a final AHIP to the Director of Housing for approval as a condition of any Discretionary or Administrative permit approval.
 - c. The Building Official will not issue a Building Permit for development subject to this Section until a final AHIP has been approved by the Director of Housing.
 - d. The Building Official will not issue any Certificate of Occupancy for development subject to this Section until a covenant limiting the sale or rental of ADUs to eligible households is executed and recorded with the Middlesex South Registry of Deeds or filed with the Land Registration Office.
 - i. The affordable housing covenant must be in a form approved by the City Solicitor.
- 7. Purchase and Tenancy Standards**
- a. The City of Somerville or its designee (hereafter referred to as 'the City') reserves the right of first refusal and option to purchase at the time of the original sale and any subsequent resale of individual ADUs and any sale of a formerly rental ADU.
 - b. The review boards may, as a condition of Discretionary or Administrative permit approval, require for-sale ADUs to be sold to the City at a price per unit set per §12.1.4.b.ii. The City may subsequently sell or lease these units at an equivalent or lower price than required by this Section.
 - c. Except as provided in 12.1.8.a and 12.1.8.b, ADUs established in accordance with this Section must be leased or sold only to eligible households for as long as the building containing the ADUs exists.
 - d. The Director of Housing shall publish and annually update the actual annual income eligibility requirements for ADUs as follows:
 - i. Rental ADUs
 - a). The Median Family Income (MFI) for the Boston-Cambridge- Quincy, MA-NH HUD Metro FMR Area published annually by the U.S Department of Housing and Urban Development (HUD) is multiplied by the percentage specified on Table 12.1 (e) Adjustment for Rental ADUs for the price tier and potential household size for the specific unit available to determine the maximum annual income permitted for a household to qualify to lease the unit.

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TABLE 12.1 (e) Adjustment for Rental ADUs

	1 person	2 person	3 person	4 person
Tier 1	35%	40%	45%	50%
Tier 2	56%	64%	72%	80%
Tier 3	84%	96%	108%	120%

- ii. Ownership ADUs
 - a). The Median Family Income (MFI) for the Boston-Cambridge- Quincy, MA-NH HUD Metro FMR Area published annually by the U.S Department of Housing and Urban Development (HUD) is multiplied by the percentage specified on Table 12.1 (f) Adjustment for Ownership ADUs for the price tier and potential household size for the specific unit available to determine the maximum annual income permitted for a household to qualify to purchase the unit.

TABLE 12.1 (f) Adjustment for Ownership ADUs

	1 person	2 person	3 person	4 person
Tier 1	56%	64%	72%	80%
Tier 2	77%	88%	99%	110%
Tier 3	98%	112%	126%	140%

- e. The selection of specific households for rental and ownership ADUs is subject to a selection system administered by the City.
- f. The Director of Housing shall establish preference criteria for the selection system, to the extent permitted by state and federal law, that includes, at minimum, preference for the following households:
 - i. current or recently displaced residents resulting from the modification of an existing building;
 - ii. current residents of Somerville and current or past residents who have received a judgment for a no-fault eviction within the last (2) years from the date of application; and
 - iii. full-time employees of a business with a permanent location within the city of Somerville.
- g. Households selected must meet the income eligibility requirements of this section, and any other certification requirements established by the Director of Housing, at the time of any purchase or execution of any lease agreement.

8. Alternative Compliance

- a. Off-Site Compliance
 - i. Applicants may request to provide one or more

required ADUs at an alternative location within the city of Somerville by Special Permit.

- a). In its discretion to approve or deny a special permit authorizing one (1) or more ADUs to be provided off- site, the review board shall consider the following:
 - i). Any proposed alternative method of compliance is advantageous to the City in creating or preserving affordable housing and does not result in undue geographic concentration of affordable units;
 - ii). Location and accessibility to schools and other services;
 - iii). Whether off-site units would provide more appropriate family housing than on-site units would;
 - iv). Proximity to public transportation and availability of parking;
 - v). Availability of usable open space;
 - ii. The review board shall require the following as conditions of an approved Special Permit authorizing one (1) or more ADUs to be provided off- site:
 - a). Off-site units must be compatible to or better than the market rate units built on site in all respects, including quality and character, construction value, and site amenities (yards, parking, laundry facilities, etc.).
 - b). A substantial proportion of off-site units must be designed to house three- (3) person or larger households, even if the market rate units are designed primarily to house one- and two-person households.
 - b. In-Lieu Payment
 - i. Applicants may request to make a payment to the City in lieu of providing one (1) or more required ADUs by Special Permit.
 - a). In its discretion to approve or deny a special permit authorizing a payment in lieu of ADUs, the review board shall consider the following:
 - i). The current funding level of the Somerville Housing Trust Fund;
 - ii). If any proposed alternative method of compliance is advantageous to the City in creating or preserving affordable housing.
- ### 9. Buyouts & Payments
- a. General
 - i. Buyouts and payments must be paid to the Somerville Housing Trust Fund unless the review board approves an alternative recipient based on the recommendations of the Director of Housing.
 - b. Dollar Value
 - i. The fractional buyout for an ownership or rental

