

12 DEVELOPMENT BENEFITS

12.1 AFFORDABLE HOUSING	489
Purpose	489
Applicability	489
Enforcement	489
Required ADUs	489
ADU Price	489
Purchase & Tenancy Standards	490
ADU Development Standards	491
Implementation Plans and Covenants	492
Buyouts & Payments	492
Compliance	493
Performance Review	493
12.2 LINKAGE	494
Applicability	494
Affordable Housing Linkage	494
Employment Linkage	494
Green Line Linkage	495
Civic Space Linkage	495
Performance Review	495

12.1 AFFORDABLE HOUSING

1. Purpose

- a. To implement the housing policy objectives of the COMPREHENSIVE PLAN of the City of Somerville by increasing the supply of affordable housing available to existing and future residents.
- b. To create a stock of affordable housing that is available to qualifying households over the long-term.
- c. 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.
- d. 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.
- e. To recapture a public benefit from the increased value of land resulting from the adoption of this Ordinance.

2. Applicability

- a. This Section is applicable to all DEVELOPMENT required to provide one (1) or more AFFORDABLE DWELLING UNITS (ADUs) and to any SUBDIVISION or LOT SPLIT that results in two or more LOTS intended for residential use, sale, legacy, or DEVELOPMENT at any time.
- b. 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.
- c. Residential uses owned by an educational institution for occupancy exclusively by its students, faculty, and staff are exempt.
- d. 100% AFFORDABLE HOUSING buildings are exempt.

3. Enforcement

- a. The Director of Housing may establish additional standards and procedures for the administration enforcement of this Section.

4. Required ADUs

- a. Unless otherwise specified, ADUs must be provided as specified in Article 3: Residential Districts, Article 4: Mid-Rise Districts, Article 5: High-Rise Districts, Article 7: Special Districts, and Article 8: Overlay Districts.
- b. When the calculation for AFFORDABLE DWELLING UNITS results in a fractional value, the fractional value is either rounded up to the next whole number and regarded as a whole unit or, alternatively, a buyout may be paid for the fractional value in accordance with §12.1.8 Buyouts & Payments.
- c. Applicants may request to make a payment in lieu of providing one (1) or more required ADUs in accordance with §12.1.8 Buyouts & Payments.

- d. 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 required ADUs for the subject building type, whichever is more.

5. ADU Price

- a. Unless otherwise specified, ADUs required by this Ordinance must be priced as specified on Table 12.1.4 (a) ADU Price Tiers.

Table 12.1.5 (a) 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

- b. The Director of Housing shall calculate, publish on the City website, and annually update the following:
 - i. The maximum rent and maximum sales price for each ADU price tier.
 - ii. Standard deductions for condominium fees, homeowners insurance, private mortgage insurance, real estate taxes, and parking fees for ownership ADUs.
 - iii. Standard deductions for utilities, parking, and amenities for rental ADUs.
- c. The maximum affordable rent for each rental ADU price tier is calculated 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 12.1.5 (b) for the price tier and BEDROOM count of the subject ADU to determine the base price before deductions.

12. DEVELOPMENT BENEFITS

Affordable Housing

- ii. The product of the above is divided by twelve (12) and the standard deductions for 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 would be \$531.40 per month based on the following:
 - a). \$113,300 (the 2019 MFI for the Boston Metro FMR Area) multiplied by 9.6% from Table 12.1.5 (b) (\$10,876.80) divided by twelve (12) months (\$906.40) minus an estimated standard deduction of three hundred and seventy five dollars (\$375) for utilities, parking, and amenities.
- d. The maximum affordable sales price for each ownership ADU price tier is calculated 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 12.1.4 (c) for the price tier and BEDROOM count of the subject ADU.
 - ii. The the product of the above is then divided by twelve and the standard deductions for private mortgage insurance, real estate taxes, condominium fees, homeowners insurance, and parking fees, if any, are subtracted from the result to determine a maximum monthly mortgage payment. For example, the estimated maximum monthly mortgage payment for a Tier 1, two (2) BEDROOM ADU would be \$1,105.45 per month based on the following:
 - a). \$113,300 (the 2018 MFI for the Boston Metro FMR Area) multiplied by 15.68% from Table 12.1 (d) (\$17,765.44) divided by twelve (12) months (\$1,480.45) minus an estimated standard deduction of three hundred and seventy five dollars (\$375) for private mortgage insurance, real estate taxes, condominium fees, homeowners insurance, and parking fees.
 - iii. The result of the above is used to calculate a maximum mortgage loan amount, assuming a thirty (30) year term and a current conventional interest rate, and the maximum mortgage loan amount is multiplied by 1.03 to determine the maximum affordable sales price.

6. Purchase & Tenancy Standards

- a. The Director of Housing shall calculate, publish on the City website, and annually update the following:
 - i. The actual maximum annual income eligibility requirements for households selected to rent or purchase an ADU:
 - b. The maximum eligible household income to rent an ADU for each rental ADU price tier is calculated 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 12.1.5 (a) for the price tier and potential household size for the specific unit available to determine the maximum annual income permitted for a

Table 12.1.5 (b) Rental ADU Price Multiplier

ADU Tier	Bedroom Count								
	Studio	1	2	3	4	5	6	7	8
Tier 1: "Very Low Income"	7.14%	8.40%	9.60%	10.80%	12.00%	13.20%	14.40%	15.60%	16.80%
Tier 2: "Low Income"	12.50%	14.70%	16.80%	18.90%	21.00%	23.10%	25.20%	27.30%	29.40%
Tier 3: "Moderate Income"	17.85%	21.00%	24.00%	27.00%	30.00%	33.00%	36.00%	39.00%	42.00%