ADU is calculated as $(A*B)$ where:

- a). A is the amount of ADUs not provided; and
 - b). B is the difference between the average sales price of comparable market-rate units sold within the city of Somerville over the previous twelve (12) months and the sale price of an ADU in the ownership or rental price tier that would have been provided, as calculated according to §12.1.5 ADU Price.
- ii. The in-lieu payment for an ownership ADU is calculated as $2*(A*B)$ where:
 - a). A is the amount of ADUs not provided; and
 - b). B is the difference between the average sales price of comparable market-rate units sold within the city of Somerville over the previous twelve (12) months and the sale price of an ADU in the ownership or rental price tier that would have been provided, as calculated according to §12.1.5 ADU Price.
 - iii. The in-lieu payment for a rental ADU is calculated as $2.5*(A*B)$ where:
 - a). A is the amount of ADUs not provided; and
 - b). B is the difference between the average sales price of comparable market-rate units sold within the city of Somerville over the previous twelve (12) months and the sale price of an ADU in the ownership or rental price tier that would have been provided, as calculated according to §12.1.5 ADU Price.
- c. The Building Official shall not issue a Certificate of Occupancy for development subject to the provisions of this Section until any authorized in-lieu payment has been made in accordance with this Section.

10. Compliance & Enforcement

- a. General
 - i. The Director of Housing shall establish departmental standards for the administration of this Section.
 - ii. The review boards shall require compliance to the quality standards for three (3) bedroom ADUs as a condition of Discretionary or Administrative permit approval.
 - iii. Unless otherwise specified elsewhere in this Ordinance, the Building Official shall not issue a Certificate of Occupancy for the market rate units of development subject to the provisions of this Section until:
 - a). A proportional number of the required ADUs, including any off-site ADUs, have obtained Certificates of Occupancy; and
 - b). Payment for any fractional buyout required by this Section has been made to the Somerville Housing Trust Fund.

- b. Annual Reporting
 - i. Property owners must submit an annual report to validate continued compliance with the provisions of this Section in accordance with the standards established by the Director of Housing.
- c. Fines & Penalties
 - i. In accordance with §1.1.7 Fines & Penalties, the Building Official shall consider each day as a separate offense for development that is not in compliance with the provisions of this Section.
 - ii. Fines must be paid to the Somerville Housing Trust Fund.

11. Performance Review

- a. The Director of Housing shall undertake a Needs Assessment and Financial Feasibility Analysis to determine the suitability and performance of the provisions of this section for potential revision and improvement prior to January 31, 2021 and then not less than every three (3) years thereafter.
- b. The Mayor shall submit recommended changes to the provisions of this section to the Board of Aldermen for consideration.

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Linkage

12.2 LINKAGE

1. Affordable Housing

- a. Purpose
 - i. To mitigate the impact of the increased demand for housing generated by employees of new commercial development wanting to live within Somerville.
 - ii. To support the development of affordable housing that is available to qualifying households over the long-term.
 - iii. To recapture a public benefit from the increased value of land resulting from the adoption of this Ordinance.
- b. Applicability
 - i. This section is applicable to all non-residential development, except the following:
 - a). Real property owned by the City of Somerville
 - b). Religious & Educational uses protected by M.G.L. 40A, Sec. 3
 - c). Creative Studios
 - d). Accessory Vehicular Parking
- c. Fees
 - i. General
 - a). All applicable development must pay an affordable housing linkage fee (hereafter referred to as "housing linkage fee") of ten dollars (\$10) per gross square foot, except as follows:
 - i). Development with less than thirty thousand (30,000) gross square feet is exempt.
 - ii). The first thirty thousand (30,000) gross square feet of development that has more than thirty thousand (30,000) gross square feet in total is exempt.
 - b). Modifications to an existing structure that increases the total gross floor area to more than thirty thousand (30,000) gross square feet must pay the linkage fee for the additional square footage.
 - ii. Inflation Adjustment
 - a). The housing linkage fee is adjusted for inflation annually, beginning on March 1, 2019, based on the change in the Boston Consumer Price Index. The Director of Housing shall publish and annually update the adjusted housing linkage fee on the City website.
 - iii. Payment
 - a). Housing linkage fees must be paid to the Somerville Housing Trust Fund, in three (3) equal annual installments.
 - b). The Building Official will not issue a Certificate of Occupancy for real property that has not