Table 12.1.5 (c) Ownership ADU Price Multiplier

ADU Tier	Bedroom Count								
	Studio	1	2	3	4	5	6	7	8
Tier 1: "Low Income"	11.76%	13.72%	15.68%	17.64%	19.60%	21.56%	23.52%	25.48%	27.44%
Tier 2: "Moderate Income"	16.66%	19.60%	22.40%	25.20%	28.00%	30.80%	33.60%	36.40%	39.20%
Tier 3: "Middle Income"	21.66%	25.48%	29.12%	32.76%	36.40%	40.04%	43.68%	47.32%	50.96%

12. DEVELOPMENT BENEFITS

Affordable Housing

- household to qualify to lease the unit.
- c. The maximum eligible household income to purchase an ADU for each ownership ADU price tier is calculated 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 12.1.5 (b) 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.
 - d. The selection of specific households to rent or purchase an ADUs is subject to a selection system administered by the City of Somerville. 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 the execution of any lease agreement.
 - e. The City of Somerville, or its designee reserves the right of first refusal and option to purchase ADUs at the time of the sale or any subsequent resale.
 - f. The review boards may require for-sale ADUs to be sold to the City at a price per unit set per §12.1.4.d as a condition of Discretionary or administrative permit approval. The City may subsequently sell or rent these ADUs at an equivalent or lower price than required by this Section.
 - g. Except as provided in 12.1.6.e and 12.1.f, ADUs established in accordance with this Section must be rented or sold only to eligible households for as long as the BUILDING containing the ADUs exists.
7. **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.
 - 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

Table 12.1.6 (a) Income Multiplier for Rental ADUs

ADU Tier	Household Size								
	Studio	1	2	3	4	5	6	7	8
Tier 1: "Very Low Income"	30%	35%	40%	45%	50%	55%	60%	65%	70%
Tier 2: "Low Income"	48%	56%	64%	72%	80%	88%	96%	104%	112%
Tier 3: "Moderate Income"	65%	77%	88%	99%	110%	121%	132%	143%	154%

Table 12.1.6 (b) Income Multiplier for Ownership ADUs

ADU Tier	Household Size								
	Studio	1	2	3	4	5	6	7	8
Tier 1: "Low Income"	48%	56%	64%	72%	80%	88%	96%	104%	112%
Tier 2: "Moderate Income"	65%	77%	88%	99%	110%	110%	132%	143%	154%
Tier 3: "Middle Income"	83%	98%	112%	126%	140%	140%	168%	182%	196%

12. DEVELOPMENT BENEFITS

Affordable Housing

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.

8. 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 deed restriction limiting the sale or rental of ADUs to eligible households in perpetuity 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 deed restriction 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.

9. Buyouts & Payments

- a. Fractional Buyouts
 - 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 §12.1.4 ADU Price.
- b. In-Lieu Payments
 - 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 addition to the review criteria for all Special Permits specified in §15.2.1.e. Review Criteria, the review board shall make findings considering the following in its discretion to approve or deny a special permit authorizing a payment in lieu of ADUs:
 - i). If receipt of an in-lieu payment is advantageous to the City in creating or preserving affordable housing as compared to the ADUs that would have been otherwise provided.
 - 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 §12.1.4 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 §12.1.4 ADU Price.

- c. Receipt of Buyouts & Payments
 - i. Buyouts and in-lieu payments must be paid to the Somerville Affordable Housing Trust Fund or, alternatively, to the City of Somerville for transfer to a Massachusetts Non-Profit Housing Finance Corporation, at the discretion of the Director of Housing.
- d. The BUILDING OFFICIAL shall not issue a Certificate of Occupancy for DEVELOPMENT until any authorized fractional buyout or in-lieu payment has been made in accordance with this Section.

10. Compliance

- a. Certificate of Occupancy
 - i. Unless otherwise specified elsewhere in this Ordinance, the BUILDING OFFICIAL may not issue a Certificate of Occupancy for any 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 Affordable 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 Affordable 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 City Council for consideration.

12. DEVELOPMENT BENEFITS

Linkage

12.2 LINKAGE

1. Applicability

- a. Unless otherwise specified, this Section is applicable to building types as specified in Article 3: Residential Districts, Article 4: Mid-Rise Districts, Article 5: High-Rise Districts, Article 7: Special Districts, and Article 8: Overlay Districts.
- b. 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.

2. Affordable Housing Linkage

- 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 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 affordable housing linkage fee for the additional square footage.
 - ii. Inflation Adjustment
 - a). The affordable 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). Affordable housing linkage fees must be paid to the Somerville Affordable Housing Trust Fund, in three (3) equal annual installments.
 - b). The BUILDING OFFICIAL may not issue a Certificate of Occupancy for real property that has not paid the first installment of the affordable housing linkage fee.
 - c). Affordable housing linkage fee payments must 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 or deed restriction 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 may not issue any Certificate of Occupancy for DEVELOPMENT subject to this Section until a covenant or deed restriction 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 Affordable 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 City Council.

3. Employment Linkage

- 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 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 or deed restriction 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 or deed restriction 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 City Council.
- 4. Green Line Linkage**
 - a. Reserved
 - 5. Civic Space Linkage**
 - a. Reserved
 - 6. Performance Review**
 - a. The Mayor shall undertake a Needs Assessment and Financial Feasibility Analysis every five (5) years after the adoption date of this Ordinance 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 to the City Council for consideration.

12. DEVELOPMENT BENEFITS

Linkage