- paid the first installment of the linkage fee.
 - c). Linkage fee payments shall be paid annually on the anniversary of the first payment, or the next business day if that date falls on a weekend or federal, state, or local holiday.
 - d. Compliance
 - i. The review boards shall require Applicants to execute and record a covenant agreeing to pay the housing linkage fee with the Middlesex South Registry of Deeds or filed with the Land Registration Office as a condition of any Discretionary of Administrative permit approval.
 - ii. The Building Official will not issue any Certificate of Occupancy for development subject to this Section until a covenant agreeing to pay the housing linkage fee is executed and recorded with the Middlesex South Registry of Deeds or filed with the Land Registration Office.
 - e. Enforcement
 - i. In accordance with §1.1.7 Fines & Penalties, the Building Official shall consider each day as a separate offense for development that is not in compliance with the provisions of this Section.
 - ii. Fines must be paid to the Somerville Housing Trust Fund.
 - f. Formula Recalculation
 - i. The Planning Board shall prepare a Nexus Study every five (5) years to determine the suitability and performance of the provisions of this section and recommend any possible revisions or improvements necessary to address changing demand for affordable housing to the Board of Aldermen.

2. Employment

- a. Purpose
 - i. To create and maintain employment opportunities within the city of Somerville for the residents of Somerville.
 - ii. To mitigate the impact of large-scale developments on the cost of housing.
 - iii. To provide training and services that will enable residents to access employment opportunities that will permit them to succeed and maintain adequate incomes to continue to afford living in Somerville.
 - iv. To expand resident access to employment opportunities provided by new commercial development.
 - v. To recapture a public benefit from the increased value of land resulting from the adoption of this Ordinance.
- b. Applicability
 - i. This section is applicable to all commercial development requiring site development plan

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approval or a special permit, except the following:

- a). Real property owned by the City of Somerville
 - b). Religious & Educational uses protected by M.G.L. 40A. Sec. 3
 - c). Creative Studios
 - d). Accessory Vehicular Parking
- c. Fees
- i. General
 - a). All applicable development must pay a job creation and retention linkage fee (hereafter referred to as “jobs linkage fee”) of two dollars and forty-six cents (\$2.46) per gross square foot, except as follows:
 - i). Development with less than fifteen thousand (15,000) gross square feet is exempt.
 - ii). The first fifteen thousand (15,000) gross square feet of development that has more than fifteen thousand (15,000) gross square feet in total is exempt.
 - b). Modifications to an existing structure that increases the total gross floor area to more than fifteen thousand (15,000) gross square feet must pay the jobs linkage fee for the additional square footage.
 - ii. Inflation Adjustment
 - a). The jobs linkage fee is adjusted for inflation annually, beginning on March 1, 2019, based on the change in the Boston Consumer Price Index. The Director of Housing shall publish and annually update the adjusted jobs linkage fee on the City website.
 - iii. Payment
 - a). Jobs linkage fees must be paid to the Somerville Municipal Job Creation and Retention Trust Fund, in two (2) equal installments.
 - b). The Building Official will not issue a Building Permit for development, beyond foundation construction, until the first installment of the jobs linkage is paid.
 - c). The Building Official will not issue a Certificate of Occupancy for development until the second installment of the jobs linkage fee has been paid.
 - d. Compliance
 - i. The review boards shall require Applicants to execute and record a covenant agreeing to pay the jobs linkage fee with the Middlesex South Registry of Deeds or filed with the Land Registration Office as a condition of any Discretionary of Administrative permit approval.
 - ii. The Building Official will not issue any Certificate of Occupancy for development subject to this Section

until a covenant agreeing to pay the jobs linkage fee is executed and recorded with the Middlesex South Registry of Deeds or filed with the Land Registration Office.

- e. Enforcement
 - i. In accordance with §1.1.7. Fines & Penalties, the Building Official shall consider each day as a separate offense for development that is not in compliance with the provisions of this Section.
 - ii. Fines must be paid to the Somerville Municipal Job Creation and Retention Trust Fund.
- f. Formula Recalculation
 - i. The Planning Board shall prepare a Nexus Study every five (5) years to determine the suitability and performance of the provisions of this section and recommend any possible revisions or improvements necessary to address changing need for job training to the Board of Aldermen.

3. Green Line

- a. Reserved

4. Performance Review

- a. The Director of Housing shall undertake a Needs Assessment and Financial Feasibility Analysis prior to January 31, 2020 and then not less than every three (3) years thereafter to determine the suitability and performance of the provisions of this Section and to recommend any possible revisions or improvements necessary to achieve the stated purpose of the established linkage requirements.
- b. The Mayor shall submit recommended changes to the provisions of this section ~~shall be submitted~~ to the Board of Aldermen for consideration.

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